

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 2003-04 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-specific operations in other agencies.

The Executive Budget recommends \$160 million in assessment revenue to fund the Department's current activities and a new Insurance Disaster Preparedness and Response Unit that will help New York and the insurance industry respond to potential natural, financial and terrorist disasters. Additionally, industry assessments will provide \$18.5 million to the Department of State for costs associated with fire prevention efforts and enforcement of state building code regulations, and \$34.9 million to the Department of Health for programs which prevent the spread of disease, health screenings for newborns to reduce their need for future medical intervention, and the implementation of a new "forge-proof" prescription program.

The Executive Budget also recommends \$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, this Budget recommends the formation of an Insurance Disaster Preparedness and Response Unit within the Department to coordinate industry efforts to prevent and respond to natural, financial, and

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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 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 2002-03	Appropriations Recommended 2003-04	Change	Reappropriations Recommended 2003-04
State Operations	125,419,000	160,398,000	34,979,000	0
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	125,419,000	160,398,000	34,979,000	0

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

Full-Time Equivalent Positions (FTE)

Program	2002-03 Estimated FTEs 03/31/03	2003-04 Estimated FTEs 03/31/04	FTE Change
Administration			
Special Revenue Funds - Other	130	127	(3)
Consumer Services			
Special Revenue Funds - Other	164	161	(3)
Regulation			
Special Revenue Funds - Other	602	620	18
Total	896	908	12

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

Fund Type	Available 2002-03	Recommended 2003-04	Change
Special Revenue Funds - Other	125,419,000	160,398,000	34,979,000
Total	125,419,000	160,398,000	34,979,000

Adjustments:	
Prior Year Deficiency	
Insurance Department	
Special Revenue Funds - Other	3,000,000
Appropriated 2002-03	<u>128,419,000</u>

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

Program	Available 2002-03	Recommended 2003-04	Change
Administration			
Special Revenue Funds - Other	15,461,000	11,874,900	(3,586,100)
Consumer Services			
Special Revenue Funds - Other	11,023,000	10,820,800	(202,200)
Regulation			
Special Revenue Funds - Other	98,935,000	137,702,300	38,767,300
Total	<u>125,419,000</u>	<u>160,398,000</u>	<u>34,979,000</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2003-04 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	11,874,900	(3,586,100)	7,840,400	(156,600)
Consumer Services	10,820,800	(202,200)	7,383,500	(236,500)
Regulation	137,702,300	38,767,300	43,723,800	1,725,800
Total	<u>160,398,000</u>	<u>34,979,000</u>	<u>58,947,700</u>	<u>1,332,700</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	4,034,500	(3,429,500)	0	0
Consumer Services	3,437,300	34,300	0	0
Regulation	34,589,500	1,364,500	59,389,000	35,677,000
Total	<u>42,061,300</u>	<u>(2,030,700)</u>	<u>59,389,000</u>	<u>35,677,000</u>