

Milford Street Association Insurance Company

John Crotty, President

Join-Senate Hearing on Insurance Testimony

November 18, 2025

Good afternoon, and thank you for the opportunity to testify.

The issue before us today will determine whether affordable housing in New York remains economically viable and will shape our shared priorities for the years ahead.

We created the Milford Street Association to confront what has become the single greatest operational threat to affordable housing: insurance costs driven by an unmanageable and increasingly aggressive liability environment. If affordable housing is a priority, we must confront this issue directly and with full clarity.

Affordable housing relies on slowly rising rents and relatively stable expenses. Yet while costs across the board have increased, insurance has grown at a pace far beyond the growth of rental income. In many buildings, insurance now absorbs nearly the entire operating margin. A few years ago, insurance for an affordable building cost less than \$500 per unit. Today it regularly exceeds \$1,500 per unit. Premiums have risen by an average of 21 percent each year for the last five years. This trajectory is not sustainable.

Milford was formed by a group of operators who realized we were all facing the same crisis—premiums that bore no relationship to our actual risk or claims histories. We turned our frustration into action.

We sought guidance from Dick Ravitch, who told us, “I believe you. Now prove it.” We took that challenge seriously. We hired an actuarial firm and conducted a comprehensive study. The findings were clear and compelling:

- Responsible owners with long, consistent operating histories are being charged far above their true risk.
- The pattern of increases resembles a hockey stick, not a normal market cycle.
- This is not a temporary fluctuation. It is a structural failure that threatens the stability of New York’s affordable housing.

Our response had to be ambitious. We set out to build an insurance solution designed to protect affordable housing rather than expose it to volatility. To succeed, Milford had to be

member-owned, transparent, cost-effective, and focused solely on safeguarding affordable housing.

We built partnerships with regulators, brokers, actuaries, and accountants to align pricing with actual risk. As a result, Milford Street has become a national model. Several cities and localities are now developing similar solutions, and we are advising them as they do.

For more than two decades, New York City and New York State have each invested over \$3 billion annually to create and preserve affordable housing. These tens of billions of public investment are at risk. Buildings are already failing; tenants are already paying the price. Without corrective action, the deterioration will accelerate and future fixes will carry astronomical costs.

Through this work, we have learned principles that must guide the industry:

- Insurance costs must align with real risk. Premiums should reflect loss experience, not the inflated pricing of a distorted market.

- Affordable-housing operators need stability and predictability. Sudden spikes in premiums are crippling, even for well-run buildings.

- Capital for repairs and improvements must stay in housing—not be siphoned into an overextended litigation system.

- Member ownership creates alignment and strength.

Milford becomes more stable and more protective as more operators join.

To better understand the landscape, we partnered with a firm that uses AI to analyze the true volume of liability cases affecting housing in New York. The data, drawn directly from the State Court database, is unlike anything previously made public.

What we found is deeply concerning:

- There are more than **1.5 million active claims** in New York State—meaning one in twelve New Yorkers is currently suing someone.
- **Premises and slip-and-fall cases alone—roughly 75,000 of them—are pulling nearly \$4 billion out of the housing stock.**
- Many nonprofit owners are paying more for less coverage, forcing them to defer repairs just to pay premiums.

- Weak or marginal claims are often settled because defending them is too expensive, further driving up costs. the cycle feeds on itself.

Without intervention, buildings will continue to fail—not from mismanagement, but because operating budgets are overwhelmed by litigation costs.

You are faced with a clear choice. Our current legal framework effectively prioritizes excessive litigation over the preservation of affordable housing. To protect hundreds of thousands of New Yorkers, we must align our laws and policies with our stated priorities.

Despite the challenges, there is reason for optimism. Key leaders understand the urgency of this moment:

- **Governor Hochul has committed \$2 million to Milford Street**, recognizing that protecting affordable housing is essential to the State's future.
- **Mayor-elect Zohran Mamdani has publicly described Milford Street as “exactly the kind of innovation New York needs”** we agree and look forward to working with him..

Milford Street is a strong structural long term solution. But even the strongest captive cannot thrive within the current liability environment. Reform is essential. We must curb abusive and opportunistic claims while protecting legitimate ones. Doing so will safeguard the State's long-standing investments and strengthen the foundation of affordability for generations to come.

The path forward is clear. The solution is within reach. The work is underway.

Thank you for your time. I look forward to your questions.