

# OFFICE OF THE COMMISSIONER OF INSURANCE

## GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY13 Adjusted Base	FY14 Recommended	% Change Over FY13	FY15 Recommended	% Change Over FY14
PR-F	0	1,583,000	0.0	395,800	-75.0
PR-O	17,027,500	16,841,300	-1.1	16,857,700	0.1
SEG-O	87,261,500	89,645,300	2.7	90,759,500	1.2
TOTAL	104,289,000	108,069,600	3.6	108,013,000	-0.1

## FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY13 Adjusted Base	FY14 Recommended	FTE Change Over FY13	FY15 Recommended	FTE Change Over FY14
PR-F	9.30	9.30	0.00	9.30	0.00
PR-O	130.25	132.25	2.00	132.25	0.00
SEG-O	12.75	12.75	0.00	12.75	0.00
TOTAL	152.30	154.30	2.00	154.30	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 141 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.

## Insurance

### 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 intra-agency 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 15,000 health care providers are covered by the fund. From its inception in 1975 through December 31, 2011, the fund paid 662 claims totaling \$810,263,234. (The number of claims has been corrected since the previous publication.)

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.

## Insurance

### 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, 2012, the fund insured 1,076 policyholders. The total amount of insurance in force as of June 30, 2012, was \$50.9 billion, up from \$49.9 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

### 2011 AND 2012 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012 <sup>1</sup>
1.	Number of financial examinations conducted during the fiscal year.	51	50	55	54
1.	Number of market conduct examinations.	12	11	12	N/A
1.	Consumer complaints handled in a timely fashion.	90%	90%	90%	90%
1.	Policy form reviews conducted in a timely manner.	6,000	7,071	6,000	N/A
1.	Insurance intermediary licensing function processed in a timely manner.	22,000	22,998	22,000	N/A
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. <sup>2</sup>	15,700 0 31,000	14,948 2 20,189	15,700 0 31,000	N/A
1.	Continually update the Web site so users can find the information they need. <sup>3</sup>	950 54,100	918 54,750	950 54,100	N/A

## Insurance

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012 <sup>1</sup>
2.	Injured patients and families compensation fund report accepted by Board of Governors.	Report accepted	Report accepted	Report accepted	Still in process
3.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	GAAP standards were met	Meet GAAP standards	In process
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	Audit has not yet occurred
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	Four-year audit scheduled for spring 2013	Unqualified opinion	N/A

Note: Based on calendar year, unless otherwise noted.

<sup>1</sup>Actuals for 2012 are not yet available.

<sup>2</sup>Three 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.

<sup>3</sup>Two 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.

### 2013, 2014 AND 2015 GOALS

Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
1.	Number of financial examinations conducted during the fiscal year.	64 <sup>3</sup>	48	62
1.	Number of market conduct examinations.	12	12	12
1.	Consumer complaints handled in a timely fashion.	90%	90%	90%
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

## Insurance

Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. <sup>1</sup>	15,000 <sup>3</sup> 1 <sup>3</sup> 20,000 <sup>3</sup>	15,250 1 19,500	15,500 1 19,000
1.	Continually update the Web site so users can find the information they need. <sup>2</sup>	950 55,000 <sup>3</sup>	960 55,500	975 50,750
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
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, unless otherwise noted.

<sup>1</sup>Three 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.

<sup>2</sup>Two 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.

<sup>3</sup>This goal for 2013 has been modified.

**OFFICE OF THE COMMISSIONER OF INSURANCE**

**GOVERNOR'S BUDGET RECOMMENDATIONS**

**RECOMMENDATIONS**

1. Administrative Staffing
2. Leased Space
3. Local Government Property Insurance Fund Claims Payments
4. Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline
5. Federal Revenue Reestimate
6. Standard Budget Adjustments

**Insurance**

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

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	GOVERNOR'S RECOMMENDATION FY14	GOVERNOR'S RECOMMENDATION FY15
FEDERAL REVENUE (1)	\$1,143.4	\$0.0	\$1,583.0	\$395.8	\$1,583.0	\$395.8
State Operations	1,143.4	0.0	1,583.0	395.8	1,583.0	395.8
PROGRAM REVENUE (2)	\$15,933.8	\$17,027.5	\$16,928.6	\$16,927.0	\$16,841.3	\$16,857.7
State Operations	15,933.8	17,027.5	16,928.6	16,927.0	16,841.3	16,857.7
SEGREGATED REVENUE (3)	\$39,740.9	\$87,261.5	\$89,645.3	\$90,759.5	\$89,645.3	\$90,759.5
State Operations	2,750.5	3,423.3	3,419.6	3,420.5	3,419.6	3,420.5
Local Assistance	26,444.0	26,159.4	28,546.9	29,660.2	28,546.9	29,660.2
Aids to Ind. & Org.	10,546.4	57,678.8	57,678.8	57,678.8	57,678.8	57,678.8
TOTALS - ANNUAL	\$56,818.1	\$104,289.0	\$108,156.9	\$108,082.3	\$108,069.6	\$108,013.0
State Operations	19,827.7	20,450.8	21,931.2	20,743.3	21,843.9	20,674.0
Local Assistance	26,444.0	26,159.4	28,546.9	29,660.2	28,546.9	29,660.2
Aids to Ind. & Org.	10,546.4	57,678.8	57,678.8	57,678.8	57,678.8	57,678.8

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(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 BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	GOVERNOR'S RECOMMENDATION FY14	GOVERNOR'S RECOMMENDATION FY15
FEDERAL REVENUE (1)	9.30	9.30	9.30	9.30	9.30
PROGRAM REVENUE (2)	130.25	130.25	130.25	132.25	132.25
SEGREGATED REVENUE (3)	12.75	12.75	12.75	12.75	12.75
TOTALS - ANNUAL	152.30	152.30	152.30	154.30	154.30

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(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

**Insurance**

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

	ACTUAL FY12	ADJUSTED		GOVERNOR'S RECOMMENDATION		
		BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	FY14	FY15
1. Supervision of the insurance industry	\$17,077.2	\$17,027.5	\$18,511.6	\$17,322.8	\$18,424.3	\$17,253.5
2. Injured patients and families compensation fund	\$8,517.0	\$55,520.3	\$55,480.5	\$55,481.0	\$55,480.5	\$55,481.0
3. Local government property insurance fund	\$27,722.8	\$27,548.5	\$29,972.4	\$31,085.7	\$29,972.4	\$31,085.7
4. State life insurance fund	\$3,501.2	\$4,192.7	\$4,192.4	\$4,192.8	\$4,192.4	\$4,192.8
<b>TOTALS</b>	<b>\$56,818.1</b>	<b>\$104,289.0</b>	<b>\$108,156.9</b>	<b>\$108,082.3</b>	<b>\$108,069.6</b>	<b>\$108,013.0</b>

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

	ADJUSTED		AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
	BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	FY14	FY15	
1. Supervision of the insurance industry	139.55	139.55	139.55	141.55	141.55	
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	
<b>TOTALS</b>	<b>152.30</b>	<b>152.30</b>	<b>152.30</b>	<b>154.30</b>	<b>154.30</b>	

(4) All positions are State Operations unless otherwise specified

## Insurance

### 1. Administrative Staffing

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	18,900	2.00	24,400	2.00
TOTAL	0	0.00	0	0.00	18,900	2.00	24,400	2.00

The Governor recommends increasing expenditure and position authority to reflect the costs of converting office support limited term positions to permanent.

### 2. Leased Space

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	87,800	0.00	89,500	0.00	87,800	0.00	89,500	0.00
TOTAL	87,800	0.00	89,500	0.00	87,800	0.00	89,500	0.00

The Governor recommends increasing expenditure authority to reflect actual agency space costs.

### 3. Local Government Property Insurance Fund Claims Payments

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	2,387,500	0.00	3,500,800	0.00	2,387,500	0.00	3,500,800	0.00
TOTAL	2,387,500	0.00	3,500,800	0.00	2,387,500	0.00	3,500,800	0.00

The Governor recommends increasing expenditure authority to reflect a reestimate of claims payments from the local government property insurance fund.

## Insurance

### 4. Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	95,800	0.00	71,800	0.00	-10,400	0.00	-21,900	0.00
TOTAL	95,800	0.00	71,800	0.00	-10,400	0.00	-21,900	0.00

The Governor recommends adjusting expenditure authority to reflect a reestimate of the costs of the Board on Aging and Long-Term Care's Medigap Helpline that provides seniors with information on health insurance options. See Board on Aging and Long-Term Care, Item #1.

### 5. Federal Revenue Reestimate

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	1,583,000	0.00	395,800	0.00	1,583,000	0.00	395,800	0.00
TOTAL	1,583,000	0.00	395,800	0.00	1,583,000	0.00	395,800	0.00

The Governor recommends adjusting the agency's expenditure authority based on reestimates of funding from the federal government.

### 6. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	-282,500	0.00	-261,800	0.00	-282,500	0.00	-261,800	0.00
SEG-O	-3,700	0.00	-2,800	0.00	-3,700	0.00	-2,800	0.00
TOTAL	-286,200	0.00	-264,600	0.00	-286,200	0.00	-264,600	0.00

The Governor recommends adjusting the agency's base budget for: (a) turnover reduction (-\$239,300 in each year); (b) full funding of continuing position salaries and fringe benefits (-\$68,000 in each year); and (c) full funding of lease and directed moves costs (\$21,100 in FY14 and \$42,700 in FY15).