

OFFICE OF THE COMMISSIONER OF INSURANCE

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY09 Adjusted Base	FY10 Recommended	% Change Over FY09	FY11 Recommended	% Change Over FY10
PR-O	16,155,000	17,840,700	10.4	18,075,100	1.3
SEG-O	88,048,800	87,330,900	-0.8	87,314,900	0.0
TOTAL	104,203,800	105,171,600	0.9	105,390,000	0.2

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY09 Adjusted Base	FY10 Recommended	FTE Change From FY09	FY11 Recommended	FTE Change From FY10
PR-O	120.25	123.25	3.00	123.25	0.00
SEG-O	12.75	12.75	0.00	12.75	0.00
TOTAL	133.00	136.00	3.00	136.00	0.00

AGENCY DESCRIPTION

The agency was created by the Legislature in 1871, and the original intent of the agency has not changed drastically over the past 137 years. The agency is vested with broad powers to ensure that the insurance industry responsibly and adequately meets the insurance needs of Wisconsin citizens. The agency performs a variety of tasks to protect insurance consumers and ensure a competitive insurance environment. The agency's major functions include: reviewing insurance policies that are sold in Wisconsin to make sure they meet the requirements set forth in Wisconsin law; conducting examinations of domestic and foreign insurers to ensure compliance with Wisconsin laws and rules; monitoring the financial solvency of licensed companies to make sure that consumers have the insurance coverage they expect when they need it; issuing licenses to the various parties involved in selling and marketing insurance products; assisting insurance consumers with their insurance problems; researching special insurance issues to understand and assess their impact on Wisconsin; providing technical assistance on legislation and promulgating administrative rules to interpret insurance laws; creating and distributing public information and consumer education pieces to educate people about insurance; and operating a state life insurance fund, a property fund for the property owned by local units of government, and an injured patients and families compensation fund insuring health care providers for medical malpractice.

MISSION

The mission of the agency is to lead the way in informing and protecting the public and responding to its insurance needs.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Supervision of the Insurance Industry

Goal: Proactively address the root causes of problems in the insurance marketplace through effective regulation, with an emphasis on early detection and prevention.

Objective/Activity: Aggressively conduct all regulatory core mission functions including information collection, analysis, licensing and adjudication; refine and improve early warning systems in financial and market regulation; train staff to facilitate intraagency communication and early identification of regulatory issues; and encourage external interaction and feedback.

Goal: Provide information and assistance to the public including consumers, legislators, insurers, agents, other states, the federal government and other organizations.

Objective/Activity: Ensure that staff directly interacting with the public have the training and equipment to provide information and assistance in a timely and courteous manner; continue to use and improve performance measures; provide public information through the development and implementation of a coordinated communication plan; and improve and preserve state regulation of insurance by communicating with and informing the public.

Goal: Provide ongoing support and development of each staff member.

Objective/Activity: Provide a healthy and safe work environment; develop the full potential of staff by promoting training and growth opportunities; foster diversity in the workplace; promote positive communication, cooperation and mutual respect within and among all work units, and continue to develop work group teams to improve cross-functional work processes; through continued use of performance standards, strive to improve all functions; and assess restructuring and reallocation of staff resources as appropriate to better address work needs.

Goal: Use appropriate technology to provide tools for the regulation of insurance.

Objective/Activity: Continually review emerging technologies and conduct cost-benefit analyses of applications; encourage officewide participation in technology planning and implementation such as through the Information Technology Strategic Planning Committee; improve state regulation and service by implementing the use of technology to facilitate the sharing of information with other regulatory authorities; and provide opportunities for staff to research and develop new approaches to optimize the use of technology.

Program 2: Injured Patients and Families Compensation Fund

The major objective of the program is to assure that adequate funds are available to compensate patients for serious injuries resulting from acts of medical malpractice. Approximately 14,424 health care providers are covered by the fund. From its inception in 1975 through December 31, 2007, the fund paid 646 claims totaling \$666,085,017.

Goal: Provide excess medical malpractice coverage for Wisconsin health care providers.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

Program 3: Local Government Property Insurance Fund

The purpose of the fund is to make reasonably-priced property insurance available for tax-supported local government property such as government buildings, schools, libraries and motor vehicles. The fund provides policy and claim service to the policyholders. As of June 30, 2008, the fund insured 1,124 policyholders. The total amount of insurance in force as of June 30, 2008, was \$45.5 billion, up from \$42.8 billion at the previous fiscal year end.

Goal: Make reasonably-priced property insurance available for tax-supported local government property.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

Program 4: State Life Insurance Fund

The fund is a state-sponsored program established to provide low-cost life insurance coverage. The maximum level of coverage available to each policyholder is \$10,000.

Goal: Provide a state-sponsored life insurance program for the benefit of residents of Wisconsin.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

PERFORMANCE MEASURES

2007 AND 2008 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2007	Actual 2007	Goal 2008	Actual 2008 ¹
1.	Number of financial examinations.	60	54	52	N/A
1.	Number of market conduct examinations.	8	2	8	N/A
1.	Consumer complaints handled in a timely fashion.	92%	93.4%	92%	N/A
1.	Policy form reviews conducted in a timely manner.	8,000	6,705	8,000	N/A
1.	Insurance intermediary licensing function processed in a timely manner.	20,000	21,359	20,000	N/A
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. ^{2,3}	210 4 15,000	317 3 37,987	210 4 15,000	N/A
1.	Continually update the Web site so users can find the information they need. ⁴	1,500 150,000	909 131,995	1,500 150,000	N/A
2.	Injured patients and families compensation fund report accepted by Board of Governors.	Report accepted	Report accepted	Report accepted	N/A
3.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Met GAAP standards	Meet GAAP standards	N/A
3.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified audit opinion being rendered.	Unqualified opinion	Unqualified opinion	Unqualified opinion	N/A

Prog. No.	Performance Measure	Goal 2007	Actual 2007	Goal 2008	Actual 2008 ¹
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Met GAAP standards	Meet GAAP standards	N/A
4.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified opinion being rendered.	Unqualified opinion	Unqualified opinion	Unqualified opinion	N/A

Note: Based on calendar year.

¹Actuals for 2008 are not yet available.

²Three figures are presented. The first is the number of "views" of the Consumer Publications List on the Web site. The second is the number of new publications developed. The third is the number of printed publications distributed.

³The number of printed publications will continue to decrease because more information is being made available electronically.

⁴Two numbers are presented. The first is the number of major updates or additions to the Web site per year. The second is the total number of "hits" per week on the Web site.

2009, 2010 AND 2011 GOALS

Prog. No.	Performance Measure	Goal 2009	Goal 2010	Goal 2011
1.	Number of financial examinations.	60	48	52
1.	Number of market conduct examinations.	12	12	12
1.	Consumer complaints handled in a timely fashion.	92%	92%	92%
1.	Policy form reviews conducted in a timely manner.	6,000	6,000	6,000
1.	Insurance intermediary licensing function processed in a timely manner.	22,000	22,000	22,000
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. ^{1,2}	210 4 15,000	300 3 38,000	300 3 38,000
1.	Continually update the Web site so users can find the information they need. ³	1,500 150,000	1,000 132,000	1,000 132,000
2.	Injured patients and families compensation fund report accepted by Board of Governors.	Report accepted	Report accepted	Report accepted
3.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Meet GAAP standards	Meet GAAP standards

Prog. No.	Performance Measure	Goal 2009	Goal 2010	Goal 2011
3.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified audit opinion being rendered.	Unqualified opinion	Unqualified opinion	Unqualified opinion
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Meet GAAP standards	Meet GAAP standards
4.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified opinion being rendered.	Unqualified opinion	Unqualified opinion	Unqualified opinion

Note: Based on calendar year.

¹Three figures are presented. The first is the number of "views" of the Consumer Publications List on the Web site. The second is the number of new publications developed. The third is the number of printed publications distributed.

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OFFICE OF THE COMMISSIONER OF INSURANCE

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Across-the-Board 1 Percent Reductions
2. Financial Audits of Managed Care Organizations
3. Financial Examiners Travel Costs
4. Legislative Audit Bureau Audit Costs
5. Pay Plan Progression Adjustments
6. Work Force Planning
7. Elderly Benefits Specialist Funding
8. Medigap Helpline
9. Standard Budget Adjustments

ITEMS NOT APPROVED

10. Agent Licensing
11. Deputy Bureau Director
12. Market Conduct Compliance Staffing
13. Workforce Planning – Accrued Sabbatical

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL FY08	ADJUSTED	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		BASE FY09	FY10	FY11	FY10	FY11
PROGRAM REVENUE (2)	\$15,376.0	\$16,155.0	\$17,959.0	\$18,203.3	\$17,840.7	\$18,075.1
State Operations	15,376.0	16,155.0	17,959.0	18,203.3	17,840.7	18,075.1
SEGREGATED REVENUE (3)	73,507.5	88,048.8	88,224.0	88,224.0	87,330.9	87,314.9
State Operations	2,650.1	2,860.8	3,036.0	3,036.0	2,965.5	2,949.5
Local Assistance	26,523.3	26,926.6	26,926.6	26,926.6	26,657.3	26,657.3
Aids to Ind. & Org.	44,334.1	58,261.4	58,261.4	58,261.4	57,708.1	57,708.1
TOTALS-ANNUAL	88,883.5	104,203.8	106,183.0	106,427.3	105,171.6	105,390.0
State Operations	18,026.1	19,015.8	20,995.0	21,239.3	20,806.2	21,024.6
Local Assistance	26,523.3	26,926.6	26,926.6	26,926.6	26,657.3	26,657.3
Aids to Ind. & Org.	44,334.1	58,261.4	58,261.4	58,261.4	57,708.1	57,708.1

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

Table 2
Department Position Summary by Funding Source (in FTE positions) (4)

	ADJUSTED	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
	BASE FY09	FY10	FY11	FY10	FY11
PROGRAM REVENUE (2)	120.25	123.25	123.25	123.25	123.25
SEGREGATED REVENUE (3)	12.75	12.75	12.75	12.75	12.75
TOTALS-ANNUAL	133.00	136.00	136.00	136.00	136.00

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

Table 3
Department Budget Summary by Program (in thousands of dollars)

	ACTUAL		ADJUSTED		AGENCY REQUEST		GOVERNOR'S					
	FY08		BASE		FY10		RECOMMENDATION					
			FY09		FY11		FY10		FY11			
1. Supervision of the insurance industry	\$15,376.0		\$16,155.0		\$17,959.0		\$18,203.3		\$17,840.7		\$18,075.1	
2. Injured patients and families compensation fund 42,543.8 56,0	28.4	56,1	04.5	56,1	04.5	55,5	39.4	55,5	23.4			
3. Local government property insurance fund	27,200.6		27,828.1		27,880.0		27,880.0		27,594.6		27,594.6	
4. State life insurance fund	3,763.1		4,192.3		4,239.5		4,239.5		4,196.9		4,196.9	
TOTALS	88,883.5		104,203.8		106,183.0		106,427.3		105,171.6		105,390.0	

Table 4
Department Position Summary by Program (in FTE positions) (4)

	ADJUSTED		AGENCY REQUEST		GOVERNOR'S					
	BASE		FY10		RECOMMENDATION					
	FY09		FY11		FY10		FY11			
1. Supervision of the insurance industry	120.25		123.25		123.25		123.25		123.25	
2. Injured patients and families compensation fund 8.11	8.11		8.11		8.11		8.11			
3. Local government property insurance fund	1.07		1.07		1.07		1.07		1.07	
4. State life insurance fund	3.57		3.57		3.57		3.57		3.57	
TOTALS	133.00		136.00		136.00		136.00		136.00	

(4) All positions are State Operations unless otherwise specified

1. Across-the-Board 1 Percent Reductions

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-161,600	0.00	-161,600	0.00
SEG-O	0	0.00	0	0.00	-880,500	0.00	-880,500	0.00
TOTAL	0	0.00	0	0.00	-1,042,100	0.00	-1,042,100	0.00

The Governor recommends reducing most nonfederal appropriations by 1 percent to create additional efficiencies and balance the budget.

2. Financial Audits of Managed Care Organizations

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	317,200	3.00	365,100	3.00
TOTAL	0	0.00	0	0.00	317,200	3.00	365,100	3.00

The Governor recommends providing expenditure authority for additional financial auditors to improve oversight of financial operations of Family Care managed care organizations.

3. Financial Examiners Travel Costs

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	167,900	0.00	0	0.00	167,900	0.00
TOTAL	0	0.00	167,900	0.00	0	0.00	167,900	0.00

The Governor recommends increasing expenditure authority to reflect a reestimate of travel costs for financial examiners.

4. Legislative Audit Bureau Audit Costs

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	16,000	0.00	16,000	0.00	16,000	0.00	0	0.00
TOTAL	16,000	0.00	16,000	0.00	16,000	0.00	0	0.00

The Governor recommends providing one-time expenditure authority to support the costs of the Legislative Audit Bureau's audit of the injured patients and families compensation fund. Every third year a more extensive audit is completed and this will occur in fiscal year 2009-10.

5. Pay Plan Progression Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	20,900	0.00	25,400	0.00	20,900	0.00	25,400	0.00
TOTAL	20,900	0.00	25,400	0.00	20,900	0.00	25,400	0.00

The Governor recommends increasing expenditure authority to support the pay increases awarded to financial examiners as authorized by the state's collective bargaining process.

6. Work Force Planning

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	99,000	0.00	99,000	0.00	0	0.00	0	0.00
SEG-O	67,600	0.00	67,600	0.00	67,600	0.00	67,600	0.00
TOTAL	166,600	0.00	166,600	0.00	67,600	0.00	67,600	0.00

The Governor recommends increasing expenditure authority to provide additional staffing for training purposes prior to anticipated retirements.

7. Elderly Benefits Specialist Funding

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	600,000	0.00	600,000	0.00	600,000	0.00	600,000	0.00
TOTAL	600,000	0.00	600,000	0.00	600,000	0.00	600,000	0.00

The Governor recommends providing permanent expenditure authority for the office to fund elderly benefit specialists who are located in all counties and provide advice and information to seniors.

8. Medigap Helpline

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	113,500	0.00	127,600	0.00	113,500	0.00	127,600	0.00
TOTAL	113,500	0.00	127,600	0.00	113,500	0.00	127,600	0.00

The Governor recommends providing expenditure authority to fully fund the Board on Aging and Long-Term Care's Medigap Helpline which is paid for by the office. See Board on Aging and Long-Term Care, Item #5.

9. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	585,800	0.00	585,800	0.00	795,700	0.00	795,700	0.00
SEG-O	79,000	0.00	79,000	0.00	79,000	0.00	79,000	0.00
TOTAL	664,800	0.00	664,800	0.00	874,700	0.00	874,700	0.00

The Governor recommends adjusting the office's base budget for: (a) turnover reduction adjusted to provide more flexibility in meeting work load needs (\$0 in each year); (b) full funding of continuing position salaries and fringe benefits (\$754,100 in each year); and (c) full funding of lease and directed moves costs (\$120,600 in each year).

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Office of the Commissioner of Insurance.

Decision Item	Source of Funds	FY10		FY11	
		Dollars	Positions	Dollars	Positions
10. Agent Licensing	PR-O	44,800	1.00	50,600	1.00
11. Deputy Bureau Director	PR-O	95,200	1.00	116,400	1.00
12. Market Conduct Compliance Staffing	PR-O	94,700	1.00	125,500	1.00
13. Workforce Planning – Accrued	PR-O	150,100	0.00	150,100	0.00
Sabbatical	SEG-O	12,600	0.00	12,600	0.00
TOTAL OF ITEMS NOT APPROVED	PR-O	384,800	3.00	442,600	3.00
	SEG-O	12,600	0.00	12,600	0.00