

Cost and Availability of Insurance for Residential Property

Thank you, Chairs and members of the Housing, Insurance, and Investigations Committees, for the opportunity to testify today. My name is Kathleen Irwin, and I am a Policy Director with the New York Apartment Association. We represent the owners of more than 400,000 units of pre-1974 rent-stabilized housing, a critical and endangered segment of the city housing stock that serves hundreds of thousands of New Yorkers.

In our testimony today, we will discuss the growing cost of insurance premiums, shrinking coverage, the trend of declined coverage and insurers no longer writing policies for older rent-stabilized housing, the ongoing issue of suspicious slip-and-fall claims, and the ways that all of these forces harm tenants in the buildings our members operate. For these reasons, we will call upon the Committees gathered to implement solutions: for the state to stabilize the insurance market with a state-backed reinsurance product, and for tort reform that can rebalance the liability landscape that has made insurance so costly in New York.

Today, we face a severe insurance crisis that threatens the viability of rent-stabilized housing, both privately owned and non-profit. To capture the impact of this crisis on our membership, we conducted a survey in October 2025 of over 60,000 units of housing in rent-stabilized buildings, gathering data from larger and smaller portfolios alike, across the five boroughs. Our survey data shows that total insurance costs, including property, liability, and umbrella coverage, have more than doubled in just five years—rising 113%, from an annual average of \$703 per unit in 2020 to \$1,501 in 2024.

Despite recently passed legislation to prevent discriminatory insurance practices against low-income housing providers, we still see that in The Bronx and Northern Manhattan, premiums rose 134%, with some buildings paying more than \$3,300 per apartment per year. Rent Guidelines Board data illustrate the growing share of costs consumed by insurance. In 2019, insurance made up 5.4% of total operating costs for all rent-stabilized buildings. That share rose to 8.2% in 2023 (the most recent RGB data available), reflecting a 52% increase in the share of costs consumed by insurance.

Rising premiums impact the entire insurance market for rent-stabilized buildings, not just buildings with a high number of claims, and they go hand-in-hand with shrinking competition for insurance and an increase in distressed housing.

Our survey also found that 87% of owners have been forced to take on more risk—either by accepting higher deductibles or cutting back on coverage—to limit premium increases. In one case, a portfolio of 100-500 units had to increase their per-property deductible from \$5,000 up to \$25,000; at the same time, their per-unit annual insurance premiums climbed from \$901 in 2019 to \$1,602 in 2025.

Another member with fewer than 100 units saw an increase in their deductible from \$10,000 to \$50,000 despite massively reduced umbrella coverage; at the same time, their annual per-unit premiums increased from \$1,140 in 2022 to \$2,334 in 2025. It is important to note that this acceptance

of risk is not reflected in the cost information submitted to the Rent Guidelines Board, even though higher risk creates the possibility of major unexpected expenses. Considering premium costs alone obscures the depth of the insurance crisis.

Equally troubling, the majority of survey respondents—across portfolios large and small—reported being denied coverage by dozens of carriers entirely. 74% of owners with fewer than 100 units were declined coverage by insurers, and **all** survey respondents managing portfolios over 5,000 units had at least one carrier refuse renewal. Common insurer explanations reported in the survey included: “refused to insure rent-stabilized housing,” “refused to cover Bronx buildings,” or “carrier stopped writing multifamily coverage in New York City.”

Liability costs and fraud have further compounded the problem. According to the National Insurance Crime Bureau, New York City ranks #1 in the U.S. for questionable slip-and-fall claims. Fraudulent claims have become routine, often involving staged accidents or exaggerated injuries. Beyond fake incidents, fraud also includes those claims in which a person did fall, but the accusation of improper maintenance or negligence is unfounded. In one example claim, security video footage captured a person descending the stairs, distracted by their phone and not holding the railing, who then fell, and later brought a claim alleging that the stairs were defective. Furthermore, it is also fraudulent when unrelated prior health issues are aggregated into a larger injury claim. But the current legal landscape makes defending claims too risky, and insurance companies determine that it is more cost effective to settle rather than go to court. The result is adding unneeded costs to the housing system.

According to our survey, 70% of owners with video evidence disproving a slip-and-fall claim still saw insurers settle rather than fight—because it was cheaper. Faced with the prospect of drawn-out investigations, litigation, and the risk of jury awards more than 8 times higher than the national average, insurers choose to save themselves money by settling, despite the evidence. This practice drives up premiums while rewarding bad actors.

This cycle hurts **everyone**, including tenants in buildings with rent-stabilized units. Claimants and their attorneys profit, insurers protect themselves through higher rates and ultimately leaving the market-place, and housing providers and their tenants are left absorbing massive cost increases. This is reflected in higher rents in buildings with market units, but in fully-stabilized buildings, premium cost increases cannot be offset. Every dollar diverted to inflated insurance premiums or settlements of suspect liability is a dollar that cannot be spent on maintenance, safety upgrades, or energy efficiency.

We urge the Committees gathered to act. First, create a state-backed reinsurance program to stabilize premiums for rent-stabilized housing, whether owned privately or by a non-profit entity. This intervention in our currently-failing insurance market would bring in more competition by protecting insurers and moderating their risk exposure and thus lowering rates.

Secondly, we encourage the state to pursue targeted tort reform that would rebalance the current liability landscape while maintaining the core intent of those protections. Regardless of how robustly the state works to support the insurance market, the current liability environment leaves insurers and building owners extremely exposed to fraud and abuse. So long as it is a lucrative practice to bring suspect fact patterns and inflated claims, bad actors will enrich themselves at the expense of New York City’s rent-stabilized housing and tenants.

This issue is about fairness, accountability, and the preservation of affordable housing. Without insurance reform, we risk losing the very buildings that keep New York affordable for working families. Rent-stabilized buildings, both privately owned and nonprofit, cannot survive endless premium hikes and coverage denials.

We ask this Committee to act decisively—to restore affordability and stability to New York’s housing insurance market, and to help ensure that we can continue to provide critically important housing for the people who make this city run.

Thank you for your attention and for your commitment to protecting New York’s housing.