

Department of Insurance

Analyst: Bybee

Historical Summary

OPERATING BUDGET	FY 2020 Total App	FY 2020 Actual	FY 2021 Approp	FY 2022 Request	FY 2022 Gov Rec
BY PROGRAM					
Insurance Regulation	8,490,200	6,375,600	8,688,800	8,848,800	8,800,000
State Fire Marshal	1,275,800	987,700	1,229,000	1,275,400	1,267,700
Total:	9,766,000	7,363,300	9,917,800	10,124,200	10,067,700
BY FUND CATEGORY					
Dedicated	9,081,300	6,864,300	9,228,700	9,426,700	9,373,300
Federal	684,700	499,000	689,100	697,500	694,400
Total:	9,766,000	7,363,300	9,917,800	10,124,200	10,067,700
Percent Change:		(24.6%)	34.7%	2.1%	1.5%
BY OBJECT OF EXPENDITURE					
Personnel Costs	5,765,300	5,170,300	5,856,500	6,031,400	5,974,900
Operating Expenditures	3,808,200	2,033,200	3,933,100	3,914,900	3,914,900
Capital Outlay	192,500	159,800	128,200	177,900	177,900
Total:	9,766,000	7,363,300	9,917,800	10,124,200	10,067,700
Full-Time Positions (FTP)	71.50	71.50	71.50	71.50	71.50

Department Description

Authorized in Chapter 4, Title 41, Idaho Code, the mission of the Department of Insurance is to serve and protect Idahoans by equitably, effectively, and efficiently administering the Idaho Insurance Code and the International Fire Code. The department has two budgeted programs: the Insurance Regulation Division and the State Fire Marshal's Office. The Insurance Regulation Division consists of three bureaus overseen by a deputy director. Support services are provided by an administrative group reporting to the director, which also has the responsibility of collecting and auditing insurance premium tax returns. The responsibilities can be summarized as follows:

The Insurance Regulation Division, Company Activities Bureau monitors the financial condition of all insurance entities domiciled in the state of Idaho to assure that each complies with Idaho law, and that the financial obligations of the company to its policyholders will be met. The bureau also reviews and issues certificates of authority or eligibility to qualified insurers or self-funded healthcare plans; and licenses producers, adjusters and third party administrators.

The Insurance Regulation Division, Consumer Services Bureau researches consumer and industry complaints, and provides assistance to consumers and the insurance industry on matters involving insurance contracts and potential violations of the insurance code. This bureau investigates criminal and civil violations of insurance laws, and refers cases involving criminal or administrative violations to the Attorney General or appropriate county prosecutor. Also within this bureau is Idaho's Senior Health Insurance Benefits Advisors (SHIBA) program which provides free, unbiased information, counseling and assistance on Medicare coverage issues to Idaho's senior citizens, through a network of over 150 volunteers/partners and a help line staffed to service all Idahoans.

The Insurance Regulation Division, Market Oversight Bureau reviews filed rates and forms. The bureau meets the effective rate review standards for the individual and small group health insurance markets, retaining state-level regulatory authority. The bureau reviews and certifies that health plans meet standards as required by law, regulates title agencies, and performs market analyses and examinations of insurers and self-funded plans domiciled in Idaho.

The State Fire Marshal Division participates in and coordinates an integrated statewide system designed to protect human life from fire and explosions through fire prevention, investigation and public education activities. The program involves fire prevention activities, fire/arson investigations, code enforcement, and the operation of various statistical systems, and provides assistance to local fire agencies throughout the state.

Department of Insurance Agency Profile

Analyst: Bybee

PREMIUM TAX DISTRIBUTION

The Department of Insurance is responsible for administering and collecting a tax assessed on all insurance premiums. This tax collected from authorized insurers is in lieu of all other state and local taxes with the exception of real property tax (Section 41-405, Idaho Code).

Revenue from the premium tax is distributed to the following funds:

Insurance Refund: Used to reimburse insurers for overpayment of taxes, fines, penalties, etc.

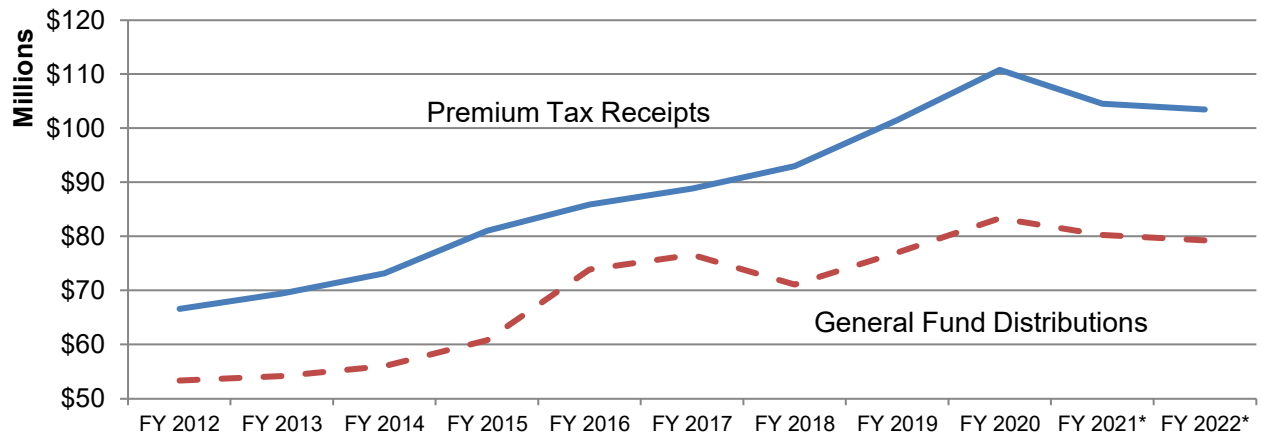
PERSI: Section 59-1394, Idaho Code, provides that at least 50% of the gross tax on fire insurance premiums is used to partially fund the firefighter retirement system. Currently, 50% of the gross tax on fire insurance is used for this purpose.

High Risk Reinsurance Pool: If premium tax revenue exceeds \$45 million after all other deductions, 25% of the excess goes into the High Risk Individual Reinsurance Pool to pay the costs associated with providing health insurance coverage to high risk individuals regardless of health status or claims experience.

General Fund: The balance of the premium tax, fines, and penalties are distributed to the General Fund.

DISTRIBUTION OF PREMIUM TAX REVENUES FY 2019 - FY 2022

	FY 2019	FY 2020	FY 2021*	FY 2022*
General Fund	\$76,969,600	\$83,338,800	\$80,257,100	\$79,235,500
Insurance Refund	\$9,618,400	\$10,315,800	\$9,903,200	\$9,903,200
Fireman's PERSI	\$4,320,900	\$4,715,100	\$2,357,600	\$2,357,600
Insurance Insolvency Fund	\$0	\$0	\$0	\$0
High Risk Reinsurance Pool	\$10,575,800	\$12,471,000	\$11,972,200	\$11,972,200
CHIP B and Access Card	\$0	\$0	\$0	\$0
Total (Premium Tax Receipts)	\$101,484,700	\$110,840,700	\$104,490,100	\$103,468,500



*Estimate based on projected revenues and expenses.

NOTE: Distributions can exceed actual revenues slightly, depending on the amount of fees collected by the agency. Section 41-401(3)(e), Idaho Code, provides that "at the beginning of each fiscal year, those moneys in the Insurance Administrative Account which exceed the current year's appropriation plus any residual encumbrances made against prior years' appropriations by twenty-five percent (25%) or more shall be transferred to the general [fund]."

Department of Insurance

Agency Profile

Analyst: Bybee

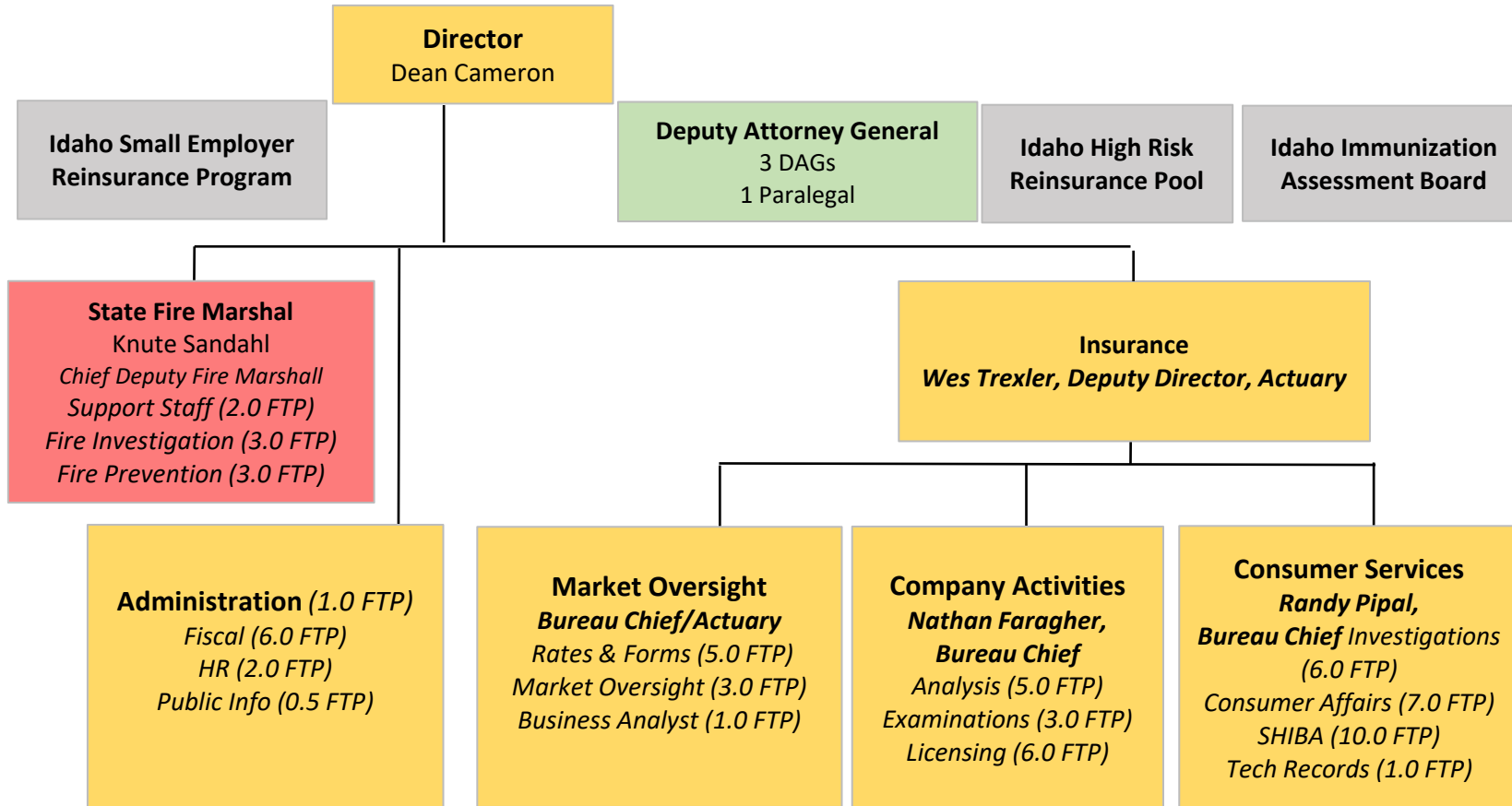
Sources/Uses of Funds	FY 2021 Original Appropriation
Self Governing Operating: Fees, licenses and miscellaneous charges assessed on the insurance industry.	\$7,999,700
Self Governing State Fire Marshal: Penalties collected as authorized by law; a portion of the continuation fee collected from insurers; other monies or revenues derived from whatever source for arson or fraud investigation or fire prevention; and interest earned on the investment of the fund.	\$1,229,000
Federal Grant: Grant funds provided by Health Care Financing Administration, U.S. Department of Health and Human Services - Cooperative Agreement Project Grant.	\$689,100
Total Appropriation	\$9,917,800

SELECTED CASE MGMT/SERVICES PROVIDED	FY 2017	FY 2018	FY 2019	FY 2020
COMPANY ACTIVITIES BUREAU				
Examinations Performed	10	6	9	5
Title Exams Performed	38	40	44	34
Companies Admitted/Listed	34	58	49	38
Companies Withdrawn/Suspended/Revoked	32	34	22	14
Total Companies Regulated	2,147	2,180	2,219	2,231
Producer Licensing				
Applications Received	22,506	27,426	26,916	27,373
Licenses Issued	20,014	24,513	23,770	27,158
PRODUCT REVIEW BUREAU				
Policy Forms Filed	24,406	29,319	28,975	24,635
CONSUMER SERVICES BUREAU				
Consumer Affairs				
Complaints Received	989	845	904	806
Inquiries	6,506	6,795	6,530	6,218
Senior Health Ins. Benefit Advisors (SHIBA)				
Client Contacts	13,369	14,983	14,492	13,207
Clilents Reached Through Media Outreach	21,051	21,485	19,749	18,977
Investigations				
New Cases	335	313	387	408
Cases Referred to Attorney General	27	22	38	30
Convictions	15	10	12	19
STATE FIRE MARSHAL				
Fire Investigations	126	106	156	192
Fire Code Inspections	480	477	382	442
Sprinkler Plan Reviews	292	432	506	536
Classes Taught	96	105	129	183

Department of Insurance Agency Profile

Analyst: Bybee

Organizational Chart



As of January 28, 2021, the department has **5.5** vacant positions.

71.5 FTP

Red Tape Reduction Act

Each agency shall incorporate into its strategic plan a summary of how it will implement the Red Tape Reduction Act, including any associated goals, objectives, tasks, or performance targets. This information may be included as an addendum.

	As of July 1, 2019	As of July 1, 2020
Number of Chapters	49	44
Number of Words	241,467	169,749
Number of Restrictions	3,358	7

Part II – Performance Measures

Performance Measure		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Goal 1						
<i>Company Activities Bureau: To efficiently ensure that insurers doing business in Idaho are financially sound and in compliance with Idaho law.</i>						
1. Complete the review of company applications within 30 days of date application is deemed complete.	actual	92%	90%	92%	90%	-----
	target	100%	100%	100%	100%	100%
2. Issue producer license within five business days of date application is received.	actual	95%	95%	95%	95%	-----
	target	90%	90%	90%	90%	90%
Goal 2						
<i>Consumer Services Bureau: To protect the public from unfair and illegal practices involving insurance by providing counseling and assistance to insurance consumers and investigating allegations of insurance code violations.</i>						
3. Complete and close consumer complaints within 60 days.	actual	90%	88%	90%	92%	-----
	target	90%	90%	90%	90%	90%
Goal 3						
<i>Product Review Bureau: To effectively review insurance policy rates and forms for compliance with Idaho law while not unduly delaying the introduction of new products to the marketplace.</i>						
4. Respond to company rates and forms filings within on average 10 business days.	actual	85%	81%	70%	81%	-----
	target	90%	90%	90%	90%	90%
Goal 4						
<i>State Fire Marshal Office: To investigate fires and assist in the prosecution of arson claims at the request of local units of government.</i>						
5. Respond to requests for fire investigation assistance within 12 hours.	actual	100%	100%	100%	100%	-----
	target	100%	100%	100%	100%	100%



State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

IDAHO DEPARTMENT OF INSURANCE

FISCAL YEARS 2017, 2018, AND 2019

Report MR28019
Date Issued: October 23, 2020

Serving Idaho's Citizen Legislature



Idaho Legislative Services Office
Legislative Audits Division

IDAHO DEPARTMENT OF INSURANCE

April Renfro, Manager

SUMMARY

PURPOSE OF MANAGEMENT REVIEW

We conducted a management review of the Idaho Department of Insurance (Department) covering the fiscal years ended June 30, 2017, 2018, and 2019. Our review covered general administrative procedures and accounting controls to determine that activities are properly recorded and reported.

The intent of this review was not to express an opinion but to provide general assurance on internal controls and to raise the awareness of management and others of any conditions and control weaknesses that may exist and offer recommendations for improvement.

CONCLUSION

We identified deficiencies in the general administrative and accounting controls of the Department.

FINDINGS AND RECOMMENDATIONS

There is one finding and recommendation in this report.

Finding 1 – Reports provided to the United States Department of Health and Human Services (HHS) for the State Health Insurance Assistance Program (SHIP) and the Medicare Improvement for Patients and Providers Act (MIPPA) program did not include evidence of a review or other internal control that would ensure the accuracy of the information provided.

The complete finding is detailed on pages 1 and 2 of this report.

PRIOR FINDINGS AND RECOMMENDATIONS

There were no findings and recommendations in the prior report.

MANAGEMENT'S VIEW

The Department has reviewed the report and is in general agreement with the contents.

FINANCIAL INFORMATION

The following fiscal year 2019 financial data is for informational purposes only.

Fund No.	Fund Title	Beginning Appropriation/ Cash Balance	Receipts/ Transfers-In	Disbursements/ Transfers-Out	Ending Appropriation/ Cash Balance
0172	Idaho Immunization Dedicated Vaccine		\$15,721,756	\$15,721,756	
0229-10	Insurance Administration	\$12,024,225	109,247,391	108,079,467	\$13,192,149
0229-11	State Fire Marshall Administration	1,881,174	922,179	961,148	1,842,205
0229-13	Individual High Risk Reinsurance Pool		10,575,822	10,575,822	
0348	Federal Grant Fund *	(35,203)	557,299	533,663	(11,567)
0349-35	Reduced Cig Ignition Propensity	455,000	16,000	2,000	469,000
0515	Insurance Refund	40,000	9,618,400	9,618,400	40,000
0520	Insurance Liquidation Trust	797,979	18,406	289	816,096
0523	Insurance Insolvency Administration	100,000			100,000
Total		\$15,263,175	\$146,677,253	\$145,492,545	\$16,447,883

* A borrowing limit of \$75,000 is available to cover delays in reimbursement of grant costs that temporarily result in negative cash balances in Federal Fund 0348.

OTHER INFORMATION

This report is intended solely for the information and use of the State of Idaho and the Idaho Department and is not intended to be used by anyone other than these specified parties.

A copy of this report and prior reports are available at <https://legislature.idaho.gov/lso/audit/management-followup/> or by calling 208-334-4832.

We appreciate the cooperation and assistance given to us by the Director, Dean L. Cameron, and his staff.

ASSIGNED STAFF

Jim Combo, CPA, CGFM, Managing Auditor
Jolene Crumley, Staff Auditor
Morgan Smith, Staff Auditor
Ben Bloom, Staff Auditor

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FINDINGS AND RECOMMENDATIONS

Finding 1 – Reports provided to the United States Department of Health and Human Services (HHS) for the State Health Insurance Assistance Program (SHIP) and the Medicare Improvement for Patients and Providers Act (MIPPA) program did not include evidence of a review or other internal control that would ensure the accuracy of the information provided.

Criteria: The Code of Federal Regulations (CFR) *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) requires the nonfederal entity to establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government, paragraph OV3.05, describes the need for proper design and implementation of controls and states that a deficiency in design exists when (1) a control necessary to meet a control objective is missing or (2) an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in implementation exists when a properly designed control is not implemented correctly in the internal control system.

Paragraph OV4.08 states that the minimum documentation requirements for internal control, including that management should develop and maintain documentation of its internal control program, and the organization's policies should include documented internal control responsibilities.

Condition: The Department receives federal funds from the HHS and is required to submit quarterly Federal Financial Reports (SF-425). We tested four quarterly reports submitted during the State fiscal years 2017, 2018, and 2019. We found the reports were all submitted timely and the information was correct; however, one employee compiles, approves, and submits the reports, without appropriate internal control procedures in place to ensure the reports were accurate and complete prior to submission to the HHS.

Cause: The Department's financial section consists of the fiscal officer and one additional employee which are qualified and capable to do the review. The additional employee was hired during the period of the review and is being trained on processing federal grants. The grant form required did not specifically refer to the required internal controls, or call for a separate person to compile, approve and submit the report which led to the Department's assumption that completing and submitting the form without an independent review was compliant.

Effect: Our testing of the reports found no errors; however, a requirement for the administration of federal grant funds is ensuring an effective internal control system over the federal award. Without the required internal control procedures in place, including a documented review, errors could occur and would go undetected in the current process.

Recommendation: We recommend that the Department design and implement procedures to ensure that staff are properly trained not only to provide for required internal controls related to review and approval of federal reports, but also for cross-training purposes to ensure accurate and timely reporting.

Management's View and Corrective Action Plan: *We acknowledge and appreciate the opportunity to improve and to be compliant with the added requirement outlined in the draft report. The DOI recognizes the importance of safeguards and even though there were no errors found in our submission, nor did the submission form request it, due to this audit we more fully appreciate the requirements as outlined and accept the finding.*

DOI has already made modifications to improve our federal reporting process. A review step has been added and will be reflected in the reporting beginning September 30, 2020. Documentation of the review will be retained in the individual grant files.

MANAGEMENT'S VIEW AND CORRECTIVE ACTION PLAN

State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE Governor	700 West State Street, 3rd Floor P.O. Box 83720 Boise, Idaho 83720-0043 Phone 208-334-4250 Fax 208-334-4398 Website: https://doi.idaho.gov	DEAN L. CAMERON Director
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September 29, 2020

April Renfro
Division Manager
Legislative Audits
Legislative Services Office
Statehouse Mail

Ms. Renfro:

Director Cameron, Deputy Director Trexler, and I have reviewed the draft report related to the Department of Insurance (DOI) Management Review for FY 2017, 2018, and 2019. The DOI would like to thank the LSO Auditors for their diligence and dedication.

We acknowledge and appreciate the opportunity to improve and to be compliant with the added requirement outlined in the draft report. The DOI recognizes the importance of safeguards and even though there were no errors found in our submission, nor did the submission form request it, due to this audit we more fully appreciate the requirements as outlined and accept the finding.

DOI has already made modifications to improve our federal reporting process. A review step has been added and will be reflected in the reporting beginning September 30, 2020. Documentation of the review will be retained in the individual grant files.

Sincerely,



Renee' L. Iverson
Fiscal Officer

Cc: Dean Cameron, Director
Weston Trexler, Deputy Director
James Combo, LSO
Jolene Crumley, LSO
Morgan Smith, LSO

APPENDIX

HISTORY

State regulation of Idaho's insurance business began in 1901. In 1961, the present Department of Insurance was created and a commissioner of insurance designated.

When the executive branch of State government was reorganized in 1974, the Department of Insurance became one of 20 major departments included under the executive branch and the title of "commissioner" was changed to "director". The director is appointed by the Governor, subject to confirmation by the State Senate.

PURPOSE

The purpose of the Department of Insurance is to administer Idaho insurance laws and regulations, to protect the interest of the public in all insurance transactions, and to provide safety and stability of insurance institutions through regulations. Other responsibilities include examining various insurance companies for financial soundness, testing and licensing agents, reviewing insurance rates and policy forms, responding to inquiries and complaints from the public and insurance industry, providing consumer information through the Senior Health Insurance Benefits Advisor (SHIBA) program, and collecting insurance premium taxes.

In 1982, the State adopted the Uniform Fire Code and established a new division within the Department of Insurance entitled Arson, Fire, and Fraud. Currently, the division is known as the State Fire Marshal. This division is charged with enforcing the fire code, promoting fire prevention, and investigating alleged cases of arson and fraud. The division coordinates and participates in an integrated statewide system designed to protect human life from fire and explosions through fire prevention and investigation of fires. The program includes fire prevention activities; arson investigations; and operation of various statistical systems, including the Idaho Fire Incident Reporting System.

As of December 31, 2019, the Department of Insurance regulates 19 domestic insurance companies and 15 self-funded health care plans. The domestic insurance companies must be examined at least once every five years. The Department also regulates 1,408 foreign insurance companies authorized to do business in Idaho. The director may accept examination reports prepared by other states that apply to foreign insurance companies doing business in more than one state. Idaho has adopted the examination procedures developed and accredited by the National Association of Insurance Commissioners (NAIC).

STATUTORY AUTHORITY

Statutory authority for the Department of Insurance is found in Idaho Code, Title 41, Chapter 2.

ORGANIZATION

The Department was authorized 76.5 full-time positions for fiscal year 2019, with additional contracts for financial examiners and actuarial services. The Department fulfills its mission and duties through two divisions: the Insurance Regulation Division and the State Fire Marshal's Office. The Insurance Regulation Division consists of three bureaus and one section overseen by

a deputy director. Support services are provided by an administrative group reporting to the Director. The responsibilities can be summarized as follows:

Administration: The Director is responsible for the overall policy direction and management of the Department of Insurance. The Director's administration group includes the Deputy Director, the Fiscal Section, a Public Information Specialist, and a Human Resource Specialist. The administration group provides oversight and support to the Insurance Division and the State Fire Marshal.

Insurance Regulation Division, Information Technology Section: This section provides computer-related support for the entire agency under the guidance of the Deputy Director.

Insurance Regulation Division, Company Activities Bureau: This bureau monitors the financial condition of all insurance entities domiciled in the state of Idaho to assure that each complies with Idaho law and that the financial obligations of the company to its policyholders will be met. The bureau reviews all applications of insurers and qualifying self-funded healthcare plans seeking to do business in this state to determine eligibility for a certificate of authority to transact insurance or eligibility for registration as a self-funded healthcare plan in Idaho. The bureau also licenses producers, adjusters and third party administrators, collects and audits insurance premium tax returns, regulates title agencies and performs market conduct analyses and examinations of insurers and self-funded plans doing business in Idaho.

Insurance Regulation Division, Consumer Services Bureau: This bureau researches consumer and industry complaints and provides assistance to consumers and the insurance industry on matters involving all types of insurance contracts, including bail, and potential violations of the insurance code. This bureau is also responsible for investigating criminal and civil violations of insurance laws, and referring cases involving criminal violations to the Attorney General or appropriate county prosecutor. Also within this bureau is Idaho's Senior Health Insurance Benefits Advisors (SHIBA) program which provides information, counseling and assistance on Medicare coverage issues to Idaho's senior citizens through a network of professional staff, over 100 volunteers and a toll-free 800 number.

Insurance Regulation Division, Product Review Bureau: This bureau reviews insurance policy and self-funded plan rates and forms. The bureau meets the effective rate review standards for the individual and small group health insurance markets, retaining state-level regulatory authority. The bureau supports the Idaho Health Insurance Exchange in fulfilling the plan management requirements, and in reviewing and certifying health plans that meet the Qualified Health Plan (QHP) standards.

State Fire Marshal Division: The State Fire Marshal's Office participates in and coordinates an integrated statewide system designed to protect human life from fire and explosions through fire prevention, investigation and public education activities. The program involves fire prevention activities, fire/arson investigations, code enforcement and the operation of various statistical systems, including the Idaho Fire Incident Reporting System. The State Fire Marshal's Office provides assistance to local fire agencies throughout the state.

FUNDING

The Department is funded by the Insurance Administration Fund and the Arson, Fire and Fraud Fund, both of which are special revenue funds. Revenues are received from insurance company continuation fees, producer and other license fees, and other miscellaneous fees.

Following is a description of the Department's funding sources and uses:

Idaho Immunization Dedicated Vaccine Fund (0172)

This fund receives payments from insurance companies based on assessments from the Idaho Immunization Assessment Board. The money received by the Department is then transferred directly to the Department of Health and Welfare to provide a supplemental funding source for the Idaho immunization program.

Insurance Administration Fund (0229-10)

This fund receives premium tax, fees, licenses, and miscellaneous charges assessed on the insurance industry. Premium taxes are transferred to the General Fund on a monthly basis. The fees, licenses, and miscellaneous charges are used for the operating expenses of the Department's Insurance Regulation Program. The amount of fund balance that exceeds the current year's appropriation by twenty-five percent (25%) or more (plus any encumbrances) is transferred to the General Fund.

State Fire Marshal Administration Fund (0229-11)

This fund receives penalties, a portion of insurers' continuation fees, and money derived from other sources for arson or fraud investigation or fire prevention. This fund is used to pay the expenses of the State Fire Marshal program including fire code enforcement, investigation of alleged cases of arson or fraud, and related alleged violations of Idaho law.

Individual High Risk Reinsurance Pool (0229-13)

This fund receives one-fourth (25%) of the excess amount over \$45 million that remains from insurance premium tax revenues after all statutory deductions have been made. The money is then used to pay the costs associated with providing health insurance coverage to high risk individuals regardless of health status or claims experience. Idaho Code authorizing transfers to this fund sunsetted on October 1, 2015 but was reinstated effective July 1, 2017.

Federal Grant Fund (0348)

Federal funds include the State Health Insurance Assistance Program (SHIP) and the Medicare Improvement for Patients and Providers (MIPPA) grants used to partially pay expenses related to advising senior citizens who have health insurance questions at State fairs and medical conferences. The expenses include payroll costs, travel, and other miscellaneous expenses.

Reduced Cigarette Ignition Propensity and Firefighter Protection Act Fund (0349-35)

Cigarette brand certification fees established under §39-8904, Idaho Code are collected to support processing, testing, enforcement and oversight activities.

Insurance Refund Fund (0515)

This fund receives up to twenty percent (20%) of premium taxes, fines, and penalties collected. The money is used to repay overpayments of premium taxes, fines, penalties, or other erroneous receipts. The balance in the fund in excess of \$40,000 is transferred to the General Fund at the end of each fiscal year.

Insurance Liquidation Trust Fund (0520)

This fund receives the monetary assets of an insurer being liquidated. Individual accounts are established for each company in liquidation. Funds are used to liquidate the assets and pay claims for an insurer under the general supervision of the court. These funds are not State money.

Insurance Insolvency Administration Fund (0523)

This fund receives that portion of premium taxes necessary to cover administrative costs incurred when insurance companies are placed in receivership, to the extent that such costs cannot be satisfied from the assets of the companies. The funds are used to pay administrative expenses (not to exceed \$200,000 in any fiscal year) incurred by the Department in discharging its duties in rehabilitating or liquidating insurance companies where assets of such companies have been totally exhausted. A minimum balance of \$100,000 is maintained in this fund as of June 30 each year.

Insurance, Department of

FY 2020 Actual Expenditures by Division

Analyst: Bybee

		FTP	PC	OE	CO	T/B	LS	Total
0.30 FY 2020 Original Appropriation								
0229-10	Ded	57.65	4,663,300	3,068,100	83,000	0	0	7,814,400
0229-11	Ded	10.00	825,900	342,000	109,500	0	0	1,277,400
0348-00	Fed	3.85	287,100	398,100	0	0	0	685,200
Totals:		71.50	5,776,300	3,808,200	192,500	0	0	9,777,000
0.44 Rescissions								
0229-10	Ded	0.00	(8,900)	0	0	0	0	(8,900)
0229-11	Ded	0.00	(1,600)	0	0	0	0	(1,600)
0348-00	Fed	0.00	(500)	0	0	0	0	(500)
Totals:		0.00	(11,000)	0	0	0	0	(11,000)
1.00 FY 2020 Total Appropriation								
0229-10	Ded	57.65	4,654,400	3,068,100	83,000	0	0	7,805,500
0229-11	Ded	10.00	824,300	342,000	109,500	0	0	1,275,800
0348-00	Fed	3.85	286,600	398,100	0	0	0	684,700
Totals:		71.50	5,765,300	3,808,200	192,500	0	0	9,766,000
1.21 Net Object Transfer								
0229-10	Ded	0.00	0	(30,000)	30,000	0	0	0
Totals:		0.00	0	(30,000)	30,000	0	0	0
1.41 Receipt to Appropriation								
0229-11	Ded	0.00	0	0	11,800	0	0	11,800
Totals:		0.00	0	0	11,800	0	0	11,800
1.61 Reverted Appropriation								
0229-10	Ded	0.00	(524,000)	(1,352,400)	(52,500)	0	0	(1,928,900)
0229-11	Ded	0.00	(64,900)	(213,000)	(22,000)	0	0	(299,900)
0348-00	Fed	0.00	(6,100)	(179,600)	0	0	0	(185,700)
Totals:		0.00	(595,000)	(1,745,000)	(74,500)	0	0	(2,414,500)
2.00 FY 2020 Actual Expenditures								
0229-10	Ded	57.65	4,130,400	1,685,700	60,500	0	0	5,876,600
Insurance Administrative			4,130,400	1,685,700	60,500	0	0	5,876,600
0229-11	Ded	10.00	759,400	129,000	99,300	0	0	987,700
Arson, Fire and Fraud Prevention			759,400	129,000	99,300	0	0	987,700
0348-00	Fed	3.85	280,500	218,500	0	0	0	499,000
Federal Grant			280,500	218,500	0	0	0	499,000
Totals:		71.50	5,170,300	2,033,200	159,800	0	0	7,363,300
Difference: Actual Expenditures minus Total Appropriation								
0229-10	Ded		(524,000)	(1,382,400)	(22,500)	0	0	(1,928,900)
Insurance Administrative			(11.3%)	(45.1%)	(27.1%)	N/A	N/A	(24.7%)
0229-11	Ded		(64,900)	(213,000)	(10,200)	0	0	(288,100)
Arson, Fire and Fraud Prevention			(7.9%)	(62.3%)	(9.3%)	N/A	N/A	(22.6%)
0348-00	Fed		(6,100)	(179,600)	0	0	0	(185,700)
Federal Grant			(2.1%)	(45.1%)	N/A	N/A	N/A	(27.1%)
Difference From Total Approp			(595,000)	(1,775,000)	(32,700)	0	0	(2,402,700)
Percent Diff From Total Approp			(10.3%)	(46.6%)	(17.0%)	N/A	N/A	(24.6%)

Department of Insurance

Analyst: Bybee

Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2021 Original Appropriation	71.50	0	9,917,800	71.50	0	9,917,800
Expenditure Adjustments	0.00	0	23,200	0.00	0	23,200
FY 2021 Estimated Expenditures	71.50	0	9,941,000	71.50	0	9,941,000
Removal of Onetime Expenditures	0.00	0	(171,200)	0.00	0	(171,200)
FY 2022 Base	71.50	0	9,769,800	71.50	0	9,769,800
Benefit Costs	0.00	0	124,600	0.00	0	19,100
Replacement Items	0.00	0	177,900	0.00	0	177,900
Statewide Cost Allocation	0.00	0	1,600	0.00	0	1,600
Change in Employee Compensation	0.00	0	50,300	0.00	0	99,300
FY 2022 Total	71.50	0	10,124,200	71.50	0	10,067,700
Change from Original Appropriation	0.00	0	206,400	0.00	0	149,900
% Change from Original Appropriation			2.1%			1.5%

Department of Insurance

Analyst: Bybee

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2021 Original Appropriation					
The Legislature funded no line items for FY 2021.					
	71.50	0	9,228,700	689,100	9,917,800

Expenditure Adjustments

This adjustment is from proceeds from surplus pickup trucks sold to a local fire district.

Agency Request	0.00	0	23,200	0	23,200
Governor's Recommendation	0.00	0	23,200	0	23,200

FY 2021 Estimated Expenditures					
Agency Request	71.50	0	9,251,900	689,100	9,941,000
Governor's Recommendation	71.50	0	9,251,900	689,100	9,941,000

Removal of Onetime Expenditures

Removes onetime funding for statewide servers and licensing at the Office of Information Technology Services (\$19,800); and replacement items which included funding for two servers, 17 personal computers, eight laptops, one Chromebook, three laptop/tablets, 40 monitors, four laptop docking stations, one network printer, three label printers, three printers, three desktop scanners, 18 conference room chairs, and five task chairs in the Insurance Regulation Program; and one light truck, three laptop/tablet computers, three laptop docking stations, six monitors, one desktop printer, and proceeds from surplus pickup trucks sold to a local fire district in the State Fire Marshal Program.

Agency Request	0.00	0	(171,200)	0	(171,200)
Governor's Recommendation	0.00	0	(171,200)	0	(171,200)

FY 2022 Base					
Agency Request	71.50	0	9,080,700	689,100	9,769,800
Governor's Recommendation	71.50	0	9,080,700	689,100	9,769,800

Benefit Costs

Employer-paid benefit changes include an 11% increase (or \$1,280 per eligible FTP) for health insurance, bringing the total appropriation to \$12,930 per FTP. Also included is a restoration of the unemployment insurance rate, a partial restoration of the unused sick leave rate, and adjustments to workers' compensation that vary by agency.

Agency Request	0.00	0	118,700	5,900	124,600
<i>The Governor recommends no increase for health insurance due to fewer claims than expected and a one-year holiday for employers who contribute to the PERSI-managed sick leave plan.</i>					
Governor's Recommendation	0.00	0	18,300	800	19,100

Replacement Items

This request for replacement items includes one half-ton pickup with shell, slide out bed appliance and markings; 13 desktop computers; 23 laptop computers; 24 docking stations; 66 monitors; three 2-in-1 laptop tablet computers; 13 desktop printers; five label printers; three network printers; two routers; one router/switch combo; two switches; nine scanners; five task chairs, and five WIFI hot spots by program as follows.

INSURANCE REGULATION: 12 desktop computers for \$10,800; 23 laptop computers for \$41,400; 21 docking stations for \$4,200; 56 monitors for \$16,800; 13 desktop printers for \$5,200; five label printers for \$1,500; one network printer for \$9,000; two routers for \$1,600; two switches for \$4,000; eight scanners for \$4,000; five task chairs for \$3,000; and five WIFI hot spots for \$4,500, for a total of \$106,000.

STATE FIRE MARSHAL: One half-ton pickup with shell, slide out bed, appliance, and markings for \$40,100; one desktop computers for \$1,500; three docking stations for \$600; ten monitors for \$3,000; three 2-in-1 laptop tablet computers for \$7,200; two network printers for \$18,000; one router/switch combo for \$1,000; and one desktop scanner for \$500, for a total of \$71,900.

Agency Request	0.00	0	177,900	0	177,900
Governor's Recommendation	0.00	0	177,900	0	177,900

Department of Insurance

Analyst: Bybee

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Statewide Cost Allocation					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$5,200, risk management costs will decrease by \$9,700, State Controller fees will decrease by \$400, State Treasurer fees will decrease by \$100, and Office of Information Technology Services billings will increase by \$17,000, for a net increase of \$1,600.					
Agency Request	0.00	0	1,600	0	1,600
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>1,600</i>	<i>0</i>	<i>1,600</i>
Change in Employee Compensation					
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.					
Agency Request	0.00	0	47,800	2,500	50,300
<i>The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.</i>					
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>94,800</i>	<i>4,500</i>	<i>99,300</i>
FY 2022 Total					
Agency Request	71.50	0	9,426,700	697,500	10,124,200
<i>Governor's Recommendation</i>	<i>71.50</i>	<i>0</i>	<i>9,373,300</i>	<i>694,400</i>	<i>10,067,700</i>
Agency Request					
Change from Original App	0.00	0	198,000	8,400	206,400
% Change from Original App	0.0%		2.1%	1.2%	2.1%
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>0.00</i>	<i>0</i>	<i>144,600</i>	<i>5,300</i>	<i>149,900</i>
<i>% Change from Original App</i>	<i>0.0%</i>		<i>1.6%</i>	<i>0.8%</i>	<i>1.5%</i>