White Paper

New York Insurance Association, Inc

Lessons Learned After Sandy and Possible Ways to Strengthen New York

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Introduction

New York is not known as an epicenter for natural catastrophes. In 2011, tropical storms Irene and Lee caused widespread flooding in upstate New York. Entire communities were washed away. New Yorkers had not seen such dire circumstances in years. Then, just over a year later Sandy hit. Sandy was more than a tropical storm—commonly referred to as either a hurricane or a superstorm, depending on the circumstances—and hit densely populated Long Island, New York City, areas of Westchester County and other downstate areas. A disaster resulting in tens of thousands of claims is considered serious. Sandy resulted in nearly 500,000 claims in New York alone. It was an absolutely unprecedented number in the state.

Sandy (as well as Irene and Lee) were flooding events. Flood insurance is not part of a standard homeowners or business policy and is predominantly available as a separate policy through the National Flood Insurance Program, which is administered by the federal government. Only 10 percent of individuals have purchased flood insurance in the Northeast. Many hit by Sandy, Irene and Lee had little or no coverage.

All those involved in responding worked tirelessly to help those in need. There was truly a reservoir of goodwill. In the case of the insurance industry, 35,000 adjusters were deployed responding to the unprecedented number of claims paying billions of dollars to New Yorkers with the number of complaints standing at less than 1 percent.

Despite everyone's tremendous efforts there are issues that exist. This white paper sets out to further the dialogue around disaster preparedness, response and recovery to make improvements for future times of crisis.

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Summary

The New York Insurance Association hosted a ***Strengthen New York Disaster Preparedness and Flood Readiness Summit*** to engage the many stakeholders involved with assisting New Yorkers during emergencies in a dialogue. The purpose was to develop solutions to current issues and provide recommendations on how the state can be better prepared for disaster situations. The summit was held in two parts. First, on September 16 in Syracuse and then on September 18 in New York City. Four general topics were discussed: flooding and flood insurance, rebuilding for brighter tomorrows, education and preparation and better coordination and utilization of resources. The roundtable discussions at the summits provided great insights into both the challenges presented by disasters and opportunities for improvement. The participants at each roundtable represented a broad cross-section of many diverse organizations and government officials, all of whom play an important role in providing assistance to New Yorkers impacted by disasters. A complete list of the participating organizations is contained in Appendix A of this paper.

The participants at each roundtable represented a broad cross-section of many diverse organizations and government officials, all of whom play an important role in providing assistance to New Yorkers impacted by disasters.

Disasters by their very nature are extremely difficult situations. It is not always easy to find solutions to the challenges presented. This white paper is intended to further the discussion and help New York best deal with crisis situations and improve coordination among the various organizations involved from both the public and private sector. The action items in this paper are borne from ideas proposed by participants at the summit and are offered for consideration.

Thirty-five potential action items were developed as a result of the summit. Key findings are summarized on the next page. A full list is in the Action Items Section of this paper with further details provided in the Discussion Section. Final thoughts are offered in the Conclusion Section.

Key Findings

Prepare

- All those involved in disaster response should participate in tabletop exercises simulating a disaster event.

- Encourage New Yorkers to engage in a thorough evaluation of their risks and make certain they have the proper insurance for their homes, automobiles and businesses.

Respond

- Remove barriers for those responding to disasters such as areas not being accessible, highway restrictions, inability to obtain fuel, lack of phone and data connections and limited housing.

- Amend the New York Highway Law to authorize municipalities to act quickly to eliminate a source of flooding that is on private property as well as make other statutory changes to ensure municipalities can most effectively and expediently respond to disasters.

Rebuild

- Establish a process to examine New York's building codes (with an emphasis on New York City's codes) with an eye toward proposals for rendering properties more resistant to flood and other catastrophes.

- Discourage development in high risk areas of the state where flooding is most prevalent and damage would be especially severe.

Key Findings:

- Prepare
- Respond
- Rebuild

Action Items

Prepare

1. All those involved in disaster response should participate in tabletop exercises simulating a disaster event.

2. Encourage New Yorkers to engage in a thorough evaluation of their risks and make certain they have the proper insurance for their homes, automobiles and businesses.

3. Educate people about the importance of discussing insurance coverage, including flood insurance, with their insurance agents.

4. Conduct public relations campaigns to reinforce and emphasize to New Yorkers the differences between various types of insurance, including what is and is not covered by each type.

Conduct public relations campaigns to reinforce and emphasize to New Yorkers the differences between various types of insurance, including what is and is not covered by each type.

5. Coordinate with the Federal Emergency Management Agency/ National Flood Insurance Program (FEMA/NFIP) to encourage more New Yorkers to obtain flood insurance, particularly in flood prone areas.

6. Study the possibility of requiring homeowners in high-risk flood areas to obtain flood insurance as a condition of obtaining a homeowners policy.

7. Support federal efforts to create a "mitigation savings account" for individuals.

8. Consider replicating the Terrorism Risk Insurance Act (TRIA) government backstop mechanism for flood insurance.

9. Encourage the New York State Department of Financial Services (DFS) to examine its own disaster preparedness in the same manner it examines insurance companies' disaster preparedness on a yearly basis.

10. Urge DFS to establish required emergency measures well in advance of future disasters.

11. Conduct annual meetings between DFS and insurance companies regarding actions that will be taken when a catastrophe occurs.

12. Include an insurance expert in the state's Division of Homeland Security and Emergency Services' process of working with counties to improve their disaster response efforts.

13. Encourage New York communities to maximize their ability to reduce the impact of flood insurance rates on its citizens through improvement of the locality's community rating system (CRS).

14. Use the state's floodplain management program to better train local code enforcement officers on flood requirements and obtain funding (perhaps state or federal) so it is more affordable for local officials to attend training sessions.

15. Homebuyers should access a flood insurance rate quote on a home as early in the process as possible. This information can be obtained by asking the seller for an elevation certificate and consulting with an agent.

Include an insurance expert in the state's Division of Homeland Security and Emergency Services' process of working with counties to improve their disaster response efforts.

Respond

16. Establish a communication relay system from the Division of Homeland Security and Emergency Services to DFS and then to insurance companies during disasters.

17. Streamline access to affected areas for those responding to a disaster once an area is secure.

18. Implement procedures to ensure insurance adjusters can travel on highways and parkways—waiving any standard restrictions for commercial vehicles or non high occupancy vehicles.

19. Develop a process to ensure those providing assistance after a disaster are granted priority access to fuel.

20. Create a mechanism so all those in need of overnight accommodations are able to secure housing within a reasonable distance.

21. Establish a means for responders/insurance adjusters to access phone and data connections.

22. Provide insurance companies with an appropriate and adequate amount of time to adjust claims during a crisis.

Establish a communication relay system from the Department of Homeland Security and Emergency Services to DFS and then to insurance companies during disasters.

23. Develop a registry of preapproved temporary company and independent adjusters, so these adjusters can be activated and utilized more quickly.

24. Explore methods for greater collaboration between adjusters for private insurers and NFIP.

25. FEMA/NFIP should create a means for insurance companies to electronically transmit the required denial of coverage to expedite a person's eligibility for financial aid.

26. Municipalities should utilize the Web and social media to publicize the process for obtaining building permits and elevation certificates.

27. Amend the New York Highway Law to authorize municipalities to act quickly to eliminate a source of flooding that is on private property as well as make other statutory changes to ensure municipalities can most effectively and expediently respond to disasters.

Rebuild

28. Establish a process to examine New York's building codes (with an emphasis on New York City's codes) with an eye toward proposals for rendering properties more resistant to flood.

29. Amend the state's building codes to incorporate standards for 500 year flood events.

30. Discourage development in high risk areas of the state where flooding is most prevalent and damage would be especially severe.

31. Encourage New York homeowners to utilize the hazard mitigation grant program. This would enable homeowners to raise their house—better protecting it and saving money on flood insurance rates.

32. Urge NFIP to recognize flood proofing of multi-family housing as qualified mitigation.

33. Attempt to identify and secure funding for hardening inlets.

34. Obtain insurance industry involvement in community reconstruction zones (CRZs) by both agents and insurance companies.

35. Recommend greater collaboration between the New York Bankers Association and DFS to identify who holds mortgages on abandoned property and then expedite the process of getting these properties ready for sale.

Establish a process to examine New York's building codes (with an emphasis on New York City's codes) with an eye toward proposals for rendering properties more resistant to flood and other catastrophes.

Discussion

Topics

Four general topics were addressed at the summit:

1. Flooding and flood insurance
2. Rebuilding for brighter tomorrows
3. Education and preparation
4. Better coordination and utilization of resources

At the end of October Congress announced a bipartisan agreement to delay most flood insurance increases for four years and for FEMA/NFIP to engage in an affordability study and develop recommended regulations that address affordability.

The following provides greater detail about the ***Strengthen New York Disaster Preparedness and Flood Readiness Summit*** and the ideas presented during the forums. The four topics highlighted above were the basis of the conversation.

Biggert-Waters in September 2013

It is important to note that NFIP was originally established to make affordable flood insurance generally available and to decrease the federal government's disaster assistance expenditures. However, 45 years later the flood risks have multiplied with an increase in the costs and consequences of flooding.

A major component of the summit was NFIP presenting information about the changes occurring in the flood program as a result of the adoption of the Biggert-Waters Act by Congress. Please note that at the end of October Congress announced a bipartisan agreement to delay most flood insurance increases for four years and for FEMA/NFIP to engage in an affordability study and develop recommended regulations that address affordability. The comments below reflect what was presented in September prior to any possible delay in implementation.

The fact that there are investments both individuals and communities can make to reduce the impact of rate changes was stressed.

Modifications were set to begin as of October 1. Actions such as buying a property or allowing a flood policy to lapse may trigger flood insurance rate changes. FEMA examines the number of flood policies within a disaster-affected area as part of a federal disaster declaration decision. If many of the affected persons are uninsured a declaration is more likely. The fact that there are investments both individuals and communities can make to reduce the impact of rate changes was stressed. For example, individuals can elevate their property and reduce their flood insurance premiums. As for communities, they can conduct infrastructure improvements such as installing better storm water drainage systems. This can increase the community's rating system (CRS) score and that improves the flood insurance rates for the community's residents.

The original reasoning behind the Biggert-Waters Act was to put actuarially sound rates into place. NFIP currently provides substantial subsidies to some properties. As a result, rates do not match the risk and NFIP has over time experienced a large, growing deficit that now runs into the tens of billions of dollars (largely due to claims from Katrina and Sandy). Biggert-Waters mandated that actuarially appropriate rates must be phased in over time. One component of achieving this goal was to revise the federal flood maps to more accurately reflect the flood risk. Not all flood insurance policyholders would be adversely affected by the changes prescribed in the act as only 20 percent of current flood policies receive subsidies. In New York, 66 percent of flood insurance policyholders would not have been affected, meaning 34 percent of New Yorkers with flood policies would be affected—a number higher than the U.S. average of 20 percent.

A closer look at New York's anticipated experience with Biggert-Waters reveals that only 6 percent of all New York flood policies would have seen the immediate 25 percent rate increase. Also, 22 percent of all New York flood policies cover subsidized primary residences that under Biggert-Waters would have experienced increased rates when triggered by certain events. These events include the purchase of a property and a property suffering severe, repetitive flood losses. Properties impacted by flood map changes would have seen their premiums increase over five years at a rate of 20 percent per year. Flood map changes were scheduled to be completed by late 2014.

Another measure contained in Biggert-Waters is authorization for the NFIP to establish and maintain a reserve fund. Reserving for future claims is a sound insurance practice long-used by private insurance companies. The fund was going to be established by proceeds from a 5 percent extra charge on flood insurance premiums. Overall, flood insurance premiums were scheduled to increase an average of 10 percent starting in 2013. As for pre-Flood Insurance Rate Map (FIRM) business properties, their flood premiums would have increased by 25 percent per year for four years. FEMA has issued rate guidance with the public on what the true risk rate is for flood insurance on an actuarial basis.

Education before the next flood event was stressed—regarding flood risks, the availability of flood insurance and steps an individual can take to reduce their risk and rate. In addition, there is great need for clearer communication about the distinction between NFIP and the products offered in the private insurance market.

Flood Risk & Rates

Education before the next flood event was stressed—regarding flood risks, the availability of flood insurance and steps an individual can take to reduce their risk and rate. In addition, there is great need for clearer communication about the distinction between NFIP and the products offered in the private insurance market.

Property closing costs are very high in New York, especially for first time home buyers, and as a result most purchasers will not voluntarily choose to buy flood insurance. Agents have found that 9 out of 10 people will not buy flood insurance if it is not mandatory. In New York City, most people do not even have renters insurance.

Elevation certificates are an important part of the flood insurance process. Securing one will enable a homebuyer to obtain an accurate flood insurance premium cost prior to closing. It was recommended that the seller's agent provide the elevation certificate very early in the closing process to alleviate the problem of the purchaser learning suddenly that the property is in a high risk flood plain (which the seller may not even know). Coordination among insurance companies, insurance agents, realtors and banks in recognizing the importance of elevation certificates was recommended because they would be crucial to the NFIP mandate of matching flood insurance rates to risks.

While more accurate flood maps are considered essential it was also suggested that FEMA/NFIP look beyond location/ elevation as a factor.

There have not been any widespread examples of higher flood insurance rates leading to a decrease in real estate sales in New York.

The possibility of NFIP purchasing reinsurance is being researched—reinsurance is a common method used by the private insurance industry to spread risk. NFIP could explore a catastrophe reinsurance fund as one possibility. In addition, the federal Terrorism Risk Insurance Act (TRIA) backstop mechanism could be potentially replicated for flood risks if the right conditions were met.

While more accurate flood maps are considered essential, it was also suggested that FEMA/NFIP look beyond location and elevation as a factor. The frequency of flooding and the amount of actual water on the ground could be examined. Incentives could be designed for people to take the appropriate mitigation steps, even if the action does not make a building fully compliant, such as elevating all utilities typically housed in the basement. Flood proofing should also be permitted by FEMA/NFIP for multi-family housing that cannot be raised. Currently the maximum deductible on a flood insurance policy is $5,000. Offering the option of a higher deductible could help reduce the actual rate.

A concrete step identified by FEMA that can be taken by individuals in a high-risk flood zone is to raise their houses. A person who raises their house three feet above the base flood elevation level can save more than $190,000 in flood insurance premiums over 10 years. In addition, a property that has undertaken flood mitigation measures is often considered more valuable by realtors for sale.

A variety of perspectives exist on flood insurance—some believe it should remain optional while others think purchasing flood insurance should be mandatory by every property owner. The possibility of requiring those in high risk flood areas to obtain flood insurance as a condition of their homeowners policy is one idea that could be studied.

If more people purchased flood insurance policies, the entire flood program would be more actuarially stable. People should be encouraged to purchase flood insurance for their own benefit and for the societal benefit of spreading the risk over as many units as possible to make it more affordable. Mapping at a 500 year level would also achieve greater distribution of risk. Many New Yorkers still don't have flood insurance even if they have suffered from a prior flood event. If the low take-up rate for earthquake insurance in California is any indicator, it is extremely unlikely for NFIP to ever achieve actuarially appropriate flood insurance rates by attempting to spread risk.

While aid is well intended and often crucial to rebuilding, people seeing their neighbors who don't have flood insurance receiving funds does not encourage flood insurance being purchased.

The question was raised whether federal, state and charitable disaster aid proves to be a disincentive for people to buy flood insurance. While aid is well intended and often crucial to rebuilding, people seeing their neighbors who don't have flood insurance receiving funds does not encourage these individuals to purchase flood coverage. The perception may be unfounded, but breaking it has proven challenging.

FEMA reports that there is a cap on federal aid at $31,900 per property (with an average payout of $5,767) whereas flood insurance will pay up to $250,000 for the building and up to $100,000 for contents. Furthermore, a family's household income can disqualify them for aid. If this is the case, the alternative is to apply for a federal Small Business

Administration (SBA) loan that must be paid back with interest. Flood policyholders do not have to repay their insurance proceeds. In addition, no federal funds are available if a federal disaster declaration is not made (as was seen earlier this year with flooding not associated with one specific storm across upstate New York). In contrast, one can collect from their flood insurance even if there is no federal disaster declaration.

Flood policy terms and claim protocols are established by the federal government. A company participating in the Write Your Own (WYO) program has no leeway or say regarding these terms and protocols.

Flood Claims Process

A stress test could be conducted to determine whether or not flood adjusters can meet the same time deadlines as those currently statutorily mandated for private insurers.

There is a need to distinguish the differences in the claims handling process between flood policies and other types of policies. Flood policy terms and claim protocols are established by the federal government. A company participating in the Write Your Own (WYO) program has no leeway or say regarding these terms and protocols.

Some prefer that a single adjuster handle the homeowners, renters or business claim along with the flood claim. Challenges to such an approach include the creation of a conflict for an adjuster—an untenable situation from not only a conflict perspective, but also a

It is particularly important in the allocation of limited resources to resolve the flooding program for individuals. NFIP has found it very challenging to merely keep up with the recent rash of flooding in the U.S. and keep the program running effectively.

fiduciary viewpoint. For example, an adjuster on a flood claim is acting as a fiduciary to American taxpayers, which is not the role of a private adjuster. Insurance companies that participate in the WYO program are also able to devote greater resources by using a separate flood adjuster.

NFIP relies heavily on insurance companies participating in the WYO program to assist in selling and servicing flood insurance policies. Currently, 80 companies participate in the WYO program. The question was raised if NFIP has considered methods for encouraging companies to join or remain in the WYO program. Congress has been reviewing the current payment structure for WYO companies (30 percent of the premium—15 percent to the agent in the form of a commission and 15 percent to the insurance company for serving as the administrator of the policy) and moving to an "actual expenses" model. NFIP noted this could lead to WYO looking less attractive to the private market.

Greater engagement and coordination between NFIP and state insurance departments was recommended. It is particularly important that these agencies work together as resources are limited. NFIP has found it very challenging to keep up with the recent rash of flooding in the U.S. and keep the program running effectively.

Preparing for Next Time

All those responding to a disaster should engage in collective tabletop exercises. Analyzing, or ideally simulating, a potential disaster would help identify potential issues and allow for an opportunity to correct problems before future disasters. The state currently engages in these types of exercises, but a broader group should be involved to ensure greater coordination.

An effective disaster response includes sufficient advance, coordinated preparation of the actions that should be taken in the event of a catastrophe. An insurance expert should be part of the state government's preparation process for disasters.

The state and counties are looking to identify types of disasters individual counties are skilled at handling and those they are not as proficient in handling. The goal is for the counties to provide guidance to one another and learn from each other to gain knowledge about handling disasters that have not or have rarely occurred in their geographic area.

There is a need for insurance agents and brokers to discuss in greater detail with policyholders the specifics of what is and is not covered by their policies. Most people don't believe they are actually at risk until it is too late.

DFS protocols and expectations should be established well in advance of a disaster/flood event. DFS should also meet annually with stakeholders to discuss these protocols.

There is a need for the insurance agents and brokers to discuss in greater depth with policyholders the specifics of what is and is not covered by their policies. Most people don't believe they are actually at risk until it is too late. The role of the agent or broker is crucial in the education process. Many issues arise out of a lack of education. Small businesses dealing with the complexity of business interruption policies is one area where further education would be helpful. Public relations campaigns to raise awareness and education regarding insurance coverage could be a worthwhile endeavor.

DFS protocols and expectations should be established well in advance of a disaster/flood event. DFS should also meet annually with stakeholders to discuss these protocols. Whenever possible, DFS should maintain consistency with other state regulators. It is a challenge for companies to comply with the myriad of state and local laws that sometimes conflict while looking to devote resources to their customers, especially when it is a multistate disaster like Sandy. DFS should also use the disaster preparedness questionnaire they send to insurance companies each year to formulate their own operations during a disaster—and perhaps share with other state agencies as well.

The New York State Senate will be releasing an initiative for flood recovery. Conceptually, the Senate legislation would consist of the following:

- A New York State flood relief fund to be entitled Funding Emergency Relief Now (FERN)
- A refundable tax credit for property taxes after a disaster
- Creation of a state task force on flood prevention and mitigation
- Enhance funding through the Environmental Protection Fund for soil and water conservation districts
- Provision of National Guard support
- An expedited reimbursement process

A Coordinated Response

There is a cycle that inevitably occurs in disasters. First, public safety is most important with those government agencies taking the lead and performing their respective tasks. This means in practicality that there will always be a necessary lag in time between the catastrophe and when it is possible for the insurance industry to respond. Second, the first few weeks are often chaotic with competing priorities for items such as lodging between displaced residents, utilities laboring to restore power, and adjusters. Third, as the infrastructure (roads, bridges, tunnels, power lines, phone and cable) is secure and safe for use, then the insurance adjusters are deployed in large numbers. Insurance companies are always seeking to arrive on the scene as quickly as possible, adjust as soon as possible and get checks for legitimate claims to policyholders as soon as possible. Each insurance company needs the flexibility to triage claims as they are received to best respond to customers.

Various technical and logistical issues exist when responding to a disaster. A key issue is limited access to impacted areas.

Various technical and logistical issues exist when responding to a disaster. A key issue is limited access to impacted areas. The localities control access. Municipalities confront two questions regarding access to disaster areas. The first is what is the municipality's liability? The second is how much will it cost to grant access? It is important that localities leverage state resources—initial disaster response should be a partnership between the state and the localities.

The partnership between public entities and private entities was also stressed. The Division of Homeland Security and Emergency Services could relay information through DFS to the insurance companies. Overall, a task force on the ground could be established to handle catastrophes each time an event occurs. Communication is key. A breakdown in communication can cause delays and waste resources.

A plan is needed for those involved in responding to a disaster to have priority access to gasoline. Restrictions on highways and parkways that affect insurance adjusters need to be removed (bans on commercial vehicles and non high occupancy vehicles). A uniform means of accessing phone and data connections needs to be established. A system also needs to be created to ensure all those in need of overnight accommodations are able to secure housing within a reasonable distance.

Some of New York's statutes need to be amended to allow municipalities to most effectively respond to a disaster. One in particular is New York Highway Law section 147 to grant municipalities the right to access private property to eliminate a source of flooding. More inter-municipal agreements and shared services could be an effective technique in dealing with disasters for municipalities.

Mitigation is Essential

A process is needed to improve mitigation. Builders could be required to undertake additional mitigation measures. Land use restrictions are another possibility. Sea gates could also help with mitigating potential damage in future disaster situations. In addition, any conflicting rules to rebuild by governing entities or those providing funding need to be addressed as well.

Rigorous building codes are necessary. Codes in New York, and especially New York City, need to be changed to ensure the strongest structures possible are in place and that there is maximum protection from storms and other catastrophes.

Rigorous building codes are necessary. Codes in New York, and especially New York City, need to be changed to ensure the strongest structures possible are in place and that there is maximum protection from storms and other catastrophes. New York currently has a requirement that building occur at a level two feet higher than the 100 year flood elevation level. The building code should be amended to incorporate 500 year flood events.

Mitigation savings accounts using pretax dollars are being discussed at the federal level. Incentives could be in place for people to build to stronger construction requirements or a tax credit could be given if the owner mitigates prior to an event. Disincentives for mitigating should be eliminated. For example, a person elevating their property should not become subject to higher property tax assessments.

Additional costs to rebuild can have a dire effect on the housing market and the New York economy. Communities are burdened when there are more vacant houses, increased foreclosures and less personal involvement in local activities. In addition, since the tax base for municipalities consists largely of the property tax, the actual taxable income to the area shrinks. In one area, there are 40 vacant homes where people have simply left. Greater coordination could occur between the state and the banking industry to quickly ascertain which banks hold the mortgages and move these abandoned properties through the process as expeditiously as possible to sell them to new residents. Residents and communities participating in buyback programs could have an impact on the local tax base.

Greater coordination could occur between the state and the banking industry to quickly ascertain which banks hold the mortgages and move these abandoned properties through the process as expeditiously as possible to sell them to new residents.

Community reconstruction zones (CRZs) were cited as showing real promise. The state has established these CRZs to generate ideas for flood mitigation and recovery. Insurance industry involvement, both from the agents and the companies is a worthwhile goal. Another program mentioned is the Fire Island to Montauk Point (FIMP) program. FIMP is a federal government program dedicated to elevating thousands of homes as well as some roads.

While there is greater need than funds available, there are a variety of resources for homeowners to mitigate the impact of flood on their properties. Hardening inlets is a good mitigation measure, but financing has proven to be an issue.

Greater training for code enforcement officers is needed, especially since many tasked with code enforcement are part-time employees. The Department of Environmental Conservation through its floodplain management program is looking to provide greater code enforcement related to flood plain requirements.

Municipalities are instrumental in getting information out about building permits and elevation certificates. These entities could increase use of the web and social media to get information out to residents.

Conclusion

There are differing opinions on where personal responsibility ends and societal responsibility begins. In an ideal, balanced world there would be shared responsibility. Individuals cannot assume that someone else will come to their aid, but as a society we should assist those in need.

As was said at the outset of this paper: there are no easy solutions when it comes to catastrophes. The intent of the action items and other materials included is simply to further the conversation. The sources of the suggestions greatly varied and while NYIA may not specifically endorse certain concepts, we do think all ideas should be put forward in an effort to have an open, honest dialogue about how the state can better prepare, respond and recover from future disasters. We caution against isolating individual recommendations without examining the full context around the issue.

The key is that all parties are dedicated to working together for the betterment of the state and its residents as a whole. It serves no one to advance the agenda of one single entity. The stakes are simply too great when it comes to helping those in the midst of a crisis situation.

While we sincerely hope that a storm of the magnitude of Sandy never reaches our state's borders again, we would be naive to think it's unlikely. Unfortunately, it's not a matter of *if* disaster will strike again, but *when*. What we do have control over is that we are adequately prepared and have a coordinated plan in place.

Appendix A - Participating organizations

American Red Cross
Association of Towns of the State of New York
Council of Insurance Brokers of Greater New York
Excess Line Association of New York
Independent Insurance Agents & Brokers of New York, Inc.
Insurance Information Institute
Insurance Institute for Business and Home Safety
Kingstone Insurance Company
Member Brokerage Service LLC
National Flood Insurance Program
Nationwide Insurance
New York Bankers Association
New York Conference of Mayors and Municipal Officials
New York Insurance Association, Inc.
New York Municipal Insurance Reciprocal
New York State Assembly
New York State Association of REALTORS, Inc.
New York State Department of Environmental Conservation
New York State Department of Financial Services
New York State Division of Homeland Security and Emergency Services
New York State Senate
Preferred Mutual Insurance Company
Professional Insurance Agents of New York, Inc.
State Farm Mutual Automobile Insurance Company
Tower Group, Inc.
Utica National Insurance Group
Wayne Cooperative Insurance Company

WE'RE HERE FOR YOU NEW YORK: BEFORE, DURING & AFTER SANDY

Sandy presented New Yorkers with a multitude of challenges. Insurance companies were there for their policyholders from the very beginning—settling claims as quickly as possible. Now as we press forward and prepare for the possibility of future storms the New York Insurance Association feels it is important to note the following information.

Did you know?

Insurance companies deployed 35,000 adjusters in response to nearly 500,000 claims, paying billions to New Yorkers with the number of complaints received standing at less than 1%.

Did you know?

Only 10% of Northeast households have purchased flood insurance. Flood coverage is not part of a standard homeowners policy, but is readily available through FEMA. Flood policy terms and claim protocols are determined by the federal government and greatly differ from typical insurance offered by the private market.

Did you know?

More than 20% of all flood claims are filed in areas with minimal to moderate flood risk. It is crucial that individuals, no matter where they live, consider purchasing flood insurance.

Did you know?

Property and casualty insurance companies paid more than $33 billion in claims to New Yorkers in 2012. Insurance provides families and businesses with financial security and assistance during times of need—a commitment the industry takes very seriously.

New York Insurance Economic Profile

The insurance industry is a major contributor to New York State's economy. In addition to providing financial security to consumers and businesses, and vital services to people in time of need, the insurance industry represents a significant share of the state's economic activity. The insurance industry contributed $41.6 billion to the New York gross state product (GSP) in 2011, accounting for 3.6 percent of the GSP, according to the U.S. Bureau of Economic Analysis.

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A Leading Employer

The industry is a leading employer in New York. In 2011, the insurance industry provided 157,130 jobs in New York, including those employed by insurance carriers, agencies, brokerages and related services, according to the U.S. Bureau of Labor Statistics. New York also boasts one of the largest insurance workforces in the country. The Empire State ranked fourth nationwide for the number of jobs provided by the insurance industry.

A Large Taxpayer

New York State imposes a tax on insurance premiums of all types. Premium taxes paid by insurance companies in New York totaled $1.3 billion in 2012, up from $1 billion in 2006, according to the U.S. Department of Commerce, Bureau of the Census. This is in addition to other taxes, assessments and fees paid by insurance companies.

A Leading Investor

Insurance companies invest the premiums they collect in state and local municipal bonds, helping to fund the building of roads, schools and other public projects. They provide businesses with the capital for research, expansions and other ventures through their investments in corporate equities and bonds. Property and casualty insurers held more than $20.6 billion in New York State municipal bonds in 2011, according to SNL Financial.

Insuring New York's Future

Although the insurance industry is an important employer, taxpayer and investor, providing insurance services is the industry's most important contribution to the New York economy. Each year the insurance industry pays billions of dollars in insurance claims to New York State residents. In 2011, property and casualty insurance companies paid $23.4 billion in claims, including $6.8 billion in private passenger auto insurance claims, $2.6 billion in homeowners claims and $3.2 billion in workers compensation claims, according to SNL Financial.

About NYIA

Ellen Melchionni, CAE
President
New York Insurance Association, Inc.

NYIA's core purpose is to educate and advocate on behalf of the property and casualty insurance industry.

Know better New York connections

Because NYIA's focus is solely New York, we are able to provide our members with timely and relevant information on legislation, regulation and other issues affecting the industry in the state.

NYIA is the oldest state property and casualty insurance trade association in the nation, tracing its roots back to 1882. The current association was formed in 1997 by the unification of the New York Insurance Alliance and the New York State Insurance Association. As the industry changed, stocks, mutuals and cooperatives had far more issues in common than they did differences. It became apparent that New York's property and casualty insurance industry would be best served by a single voice for the New York industry.

That voice is now NYIA.

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