



LEGISLATIVE POSITION

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Group property and casualty insurance

An act to amend the Insurance Law, in relation to sponsored group personal excess insurance.

Memorandum in opposition to: S.7773-A—by Sen. Breslin
A.11268-A—by M. of A. Cusick

Background: The bill would add a new Section 3454 to the Insurance Law, to permit personal excess insurance, personal floaters, vintage automobile, valuable collectibles and renters insurance to be written on a group basis. PIANY believes that this legislation, by vastly expanding the potential activity of groups to sponsor insurance programs, could seriously erode existing personal insurance protections in the New York insurance marketplace and should, therefore, be rejected.

Current law allows for the sale of group personal excess liability insurance but only to designated employees of an employer that sponsors the group. That provision was enacted with a very specific purpose—to help employers share in the cost of insuring extra exposures incurred by employees by virtue of their jobs.

This bill would vastly expand this narrow statutory authorization, by allowing other types of groups, clubs or associations (not just employers) to sponsor a group insurance program.

The bill provides for additional types of group insurance to include personal floaters, vintage auto and renters' insurance. The proposal expands the potential activity of groups to sponsor insurance programs, covering exposures that now are individually underwritten including renters' insurance and condo coverage.

Currently, group coverage is limited to excess personal liability coverage (for injury or property damage), and was designed to let the employer provide excess (over the employee's existing liability coverage) protection, recognizing that some activities undertaken in the course of, or related to, employment might increase the individual's personal liability exposure.

Expanding this type of program to group property coverage (as this bill would do) is unnecessary and would supplant the current placement of coverage through existing, and more appropriate channels involving licensed and professional insurance agents.

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Personal excess insurance and personal property floaters are readily available in the New York insurance marketplace. Many of the risks outlined in the bill could already be covered by personal insurance policies under a broad-form homeowners (including renters or condo owners) or business owners' policies. Moreover, these insurance products enjoy far better protections against termination, notice provisions and other advantages when purchased individually.

Fully trained and licensed insurance brokers and agents possess the requisite expertise necessary to determine if such coverage is adequate, and whether or not it should be written on a basic or special form, or scheduled as part of an existing homeowners or renters policy, special endorsement or separate rider. This bill would supplement this expertise in favor of delegating critical insurance coverage decisions to untrained and unlicensed persons, which would not be in the best interests of consumers.

Moreover, the legislation as currently drafted fails to adequately address the status of overall aggregate limit by failing to clearly and sufficiently provide the necessary individual limits.

For all of these reasons, PIANY opposes this bill and requests that it be defeated.