

Background: *In April, The Department of Financial Services (DFS) — insurance and bank regulators in New York State — shared a [list of concerns they had with assembly bill A.5178](#).*

This week, they provided Assemblymember Anna Kelles with another list of concerns, less about the bill and more about the Alliance of Nonprofits for Insurance (ANI), an insurance company that is formed as a Risk Retention Group. They're domiciled in Vermont, and DFS doesn't allow out-of-state RRGs to write auto insurance in New York.

If this bill passes, ANI will be allowed to write auto insurance for nonprofits in New York, and will write for Ithaca Carshare. Anna Kelles responded to their most recent questions below, and the bill was amended on May 31, 2023, to address DFS concerns.

1. Provide an explanation of what registration and activity ANI has in other states.

ANI is registered to provide insurance in all 50 States and the District of Columbia, including NY. All other states in the US in which ANI is registered conformed to the requirements laid out by the [LRRRA](#) and accepted ANI's auto coverage as sufficient to meet financial responsibility requirements. Currently, ANI actively covers organizations within 32 states plus the District of Columbia with several different kinds of insurance (see question three).

ANI has written commercial auto in most of the states where they are active for decades with no market disruption. They tend to ensure vehicles with exposures not readily insured by most commercial carriers, such as volunteer drivers, transportation for the medically fragile, and the elderly and children. All rates charged by ANI are consistent with actuarially sound principles and practice using ISO rates and forms in compliance with state laws.

Here are the 31 other states (not including NY) plus the District of Columbia in which ANI is currently actively providing insurance coverage plans, with the initial states being those contiguous to NY: Pennsylvania, Connecticut, New Jersey, Ohio, Vermont, Arkansas, California, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, North Carolina, North Dakota, Oregon, South Dakota, Texas, Utah, Virginia, Washington, Wisconsin, and the District of Columbia.

Addressing the concern that we cannot hold ANI or other RRGs accountable to regulations in order to reduce risk to consumers, New York State [Law](#) establishes the ability of the State to regulate RRGs through the provisions outlined in the federal [Liability Risk Retention Act](#). This is how the State [already regulates RRGs](#) not domiciled in New York who offer everything except auto insurance, which is the only insurance category offered by RRGs that must be domiciled in New York [by law](#). Bill [A5718/S5959](#) rectifies this singular exclusion.

2. What financial and operational barriers does ANI face if they are restricted to just carshares and not the nonprofit market?

Once this legislation is passed, for ANI to even enter the market they would be required to obtain access to ISO/Verisk auto rules/manuals, obtain most recent loss costs for all lines of coverage they are required to offer to be in compliance, test all loss costs provided to ensure

accuracy including third-party integrations, develop auto-ID cards and request their approval, integrate any NY unique auto rules or regulations into the training of underwriting and claims staff as well as educate existing staff, set up auto liability insurance reporting and update daily or weekly in compliance with State requirements, reprogram/edit their underwriting system, website, broker portal, customer portal, and any publications.

Restricted to just carshares in NY, ANI would be faced with the labor-intensive and cost-prohibitive hurdle of registering to provide auto insurance in NY without the assurance of a reasonable market inside the State. Also, the fact that ANI is already providing other types of insurance coverage in NY cannot be used to compensate for the lack of a sufficient market for auto insurance. According to Peter Andrews, CEO of Council Services Plus (subsidiary of NY Council of Nonprofits), "Each line of liability (e.g. general liability, professional, abuse, etc) needs to have a rating basis that is reflective of that type of insurance and its risk. Just writing auto insurance for carshares would be so limited that it would not be reliable from an actuarial standpoint. For example, a carrier should not increase the rates for professional liability insurance if they have too many claims within their abuse insurance plans."

3. What is the gamut of coverage they provide in the states where they are actively providing insurance.

In the 32 states plus the District of Columbia where ANI is currently active, they provide a range of insurance products, including: General liability, social services professional liability, improper sexual conduct and physical abuse liability, commercial auto liability, directors and officers liability, non-owned hired auto and umbrella. Property and auto physical damage for ANI members is provided through a third-party insurer.

4. Below is a statement from a NYS broker on the availability vs. affordability of insurance for other nonprofits in New York State.

From Peter Andrews, CEO of Council Services Plus (subsidiary of NY Council of Nonprofits) "Of note, there are insurance companies that will not offer any coverage to nonprofits south of Westchester. Here are a few nonprofits that were unable to access auto insurance in the State. A significantly more comprehensive list could be provided if necessary:

AutismUp - Rochester, NY
Baby Institute - Albany, NY
Blue Print Geneva - Geneva, NY
Buffalo Go Green - Buffalo, NY
Chenango River Theater - Green, NY
Columbia County Sanctuary Movement, Hudson, NY
Consumer Directed Choices - Albany, NY
Elderlife - Utica, NY
Grace and Glory Ministries - Oswego, NY
Greater Hudson Promise Neighborhood - Hudson, NY
Howard Beach Civilian Patrol - Howard Beach, NY

New York Council of Nonprofits - Albany, NY

Rockaway Nassau Safety Patrol - Far Rockaway, NY

Refugee and Immigrant Support Services of Emmaus - Albany, NY

Refugee Welcome Center - Albany, NY

St. Ann's Corner of Harm Reduction - Bronx, NY

Uniondale Community Land Trust - Uniondale, NY"