



February 18, 2011

Honorable John DeFrancisco  
Room 416, CAP  
Albany, NY 12247

Honorable Herman D. Farrell Jr.  
Room 923, LOB  
Albany, NY 12248

**PROFESSIONAL  
INSURANCE  
AGENTS**

RE: 2011-12 EXECUTIVE BUDGET WITH PROPOSED CONSOLIDATION OF  
BANKING AND INSURANCE DEPARTMENTS WITH THE CONSUMER  
PROTECTION BOARD

Dear Chairmen:

Please allow me to express PIANY's appreciation to you and the governor's office for the opportunity to provide input and information regarding the Executive Budget's provisions impacting the Insurance Department and the property/casualty industry. Specifically, I would like to take this opportunity to illustrate PIANY's concerns as they relate to increased Insurance Law violation provisions in Part A, Section 55 of S.2812/A.4012.

The Executive Budget includes a proposal that has been seen in the past (most recently the 2009 Executive Budget) to increase the maximum penalties for Insurance Law violations and expand these penalties to include violations of insurance regulations. In the case of a violation of an Insurance Law provision without a specific penalty (as set out in Insurance Law Section 109(c) (1)), the current maximum fine of \$500 would increase to \$10,000. This is a 2,000 percent increase in the maximum fine.

This proposal is especially troubling for licensed agents and brokers. Increasing penalties and expanding the scope of rules that are subject to such penalties not only appears to contradict the attempts to make New York's hostile business climate more welcoming for business, but also increases putative provisions far beyond the point at which they remain commensurate with the severity of the underlying misconduct.

For these reasons, PIANY respectfully submits that these provisions of the consolidation bill should be removed. Current law already has ample provisions for penalties to ensure proper behavior and deter misconduct. Removal of these provisions would help ensure that the business climate in New York for the property/casualty industry is a hospitable one.

Very truly yours,

Donna Chiappino, President

cc: Chairman Morelle, Chairman Seward

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