

June 14, 1951

SUBJECT: INSURANCE

WITHDRAWN

TO ALL INSURERS LICENSED IN NEW YORK TO TRANSACT FIRE AND OTHER KINDS OF INSURANCE
ON PROPERTY

Re: Catastrophe Coverage: Suspension of Rate Filing Requirements

Pursuant to the provisions of Section 184 subsection 9 of the New York Insurance Law, consideration has been given to a proposal submitted by an insurer with respect to the writing of policies covering against loss or damage to property by fire and other perils subject to a minimum retention by the insured of \$ 100,000 as to each loss occurrence.

Insurance on property subject to retentions of \$ 100,000 and higher, has not been generally written by insurers licensed in New York and other states. Statistical experience under such types of policies is not available. It is apparent that the customary rating methods presently used in the fire insurance business do not apply to the rating of risks of this nature. The rating factors for such catastrophe coverage would vary considerably to reflect differences in risks and exposures at each location and to a large extent would be based on judgments.

Pursuant to authority contained in Section 184 subsection 9, it is ruled that filing requirements are suspended in respect to rates for such catastrophe coverages for losses in excess of a minimum retention of \$ 100,000 by the insured as to each loss occurrence. The rates charged shall be reasonable, adequate and not unfairly discriminatory in accordance with the standards set forth in Section 183. Insurers writing such coverage shall maintain separate statistics on this class of business and shall be prepared to report such figures to this Department on request.

(Signed) ALFRED J. BOHLINGER

Superintendent of Insurance