

Commissioner of Insurance

Comparison of Budgeted to Total Recommended

Means of Financing & Table of Organization	Existing Oper Budget as of 12/03/04	Recommended FY 2005-2006	Total Recommended Over/ Under EOB
General Fund (Direct)	\$0	\$0	\$0
Total Interagency Transfers	0	0	0
Fees and Self-generated Revenues	25,644,030	26,791,290	1,147,260
Statutory Dedications	1,090,303	1,099,342	9,039
Interim Emergency Board	0	0	0
Federal Funds	257,586	255,936	(1,650)
Total	\$26,991,919	\$28,146,568	\$1,154,649
T. O.	277	277	0



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Administrative

The mission of the Administrative/Fiscal Program is to provide necessary administrative and operational support to all areas of the Department, and to attract insurers to do business in the state.

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General Fund (Direct)	\$0	\$0	\$0
Total Interagency Transfers	0	0	0
Fees and Self-generated Revenues	9,122,103	9,472,726	350,623
Statutory Dedications	30,000	32,373	2,373
Interim Emergency Board	0	0	0
Federal Funds	0	0	0
Total	\$9,152,103	\$9,505,099	\$352,996
T. O.	68	68	0

Major Changes from Existing Operating Budget

Justification	Funding Source	Amount
Office of Information Technology Projects	Fees and Self-generated Revenues	\$1,086,546
	Total	\$1,086,546
Net Acquisitions and Major Repairs	Fees and Self-generated Revenues	(\$768,335)
	Total	(\$768,335)



Performance Measures

Objectives	Performance Indicators	Existing Performance Standards FY 2004-2005	Performance at Executive Budget Level FY 2005-2006	Executive Budget Over/Under EOB
Work with all areas of the department, the legislature, other state agencies and private interests to increase the number of financially sound, consumer responsive insurers doing business in the state.	Percentage of accreditation by the National Association of Insurance Commissioners retained	100%	100%	0%

Market Compliance

The mission of the Market Compliance Program is to regulate the insurance industry in the state and to serve as advocate for insurance consumers.

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General Fund (Direct)	\$0	\$0	\$0
Total Interagency Transfers	0	0	0
Fees and Self-generated Revenues	16,521,927	17,318,564	796,637
Statutory Dedications	1,060,303	1,066,969	6,666
Interim Emergency Board	0	0	0
Federal Funds	257,586	255,936	(1,650)
Total	\$17,839,816	\$18,641,469	\$801,653
T. O.	209	209	0

Major Changes from Existing Operating Budget

Justification	Funding Source	Amount
Automatic Call Distribution (ACD) costs in the Department of Insurance.	Fees and Self-generated Revenues	(\$65,260)
	Total	(\$65,260)

Performance Measures

Objectives	Performance Indicators	Existing Performance Standards FY 2004-2005	Performance at Executive Budget Level FY 2005-2006	Executive Budget Over/Under EOB
Work with Information Technology (IT) division to increase access to department services and information via internet/ website. Work with National Association of Insurance Commissioners (NAIC) to develop nationwide standards for insurance regulation and consumer protection and propose legislation as necessary to support those standards.	Number of new producer licenses issued	18,000	15,500	(2,500)
	Number of producer license renewals processed	30,000	29,500	(500)
	Number of company appointments processed	415,000	385,000	(30,000)



Performance Measures

Objectives	Performance Indicators	Existing Performance Standards FY 2004-2005	Performance at Executive Budget Level FY 2005-2006	Executive Budget Over/Under EOB
Develop instructions for insurers to follow in preparing applications and filings for submission to the department and return to insurers those filings that do not comply with the instructions.	Percentage of company filings and applications processed during the fiscal year in which they are received	85%	90%	5%
	Average number of days to review company filings and applications	60	60	0
Increase the depth of experience and knowledge among personnel through increased training and monitoring of newer examiners by more experienced examiners.	Average number of days to investigate to conclusion a Life & Annuity (L&A) complaint	60	55	(5)
	Amount of claim payments/premium refunds recovered for complainants	\$1,000,000	\$1,000,000	\$0
Increase the expertise and knowledge among personnel through increased training and monitoring of newer examiners by more experienced examiners.	Average number of days to process L&A contract/policy forms	25	25	0
	Percentage of L&A contract/policy forms approved	70%	70%	0%
Work with the producer and company licensing divisions to educate insurance and producer license applicants in the proper submission of complete applications. Increase the depth of knowledge and training among personnel through training and monitoring of less experienced examiners by more experienced examiners.	Percentage of initial claim fraud complaint investigations completed within 10 working days	85%	85%	0%
	Percentage of background checks completed within 15 working days	85%	85%	0%
Monitor regulated entities to detect all adverse financial and other conditions, take remedial steps as necessary, and maintain compliance with NAIC standards for financial and market conduct examinations.	Number of market conduct examinations performed	30	30	0
	Number of market conduct examinations performed as a result of complaints	20	20	0
	Percentage of domestic companies examined - financial	18%	18%	0%
	Percentage of domestic companies analyzed - financial	100%	100%	0%
	Percentage of companies other than domestic companies analyzed - financial	20%	20%	0%
Continue to perform field audits of selected surplus lines brokers and desk examinations of all premium tax returns.	Additional taxes and penalties assessed as a result of audit (in millions)	\$1.50	\$1.50	\$0.00
	Percentage of surplus lines brokers examined	15%	10%	(5)%
Increase the depth of knowledge among personnel through increased training and monitoring of newer examiners by more experienced examiners.	Number of days to conclude a Property & Casualty (P&C) complaint investigation	80	80	0
	Amount of claim payments and/or premium refunds recovered for P&C complainants	\$3,000,000	\$3,000,000	\$0
Increase the depth of expertise and knowledge among personnel through increased training and monitoring of newer examiners by more experienced examiners.	Average number of days to process P&C contract/policy forms	30	25	(5)
	Percentage of P&C contract/policy forms approved	35%	35%	0%



Performance Measures

Objectives	Performance Indicators	Existing Performance Standards FY 2004-2005	Performance at Executive Budget Level FY 2005-2006	Executive Budget Over/Under EOB
Increase the depth of experience and training among personnel through increased training and mentoring of newer examiners by more experienced examiners.	Average number of days to investigate to conclude a consumer health complaint	60	60	0
	Amount of claim payments/premium refunds recovered for health coverage complainants	\$2,000,000	\$1,500,000	(\$500,000)
Increase the expertise and knowledge among personnel through increased training and monitoring of newer examiners by more experienced examiners.	Average number of days to process health contract/policy forms, advertising and rates	30	30	0
	Percentage of health contract/policy forms, advertising and rates approved	65%	65%	0%
Increase the expertise and knowledge among personnel through increased training and monitoring of newer examiners by more experienced examiners.	Number of Medical Necessity Review Organizations (MNROs) to be examined per statutory schedule (desk examinations)	66	60	(6)
	Number of MNROs examined	66	60	(6)
Increase awareness of the program through presentations at fairs, meetings, etc. across the state and through home site visits.	Estimated savings to counseled senior health clients	\$750,000	\$1,000,000	\$250,000
	Number of seniors receiving services (telephone, home-site, at fairs, group presentations, etc.)	19,000	16,000	(3,000)
Manage the estates of companies in receivership through liquidation of assets and court-approved closure.	Number of companies brought to final closure	3	3	0
	Total recovery of assets from liquidated companies	\$16,950,000	\$4,000,000	(\$12,950,000)



Discretionary and Non-discretionary Expenditures Total Recommended Fiscal Year 2005 – 2006

Commissioner of Insurance		General Fund	Total	T. O.
DISCRETIONARY				
Discretionary/Non-Exempt	Administrative	\$0	\$8,586,561	67
	Market Compliance	0	17,881,212	209
	Total	\$0	\$26,467,773	276
TOTAL DISCRETIONARY		\$0	\$26,467,773	276
NON-DISCRETIONARY				
ND - Required by Constitution	Administrative	\$0	\$63,507	1
	Market Compliance	0	42,338	0
	Total	\$0	\$105,845	1
ND - Unavoidable Obligation	Administrative	\$0	\$855,031	0
	Market Compliance	0	717,919	0
	Total	\$0	\$1,572,950	0
TOTAL NON-DISCRETIONARY		\$0	\$1,678,795	1
Grand Total		\$0	\$28,146,568	277

