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FOR IMMEDIATE RELEASE
December 2, 2009

**NEW YORK ASSESSMENTS ON INSURANCE INDUSTRY ARE IMPROPER, EXCESSIVE AND
NEGATIVELY IMPACT CONSUMERS, NYIA TO TESTIFY AT ASSEMBLY HEARING**

ALBANY, N.Y.—The New York Insurance Association, Inc. (NYIA), exposes New York State's back-door tax on the domestic insurance industry to fund programs not related to insurance.

In testimony prepared for delivery tomorrow, Dec. 3, 2009, at the Assembly Standing Committee on Insurance Legislative Public Hearing regarding the New York State Insurance Department (NYSID) budget, Marc Crow, vice president of NYIA, points out that by law 332 assessments on insurers are to be strictly used for the operations of NYSID, but for years the state has been engaging in the deceitful practice of using these assessments to fund other state agency programs.

Speaking on behalf of domestic property and casualty insurance companies in New York State, he said the majority of NYSID's budget is sub-allocated to other state agencies for programs unrelated to property and casualty insurance. The 2009-10 state budget includes nearly \$455 million in assessments on insurers with \$317 million in sub-allocations, which equates to sub-allocations constituting almost 70 percent of the assessments with a meager 30 percent being used for the intended purpose of funding the operations of NYSID.

The amount of the assessment and particularly the percentage of NYSID's budget being sub-allocated for unrelated programs have both been growing substantially during the past decade. In 2000-01 NYSID's budget was roughly \$100 million with approximately \$14 million in sub-allocations, meaning NYSID's budget has quadrupled and the amount of sub-allocations has increased by more than 22 times. The recent growth has been at a particularly alarming rate. In this past year alone the assessments on domestic insurers nearly doubled and the amount of NYSID's budget earmarked for sub-allocations nearly tripled.

"This cunning approach to pilfer additional money from businesses is merely a back-door tax increase," he said. "The 332 assessment is not a welcome mat for new businesses and discourages businesses from staying in New York. Limiting the assessment to NYSID-related expenses would go a long way toward relieving the burden on property and casualty insurers and consumers who ultimately pay the price."

The property and casualty insurance industry is a vital component of New York's economy, employing 35,000 New Yorkers and investing more than \$22 billion in New York municipal bonds.

The New York Insurance Association (NYIA[®]) is a state trade association that has represented the property and casualty insurance industry for over 125 years. For more information on NYIA, visit www.nyia.org.