



*New York State Archives*

**New York State Insurance Department Office of General  
Counsel Commercial and General Liability Insurance  
Investigation Files B2476**

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## Overview of the Records

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<b>Repository:</b>	New York State Archives
<b>Summary:</b>	This series contains reports and exhibits derived from meetings held by investigators with insurance company officials; agency investigators' and attorneys' notes; correspondence; transcripts; and related records documenting the Insurance Department's investigation into the liability insurance crisis in 1986.
<b>Creator:</b>	New York (State). Insurance Department. Office of Counsel
<b>Title:</b>	Commercial and general liability insurance investigation files
<b>Quantity:</b>	5 cubic feet
<b>Inclusive Date:</b>	1986
<b>Series:</b>	B2476

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## Administrative History

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The investigation into the availability and pricing of commercial and general liability insurance was prompted by the New York State Insurance Department in 1986 in response to widespread concern over the high cost and sometimes limited availability of liability insurance. The Insurance Department worked closely with the Governor's Advisory Commission on Liability Insurance established by Governor Mario Cuomo on January 13, 1986.

Both investigations concluded that the crisis was caused in part by an insurance company practice known as "cash-flow underwriting" and in part by the cyclical nature of the property and casualty insurance business. Under "cash-flow underwriting," insurance companies during the 1980s wrote policies at unrealistically low rates and also insured bad risks. The monies taken in on these policies were invested by the companies in high-profit ventures found in the early 1980s investment marketplace. In effect, insurance companies relied upon their investments to generate sufficient income to compensate for the low rates and bad risks of their policies. The crisis of late 1985 and 1986 occurred when interest rates and investment income declined, while claims began to come in under many of the policies written several years earlier. Insurance companies had difficulty covering the losses resulting from under-priced policies and poorly written risks and therefore began to bail out by canceling or declining to renew policies or offering renewals only at exorbitant rate increases.

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## Scope and Content Note

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This series contains reports and exhibits derived from meetings held by investigators with insurance company officials; agency investigators' and attorneys' notes; correspondence; transcripts; and related records documenting the Insurance Department's investigation into the liability insurance crisis in 1986.

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## Related Information

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### Related Material

14520Series 14520, Public hearing and background files, contains related records of the Governor's Advisory Commission on Liability Insurance.

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## Other Finding Aids

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### Available at Repository

Transfer list is available at the repository.

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## Use of Records

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### Access Restrictions

There are no restrictions regarding access to or use of the material.

## **Administrative Information**

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### **Acquisition Information**

This series was transferred under records disposition number 18582, and includes records from transfer lists 970047 and 940021.

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