

INSURANCE DEPARTMENT

MISSION

The Insurance Department, which was established in 1860, is charged with regulating the insurance industry and with balancing the interests of insurance consumers, companies and producers. Specific statutory responsibilities include: approving the formation, consolidation or merger of insurance organizations and all new insurance products, monitoring the financial stability of insurers, overseeing the testing and licensing of agents, adjusters, consultants and insurance intermediaries and disciplining licensees who violate the Insurance Law or regulations.

ORGANIZATION AND STAFFING

The Insurance Department is headed by a Superintendent who is appointed by the Governor. The Department maintains offices in Albany and New York City and local offices in Mineola, Rochester, Syracuse, Oneonta and Buffalo. The Department's activities are carried out through three programs: Administration, Regulation and Consumer Services, with a 2004-05 workforce of 908 positions.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

The Insurance Department is funded by assessments on New York State based insurance carriers and by agent examination fees. These monies fully support the operations of the Department as well as insurance-related operations in other agencies.

The Executive Budget recommends \$162.2 million in assessment revenue to fund the Department's current activities including a new Insurance Disaster Preparedness Unit to help New York and the insurance industry respond to potential natural, financial and terrorist disasters. The industry assessments will provide \$19.1 million to the Department of State for costs associated with fire prevention efforts and enforcement of state building code regulations, and \$31.1 million to the Department of Health for costs associated with disease prevention, health screenings for newborns to reduce future medical needs, and the implementation of a new "forge-proof" prescription program.

The Executive Budget also includes \$4.9 million for implementation of Executive Order 109 that appointed the Attorney General as a Special Prosecutor to combat no-fault auto insurance fraud.

PROGRAM HIGHLIGHTS

The Department ensures that insurance companies meet statutory requirements regarding their finances and corporate conduct by monitoring the financial condition of companies and conducting periodic field examinations of insurers. It strives for the fair treatment of policyholders, claimants and the public through the regulation of company claim payments and sales practices, responses to consumer complaints, and the timely review of insurance company denials of coverage.

The Department promotes high standards of ethical conduct and technical knowledge through oversight of testing, pre-licensing and continuing education of insurers and agents. It maintains a registry of all licensees, collects fees and imposes fines related to the revocation of licenses and irregular activities.

The September 11 attacks on the World Trade Center demonstrated the important role New York's insurance industry has in maintaining economic stability during times of tragedy. To ensure that the industry's ability to perform that role is strengthened, the Department established an Insurance Disaster Preparedness Unit to coordinate industry efforts to prevent

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and respond to natural, financial and terrorist disasters. Through this unit, the Department will work with industry representatives to develop disaster preparedness and business continuity plans, fight money laundering activities and enhance fraud detection capabilities.

Reflecting the dynamic and changing environment confronting the insurance industry, the Department has streamlined its regulatory and licensing process. In fact, since 1994 the Department has reformed or rescinded over half its regulations and eased the process by which companies are licensed and new insurance products approved. The Department continues to work closely with the Banking Department to assist Holocaust victims and their families to identify and recover assets from foreign financial institutions.

The Department also oversees and coordinates the State's Healthy New York Program that provides qualified small businesses and low-income families and individuals with access to affordable health insurance.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	147,398,000	162,155,100	14,757,100	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	147,398,000	162,155,100	14,757,100	0

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2003-04 Estimated FTEs 03/31/04	2004-05 Estimated FTEs 03/31/05	FTE Change
Administration			
Special Revenue Funds - Other	127	127	0
Consumer Services			
Special Revenue Funds - Other	161	161	0
Regulation			
Special Revenue Funds - Other	620	620	0
Total	908	908	0

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2003-04	Recommended 2004-05	Change
Special Revenue Funds - Other	147,398,000	162,155,100	14,757,100
Total	147,398,000	162,155,100	14,757,100

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available 2003-04	Recommended 2004-05	Change
Administration			
Special Revenue Funds - Other	11,874,900	12,491,800	616,900
Consumer Services			
Special Revenue Funds - Other	10,820,800	11,285,300	464,500
Regulation			
Special Revenue Funds - Other	124,702,300	138,378,000	13,675,700
Total	<u>147,398,000</u>	<u>162,155,100</u>	<u>14,757,100</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2004-05 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	12,491,800	616,900	7,837,600	122,200
Consumer Services	11,285,300	464,500	7,383,600	100
Regulation	138,378,000	13,675,700	43,620,000	2,166,700
Total	<u>162,155,100</u>	<u>14,757,100</u>	<u>58,841,200</u>	<u>2,289,000</u>
Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	4,654,200	494,700	0	0
Consumer Services	3,901,700	464,400	0	0
Regulation	38,830,200	4,970,200	55,927,800	6,538,800
Total	<u>47,386,100</u>	<u>5,929,300</u>	<u>55,927,800</u>	<u>6,538,800</u>