

November 23, 1992

SUBJECT: INSURANCE

Circular Letter No.20 (1992)
November 23, 1992

To: Authorized Insurers, Fraternal Benefit Societies, Pension Funds and Retirement Systems, Charitable Annuity Societies, Accredited Reinsurers and Licensed Excess Line Brokers

Re: Notification of New Debt Collection Legislation/Penalties for Delinquent Payments

NOTIFICATION OF NEW STATE DEBT COLLECTION LEGISLATION AFFECTING ALL PAST DUE
NON-TAX DEBT OWED TO NEW YORK STATE

Recent legislation (Chapter 55 of the Laws of 1992) has granted additional powers to New York State agencies for the collection of non-tax debts owed to the State. The Law requires all debtors to be notified of certain provisions of the statute. This notice describes the major provisions of the legislation. If you have a current or outstanding debt with the State, you are strongly urged to settle this matter NOW to avoid interest and penalties which may apply to your debt as a result of this new law.

IMPORTANT PROVISIONS OF CHAPTER 55 OF THE LAWS OF 1992:

Interest and Late Payment Charges on Overdue Non-Tax Debt - State Finance Law § 18

Effective January 1, 1993 - State agencies are authorized to assess interest or late payment charges on debt and overdue by more than 30 days and may charge additional collection fees, not to exceed 22% of the debt, to cover the costs of processing, handling, and collecting debts delinquent for more than 90 days.

Referral of the Debt to the Tax Department - Tax Law § 171-f

Effective April 10, 1992 - State agencies are authorized to certify to the Commissioner of Taxation and Finance that a past-due and legally enforceable debt should be offset against those tax refunds, contracts or other State payments specified in the statute.

Authority Not to Renew - Executive Law § 32

Effective January 1, 1993 - State agencies are authorized to not renew licenses, permits, certificates of authority, etc. If a business, individual, or other entity has failed to pay fees, civil penalties, or fines assessed by the agency.

Returned Check Charge - State Finance Law § 19

Effective January 1, 1993 - State agencies are authorized to charge a returned check fee when a check is

dishonored.

The new debt collection enforcement powers provided by Chapter 55 do not supersede any provision of law or regulation or contract which provides for the imposition of interest or late payment or collection fee charges on overdue debts. All individuals, businesses and other entities are hereby put on notice that after January 1, 1993 this Department will consistently enforce both the new debt collection charges and existing penalty provisions.

Beginning January 1, 1993, interest and late payment charges will be imposed on all overdue non-tax debts collected by the Insurance Department, in accordance with Chapter 55 of the Laws of 1992. In instances where the due date is not specified by contract, statute or regulation, the due date is thirty days from the date of receipt by the debtor of a billing notice. Receipt by the debtor of a billing notice is deemed to have occurred five days after the date on the billing notice.

In addition to interest and late payment penalties, failure to make payment within ninety days of receipt of the first billing notice may result in the assessment of an additional collection fee charge, not to exceed twenty-two percent of the outstanding debt, to cover the Department's cost of processing, handling and collecting the debt. In no event can this charge exceed the agency's estimated cost of processing, handling and collecting the debt.

If you wish to avoid these measures, you must make arrangements to pay your debt in full by December 31, 1992. If you have questions regarding your debt, please contact Frank M. D'Amico, Director of Taxes and Accounts at (518) 474-8567. Please note that if you have arranged for a deferred payment plan with the Department and remain current with your payments, the provisions of this legislation will not apply to that debt.

Please acknowledge receipt of this letter and refer any questions to:

Mr. Frank M. D'Amico
Director of Taxes and Accounts
New York State Insurance Department
Governor Nelson A. Rockefeller Empire State Plaza
Agency Building # 1
Albany, New York 12257
(518) 474-8567

Very truly yours,

[SIGNATURE]

SALVATORE R. CURIALE

SUPERINTENDENT OF INSURANCE

ATTACHMENT

November 23, 1992

TO ALL AUTHORIZED INSURERS:

The Insurance Department's Bureau of Taxes and Accounts (Bureau) receives and processes the following billings, returns and payments required by the indicated section of law:

Insurance Law Section 313-	Expenses of Examination
Insurance Law Section 332-	Assessment of Departmental Operating Expenses on Domestic Insurers

Insurance Law Section 1112- Insurance Law Article 76-	Reciprocal (Retaliatory) Taxes and Fees Property/Casualty Insurance Security Fund and Public Motor Vehicle Liability Security Fund
Insurance Law Sections 9104 and 9105-	Fire Department Taxes on Foreign and Alien Insurers
Insurance Law Section 9108-	Fire Insurance Fee
Insurance Law Section 9110-	Motor Vehicle Law Enforcement Fee
Workers' Compensation Law Section 109a-	Workers' Compensation Security Fund

Within the Bureau's accounting system the capability exists to maintain separate insurer name and address information for each type of billing, return or payment. Accordingly, in order to expedite the processes involved, the Bureau should be provided with information as to whom billing and related correspondence should be addressed for each type of payment. Where applicable, an individual's title, rather than name, should be used as part of an address. Information is limited to six lines of data.

This information should be sent to:

Mr. Frank M. D'Amico
Director of Taxes and Accounts
New York State Insurance Department
Governor Nelson A. Rockefeller Empire State Plaza
Agency Building 1
Albany, New York 12257
(518) 474-8567