

November 26, 1985

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 17 (1985)

November 26, 1985

TO: -- INSURERS LICENSED TO WRITE GENERAL LIABILITY INSURANCE;

-- INSURANCE PRODUCER ORGANIZATIONS; AND

-- MUNICIPAL ORGANIZATIONS IN NEW YORK STATE.

RE: NEW YORK STATE MUNICIPAL MARKET ASSISTANCE PROGRAM

The Municipal Market Assistance Program (MAP) is now actively functioning in New York as a voluntary effort on the part of participating property/casualty insurance companies and insurance producers, facilitated by the Insurance Department, to assist municipalities or other public entities that have been unable to secure insurance in the voluntary insurance marketplace.

For MAP purposes, a municipality is defined as including a municipal corporation, district corporation, public benefit corporation, school district, board of cooperative educational services (BOCES), a corporation organized for the benefit of a municipality, or any other public entity in New York State.

I. PRECEPTS.

In view of the availability and affordability problems facing municipalities in this State, MAP is of paramount importance. Several precepts are fundamental to MAP:

(A) Whether or not now writing liability insurance for municipalities, all insurance companies authorized and capable of writing insurance for municipal risks are urged to participate as MAP insurance providers.

(B) In the event MAP assistance is requested and additional time is necessary to permit a meaningful opportunity for MAP placement, every insurer that has nonrenewed, or intends to nonrenew, insurance currently provided to a municipality or other public entity in this State is urged, in connection with MAP efforts, to provide at least a sixty (60) day extension beyond the policy's present expiration date.

(C) MAP represents a network, acting under Insurance Department auspices, of sophisticated insurance carriers and producers to canvass the existing marketplace for scarce municipal liability insurance coverage. As such, MAP pledges best efforts in regard to each applicant for MAP assistance but does not guarantee that coverages will be available. Moreover, MAP is designed to address availability, and not the affordability problems concerning municipal liability insurance.

(D) The MAP program is generally designed to obtain placement of municipal liability insurance up to a

limit of one million dollars. Placement of higher liability limits can be requested, and an attempt will be made to place such coverage. However, the MAP program should generally not be used to obtain insurance for pollution or environmental liability exposures, or for the placement of exposures for which an existing residual market is available.

(E) The MAP program is available to municipalities and other public entities in this State that receive notice of nonrenewal, whose coverage has been cancelled, or that are currently without insurance coverage, subject to the criteria noted in the Procedures set forth below.

II. PROCEDURES

The procedures for utilizing the MAP program are as follows:

(1) As soon as practicable after the receipt of a cancellation or nonrenewal notice by the municipality, and after unsuccessful attempts by the municipality and its producer of record to place its insurance, the municipality or its producer may request a MAP application and survey form from the Insurance Department or either of the two producer organizations, listed in item two below.

(2) The completed MAP application and survey should be submitted to either of the following:

NYS MUNICIPAL MAP
Independent Insurance Agents Association of New York (IIAANY)
1802 Teall Avenue
Shopcity
Syracuse, New York 13206

-- or --

NYS MUNICIPAL MAP
Professional Insurance Agents of New York (PIANY)
P.O. Box 98
Glenmont, New York 12077

The completed MAP application and survey must be accompanied by:

- (a) a producer of record form signed by a responsible officer of the municipality, irrevocably designating, for a one year period, an exclusive producer of record for the municipality to work with MAP;
- (b) a check, in the amount of \$ 150, made out to either PIANY or IIANY, as appropriate;
- (c) written evidence of cancellation or nonrenewal by the present or prior carrier;
- (d) a covering letter, requesting MAP assistance, and describing efforts made to place the business, including any declination of coverage by other carriers, indicating the individuals at such carriers involved in any such declination decision.

In order to facilitate control and prompt attention to the MAP application, a copy of the cover letter accompanying the application should be forwarded to:

NYS MUNICIPAL MAP

Attention: Anthony DiPaola
Associate Insurance Examiner
Property and Casualty Insurance Bureau
New York State Insurance Department
160 West Broadway
New York, New York 10013

(3) Applications will first be processed by the MAP Producers Subcommittee, which consists of knowledgeable insurance brokers and agents who will review and attempt to market the municipal risk involved, after contacting the municipality's current insurer in order to try to obtain a two-month extension of the current policy if necessary.

(4) In the event the MAP Producers Subcommittee is unable to locate a suitable replacement insurer for the municipality, it will forward the application to the MAP Underwriting Subcommittee, consisting of key underwriters from major writers of municipal insurance, which will then attempt to locate an insurer for the municipality. This Committee will also review the applicant from an underwriting perspective (loss history, cause of loss, use of self-insured retention, deductibles, etc.) and make recommendations to tailor the coverage to enhance placement.

(5) In the event the MAP Producer and Underwriting Subcommittees are unable to place the coverage for an applicant, the application will be forwarded to the MAP Executive Committee for review and disposition.

Please contact Mr. DiPaola (212-602-0380 or 800-522-4370) if you have any questions about MAP.

III. THE PREMISE

I want to stress that the New York State Municipal Market Assistance Program is voluntary. If successful, it will demonstrate the ability of the voluntary insurance marketplace in meeting the critical insurance needs of municipalities and other public entities. The full cooperation and active participation in these efforts on the part of all producers and insurers, whether or not currently involved in municipal liability insurance coverages in this State, are essential.

Very truly yours,

[SIGNATURE]

JAMES P. CORCORAN

SUPERINTENDENT OF INSURANCE