



# LEGISLATIVE POSITION

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**Memorandum in support of: A.2866—by MOA Pheffer Amato  
S.4199—by Sen. Sanders**

*An act to amend the Insurance Law, in relation to homeowners insurance deductible triggers.*

The Professional Insurance Agents of New York State Inc. supports legislation that would direct the superintendent of the Department of Financial Services to establish standards for hurricane windstorm deductibles by drafting a uniform definition for hurricane windstorm.

Many insurance companies include hurricane windstorm deductibles in homeowners policies, especially in coastal areas of the state. These deductibles are higher than the standard deductible and usually a percentage of the home's replacement cost. Instead of the standard \$1,000 deductible, the hurricane windstorm is usually 5% of the home's replacement cost. For a \$500,000 home, that would be a \$25,000 deductible following hurricane windstorm damage instead of the normal \$1,000 deductible that would otherwise apply. Insurance companies have been allowed to include these clauses as a necessary step to protect the insurance markets in coastal areas.

There are over 100 definitions of windstorm filed with the New York Department of Financial Services currently. The recorded windspeed, the time frame of the recorded windspeed, and the location of the recorded windspeed may vary between these definitions. The variances have the effect of making it unnecessarily complicated to know when the hurricane windstorm deductible would apply. When selecting their insurance, a homeowner may unknowingly leave themselves more exposed to the costs of a hurricane based solely on the differences in definitions. After a hurricane inevitably sweeps through part of New York, different homes in the same community may face very different financial situations when rebuilding due to variances in the definition of hurricane windstorm.

This legislation would require a uniform definition of hurricane windstorm when insurance companies include the hurricane windstorm deductible in a policy. Standardizing the definition would ensure consumer clarity regarding the increased exposure to the risk of a hurricane. It would also bring New York closer in line with neighboring states like New Jersey and Connecticut, who already have a standard definition.

Simplifying the definition of windstorm allows homeowners to focus on comparing premiums and deductibles, not trying to assess the definitions for hurricane windstorm, when purchasing protection for their homes. Insurance agents, companies, and even local leaders would be better positioned to understand the situation after a hurricane without reviewing each individual policy definition.

PIANY continues to believe that companies should have discretion over deductible amounts, but that there needs to be greater standardization in their triggers. Passage of this legislation would achieve this standardization.