

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 **\$542 million All Funds** (\$542 million Other Funds) for the Insurance Department. This is an increase of **\$192 million All Funds** (\$292 million Special Revenue Other Funds, offset by a decrease of \$100 million in General Fund) from the 2008-09 budget. This change primarily reflects proposals to shift funding for Timothy's Law and certain public health programs from the General Fund to the insurance industry assessment.

The Executive Budget recommends a staffing level of **925 FTEs** for the Insurance Department, a **decrease of 12 FTEs** from the 2008-09 budget. This decrease is attributed to the impact of the statewide hiring freeze implemented by the Executive in July of 2008 and the conclusion of the Commission to Modernize the Regulation of Financial Services and the Universal Health Care Task Forces.

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. 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.

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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)

Category	Available 2008-09	Appropriations Recommended 2009-10	Change	Reappropriations Recommended 2009-10
State Operations	324,280,000	230,564,000	(93,716,000)	150,000
Aid To Localities	26,021,000	311,510,900	285,489,900	0
Capital Projects	0	0	0	0
Total	350,301,000	542,074,900	191,773,900	150,000

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

Full-Time Equivalent Positions (FTE)

Program	2008-09 Estimated FTEs 03/31/09	2009-10 Estimated FTEs 03/31/10	FTE Change
Administration			
Special Revenue Funds - Other	131	131	0
Consumer Services			
Special Revenue Funds - Other	153	153	0
Regulation			
General Fund	12	0	(12)
Special Revenue Funds - Other	641	641	0
Total	937	925	(12)

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

Fund Type	Available 2008-09	Recommended 2009-10	Change
General Fund	100,061,000	0	(100,061,000)
Special Revenue Funds - Federal	150,000	150,000	0
Special Revenue Funds - Other	224,069,000	230,414,000	6,345,000
Total	324,280,000	230,564,000	(93,716,000)
Adjustments:			
Prior Year Deficiency			
Insurance Department			
Special Revenue Funds - Other	10,000,000		
Transfer(s) From			
Insurance Department			
General Fund	(61,000)		
Special Revenue Funds - Other	(61,000)		
Special Pay Bill			
General Fund	(61,000)		
Special Revenue Funds - Other	(9,682,000)		
Transfer(s) To			
Insurance Department			
General Fund	61,000		
Special Revenue Funds - Other	61,000		
Appropriated 2008-09	<u>324,537,000</u>		

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

Program	Available 2008-09	Recommended 2009-10	Change
Administration			
Special Revenue Funds - Other	17,020,000	17,020,000	0
Consumer Services			
Special Revenue Funds - Other	13,490,000	13,490,000	0
Regulation			
General Fund	100,061,000	0	(100,061,000)
Special Revenue Funds - Federal	150,000	150,000	0
Special Revenue Funds - Other	193,559,000	199,904,000	6,345,000
Total	324,280,000	230,564,000	(93,716,000)

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES
2009-10 RECOMMENDED
(dollars)**

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Regulation	0	(861,000)	0	(861,000)
Total	<u>0</u>	<u>(861,000)</u>	<u>0</u>	<u>(861,000)</u>

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2009-10 RECOMMENDED
(dollars)**

Program	Total		Contractual Services	
	Amount	Change	Amount	Change
Regulation	0	(99,200,000)	0	(99,200,000)
Total	<u>0</u>	<u>(99,200,000)</u>	<u>0</u>	<u>(99,200,000)</u>

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**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
2009-10 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration	17,020,000	0	10,788,000	0
Consumer Services	13,490,000	0	8,752,000	0
Regulation	200,054,000	6,345,000	58,194,000	861,000
Total	<u>230,564,000</u>	<u>6,345,000</u>	<u>77,734,000</u>	<u>861,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration	6,232,000	0	0	0
Consumer Services	4,738,000	0	0	0
Regulation	51,297,000	404,000	90,563,000	5,080,000
Total	<u>62,267,000</u>	<u>404,000</u>	<u>90,563,000</u>	<u>5,080,000</u>

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

Fund Type	Available 2008-09	Recommended 2009-10	Change
Special Revenue Funds - Other	26,021,000	311,510,900	285,489,900
Total	<u>26,021,000</u>	<u>311,510,900</u>	<u>285,489,900</u>

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

Program	Available 2008-09	Recommended 2009-10	Change
Regulation			
Special Revenue Funds - Other	26,021,000	311,510,900	285,489,900
Total	<u>26,021,000</u>	<u>311,510,900</u>	<u>285,489,900</u>