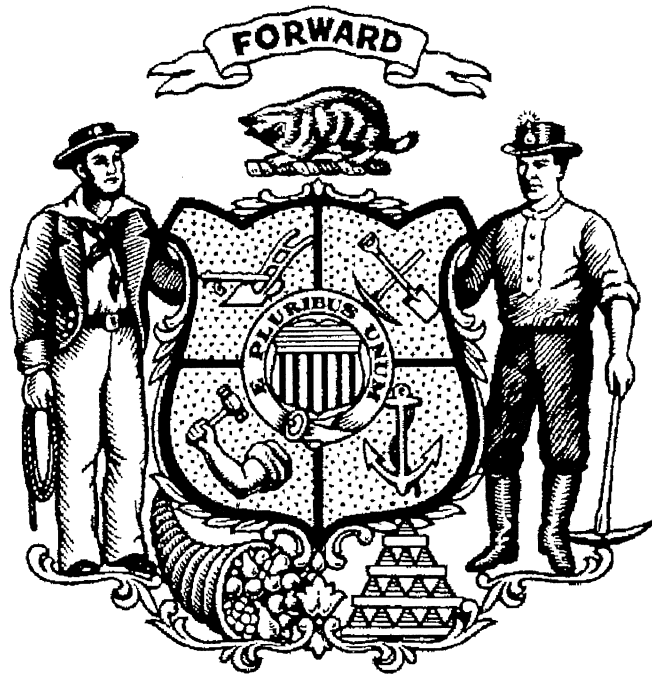


State of Wisconsin

Office of the Commissioner of Insurance



Agency Budget Request
2013 – 2015 Biennium
September 17, 2012
(Revised September 19, 2012)

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ociinformation@wisconsin.gov
Web Address: oci.wi.gov

September 17, 2012

Mike Huebsch, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53702

Dear Secretary Huebsch:

Attached is the 2013-2015 biennial budget request from the Office of the Commissioner of Insurance (OCI). This request represents a very basic, cost-to-continue budget for the agency as OCI continues to be a good steward of its financial resources and remain fiscally prudent. There is no General Purpose Revenue (GPR) funding or Full-Time Equivalent (FTE) positions included in this submission.

This modest budget request is needed so that effective insurance regulation will be maintained, Wisconsin's policyholders will continue to be adequately protected, and that a stable business base for Wisconsin domestic insurers will be provided.

Thank you for your consideration of this budget request.

Sincerely,

Theodore K. Nickel
Commissioner

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.

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 office-wide 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.

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, 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.

2011 AND 2012 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012
1.	Number of financial examinations. (fiscal year basis)	51	50	55	54
1.	Number of market conduct examinations.	12	11	12	Data is on a calendar year basis and is therefore not available yet.
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	Data is on a calendar year basis and is therefore not available yet.
1.	Insurance intermediary licensing function processed in a timely manner.	22,000	22,998	22,000	Data is on a calendar year basis and is therefore not available yet.
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. ¹	15,700 0 31,000	14,948 2 20,189	15,700 0 31,000	Data is on a calendar year basis and is therefore not available yet.
1.	Continually update the Web site so users can find the information they need. ²	950 54,100	918 54,750	950 54,100	Data is on a calendar year basis and is

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012
					therefore not available yet.
2.	Injured patients and families compensation fund report accepted by Board of Governors.	Report accepted	Report was 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 was received.	Unqualified opinion	Audit has not occurred yet.
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	GAAP standards met	Meet GAAP standards	In Process
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	Four year audit scheduled for Spring 2013

Note: Some data is based on calendar year. Therefore, the actuals for 2012 are not yet available.

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.

²Two 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.

2011, 2012 AND 2013 GOALS

Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
1.	Number of financial examinations (fiscal year basis)	64	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
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. ¹	15,000 1 20,000	15,250 1 19,500	15,500 1 19,000
1.	Continually update the Web site so users can find the information they need. ²	950 55,000	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

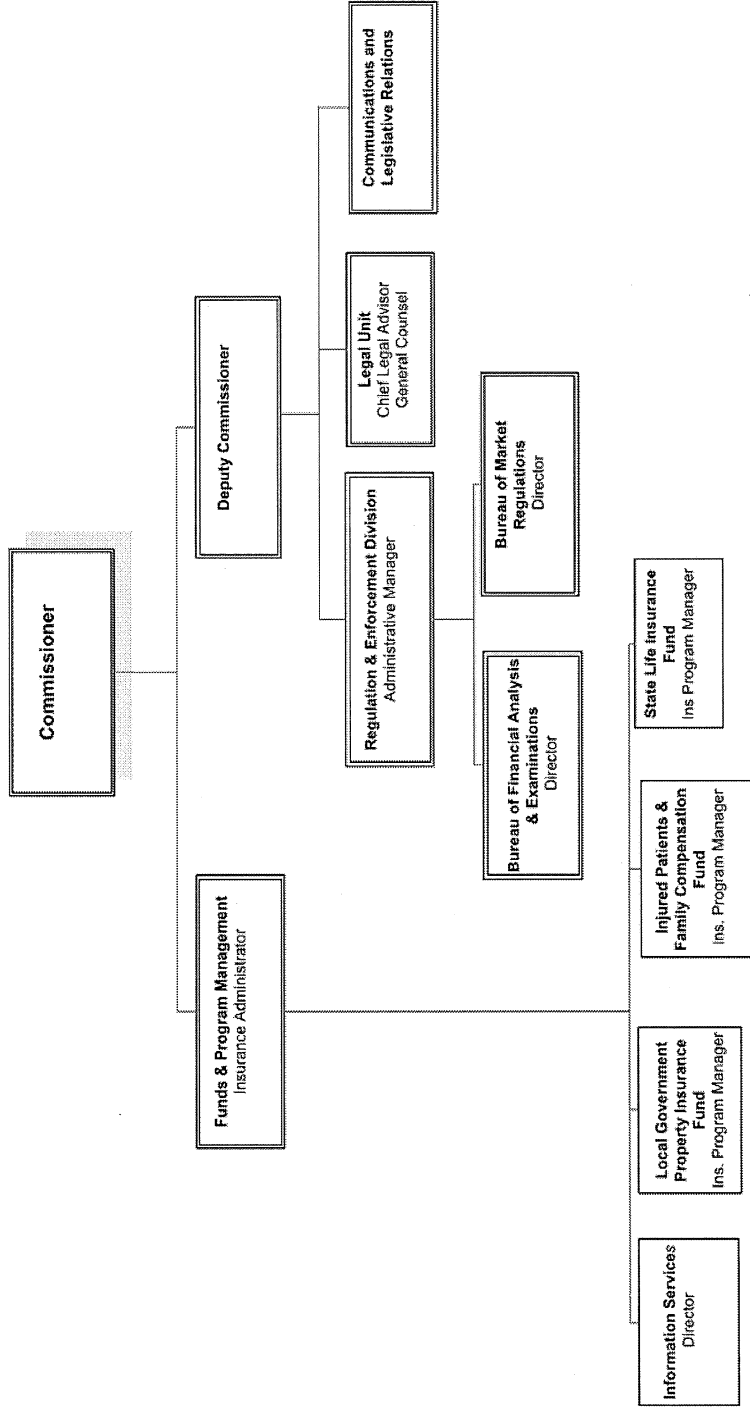
Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Meet GAAP standards	Meet GAAP standards
4.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified opinion being rendered.	Unqualified opinion	Unqualified opinion	Unqualified opinion

Note: Some goals are based on a 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.

²Two 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.

Organizational and Staffing Chart of the Office of the Commissioner of Insurance



Agency Total by Fund Source

Office of the Commissioner of Insurance

1315 Biennial Budget

Source of Funds	ANNUAL SUMMARY							BIENNIAL SUMMARY			
	Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %	
PR	\$15,933,790	\$17,027,500	\$16,928,600	\$16,927,000	130.25	130.25	\$34,055,000	\$33,855,600	(\$199,400)	-0.6%	
Total	\$15,933,790	\$17,027,500	\$16,928,600	\$16,927,000	130.25	130.25	\$34,055,000	\$33,855,600	(\$199,400)	-0.6%	
PR Federal	\$1,143,439	\$0	\$1,583,000	\$395,800	9.30	9.30	\$0	\$1,978,800	\$1,978,800		
Total	\$1,143,439	\$0	\$1,583,000	\$395,800	9.30	9.30	\$0	\$1,978,800	\$1,978,800		
SEG A	\$10,546,435	\$57,678,800	\$57,678,800	\$57,678,800	0.00	0.00	\$115,357,600	\$115,357,600	\$0	0.0%	
SEG L	\$26,444,026	\$26,159,400	\$28,546,900	\$29,660,200	0.00	0.00	\$52,318,800	\$58,207,100	\$5,888,300	11.3%	
SEG S	\$2,750,457	\$3,423,300	\$3,419,600	\$3,420,500	12.75	12.75	\$6,846,600	\$6,840,100	(\$6,500)	-0.1%	
Total	\$39,740,918	\$87,261,500	\$89,645,300	\$90,759,500	12.75	12.75	\$174,523,000	\$180,404,800	\$5,881,800	3.4%	
Grand Total	\$56,818,147	\$104,289,000	\$108,156,900	\$108,082,300	152.30	152.30	\$208,578,000	\$216,239,200	\$7,661,200	3.7%	

Agency Total by Program

145 Insurance, Office of the Commissioner of

1315 Biennial Budget

Source of Funds	Prior Year Actual	ANNUAL SUMMARY			BIENNIAL SUMMARY					
		Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
01 SUPERVISION OF THE INSURANCE INDUSTRY										
Non Federal										
PR	\$0	\$17,027,500	\$16,928,600	\$16,927,000	130.25	130.25	\$34,055,000	\$33,855,600	(\$199,400)	-0.59%
S	\$0	\$17,027,500	\$16,928,600	\$16,927,000	130.25	130.25	\$34,055,000	\$33,855,600	(\$199,400)	-0.59%
Total - Non Federal	\$0	\$17,027,500	\$16,928,600	\$16,927,000	130.25	130.25	\$34,055,000	\$33,855,600	(\$199,400)	-0.59%
Federal										
PR	\$0	\$0	\$1,583,000	\$395,800	9.30	9.30	\$0	\$1,978,800	\$1,978,800	0.00%
S	\$0	\$0	\$1,583,000	\$395,800	9.30	9.30	\$0	\$1,978,800	\$1,978,800	0.00%
Total - Federal	\$0	\$0	\$1,583,000	\$395,800	9.30	9.30	\$0	\$1,978,800	\$1,978,800	0.00%
PGM 01 Total	\$0	\$17,027,500	\$18,511,600	\$17,322,800	139.55	139.55	\$34,055,000	\$35,834,400	\$1,779,400	5.23%
PR	\$0	\$17,027,500	\$18,511,600	\$17,322,800	139.55	139.55	\$34,055,000	\$35,834,400	\$1,779,400	5.23%
S	\$0	\$17,027,500	\$18,511,600	\$17,322,800	139.55	139.55	\$34,055,000	\$35,834,400	\$1,779,400	5.23%
TOTAL 01	\$0	\$17,027,500	\$18,511,600	\$17,322,800	139.55	139.55	\$34,055,000	\$35,834,400	\$1,779,400	5.23%
S	\$0	\$17,027,500	\$18,511,600	\$17,322,800	139.55	139.55	\$34,055,000	\$35,834,400	\$1,779,400	5.23%

Agency Total by Program

145 Insurance, Office of the Commissioner of

1315 Biennial Budget

Source of Funds	Prior Year Actual	ANNUAL SUMMARY				BIENNIAL SUMMARY				
		Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
02 INJURED PATIENTS AND FAMILIES COMPENSATION FUND										
Non Federal										
SEG	\$0	\$55,520,300	\$55,480,500	\$55,481,000	8.11	8.11	\$111,040,600	\$110,961,500	(\$79,100)	-0.07%
A	\$0	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$0	\$1,369,900	\$1,330,100	\$1,330,600	8.11	8.11	\$2,739,800	\$2,660,700	(\$79,100)	-2.89%
Total - Non Federal	\$0	\$55,520,300	\$55,480,500	\$55,481,000	8.11	8.11	\$111,040,600	\$110,961,500	(\$79,100)	-0.07%
A	\$0	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$0	\$1,369,900	\$1,330,100	\$1,330,600	8.11	8.11	\$2,739,800	\$2,660,700	(\$79,100)	-2.89%
PGM 02 Total	\$0	\$55,520,300	\$55,480,500	\$55,481,000	8.11	8.11	\$111,040,600	\$110,961,500	(\$79,100)	-0.07%
SEG	\$0	\$55,520,300	\$55,480,500	\$55,481,000	8.11	8.11	\$111,040,600	\$110,961,500	(\$79,100)	-0.07%
A	\$0	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$0	\$1,369,900	\$1,330,100	\$1,330,600	8.11	8.11	\$2,739,800	\$2,660,700	(\$79,100)	-2.89%
TOTAL 02	\$0	\$55,520,300	\$55,480,500	\$55,481,000	8.11	8.11	\$111,040,600	\$110,961,500	(\$79,100)	-0.07%
A	\$0	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$0	\$1,369,900	\$1,330,100	\$1,330,600	8.11	8.11	\$2,739,800	\$2,660,700	(\$79,100)	-2.89%

Agency Total by Program

145 Insurance, Office of the Commissioner of

1315 Biennial Budget

Source of Funds	Prior Year Actual	ANNUAL SUMMARY				BIENNIAL SUMMARY				
		Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
03 LOCAL GOVERNMENT PROPERTY INSURANCE FUND										
Non Federal										
SEG	\$0	\$27,548,500	\$29,972,400	\$31,085,700	1.07	1.07	\$55,097,000	\$61,058,100	\$5,961,100	10.82%
L	\$0	\$26,159,400	\$28,546,900	\$29,660,200	0.00	0.00	\$52,318,800	\$58,207,100	\$5,888,300	11.25%
S	\$0	\$1,389,100	\$1,425,500	\$1,425,500	1.07	1.07	\$2,778,200	\$2,851,000	\$72,800	2.62%
Total - Non Federal	\$0	\$27,548,500	\$29,972,400	\$31,085,700	1.07	1.07	\$55,097,000	\$61,058,100	\$5,961,100	10.82%
PGM 03 Total	\$0	\$27,548,500	\$29,972,400	\$31,085,700	1.07	1.07	\$55,097,000	\$61,058,100	\$5,961,100	10.82%
SEG	\$0	\$27,548,500	\$29,972,400	\$31,085,700	1.07	1.07	\$55,097,000	\$61,058,100	\$5,961,100	10.82%
L	\$0	\$26,159,400	\$28,546,900	\$29,660,200	0.00	0.00	\$52,318,800	\$58,207,100	\$5,888,300	11.25%
S	\$0	\$1,389,100	\$1,425,500	\$1,425,500	1.07	1.07	\$2,778,200	\$2,851,000	\$72,800	2.62%
TOTAL 03	\$0	\$27,548,500	\$29,972,400	\$31,085,700	1.07	1.07	\$55,097,000	\$61,058,100	\$5,961,100	10.82%
L	\$0	\$26,159,400	\$28,546,900	\$29,660,200	0.00	0.00	\$52,318,800	\$58,207,100	\$5,888,300	11.25%
S	\$0	\$1,389,100	\$1,425,500	\$1,425,500	1.07	1.07	\$2,778,200	\$2,851,000	\$72,800	2.62%

Agency Total by Program

145 Insurance, Office of the Commissioner of

1315 Biennial Budget

Source of Funds	Prior Year Actual	ANNUAL SUMMARY				BIENNIAL SUMMARY				
		Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
04 STATE LIFE INSURANCE FUND										
Non Federal										
SEG	\$0	\$4,192,700	\$4,192,400	\$4,192,800	3.57	3.57	\$8,385,400	\$8,385,200	(\$200)	0.00%
A	\$0	\$3,528,400	\$3,528,400	\$3,528,400	0.00	0.00	\$7,056,800	\$7,056,800	\$0	0.00%
S	\$0	\$664,300	\$664,000	\$664,400	3.57	3.57	\$1,328,600	\$1,328,400	(\$200)	-0.02%
Total - Non Federal	\$0	\$4,192,700	\$4,192,400	\$4,192,800	3.57	3.57	\$8,385,400	\$8,385,200	(\$200)	0.00%
A	\$0	\$3,528,400	\$3,528,400	\$3,528,400	0.00	0.00	\$7,056,800	\$7,056,800	\$0	0.00%
S	\$0	\$664,300	\$664,000	\$664,400	3.57	3.57	\$1,328,600	\$1,328,400	(\$200)	-0.02%
PGM 04 Total	\$0	\$4,192,700	\$4,192,400	\$4,192,800	3.57	3.57	\$8,385,400	\$8,385,200	(\$200)	0.00%
SEG	\$0	\$4,192,700	\$4,192,400	\$4,192,800	3.57	3.57	\$8,385,400	\$8,385,200	(\$200)	0.00%
A	\$0	\$3,528,400	\$3,528,400	\$3,528,400	0.00	0.00	\$7,056,800	\$7,056,800	\$0	0.00%
S	\$0	\$664,300	\$664,000	\$664,400	3.57	3.57	\$1,328,600	\$1,328,400	(\$200)	-0.02%
TOTAL 04	\$0	\$4,192,700	\$4,192,400	\$4,192,800	3.57	3.57	\$8,385,400	\$8,385,200	(\$200)	0.00%
A	\$0	\$3,528,400	\$3,528,400	\$3,528,400	0.00	0.00	\$7,056,800	\$7,056,800	\$0	0.00%
S	\$0	\$664,300	\$664,000	\$664,400	3.57	3.57	\$1,328,600	\$1,328,400	(\$200)	-0.02%
Agency Total	\$0	\$104,289,000	\$108,156,900	\$108,082,300	152.30	152.30	\$208,578,000	\$216,239,200	\$7,661,200	3.67%

Agency Total by Decision Item

Office of the Commissioner of Insurance

1315 Biennial Budget

Decision Item	1st Year Total		2nd Year Total		1st Year FTE		2nd Year FTE	
2000 Adjusted Base Funding Level	\$104,289,000		\$104,289,000		152.30		152.30	
3001 Turnover Reduction	(\$239,300)		(\$239,300)		0.00		0.00	
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	(\$68,000)		(\$68,000)		0.00		0.00	
3010 Full Funding of Lease and Directed Moves Costs	\$21,100		\$42,700		0.00		0.00	
4001 Leased Space	\$87,800		\$89,500		0.00		0.00	
4002 Increase in LGPIF Claims Payment Appropriation	\$2,387,500		\$3,500,800		0.00		0.00	
4003 Fully Fund the Board on Aging's Medigap Helpline	\$95,800		\$71,800		0.00		0.00	
4004 Re-estimate of Federal Appropriation Level	\$1,583,000		\$395,800		0.00		0.00	
TOTAL	\$108,156,900		\$108,082,300		152.30		152.30	

GPR Earned

1315 Biennial Budget

CODES	TITLES
145	Office of the Commissioner of Insurance
01	Supervision of the insurance industry

DATE September 13, 2012

Revenue	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$0	\$0	\$0
GPR - Earned on Revenue	\$22,524,500	\$22,714,700	\$20,791,500	\$21,886,900
Required PR Lapse	\$1,424,900	\$712,500	\$902,700	\$902,700
Miscellaneous	\$100	\$0	\$0	\$0
Total	\$23,949,500	\$23,427,200	\$21,694,200	\$22,789,600

Program Revenue

1315 Biennial Budget

CODES	TITLES
145	Office of the Commissioner of Insurance
01	Supervision of the insurance industry
31	General program operations

DEPARTMENT

PROGRAM

SUBPROGRAM

NUMERIC APPROPRIATION

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$1,762,000	\$1,747,800	\$599,300	\$1,693,000
Fees	\$33,585,800	\$33,478,000	\$33,478,000	\$33,478,000
Assessments and Examinations	\$5,847,400	\$5,847,400	\$5,847,400	\$5,847,400
Chargeback from SEG Funds	\$151,500	\$151,500	\$151,500	\$151,500
CMO Examinations	\$284,300	\$239,600	\$239,600	\$239,600
Required PR Lapses	(\$1,424,900)	(\$712,500)	(\$902,700)	(\$902,700)
GPR - Earned	(\$22,524,500)	(\$22,714,700)	(\$20,791,500)	(\$21,886,900)
Total Revenue	\$17,681,600	\$18,037,100	\$18,621,600	\$18,619,900
Expenditures	\$15,933,800	\$17,437,800	\$0	\$0
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$20,200	\$40,900
4003 Fully Fund the Board on Aging's Medigap Helpline	\$0	\$0	\$95,800	\$71,800
2000 Adjusted Base Funding Level	\$0	\$0	\$17,027,500	\$17,027,500
3001 Turnover Reduction	\$0	\$0	(\$239,300)	(\$239,300)
3003 Full Funding of Continuing Position Salaries	\$0	\$0	(\$63,400)	(\$63,400)

and Fringe Benefits						
4001 Leased Space	\$0	\$0	\$0	\$87,800	\$89,500	
Total Expenditures	\$15,933,800	\$17,437,800	\$16,928,600	\$16,928,600	\$16,927,000	
<u>Closing Balance</u>	<u>\$1,747,800</u>	<u>\$599,300</u>	<u>\$1,693,000</u>		<u>\$1,692,900</u>	

Program Revenue

1315 Biennial Budget

CODES	TITLES
145	Office of the Commissioner of Insurance
01	Supervision of the insurance industry
41	Federal funds

DEPARTMENT

PROGRAM

SUBPROGRAM

NUMERIC APPROPRIATION

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	(\$16,200)	(\$39,300)	\$0	\$0
Federal Grant Revenue	\$1,120,300	\$1,548,600	\$1,583,000	\$395,800
	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0
Total Revenue	\$1,104,100	\$1,509,300	\$1,583,000	\$395,800
Expenditures	\$1,143,400	\$1,509,300	\$0	\$0
4004 Re-estimate of Federal Appropriation Level	\$0	\$0	\$1,583,000	\$395,800
2000 Adjusted Base Funding Level	\$0	\$0	\$0	\$0
Total Expenditures	\$1,143,400	\$1,509,300	\$1,583,000	\$395,800
Closing Balance	(\$39,300)	\$0	\$0	\$0

The funding for this appropriation comes from a federal grant titled "Grants to Support States in Health Insurance Rate Review - Cycle II."

Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

CODES	TITLES
145	Office of the Commissioner of Insurance
02	Injured patients and families compensation fund
533	

DEPARTMENT
 NUMERIC APPROPRIATION
 PROGRAM
 SUBPROGRAM
 WISMART FUND

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$917,664,500	\$1,011,367,000	\$1,106,016,600	\$1,149,336,100
Assessments	\$34,645,000	\$38,800,000	\$38,800,000	\$38,800,000
Investment Income	\$67,574,500	\$60,000,000	\$60,000,000	\$60,000,000
Total Revenue	\$1,019,884,000	\$1,110,167,000	\$1,204,816,600	\$1,248,136,100
Expenditures	\$8,517,000	\$4,150,400	\$0	\$0
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$500	\$1,000
2000 Adjusted Base Funding Level	\$0	\$0	\$55,520,300	\$55,520,300
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$40,300)	(\$40,300)
Total Expenditures	\$8,517,000	\$4,150,400	\$55,480,500	\$55,481,000
Closing Balance	\$1,011,367,000	\$1,106,016,600	\$1,149,336,100	\$1,192,655,100

Segregated Funds Revenue and Balances Statement

1315 Biennial Budget

CODES	TITLES
145	Office of the Commissioner of Insurance
03	Local government property insurance fund
531	

DEPARTMENT
 NUMERIC APPROPRIATION
 PROGRAM
 SUBPROGRAM
 WISMART FUND

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$47,266,200	\$40,132,500	\$38,317,000	\$32,688,500
Premiums	\$20,520,400	\$24,214,100	\$24,214,100	\$24,214,100
Investments	\$68,700	\$129,800	\$129,800	\$129,800
Total Revenue	\$67,855,300	\$64,476,400	\$62,660,900	\$57,032,400
Expenditures	\$27,722,800	\$26,159,400	\$0	\$0
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$100	\$100
2000 Adjusted Base Funding Level	\$0	\$0	\$27,548,500	\$27,548,500
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$36,300	\$36,300
4002 Increase in LGPIF Claims Payment Appropriation	\$0	\$0	\$2,387,500	\$3,500,800
Total Expenditures	\$27,722,800	\$26,159,400	\$29,972,400	\$31,085,700
Closing Balance	\$40,132,500	\$38,317,000	\$32,688,500	\$25,946,700

Revised: 9/19/2012

Segregated Funds Revenue and Balances Statement

CODES	TITLES
145	Office of the Commissioner of Insurance
04	State life insurance fund
532	

DEPARTMENT
 NUMERIC APPROPRIATION
 PROGRAM
 SUBPROGRAM
 WISMART FUND

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$111,768,600	\$127,373,600	\$135,934,400	\$144,458,200
Premiums	\$946,500	\$909,100	\$871,800	\$834,400
Investment Income	\$18,159,700	\$11,844,400	\$11,844,400	\$11,844,400
Total Revenue	\$130,874,800	\$140,127,100	\$148,650,600	\$157,137,000
Expenditures	\$3,501,200	\$4,192,700	\$0	\$0
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$300	\$700
2000 Adjusted Base Funding Level	\$0	\$0	\$4,192,700	\$4,192,700
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	(\$600)	(\$600)
Total Expenditures	\$3,501,200	\$4,192,700	\$4,192,400	\$4,192,800
Closing Balance	\$127,373,600	\$135,934,400	\$144,458,200	\$152,944,200

Decision Item (DIN) - 2000

Decision Item (DIN) Title - Adjusted Base Funding Level

NARRATIVE

Adjusted Base Funding Level

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	2000	Adjusted Base Funding Level

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$8,740,600	\$8,740,600
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$38,100	\$38,100
05	Fringe Benefits	\$3,275,800	\$3,275,800
06	Supplies and Services	\$7,178,300	\$7,178,300
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$85,056,200	\$85,056,200
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$104,289,000	\$104,289,000
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	148.30	148.30
20	Unclassified Positions Authorized	4.00	4.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	2000	Adjusted Base Funding Level			
01	Supervision of the insurance industry				
	31 General program operations	\$17,027,500	\$17,027,500	130.25	130.25
	41 Federal funds	\$0	\$0	9.30	9.30
	Supervision of the insurance industry SubTotal	\$17,027,500	\$17,027,500	139.55	139.55
02	Injured patients and families compensation fund				
	61 Administration	\$1,216,400	\$1,216,400	6.61	6.61
	62 Peer review council	\$153,500	\$153,500	1.50	1.50
	76 Specified responsibilities, inv. board payments and future medical expenses	\$54,150,400	\$54,150,400	0.00	0.00
	Injured patients and families compensation fund SubTotal	\$55,520,300	\$55,520,300	8.11	8.11
03	Local government property insurance fund				
	61 Administration	\$1,389,100	\$1,389,100	1.07	1.07
	76 Specified payments, fire dues and reinsurance	\$26,159,400	\$26,159,400	0.00	0.00
	Local government property insurance fund SubTotal	\$27,548,500	\$27,548,500	1.07	1.07
04	State life insurance fund				
	61 Administration	\$664,300	\$664,300	3.57	3.57
	76 Specified payments and losses	\$3,528,400	\$3,528,400	0.00	0.00
	State life insurance fund SubTotal	\$4,192,700	\$4,192,700	3.57	3.57
	Adjusted Base Funding Level SubTotal	\$104,289,000	\$104,289,000	152.30	152.30
	Agency Total	\$104,289,000	\$104,289,000	152.30	152.30

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	2000	Adjusted Base Funding Level				
	PR	S	\$17,027,500	\$17,027,500	130.25	130.25
	PR Federal	S	\$0	\$0	9.30	9.30
	SEG	A	\$57,678,800	\$57,678,800	0.00	0.00
	SEG	L	\$26,159,400	\$26,159,400	0.00	0.00
	SEG	S	\$3,423,300	\$3,423,300	12.75	12.75
	Total		\$104,289,000	\$104,289,000	152.30	152.30
Agency Total			\$104,289,000	\$104,289,000	152.30	152.30

Decision Item (DIN) - 3001

Decision Item (DIN) Title - Turnover Reduction

NARRATIVE

Standard Budget Adjustment - Turnover Reduction

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	3001	Turnover Reduction

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	(\$239,300)	(\$239,300)
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	(\$239,300)	(\$239,300)
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3001	Turnover Reduction			
01	Supervision of the insurance industry				
	31 General program operations	(\$239,300)	(\$239,300)	0.00	0.00
	Supervision of the insurance industry SubTotal	(\$239,300)	(\$239,300)	0.00	0.00
	Turnover Reduction SubTotal	(\$239,300)	(\$239,300)	0.00	0.00
	Agency Total	(\$239,300)	(\$239,300)	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3001	Turnover Reduction				
	PR	S	(\$239,300)	(\$239,300)	0.00	0.00
	Total		(\$239,300)	(\$239,300)	0.00	0.00
Agency Total			(\$239,300)	(\$239,300)	0.00	0.00

Decision Item (DIN) - 3003

Decision Item (DIN) Title - Full Funding of Continuing Position Salaries and Fringe Benefits

NARRATIVE

Standard Budget Adjustment - Full Funding of Continuing Position Salaries and Fringe Benefits

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	3003	Full Funding of Continuing Position Salaries and Fringe Benefits

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	(\$58,800)	(\$58,800)
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	(\$9,200)	(\$9,200)
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	(\$68,000)	(\$68,000)
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3003	Full Funding of Continuing Position Salaries and Fringe Benefits			
01	Supervision of the insurance industry				
	31 General program operations	(\$63,400)	(\$63,400)	0.00	0.00
	Supervision of the insurance industry SubTotal	(\$63,400)	(\$63,400)	0.00	0.00
02	Injured patients and families compensation fund				
	61 Administration	(\$12,000)	(\$12,000)	0.00	0.00
	62 Peer review council	(\$28,300)	(\$28,300)	0.00	0.00
	Injured patients and families compensation fund SubTotal	(\$40,300)	(\$40,300)	0.00	0.00
03	Local government property insurance fund				
	61 Administration	\$36,300	\$36,300	0.00	0.00
	Local government property insurance fund SubTotal	\$36,300	\$36,300	0.00	0.00
04	State life insurance fund				
	61 Administration	(\$600)	(\$600)	0.00	0.00
	State life insurance fund SubTotal	(\$600)	(\$600)	0.00	0.00
	Full Funding of Continuing Position Salaries and Fringe Benefits SubTotal	(\$68,000)	(\$68,000)	0.00	0.00
	Agency Total	(\$68,000)	(\$68,000)	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3003	Full Funding of Continuing Position Salaries and Fringe Benefits				
	PR	S	(\$63,400)	(\$63,400)	0.00	0.00
	SEG	S	(\$4,600)	(\$4,600)	0.00	0.00
	Total		(\$68,000)	(\$68,000)	0.00	0.00
Agency Total			(\$68,000)	(\$68,000)	0.00	0.00

Decision Item (DIN) - 3010

Decision Item (DIN) Title - Full Funding of Lease and Directed Moves Costs

NARRATIVE

Standard Budget Adjustment - Full Funding of Lease and Directed Moves Costs

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	3010	Full Funding of Lease and Directed Moves Costs

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$21,100	\$42,700
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$21,100	\$42,700
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3010	Full Funding of Lease and Directed Moves Costs			
01	Supervision of the insurance industry				
	31 General program operations	\$20,200	\$40,900	0.00	0.00
	Supervision of the insurance industry SubTotal	\$20,200	\$40,900	0.00	0.00
02	Injured patients and families compensation fund				
	61 Administration	\$400	\$800	0.00	0.00
	62 Peer review council	\$100	\$200	0.00	0.00
	Injured patients and families compensation fund SubTotal	\$500	\$1,000	0.00	0.00
03	Local government property insurance fund				
	61 Administration	\$100	\$100	0.00	0.00
	Local government property insurance fund SubTotal	\$100	\$100	0.00	0.00
04	State life insurance fund				
	61 Administration	\$300	\$700	0.00	0.00
	State life insurance fund SubTotal	\$300	\$700	0.00	0.00
	Full Funding of Lease and Directed Moves Costs SubTotal	\$21,100	\$42,700	0.00	0.00
	Agency Total	\$21,100	\$42,700	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3010	Full Funding of Lease and Directed Moves Costs				
	PR	S	\$20,200	\$40,900	0.00	0.00
	SEG	S	\$900	\$1,800	0.00	0.00
	Total		\$21,100	\$42,700	0.00	0.00
Agency Total			\$21,100	\$42,700	0.00	0.00

Decision Item (DIN) - 4001

Decision Item (DIN) Title - Leased Space

NARRATIVE

I. Request

The Office of the Commissioner of Insurance (OCI) is requesting an increase in expenditure authority in the amount of \$87,800 in FY 2014 and \$89,500 in FY 2015 for leasing an additional 3,766 square feet of office space on the 2nd floor of the GEF 3 State Office Building. The additional leased space is needed to accommodate the increase in agency staff that has occurred since the agency first moved into the GEF 3 building in 2003.

II. Benefit

This additional leased space will provide additional space that is needed because of the increase in agency staff that has occurred over the 9 years that the agency has been located in the GEF 3 State Office Building. Currently, due to shortage of space, the Information Services Section is located in areas on both the 1st and 2nd floors. This makes it more difficult to have a collaborative work effort on large technology projects. With this extra space, the Information Services Section staff will be consolidated in one unit on the 2nd floor. An additional conference room will also be added.

III. Background

The agency moved into the 1st and 2nd floors of the GEF 3 State Office Building in 2003. At that time, the agency had 137 Full-time Equivalent (FTE) positions. Since that time, the agency has had a steady growth in its workload and its staffing. Currently, that agency has 152.3 FTE, 6 information technology contractors, 2 Limited Term Employees (LTE), 3 contract staff, 6 Community Work Services (CWS) staff, and 1 job coach for the CWS staff. This is the equivalent of over 170 individuals that need work space and conference room space within the agency. This is a growth of 33 individuals since the agency moved into its current location in the GEF 3 State Office Building. In January 2012, the Office of Commissioners of Public Lands moved out of its space on the 2nd floor of the GEF 3 State Office Building and moved to the Department of Administration (DOA) Building. This freed up 3,766 square feet of office space on the same floor on which our agency is currently located. The agency requested permission from DOA to utilize this space. Permission was granted by DOA and a remodeling project is currently underway to accommodate the agency's need for conference facilities and the growth in staffing levels.

IV. Analysis of Need

The growth in the level of staffing by approximately 33 individuals as well as the need for additional conference room space requires an increase in leased space. Fortunately, space has become available in the GEF 3 State Office Building on one of the same floors on which the agency is currently located. After a remodeling project is completed, the new space will be available for occupancy. The agency will need increased expenditure authority to pay for the increase in the lease costs. The agency has the revenue stream to support these increased costs.

V. Alternatives

An alternative would be to find leased space in other state office building or a commercial office building rather than take over the vacant space in the GEF 3 State Office Building. This alternative would be undesirable because the vacant space is already available and moving part of the agency's staff to a different location would result in a disconnected work environment.

VI. Statutory Language Changes Required

None

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4001	Leased Space

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$87,800	\$89,500
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$87,800	\$89,500
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4001	Leased Space			
01	Supervision of the insurance industry				
	31 General program operations	\$87,800	\$89,500	0.00	0.00
	Supervision of the insurance industry SubTotal	\$87,800	\$89,500	0.00	0.00
	Leased Space SubTotal	\$87,800	\$89,500	0.00	0.00
	Agency Total	\$87,800	\$89,500	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4001	Leased Space				
	PR	S	\$87,800	\$89,500	0.00	0.00
	Total		\$87,800	\$89,500	0.00	0.00
Agency Total			\$87,800	\$89,500	0.00	0.00

Decision Item (DIN) - 4002

Decision Item (DIN) Title - Increase in LGPIF Claims Payment Appropriation

NARRATIVE

I. Request

The Office of the Commissioner of Insurance is requesting an increase in expenditure authority in the amount \$2,387,500 for FY 2014 and \$3,500,800 in FY 2015 for the Specified Payments, Fire Dues, and Reinsurance appropriation of the Local Government Property Insurance Fund (LGPIF). This appropriation is a segregated, continuing appropriation for property insurance claim payments to the local government entities that are insured through the Fund.

II. Benefit

This request will allow the appropriation to pay insurance claims, fire dues, and reinsurance payments related to local government entities that are covered by the LGPIF. There is currently \$50.9 billion of property that is insured by the LGPIF. This request will more accurately reflect the anticipated claim payments that are projected to be paid from the LGPIF.

III. Background

The purpose of the LGPIF 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. Over the last 7 years, the average annual increase in the dollar amount of property loss claims has been 11.3%. In the last few years that rate of increase has slowed, but there continues to be a steady increase in claims. This request projects the increase over the next biennium to be at an annual rate of 3.9%. The revenue to support the fund comes from insurance premiums that are paid by the local governmental entities that are insured by the LGPIF and from investment earnings on the fund's loss reserves.

IV. Analysis of Need

The following data shows the claims payments made over the last 8 years. The average annual increase over the last 7 years has been 11.3%. Overall, there is a trend of growth in the property claims. The average growth rate over the years appears to be leveling off and the agency is predicting that the growth rate in the next biennium will be similar to the 3.9% that occurred between FY 2011 and FY 2012.

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
\$13,879,526	\$15,976,807	\$21,603,098	\$26,523,318	\$22,622,626	\$19,396,621	\$25,443,011	\$26,444,026
Increase	15.1%	35.2%	22.8%	-14.7%	-14.3%	31.2%	3.9%

Average annual Increase

11.3% 7 years

5.8% 5 years

6.9% 3 years

3.9% 1 year

	FY 2013	FY 2014	FY 2015
Projected Expenditures (3.9% growth)	\$27,475,343	\$28,546,882	\$29,660,210
Current budget		\$26,159,400	\$26,159,400
Budget Increase		\$2,387,482	\$3,500,810
Rounded		\$2,387,500	\$3,500,800

V. Alternatives

This appropriation is a segregated, continuing appropriation and the expenditure level is determined by the cash balance that is available in the fund. This request is to more accurately show what the LGPIF is projecting as claim payments in the next biennium.

VI. Statutory Language Changes Required

None.

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4002	Increase in LGPIF Claims Payment Appropriation

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$2,387,500	\$3,500,800
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$2,387,500	\$3,500,800
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year	2nd Year
				FTE	FTE
	4002	Increase in LGPIF Claims Payment Appropriation			
03	Local government property insurance fund				
	76 Specified payments, fire dues and reinsurance	\$2,387,500	\$3,500,800	0.00	0.00
	Local government property insurance fund SubTotal	\$2,387,500	\$3,500,800	0.00	0.00
	Increase in LGPIF Claims Payment Appropriation SubTotal	\$2,387,500	\$3,500,800	0.00	0.00
	Agency Total	\$2,387,500	\$3,500,800	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4002	Increase in LGPIF Claims Payment Appropriation				
	SEG	L	\$2,387,500	\$3,500,800	0.00	0.00
	Total		\$2,387,500	\$3,500,800	0.00	0.00
Agency Total			\$2,387,500	\$3,500,800	0.00	0.00

Decision Item (DIN) - 4003

Decision Item (DIN) Title - Fully Fund the Board on Aging's Medigap Helpline

NARRATIVE

I. Request

The Office of the Commissioner of Insurance (OCI) is requesting expenditure authority in the amount of \$95,800 for FY 2014 and \$71,800 in FY 2015 to fully fund the Board on Aging's Medigap Helpline. This request helps to achieve the state's goals of promoting healthy people and communities and improving government service delivery. It would also help support our agency's goal of providing information and assistance to our public, including consumers, legislators, agents, other states, the federal government, and other organizations.

II. Benefit

The Board on Aging bills OCI for the costs of running the Medigap Helpline. Since the Board on Aging is requesting an increase in expenditure authority in the 2013-2015 biennial budget, OCI will need a corresponding increase in expenditure authority in order to reimburse the Board on Aging for its increased costs.

III. Background

The Board on Aging runs a Medigap Helpline to assist the elderly. The Board on Aging bills OCI bi-monthly for the costs associated with the Medigap Helpline. As the costs of the Medigap Helpline increase, OCI's expenditure authority must increase accordingly so that it can fully reimburse the Board on Aging for these costs.

IV. Analysis of Need

The Board on Aging is requesting an expenditure authority increase above the current base funding level that OCI has for the Medigap Helpline. The increase is \$ 95,800 in FY 2014 and \$71,800 in FY 2015. OCI will need this increased expenditure authority to fully reimburse the Board on Aging for these additional costs.

V. Alternatives

- A. Request additional expenditure authority to fully reimburse the Board on Aging for the costs related to the Medigap Helpline.
- B. Not fully reimburse the Board on Aging for the costs of the Medigap Helpline.

VI. Statutory Language Changes Needed

None.

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4003	Fully Fund the Board on Aging's Medigap Helpline

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$95,800	\$71,800
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$95,800	\$71,800
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4003	Fully Fund the Board on Aging's Medigap Helpline			
01	Supervision of the insurance industry				
	31 General program operations	\$95,800	\$71,800	0.00	0.00
	Supervision of the insurance industry SubTotal	\$95,800	\$71,800	0.00	0.00
	Fully Fund the Board on Aging's Medigap Helpline SubTotal	\$95,800	\$71,800	0.00	0.00
	Agency Total	\$95,800	\$71,800	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4003	Fully Fund the Board on Aging's Medigap Helpline				
	PR	S	\$95,800	\$71,800	0.00	0.00
	Total		\$95,800	\$71,800	0.00	0.00
Agency Total			\$95,800	\$71,800	0.00	0.00

Decision Item (DIN) - 4004

Decision Item (DIN) Title - Re-estimate of Federal Appropriation Level

NARRATIVE

I. Request

The Office of the Commissioner of Insurance (OCI) is requesting an increase in expenditure authority in the amount of \$1,583,000 for FY 2014 and \$395,800 in FY 2015 for funds received from the federal government for a grant to support states in their health insurance rate reviews. This appropriation is a program revenue-federal, continuing appropriation and the level of funding is based on the amount of federal grant money received.

II. Benefit

This request will allow the appropriation to pay for salary, fringe, contractual services, and training costs related to continued enhancement of OCI's effective rate review program and to provide enhanced actuarial support, IT systems, and consumer transparency in relation to health insurance rates.

III. Background

On September 20, 2011, OCI was awarded \$3,958,844 as part of federal grant titled Grants to Support States in Health Insurance Rate Review - Cycle II. The purpose of the grant is to continue enhancement of OCI's effective rate review program and to provide enhanced actuarial support, IT systems, and consumer transparency in relation to health insurance rates. The funding is received from the federal government, but expenditure authority must be granted to this program revenue-federal appropriation in order for OCI to utilize these funds.

IV. Analysis of Need

The original amount of the grant was \$3,958,844. In FY 2012, OCI spent \$470,801. Therefore, there is \$3,488,043 remaining in the grant. The estimated spending per year on the grant is estimated to be as follows:

FY 2013	FY 2014	FY 2015
\$1,509,286	\$1,583,006	\$ 395,751

V. Alternatives

This appropriation is a program revenue - federal, continuing appropriation and the expenditure level is determined by the amount of federal grants received. This request is to more accurately reflect the amount of spending related to this federal grant.

VI. Statutory Language Changes Required

None.

Decision Item by Line

1315 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4004	Re-estimate of Federal Appropriation Level

Expenditure Items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$579,000	\$144,800
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$15,800	\$3,900
05	Fringe Benefits	\$218,700	\$54,700
06	Supplies and Services	\$769,500	\$192,400
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
17	Total Cost	\$1,583,000	\$395,800
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4004	Re-estimate of Federal Appropriation Level			
01	Supervision of the insurance industry				
	41 Federal funds	\$1,583,000	\$395,800	0.00	0.00
	Supervision of the insurance industry SubTotal	\$1,583,000	\$395,800	0.00	0.00
	Re-estimate of Federal Appropriation Level SubTotal	\$1,583,000	\$395,800	0.00	0.00
	Agency Total	\$1,583,000	\$395,800	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4004	Re-estimate of Federal Appropriation Level				
	PR Federal	S	\$1,583,000	\$395,800	0.00	0.00
	Total		\$1,583,000	\$395,800	0.00	0.00
Agency Total			\$1,583,000	\$395,800	0.00	0.00