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## N.Y. Jumps Assessments On Insurers 20 Percent

An insurer trade group today assailed the New York legislature for approving an increased assessment on carriers domiciled in the state that totals \$40 million—or what the group says amounts to a 20 percent hike. “They call it an assessment, but it’s really a backdoor tax,” according to Ellen Melchionni, president of the New York Insurance Association.

She said the assessments—based on premium, and ostensibly used to fund the State Insurance Department—totaled \$300 million last year, and come in addition to a 2 percent tax on premium that goes in the state’s general fund. The assessment increase was part of a budget allocation for the Department of Insurance, which was approved Friday by the legislature.

Ms. Melchionni said one of her concerns with the assessment monies is that the Insurance Department sub-allocates a significant portion of its budget to fund other agency programs that are not insurance-related. She mentioned a \$26 million sub-allocation to aid localities, for which she said there are no specifics on what projects or programs will be covered.

Additional sub-allocations include:

- A transfer to the Department of Health of \$21.5 million for a forge-proof pharmaceutical prescription program.
- \$187 million for enhanced newborn screening programs.
- \$5 million to a cervical cancer vaccine program.
- \$10 million for a lead poisoning prevention program.
- \$2 million to fund a childhood obesity program.
- \$8 million for an immunization program.

Another \$2 million, according to Ms. Melchionni, is allotted for fire safety standards for cigarettes—an expenditure she questioned, noting that New York already requires selfextinguishing cigarettes. She also wondered why the Department of Law is due to receive \$3 million to investigate broker/insurer practices, when the investigations “have been closed.”

The assessments, she said, are “making it an unattractive place to base your company. . . Companies here are whacked extra hard.” Approval of the increase, she said, was a big surprise, because up at the state capitol in Albany, “they were talking about no New York taxes, and jump-starting our economy upstate. This is contrary to having that happen. . . They buried this in the budget.”

Ms. Melchionni noted that many companies are “courted by neighboring states, and they tout tax advantages.”

By contrast, “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,” she added.

A call to the New York Insurance Department for a reaction to Ms. Melchionni’s complaints was referred to the state budget office, which was not able to respond immediately.