



Senate Standing Committee on Investigations and Governmental Operations

Senate Standing Committee on Insurance

Senate Standing Committee on Housing, Construction and Community Development

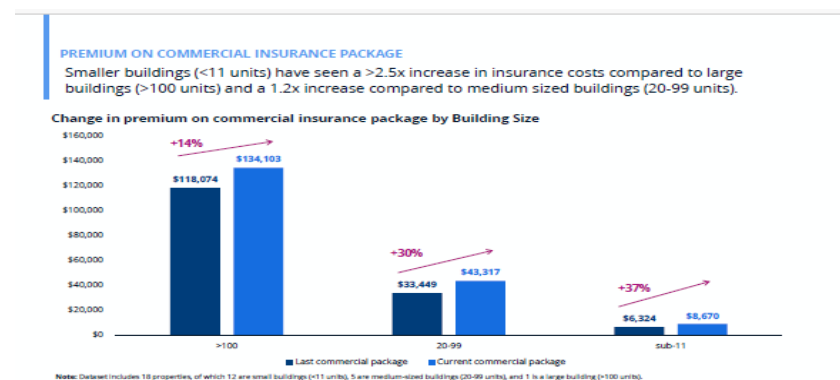
The Small Property Owners of New York (SPONY), a trade association representing the interests of small housing providers in NYC and NYS, respectfully submits this testimony regarding the cost and availability of insurance for residential property

November 18, 2025

Good afternoon. Thank you for the opportunity to testify here today and for your attention.

My name is Ann Korchak, and I serve as board president of SPONY, the Small Property Owners of New York. We are an all-volunteer organization of small rental building owners, which means we have firsthand experience with the rising costs and shrinking coverage.

Insurance is now one of the largest expenses we face, second only to property taxes. It's an expense we can't delay or one where we can easily find a more affordable option. Earlier this year, a survey of our members showed insurance costs rising more than 37 percent for buildings under 11 units. The increase was slightly lower for larger buildings.



My own family's numbers reflect this. Our combined total insurance cost for commercial and liability coverage for a 10 unit building has increased 43% in recent years. The sharpest increase is in our liability insurance which has increased 95 percent. The steepest jump came in 2021, when our premium shot up from under \$1,000 to nearly \$3,000. In the past we had paid as little as \$56 per unit for liability coverage; today that number is more than \$1,000 per unit. Our liability coverage was once a fraction of our total insurance cost and it now exceeds our

commercial package. And while we once carried \$100 million in umbrella liability, we only have \$15 million in coverage. Our deductible has also doubled.

This drop in coverage isn't a choice. In years past, we had multiple offers when our policy came up for renewal. Last year, the day before our policy expired, we had just one. Our longtime insurer had dropped us. Getting that close to the expiration date was nerve-racking. The only offer available was a three-year commercial package — something we hadn't seen in years — but we had to pay the full amount upfront! We didn't budget to pay 3 years of insurance in 2024 and we only managed it because a contractor who we have used for years graciously waited sixty days to be paid.

Just yesterday I saw some insurance related comments in a SPONY WhatsApp chat. One owner was attempting to negotiate a payment plan because the cost was so high he can't afford the premium. Another was in housing court with a tenant who hasn't paid since June of 2023 and owes \$63k in rental arrears. That owner is worried about his ability to pay his premium next month. Another owner was denied a renewal for filing a claim that was covered by a "sewer back up" rider her carrier encouraged her to purchase 6 years prior to her claim.

Several years ago, I asked my broker why our costs were rising so quickly. Her answer was, "You own a building in New York City, so you're in the construction business." And she's right. Buildings all over the city undertake projects such as roof replacements, façade repairs, electrification upgrades, apartment improvements and countless ordinary maintenance repairs. Every contractor who works on our buildings is paying more for their insurance, and those costs come right back to us in higher construction costs. So we pay for this reality in both our own insurance coverage and the added overhead for the contractors we use.

I've learned that one of major drivers of these increases are personal injury litigation, including fraudulent claims and lawsuits. Insurance fraud is an area where government action can make difference. By prioritizing fraud prevention and enforcement, legislators can help reduce unnecessary claim costs, stabilize the insurance market, and provide real relief to the small property owners who supply much of New York's affordable housing.

The city itself can also reduce risk — especially around flooding — by properly maintaining and regularly cleaning sewers and catch basins. The 2024 DEP Stormwater Analysis outlines several concrete steps to improve drainage. We need both capital investment and consistent maintenance. DEP is well funded through water and sewer charges, and these basic protections should be part of its core obligations.

High crime rates are another reason for rising insurance costs. A Lower Manhattan owner shared with me that the reason for her nonrenewal was that "the crime score exceeds our threshold for acceptable risks established through our underwriting guidance". Lowering crime rates will impact rates for all property owners.

Small housing operators provide a substantial portion of New York's affordable housing, whether through rent stabilized units or naturally occurring affordable housing in 1–4 unit homes. Our

financial stability impacts the renters we house which makes dealing with escalating insurance costs essential and the work of this committee vitally important.

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<https://www.nyc.gov/assets/dep/downloads/pdf/water/stormwater/2024-stormwater-analysis-report.pdf>
<https://www.minneapolisfed.org/article/2025/rising-property-insurance-costs-stress-multifamily-housing>
