



June 8, 2011

Alan H. Kleinman, Esq.
Senior Counsel
New York City Law Department
Office of the Corporation Counsel
100 Church St.
New York, N.Y. 10007-2601

**PROFESSIONAL
INSURANCE
AGENTS**

RE: NEW YORK CITY BUILDINGS DEPARTMENT

Dear Mr. Kleinman:

Professional Insurance Agents of New York State Inc. has communicated with you in the past regarding issues dealing with various New York City departments' insurance regulations and, again, we are looking to engage you with a new issue of concern.

I am contacting you now due to a new rule change by the New York City Buildings Department which is slated to go into effect June 13, 2011. These changes are reflected in a new section of Chapter 100 of Title 1 of the Rules of New York City with the addition of Section 101-08.

Our main concern lies with (E) and (F) of that rule. They read as follows:

(E) contain none of the following exclusions:

- 5. where project involves residential construction, a residential construction exclusion; or**
- 6. where project involves use of an Exterior Insulation and Finish System (EFIS), an EFIS exclusion; and**

(F) contain the following endorsement: This policy shall not be cancelled, terminated, modified or changed in a way that affects the city by the issuing insurance company unless thirty (30) days' prior written notice is sent to the Named Insured and the Commissioner of the New York City Department of Buildings, except that termination for nonpayment may be made on only ten (10) days' written notice.

In respect to (E), some of these endorsements are becoming the standard in the New York insurance market. Insurance requirements that are in direct contrast to market conditions will severely restrict New York City's access to qualified contractors and the abilities of our members to respond to requests for insurance. Some contractors may be able to get appropriate coverage in the excess-line market, but there is no insolvency protection available to policyholders insured by unauthorized insurers.

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25 CHAMBERLAIN ST.
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Letter to Alan H. Kleinman, Esq.
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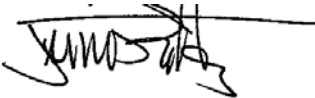
Pertaining to (F) as you may or may not be aware, only the first-named insured in a commercial insurance policy receives these notifications. So, we believe that no insurance carrier would be willing to endorse a policy notifying the city without making them a named insured on the policy.

We believe that this new change was precipitated by the recent changes in the certificates of insurance by which the “endeavor to notify the certificate holder of any cancellations or changes to the policy” language was removed. It appears that the city is trying to circumvent the removal of that language by requiring the policy to be endorsed with that directive. However, as I stated previously, there is no standard endorsement for this language on a policy; so we believe the only companies likely to undertake this type of risk are those who do not necessarily have to abide by the New York state insurance regulations.

We would like the opportunity to speak with you via conference call to further discuss our concerns.

You may contact me as follows: by e-mail at jpittz@pia.org, by mail to James Pittz, CPIA, Professional Insurance Agents, 25 Chamberlain St., P.O. Box 997, Glenmont, N.Y. 12077-0997 or by phone at (800) 424-4244, ext. 322.

Sincerely,

A handwritten signature in black ink, appearing to read "James Pittz", with a horizontal line drawn above it.

JAMES PITZ, CPIA
Business Issues Director