

**Testimony by Commissioner Tom Considine
New Jersey Department of Banking and Insurance**

**SENATE BUDGET AND APPROPRIATIONS
COMMITTEE
MAY 11, 2011**

Good afternoon, Chairman Sarlo and members of the committee.

I. Introduction and Courtesies

Thank you for inviting DOBI to testify today.

Before I begin, I would first like to introduce the members of the Department's staff who are here with me today:

- Doug Wheeler, Director of Insurance
- Garret Komjathy, Director of Banking
- Tom Gallagher, Chief Financial Officer
- Joseph Brennan, Assistant Commissioner for the Bureau of Fraud Deterrence

Our top priorities this year have been: delivering the message of Governor Christie's economic development agenda; streamlining the regulatory process and cutting red tape wherever possible while maintaining consumer protection; integrating the Bureau of Fraud Deterrence into the Department; increasing our efforts in prosecuting civil insurance fraud and of course working with you, the Legislature.

I have served as Commissioner of the Department of Banking and Insurance for just more than a year and I have had the pleasure of working with many of you on various pieces of legislation.

I would like to thank you for your support of:

- **Captive Insurance** legislation that allows the formation and licensure of captive insurance companies in the state. This represents New Jersey's "Open for Business" attitude as New Jersey companies will be able to insure their risks in New Jersey;
- **The Reinsurance and Surplus Lines & Stimulus Enhancement Act** which expands opportunities in New Jersey for financially sound surplus line insurers and reinsurers. It provides incentives for surplus line carriers to domesticate and do business here and incentives for both domestic and foreign reinsurers to write business in the state;
- **The Interstate Insurance Compact**, which makes New Jersey a member of a national commission that develops standards and consumer protections for insurance products. The commission also provides prompt national review of product filings from all participating states; and

- **Mortgage Guaranty Insurance legislation**, which temporarily allows financially healthy companies offering mortgage guaranty insurance, which covers lenders for losses if a borrower defaults on a mortgage loan, to seek a waiver of some financial requirements. This benefits consumers, companies, and the housing market recovery.

I'd like to thank Senators Tom Kean Jr. and Nia Gill and Assemblyman Gary Schaer and Assemblywoman Denise Coyle for their leadership on these bills.

I look forward to continuing to work with you on promoting the growth of the State's banking, insurance and real estate industries and protecting New Jersey consumers.

II—Mission of the Department;

As you all know, DOBI's mission is to regulate the banking, insurance and real estate industries in a manner that protects and educates consumers and promotes the growth, financial stability, and efficiency of those industries.

To give you an idea of the scope of what we do, the Department licenses:

- more than 266,555 banking, insurance and real estate licensees;
- 85 state chartered banks and 19 state chartered credit unions, 97,213 real estate agents and brokers, 6,447 individual mortgage licensees, 235 check cashers, 142

money remitters, 35 pawn brokers and 27 debt adjusters; and

- regulates the conduct of more than 1,100 insurance companies.

I am pleased to report that the Department was reaccredited this past Fall by both the National Association of Insurance Commissioners (NAIC) and the Conference of State Bank Supervisors (CSBS) for a five-year period.

III – The FY 12 Budget

That brings us to the Fiscal Year 2012 budget.

As you know, DOBI is entirely funded through assessments on the businesses it regulates.

But I want to stress that just because the Department is self-funded that doesn't mean we are in any way exempt from having to cut waste and operate as efficiently as possible. That has been, and will continue to be, a top priority for me.

The Department's FY '12 proposed budget is \$62.9 million, an increase of \$1.65 million or about 2.7 percent more than the current fiscal year.

The increase represents the additional amount being dedicated toward grants for county prosecutors to

investigate and prosecute insurance fraud. This completes their funding for calendar year 2011.

The remainder of the Department's budget is flat compared to what was approved in the adjusted FY '11 Appropriations Act.

IV- Wrap-up

As I said earlier, I appreciate your support and I look forward to working with you.

I know you all strongly support the mission of the department, which I think you would agree is more important than ever in these economic times.

I am happy to take your questions.