

# **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 **\$317.4 million All Funds (\$100 million General Fund; \$217.4 million Other Funds)** for the Insurance Department. This is an increase of **\$18.2 million All Funds** (\$18 million Special Revenue Other Funds, \$150,000 Federal Funds) from the 2007-08 budget. This net change primarily reflects an initiative to fund the Department of Health's Enhanced Newborn Screening program, growth in personal services costs, and additional lease costs for office space.

The Executive Budget recommends a staffing level of **968 FTEs** for the Insurance Department, an increase of **24 FTEs** from the 2007-08 budget. The additional staff comprises new hires for administration of Timothy's Law, the Governor's "Partnership for Coverage" Initiative, and the Commission to Modernize the Regulation of Financial Services.

Major budget actions include:

- **Newborn Screening:** This program at the Department of Health performs more than 11 million tests annually for more than 40 congenital diseases and the human immunodeficiency virus (HIV) which causes Acquired Immune Deficiency Syndrome (AIDS). The tests are conducted on the quarter of a million babies born each year in the State and allow for early medical intervention to improve the health of infants born with such conditions.
- **Governor's "Partnership for Coverage":** This initiative is based on a building-block approach that ensures access to affordable, high quality medical care for New Yorkers by streamlining access and increasing enrollment in public health insurance programs like Medicaid, Child Health Plus, Family Health Plus and Healthy NY.
- **Commission to Modernize the Regulation of Financial Services:** The Commission is charged with identifying ways in which State financial regulations could be integrated, rationalized, and modified to promote economic innovation, protect consumers, and enhance New York's stature as a world financial capital.

## **INSURANCE**

The Insurance Department is funded by State tax dollars from the General Fund; 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.

The Executive Budget also includes a \$100 million General Fund appropriation for the Department to finance provisions of “Timothy’s Law” which was enacted in late 2006. Under this statute’s provisions, the State is required to fully reimburse employers with 50 or fewer employees for the costs associated with providing broad-based mental health insurance coverage.

### **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. Risk-focused examinations are being incorporated by state insurance regulators, replacing the traditional full scope financial statement verification examinations. The Department has devoted resources to areas of higher risk, where effective and efficient uses of resources are realized.

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.

With the passage of the Workers’ Compensation Reform Act of 2007, the Department is responsible for developing reforms to streamline and speed up claims processes, 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)**

<b>Category</b>	<b>Available 2007-08</b>	<b>Appropriations Recommended 2008-09</b>	<b>Change</b>	<b>Reappropriations Recommended 2008-09</b>
State Operations	300,182,000	316,337,000	16,155,000	0
Aid To Localities	0	1,036,000	1,036,000	0
Capital Projects	0	0	0	0
<b>Total</b>	<b>300,182,000</b>	<b>317,373,000</b>	<b>17,191,000</b>	<b>0</b>

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

**Full-Time Equivalent Positions (FTE)**

<b>Program</b>	<b>2007-08 Estimated FTEs 03/31/08</b>	<b>2008-09 Estimated FTEs 03/31/09</b>	<b>FTE Change</b>
Administration			
Special Revenue Funds - Other	131	131	0
Consumer Services			
Special Revenue Funds - Other	153	153	0
Regulation			
General Fund	9	12	3
Special Revenue Funds - Other	651	672	21
Total	<u>944</u>	<u>968</u>	<u>24</u>

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

<b>Fund Type</b>	<b>Available 2007-08</b>	<b>Recommended 2008-09</b>	<b>Change</b>
General Fund	101,000,000	100,000,000	(1,000,000)
Special Revenue Funds - Federal	0	150,000	150,000
Special Revenue Funds - Other	199,182,000	216,187,000	17,005,000
Total	<u>300,182,000</u>	<u>316,337,000</u>	<u>16,155,000</u>

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

<b>Program</b>	<b>Available 2007-08</b>	<b>Recommended 2008-09</b>	<b>Change</b>
Administration			
Special Revenue Funds - Other	14,864,000	14,796,000	(68,000)
Consumer Services			
Special Revenue Funds - Other	12,691,000	12,699,000	8,000
Regulation			
General Fund	101,000,000	100,000,000	(1,000,000)
Special Revenue Funds - Federal	0	150,000	150,000
Special Revenue Funds - Other	171,627,000	188,692,000	17,065,000
Total	<u>300,182,000</u>	<u>316,337,000</u>	<u>16,155,000</u>

**STATE OPERATIONS - GENERAL FUND  
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES  
2008-09 RECOMMENDED  
(dollars)**

<b>Program</b>	<b>Total</b>		<b>Personal Service Regular (Annual Salaried)</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Regulation	800,000	300,000	800,000	300,000
Total	<u>800,000</u>	<u>300,000</u>	<u>800,000</u>	<u>300,000</u>

# INSURANCE

**STATE OPERATIONS - GENERAL FUND  
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED  
APPROPRIATIONS AND CHANGES  
2008-09 RECOMMENDED  
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Regulation	99,200,000	(1,300,000)	0	(125,000)
Total	99,200,000	(1,300,000)	0	(125,000)

  

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Regulation	0	(125,000)	99,200,000	99,075,000
Total	0	(125,000)	99,200,000	99,075,000

  

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Regulation	0	(125,000)	0	(100,000,000)
Total	0	(125,000)	0	(100,000,000)

**STATE OPERATIONS - OTHER THAN GENERAL FUND  
SUMMARY OF APPROPRIATIONS AND CHANGES  
2008-09 RECOMMENDED  
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	14,796,000	(68,000)	9,158,000	13,000
Consumer Services	12,699,000	8,000	8,115,000	58,000
Regulation	188,842,000	17,215,000	52,982,000	2,135,000
Total	216,337,000	17,155,000	70,255,000	2,206,000

  

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	5,638,000	(81,000)	0	0
Consumer Services	4,584,000	(50,000)	0	0
Regulation	50,377,000	4,216,000	85,483,000	10,864,000
Total	60,599,000	4,085,000	85,483,000	10,864,000

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

Fund Type	Available 2007-08	Recommended 2008-09	Change
Special Revenue Funds - Other	0	1,036,000	1,036,000
Total	0	1,036,000	1,036,000

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

Program	Available 2007-08	Recommended 2008-09	Change
Regulation			
Special Revenue Funds - Other	0	1,036,000	1,036,000
Total	0	1,036,000	1,036,000