

**SENATE STANDING COMMITTEES ON INSURANCE; HOUSING, CONSTRUCTION,
AND COMMUNITY DEVELOPMENT; AND INVESTIGATIONS AND GOVERNMENT
OPERATIONS' HEARING ON COST AND AVAILABILITY OF INSURANCE FOR
RESIDENTIAL PROPERTY**

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Good morning, Chairs Bailey, Kavanagh, and Skoufis; Ranking Members Helming, Martins, and O'Mara; and distinguished Members of the Senate Committees on Insurance; Housing, Construction, and Community Development; and Investigations and Government Operations.

My name is Kaitlin Asrow, and I serve as the Acting Superintendent of the New York State Department of Financial Services ("DFS"). Thank you for the opportunity to address you at today's hearing regarding the cost and availability of residential property insurance in New York. I also want to thank Governor Hochul for trusting me to lead DFS into its next chapter.

I appreciate, and share, Governor Hochul, and the Legislature's commitment to addressing affordability for all New Yorkers.

Across the nation, homeowners' insurance markets are facing extreme uncertainty and rising risks.

This is driven by a variety of factors: the increasing frequency and severity of catastrophes due to climate change, the rising costs of materials and repairs driven by inflation, a tightening reinsurance market, and the effects of social inflation. These pressures are not unique to any one state and are reshaping the residential property insurance landscape nationwide.

This broader volatility has made it difficult for states to protect their residents from rising costs while maintaining a healthy insurance market, which means access to sufficient insurance for this essential asset. We have seen the impact on policyholders when states fail to strike the right balance or act quickly enough to address market challenges: carriers withdraw, consumers lose access to coverage, and the cost of available coverage goes up further as fewer options remain in the market.

This topic is deeply personal to me. I grew up in a rural farming community in Northern California. Cedarville has a population of under 500, with a median household income of \$50,000—half the average household income of California more broadly. It is a place where neighbors rely on each other, and where a single event can affect the entire community.

I was recently there visiting family and heard the community phone tree. The residential insurer that most of the town used was not renewing policies. An insurer that no one knew had come in and was giving residents hours to sign contracts, at a huge rate increase, but it was their only option. My hometown, and much of California, is faced with both the disruption and fear of

carriers leaving or non-renewing, and unbearable rate increases. We must find the balance between affordability and access here in New York, and I appreciate us coming together today to do that.

The first meeting I convened after I assumed this role focused on addressing the cost and availability of insurance in New York and, in the six weeks since then, I have had countless conversations about this topic. Myself, and the committed staff at DFS, will work within our authority to navigate these issues, and partner with all of you, and our wider government counterparts to find sustainable solutions to affordability and access for New Yorkers.

Property Insurance Affordability and Availability are Nationwide Issues

While New York's market remains significantly more stable than those in many other states, it is incumbent upon us to act now, before we reach a crisis point.

Nationwide, total claims costs have increased 45 percent from 2012 to 2022 and claim severity has increased by 107 percent over the same period, from \$8,842 to \$18,311 per claim.^{1,2}

These figures are leading to rising rates across the country. A recent report from the Consumer Federation of America ("CFA") found that nationwide from 2021 to 2024, annual personal residential property insurance premiums for a typical homeowner increased by an average of \$648 or 24 percent.³

Public reporting has highlighted particularly acute challenges in states like California and Florida where insurers have exited the market. Other states, including Montana, Iowa, Minnesota, Utah, and Washington, are also experiencing significant increases, seeing premiums rise by more than 20 percent in 2024.^{4,5}

Key Factors Impacting Residential Property Insurance Market

To put this data into perspective, it is essential to look at the broader factors and trends that have shaped the homeowners' market we see today. These factors and trends include:

Climate Change and Weather-Related Events: Severe weather events have become more frequent and more costly—and are cited as the leading factor stressing the homeowners' insurance market. The U.S. National Oceanic and Atmospheric Administration ("NOAA") reports an increasing number of disaster events per year that have exceeded \$1 billion in damages, both on a national level and in New York State, arising from severe weather events and

¹ [2024 Home Trends Report](#), LexisNexis Risk Solutions.

² [Current Table: Homeowners Insurance Losses](#), 2018-2022; Archived Table: 2012-2016, Insurance Information Institute.

³ [Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners](#), Consumer Federation of America, page 4 (April 2025).

⁴ Carbonaro, G. [Home Insurance Crisis: Are These States Next](#), Newsweek, (Feb. 17, 2025).

⁵ Woleben, J. [US homeowners rates rise by double digits for 2nd straight year in 2024](#), S&P Global Market Intelligence (Jan. 21, 2025).

exacerbated by climate change.⁶ Additionally, more than 78 percent of New York State's population, or almost 16 million people, live in coastal areas of the state, indicating that a higher percentage of New York homes are vulnerable to frequent weather events, such as windstorms, and more severe losses.⁷

Economic Inflation, Labor, and Materials Costs: In recent years, residential property insurance costs have been impacted by inflation, supply chain disruptions, worker shortages, and rising wages—all of which have increased the replacement costs required to repair and rebuild homes.⁸ Because property insurance covers the cost of repairing or rebuilding a dwelling, increasing costs for labor and materials amplifies the cost of claims. According to the Federal Insurance Office, between 2020 and 2023, replacement costs for property & casualty-related losses increased by an average of 45 percent.⁹ These increasing costs are ultimately reflected in premiums.

Social Inflation: The increase of insurance claims payouts and loss ratios due to non-economic factors, including more frequent litigation and larger jury awards, is impacting rates across the U.S. Reports have suggested that there are a variety of drivers behind social inflation, and they can be difficult to quantify as they are attributed to factors that may be influencing jury verdicts and awards, including distrust of large corporations and increased social media and legal marketing that normalizes large payouts and anchors potential jurors to higher numbers.^{10,11} The cost of more frequent and costly litigation and larger jury awards is ultimately passed on to property owners in the form of higher insurance premiums.

Reinsurance Costs: Reinsurance allows insurers to manage their risk by buying insurance against the losses they have agreed to cover, enabling insurers to write more policies than if they retained all the risk. However, since 2017, the overall cost of property catastrophe reinsurance has nearly doubled.¹² The cost of reinsuring catastrophe risk for property policies increased by 35 percent across the U.S. for July 1, 2023 renewals, the largest increase in risk-adjusted U.S. catastrophe reinsurance pricing in 17 years.¹³

Property Values: In September 2025, data from the Multiple Listing Service shows year-over-year property value rising 1.7 percent across the U.S. In New York, the same period, saw property values rise 3.8 percent. Notably, Buffalo and Manhattan both had the fastest growing

⁶ [Billion-Dollar Weather and Climate Disasters: New York](#), NOAA National Centers for Environmental Information (as of Sept. 3, 2025).

⁷ [New York](#), NOAA Office of Coastal Management (as of Sept. 3, 2025).

⁸ Brennan, R. Why Did My Homeowners Insurance Go Up?, U.S. News (June 26, 2025)

⁹ Analyses of U.S. Homeowners Insurance Markets, 2018-2022: Climate-Related Risks and Other Factors, Federal Insurance Office, at page 15 (Jan. 2025).

¹⁰ [Regulator Insight: Social Inflation](#), NAIC Center for Policy and Research, page 1 (Jan. 2023).

¹¹ [Institute for Legal Reform: Nuclear Verdicts](#), U.S. Chamber of Commerce, page 5 (May 2024).

¹² [Latest Reinsurance Renewal Commentary from Guy Carpenter](#), Guy Carpenter U.S. Property Catastrophe Rate On-Line Index

¹³ *Id.*

sales prices in the past year, rising 26.9 percent and 11 percent, respectively.¹⁴ While property value differs from the replacement value of a home, it does represent upward pressure on home costs overall, which is more evidence of this upward pressure on rates.

Beyond these factors, additional forces can drive expenses in this market, including tariffs, insurance fraud, and changes in interest rates that affect the property insurance market in inconsistent ways.

The Condition of the Homeowners' Market in New York

New York faces similar pressures—although to a lesser extent than other states. Our market remains comparatively stable, thanks in part to New York's strong regulatory framework. A 2024 New York Times piece highlighted that while personal residential property insurance is increasing by double digits across the U.S., in states with robust regulatory frameworks like New York, property owners are charged much lower rates when measuring the cost of their premiums as a share of their home value.¹⁵ A study of 2024 rates across the U.S. showed that 33 states had double-digit personal residential property rate increases, compared to New York's 5.0 percent increase for that same year.¹⁶ Looking at trends over time, from 2021-2024, the CFA report found that New York personal residential property rate increases were about half the national average, which was 13 percent.¹⁷ New York remains below the national average for residential property premiums by an average of \$547 per policy per year.¹⁸

Additionally, New York's personal residential property insurance non-renewal rates are among the lowest in the country, with only three states having lower nonrenewal rates.¹⁹ The number of authorized insurers in New York has remained relatively consistent across the past ten years while other states see insurers withdrawing from their markets.^{20, 21} There has been a modest

¹⁴ [United States Housing Market](#), Redfin (Sept. 2025).

¹⁵ Flavelle, et al., [Home Insurance Rates in America Are Wildly Distorted. Here's Why.](#), NY Times (July 8, 2024).

¹⁶ [US homeowners rates rise by double digits for 2nd straight year in 2024 | S&P Global](#).

¹⁷ Cornelissen, et al., [Overburdened: The Dramatic Increase in Homeowners Insurance Premiums and its Impacts on American Homeowners](#), Consumer Federation of America, page 5, 13 (April 2025).

¹⁸ [Home Insurance Rates by State for July 2025](#), Bankrate (Rates as of Sept. 2025).

¹⁹ Rojanaskul, M., et al., [See Where Home Insurance Policies Were Dropped in Your State](#), NY Times (Dec. 18, 2024).

²⁰ This response primarily focuses on personal residential property insurance purchased in the admitted market. Personal residential property is coverage written for buildings with four or fewer units. Buildings with more units are written as commercial property insurance. Rates and forms are reviewed and approved generally for commercial use and do not distinguish between residential and non-residential commercial properties. Property insurance may be written in the admitted market by authorized insurers or in the excess line market by unauthorized insurers. If property insurance is not available in the admitted market, a property owner may try to obtain insurance from an unauthorized insurer in the excess line market. Insurance written in the excess line market is not subject to regulation by DFS, and unauthorized insurers that write insurance in the excess line market are not subject to the same reporting requirements as authorized insurers.

²¹ DFS-regulated insurers' Statement Blanks.

decline in policies in force over the past ten years from a high of 3.86 million policies in 2020 to 3.4 million today²² and we are monitoring this closely.

There are a few conflating factors I want to highlight to put this in context. New York has unique characteristics that come into a risk consideration for insurers. New York, particularly New York City and the surrounding areas, has the highest population density in the country. This means that insurers are concerned about correlated losses—where any event whether catastrophic or not, can impact significantly more policyholders and have higher losses than from similar events in less populated areas. New York also has the oldest owner-occupied homes in the United States, which typically means more costly repairs when they are needed. While these factors would typically push rates higher for consumers, we have kept them stable, as described previously. The other factor though, is that we have experienced a relatively low level of catastrophes over the past few years.

Again, we must act together before we have a serious catastrophe that could push the market too far amidst these external and internal factors.

A Healthy Private Insurance Market is Critical to Ensuring Availability and Affordability

At DFS, we aim to maintain a stable and competitive insurance market in order to enable dependable insurance coverage at affordable rates for New Yorkers. State law requires DFS to review insurance rates to ensure that they are not “excessive, inadequate, unfairly discriminatory²³, destructive of competition or detrimental to the solvency of insurers.” While residential property insurance rates are not subject to DFS’s prior approval but rather to the national standard of “file and use”, insurers typically wait for DFS’s approval of these rates before implementing them.

New Yorkers who cannot find insurance coverage for their properties in the private market can obtain coverage from the state’s property insurer of last resort, the New York Property Insurance Underwriting Association (“NYPIUA”), which DFS also oversees. NYPIUA is made up of insurers who are authorized to write fire, extended coverage, and homeowners’ insurance in New York State. NYPIUA policies tend to be more expensive and can provide less coverage than a standard homeowners’ policy. Insurers of last resort are designed to be temporary safety nets and are not equipped to manage a significant expansion of policyholders if insurers withdraw from New York in substantial numbers.

The location of NYPIUA policies in force can provide an indication of where New York property owners are having greater challenges securing policies in the voluntary market. For example,

²² Insurer reports pursuant to Regulation 154. Note that this data is only required to be provided by insurers with New York direct written premiums of \$500,00 or more of personal residential multi-peril property insurance. Therefore, data from insurers that write more than zero but less than \$500,000 in such policies annually would not be included in the above.

²³ Insurance Law Article 26 prohibits the use of race, color, creed, national origin, disability, and status as a victim of domestic violence in underwriting or rating.

more than half of NYPIUA's habitation policies in force across the state cover properties on Long Island and in Brooklyn and Queens.

In addition to the commercial market, and NYPIUA, homeowners may seek coverage in the excess line market. These policies are not subject to DFS's regulation, and the rates are not filed with, or approved by DFS. There were 24,200 personal residential property policies in force in the excess line market in 2024. For context, in that same year, there were 3,412,556 policies in force written in the admitted market.

Working to Address Market Challenges

State insurance regulators are limited in their ability to directly or unilaterally address the cost drivers I have discussed today, but most, including DFS, try to balance insurer solvency, and therefore presence in the state, with affordability for policyholders. There are no easy fixes to these complex issues. Solutions will require coordinated action from a diverse set of stakeholders across local, state, and federal government and the private sector.

DFS has sought to address the challenges driving increasing residential property insurance rates through a series of actions. At a macro level, in 2021, the Department issued guidance to insurers on how to manage their material financial and operational risks associated with climate change. Insurers are expected to integrate the financial risks from climate change into their governance frameworks and risk management strategies.

Within residential property policies, DFS also issued guidance in 2024 reminding insurers of their obligation to provide discounts to homeowners who install storm shutters and hurricane-resistant glass and encouraging insurers to offer discounts for the installation of additional loss mitigation devices. Examples of additional tools and retrofits include smart water monitors and shutoff devices, smoke detectors, sprinkler systems, deadbolt locks, and fortification of roofs from wind or hail damage. Incentivizing retrofits is a proven way to reduce losses to the benefit of policyholders and insurers.

The Department's Consumer Assistance Unit also serves as a direct line of support for New Yorkers seeking help with insurance-related issues, both in the immediate aftermath of weather events and throughout the recovery process. This unit provides individualized guidance in navigating claims, coverage issues, and disputes to ensure consumers receive timely assistance when it is most needed.

Further, DFS has worked with the Governor and the Legislature to develop solutions to help address the increasing costs of insurance for affordable housing developments, which typically purchase bundled commercial property and liability insurance policies. The FY25 enacted budget included legislation²⁴ drafted by DFS that prohibits insurers from inquiring about or considering,

²⁴ See New York Insurance Law § 3462.

canceling, refusing to issue or renew, increasing the premium of, or excluding, limiting, restricting or reducing coverage based on:

- the presence of dwelling units in the building that are affordable to residents at a specific income level pursuant to a government agreement;
- the receipt of governmental rental assistance by the owner or tenants of a residential rental building, or the shareholders of a cooperative housing corporation;
- the level or source of income of the building's residents; or
- whether the building is owned by a limited equity cooperative, a public housing authority, or a cooperative housing corporation subject to certain provisions of the private housing finance law.

The Department continues to explore solutions to address market challenges and affordability. DFS is analyzing how to effectively incorporate climate and catastrophe data into filings to better model credible and actuarially sound loss projections in light of increasingly frequent and serve climate events.

We are also developing a summary and outreach plan to outline all available insurance discounts and help New Yorkers better understand potential cost-savings on their homeowners policies.

In connection with DFS's work to maintain a well-functioning and affordable residential property insurance market, DFS welcomes the opportunity to engage further with our partners in government on advancing solutions to address affordability.

Fundamentally, however, the trends in the insurance market are driven by the continued worsening of our climate, as well as the macroeconomic pressures outlined earlier. While DFS will continue to supervise insurers, financial regulation alone cannot address the core drivers of risk, and therefore increasing insurance cost, across the country.

I appreciate the opportunity to address your committees on this topic as we work to ensure the availability and affordability of homeowners' insurance for all New Yorkers, and I look forward to your questions.