

OFFICE OF THE COMMISSIONER OF INSURANCE

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY17 Adjusted Base	FY18 Recommended	% Change Over FY17	FY19 Recommended	% Change Over FY18
PR-F	0	601,000	0.0	601,000	0.0
PR-O	18,887,400	18,499,700	-2.1	18,679,500	1.0
SEG-O	91,779,300	91,741,800	0.0	91,743,000	0.0
TOTAL	110,666,700	110,842,500	0.2	111,023,500	0.2

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY17 Adjusted Base	FY18 Recommended	FTE Change Over FY17	FY19 Recommended	FTE Change Over FY18
PR-F	7.10	5.10	-2.00	5.10	0.00
PR-O	131.65	120.15	-11.50	120.15	0.00
SEG-O	12.75	11.75	-1.00	11.75	0.00
TOTAL	151.50	137.00	-14.50	137.00	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 145 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.

Insurance

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 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 members 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.

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.

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

2015 AND 2016 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2015	Actual 2015	Goal 2016	Actual 2016
1.	Number of financial examinations conducted during the fiscal year.	63	52	47	N/A
1.	Number of market conduct examinations.	Determined by need for examination	None, as other outstanding exams were completed	Determined by need for examination	N/A
1.	Consumer complaints handled in a timely fashion. ¹	95%	95%	95%	N/A
1.	Policy form reviews conducted in a timely manner.	6,000	6,127	6,000	N/A
1.	Insurance intermediary licensing function processed in a timely manner.	22,000 95%	39,000	22,000 95%	N/A
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. ²	15,500 1 17,800	12,619 1 10,600	15,500 1 17,800	N/A
1.	Continually update the Web site so users can find the information they need. ³	975 50,750	968 50,386	975 50,750	N/A
2.	Injured patients and families compensation fund report accepted by Board of Governors. ¹	Report accepted	Report accepted	Report accepted	N/A

Insurance

Prog. No.	Performance Measure	Goal 2015	Actual 2015	Goal 2016	Actual 2016
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. ¹	Unqualified opinion	Audit has not yet occurred	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	Audit has not yet occurred
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. ¹	Unqualified opinion	Audit is currently in process	Unqualified opinion	Audit has not yet occurred

Note: Based on calendar year, unless otherwise noted. Actuals for 2016 are not yet available.

¹Based on fiscal year.

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.

³Two 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.

2017, 2018 AND 2019 GOALS

Prog. No.	Performance Measure ¹	Goal 2017	Goal 2018	Goal 2019
1.	Number of financial examinations conducted during the fiscal year.	55	55	55
1.	Consumer complaints handled in a timely fashion. ²	95%	95%	95%
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.	39,000	39,000	39,000
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. ³	15,500 1 350,000	15,500 1 350,000	15,500 1 350,000

Insurance

Prog. No.	Performance Measure¹	Goal 2017	Goal 2018	Goal 2019
1.	Continually update the Web site so users can find the information they need. ⁴	975 50,750	975 50,750	975 50,750
2.	Injured patients and families compensation fund report accepted by Board of Governors. ²	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. ²	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. ²	Unqualified opinion	Unqualified opinion	Unqualified opinion

Note: Based on calendar year, unless otherwise noted.

¹Certain performance measures and goals have been revised.

²Based on fiscal year.

³Three 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.

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.

OFFICE OF THE COMMISSIONER OF INSURANCE

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Closure of the Local Government Property Insurance Fund
2. Transfer Information Technology Positions
3. Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline
4. Standard Budget Adjustments

Insurance

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

	ACTUAL FY16	ADJUSTED BASE FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY18	FY19	FY18	FY19
FEDERAL REVENUE (1)	\$961.2	\$0.0	\$601.0	\$601.0	\$601.0	\$601.0
State Operations	961.2	0.0	601.0	601.0	601.0	601.0
PROGRAM REVENUE (2)	\$17,506.9	\$18,887.4	\$18,499.7	\$18,529.5	\$18,499.7	\$18,679.5
State Operations	17,506.9	18,887.4	18,499.7	18,529.5	18,499.7	18,679.5
SEGREGATED REVENUE (3)	\$37,360.8	\$91,779.3	\$91,741.8	\$91,743.0	\$91,741.8	\$91,743.0
State Operations	2,834.1	3,475.7	3,438.2	3,439.4	3,438.2	3,439.4
Local Assistance	20,972.1	29,660.2	29,660.2	29,660.2	29,660.2	29,660.2
Aids to Ind. & Org.	13,554.7	58,643.4	58,643.4	58,643.4	58,643.4	58,643.4
TOTALS - ANNUAL	\$55,828.8	\$110,666.7	\$110,842.5	\$110,873.5	\$110,842.5	\$111,023.5
State Operations	21,302.1	22,363.1	22,538.9	22,569.9	22,538.9	22,719.9
Local Assistance	20,972.1	29,660.2	29,660.2	29,660.2	29,660.2	29,660.2
Aids to Ind. & Org.	13,554.7	58,643.4	58,643.4	58,643.4	58,643.4	58,643.4

(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 FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY18	FY19	FY18	FY19
FEDERAL REVENUE (1)	7.10	7.10	7.10	5.10	5.10
PROGRAM REVENUE (2)	131.65	131.65	131.65	120.15	120.15
SEGREGATED REVENUE (3)	12.75	12.75	12.75	11.75	11.75
TOTALS - ANNUAL	151.50	151.50	151.50	137.00	137.00

(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 FY16	ADJUSTED BASE FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY18	FY19	FY18	FY19
1. Supervision of the insurance industry	\$18,468.0	\$18,887.4	\$19,100.7	\$19,130.5	\$19,100.7	\$19,280.5
2. Injured patients and families compensation fund	\$10,504.4	\$55,517.7	\$55,521.5	\$55,522.2	\$55,521.5	\$55,522.2
3. Local government property insurance fund	\$22,217.8	\$31,089.4	\$31,086.9	\$31,087.0	\$31,086.9	\$31,087.0
4. State life insurance fund	\$4,638.6	\$5,172.2	\$5,133.4	\$5,133.8	\$5,133.4	\$5,133.8
TOTALS	\$55,828.8	\$110,666.7	\$110,842.5	\$110,873.5	\$110,842.5	\$111,023.5

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

	ADJUSTED BASE FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY18	FY19	FY18	FY19
1. Supervision of the insurance industry	138.75	138.75	138.75	125.25	125.25
2. Injured patients and families compensation fund	8.11	8.11	8.11	7.11	7.11
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	151.50	151.50	151.50	137.00	137.00

(4) All positions are State Operations unless otherwise specified

Insurance

1. Closure of the Local Government Property Insurance Fund

The Governor recommends closing the local government property insurance fund to new policies and not renewing existing policies. The fund was created to ensure local governmental units had access to affordable property insurance. That situation no longer exists since a wide array of affordable property insurance products are available in the insurance market today. The agency will continue to operate the fund until all existing policyholders have terminated coverage.

2. Transfer Information Technology Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	0	0.00	0	0.00	0	-2.00	0	-2.00
PR-O	0	0.00	0	0.00	0	-11.50	0	-11.50
SEG-O	0	0.00	0	0.00	0	-1.00	0	-1.00
TOTAL	0	0.00	0	0.00	0	-14.50	0	-14.50

The Governor recommends transferring information technology positions to the Department of Administration from the office in order to provide more efficient and effective information technology support. See Department of Administration, Item #15.

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

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	26,700	0.00	24,200	0.00	26,700	0.00	24,200	0.00
TOTAL	26,700	0.00	24,200	0.00	26,700	0.00	24,200	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.

Insurance

4. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	601,000	0.00	601,000	0.00	601,000	0.00	601,000	0.00
PR-O	-414,400	0.00	-382,100	0.00	-414,400	0.00	-232,100	0.00
SEG-O	-37,500	0.00	-36,300	0.00	-37,500	0.00	-36,300	0.00
TOTAL	149,100	0.00	182,600	0.00	149,100	0.00	332,600	0.00

The Governor recommends adjusting the agency's base budget for: (a) turnover reduction (-\$260,800 in each year); (b) full funding of continuing position salaries and fringe benefits (\$346,500 in each year); and (c) full funding of lease and directed moves costs (\$63,400 in FY18 and \$246,900 in FY19).