

GNY Insurance Grows, Stays True to Big Apple

GNY Insurance Cos., which has insured buildings in the heart of New York City since 1914, changed after Sept. 11, 2001.

GNY Insurance writes commercial insurance for apartments, condominiums and co-ops, plus office buildings in New York. The group's lead operating subsidiary, Greater New York Mutual Insurance Co., was launched by a group of immigrants who owned tenement apartment buildings on the Lower East Side of Manhattan. Members of the group had trouble finding insurance, so decided to insure each other, Elizabeth Heck, president and chief operating officer, said.

That was a history that GNY did not want to walk away from, but the company had to find a way to balance its terrorism exposure, said Warren Heck, chairman, chief executive officer and chief underwriting officer.

"We wrote office towers of \$150 million to \$200 million. We knew we couldn't continue to do that, but we did not want to abandon these people," he said.

GNY Insurance was one of the first companies to map its exposures as a way to reduce its concentration of risks, and reduced its individual limit to \$50 million for buildings. The group also expanded into 12 additional states, and writes commercial multiperil business for habitational, light industrial, office buildings, restaurant risks and shopping centers.

"The company felt the need to diversify the operations out of the urban centers and into more suburban areas to reduce the terrorism exposure that suddenly, overnight, became a very real exposure," Elizabeth Heck said.

Geographical diversification brought other unexpected benefits, she said.

"Not only did it help us to manage our exposure to extreme events, it helped us with current economic conditions," she said. "We found that pricing varies by region, so the geographic diversification enabled us to better manage the underwriting cycle."

The company lowered its geographical concentration in New York (including suburban areas) to 51.7% of its premiums at year-end 2009, according to BestLink, which provides online access to A.M. Best's Global Insur-



UNEXPECTED BENEFITS: When GNY Insurance diversified to more suburban areas, top executives Elizabeth and Warren Heck were pleasantly surprised by other benefits: Varied pricing by region allowed the company to better manage its underwriting.

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"We got to a point where we were able to manage the risk," said Warren Heck, who's been with the company since 1962 and is only the fourth CEO in the company's history. He also happens to be the father of Elizabeth.

Elizabeth Heck has 20 years insurance industry experience and was recently promoted to president and COO of GNY Insurance Cos. — a position the senior Heck was promoted to 28 years ago. She joined the company in

December 2001 as controller (*BestWire*, Aug. 30, 2010).

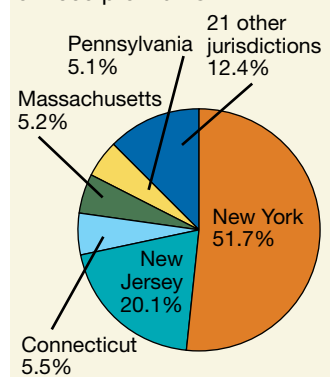
Insurance "isn't the kind of business that people automatically like," Warren Heck said. "But when you get into it, and you find out how interesting and exciting it is, it's contagious." GNY Insurance has prided itself on its conservative underwriting and investment strategy. The company's five-year average combined ratio of 96.8 is better than the industry average of 98.3, according to BestLink.

"I find it to be a good way to run a company — to keep a hand in the underwriting," he said.

—Meg Green

Expanding Its Reach

Greater New York Group got its start in the Big Apple, but has been expanding in recent years to other states. Here's its geographically breakdown of 2009 premiums:



Source:  BestLink®