NAMIC®
NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

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February 20, 2026

Chair Liz Krueger
New York State Senate
Committee on Finance
198 State Street
Legislative Office Building
Albany, NY 12247

Chair J. Gary Pretlow
New York State Assembly
Committee on Ways and Means
198 State Street
Legislative Office Building
Albany, NY 12247

Chair Krueger and Chair Pretlow**:**

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to testify at this hearing concerning the Governor's budget proposals, specifically those that deal with the property and casualty insurance industry.

NAMIC is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies - including local and regional insurers as well as some of the nation's largest carriers - NAMIC members collectively write $467 billion in annual premiums, representing 61% of the homeowners' and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

NAMIC and its members are fully supportive of several of the Governor's proposals, especially as it pertains to auto insurance. We do, however, have some concerns with the provisions on the homeowners' side and the unintended consequences they could have on the market.

Fraud and Excessive Litigation

NAMIC is enthusiastically supportive of the Governor's proposals in the Transportation, Economic Development, and Environmental Conservation (TED) Bill targeting fraud and excessive litigation, particularly in the auto insurance space.

Excessive litigation and fraud raise costs on all New Yorkers by increasing the frequency and costs of litigation, which increases the costs of claims, which then puts upward pressure on rates. They are a significant cost-driver in New York.

The best way to ensure downward pressure on rates is to have a healthy and competitive marketplace. When consumers have options, prices come down. Injecting capital and competition into New York's auto insurance market would be extremely beneficial to consumers.

The Governor's proposals take great strides towards that goal. Strengthening the serious injury threshold, capping non-economic damages for reckless actors, strengthening anti-fraud programs, and expanding penalties for fraud are all commonsense concepts that would lower costs for New Yorkers across the board.

There is proof of concept here. A Perryman study released this month estimates that Florida's recently passed tort reform package has rebalanced the state's civil justice system by reducing excessive litigation costs and, by extension, lowering insurance costs for the average Floridian.[1]

Florida's property and casualty insurance costs are estimated to be 14.5 percent lower than they would have been without the recent reforms. These reduced costs have helped create a more stable legal climate, attracting additional insurers to the state and increasing market competition. The report also finds that the reforms contribute more than $4.2 billion to Florida's annual gross product and support thousands of jobs statewide. In addition, the fiscal impact is significant, generating an estimated $206.6 million in new state revenue and $155.3 million for local governments.

These reforms work, and they can work in New York too. They will reduce costs for New Yorkers and they will help the New York marketplace to thrive. NAMIC enthusiastically supports these provisions.

§ 2354. Homeowners' insurance benchmark loss ratio.
In the proposed Transportation, Economic Development, and Environmental Conservation (TED) Bill, § 2354 states, "Beginning one year after the effective date of this section, an insurer that issues or delivers in this state a homeowners' insurance policy and had average annual gross written homeowners' insurance premiums in this state of at least ten million dollars during the previous two calendar years shall refile with the superintendent, for the superintendent's prior approval, its homeowners' insurance rates if the insurer had an actual loss ratio for each of the previous two calendar years that is below the benchmark loss ratio specified by the superintendent in a regulation. The insurer shall make such filing with the superintendent within sixty days after the insurer files its annual statement." This provision is deeply concerning and could have catastrophic consequences for the New York homeowners' insurance market, and NAMIC opposes this provision.

[1] *The Perryman Group.*, **The Economic Benefits of Effects of Tort Reform on Property and Casualty Insurance Rates in the State of Florida**, prepared for the American Property Casualty Insurance Association (APCIA), February 2026. Available at: https://api.apci.org/file/downloadnsfile?id=13011&area=s [api.apci.org]

Ratemaking is a prospective process, not a retroactive one. Matching rate to risk is the foundation of the insurance promise. Rates should be as accurate as possible, regardless of what happened last year or will happen in years to come.

Insurance is a promise to provide compensation in the event of a specific loss during a defined period in the future and is priced differently than virtually every other product available to consumers. The costs associated with an insurance product are not necessarily fully known at the time of sale and the result must be estimated. Insurers use modeling to inform their rate making process. To offer competitive policies, insurers use risk-based ratings to predict potential losses and charge accurate prices to policyholders. Through this practice, consumers who present lower risk pay less for their coverage. Ultimately, risk-based pricing allows insurers to offer customers competitive rates while remaining financially stable. These tools help insurers make the best highly educated and informed guess as to what the future holds and allow them to deliver on the promise to consumers and stay financial solvent.

One of the most important key product indicators in insurance is the loss ratio, which is the ratio of claims paid with claim adjustment expenses to the premium earned. Modeling helps insurance companies more accurately predict what their loss ratio may be for a certain period and ensures solvent companies that can continue to serve consumers.

By creating a benchmark loss ratio and then forcing future rates to be lower based on the imposed benchmark, it could create a false sense of solvency and undermine the actuarial math and foundations of risk-based pricing that the NY insurance market depends on for stability.

Insurer solvency, including any profit in a current year, reflects the protection of policyholders by building long-term financial strength to pay claims. High profits in one year do not mean that insurers and regulators should assume that future years will be the same. This is particularly true in a high severity, low-occurrence catastrophe risk state like NY. Two years simply is not a long enough time frame in New York to give a clear picture of the risk environment.

Thank you for your consideration.

Sincerely,

Sean McLaughlin

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