New York State Rural Advocates

Testimony

Presented to:

Joint Public Hearing of New York State Senate
Standing Committee on Investigations and Government Operations
Senate Standing Committee on Insurance
Senate Standing Committee on Housing, Construction, and Community Development

Subject: Cost and Availability of Insurance for Residential Property

Chair Kavanagh, Chair Skoufis, Chair Bailey, and members of the Committees and staff: thank you for inviting us to participate in this investigation and for ensuring that rural voices are part of the process. Since 1981, New York State Rural Advocates has represented community-based nonprofits, including the State-funded Rural Preservation Companies that work every day to meet the affordable housing needs of low-income residents in small towns and rural places. For more than forty years, our members have been the front-line organizations delivering state, federal, and private resources to economically challenged communities across Upstate.

Right now, rural New York is facing three connected insurance problems that hit housing providers hard:

- **Cancellations and non-renewals with no chance to remediate.** Owners and providers receive notices but are given no meaningful opportunity to fix issues before coverage ends.
- **Policies denied or cancelled based on tenant program status, housing type, or HUD housing requirements.** Insurers cite the presence of Section 8 tenants, pull cords, or concentrations of senior housing as reasons for cancellation.

- **Skyrocketing costs that destabilize providers and households.** Premiums have risen so sharply that nonprofits are forced to absorb unsustainable expenses, landlords lose income, and homeowners are blocked from repair programs when they can't secure affordable coverage.

These practices are not isolated. They disproportionately affect low-income homeowners, Section 8 landlords, nonprofit providers, and senior housing operators in small towns and rural counties where alternate carriers are limited or nonexistent.

Concrete examples:

- A small Section 8 landlord lost coverage after an inspection flagged a missing handrail and walkway defect. The insurer cancelled immediately, with no remediation timeline.
- A nonprofit RPC was told its portfolio was being cancelled simply because it operated multiple senior housing properties. No individualized risk assessment, no remediation steps, no temporary coverage. This leaves vulnerable residents exposed.
- A homeowner applying for a state repair grant couldn't secure insurance due to the home's condition. Without coverage, they were ineligible for the grant that would have fixed the very issues preventing insurance.

The systemic consequences are clear: rental instability, forced vacancies, loss of affordable units, nonprofits absorbing skyrocketing premiums, and frustrated public investments when eligible homeowners are blocked from repair programs.

Requested actions for the Legislature:
We urge the Committee to consider practical steps that preserve stability while allowing insurers to manage legitimate risk:

- Establish a statutory right to an independent appeal or expedited DFS review before cancellation takes effect.

- Direct DFS to collect and publish anonymized data on cancellations and non-renewals by reason, property type, and region.
- Require insurers to explain cancellations tied to tenant status or program participation, so patterns can be identified.
- Require DFS to coordinate with HCR and housing agencies to reconcile insurer demands with regulatory obligations, and create a conflict-resolution pathway when providers face impossible requirements.

Insurance plays a critical public role: enabling homeownership, protecting tenants, and supporting nonprofits and municipalities that stabilize communities. When insurers cancel coverage without remediation, rely on categorical reasons tied to tenant status, or impose skyrocketing costs that providers cannot absorb, the fallout is immediate. Displacement, program ineligibility, and erosion of affordable housing stock.

Legislative action to require remediation opportunities, independent appeals, transparent reporting, and transitional safeguards will restore fairness and stability. These changes will protect residents, preserve nonprofit capacity, and ensure that state investments in housing repair and preservation achieve their intended effect.

Thank you for the opportunity to share information from our members—RPCs across New York—who are facing these challenges daily while working to provide safe, affordable housing.