



Louisiana Senate Finance Committee



FY19 Executive Budget

04-165 – Department of Insurance

April 2018

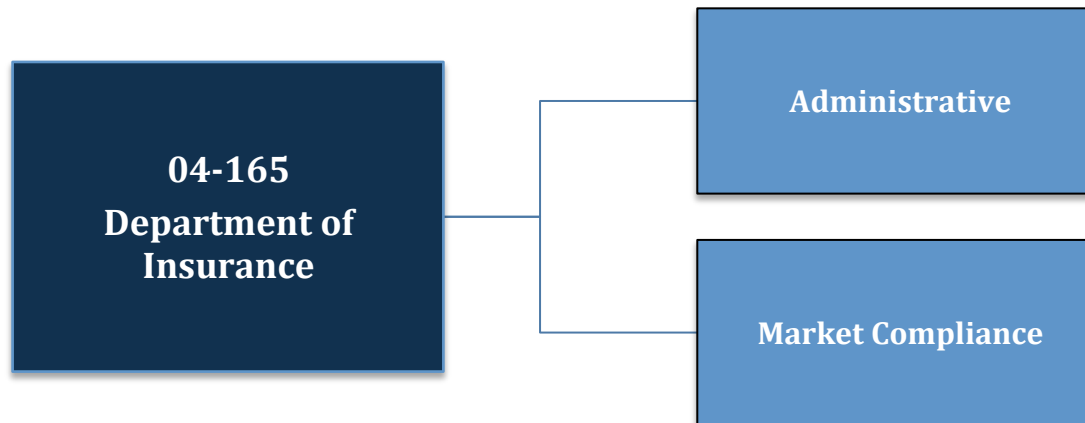
Sen. John A. Alario, President
Sen. Eric LaFleur, Chairman



FY19 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

FY17, FY18, and FY19 Comparison

Total Funding — All Means of Finance

Total Funding	FY17 Actual	FY18 Enacted	FY18 EOB as of 12-1-17	FY19 Recommended	<i>Difference FY18 EOB HB1 vs. FY19 Recommended</i>
Administrative	\$ 11,052,730	\$ 12,090,727	\$ 12,092,084	\$ 12,539,115	\$ 447,031
Compliance	\$ 17,694,151	\$ 19,003,516	\$ 19,021,259	\$ 19,339,090	\$ 317,831
TOTAL	\$ 28,746,881	\$ 31,094,243	\$ 31,113,343	\$ 31,878,205	\$ 764,862
Total Authorized FTEs	225	222	222	222	-

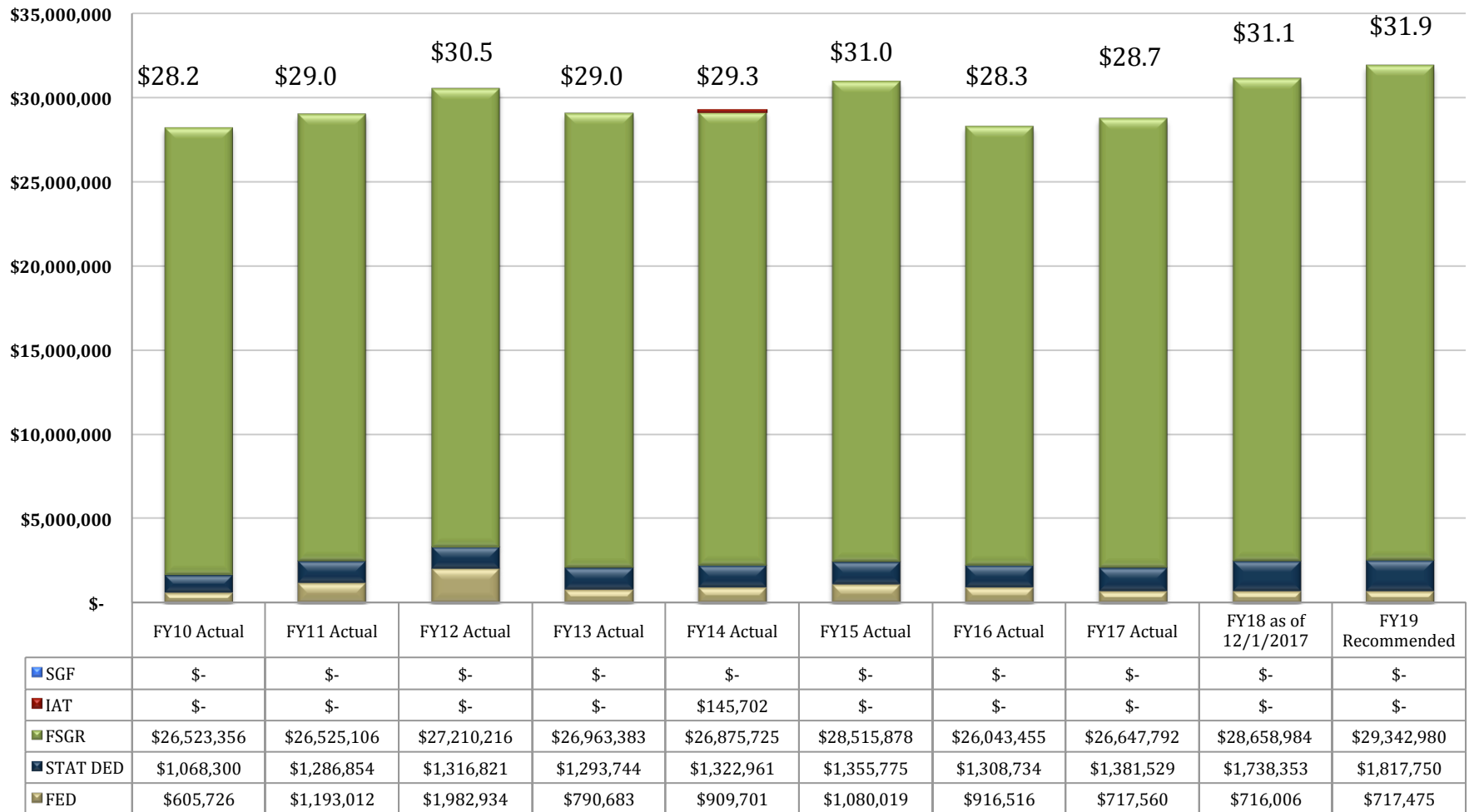


Department of Insurance

Changes in Funding since FY10

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

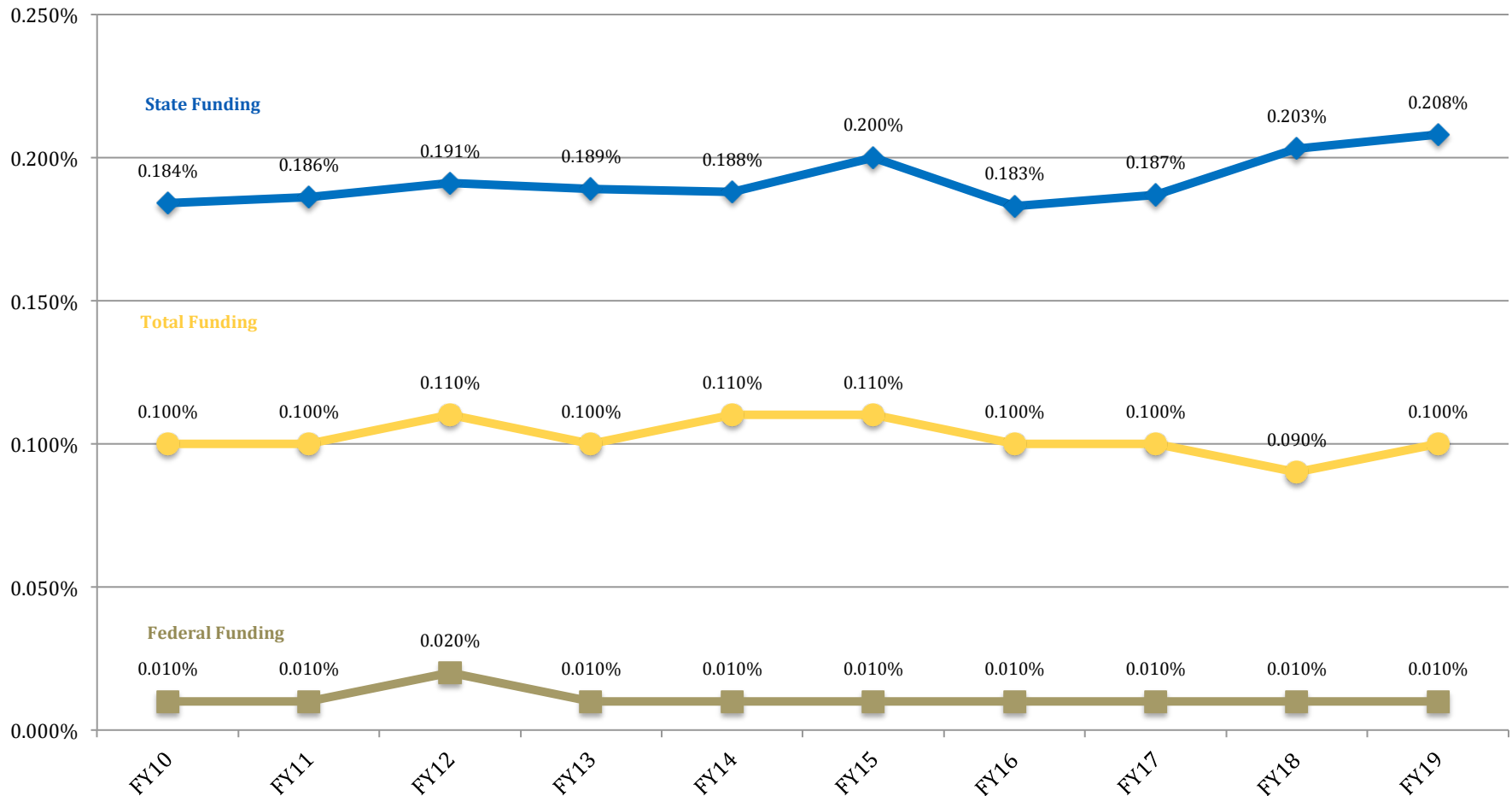
Change from FY10 to FY18 is +13.1%.





Dept. of Insurance Changes in Funding since FY10

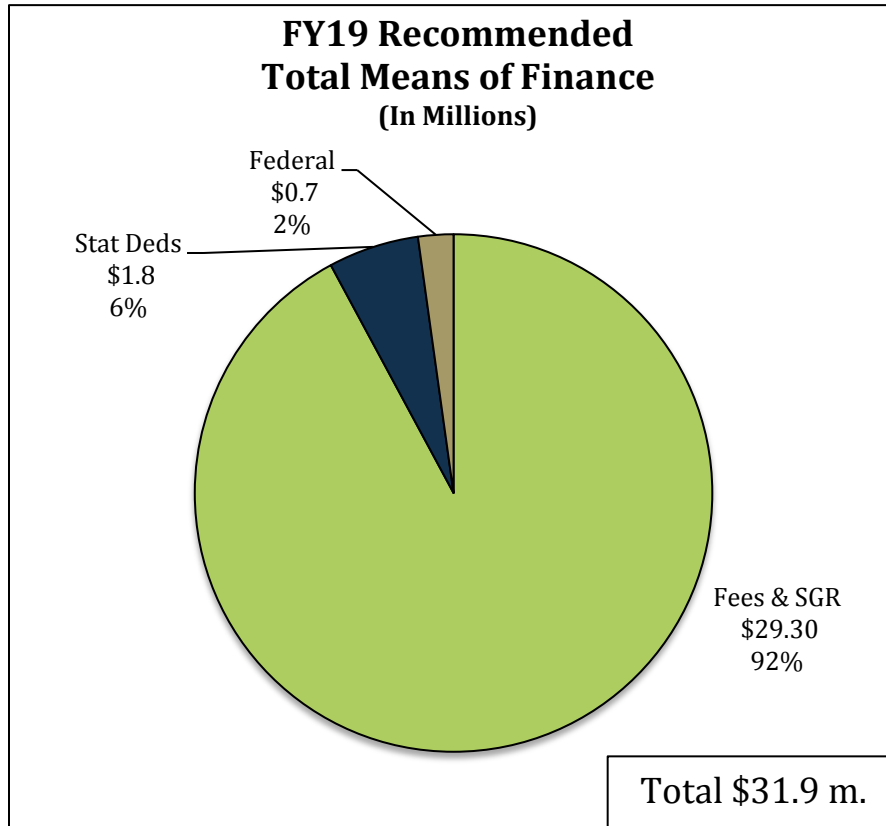
Dept. of Insurance's Budget as a Portion of the Total State Budget





Department of Insurance

FY19 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 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; and the Automobile Theft and Insurance Fraud Prevention Authority Fund (S) from grants and assessments on various policies written in Louisiana.

Federal Funds are derived from the CFDA 93.324 Department of Health & Human Services Administration for Community Living CDAP State Health Insurance Assistance Program.



Department of Insurance Dedicated Funds FY17, FY18, and FY19

Dedicated Funds	Source of Funding	FY17 Actual	FY18 EOB	FY19 Recommended
Administrative Fund - Department of Insurance	Assessment on Insurance Premiums	\$721,343	\$948,601	\$963,929
Auto. Theft and Insurance Fraud Prev. Auth. Fund	Settlements and judgments related to fraud cases	\$154,176	\$227,000	\$227,000
Insurance Fraud Investigation Fund	Assessment on Insurance Premiums	\$506,010	\$562,752	\$626,821
TOTALS		\$1,381,529	\$1,738,353	\$1,817,750

Dedicated Fund Review Subcommittee recommendation:

Administrative Fund of the Department of Insurance = Eliminate and reclassify to Fees & Self-generated revenues

Automobile Theft and Insurance Fraud Prevention Authority Fund = No change

Insurance Fraud Investigation Fund = No change



Department of Insurance Expenditures

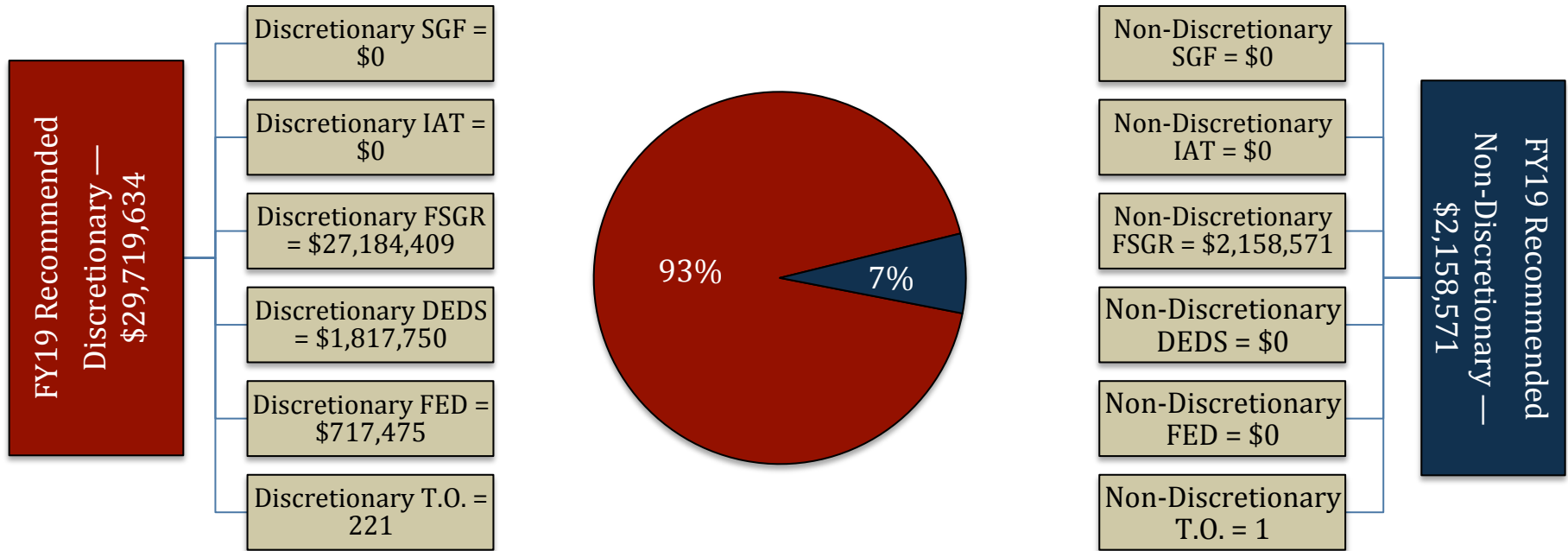
FY17, FY18, and FY19

Expenditure Category	FY17 Actual	FY18 EOB	FY19 Recommended	Percent Change FY18 EOB vs. FY19 Recommended
Personal Services:	\$21,346,887	\$22,126,196	\$22,897,623	3.5
Salaries	\$13,644,648	\$13,992,370	\$14,555,065	4.0
Other Compensation	\$205,960	\$214,942	\$214,942	-
Related Benefits	\$7,496,279	\$7,918,884	\$8,127,616	2.6
Operating Expenses:	\$2,047,334	\$2,556,701	\$2,556,701	-
Travel	\$121,638	\$242,312	\$242,312	-
Operating Services	\$1,808,480	\$2,170,963	\$2,170,963	-
Supplies	\$117,216	\$143,426	\$143,426	-
Professional Services	\$3,003,123	\$3,588,387	\$3,688,387	2.8
Other Charges:	\$1,958,667	\$2,298,483	\$2,110,359	(8.2)
Other Charges	\$154,175	\$227,000	\$227,000	-
Debt Service	\$0	\$0	\$0	-
Interagency Transfers	\$1,804,492	\$2,071,483	\$1,883,359	(9.1)
Acquisitions & Major Repairs:	\$390,870	\$543,576	\$625,135	15.0
Acquisitions	\$390,870	\$543,576	\$625,135	15.0
Major Repairs	\$0	\$0	\$0	-
Total Expenditures	\$28,746,881	\$31,113,343	\$31,878,205	2.5



Department of Insurance

FY19 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office		
Administrative	\$ 11,303,616	38%
Market Compliance	\$ 18,416,018	62%
Total Discretionary	\$ 29,719,634	100%

Total Non-Discretionary Funding by Type		
Constitutional Requirements	\$ 125,189	6%
Unavoidable Obligations	\$ 2,033,382	94%
Total Non-Discretionary	\$ 2,158,571	100%

Constitutional Requirements = Salary and related benefits of the commissioner.

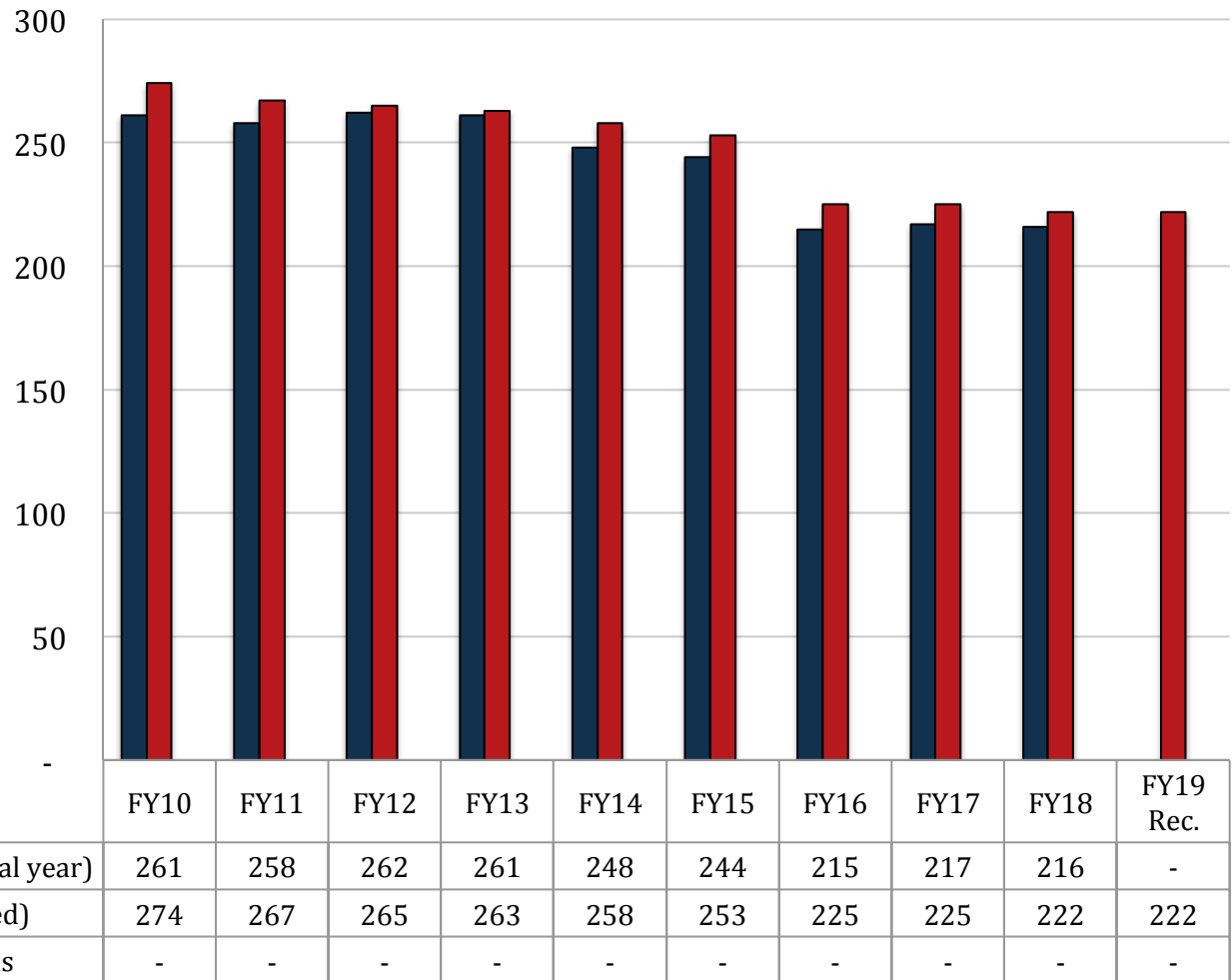
Unavoidable Obligations = Retirees Group Insurance; Maintenance in State-owned Buildings; and Legislative Auditor Fees.



Department of Insurance

FTEs, Authorized Positions, and Other Charges Positions

Total FY19
Recommended
Authorized
Positions of 222 are
0.67% of Total State
FY19 Recommended
Authorized
Positions of 33,301.



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.

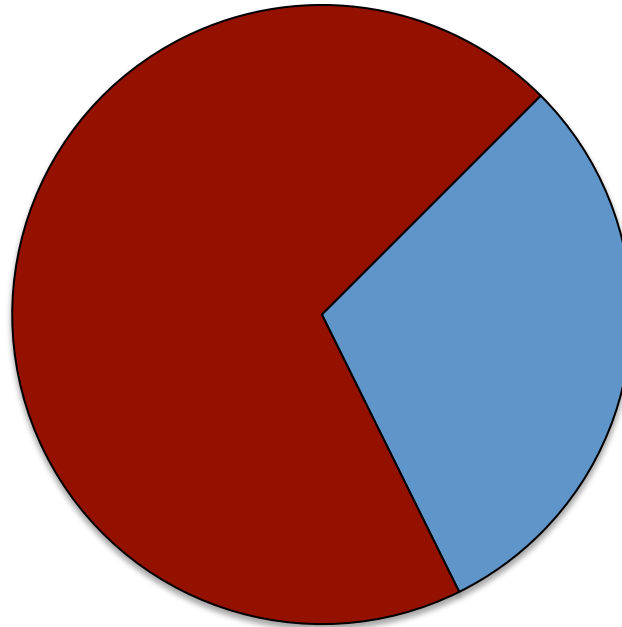
Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Department of Insurance

FY19 Recommended Total Authorized Positions by Agency

Market Compliance
155
70%



Administrative
67
30%

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 FY19

<div>04G_INSU</div> <div>Commissioner of Insurance</div> <div>ADJUSTMENTS TO EXISTING OPERATING BUDGET</div> <div>Recommended</div>								
GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
\$0	\$0	\$28,658,984	\$1,738,353	\$0	\$716,006	\$31,113,343	222	Existing Oper Budget as of 12/01/17
A. STATEWIDE STANDARDS								
\$0	\$0	\$134,834	\$10,614	\$0	\$3,307	\$148,755	0	2% General Increase Annualization Classified
\$0	\$0	\$22,283	\$0	\$0	\$0	\$22,283	0	2% General Increase Annualization Unclassified
\$0	\$0	\$353,198	\$83,053	\$0	\$8,063	\$444,314	0	Market Rate Classified
\$0	\$0	\$38,594	\$2,622	\$0	\$0	\$41,216	0	Civil Service Training Series
\$0	\$0	\$161,480	(\$1,972)	\$0	\$0	\$159,508	0	Related Benefits Base Adjustment
\$0	\$0	\$373,241	\$14,944	\$0	\$0	\$388,185	0	Salary Base Adjustment
\$0	\$0	(\$393,069)	(\$29,864)	\$0	(\$9,901)	(\$432,834)	0	Attrition Adjustment
\$0	\$0	\$625,135	\$0	\$0	\$0	\$625,135	0	Acquisitions & Major Repairs
\$0	\$0	(\$543,576)	\$0	\$0	\$0	(\$543,576)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$0	(\$32,218)	\$0	\$0	\$0	(\$32,218)	0	Risk Management
\$0	\$0	\$1,388	\$0	\$0	\$0	\$1,388	0	Legislative Auditor Fees
\$0	\$0	(\$60,145)	\$0	\$0	\$0	(\$60,145)	0	Maintenance in State-Owned Buildings
\$0	\$0	\$2,634	\$0	\$0	\$0	\$2,634	0	Capitol Park Security
\$0	\$0	(\$638)	\$0	\$0	\$0	(\$638)	0	UPS Fees
\$0	\$0	(\$3,170)	\$0	\$0	\$0	(\$3,170)	0	Civil Service Fees
\$0	\$0	(\$31)	\$0	\$0	\$0	(\$31)	0	State Treasury Fees
\$0	\$0	\$2,270	\$0	\$0	\$0	\$2,270	0	Office of Technology Services (OTS)
\$0	\$0	(\$84,017)	\$0	\$0	\$0	(\$84,017)	0	Administrative Law Judges
\$0	\$0	(\$14,197)	\$0	\$0	\$0	(\$14,197)	0	Office of State Procurement
\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	0	TOTAL OTHER ADJUSTMENTS ADJUSTMENT
\$0	\$0	\$29,342,980	\$1,817,750	\$0	\$717,475	\$31,878,205	222	Total Budget
\$0	\$0	\$683,996	\$79,397	\$0	\$1,469	\$764,862	0	Total Adjustments



Department of Insurance Significant Increases for FY19

Increase	Source	T.O.	Agency	Description
\$683,996	Fees & Self-generated revenues	0	Insurance	The department received an increase in Fees & Self-generated revenues to address anticipated expenditures in both the Administrative and Compliance Programs.

Significant Decreases for FY19

Decrease	Source	T.O.	Agency	Description
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Significant Means of Financing Substitutions for FY19

MOF Swap	Source	T.O.	Agency	Description
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