NY MBA
MORTGAGE BANKERS ASSOCIATION

NYMBA Testimony Before Senate Standing Committee on Investigations and Government Operations, Senate Standing Committee on Insurance, Senate Standing Committee on Housing, Construction, and Community Development regarding:

The Joint Public Hearing on the cost and availability of insurance for residential property in New York.

Tuesday November 18th, 2025

Hello, my name is Joe Culver, Executive Director & Chief Operating Officer of the New York Mortgage Bankers Association (NYMBA). I appreciate the opportunity to testify today at the Joint Public Hearing on the cost and availability of insurance for residential property.

I am a 45-year veteran of the residential mortgage banking industry in New York, having held management and senior management roles with Banks, in addition to my role leading the NYMBA since 2024. The NYMBA is a 108 corporate member Association, representing Lender and Non-Lender members across all facets of the industry, including Title Insurance, Mortgage Insurance & Property/Casualty Insurance. The market dynamics in NY and across the United States in the past 3 years has seen a once in 40-year dynamic with rising interest rates driving an extremely low inventory of available homes for purchase, and subsequent increase in home prices that contributes to an affordability challenge for consumers seeking to enter the home purchase market. The cost of homeownership has also been impacted by continuous market influences impacting affordability, that directly correlate to the cost of these required services, including Property/Casualty Insurance. Borrowers applying for a residential mortgage quickly learn the term "PITI" from their Mortgage Loan Originator, which stands for Principal, Interest, Taxes and Insurance. Though they may opt for a 30-Year Fixed Rate loan payment (the P&I), the variables each year that can increase are their Taxes (T) and Property/Casualty Insurance (I). Residential Mortgage Loan Servicers handle the collection of the PITI and closely monitor changes each year to the borrowers' Taxes, and most importantly the Insurance, to assure proper coverage for both the Lender and borrower.

Market structure & players

- New York has very specific market dynamics - with single & 1-4 multi-family residences in upstate - and large number of Co-operatives, Condos, and Apartments in the 5 boroughs requiring various Insurance coverage risk. Private insurers write most standard homeowners' business; surplus lines and admitted markets coexist; a residual market ("FAIR plan" / insurer of last resort) supports properties that can't get coverage in the voluntary market.

Drivers of affordability/availability problems

1. **Climate & catastrophe risk**: more frequent/severe storms, coastal surge, flood risk, and other climate impacts increase expected losses and reinsurance costs (a major driver of underwriting expense).
2. **Reinsurance market volatility**: higher global reinsurance costs and tightened capacity push primary insurers to raise premiums or retreat from certain geographies, as we have seen in recent years in Florida and California.
3. **Inflation and replacement costs**: construction and labor inflation, combined with a tight housing labor work force, and newly implemented import tariffs increases claim severity, which contribute to rising Property/Casualty premiums.
4. **Data/AI underwriting changes**: NYDFS regulations have issued guidance on insurers' use of AI/external data in underwriting which can ultimately affect risk segmentation and fairness concerns

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B**alancing risk-based pricing with affordability is the central policy tension. Insurers strive for:**

- **Access:** broad availability of insurance so owners meet mortgage and safety requirements.
- **Affordability:** reasonable premiums for middle-/low-income homeowners.
- **Risk-sensitivity:** prices should reflect actuarial risk to avoid moral hazard and market distortion.
- **Market stability:** insurer solvency and capacity over the long run.
- **Equity & transparency:** protect and educate consumers from unfair practices, ensure clarity on coverage limits/exclusions.

Recommended legislative and regulatory options (short, medium, long term).

Short-term:

Targeted premium stabilization program

- o Establish time-limited state subsidies or vouchers for low/moderate-income homeowners in areas with sudden rate shocks. Means-tested and phased down over 3–5 years.

Medium-term:

State-backed reinsurance/partial risk-sharing pool

- NY recently authorized parametric options in insurance law. Extend and establish a public reinsurance facility or parametric reinsurance backstop for extreme events to reduce private reinsurance costs and stabilize capacity.
- Formalize building-level mitigation crediting (e.g., elevation, floodproofing, wind retrofit) in rate filings; create low-cost loans/grants for resilience upgrades targeted at vulnerable households that impacts affordability. This could be achieved through coordination with NYSDFS, housing agencies, and utility companies to integrate mitigation metrics into premium calculations and certificates of compliance.

Long-term:

Building Standards & Hazard Mapping

- Raise minimum building standards in high-risk areas; require resilience measures for new construction; align mortgage underwriting with insurance availability.
- Access for publicly accessible, high-resolution hazard maps (flood, surge, wildfire, subsidence) and mandatory disclosure at sale/closing to assure borrowers understand the reasoning for premium differential.

Many of today's market pressures originate from real physical risk (climate, construction costs, tariffs) and global capital markets (reinsurance). The key to sustainable affordability requires reducing physical risk (mitigation, land-use), diversifying insurance capacity (public-private reinsurance), and targeted financial help for vulnerable households.

At the NYMBA, we are committed to working with policymakers and industry leaders to engage in conversation and share our knowledge related to the importance and long-term affordability and sustainability of Property/Casualty Insurance in New York. We have been a leader with engagement and stand ready to work with the Legislature and our Insurance members to find equitable solutions to grow home ownership possibility for consumers in New York.

On behalf of our Board of Directors and Members, we appreciate the opportunity to contribute to this important discussion and look forward to continued collaboration in creating a more inclusive mortgage marketplace. Thank you.

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