

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, New York City and local offices in Mineola, Rochester, Syracuse, Oneonta, Brooklyn and Buffalo. The Department's activities are carried out through three programs: Administration, Regulation and Consumer Services.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$502 million All Funds** (\$52 million General Fund and \$450 million Other Funds) for the Insurance Department. This is a decrease of **\$32 million All Funds** from the 2009-10 budget, reflecting savings achieved through a \$30 million reduction in health insurance subsidy payments made under the Timothy's Law program and \$2 million from net State operations changes.

The Executive Budget recommends a staffing level of **992 FTEs** for the Insurance Department, an increase of **70 FTEs** from the 2009-10 budget. This increased staffing level will allow the Department to hire three classes of examiner trainees and provide staffing to support enhanced oversight of the health care insurance industry. The addition of newly-trained insurance examiners to the Department's staff will allow the Department to perform more onsite examinations. This increase in Department examinations will result in savings to the industry by reducing the number of costlier direct-pay examinations for which insurers contract with outside vendors to perform examinations.

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

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. In an effort to maximize Department resources while continuing to maintain strong oversight of the industry, the Department has focused upon areas of higher risk within the industry. As a result of this change in

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emphasis, risk-focused examinations are being incorporated by State insurance regulators, replacing the traditional full scope financial statement verification examinations.

The Department promotes high standards of conduct and competence through testing, oversight, and 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.

Pursuant to the Workers' Compensation Reform Act of 2007, the Department is responsible for developing reforms to expedite claim processing as well as reviewing and reporting on the effectiveness and benefits of the Compensation Insurance Rating Board, developing medical treatment and disability guidelines for injured workers, and evaluating the cost, economic efficiency, and fairness of the workers' compensation system.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2009-10	Appropriations Recommended 2010-11	Change	Reappropriations Recommended 2010-11
State Operations	231,100,000	230,566,555	(533,445)	1,023,000
Aid To Localities	303,286,826	271,566,000	(31,720,826)	4,200,000
Capital Projects	0	0	0	0
Total	534,386,826	502,132,555	(32,254,271)	5,223,000

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

Program	Full-Time Equivalent Positions (FTE)		
	2009-10 Estimated FTEs 03/31/10	2010-11 Estimated FTEs 03/31/11	FTE Change
	Administration		
Special Revenue Funds - Other	131	131	0
Consumer Services			
Special Revenue Funds - Other	153	153	0
Regulation			
General Fund	11	11	0
Special Revenue Funds - Other	627	697	70
Total	922	992	70

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

Fund Type	Available 2009-10	Recommended 2010-11	Change
General Fund	1,801,000	1,792,000	(9,000)
Special Revenue Funds - Federal	150,000	0	(150,000)
Special Revenue Funds - Other	229,149,000	228,774,555	(374,445)
Total	231,100,000	230,566,555	(533,445)

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

<u>Program</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>
Administration			
Special Revenue Funds - Other	17,020,000	19,093,511	2,073,511
Consumer Services			
Special Revenue Funds - Other	13,490,000	14,668,668	1,178,668
Regulation			
General Fund	1,801,000	1,792,000	(9,000)
Special Revenue Funds - Federal	150,000	0	(150,000)
Special Revenue Funds - Other	198,639,000	195,012,376	(3,626,624)
Total	<u>231,100,000</u>	<u>230,566,555</u>	<u>(533,445)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2010-11 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Regulation	852,000	(9,000)	852,000	(9,000)
Total	<u>852,000</u>	<u>(9,000)</u>	<u>852,000</u>	<u>(9,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2010-11 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Supplies and Materials</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Regulation	940,000	0	60,000	0
Total	<u>940,000</u>	<u>0</u>	<u>60,000</u>	<u>0</u>

<u>Program</u>	<u>Travel</u>		<u>Contractual Services</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Regulation	100,000	0	700,000	0
Total	<u>100,000</u>	<u>0</u>	<u>700,000</u>	<u>0</u>

<u>Program</u>	<u>Equipment</u>	
	<u>Amount</u>	<u>Change</u>
Regulation	80,000	0
Total	<u>80,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2010-11 RECOMMENDED
(dollars)**

<u>Program</u>	<u>Total</u>		<u>Personal Service</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	19,093,511	2,073,511	11,131,573	343,573
Consumer Services	14,668,668	1,178,668	8,677,050	(74,950)
Regulation	195,012,376	(3,776,624)	55,772,548	(1,560,452)
Total	<u>228,774,555</u>	<u>(524,445)</u>	<u>75,581,171</u>	<u>(1,291,829)</u>

<u>Program</u>	<u>Nonpersonal Service</u>		<u>Maintenance Undistributed</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Administration	7,961,938	1,729,938	0	0
Consumer Services	5,991,618	1,253,618	0	0
Regulation	59,542,539	8,799,539	79,697,289	(11,015,711)
Total	<u>73,496,095</u>	<u>11,783,095</u>	<u>79,697,289</u>	<u>(11,015,711)</u>

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**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

<u>Fund Type</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>
General Fund	79,743,000	50,000,000	(29,743,000)
Special Revenue Funds - Other	223,543,826	221,566,000	(1,977,826)
Total	<u>303,286,826</u>	<u>271,566,000</u>	<u>(31,720,826)</u>

**AID TO LOCALITIES
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

<u>Program</u>	<u>Available 2009-10</u>	<u>Recommended 2010-11</u>	<u>Change</u>
Regulation			
General Fund	79,743,000	50,000,000	(29,743,000)
Special Revenue Funds - Other	223,543,826	221,566,000	(1,977,826)
Total	<u>303,286,826</u>	<u>271,566,000</u>	<u>(31,720,826)</u>