

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REVIEW STANDARDS FOR HOMEOWNERS

LINE OF BUSINESS: Homeowners  
CODE: 4.0000

LINE(S) OF INSURANCE	CODES
<u>Condos</u>	<u>4.0001</u>
<u>Mobile Homes</u>	<u>4.0002</u>
<u>Owner Occupied</u>	<u>4.0003</u>
<u>Tenants</u>	<u>4.0004</u>
<u>Other</u>	<u>4.0005</u>

IF CHECKLIST IS NOT APPLICABLE, PLEASE EXPLAIN:

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REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
<b>GENERAL REQUIREMENTS FOR ALL FILINGS</b>		The following web site represents the Department's initiative to streamline the procedures for form, rate and rule filings: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	Form/Page/Para Reference
COVER LETTER AND EXPLANATORY MEMORANDUM	CL 11 (1998)	The filing should include a cover letter, and an explanatory memorandum clearly explaining the intent of the filing, and highlighting any substantive changes (such as changes in ratemaking methodology or major coverages provided). If new form(s), territories, classification(s), or rule(s) are being filed and there are similar ones currently approved for use by a Rate Service Organization (RSO) or another insurer, or has been the subject of a filing previously not approved in New York, reference should be provided to the Department's file number or SERFF tracking number and effective date of the approval, or copies of the approved items should be included, if applicable. If the filing is currently in use in another state, this should be indicated.	
CONSUMER INFORMATION			
Flood Notice	§3444 CL 18 (2008)	All insurers shall provide a one-time notice prescribed or approved by the Superintendent to all homeowner and dwelling fire insureds, explaining that: (a) their policies do not provide coverage for loss caused by flood or mudslide; and (b) flood insurance is available under separate policies issued pursuant to the National Flood Insurance Program. The notice will also include information regarding flood insurance eligibility and access, worded in a manner that does not alarm insureds or entice them into purchasing unnecessary coverage. This Circular Letter containing additional information is available at: <a href="#">Circular Letters</a>	

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Hurricane Deductible Notice	§3445 11NYCRR74.1(Reg. 159)	Every homeowner's and dwelling fire personal lines policy containing a hurricane deductible shall be accompanied by a policyholder notice, to be filed with the Insurance Department, and which shall contain the minimum information required by Regulation 159.	
EXCLUSIONS & LIMITATIONS		The following web site contains additional information on exclusions and prohibited coverages: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
Discrimination	§2606, §2607, & §2608	Unfairly discrimination provisions because of race, color, creed, national origin, disability (including treatment of mental disability), sex, and marital status are prohibited.	
Intentional Acts	§1101(a)	The provisions of the Insurance Law do not permit coverage for Intentional Acts.	
Lead Paint	§2307(b)	The Department will only consider approving lead paint exclusions which meets the following guidelines: An insurer can exclude coverage for lead in its Homeowners policies for all non-owner occupied units in the building; The company submits data (statistics) and/or justification to support the proposed exclusion; A premium credit is given for the reduced coverage; The company must wait until the expiration of the three year required policy period as prescribed by Section 3425 of the Insurance Law; The company must submit a disclosure notice informing the insureds of the reduction in coverage; The exclusion may only be attached to policies insuring buildings built prior to 1980 that have a significant potential lead exposure and have not undergone lead abatement procedure; and the company can exclude coverage for lead for those owner-occupied units which have commercial exposure, for example "Home Day Care."	
FILING SUBMISSION	§2305 & §2307 CL 19(1992) Supplement No 1 to CL 11 (1998)	Forms, territories, and classifications are subject to prior approval.	
Compliance Questionnaires, Forms and Optional "Speed to Market" Filing Procedures	CL 11 (1998) Supplement No 3 to CL 11(1998)	Please refer to the following web site for additional information: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
NO FILE OR FILING EXEMPTIONS	Article 63 11NYCRR16 (Reg. 86)	A (Personal Lines Policies) policy may be written as a Class 2 risk as long as it appears on the lists of eligible Class 2 risks contained in Section 16.12(e) of Regulation No.86. An authorized insurer must obtain a "Special Risk License" prior to writing business in the "Free Trade Zone." Although filing is not required for a Class 2 risk, rates and policy forms applied to special risks must still satisfy governing standards set forth in the Insurance Law and regulations.	
PROHIBITED COVERAGES		While the Department does not have an exhaustive list, some examples of prohibited coverages include punitive damages and corporal punishment. Please refer to the following web site for additional information: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	

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Indemnification Policy	§3420	Is not permitted. Liability coverage must be provided on a pay on behalf basis. Please refer to Item I.B.1 of Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
SIDE BY SIDE COMPARISON	CL 11 (1998)	If the filing is a revision to existing form(s), territories, classification(s) or rule(s); Except for simple, non-substantive changes, a side-by-side comparison of the form(s) or rule(s) being proposed and those currently in use in New York, with all changes clearly marked and explained in the company's cover letter or memorandum must be included. Revisions to classifications and territories should include a comparison between those currently on file (in New York) and those proposed, including relevant statistical data (experience) and any rate or rate relativity effect. There should be a reference to the Department's previous file number and/or a copy of the approval letter in which the current form(s), territories, classification(s) or rule(s) were approved/acknowledged.	
<b>FORMS: POLICY PROVISIONS</b>	§1113, §2307, §3105, §3106, §3404, §3407, §3407-a, §3420, §3435 & Article 54 11 NYCRR 86 (Reg. 95) 11NYCRR153 (Reg. 135)	The following Compliance Questionnaires contain detailed information for making a Homeowners filing including required policy provisions, exclusions, prohibited coverages, and standard language, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	Form/Page/Para Reference
<b>APPLICATIONS</b>			
Filing exemption	§2307(b)	Applications which do not become part of the policy are exempt from filing requirements	
Fraud Warning Statement	§403(d) 11NYCRR86.4(Reg. 95)	None required on applications (only claim forms)	
<b>APPRAISAL</b>			
Procedure for selection of umpire	§3408	While an appraisal provision is not required, such provision must comply with the requirements of §3408 for selection of an umpire on failure to agree.	
<b>ARBITRATION</b>		Arbitration of disputes between an insured and the insurer may not be required.	
<b>BANKRUPTCY PROVISIONS</b>			
Insolvency or bankruptcy clause	§3420(a)(1)	A policy must contain a statement indicating that the insolvency or bankruptcy of the insured or the insured's estate does not relieve the obligations of the insurer.	
<b>BLANK ENDORSEMENTS</b>		Not permitted since a blank endorsement may change policy provisions without the proper approval by this Department. An exception may be made for a blank form if its usage is apparent based on the title/language of the form itself (such as a change in address form). Forms containing check boxes with a space for language to be added are considered blank endorsements and are subject to these rules. Please refer to Item I.g of Personal Lines Property Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	

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CANCELLATION & NON-RENEWAL	§3425	Please refer to Personal Lines (other than auto) Cancellation and Nonrenewal Form Filing Compliance Questionnaire for detailed cancellation and nonrenewal requirements, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
Notice of Cancellation	§3425(b), (c), & (h)	The notice of cancellation must include a specific reason or reasons of such cancellation and must be sent to the named insured at the address shown in the policy. Please refer to Item I.A of Personal Lines (other than auto) Cancellation and Nonrenewal Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
Notice of Non Renewal	§3425(d)	The nonrenewal provisions must comply with statutory time frame for giving notice and must be sent to the named insured at the address shown in the policy. Please refer to Item I.B of the Personal Lines (other than auto) Cancellation and Nonrenewal Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a> .	
Required Policy Period	§3425(a)(7) & (q)	Three year unless compliance with statutory reasons.	
Permissible Reasons for Cancellation	§3425(b) & (c)	A policy may be cancelled for any valid underwriting reason during the first 60 days a policy is in force. After the first 60 days, reasons for cancellation are limited to statutory references. The reason for cancellation must be specifically listed in notice.	
Permissible Reasons for Non Renewal	§3425(d) & (e)	A valid underwriting reason must be specifically listed in notice.	
Conditional Renewal	§3425(d)	A conditional renewal notice is required for any change in the policy less favorable to the policyholder. Please refer to Item II.B of Personal Lines (other than auto) Cancellation and Nonrenewal Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a> .	
Suspension	Line 28 of §3404(e)	The suspension provision may not be more restrictive than that of the standard fire policy provisions.	
<b>DEFENSE</b>			
Duty to Defend		The insurer has the duty to defend all claims to which the policy applies. A defense must be provided even if allegations are groundless, false or fraudulent. A complete defense must be provided for a claim, which involves both covered and uncovered allegations, and no allocation of defense costs is permitted. Additionally, provision must be made for the orderly transfer of defense duties when the limit of liability is used up in the payment of judgments or settlements. Please refer to Item I.D of Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a> .	

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DEFINITIONS			
Bodily Injury		If the policy covers Bodily Injury, and that definition does not include mental anguish that results from a wrongful act, some form of rate relief must be given. Please refer to Item I.O of Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers.</a>	
Loading & Unloading	§2307(b)	The term "Loading & Unloading" must remain undefined. Please refer to Item I.I of Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers.</a>	
Personal Injury	§1113(a)(13)	If the policy provides coverage for Personal Injury, such policy must include the provisions of §1113(a)(13). Please refer to Item I.C Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers.</a>	
FORMS MISCELLANEOUS		All Property and Casualty insurance policies must contain a provision equal or more favorable to the provisions of §3407(a)	
Numbered Forms	§2307(b)	All policy forms and endorsements filed with the Department must include an identification number. Please refer to Item I.h of Personal Lines Property Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
Unlicensed Companies	§2307(b)	All policy forms and endorsements filed with the Department may only include the names of insurers licensed in the State of New York. Please refer to Item I.f of Personal Lines Property Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
FICTITIOUS GROUPS	11NYCRR13.4(Reg. 58)	Fictitious arrangements are prohibited.	
GROUP POLICIES	§3435 11NYCRR301 (Reg. 134) 11NYCRR153 (Reg. 135)	The provisions of §3435 and Regulations 134 and 135 do not permit fictitious groups. The issuance of group property & casualty insurance is limited to either not-for-profit or municipality insureds, or purchasing groups formed under the Federal Liability Risk Retention Act of 1986 or quasi-group policies through a mass merchandising, safety group or similar program, in connection with State law or a Federal purchasing group. Group policies must comply with the provisions of Regulations 134 & 135 including the following: general requirements, group policy minimum standards, premium collection and payment, dividend plans and form and rate filings requirements.	
LIBERALIZATION CLAUSE		Please refer to Item I.i. of Personal Lines Property Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	

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LOSS SETTLEMENT	Line 150 of §3404(e)	Must be paid within 60 days of proof of loss	
Action Against Company: Non-Liability	Line 157 of §3404(e)	No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within twenty-four months next after inception	
Action Against Company: Liability	§3420(a)(2) & §3420(b)	If judgment against an insured is not satisfied within 30 days, an action can be brought against an insurer. Furthermore, the judgment clause may not include the requirement that judgment be "final" or obtained "after actual trial." Please refer to Item I.B. 3 of Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
Deductibles			
Notification of Claim	§3420(a)(3)&(4)	The policy must contain a provision permitting notice of claim to be given to the company's agent. Furthermore, the policy must also contain a provision that late notice will not invalidate a claim if it was not reasonably possible to give notice sooner, and notice was given as soon as possible. Please refer to Items I.B.4 and I.B.5 of Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
MORTGAGEE/ LIENHOLDER	Line 68 of §3404(e)	If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a ten days' written notice of cancellation.	
OTHER INSURANCE	Line 25 of §3404(e)	The other insurance provision may not be more restrictive than that of the standard fire policy provisions.	
READABILITY	§3102	The insurance policy must be understandable and meet the requirements for readability including a minimum score of 45 on the Flesch Test. Please refer to Item I.F of Personal Liability and Umbrella Insurance Form Filing Compliance Questionnaire, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
STANDARD PROVISIONS FOR FIRE POLICY FORM FILING	§2307(b) & §3404	The Standard Fire Policy Form Filing Compliance Questionnaire contains detailed information for making a fire policy filing including required policy provisions, exclusions, prohibited coverages, and standard language; available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
SUBROGATION	Line 162 of §3404(e)	Policy must contain a subrogation provision.	
PARTICIPATING POLICIES	§4106	A participating policy provision is not required. However, when the provision is included, the board of directors may make reasonable classifications of policies in order to issue payment of dividends. Such classifications must be filed for approval and be fair and not unfairly discriminatory.	

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VOIDANCE	§3105 & §3106	May not void a policy unless the misrepresentation is material. No misrepresentation shall be deemed material unless knowledge by the insurer of the facts misrepresented would have led to a refusal by the insurer to make such contract.	
WARRANTIES	§3106	A breach of warranty shall not void a policy unless the breach of warranty is material.	
<b>RATES &amp; RATING PLANS</b>	§2304 & §2344 11NYCRR161(Reg. 129) Supplement No 4 to CL 11 (1998)	All rates, rating plans, and rating rules filings must be submitted in accordance with the instructions of Supplement No. 4 to Circular Letter 11 (1998) which outlines the new mandatory filing procedures effective September 16, 2002. These procedures contain the minimum required information that must accompany all rate, rating plan, and rating rule filings. Rate filings must include appropriate supporting information as outlined in the Rate Filing Sequence Checklist. Please note the relevant requirements contained in Section 2304 of the New York Insurance Law. Please refer to the following web site for additional information: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	Form/Page/Para Reference
ADOPTIONS OF RATE SERVICE ORGANIZATIONS (RSO) FILINGS			
Me Too Filings	§2306 11 NYCRR 161.7 (Reg. 129)	The insurer may discharge its rate filing obligation by giving notice that it uses rates and rate information prepared by a designated rate service organization. Please refer to Regulation 129 for the filing of rates and the relation and role of rates published by a rate service organization and the Department's web site for additional filing information: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	
CONSENT-TO-RATE	§2309	The application for an excess rate is subject to prior approval. In addition, the application must include the insured's reasons and the application must be signed by the insured.	
CREDIT SCORING AND REPORTS		The use of credit scoring and reports is limited to the initial underwriting and/or initial tier placement of the risk.	
INDIVIDUAL RISK RATING	§2305	Individual Risk Submissions are required to be filed with the Department for personal lines products when the rate to be charged is not currently on file (in the manual) with the Department. Such filings should include justification for the proposed rate and must be applied in a manner that is not unfairly discriminatory.	
PRICING	§2304 & §2344 11NYCRR161(Reg. 129) CL 19(1992) & CL 4(1996)	The following web site contains the mandatory filing procedures: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	

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Minimum Premium Rules		Minimum Premium Rules- the submission should evidence the relationship between the amount charged as a minimum premium and the costs associated with producing the policy or coverage. Return Premium/Minimum Earned Premium Rules - the submission should specify that the policy will be pro-rated or short-rated due to mid-term termination of the policy. Premium may be considered fully earned only for policies insuring special events that are only a few days in length.	
Multi Tiering	§2351	Eligibility requirements for each tier must be submitted. The tier eligibility requirements must be specific and mutually exclusive, so that no insured would be eligible for more than one tier. The rate effects of the tier eligibility requirements should not be duplicated in any rating plans. Justification must be provided for the rate differential for each tier.	
Payment Plans		Payment plans are outside of the rating structure, and do not have to be filed with the Department or included as part of the manual rates.	
Service Charges		Late payment fees, reinstatement fees, and premium installment fees are to be classified as service fees that are outside of the rating structure, and do not have to be filed with the Department or included as part of the manual rates.	
Storm Shutters/Laminated Glass Discounts	11NYCRR160.6 (Reg. 57)	Must comply with 3rd amendment to Regulation 57 for storm shutter and laminated glass discount criteria	
RATING PLAN REQUIREMENTS	§2344 11NYCRR161.8(Reg. 129)	Rating plans are subject to prior approval. Even if the insurer is adopting a rating plan from a Rate Service Organization (RSO) without modification, such plan is subject to the prior approval requirements.	
Composite Rating	11NYCRR161.8(a) (Reg. 129)	Composite Rating may not be used in rating personal lines policies.	
Expense Reduction Plan	11NYCRR161.8(f) (Reg. 129)	Please refer to item RP-1 and RP-2 of the Rate Filing Sequence Checklist and Regulation 129 for the rating plan rules and standards, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers.</a>	
Experience Rating	11NYCRR161.8(a) (Reg. 129)	Experience Rating may not be used in rating personal lines policies.	
IRPM	11NYCRR161.8(a) (Reg. 129)	IRPM rating may not be used in rating personal lines policies.	
Loss Rating	11NYCRR161.8(a) (Reg. 129)	Loss Rating may not be used in rating personal lines policies.	
Retrospective Rating	11NYCRR161.8(a) (Reg. 129)	Retrospective Rating may not be used in rating personal lines policies.	
Schedule Rating	11NYCRR161.8(a) (Reg. 129)	Schedule Rating may not be used in rating personal lines policies.	



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RATE/LOSS COST SUPPORTING INFORMATION			
Actuarial or other Rate Support	11NYCRR161 (Reg. 129) CL 19 (1992) Supplement No 4 to CL 11 (1998)	Rate making and supporting information for rates, rating plans, and rating rules must be organized into exhibits, which follow a sequential numbering system. The Rate Filing Sequence Checklist and the related instructions prescribe the required format used to support rate, rating plan, and rating rule filings, available at: <a href="#">Rate, Form, Territory, Classification and Rule Filing Instructions for Property/Casualty Filers</a>	