



Contact: Cassandra Coville
(518) 432-4227

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**NEW YORK INSURANCE ASSOCIATION BLASTS “BACK DOOR” TAXES
LEVIED ON STATE’S INSURERS IN NEWLY ENACTED BUDGET**

ALBANY, April 7, 2008 – The New York Insurance Association, Inc. (NYIA) today criticized the state legislature’s passage of the portion of the 2008 budget which hikes assessments on insurers by \$40 million, a 20 percent increase over last year.

The legislature passed this year’s agency budget bill, which includes a breakdown of appropriations and expenditures for the New York Department of Insurance on April 4.

“NYIA is shocked to see a new \$40 million back-door tax on the domestic insurance industry hidden in the budget,” said NYIA president Ellen Melchionni

She pointed out that these assessments are in addition to the mandatory 2 percent premium tax that insurers already pay to the State’s General Fund.

“The growing burden of assessments and taxes are making the Empire State an increasingly unattractive place to do business in and threaten to drive insurers from the New York market,” she said.

NYIA reported total assessments for 2008 will now be about \$340.6 million, up from \$300 million last year.

(more)

Melchionni noted that one of the biggest areas of concern is that the insurance department sub-allocates a significant portion of its budget to fund the programs of other state agencies which are not directly related to insurance, such as the Department of Health, the Department of State and the Department of Law.

She pointed out that the increase includes a \$26 million sub-allocation to aid localities without specifying what projects or programs are included.

“The Governor and the legislature treat the insurance industry as a pool of cash it can tap to fund programs that only have a tangential connection to insurance,” said Melchionni.