

November 13, 2025

Senator James Skoufis
New York State Senate
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Legislative Office Building, Room 612
Albany, NY 12247

Senator Brian Kavanagh
New York State Senate
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Senator Jamaal Bailey
New York State Senate
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Senator Bailey, Senator Kavanagh, and Senator Skoufis:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to testify at this hearing concerning the state of the residential property insurance market in New York and is grateful for your attention to these important issues.

NAMIC consists of over 1,300 member companies, including six of the top 10 property/casualty insurers in the United States. The Association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

Insurance is priced differently than virtually every other product available to consumers. Unlike nearly all products and services, the actual cost of providing insurance is unknown at the time it is offered.

In order to offer competitive policies in that unknown lens, insurers use a number of rating factors and models to predict potential losses and charge accurate prices to policyholders. This practice, called risk-based pricing, is fundamental to the insurance marketplace because it enables insurers to most accurately assess the risk that each policyholder represents. This approach fosters competition, allowing lower-risk policies to pay less and help insurers maintain financial stability in a world where the ultimate cost of insurance is unknown at the point of sale. The importance of sound actuarial procedures cannot be overstated, as these methods ensure that rates are developed using rigorous, data-driven analysis of numerous factors, leading to rates that are both accurate and fair—an outcome overseen by regulatory review for actuarial soundness. Underwriting serves as a critical safeguard in this process, where insurers apply objective criteria, informed by actuarial science, to assess the full scope of an applicant's risk and assign the most appropriate premium; this guarantees fairness for consumers, prevents cross-subsidization, and upholds solvency and market stability.

New York benefits from a stable, and competitive marketplace that allows insurers to match rate to risk. New York consistently ranks below national averages for both absolute homeowners' premiums (30th in average premium cost) and for premiums relative to household income (22nd nationally), based on multi-year actuarial and government studies. From 2015 through 2024, New York has maintained a consistently high number of participating homeowners' insurers with minimal year-to-year change, with a robust 231 active insurers. Such stable insurer presence is correlated with rate moderation, competitive underwriting, and protection against abrupt premium spikes, all of which further refute notions of hidden or cross-subsidized rate burdens. Strong competition ensures that any attempt by an insurer to overprice beyond the level justified by in-state losses would result in immediate market share loss.

However, New York does have significant challenges that put upward pressure on insurance rates. In particular, New York is experiencing the challenges faced by many property/casualty insurance markets as the industry works to adapt to the new era of risk: (1) Extreme weather; (2) Economic and inflationary pressure; (3) Litigation Expenses; and (4) Legislative/Regulatory overreach.

Cost drivers are important for policymakers to know, given their impact on New Yorkers.

- **Severe Weather Events:** The frequency and intensity of severe weather have increased nationwide, not just in coastal regions. And as weather/climate-related risks escalate, upward pressure is put on premiums reflecting the heightened exposure and increased losses. New York is not exempt from severe weather. Indeed, according to the National Oceanic and Atmospheric Administration's National Center for Environmental Information, between 1980 and 2024, "there were 95 confirmed weather/climate disaster events with losses exceeding \$1 billion each to affect New York. These events included 4 drought events, 5 flooding events, 1 freeze event, 48 severe storm events, 16 tropical cyclone events, and 21 winter storm events."¹
 - What can be done? While insurers, legislators and regulators cannot stop extreme weather, the focus in this area is to better understand, support and fund mitigation and resilience efforts. It is essential to see meaningful risk reduction at scale when it comes to learning how to live with the changing weather. This requires strengthening the built environment through the adoption and enforcement of the most modern statewide building codes and support for various mitigation and resilience efforts. NAMIC is actively engaged in efforts to work with policymakers on the importance of states prioritizing investment in risk mitigation strategies. Mitigation measures must be made and scaled to bend the loss curve downward. Fewer homes destroyed by catastrophes means more financial stability – and physical safety – for families, communities, and markets. Additionally, addressing aging infrastructure and

¹ <https://www.ncei.noaa.gov/access/billions/state-summary/NY>

ensuring proper maintenance of New York's property market is critical to hardening at scale against extreme weather events.

- **Inflationary Pressures:** Insurers face the same macroeconomic issues as everyone else as inflation shows up in everyday insurance prices. When it costs more to put a house back together after a storm or repair a car after a crash, insurance costs go up with them. Insurance tends to lag other industries in terms of responding to changes to market conditions due to the retroactive nature of the business as premiums collected today are to cover the losses of tomorrow, at tomorrow's prices.
 - What can be done? Maintain rate flexibility for insurers. New York is a file and use state for homeowners insurance which means insurers can file rate adjustments that allow insurers to react to changing market conditions in a timely manner. In addition to rate flexibility, maintain and continue to take actions to attract and retain capital in the state to further incentivize a competitive market.
- **Litigation Costs:** The origins and causes of legal system abuse have been around for several decades. While they may have operated in separate vacuums or silos in years past, in the new era of risk, these abuses have systematically and concertedly whipped many legal hazards into a cost-causing storm within the legal community. This is not the result of a single decision, but a confluence of developments. These systemic challenges have a direct financial impact on households in New York. According to the American Tort Reform Foundation, New York City ranks #2 on its most problematic jurisdictions, citing an explosion of fraud particularly in 2024. The impact of this cost driver cannot be overstated in New York. Driven particularly by the astronomic growth of the litigation financing industry, the biggest concern in the property/casualty experience in New York is on the casualty side.
 - What can be done? This is one area where legislators and regulators can have a deep and lasting impact and help insurers navigate the new era of risk in the states by reducing cost drivers in the market and putting a downward pressure on insurance prices by enacting reforms to eliminate or reduce the various cost drivers in the market. NAMIC advocates for fair claims settlement laws—laws that balance the need to protect consumers while giving insurers the flexibility to resolve disputed claims without expensive litigation that drives up costs that invariably put upward pressure on rates. Additionally, New York should pursue bold and meaningful reforms on third-party litigation financing, beyond just disclosure of its presence in a lawsuit.
- **Legislative/Regulatory Overreach:** The insurance industry is already one of the most heavily regulated industries in the country. Reasonably, policymakers want to understand and support the health of their insurance market. In responding to the cost drivers above, some may seek to institute further regulatory control as a solution. Market experience in those states shows that those strategies simply don't work. When healthy market regulation moves into market control or

suppression, it becomes itself a cost driver and counter-productive to the goal of bringing more competition in and bringing rates down.

Cross-subsidization of losses between states does not occur with property-casualty rates.

NAMIC is additionally aware that the committee would like to discuss a concern regarding cross-subsidization; specifically, the notion that insurers may be increasing rates in New York to offset losses incurred in other states. NAMIC can state with confidence that such practices are not occurring in New York, nor are they occurring in any other state across the country. This is because of the way rates are set within the state-based insurance regulatory system.

Insurance rates are regulated at the state level through filings submitted to the Department that must use credible, state specific data for premium, losses, claims frequency and severity when developing rates. Actuarial standards require the use of loss experience, expense data, and exposure, so that filings remain actuarially fair to consumers and reflect the insurer's historical and expected losses within that state, not losses from another jurisdiction. New York's premium rates are determined by the unique legal, geographic, and weather/climate-related risks present within the state. Each filing is subject to technical review by Department actuaries to verify that the data support the indicated rate level and that the underlying actuarial assumptions conform to accepted standards of practice. This scrutiny ensures that rates charged to New York consumers are not inflated to offset losses elsewhere, and that pricing remains based solely on New York's own risk characteristics.

Conclusion:

New York is critical to the well-being of the United States, given the role it plays in a variety of the nation's economic sectors. For these sectors to work efficiently, the insurance markets need to work well. NAMIC is appreciative of the opportunity to share our ideas on how policymakers can take steps to lower cost drivers and improve the state's insurance market. We further look forward to continued discussion and work with the legislative body to identify solutions for New York's unique environment and offer ourselves as a partner in ensuring a strong and competitive marketplace for the benefit of consumers.

Sincerely,



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