

Testimony on the Cost and Availability of Property Insurance

My name is Steven M Bari. I am property manager for buildings in both Manhattan and Queens since 2007.

My father purchased this mixed use and warehouse properties in the 1970s and most were over 100 years ago.

The three majors that have affected the rising cost of insurance is as follows:

1. Policy Changes- Nearly every year a General Liability (GL) policy will stop being offered by the insurance provider, only to be repackaged with less coverage and less service for more money. This is especially true with boiler coverage, where cost has jumped more than 100%. This has been going on since 2014, nearly every year.

2. Claims- While making filing a claim with an insurance provider is necessary part of business, the actual claim is then held against the claimant (the property owner) for nearly the five years, wherein the cost of insurance coverage will be weighed against the previous claim. It is essentially a scarlet letter around the insured's neck, no matter from whom they request a policy.

3. Bogus Claims- Claims against property owners or tenants may be vital to resolve a particular issue (i.e. trip and fall, ADA compliance, etc). The majority of these claims however are fraudulent and capricious, wherein the claimant has never been to the location listed on the claim or even in the same state. Nonetheless, in my 15+ year experience, the insurance coverage has never fought any of these fraudulent claims and simply settle, wherein the claim remains an albatross against the property owner. Most of the types of claims are filed from out of state and canvass large areas at one time, which can be found through a search on NYCIF.

Insurance exposure will not change in New York City, but something must be done to bring down the cost. The burden is on the property owner, which trickles down to their tenants.

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