



*Asset and Liability Risk Management*

January 24, 2024

2024 Joint Legislative Budget Hearing Witness  
Chairman Tim Kennedy and Chairman William Magnarelli  
Transportation Executive Budget  
Hearing Room B 181 State Street  
2<sup>Nd</sup> Floor Albany, New York 12247

Written Testimony to the Joint Committee Budget Hearing

RE: Lack of Affordable and Viable Insurance Solutions for the Commuter Van Industry

Good day Chairman Tim Kennedy, Chairman William Magnarelli, and distinguished members of this Joint Committee Hearing. (I attended the MTA hearings this morning)

My name is Kenneth D. McGuinness, an insurance executive with 45 year's experience across the various segments of the industry, self-insurance, captives, reinsurance and catastrophe mitigation and enterprise risk management. For the last three years I have lead a commercial automobile insurance underwriting program focused on scheduled transportation in the non-emergency medical, limousine, sightseeing bus and Medicaid provided transportation for disabled students in California, New Jersey and Connecticut. Two years ago I was contacted by the producer working with Hector Ricketts, President of the Commuter Van Association of New York, Inc., to provide a program solution to the problem of affordability. I'll be short.

The key points that are problematic:

- 1) Availability: Today, there is no standard market solution to availability and as a consequence the insured is forced to buy in the assigned risk market which is administered by AIPSO ([www.aipso.com](http://www.aipso.com))
- 2) Pricing: AIPSO has proprietary pricing and is not transparent as to how they get their pricing. AIPSO is currently pricing the risks at \$40,000. Whereas, if I were to price a risk in Jamaica with a 50% surcharge in the standard market, the price would be approximately \$18,950. The base rate off which that premium was developed is an Insurance Services Office (ISO) filed rate for a Chartered bus -Code 5451 at \$500,000 CSL.

- 3) Standard Market vs Excess and Surplus (E&S) Lines Carriers. In many other states E&S carriers are permitted by the DMV to provide insurance coverage for hard to price and underwrite automobile risks. If the DMV would allow E&S carriers to provide such coverage the problem for the Commuter Van Association would be mitigated.
- 4) The Captive Solution: I researched the Captive Solutions, S4862 and A 5294, that were vetoed by Governor Hochul are not a viable solution to the problem. The Senate and Assembly needs to work with an insurance professional to come up with a solution if open the doors to the E&S market is not viable.
- 5) DMV – DMV needs to look at its restrictions on alternative market solutions to commercial automobile insurance affordability

I am available for discuss this further. Time limits my expansion of my concerns.

Sincerely

Kenneth D. McGuinness