



Legislation Text

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Res. No. 931

Resolution calling upon the New York State Legislature and the Governor to take steps to protect New York homeowners from catastrophic losses due to natural and manmade disasters by studying and considering measures to stabilize and strengthen our State's system of catastrophic insurance including such measures as those proposed in the New York Consumers Catastrophe Preparedness and Protection Act in which the State would partner with the insurance industry to establish a New York State Catastrophe fund.

By Council Members Baez, Nelson, Gonzalez, Gentile, Sears, Mark-Viverito, Foster, Sanders, Mealy, Palma, Weprin and James

Whereas, Recent catastrophic events in the United States such as Hurricane Andrew, the Northridge Earthquake, the September 11, 2001 terrorist attacks and Hurricanes Katrina and Rita along with the global reinsurance market have placed pressure on insurance companies to reduce their exposure to catastrophic loss; and

Whereas, Reports indicate that in the aftermath of Hurricane Andrew and the September 11, 2001 terrorist attacks, insurers either stopped providing certain types of catastrophic property coverage or the premiums for these types of coverage dramatically increased; and

Whereas, All New Yorkers are susceptible to the unpredictable and devastating consequences of both natural and man made catastrophic events, and proponents of State involvement in strengthening and stabilizing the system for dealing with catastrophic insurance risk note that AIR Worldwide Corp. (AIR), a catastrophe modeling and weather risk Management Company, has slated New York as number two out of the 10 worst places for an extreme hurricane to strike; and

Whereas, Our current method of rebuilding in the wake of disaster leaves relatively little room to compensate for insurance insolvency or providers leaving the insurance industry; and

Whereas, Legislation has been introduced in the State Legislature (Assembly Bill Number A5118b and

Senate Bill Number S3800) which seeks to address some of these concerns by creating a New York State Catastrophe fund that would be funded primarily through premiums paid by property insurers throughout the State and that would have a mechanism for financing bonds to be issued if a catastrophe depleted the amount contained in the fund; and

Whereas, The proposed Fund would be established in joint custody with the Comptroller and the Superintendent of the Department of Insurance and would be operated under the guidance of Advisory Council, which would consist of experts from many disciplines, related to disaster preparedness and mitigation; and

Whereas, This proposal should be analyzed and studied in light of the experiences and circumstances of other jurisdictions including California and Florida and our experiences with and the coverage afforded by the Federal Terrorism Insurance Act; and

Whereas, Different parts of the state may experience different levels of risk for different types of catastrophic events, with New York City being at greater risk of terrorist attacks, Long Island being at higher risk for flooding and hurricanes and upstate New York being at greater risk for ice storms and blizzards, and any catastrophic risk plan and/or fund should take these differences into consideration and in determining whether a statewide approach is appropriate; and

Whereas, It is essential that the New York State Legislature and Governor further study our current system of government and disaster relief to better protect and rebuild New York following a catastrophe; and

Whereas, New York City and the State of New York should work together to insure the safety and preparedness of our residents in the event of a catastrophe, as well as to ensure the viability of our State and City economy in the face of such catastrophic events; now therefore, be it

RESOLVED, That the Council of the City of New York calls upon the New York State Legislature and the Governor to take steps to protect New York homeowners from catastrophic losses due to natural and manmade disasters by studying and considering measures to stabilize and strengthen our State's system of catastrophic insurance including such measures as those proposed in the New York Consumers Catastrophe

Preparedness and Protection Act in which the State would partner with the insurance industry to establish a New York State Catastrophe fund.

DMB
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