



GEORGE E. PATAKI
Governor

**STATE OF NEW YORK
INSURANCE DEPARTMENT
160 WEST BROADWAY
NEW YORK, NEW YORK 10013**

EDWARD J. MUHL
Superintendent of Insurance

**Supplement No. 2
Circular Letter No. 11 (1993)
June 15, 1995**

**TO: ALL LICENSED PROPERTY/CASUALTY INSURERS & REINSURERS;
ALL P/C INSURER, REINSURER & PRODUCER ORGANIZATIONS**

**RE: COASTAL HOMEOWNERS INSURANCE - NEW APPROACHES AND
MODIFICATIONS OF EXISTING GUIDELINES**

For the past two years the Department has been closely monitoring the homeowners insurance situation on Long Island as well as other coastal areas. We have taken various steps to facilitate voluntary market homeowners insurance coverage while still responding to insurers' concerns regarding concentration in these areas prone to catastrophic hurricane loss.

The Department's Circular Letter No. 11, issued on September 14, 1993 and supplemented on October 27, 1993, delineated various guidelines and recommendations meant to facilitate insurers' ability to write coastal business.

While the guidelines and recommendations contained in Circular Letter No. 11 continue to be workable, they may not be suitable to meet the unique needs of some insurers. The Department recognizes that there may be other innovative approaches that would enable an insurer to write business and/or retain existing business in coastal areas. For example, responses to a recent request to the industry regarding the use of catastrophe modeling in rate-making are presently being analyzed.

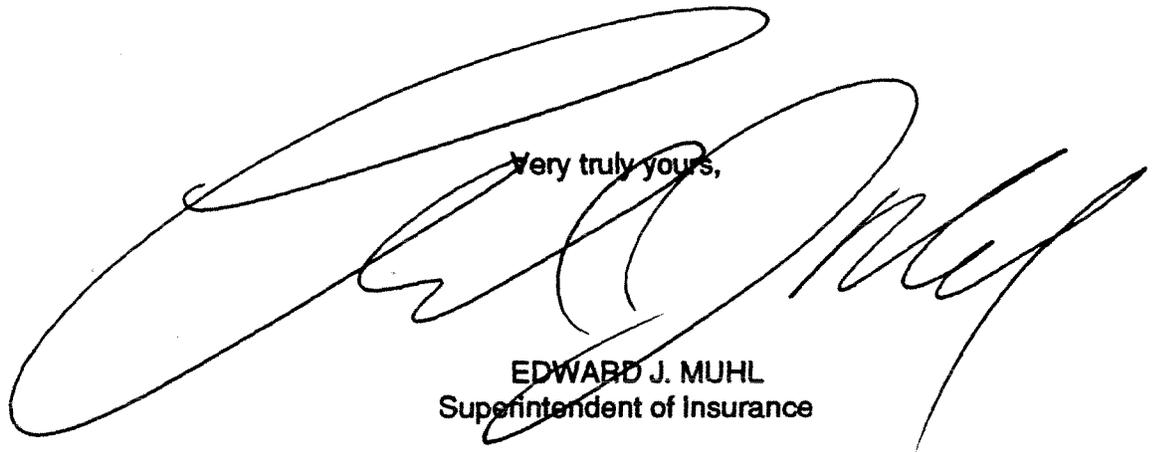
The Department is also contemplating modifications to the guidelines in Circular Letter 11, such as increasing the amount of the windstorm deductible and more closely coupling the deductible with hazard mitigation on the part of the insured and, under the wrap-around concept, having NYPIUA instead of the voluntary insurer provide contents coverage.

The Department wants to continue this dialogue and encourages insurers to discuss with and submit to the Department any new approaches, including modifications to the existing windstorm deductibles or wrap-around protection, that would meet the needs of the homeowner while still protecting insurer solvency. Any new approaches and modifications will be reviewed on an individual basis depending on the unique needs of the insurer and its policyholders.

Any new approaches or modifications should be submitted to:

Mr. Gerald Scattaglia, Supervising Examiner
New York State Insurance Department
Property & Casualty Bureau
160 West Broadway, 13th Floor
New York, New York 10013

Very truly yours,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

EDWARD J. MUHL
Superintendent of Insurance