



Louisiana Senate Finance Committee



FY23 Recommended Budget

04-165 – Department of Insurance

February 2022

*Sen. Patrick Page Cortez, President
Sen. Bodi White, Chairman*



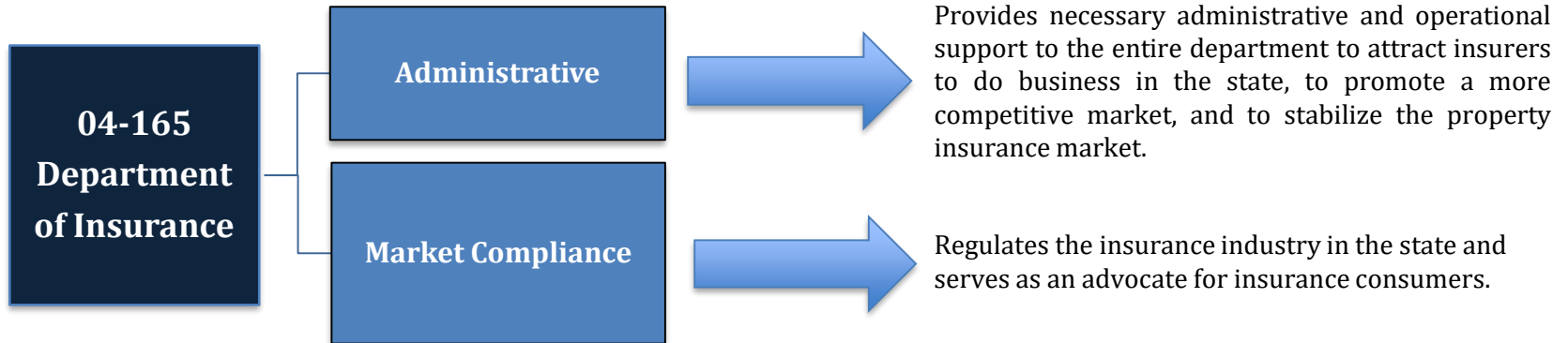
FY23 Recommended Budget

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.



LDI Louisiana
Department of
Insurance



Total Funding — All Means of Finance

Total Funding	FY21 Actual	FY22 Enacted	FY22 EOB as of 12-1-21	FY23 Recommended	Difference FY22 EOB HB1 vs. FY23 Recommended
Administrative	\$ 12,212,798	\$ 13,095,952	\$ 13,095,952	\$ 13,808,812	\$ 712,860
Compliance	\$ 18,657,008	\$ 21,328,095	\$ 21,328,095	\$ 22,602,497	\$ 1,274,402
TOTAL	\$ 30,869,806	\$ 34,424,047	\$ 34,424,047	\$ 36,411,309	\$ 1,987,262
Total Authorized FTEs	222	222	222	222	-



Department of Insurance

Changes in Funding since FY15

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

Change from FY15 to FY23 is +16.6%.

Change from FY15 to FY21 is -0.3%.



	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Enacted	FY22 as of 12/1/21	FY23 Recommended
■ SGF	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
■ IAT	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
■ FSGR	\$28,515,878	\$26,043,455	\$26,647,792	\$27,453,815	\$27,231,282	\$27,923,997	\$29,645,730	\$32,770,301	\$32,770,301	\$35,608,966
■ STAT DED	\$1,355,775	\$1,308,734	\$1,381,529	\$1,650,205	\$1,783,762	\$1,798,152	\$857,786	\$936,271	\$936,271	\$-
■ FED	\$1,080,019	\$916,516	\$717,560	\$552,067	\$622,222	\$539,308	\$366,290	\$717,475	\$717,475	\$802,343



Department of Insurance

Significant Budget Adjustments Recommended for FY23

Statewide Adjustments to Department of Insurance Budget

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$32,770,301	\$936,271	\$717,475	\$34,424,047	222	FY22 Existing Operating Budget as of 12-1-21
\$0	\$0	\$382,135	\$0	\$0	\$382,135	0	Market Rate Salary Adjustment – Classified
\$0	\$0	\$0	\$0	\$0	\$0	0	Unclassified Pay Increase
\$0	\$0	\$123,387	\$0	\$0	\$123,387	0	Civil Service Training Series Adjustment
\$0	\$0	\$213,296	\$0	\$23,071	\$236,367	0	Related Benefits Base Adjustment
\$0	\$0	\$133,303	\$0	\$0	\$133,303	0	Retirement Rate Adjustment
\$0	\$0	\$37,247	\$0	\$0	\$37,247	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$0	\$29,574	\$0	\$0	\$29,574	0	Group Insurance Rate Adjustment for Retirees
\$0	\$0	\$370,848	\$0	\$61,797	\$432,645	0	Salary Base Adjustment
\$0	\$0	(\$576,721)	\$0	\$0	(\$576,721)	0	Attrition Adjustment
\$0	\$0	\$0	\$0	\$0	\$0	0	Acquisitions & Major Repairs
\$0	\$0	(\$646,840)	\$0	\$0	(\$646,840)	0	Non-recurring Acquisitions & Major Repairs
\$0	\$0	\$0	\$0	\$0	\$0	0	Non-recurring Carryforwards
\$0	\$0	\$55,307	\$0	\$0	\$55,307	0	Risk Management
\$0	\$0	\$10,802	\$0	\$0	\$10,802	0	Legislative Auditor Fees
\$0	\$0	\$0	\$0	\$0	\$0	0	Rent in State-owned Buildings
\$0	\$0	\$34,080	\$0	\$0	\$34,080	0	Maintenance in State-owned Buildings
\$0	\$0	\$131	\$0	\$0	\$131	0	Capitol Park Security
\$0	\$0	\$0	\$0	\$0	\$0	0	Capitol Police
\$0	\$0	\$778	\$0	\$0	\$778	0	UPS Fees
\$0	\$0	\$7,541	\$0	\$0	\$7,541	0	Civil Service Fees
\$0	\$0	(\$568)	\$0	\$0	(\$568)	0	State Treasury Fees
\$0	\$0	\$23,673	\$0	\$0	\$23,673	0	Office of Technology Services (OTS)
\$0	\$0	\$31,030	\$0	\$0	\$31,030	0	Administrative Law Judges
\$0	\$0	(\$5,639)	\$0	\$0	(\$5,639)	0	Office of State Procurement
\$0	\$0	\$865,883	\$0	\$0	\$865,883	0	27th Pay Period
\$0	\$0	\$1,089,247	\$0	\$84,868	\$1,174,115	0	Total Statewide Adjustments
\$0	\$0	\$936,271	(\$936,271)	\$0	\$0	0	Total Means of Financing Adjustments
\$0	\$0	\$813,147	\$0	\$0	\$813,147	0	Total Other Adjustments
\$0	\$0	\$35,608,966	\$0	\$802,343	\$36,411,309	222	Total FY23 Recommended Budget
\$0	\$0	\$2,838,665	(\$936,271)	\$84,868	\$1,987,262	0	Total Adjustments (Statewide and Agency-Specific)



Department of Insurance

Non-Statewide Adjustments for FY23

Means of Financing Substitution Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$30,000	(\$30,000)	\$0	\$0	0	ADMINISTRATIVE -Means of finance substitution removes funding from the Statutorily Dedicated Insurance Fraud Investigation Fund and increases the fund account re-classified as Fees & Self-generated Revenue in accordance with Act 114 of the 2021 Regular Legislative Session.
\$0	\$0	\$227,000	(\$227,000)	\$0	\$0	0	MARKET COMPLIANCE -Means of finance substitution removes funding from the Statutorily Dedicated Automobile Theft and Insurance Fraud Prevention Authority Fund and increases the fund account re-classified as Fees & Self-generated Revenue in accordance with Act 114 of the 2021 Regular Legislative Session.
\$0	\$0	\$679,271	(\$679,271)	\$0	\$0	0	MARKET COMPLIANCE -Means of finance substitution removes funding from the Statutorily Dedicated Insurance Fraud Investigation Fund and increases the fund account re-classified as Fees & Self-generated Revenue in accordance with Act 114 of the 2021 Regular Legislative Session.
\$0	\$0	\$0	(\$936,271)	\$0	\$0	0	Total Means of Financing Substitution Adjustments

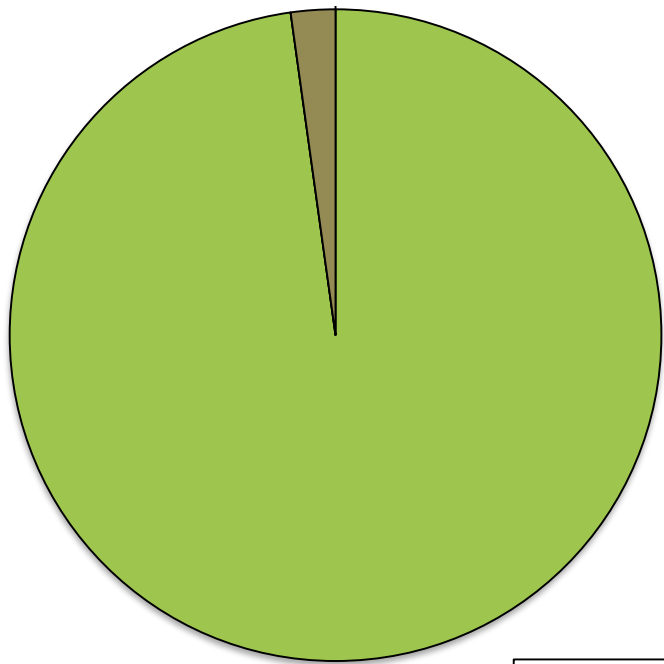
Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$66,182	\$0	\$0	\$66,182	0	ADMINISTRATIVE -Increase in funding for five (5) additional When Actually Employed (WAE) positions to handle increased complaint volume and outreach assistance associated with recent hurricanes. This includes two (2) WAE Insurance Specialist positions in the Administrative/Fiscal Program Consumer Advocacy Division and three (3) WAE Insurance Specialist positions in the Market Compliance Program Consumer Services Division.
\$0	\$0	\$647,692	\$0	\$0	\$647,692	0	ADMINISTRATIVE -Increase in funding for replacement acquisitions of computers, servers, and network printers. The department is maintaining a four to five year replacement cycle for these types of equipment.
\$0	\$0	\$99,273	\$0	\$0	\$99,273	0	MARKET COMPLIANCE -Increase in funding for five (5) additional When Actually Employed (WAE) positions to handle increased complaint volume and outreach assistance associated with recent hurricanes. This includes two (2) WAE Insurance Specialist positions in the Administrative/Fiscal Program Consumer Advocacy Division and three (3) WAE Insurance Specialist positions in the Market Compliance Program Consumer Services Division.
\$0	\$0	\$813,147	\$0	\$0	\$813,147	0	Total Other Adjustments



Department of Insurance FY23 Recommended Means of Finance

**FY23 Recommended
Total Means of Finance
(In Millions)**



Total \$36.4m.

Non-SGF Sources of Funding:

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

Fees and Self-generated Revenues* are derived from various fees and licenses authorized by R.S. 22:821 and from the Insurance Fraud Investigation Fund (Per R.S.40:1428), the Louisiana Insurance Rating Commission assessment authorized by R.S. 22:1419; the Administrative Dedicated Fund Account (Per R.S. 22:1071(D)(3)(b) (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 (Per R.S. 22:2134); and the Insurance Fraud Investigation Fund (Per R.S. 22:2134) from 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

FY21, FY22, and FY23

Dedicated Funds	Source of Funding	FY21 Actual	FY22 EOB	FY23 Recommended
Auto. Theft and Insurance Fraud Prev. Auth. Fund	1) \$187,000 that is dedicated each year from the Insurance Fraud Investigation Fund Assessment and 2) Gifts, grants and donations, loans and other assistance from any person or entity, private or public, or the federal, state, or local governments.	\$174,775	\$227,000	\$0
Insurance Fraud Investigation Fund	Assessment on Insurance Premiums	\$683,011	\$709,271	\$0
TOTALS		\$857,786	\$936,271	\$0

The **Automobile Theft and Insurance Fraud Prevention Authority Fund** and the **Insurance Fraud Investigation Fund** were both re-classified as Fees and Self-generated Revenues in accordance with Act 114 of the 2021 Regular Legislative Session.



Department of Insurance

FY22 Enacted vs. FY23 Recommended Means of Finance by Agency

Changes in funding by Means of Finance.

FY22 Enacted Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$12,348,477	\$30,000	\$717,475	\$13,095,952
Market Compliance	\$0	\$0	\$20,421,824	\$906,271	\$0	\$21,328,095
TOTALS	\$0	\$0	\$32,770,301	\$936,271	\$717,475	\$34,424,047
FY23 Recommended Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$13,006,469	\$0	\$802,343	\$13,808,812
Market Compliance	\$0	\$0	\$22,602,497	\$0	\$0	\$22,602,497
TOTALS	\$0	\$0	\$35,608,966	\$0	\$802,343	\$36,411,309
<i>Difference FY22 Enacted to FY23 Recommended</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,838,665</i>	<i>(\$936,271)</i>	<i>\$84,868</i>	<i>\$1,987,262</i>

The FY23 Recommended Budget for the Department of Insurance is an increase of **\$1.98 million** over FY22 Enacted. This equates to a percentage increase of 5.8%.

Fees and Self-generated Revenues increased by **\$2.8 million** in FY23. There was a decrease in Statutory Dedications of **(\$936,271)**. Federal Funds showed an increase of **\$84,868**.



Categorical Expenditures

Examples of Categories

Departments expend funding in the five major categories listed below.

Personal Services

- Salaries – Regular, overtime, and termination pay for Classified and Unclassified personnel.
- Other Compensation – Wages, student labor, compensation for board members and/or board of trustees, evening instruction, university instructors, etc.
- Related Benefits – Retirement contributions, post-retirement contributions/benefits, FICA tax, Medicare tax, group insurance contributions, compensated absences, other related benefits, taxable fringe benefits, etc.

Total Operating Expenses

- Travel – In-state and Out-of-state, including meal reimbursement.
- Operating Services – Advertising, printing, insurance, maintenance, rentals, data processing, internet costs, dues and subscriptions, mail delivery, telephones, data lines, vehicle tracking and telematics, utilities, depreciation, amortization, banking services, credit card fees, etc.
- Supplies – office supplies and equipment, computers, clothing and uniforms, medical, pharmaceutical, food, automotive, repair and maintenance, software, etc.

Professional Services – Accounting, auditing, management consulting, engineering, architectural, legal, medical and dental, veterinary, information technology, etc.

Total Other Charges

- Other Charges – Aid to school boards, local government, etc.; public assistance; miscellaneous charges; judgments, fines, and penalties; interest on judgments; punitive/compensatory damages; OC personal services, operating expenses, professional services; contract attorney expenses; recoupments; furlough; contractual services; interest expense; claim payments; commercial group insurance; reinsurance; loans issued; disbursements; etc.
- Debt Service – Principal, interest, related charges, reserve requirement, amortization, and bond premiums.
- Interagency Transfer Line-Item Expenditure – Any expenses paid for with Interagency Transfers – from commodities and services to equipment.

Acquisitions and Major Repairs

- Acquisitions – Land; buildings; automobiles; aircraft; accessories; equipment; software; hardware; farm and heavy equipment; boats; capital outlay expenditures; construction; etc.
- Major Repairs – Land improvement; buildings; automotive; grounds; boats; aircraft; movable equipment; farm equipment; medical; office; library; education; recreation; communication; other equipment; pollution remediation; etc.

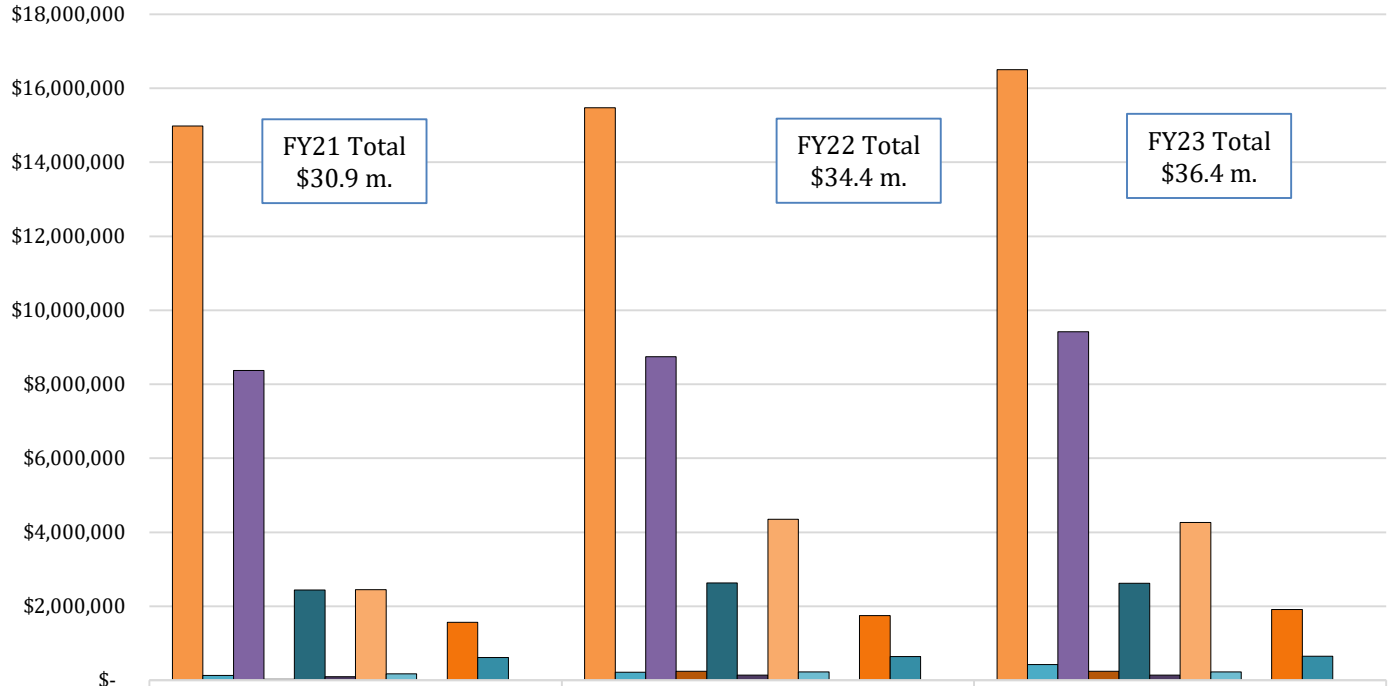


Dept. of Insurance Categorical Expenditures FY21, FY22, and FY23

For FY23 Recommended, the largest Expenditure Category is Personal Services, which makes up 72.4 percent of Total Expenditures.

The Professional Services category, which makes up 11.7 percent of Total Expenditures, includes expenditures for legal, accounting, auditing, and other projects.

Operating Expenses contributes roughly 8.3 percent.



	FY21 ACTUAL	FY22 EOB as of 12-1-21	FY23 RECOMMENDED
Personal Services			
Salaries	\$14,980,741	\$15,469,341	\$16,502,184
Other Compensation	\$133,225	\$214,942	\$427,660
Related Benefits	\$8,377,786	\$8,744,875	\$9,421,530
Operating Expenses			
Travel	\$26,262	\$242,313	\$242,313
Operating Services	\$2,442,739	\$2,628,845	\$2,625,245
Supplies	\$102,044	\$143,424	\$143,424
Professional Services			
Professional Services	\$2,448,269	\$4,356,387	\$4,263,446
Other Charges	\$174,775	\$227,000	\$227,000
Other Charges			
Debt Service	\$-	\$-	\$-
Interagency Transfers	\$1,563,612	\$1,750,080	\$1,910,815
Acquisitions and Major Repairs			
Acquisitions	\$620,353	\$646,840	\$647,692
Major Repairs	\$-	\$-	\$-

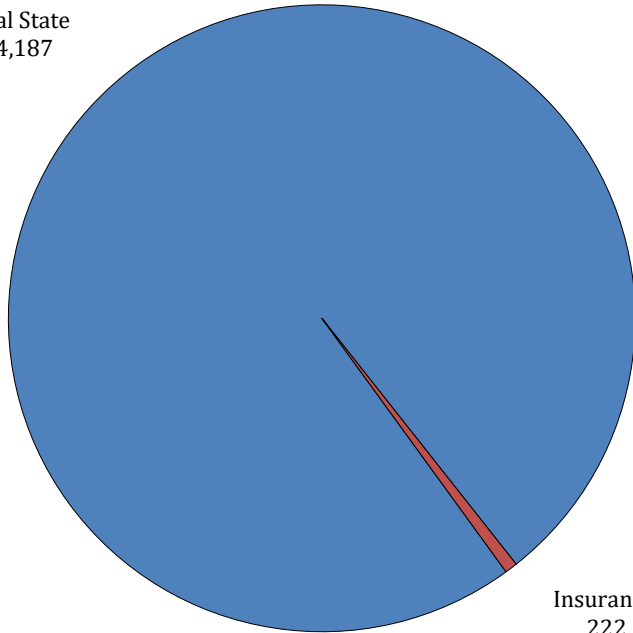


Commissioner of Insurance

FTEs, Authorized T.O., and Other Charges Positions

**FY23 Department Employees
as a portion of
FY23 Total State Employees**

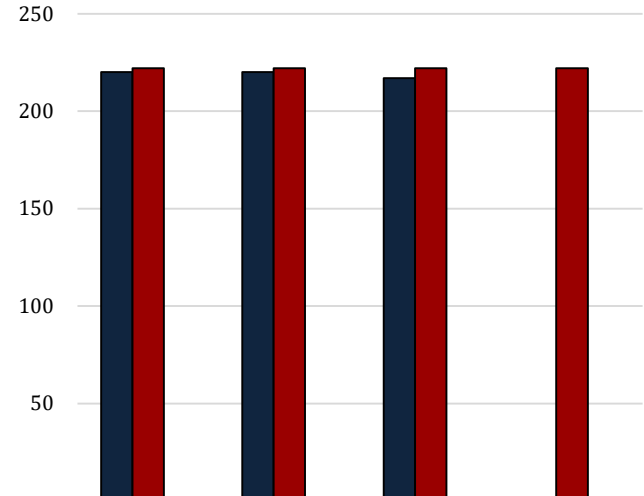
Total State
34,187



Insurance
222
1%

FY22 number of funded, but not filled,
positions as of January 31 = 12

**Number
and
Types
of
Positions**



	2020	2021	2022	2023 REC
■ Total FTEs (1st July Report)	220	220	217	-
■ Authorized T.O. Positions	222	222	222	222
■ Other Charges Positions	-	-	-	-

The full-time equivalent or **FTE** definition refers to the number of hours considered full-time. For example, if an agency considers 40 hours full time, and there are two employees working 20 hours per week, those two employees would be 1.0 FTE.

Authorized Positions are those referred to in the Table of Organization (or T.O.) for each department. This count includes only those positions paid for from the Salaries expenditure category for the organization units and agencies include in each department's appropriation. This excludes positions paid for from other expenditure categories, such as wages or per diem.

Other Charges positions are authorized under R.S. 39:2(5)(b) ...

- (5)(b) "Authorized other charges positions" means the number of positions in an appropriation bill to be funded by the other charges continuing category of the accounting system for the state. The number may be adjusted during a fiscal year in accordance with law.
- [Act 377 of 2013 by Rep. Burrell]
 - Positions coded in the Other Charges expenditure category
 - These positions are usually associated with federal grants



Commissioner of Insurance

Related Employment Information

Salaries and Related Benefits for the 222 Authorized Positions are listed below in Chart 1.
 In Chart 2, benefits are broken out to show the portion paid for active versus retired employees.
 This is where payments for the Unfunded Accrued Liability (UAL) can be found.

1.

Personal Services	2020 Actual	2021 Actual	2022 Enacted	2023 Recommended
Salaries	\$14,453,108	\$14,980,741	\$15,469,341	\$16,502,184
Other Compensation	\$241,016	\$133,225	\$214,942	\$427,660
Related Benefits	\$8,314,507	\$8,377,786	\$8,744,875	\$9,421,530
Total Personal Services	\$23,008,631	\$23,491,752	\$24,429,158	\$26,351,374

Average T.O. Salary = \$66,516

Examples of Other Compensation include pay for WAE employees, part-time employees, student workers, etc.

2.

Related Benefits FY23 Recommended	Total Funding	%
Total Related Benefits	\$9,421,530	
UAL payments	\$5,510,959	58.5%
Retiree Health Benefits	\$1,314,393	
Remaining Benefits*	\$2,596,178	
Means of Finance	General Fund = 0%	Other = 100%

Department Demographics	Total	%
Gender		
Female	130	61.6
Male	81	38.4
Race/Ethnicity		
White	133	63
Black	76	36
Other	2	1
Currently in DROP or Eligible to Retire	59	28

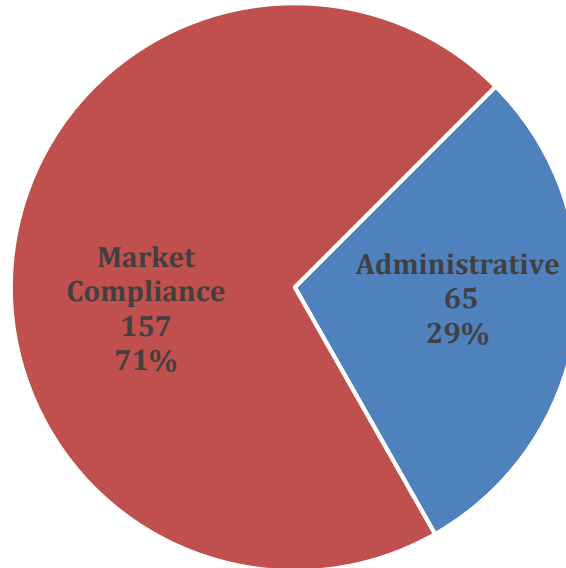
* Remaining Benefits include employer contribution to authorized positions' retirement, health, Medicare, FICA, Emoluments etc. The authorized positions include authorized T.O. positions and authorized other charges positions, both filled and vacant.

Other Charges Benefits
\$0



Department of Insurance

FY23 Recommended Total Authorized Positions by Agency



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

Administrative - This includes 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.

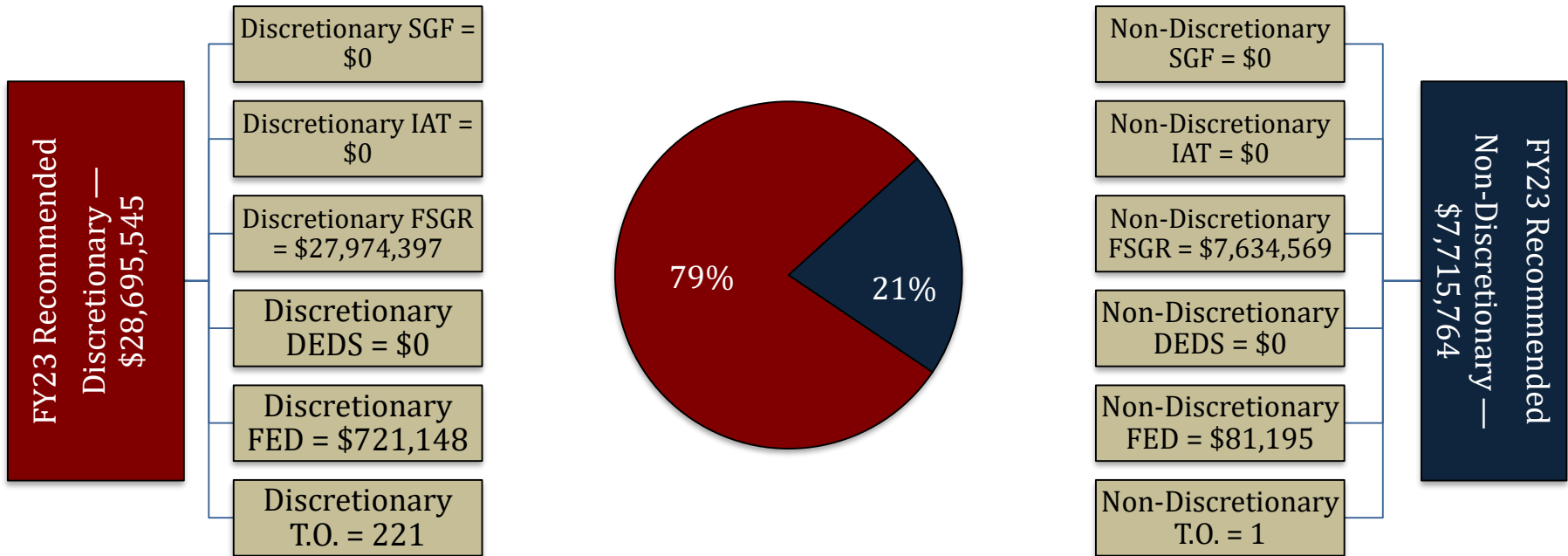
■ Administrative ■ Market Compliance

Dept. of Insurance	
Administrative	65
Market Compliance	157
TOTAL	222



Department of Insurance

FY23 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office		
Administrative	\$ 10,938,059	38%
Market Compliance	\$ 17,757,486	62%
Total Discretionary	\$ 28,695,545	100%

Total Non-Discretionary Funding by Type		
Required by the Constitution	\$ 5,627,744	73%
Unavoidable Obligations	\$ 2,088,020	27%
Total Non-Discretionary	\$ 7,715,764	100%

Required by the Constitution = State Retirement Systems UAL;

Commissioner's salary

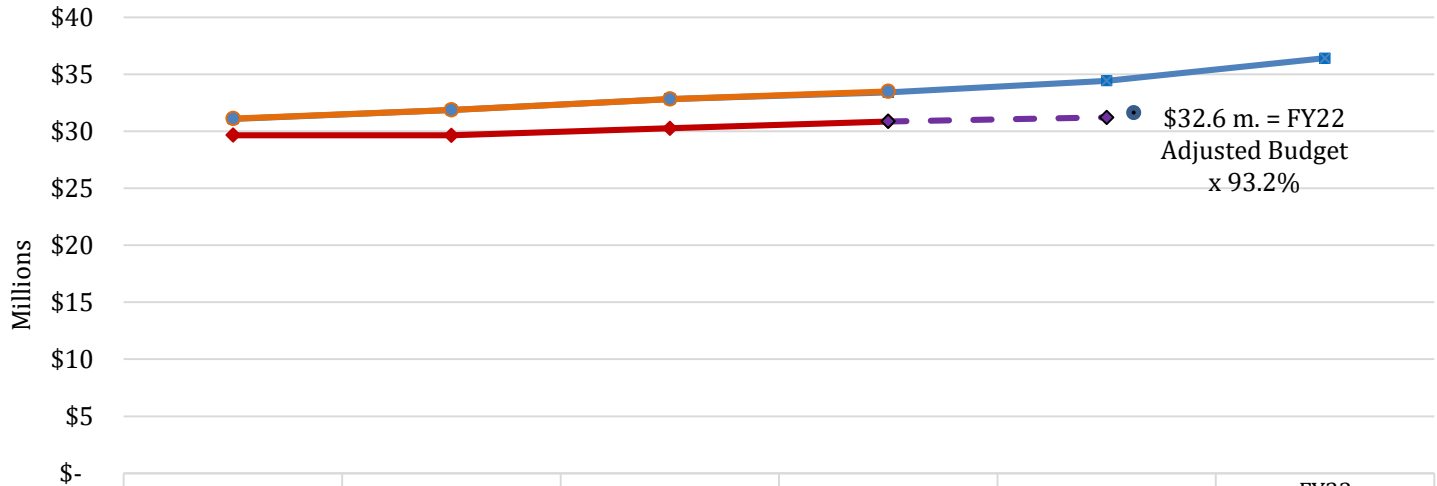
Unavoidable Obligations = Retirees Group Insurance;

Legislative Auditor Fees; Maintenance in State-owned Buildings



04-165 Commissioner of Insurance Enacted & FYE Budget vs. Actual Expenditures FY18 to FY21

FYE Budget = "Fiscal Year End" Budget includes all in-house and regular BA-7s through June 30 of the fiscal year. For FY22, it is as of January.



FY22 Known Supplemental Needs:
\$

FY21 General Fund Reversions:
\$0

	FY18	FY19	FY20	FY21	FY22 EOB	FY23 Recommended
Enacted Budget	\$31,094,243	\$31,878,205	\$32,829,836	\$33,422,842	\$34,424,047	\$36,411,309
FYE Budget	\$31,113,343	\$31,878,205	\$32,829,836	\$33,497,842		
Actual Expenditures	\$29,656,089	\$29,637,266	\$30,261,457	\$30,869,806		
FY22 Expenditure Trend				\$30,869,806	\$31,212,917	

Monthly Budget Activity

	FY22 Adjusted Budget	FY22 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
Jul-21	\$ 34,424,047	\$ 2,815,021	\$ 31,609,026	8.2%
Aug-21	\$ 34,424,047	\$ 5,460,871	\$ 28,963,176	15.9%
Sep-21	\$ 34,424,047	\$ 7,949,940	\$ 26,474,107	23.1%
Oct-21	\$ 34,424,047	\$ 10,435,136	\$ 23,988,911	30.3%
Nov-21	\$ 34,424,047	\$ 12,562,664	\$ 21,861,383	36.5%
Dec-21	\$ 34,424,047	\$ 15,438,965	\$ 18,985,082	44.8%
Jan-22	\$ 35,051,771	\$ 18,207,535	\$ 16,844,236	51.9%

Monthly Budget Activity

	FY22 Adjusted Budget	FY22 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
<i>(Trend based on average monthly expenditures to date)</i>				
Feb-22	\$ 35,051,771	\$ 20,808,611	\$ 14,243,160	59.4%
Mar-22	\$ 35,051,771	\$ 23,409,688	\$ 11,642,083	66.8%
Apr-22	\$ 35,051,771	\$ 26,010,764	\$ 9,041,007	74.2%
May-22	\$ 35,051,771	\$ 28,611,841	\$ 6,439,930	81.6%
Jun-22	\$ 35,051,771	\$ 31,212,917	\$ 3,838,854	89.0%

Historical Year End Average

93.2% 15