

Louisiana Senate Finance Committee



FY18 Executive Budget

04-165 – Dept. of Insurance

May 2017

Sen. John A. Alario, Jr., President

Sen. Eric LaFleur, Chairman

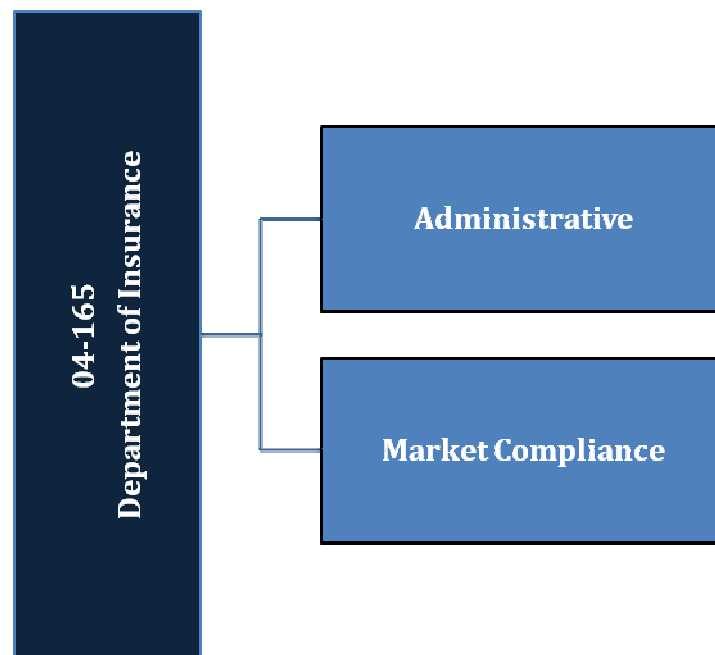




FY18 Executive Budget

Schedule 04-165 — Department of Insurance

Departmental mission — The mission of the Louisiana Department of Insurance is to regulate the insurance industry in the state (licensing of producers, insurance adjusters, public adjusters, and insurers), and to serve as an advocate for the state's insurance consumers.





Department of Insurance

FY16, FY17, and FY18 Comparison

Total Funding — All Means of Finance

Total Funding	FY16 Actual	FY17 Enacted	FY17 EOB as of 12-1-16	FY18 Recommended	FY18 Re-engrossed HB1	Difference FY18 Re-engrossed HB1 vs. FY17 EOB as of 12-1-16
Preamble	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative	\$ 10,908,184	\$ 12,005,490	\$ 12,005,490	\$ 12,049,833	\$ 12,049,833	\$ 44,343
Compliance	\$ 17,360,521	\$ 19,356,768	\$ 19,356,768	\$ 18,912,494	\$ 18,912,494	\$ (444,274)
TOTAL	\$ 28,268,705	\$ 31,362,258	\$ 31,362,258	\$ 30,962,327	\$ 30,962,327	\$ (399,931)
Total Authorized FTEs	225	225	225	222	222	(3)

EOB March 2017	FY18 Re-engrossed HB1	Difference
\$ 30,176,707	\$ 30,962,327	\$ 785,620
225	222	(3)

Total State Effort — State General Fund, Dedicated Funds, and Fees and Self-generated Revenue

FY17 EOB as of 12-1-16	FY17 EOB as of March 2017 (Includes Attrition Adjustment)	Difference	FY18 Recommended	Difference	FY18 Re-engrossed HB1	Difference	Difference
TOTAL STATE EFFORT	TOTAL STATE EFFORT	EOB 12-1-16 vs. EOB March 2017	TOTAL STATE EFFORT	EOB March 2017 vs. FY18 Recommended	TOTAL STATE EFFORT	EOB March 2017 vs. FY18 Re-engrossed	FY18 Recommended vs. FY18 Re-engrossed
\$ 30,052,442	\$ 28,866,891	\$ (1,185,551)	\$ 30,246,321	\$ 1,379,430	\$ 30,246,321	\$ 1,379,430	\$ -

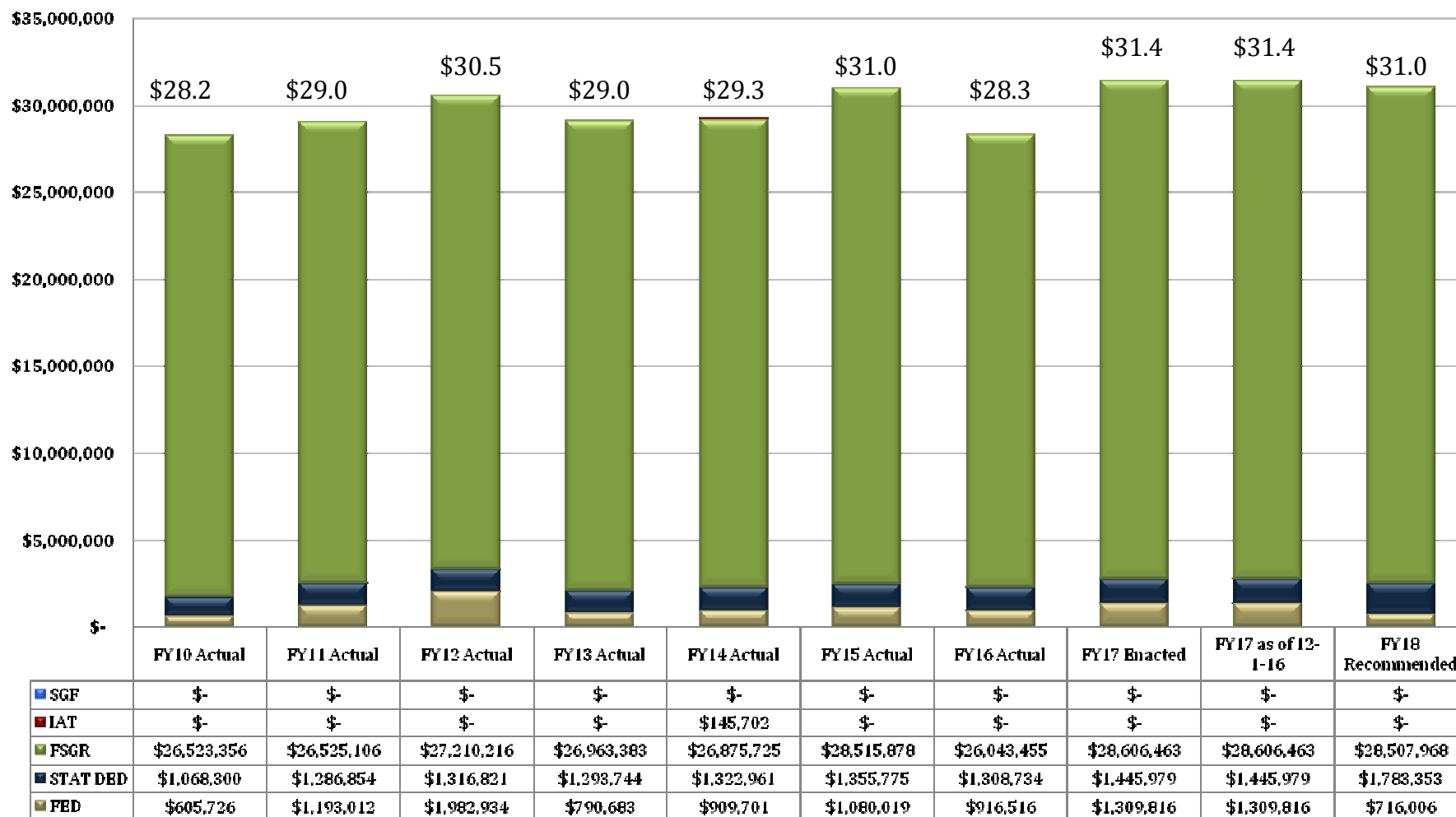


Department of Insurance

Changes in Funding since FY10

**Total Budget by Fiscal Year and Means of Finance
(in \$ millions)**

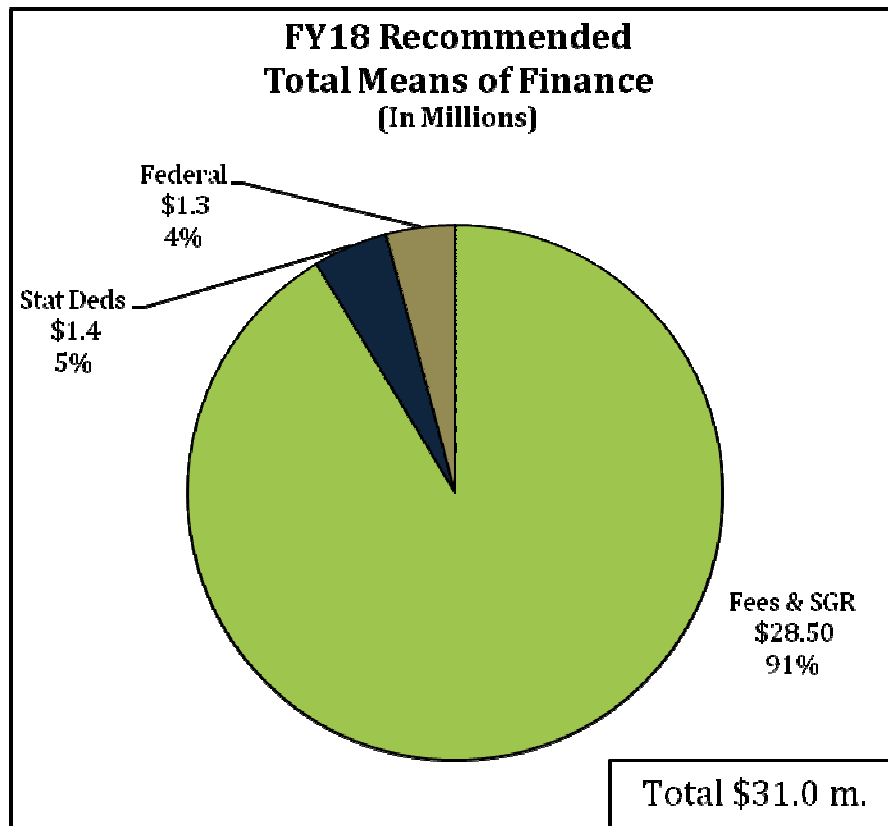
Change from FY10 to FY18 is +9.9%.





Department of Insurance

FY18 Recommended Means of Finance



Non-SGF Sources of Funding:

Non-SGF means of finance in the department include **Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds.**

Fees and Self-generated Revenues are derived from various fees and licenses authorized by R.S. 22 and the Louisiana Insurance Rating Commission assessment authorized by R.S. 22:1419.

The **Statutory Dedications** are funded by the Insurance Fraud Investigation Fund (S) from assessments on various insurance policies written in the state; the Administrative Fund (S) (Health Insurance Portability Administrative Act) comprised of penalties and an assessment not to exceed .0005 of the amount of premiums received in this state by health insurers during the preceding year ending December 31; the Automobile Theft and Insurance Fraud Prevention Authority Fund (S); and the Insurance Fraud Investigation Fund (S) from assessments on various policies written in Louisiana.

Federal Funds are derived from the State Health Insurance Assistance Program and the Office of Consumer Information and Insurance Oversight, Section 2794 of the Public Health Service Act (Per Section 1003 of the Affordable Care Act)(CFDA 93.511) - Health Insurance Premium Review.



Department of Insurance Dedicated Funds FY16, FY17, and FY18

Dedicated Funds	Source of Funding	FY16 Actual	FY17 Enacted	FY18 Recommended
Administrative Fund - Department of Insurance	Insurance premium taxes	\$709,227	\$749,989	\$948,601
Auto. Theft and Insurance Fraud Prev. Auth. Fund	Settlements and judgments related to fraud cases	\$131,024	\$189,982	\$227,000
Insurance Fraud Investigation Fund	Insurance premium taxes	\$468,483	\$506,008	\$562,752
TOTALS		\$1,308,734	\$1,445,979	\$1,738,353

Dedicated Funds used to solve FY17 Mid-Year Deficits — Includes December and February Adjustments

Dedicated Fund	Amount
Administrative Fund (November)	(\$37,499)
Insurance Fraud Investigation Fund (November)	(\$25,300)
Automobile Theft and Insurance Fraud Prevention Authority Fund (November)	(\$9,499)



Department of Insurance Expenditures

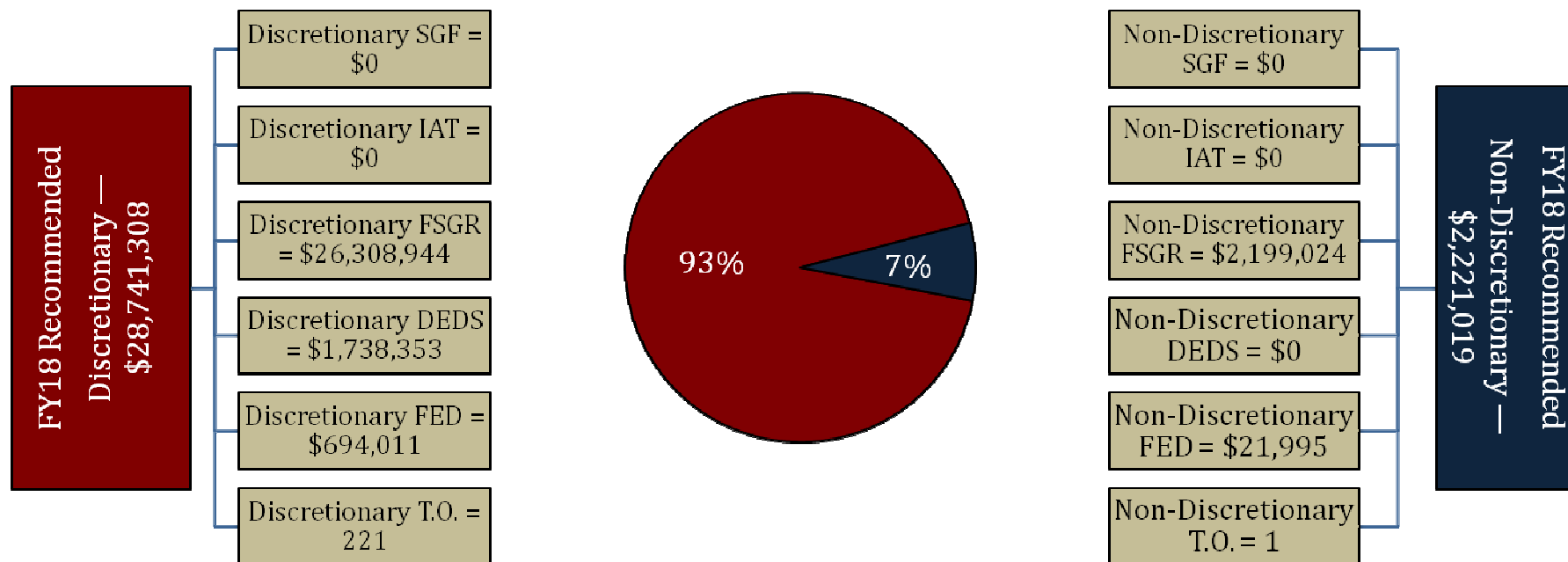
FY16, FY17, and FY18

Expenditure Category	FY16 Actual	FY17 Enacted	FY18 Recommended	Percent Change FY17 Enacted vs. FY18 Recommended
Personal Services:	\$21,626,448	\$22,432,243	\$21,975,180	(2.0)
Salaries	\$13,851,505	\$13,908,562	\$13,899,579	(0.1)
Other Compensation	\$221,196	\$279,128	\$214,942	(23.0)
Related Benefits	\$7,553,747	\$8,244,553	\$7,860,659	(4.7)
Operating Expenses:	\$2,204,063	\$2,542,176	\$2,556,701	0.6
Travel	\$167,026	\$242,312	\$242,312	-
Operating Services	\$1,924,044	\$2,156,438	\$2,170,963	0.7
Supplies	\$112,993	\$143,426	\$143,426	-
Professional Services	\$2,112,899	\$3,572,119	\$3,588,387	0.5
Other Charges:	\$1,866,961	\$2,272,144	\$2,298,483	1.2
Other Charges	\$131,024	\$189,982	\$227,000	19.5
Debt Service	\$0	\$0	\$0	-
Interagency Transfers	\$1,735,937	\$2,082,162	\$2,071,483	(0.5)
Acquisitions & Major Repairs:	\$458,334	\$543,576	\$543,576	-
Acquisitions	\$458,334	\$543,576	\$543,576	-
Major Repairs	\$0	\$0	\$0	-
Total Expenditures	\$28,268,705	\$31,362,258	\$30,962,327	(1.3)



Department of Insurance

FY18 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office			
Administrative	\$	10,746,810	37%
Market Compliance	\$	17,994,498	63%
Total Discretionary	\$	28,741,308	100%

Total Non-Discretionary Funding by Type			
Constitutional Requirements	\$	125,189	6%
Unavoidable Obligations	\$	2,095,830	94%
Total Non-Discretionary	\$	2,221,019	100%

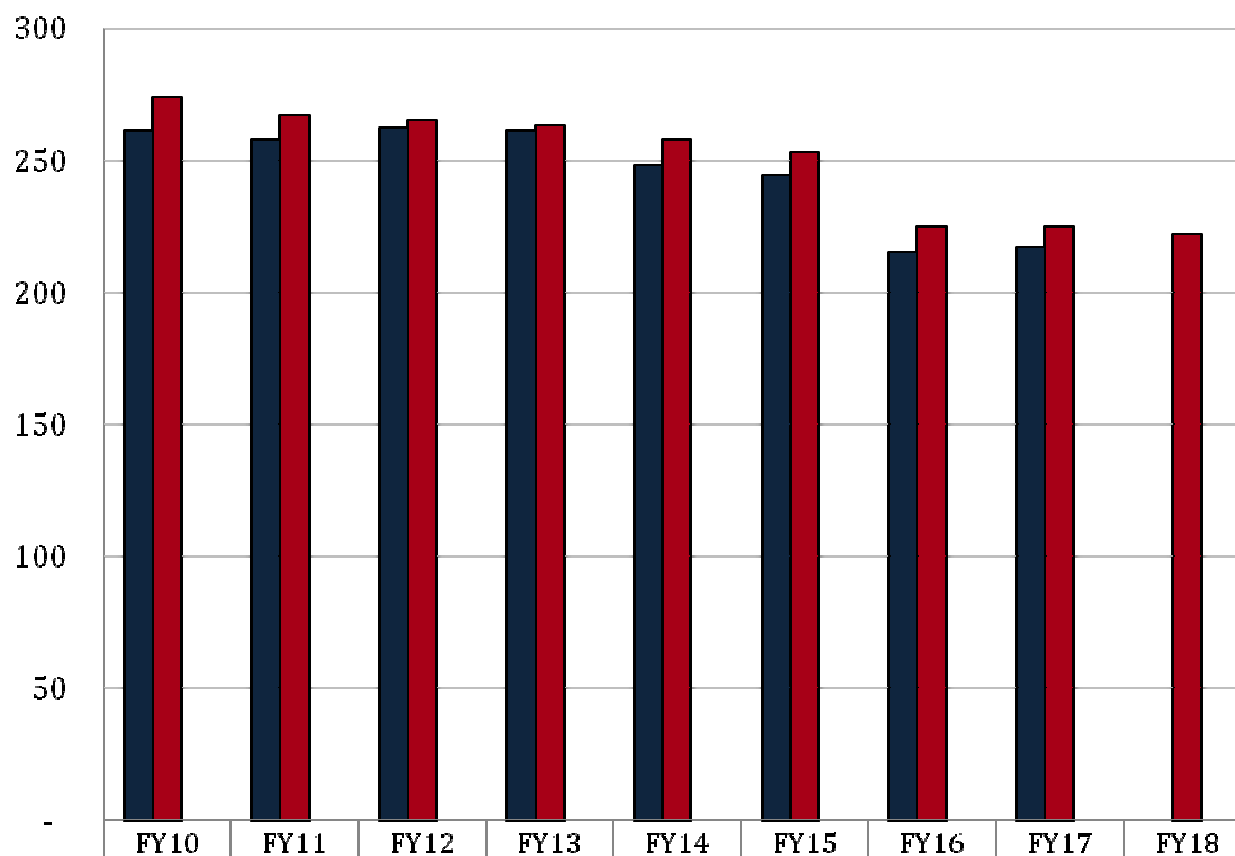
Constitutional Requirements = Salary and related benefits of the commissioner.

Unavoidable Obligations = Retirees Group Insurance; Maintenance in State-owned Buildings; and Legislative Auditor Fees.



Department of Insurance

FTEs, Authorized Positions, and Other Charges Positions



■ Total FTEs (as of July 1 of each fiscal year)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
■ Total Authorized Positions (Enacted)	261	258	262	261	248	244	215	217	-
■ Authorized Other Charges Positions	274	267	265	263	258	253	225	225	222
	-	-	-	-	-	-	-	-	-

Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

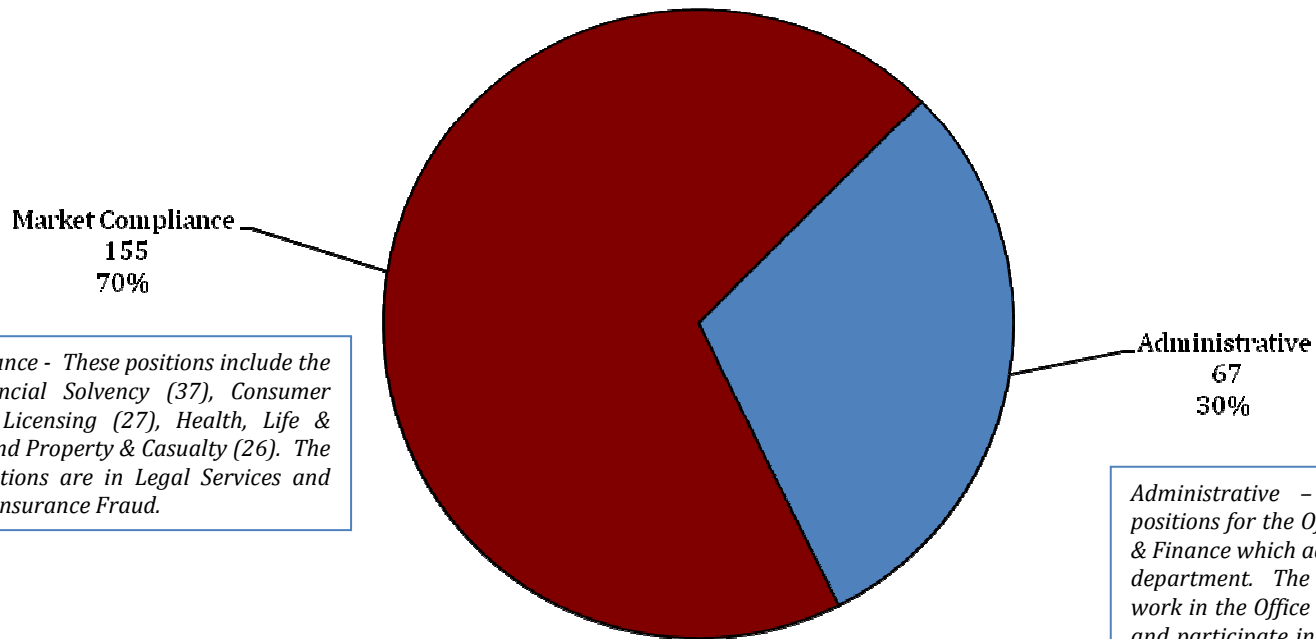
Data for Total Authorized Positions uses fiscal year enacted levels, except for FY18 Recommended.

Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Department of Insurance

FY18 Recommended Total Authorized Positions by Agency



Market Compliance - These positions include the Office of Financial Solvency (37), Consumer Services (22), Licensing (27), Health, Life & Annuity (20), and Property & Casualty (26). The remaining positions are in Legal Services and the Division of Insurance Fraud.

Administrative - This includes 42 positions for the Office of Management & Finance which administers the entire department. The remaining positions work in the Office of the Commissioner and participate in overall support and regulatory oversight.

Dept. of Insurance	
Administrative	67
Market Compliance	155



Department of Insurance

Total Statewide Adjustments for FY18

04G_INSU Commissioner of Insurance ADJUSTMENTS TO EXISTING OPERATING BUDGET Recommended								
GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
\$0	\$0	\$28,606,463	\$1,445,979	\$0	\$1,309,816	\$31,362,258	225	Existing Oper Budget as of 12/01/16
A. STATEWIDE STANDARDS								
\$0	\$0	\$35,257	\$1,907	\$0	\$0	\$37,164	0	Civil Service Training Series
\$0	\$0	(\$539,336)	(\$25,630)	\$0	\$0	(\$564,966)	0	Related Benefits Base Adjustment
\$0	\$0	\$264,278	\$13,168	\$0	\$0	\$277,446	0	Retirement Rate Adjustment
\$0	\$0	\$246,066	\$12,647	\$0	\$0	\$258,713	0	Salary Base Adjustment
\$0	\$0	(\$393,649)	\$0	\$0	\$0	(\$393,649)	0	Attrition Adjustment
\$0	\$0	\$0	\$0	\$0	\$0	\$0	(3)	Personnel Reductions
\$0	\$0	\$543,576	\$0	\$0	\$0	\$543,576	0	Acquisitions & Major Repairs
\$0	\$0	(\$543,576)	\$0	\$0	\$0	(\$543,576)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$0	(\$71,351)	\$0	\$0	\$0	(\$71,351)	0	Risk Management
\$0	\$0	\$23,635	\$0	\$0	\$0	\$23,635	0	Legislative Auditor Fees
\$0	\$0	(\$25,154)	\$0	\$0	\$0	(\$25,154)	0	Maintenance in State-Owned Buildings
\$0	\$0	\$1,147	\$0	\$0	\$0	\$1,147	0	Capitol Park Security
\$0	\$0	(\$1,149)	\$0	\$0	\$0	(\$1,149)	0	UPS Fees
\$0	\$0	\$4,564	\$0	\$0	\$0	\$4,564	0	Civil Service Fees
\$0	\$0	\$6,617	\$0	\$0	\$0	\$6,617	0	State Treasury Fees
\$0	\$0	\$3,961	\$0	\$0	\$0	\$3,961	0	Office of Technology Services (OTS)
\$0	\$0	\$78,200	\$0	\$0	\$0	\$78,200	0	Administrative Law Judges
\$0	\$0	(\$31,149)	\$0	\$0	\$0	(\$31,149)	0	Office of State Procurement
\$0	\$0	\$340,407	\$0	\$0	(\$340,407)	\$0	0	TOTAL MEANS OF FINANCING SUB ADJUSTMENT
\$0	\$0	\$0	\$0	\$0	(\$253,403)	(\$253,403)	0	TOTAL NON-RECURRING OTHER ADJUSTMENT



Department of Insurance

Total Statewide Adjustments for FY18

04G_INSU
Commissioner of Insurance
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
A. STATEWIDE STANDARDS								
\$0	\$0	(\$40,839)	\$290,282	\$0	\$0	\$249,443	0	TOTAL OTHER ADJUSTMENTS ADJUSTMENT
\$0	\$0	\$28,507,968	\$1,738,353	\$0	\$716,006	\$30,962,327	222	Total Budget
\$0	\$0	(\$98,495)	\$292,374	\$0	(\$593,810)	(\$399,931)	(3)	Total Adjustments



Department of Insurance Significant Increases for FY18

Increase	Source	T.O.	Agency	Description
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Department of Insurance Significant Decreases for FY18

Decrease	Source	T.O.	Agency	Description
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Department of Insurance

Significant Means of Financing Substitutions for FY18

MOF Swap	Source	T.O.	Agency	Description
(\$340,407)	Federal	0	Dept. of Insurance	A means of financing substitution reducing \$340,407 in Federal funding and increasing Fees and Self-generated Revenues for the Health Premium Rate Review Program. The Federal grant funding for this program expired on September 30, 2016. This adjustment provides a funding mechanism to cover the ongoing costs associated with the Health Premium Rate Review process.
\$340,407	Fees & Self-generated Revenue	0	Dept. of Insurance	A means of financing substitution reducing \$340,407 in Federal funding and increasing Fees and Self-generated Revenues for the Health Premium Rate Review Program. The Federal grant funding for this program expired on September 30, 2016. This adjustment provides a funding mechanism to cover the ongoing costs associated with the Health Premium Rate Review process.
(\$253,264)	Fees & Self-generated Revenue	0	Dept. of Insurance	A means of financing substitution reducing \$253,264 in Fees and Self-generated Revenues and increasing Statutory Dedications out of the Insurance Fraud Investigation Fund (\$56,072) and out of the Administrative Fund (\$197,192). This will maximize the reversion of Fees and Self-generated Revenues to the State General Fund at the end of the fiscal year.
\$253,264	Statutory Dedications	0	Dept. of Insurance	A means of financing substitution reducing \$253,264 in Fees and Self-generated Revenues and increasing Statutory Dedications out of the Insurance Fraud Investigation Fund (\$56,072) and out of the Administrative Fund (\$197,192). This will maximize the reversion of Fees and Self-generated Revenues to the State General Fund at the end of the fiscal year.



Department of Insurance

Changes from FY18 Recommended to FY18 Re-engrossed

Changes from FY18 Recommended to FY18 Re- engrossed	Source	T.O.	Agency	Description
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