

Date: April 7, 2008

Article Source: Insurance Journal, www.insurancejournal.com



\$40M Assessments Irk New York Insurers

The New York Insurance Association is criticizing 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 group said.

The agency budgets passed Friday by the legislature include a breakdown of appropriations and expenditures for the New York Department of Insurance, and those figures include a "\$40 million back-door tax on the domestic insurance industry hidden in the budget," said NYIA president Ellen Melchionni.

The assessments are on top of a mandatory 2 percent premium tax that insurers already pay to the State's General Fund, the group said.

"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. The total assessments for insurers in 2008 will now be about \$340.6 million, up from \$300 million last year, she said.

Melchionni said one of the biggest areas of concern for insurers is that the insurance department 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.

The newly passed budget includes \$26 million 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," Melchionni said.

Source: New York Insurance Association