My name is Richard Lansky. I am President of Jennie Realty Corporation, which owns and manages one 55-unit multifamily property in the Northern Bronx. We have owned and operated this property since 1951. Our corporation is named after my grandmother Jennie, who purchased this property. Jennie emigrated to the United States in the early 1900s and raised her family on the Grand Concourse of the Bronx, close to Yankee Stadium.

Starting in 2017, our Property, Environmental, Liability and Umbrella coverages totaled $35,000 and comprised 4.8% of our gross rent receipts for the year. By 2024, our insurance costs totaled $75,000, which comprised 7.8% of our gross rent receipts for the year. **In just 7 years, our insurance costs have more than doubled, and our insurance costs as a percentage of gross receipts have risen 75%.**

Zeroing in on umbrella coverage, In 2017 we carried $25,000,000 of umbrella coverage at a cost of $2,535.00, which was $101.40 per $1 million of coverage. In sharp contrast, in 2024 we only carried $5,000,000 of umbrella coverage, for which we paid $10,640.00, which is $2,128.00 per $1 million of coverage. **Our umbrella costs per $1 million of coverage have increased almost 2,000% from 2017 through 2024 and have forced us to reduce our umbrella coverage by 80%.** Looking further back, in 2013 and prior years, we routinely carried $100,000,000 of umbrella coverage at a cost per $1 million of coverage of $25.00 and below.

During this time period, our loss histories have been clean, yet our premiums have continued to rise. When questioned, our insurance broker consistently reports that carriers are leaving the Bronx market due to runaway jury awards. Even fraudulent claims tend to be paid off to avoid the uncertainties of litigation, especially in the Bronx. This restricts our choice of carriers and drives prices up—shopping around is useless when there are so few options. Unless some relief is implemented, this problem will continue to worsen. If our experience is typical, New York City properties either are, or soon will be, forced to cut their umbrella coverage below the levels of their property insurance, which is a historical anomaly.

New York City real estate owners would truly benefit if a state-backed reinsurance program could be established to help stabilize insurance premiums for rent-stabilized housing. In addition, if New York State could pursue targeted tort reform, it would help rebalance the current liability landscape while preserving the core intent of existing tenant protections. Even with strong state support for the insurance market, the current liability environment continues to leave insurers and building owners highly vulnerable to fraud and abuse. Another, perhaps unintended or unperceived consequence of higher insurance premiums is that they are more easily borne by larger owners/managers, who have greater negotiating power and can operate on smaller margins than smaller owners due to their economies of scale. This forces smaller "mom & pop" owners to sell to large corporate concerns who don't necessarily have any link to the communities where they own properties, consolidating more properties under large corporate ownership.

Tenants are not well served by the status quo, since owners must pass our increased insurance costs along to tenants when we can. For us in particular, since 87% of our apartments are rent-stabilized, that means reducing or removing preferential rents when stabilized apartments are vacated and charging up to the full good-cause limit on free-market renewals, or charging full market rates on free-market vacancies. As a result, newer tenants are charged much higher rents, in effect subsidizing the long-term rent-stabilized tenants, regardless of those stabilized tenants' ability to pay.

The net effect of capping revenue through rent stabilization, while owners' costs are uncapped and subject to the whims of the marketplace, is to reduce the yield on our investments. We routinely see annual returns of between 0 and 3%. Given that we can get 4%-5% return, **risk-free**, in a moneymarket, and quite a higher return with other low-risk investments, there is very little incentive to hold stabilized multi-family properties in New York City when other asset classes (or exchanging our NYC properties for properties in jurisdictions that are easier to insure) provide equal or better return with less risk.

Overall, it is becoming less and less attractive to invest in New York City properties, especially if they are rent-stabilized. This must have the long-term effect of lowering property values, which lowers the property tax base upon which the City relies. This makes it harder for the City to provide services, which in turn lowers property values further. It is a vicious cycle.

Very truly yours,

Signature: Richard Lansky

Email: jennierealty@gmail.com
Richard M. Lansky

President

Jennie Realty Corporation

NY Senate Testimony on Insurance.11.17.25

Final Audit Report 2025-11-17

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Status:	Signed
Transaction ID:	CBJCHBCAABAA_2IpyiErjWonSL2ZK79HX6c91rRBNHMI

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