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How NYSIR's Durable Financial Strength Protects Members

Overview: The New York Schools Insurance Reciprocal (NYSIR) has maintained consistently excellent performance as measured by its core financials and regular evaluations by regulators and auditors. This financial record helps NYSIR sustain stable coverage and pricing, long-term cost-containment, partnership-based service and claims, family-like focus on managing and reducing risk, and consecutive years of A (Excellent) ratings from A.M. Best since 1995. NYSIR is the only carrier operating across the entire state serving public school entities that has maintained that rating.

NYSIR's model: NYSIR is New York's premier provider of property and casualty insurance for school districts and BOCES. It is a not-for-profit reciprocal insurance company owned by its member policyholders. As a reciprocal, NYSIR was required by law to protect against insurer failure in one of two ways:

- It could have chosen to join profit-driven commercial insurers in all sectors by contributing annually to the New York State Guaranty Fund, which insures against carrier failures in *all* categories of insurance; ***or***
- It could have chosen to have members agree to pay assessments—extra charges—only if NYSIR's surplus fell below \$1.8 million. NYSIR's current surplus exceeds \$140 million.

NYSIR chose to be assessable after projecting that strong funding, underwriting and pricing, and reinsurance would make assessments unnecessary. That projection was accurate: NYSIR has *never* imposed any assessment against members, and over the years its members have saved tens of millions of dollars in extra charges they would have been required to pay into the state Guaranty Fund, the alternative NYSIR rejected. This choice also spared NYSIR the added costs of funding New York's Automobile Assigned Risk Pool.

Key financials: NYSIR's "combined ratio"—which measures how insurers balance incoming dollars with incurred losses and expenses—has been strong – consistently under 100 percent. NYSIR each year collects about \$90 million in direct premiums. Its surplus is over \$140 million. NYSIR gets consistently "clean" audits from state regulators, auditors, and reinsurers.

Reinsurance: NYSIR buys reinsurance to shield members from large or catastrophic losses. For example, NYSIR paid over \$36 million in claims after Superstorm Sandy, but its net loss was well below \$3 million—because reinsurers covered the rest.

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