

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2151

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 1997

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2151 with amendments.

Senate Bill No. 2151, as amended, includes the direct and indirect costs associated with the hiring of additional fraud investigators by the Department of Banking and Insurance in the special purpose apportionment imposed by section 2 of P.L.1995, c.156 (C.17:1C-20), a special funding mechanism of the department, notwithstanding the statutory limitation or "cap" on the total amount assessable to insurance companies under the special purpose apportionment. This will enable the department to recover from insurers in FY 1998 and subsequent fiscal years the cost for the additional fraud investigators.

The Fiscal Year 1998 appropriations bills now pending before the Legislature provide for a new, special purpose appropriation of \$2.25 million to hire 50 additional insurance fraud investigators for the Division of Insurance Fraud Prevention in the Department of Banking and Insurance.

As amended and reported, this bill is identical to Assembly Bill No. 3090 (1R) (Kramer/Blee).

COMMITTEE AMENDMENTS

The committee amended the bill to make it identical to Assembly Bill No. 3090 (1R). Specifically, the amendment requires the Commissioner of Banking and Insurance to take such action as is necessary to ensure that companies paying the special apportionment do not pass-through any amount of this apportionment to their policy holders.

FISCAL IMPACT:

This bill permits the department to assess insurers in fiscal year 1998 and each fiscal year thereafter for the direct and indirect costs of 50 additional insurance fraud investigators in the Division of Insurance Fraud Prevention.