TESTIMONY BEFORE THE

NEW YORK SENATE COMMITEES ON

INSURANCE,

INVESTIGATIONS AND GOVERNOMENT OPERATIONS, AND

HOUSING, CONSTRUCTION, AND COMMUNITY DEVELOPMENT

TUESDAY, NOVEMBER 18, 2025

10:00 A.M.

SENATE HEARING ROOM

250 BROADWAY 19TH FLOOR

NEW YORK, NY 10007

COST AND AVAILABILITY OF INSURANCE FOR RESIDENTIAL PROPERTY

WRITTEN TESTIMONY PROVIDED BY:

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NYIA is the state trade association that has represented the property and casualty insurance industry in New York for more than 140 years. NYIA's membership is broad and diverse, consisting of stock, mutual and cooperative insurance companies writing in every county of New York State. Thank you for the opportunity to address you regarding the cost and availability of residential property insurance in New York. We will be providing oral testimony at the hearing and are sharing the written testimony in advance.

The affordability of residential property insurance cannot be addressed without focusing on availability. Insurance companies exist to serve our policyholders, and NYIA shares the same concerns as the Senate regarding the cost of insurance in New York. The only way to make insurance more affordable is to make it more available by concentrating on the real cost drivers that exist. Carriers must be able to adequately take on and manage risk to soundly write business in the state.

There are numerous challenges in today's residential property market, including the difficult litigation environment, pervasive fraud, the increase in the severity and frequency of extreme weather, aging infrastructure and higher material costs. Attached as exhibit A is the New York Residential Property Market Report NYIA submitted earlier this year, which further outlines these cost drivers and provides a range of solutions. Since the report was written, there are several new studies that have been published, further highlighting these cost drivers.

The Partnership for NYC in Excessive Litigation is Driving New York's Affordability Crisis found litigation abuse is the greatest cost driver to rising insurance premiums in New York. Furthermore, the most direct consequence of excessive litigation is that New Yorkers pay insurance premiums that average 15 percent higher than the rest of the country.

The Public Policy Institute of New York released data detailing the difficulties of doing business in the state in Blueprint for New York – Creating a Roadmap for Change. One of the most prominent challenges for businesses has been the state's legal and tort climate. The study also found that New York was the second highest state in the country for restrictions, amounting to more than 300,000 regulations containing more than 17 million words, indicating that the regulatory environment makes operating in the state challenging.

The New York State Comptroller recently released a report, Severe Weather Events and Resiliency in New York State, on the increase in the severity and frequency of extreme weather and found that weather related disasters causing $1 billion or more in damage have occurred at an increasing rate since 1980. New York, especially coastal communities, are at a heightened risk for losses due to natural disasters, which must be accounted for in insurance premiums.

These challenges are multifaceted and require multifaceted legislative and regulatory solutions. Some of these solutions are long-term in nature and others would be strong first steps to a more robust marketplace, which as mentioned previously are contained in the report in exhibit A. On a broad level these solutions center on building resiliently, supporting loss mitigation efforts and technology, modernizing the regulatory environment and increasing regulatory capacity, addressing expansive and abusive litigation and combatting fraud.

It is essential for legislators and regulators to take steps for companies to be more responsive to market conditions and their policyholders. Changes in laws to expedite and modernize processes where appropriate would benefit both insurance companies and our customers.

NYIA values the opportunity to share our viewpoint on behalf of our members and appreciates your consideration of the recommendations we have offered to improve the marketplace. The focus needs to be on keeping the market stable, encouraging greater availability and in turn greater affordability. Thank you for your time and, as always, NYIA is available to answer any questions.

EXHIBIT A

New York Insurance Association

New York Residential Property Market Report

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INTRODUCTION

The New York Insurance Association (NYIA) is interested in engaging in a dialogue with the Legislature about the challenges with the residential property market in New York. In an effort to facilitate that dialogue, and in response to the information request from Senator Skoufis, Senator Kavanagh and Senator Bailey, we have prepared the attached report. Our goal is to provide you with a comprehensive, nonconfidential response regarding the challenges that exist and potential solutions to address those challenges.

This report contains a wide range of information and links to additional resources, which we offer to be educational, collaborative and discussion-oriented. Unique New York isn't just a familiar phrase, it reflects the distinct and often complex landscape of doing business in the state. The challenges in the property and casualty marketplace are driven by a wide range of factors including but not limited to the difficult litigation environment, pervasive fraud, increase in the severity and frequency of extreme weather, aging infrastructure and higher replacement costs.

New York's property insurance market is served by a wide range of insurers including long-established local and regional policyholder-owned cooperatives, larger regional and superregional mutual and stock insurers, and carriers with a national footprint and various organizational structures. Insurance is unique among many industries in that it is almost exclusively state-regulated with minimal federal oversight. Each state is responsible for establishing its own rules for the organization and regulation of its insurance market, but this work is not done in a vacuum. Different organizations, such as the National Association of Insurance Commissioners, (NAIC) and the National Council of Insurance Legislators (NCOIL) work to accredit state regulators, and establish non-partisan, carefully-considered, technically sound models for legislative and regulatory policy for adoption and implementation by the various states. Indeed, New York is a leader in these collaborative policy development bodies with various New York legislators having held and currently holding leadership in these organizations.

Fundamentally, insurance is a risk spreading mechanism allowing groups of policyholders to collectively support an individual bearing financial burden beyond what they could do on their own. Reinsurance plays a key role in spreading risk for insurance companies and ensuring the solvency of companies. A carrier's success is ultimately measured by its being able to make good in its obligation to pay claims. Multiple carriers demonstrating capacity in this regard is critical to the successful development of a stable and reliable insurance market where multiple carriers compete for a policyholder's business. The cost of coverage is determined by assessing the risk associated with a property, including the geographic location as a primary factor. An individual carrier, and an insurance market's success depends on insurers' ability to accurately understand the risk profile of a given exposure and provide coverage designed accordingly, pricing its policies in a way that is not excessive, inadequate, unfairly discriminatory, destructive of competition or detrimental to the solvency of insurers. New York is a market that is tightly regulated and subject to a wide range of statutory and regulatory requirements governing how insurance policies can be marketed, offered, underwritten, rated, renewed, nonrenewed, cancelled or generally serviced by an insurance company.

Insurance companies want to provide the most affordable coverage possible, which is dependent on making improvements to the market. Addressing today's challenges requires solutions that will make insurance more available, and in turn, more affordable. New York's insurance marketplace needs to be sustainable for insurance companies to serve their policyholders. ***Insurance can only be affordable if it is available.***

We look forward to working with the Legislature to strengthen the health of the insurance market by increasing the availability of insurance, which will enable insurance companies to provide protection to New York residents and businesses.

BACKGROUND

The property and casualty insurance market in New York has experienced a variety of challenges. Chief among these challenges are the increased frequency and severity of extreme weather events, New York's aging infrastructure, inflation and the rise of rebuilding costs, constrained regulatory capacity, the challenging litigation environment, and high rates and pervasiveness of fraud. These obstacles ultimately drive costs for both policyholders and insurers. Carriers are being forced to take on immensely greater risk even when only retaining existing policies. The insurance industry has been consistently vocal about the role of insurance as well as the challenges in the market, warning that without meaningful change New York could experience issues similar to those in California and Florida.

It is critical to understand that the New York property and casualty market is a state-based system and does not cross-subsidize other states. Insurance companies use risk-based pricing to determine the cost of coverage. There are risks that are specific to New York, which are particularly pronounced in the state. There are also concerns that New York is not alone in facing. As seen across the nation, the way to address the affordability of insurance is to increase availability, by encouraging more options in the marketplace.

The New York property and casualty industry works hard to surmount challenges and implement solutions within our capacity to do so. Our efforts include consumer education, implementation of new technologies and research. Though carriers have been at the front lines of these initiatives, the challenging market is a multifaceted problem that requires a multipronged solution. Eliminating the overarching struggles will require the cooperation and collaboration of many diverse stakeholders. It is imperative that dialogue, education and partnership are employed to diminish these challenges and create a more vibrant market that continues to provide protection for New Yorkers.

LESSONS LEARNED

We are seeing headlines from around the country about insurance market crises. In particular, Florida and California are experiencing a highly publicized insurance crisis in which some insurers have been forced out of each state's marketplace entirely. While the insurance crisis in both states can be partially attributed to large losses associated with the growing frequency and severity of natural disasters the issue is actually driven by other factors. In the case of Florida, the litigation environment has played a significant role with recent reforms showing signs of improvement in the market. In the case of California, the regulatory environment was a major factor with companies not being able to achieve rate adequacy. Major changes are now underway to improve California's regulatory landscape and promote entrance and reentrance by carriers within the state's boundaries.

COST DRIVERS

Frequency and Severity of Extreme Weather

Certain states and areas are known for their challenges with weather—wildfires in the west, hurricanes in the south, and tornadoes in the midwest. Years ago, New York State was viewed as a climate oasis because of its relative lack of exposure to extreme weather events. However, recent data shows that the number of severe weather events causing damage to New York State has increased exponentially since 2010. Strong winds and tornadoes are becoming increasingly common, as are floods caused by rising sea and lake levels and stronger storms. Wildfire also remains a pervasive threat, and although the risk for wildfires is not expected to increase in the coming years, they may be fueled by more frequent and destructive windstorms.

Building and development is also becoming more common in high-risk areas. Recent studies suggest that large swaths of New York properties are at a high risk of experiencing weather-related damage. The Department of Environmental Conservation reports that more than 620,000 New Yorkers currently live in areas susceptible to flooding. While the same report states that almost 61,000 state residents have taken steps to protect their properties from water damage, this still leaves the vast majority of New Yorkers without preparations for excessive flooding events that may affect their homes. As sea levels rise due in part to climate change, storm surges are predicted to move further inland, causing properties not previously in flood plains to be considered at risk. In New York City alone, 82,000 individual housing units are expected to see damage from flooding by 2040.

A study completed by CoreLogic shows that New York City has 3.7 million homes currently at risk of receiving damage from hurricane winds. Storm surge and flooding from hurricanes were also listed in the report as areas of concern for New York. Hurricanes, tropical storms, straight line wind events and winter storms have been costly when they impact New York State—a fact that is unlikely to change in the future. Hurricane Irene, compounded by Tropical Storm Lee, thought to be the second most expensive hurricane to hit New York in recent history, caused $1.3 billion in damage to the state in 2011. New York's coastline is not specific to the Atlantic Ocean and Long Island sound and includes hundreds of miles of freshwater coastline. We have seen a range of issues in relation to the Great Lakes, including rising lake levels of Lake Ontario in 2017 causing damages of over $100 million in New York State alone.

The most expensive and one of the most destructive natural disasters to strike New York came in 2012, when Hurricane Sandy made landfall near Atlantic City, New Jersey and moved north to affect the New York City, Long Island and Westchester areas. Hurricane Sandy caused an estimated $32 billion in damages, with $19 billion in damages occurring in New York City alone. Following the storm, New York spent $9 billion on damage mitigation and future prevention efforts. Hurricanes are expected to further increase in strength over the coming years, which could exacerbate the amount of damage sustained by New York properties. The insurance industry responded to an unprecedented number of claims in the state, amounting to a total of nearly 500,000.

On a larger scale, research notes that the average amount of insured losses nationwide from 1980–2021 was $21.8 billion per year. From 2012 to 2021, that number had more than doubled, with the average amount of insured losses coming to $44.1 billion per year. This astronomical increase is in part due to the increase in extreme weather events over the past few decades.

It is difficult to assess the rapidly evolving risk of natural disasters. Moreover, according to the Brookings Institution, "a changing climate means that analysis based on historical data can underestimate future climate risk exposure." As a result, insurers will need to reassess exposures and ensure coverage and pricing remain actuarially sound. These ongoing challenges impact both the ability to estimate risk and the stability of the homeowners market.

Aging Infrastructure

New York State, especially its larger cities, have an abundance of aging and in some cases deteriorating buildings and housing stock. New York has the oldest owner-occupied homes in the United States with a median age of 62 years. Even more notable, more than 80 percent of New York City's housing was built over 50 years ago, and 42 percent of its homes are over 85 years old. Older buildings are often more susceptible to damage and can be more challenging for insurance companies to underwrite than newer buildings. There are multiple factors that might potentially affect the cost of insuring buildings, including but not limited to the location, age and type of building, the use of the building (residential and/or commercial), the proximity of fire protection services, the choice of deductibles, the availability of any premium discounts and the scope and amount of insurance coverage. These factors all help insurance companies and property owners determine risk and the cost of a policy.

Another difficulty in maintaining many of these dated properties arises from the state's increasing susceptibility to natural disasters, as was previously mentioned. In New York City specifically, the majority of buildings were constructed between 1920 and 1940, making most residences unable to effectively withstand the strengthening severe weather events affecting the city without incurring damage. This creates an unsustainable housing market in the country's most populated city, where housing shortages are already a challenge. The inability to take action to improve New York's aged and often structurally deficient real estate creates the potential for more serious infrastructure issues down the road, specifically as they relate to the high probability of damage from severe storms and rising construction costs caused by inflation and fraud.

Inflation and the Cost of Rebuilding

The cost of rebuilding and repairing can be high for both older infrastructure and more recently constructed dwellings. The amount needed to rebuild or restore a home following any damage it incurs can be affected by multiple factors, including but not limited to the age of the home, the cost of materials and labor, as well as the size of the structure and the quality of building materials used. Older buildings, when being rebuilt, must comply with current building and energy codes. Construction that complies with code-mandated energy and structural performance often requires increasingly complex designs, structural assemblies, sophisticated materials and construction modes, as well as performance validation and certification, all of which far exceeds what was typical at the time of construction. The high cost of rebuilding damaged properties, stemming from skyrocketing costs of building materials from new tariffs and inflation, has a major effect on an insurance company's ability to take on risk and ultimately impacts the availability and affordability of insurance.

Following the COVID-19 Pandemic, costs have risen significantly as a result of inflation. Supply chain issues and labor shortages across the nation have led to the price of goods, including building materials like steel and lumber, becoming more expensive. According to the National Association of Home Builders, costs of some building materials are over 50 percent higher than they were at pre-pandemic levels. The Insurance Information Institute (Triple-I) assessed that cumulative replacement costs related to homeowners insurance soared 55 percent between 2020 and 2022. According to the Bureau of Labor Statistics, lumber and other construction material prices remain approximately 40 percent higher than pre-pandemic levels. These numbers have an immense and direct impact on home repair and rebuilding costs and how much insurers pay out in claims. Put simply, if a representative sample home in New York in 2025 suffers damage and needs repair, it will be proportionally more expensive to repair than at any time in history, at a rate that outpaces the simple appreciation in home values. Insurance policyholders rightfully expect that a policy will respond to make good on a claim, and to do so, insurers must maintain adequate capital and reserves to pay these escalating claim costs.

Natural disasters have been another factor affecting the rising costs of building materials. Canadian wildfires have burned millions of acres since 2020, seriously depleting North America's valuable supply of lumber. In 2023, three of Canada's provinces–Quebec, Alberta, and British Columbia–made up 30 percent of North American lumber production. With a newly created gap in the market, builders are now being forced to seek alternative suppliers for construction materials, which comes at a higher cost.

Additionally, federal tariffs will further drive up the costs for construction material and repairs. From January 2020 to December 2024, the cost of construction materials increased by 38.5 percent, while the cost for labor increased 33.4 percent. The U.S. imported about $14 billion worth of residential construction materials in 2024, including Canadian lumber and Mexican lime and gypsum products, according to the National Association of Home Builders (NAHB). Numerous raw materials and components, ranging from steel and aluminum to home appliances, are sourced from nations across the globe that are subject to the latest tariff proposals. Builders and contractors estimate that building a single family home will cost an additional $10,900 because of tariffs.

Regulatory Capacity and Framework

Another factor that significantly contributes to the overall health of the market is the regulatory environment. New York is not currently in a position to provide the required review and engagement in a manner that enables companies to bring products to market quickly. Insurance companies want to be able to provide products to their customers that are most relevant to their needs. New Yorkers are often not able to access new products and services as quickly as individuals and businesses in other states given the regulatory process. More regulatory capacity and modernization is needed to provide New York residents with the ability to obtain the newest and innovative insurance products and services offered, resulting in greater consumer options.

Challenging Litigation Environment

Legal system abuse is proliferating in New York and harms the overall business climate, with a specific emphasis on the insurance industry. According to the Lawsuit Reform Alliance of New York (LRANY), our state ranks dead last in lawsuit climate for small business, costing taxpayers $22 billion annually and deterring New Yorkers from starting a business.

Aggressive attorney advertising, jury anchoring, forum shopping, phantom damages, unregulated third-party litigation financing, and other forms of legal system abuse cost consumers in New York in excess of $7,000 per year and further burdens insurers and businesses. In fact, New York is one of four states that have the highest nuclear verdicts in the nation. The U.S. Chamber of Commerce Institute for Legal Reform reported that New York saw 131 nuclear verdicts in 2023, awarding over $4 billion to just those cases alone. It is also important to acknowledge that these damages are largely noneconomic rewards that are not subject to a cap in New York.

These forms of litigation abuse not only increase the costs of goods and services for all consumers but deplete judicial resources and create insurability problems in general, but specifically the residential property market. The American Tort Reform Association (ATRA) listed New York as a "lawsuit inferno" due to the state's permissive civil practice landscape. These challenges are compounded by ongoing legislative efforts to expand opportunities and incentives for litigation. While many of the bills allowing for expanded lawsuit potential are ostensibly intended to serve consumers, they have predictable side effects which necessarily and mechanically manifest as increased insurance rates.

Widespread Fraud

Annually, all types of insurance fraud cost policyholders more than $308 billion each year, or just over $900 for each person in the United States. In the residential property insurance market specifically, fraud may present itself through arson or other intentional damages to a property, staged accidents including slip and falls and those on construction sites and deception of homeowners by unscrupulous contractors or individuals posing as contractors and overcharging insurance companies for repairs. The insurance industry has taken steps to prevent instances of fraud such as these, however fraud can be most easily stopped at the source, by requiring widespread consumer education and strong laws to deter fraudulent criminal acts. The actions NYIA and the insurance industry as a whole have taken to prevent fraud are detailed in the solutions section.

In 2017, the National Insurance Crime Bureau (NICB) estimated that the United States suffered more than 50,000 intentionally set structural and vehicle fires. The estimated cost in property damage was over $1 billion. Furthermore, DFS received 181 reports of fraud involving arson in 2024. This is similar to the number in previous years, 187 and 182 in 2023 and 2022, respectively. While insurance fraud through arson can be difficult to detect from physical evidence alone, insurance companies and those they work with extensively use every available means to investigate fires and deploy many modern remediation tools, such as forensic accounting.

Deceitful contractors have become such a common issue in New York State that Attorney General James' office consistently lists home improvement complaints as a top 10 consumer complaint. Most recently, these complaints have ranked eighth in 2022, 2023 and 2024.

Contractor fraud may present itself in many forms. It is common following severe storms where significant damage is sustained to properties in an area. The Attorney General's office warns that signs of contractor fraud may include unsolicited offers to complete work on one's residence, non-local companies pushing their services to hard hit areas after large storms, contractors with non-verifiable business information and pressure to put down a cash deposit before work has been completed on the project. While state law mandates that all consumers completing home improvement projects costing more than $500 must receive a written contract, it does not mandate that contractors be licensed statewide. This allows unscrupulous, fly by night individuals posing as legitimate contractors to take advantage of New York consumers, further driving up the costs associated with property ownership. Overcharging insurance companies for repairs is a type of fraud that may be committed by property owners and contractors alike. When the cost of a home construction project is purposely overstated to gain an additional payout from the insurance company, the situation becomes fraudulent. The National Council on Aging reports that consumers who fall victim to contractor fraud lose an average of $2,426.

Staged slip and fall accidents on properties as well as staged accidents on construction sites, have a very serious impact on the costs associated with insurance. In the case of construction sites, the fraudulently staged events increase costs with property construction, repairs and other improvement work.

This increasingly costly issue is encouraged by a complex web of fraudulent actors, medical providers and trial lawyers eager to take advantage of the previously mentioned "lawsuit inferno" in New York State. In many staged construction site accidents, false actors are recruited to fall or otherwise "injure" themselves at the worksite. This creates an issue for insurers, who are then pulled into the equation as parties who must then pay for costly workers compensation claims or liability claims, when there is no actual injury. The criminal schemes involve unnecessary procedures and surgeries designed to defraud the businesses involved. These staged accidents have unfortunately become such an issue that they have been covered extensively in the news. Investigative reporter Kristin Thorne has uncovered numerous fraudulent worksite accidents and a stolen identity claim used to file for workers compensation benefits. She also discovered that a single apartment building in the Bronx was the source of 30 construction injury claims filed by residents and a two-story home directly across the street accounted for 21 claims.

In New York City, a well-publicized case of staged slip and falls brought widespread attention to the issue of fraud. The 2023 case accused multiple parties of staging slip and fall accidents from 2013 to 2018 and ultimately robbing New York businesses and insurers of more than $31 million. The case involved medical professionals, lawyers and other professionals who were trusted to protect their clients engaging in predatory behavior that took advantage of everyday New Yorkers, often the most vulnerable. Scheme organizers instructed individuals to claim they had fallen, or to stage a fall near cellar doors, cracks in concrete sidewalks or potholes. The individuals were then directed to see specific attorneys who were in on the scheme, as well as a doctor who would provide medically unnecessary surgeries. Each of the scheme organizers stole millions of dollars as a result of their participation.

Statistics show that this case is not an isolated incident. In 2019, National Insurance Crime Bureau (NICB) listed New York as the state with the highest amount of potential slip and fall fraud instances in the nation, and New York City as the municipality with the highest amount of potential claims. Specifically, from 2017 to 2019 the NICB also reported that Kings, New York and Queens counties had the fourth, seventh and ninth highest amount of fraudulent slip and fall claims nationwide, respectively.

SOLUTIONS

Building Resiliently

The property and casualty insurance industry has historically supported and invested in the construction of stronger and more resilient infrastructure. In 1979, the Insurance Institute for Business and Home Safety (IBHS) was established by the insurance industry to study techniques to avoid damage to homes during natural disasters and inform the insurance industry about new designs and risks. Since then, insurance companies continue to support this institute which continues to engage in research that informs the public and policymakers on how to improve the sustainability of our homes and businesses. In 2010, IBHS established an applied research and training campus to conduct rigorous testing of homes, commercial structures, and building components against all types of severe weather. The institute's groundbreaking science and solutions has shed light on the ways to build more resiliently and avoid a disaster when severe weather strikes.

In 2013, NYIA held a Strengthen New York Summit with roundtables to gain insights from a range of stakeholders involved in disaster preparedness, response and recovery. The association shared the many suggestions offered by elected officials and representatives from state agencies, municipalities and the insurance industry, among other groups, as part of a white paper "Lessons Learned After Sandy and Possible Ways to Strengthen New York." Key findings from NYIA's report included the need for increased adoption of flood insurance policies and appropriate home, auto, business and other coverage, the reinforcement of buildings rebuilt following the storm, increased education and preparation, as well as enhanced coordination of disaster response and improved utilization of resources.

Insurance underwriting takes into account the many factors that can lower risks for policyholders. These may include the use of reinforced materials that can better withstand severe weather events, fire or other factors when constructing new buildings or upgrading older ones. When adopted on a larger scale, state reinforcement efforts can lead to more resilient homes and businesses, creating increased affordability, improving safety, and potentially helping to slow the outmigration of residents from New York.

Investing in the construction of more resilient homes would not only have the potential to create a positive impact on losses but might also help to increase resident safety during severe weather events. IBHS has created FORTIFIED standards to better protect homes against extreme weather. These standards provide a valuable resource as New York searches to strengthen its building resiliency to withstand increasingly damaging storms.

Windstorms, one of the most damaging weather events in New York, contribute substantially to damage costs across the state. The IBHS FORTIFIED roof standard specifies that homes must have sealed roof edges and decks, enhanced attachment systems, and impact-resistant shingles to increase the chance of a roof's survival during a windstorm. Additional steps that can be taken to give properties increased durability against windstorm threats include protecting weak points of a building, including but not limited to windows, entryways and garage doors. The IBHS recommends installing impact-rated windows and doors to lower the threat of the glass shattering and allowing storm damage to enter the home. For garage doors, wind-rated installations are recommended to prevent the garage door being blown inward, causing damage and allowing for an internal pressure imbalance that could damage walls and roofs.

One of the most consistent threats to New York State is flooding. Damage from floods can be lessened through the integration of new requirements into state building codes, such as by mandating that electrical components be raised to a certain height above the base flood elevation (BFE). In a state that receives flooding from multiple sources, including hurricanes, heavy rainstorms and snowmelt, floods are inevitable. Installing the infrastructure to handle floods as they come will be an important part of reducing insurance costs for homeowners. Engineering techniques with positive long-term effects, such as building homes above floodplains, improved levee construction, the creation of floodable reservoirs to direct excess water away from buildings and the implementation of new technologies such as permeable pavement can lessen a building's chances of being affected by floodwaters.

After California tragically endured wildfires in January of 2025, public attention began to center on wildfire mitigation efforts. While wildfire prevention is itself part of a larger issue, the construction and improvement of homes to endure wildfire events has become more common. One report suggests that in the next 30 years, 12 percent of New York City properties will become at risk of being affected by wildfire. The IBHS outlines the ways that homeowners and contractors can make a building less susceptible to fire, including through improvements that can result from statewide building efforts. By providing accessible fire mitigation building materials, like noncombustible and fire-resistant fences, doors, vents, siding and Class A roof coverings, New York can effectively lower the risk of a fire spreading through densely populated areas. It is also important to note the risk of fires more generally and the need to mitigate the risk. As a case in point, New York City, experienced approximately 20,000 structural fires in 2024.

The IBHS has dedicated resources to researching and engineering more resilient building materials designed to meet their FORTIFIED standards. At the IBHS Research Center, referenced earlier in this report, which was founded in partnership with multiple insurance organizations and companies, industry experts can conduct research on how weather affects both residential and commercial properties. The 90-acre center can simulate the effects of ember exposure, hailstorms, high winds and wind-driven rain entry, and can test how well standard and FORTIFIED structures stand up to the simulated hazards. The research facility has produced useful reports on the quality of building materials, including shingles and packaged terminal air conditioners, and the effectiveness of new technologies, such as externally applied fire-retardant coatings. Through an updated code mandating the use of high-performing materials in new constructions and repairs, hundreds of thousands of dollars in damage could potentially be prevented.

The IBHS Rating the States 2024 report lists New York as number 11 out of 18 coastal states based on "residential building code adoption, enforcement, training, education and contractor licensing." Though New York allows local jurisdictions to strengthen their code beyond what is required by the state, it is crucial to note that not all New York counties do so. Furthermore, New York does not require licensing of general, plumbing, mechanical, electrical, or roofing contractors and leaves the decision of whether to require regulations for licensing of construction trade contractors to local jurisdictions.

According to the report, New York has risen by one place on the list since 2021. Although the report showed that New York saw the largest improvement of any of the 18 states studied, the report indicates that the state still can look to the frontrunners for further advancements. On a scale of zero to 100, New York's code adoption score was a 47. The report listed improvements to wind mitigation standards as progress towards a more sustainable market. It also cited requirements for residential code to be a mandated course for building officials' continuing education and requiring licensing of general, plumbing, mechanical, electrical or roofing contractors as areas in which New York could improve its construction market. Most importantly it referenced the need to adopt a state-mandated certification and licensing program for construction trade contractors.

Loss Mitigation Efforts

Loss mitigation efforts are a tool frequently utilized by insurers to lower the risk associated with insuring a property. When companies turn to their underwriting teams to determine whether a property poses a substantial risk, they will frequently consider any loss mitigation efforts the policyholder has completed. The installation of home safety systems designed to prevent theft or vandalism, smoke and fire detection systems, newer wiring and hardware, and the installation of wind mitigation features and construction techniques can prove helpful in reducing risk.

Other technologies that prevent losses include Ting, a sensor that is plugged into an outlet in your home and connects to a Bluetooth device through a mobile application. The smart technology detects and identifies precursors to electrical fires and notifies users of fire hazards before they become disasters. Additional technologies monitor leaks and alert users if water is detected. Some even connect to water monitors and automatically trigger the shut-off to proactively protect homes from water damage. These are just a few examples of many technological tools that can lower the risk experience. Insurance companies are closely looking at the promise of these types of innovative approaches to mitigate risk.

Regulatory Modernization and Increasing Capacity

An important facet of improving the market in New York is modernizing the regulatory system and increasing capacity at the New York State Department of Financial Services (DFS). Regulators need more resources to be able to conduct their review so insurance companies can offer the most modern insurance solutions to policyholders. NYIA encourages the state to fully fund DFS and ensure that assessments are used for DFS's operations. NYIA has further supported allowing DFS to hire consultants to aid in the filings process. Such authority would require legislative approval which has been drafted in A4259A (Weprin) and S5321 (Bailey).

Litigation Reform

NYIA supports a number of priority initiatives that would curb lawsuit abuse and restore fairness to our justice system.

NYIA advocates for transparency and disclosure in the lawsuit lending industry. Litigation financing companies offer upfront cash to plaintiffs in exchange for a portion of future settlements, often charging excessive fees that exploit vulnerable consumers in financial distress. We are pleased that A804C (Magnarelli)/S1104A (Cooney) passed both houses of the legislature and will provide for added consumer protections in this opaque industry. However, judges and juries should also be notified of the use of litigation financing in lawsuits to strengthen the transparency in the process and knowledge of the origination of these funds.

Additionally, changing the current interest rate on civil judgments will further ameliorate lawsuit abuse in our state. New York requires defendants to pay 9 percent interest on civil judgments—far above current market rates—pressuring settlements in cases and inflating the cost of litigation. NYIA supports legislation to align judgment interest rates with prevailing market rates, promoting fairness and reducing undue financial pressure on defendants. These provisions are consistently included in the executive budget and we urge advancement to address skyrocketing costs for both municipalities and businesses alike.

A key change is to replace absolute liability with comparative negligence in the Scaffold Law. Currently our state imposes absolute liability on property owners and contractors for gravity-related injuries—even when the worker is at fault. Reforming this law will reduce construction and insurance costs and attract private investment. New York is the only state in the nation that requires strict liability for gravity related injuries.

The U.S. Chamber of Commerce Institute for Legal Reform suggests a myriad of proposals to curb nuclear verdicts, such as passing legislation to bifurcate a jury's consideration of compensatory and punitive damages and limiting pain and suffering awards. This will allow rewards to remain more impartial and control the amount of nuclear verdicts when unnecessarily high.

The Lawsuit Reform Alliance of New York lists additional initiatives that would reduce frivolous litigation and expand New York's business environment. We encourage the Legislature to consider these proposals to address the many challenges.

It is also of great importance to prevent legislation from advancing that will further deteriorate the state's litigation landscape. Equally critical is ensuring a judicial system that provides fair treatment to both plaintiffs and defendants alike.

Combating Fraud

Statistics show that 78 percent of consumers are concerned about insurance fraud, but many do not know how to take the steps to prevent themselves from becoming victims. The New York Legislature has been a great advocate of preventing fraud and protecting consumers, but more actions must be taken to stabilize the market and ensure the availability of homeowners insurance.

Legislation needs to be fully advanced to give insurance companies the tools to fight fraud and deter criminal behavior. This includes legislation to classify staged construction accidents as a class E felony to curb fraud and abuse, A3800 (Weprin)/S5231 (Comrie).

In 2019, legislation was passed into law that curtailed the practice of storm chasers, or unscrupulous actors that solicited repairs following a storm or natural disaster but then perform substandard work or not even perform the services. Though contractor fraud still prevails, these provisions were the first step in combatting the issue. NYIA partnered with the NICB in May and participated in Contractor Fraud Awareness Week. Efforts like these educate the public and make policyholders aware of these unfortunately common occurrences. This public awareness campaign has received support from numerous companies and trade associations, including NYIA. We welcome discussing further initiatives to address contractor fraud.

CONCLUSION

NYIA looks forward to working with public policymakers to promote the availability of insurance, which will have a positive effect on the affordability of insurance. There are many solutions that have been offered over the years, including by the insurance industry, and we welcome the opportunity to have productive conversations about legislation and other initiatives to properly manage cost drivers in the system. Addressing these cost drivers will enable companies to take on more risk as well as ultimately decrease insurance losses, and as a result, costs. This report is intended to offer information as a starting point to that conversation.

One key component is consumer education. We have referenced a number of different resources throughout this report and also encourage policyholders to talk with their agent or company representative about their insurance needs. NYIA has consistently spearheaded campaigns to increase consumer awareness of insurance, including through the Thank Goodness for Insurance initiative, which provides information on homeowners, business, auto and other types of insurance.

We welcome dialogue with the Legislature about how we can collaborate to best serve New York consumers. New York insurance companies exist to provide protection to their policyholders—we take great pride in serving our customers.

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