



**Contact:** Cassandra Anderson  
(518) 432-4227 or (518) 312-3315

FOR IMMEDIATE RELEASE

## **NYIA SUES STATE FOR HIJACKING FUNDS**

**ALBANY, N.Y., Jan. 13, 2010**—The New York Insurance Association, Inc. (NYIA) filed suit on January 13 to stop New York State’s illegal diversion of insurance assessments to fund noninsurance programs. This practice is in clear violation of state law. The suit was filed in State Supreme Court, Albany County.

This assessment on insurers is called a 332 assessment and by law is strictly for the expenses of the New York State Insurance Department (NYSID). The state has been deviating from this law for nearly a decade and engaging in the deceitful practice of using the assessment to fund other state agency programs.

The 332 assessment has been increasingly abused over the last few years by the state through a dramatic increase in sub-allocations, which are transfers of the assessment money to other state agencies.

“The assessment increase is a financial hardship to New York domestic insurers, but what is especially galling is that the increase is being used in ways that are blatantly contrary to what the law stipulates,” Ellen Melchionni, president of NYIA said. “NYIA filed this lawsuit because the state is treating the 332 assessment as a bottomless ATM for programs that may be worthy but cannot legally be funded by this assessment. Ultimately consumers pay the price, and the state is brazenly ignoring their interests.”

The current amount of 332 assessments used illegally to fund sub-allocations is staggering. “A mere 30 percent of the assessment is properly used to cover the expenses of the department as the law requires,” Melchionni said. “In stark contrast, the remaining 70 percent is used to fund other state agencies for programs unrelated to insurance.”

The 2009-10 state budget includes nearly \$455 million in assessments on insurers with \$317 million in sub-allocations to other state agencies. 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. Since 2008 the assessments on domestic insurers nearly doubled and the amount of NYSID’s budget earmarked for sub-allocations nearly tripled.

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](http://www.nyia.org).