

Representative Jim Fannin
Chairman



Representative Simone Champagne
Vice Chairman

FY 14-15 Executive Budget Review
DEPARTMENT OF INSURANCE

House Committee on Appropriations
by the House Fiscal Division
March 17, 2014



Agenda

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Department Structure

Commissioner of Insurance

- **Administrative Program**
- **Market Compliance Program**
 - Office of Licensing & Compliance
 - Office of Health Insurance
 - Office of Financial Solvency
 - Office of Property & Casualty Insurance
 - Office of Legal Services
 - Division of Insurance Fraud



Comparison to Total State Budget FY 14-15

Means of Finance	Insurance	Total State Budget	% of Total State Budget
State General Fund	\$0	\$8,617,600,000	0.0%
Interagency Transfers	\$0	\$1,767,132,013	0.0%
Fees and Self-Gen. Rev.	\$30,815,279	\$3,861,523,669	0.8%
Statutory Dedications	\$1,503,505	\$4,065,764,569	0.0%
Federal Funds	\$1,841,684	\$9,886,615,632	0.0%
TOTAL MOF	\$34,160,468	\$28,198,635,883	0.1%
Authorized Positions	253	56,339	0.4%



Means of Finance

Means of Finance	FY 12-13 Actual Expenditures	FY 13-14 Existing Operating Budget (12/1/13)	FY 14-15 Executive Budget Recommendation	Change from FY 13-14 to FY 14-15	Percent Change from FY 13-14 to FY 14-15
State General Fund	\$0	\$0	\$0	\$0	0.0%
Interagency Transfers	\$0	\$0	\$0	\$0	0.0%
Fees and Self-Gen Rev	\$26,963,383	\$28,358,862	\$30,815,279	\$2,456,417	8.7%
Statutory Dedications	\$1,293,744	\$1,381,137	\$1,503,505	\$122,368	8.9%
Federal Funds	\$790,683	\$1,841,684	\$1,841,684	\$0	0.0%
TOTAL	\$29,047,810	\$31,581,683	\$34,160,468	\$2,578,785	8.2%
Authorized Positions	263	258	253	(5)	(1.9%)

Significant Adjustments:

Fees and Self-Generated Revenues

- \$380K for adding certain groups to examination schedule.
- Performance adjustments, retirement system adjustments, and salary base adjustments

\$2.5M



Statutory Dedications

- Increases are used to fund performance adjustments, retirement system adjustments, and salary base adjustments

\$122,368



Authorized Positions

- Eliminated five vacancies.

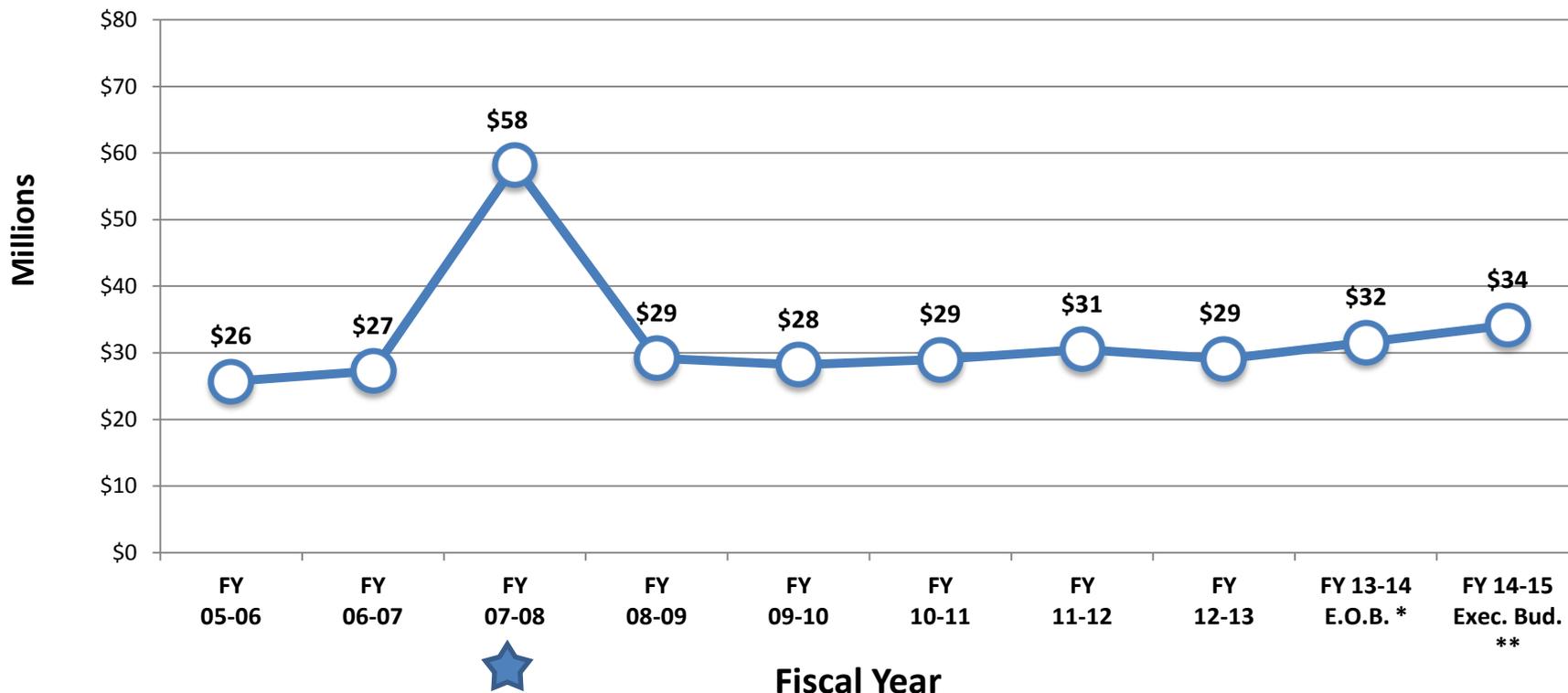
5 T.O.





10-Year Budget History

DEPARTMENT OF INSURANCE (Total Funding)



★ Budget included \$29 million of Statutory Dedicated pass through funds for the Round 1 disbursement of the Insure LA Incentive Program, in accordance with Act 447 of the 2007 Regular Legislative Session.

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Major Sources of Revenues FY 14-15

Self-Generated Revenues - \$30.8 million

- Fees and Self-Generated Revenue funds are from various fees and licensing activities derived directly from every insurer and producer under the department's jurisdiction, per R.S. 22:1.

Statutory Dedications - \$1.5 million

- Administrative Fund -- \$839,123
- Automotive Theft & Insurance Fraud Prevention Fund --\$227,000
- Insurance Fraud Investigation Fund -- \$437,382

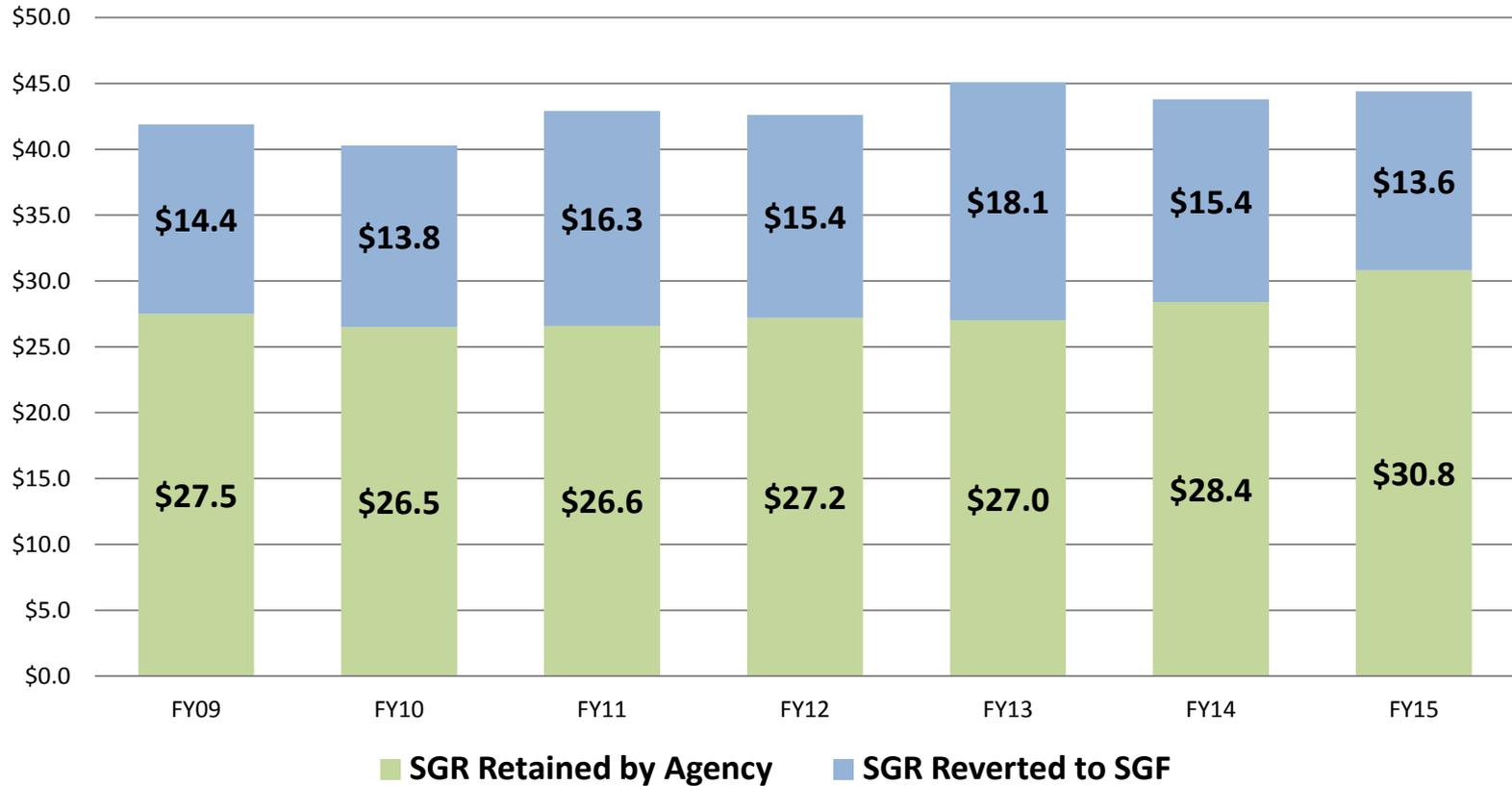
Federal Funds - \$1.8 million

- Senior Health Information Program and Health Care Financing Research, Demonstration, and Evaluations Information Grant



Fees and Self-Generated Revenues

SGR Collected by the Department (in Millions)





Expenditure Breakdown

Expenditures	FY 12-13 Actual Expenditures	FY 13-14 Existing Operating Budget (12/1/13)	FY 14-15 Executive Budget Recommendation	Change from FY 13-14 to FY 14-15	Percent Change from FY13-14 to FY14-15
Salaries	\$14,514,195	\$14,469,922	\$15,012,380	\$542,458	3.7%
Other Compensation	\$237,908	\$633,981	\$633,981	\$0	0.0%
Related Benefits	\$6,315,192	\$6,912,235	\$8,550,358	\$1,638,123	23.7%
Travel	\$251,432	\$301,428	\$301,428	\$0	0.0%
Operating Services	\$2,100,019	\$2,131,732	\$2,131,732	\$0	0.0%
Supplies	\$168,012	\$177,431	\$177,431	\$0	0.0%
Professional Services	\$2,825,761	\$4,257,476	\$4,637,476	\$380,000	8.9%
Other Charges	\$2,104,154	\$2,151,463	\$2,170,384	\$18,921	0.9%
Acq/Major Repairs	\$531,137	\$546,015	\$545,298	(\$717)	(0.1%)
Unallotted	\$0	\$0	\$0	\$0	0.0%
TOTAL EXP	\$29,047,810	\$31,581,683	\$34,160,468	\$2,578,785	8.2%

Salaries and Related Benefits

Reflects an increase in performance adjustments, retirement rate adjustments, and health insurance adjustments, and a decrease due to a reduction of 5 authorized T.O. positions

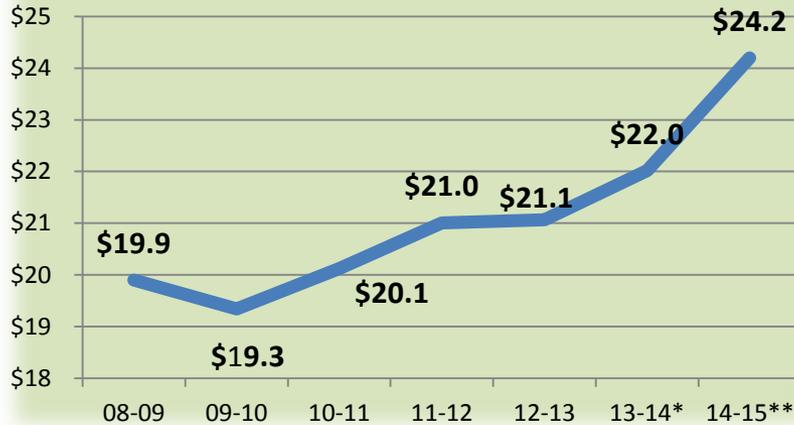
Professional Services

Reflects the increase in costs for adding self-insurance groups, the La. Citizens Property Corporation, and the Office of Group Benefits to the current examination schedule

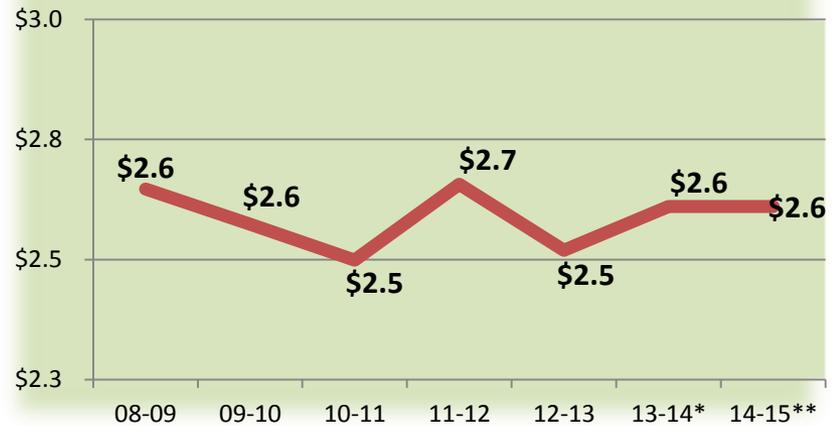


7-Year Expenditure History (in millions)

Personal Services



Operating Expenses



Professional Services



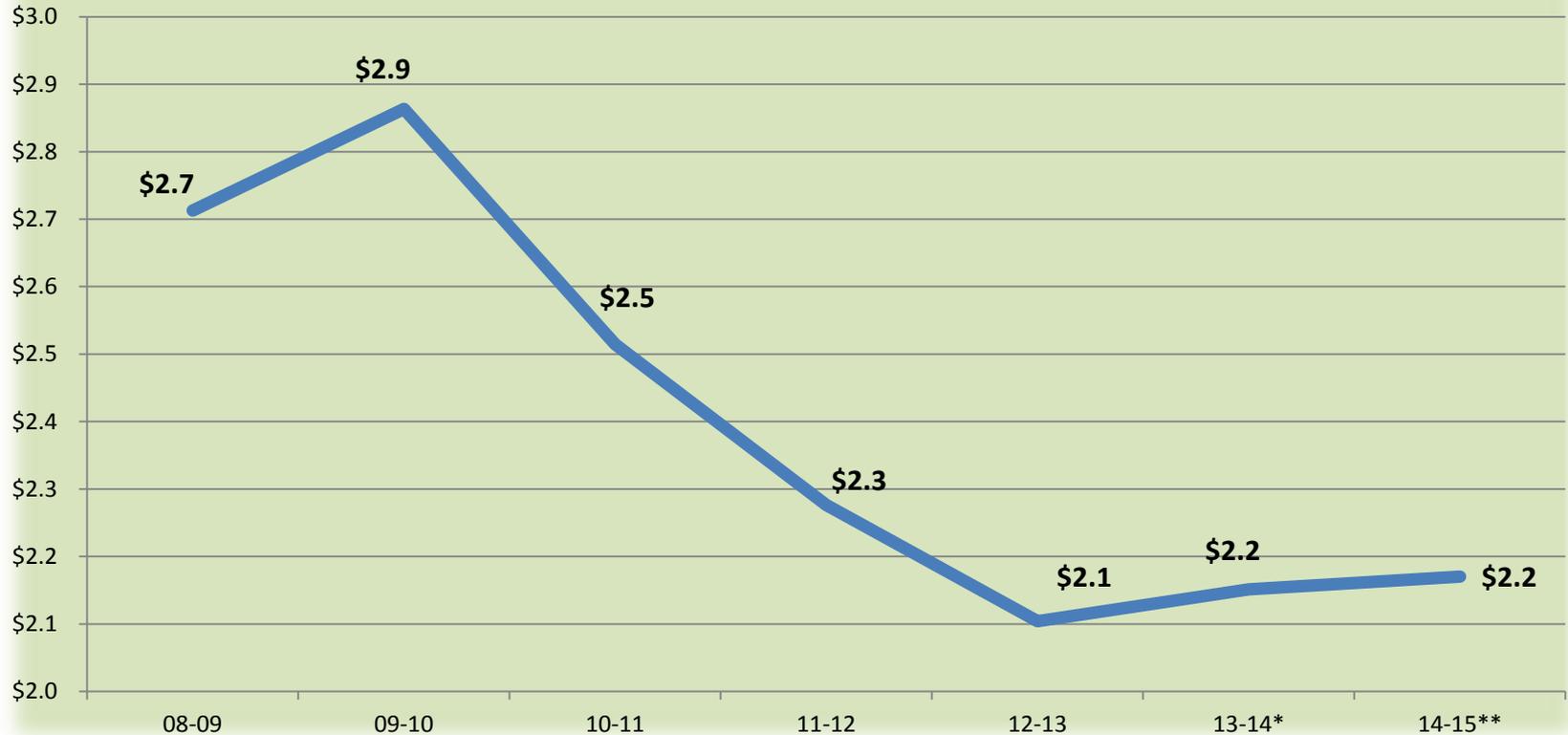
Acquisitions & Major Repairs





7-Year Expenditure History (in millions)

Other Charges



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Significant Adjustments

\$380 K
FSGR



Provides funding in the Market Compliance Program, Office of Financial Solvency–Financial Examinations to add self-insurance groups, the La. Citizens Property Corporation, and the Office of Group Benefits to the current examination schedule.

\$2.2 M
Various
MOF



Increases are used to fund performance adjustments, retirement system adjustments, and salary base adjustments. (\$2,076,417 SGR; \$122,368 ST DED)

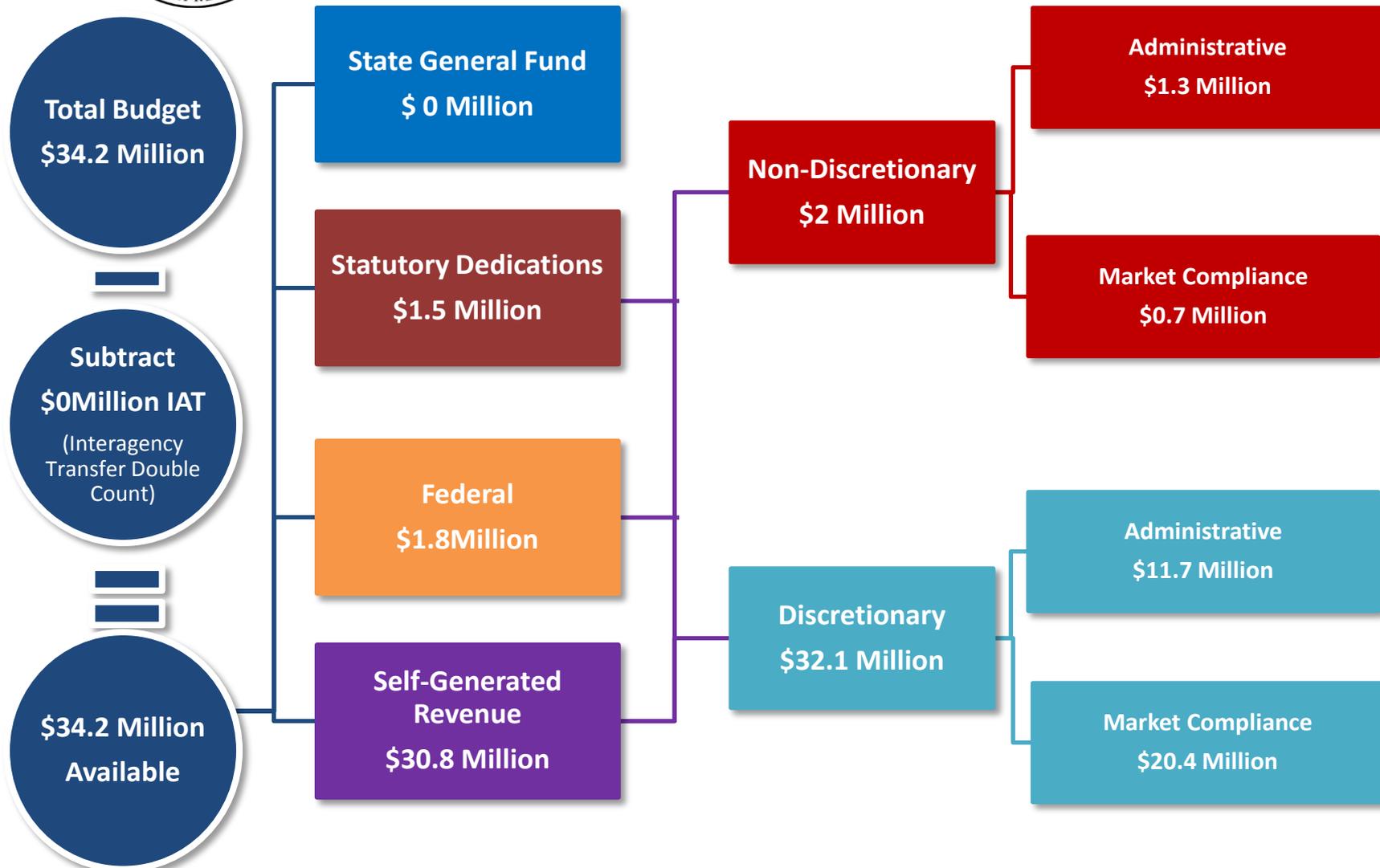


Discretionary/Nondiscretionary Funding in FY 14-15 Executive Budget

<u>Activity/Program</u>	<u>TOTAL FUNDING</u> = \$34,160,468		<u>STATE GENERAL FUND</u> = \$0	
	<u>Discretionary</u>	<u>Non-Discretionary</u>	<u>Discretionary</u>	<u>Non-Discretionary</u>
Administrative	\$11,734,055	\$1,309,458	\$0	\$0
Market Compliance	\$20,423,883	\$693,072	\$0	\$0
TOTAL	\$32,157,938	\$2,002,530	\$0	\$0



Discretionary/Nondiscretionary Funding in FY 14-15 Executive Budget





Salaries and Positions

FY 14-15 SALARIES/POSITIONS

- \$15.6 million for Salaries and Other Compensation
- \$8.6 million for Related Benefits
- Total Personnel Services = \$24.2 million; 76% of the Department of Insurance total Executive Budget Recommendation (excluding Other Charges)

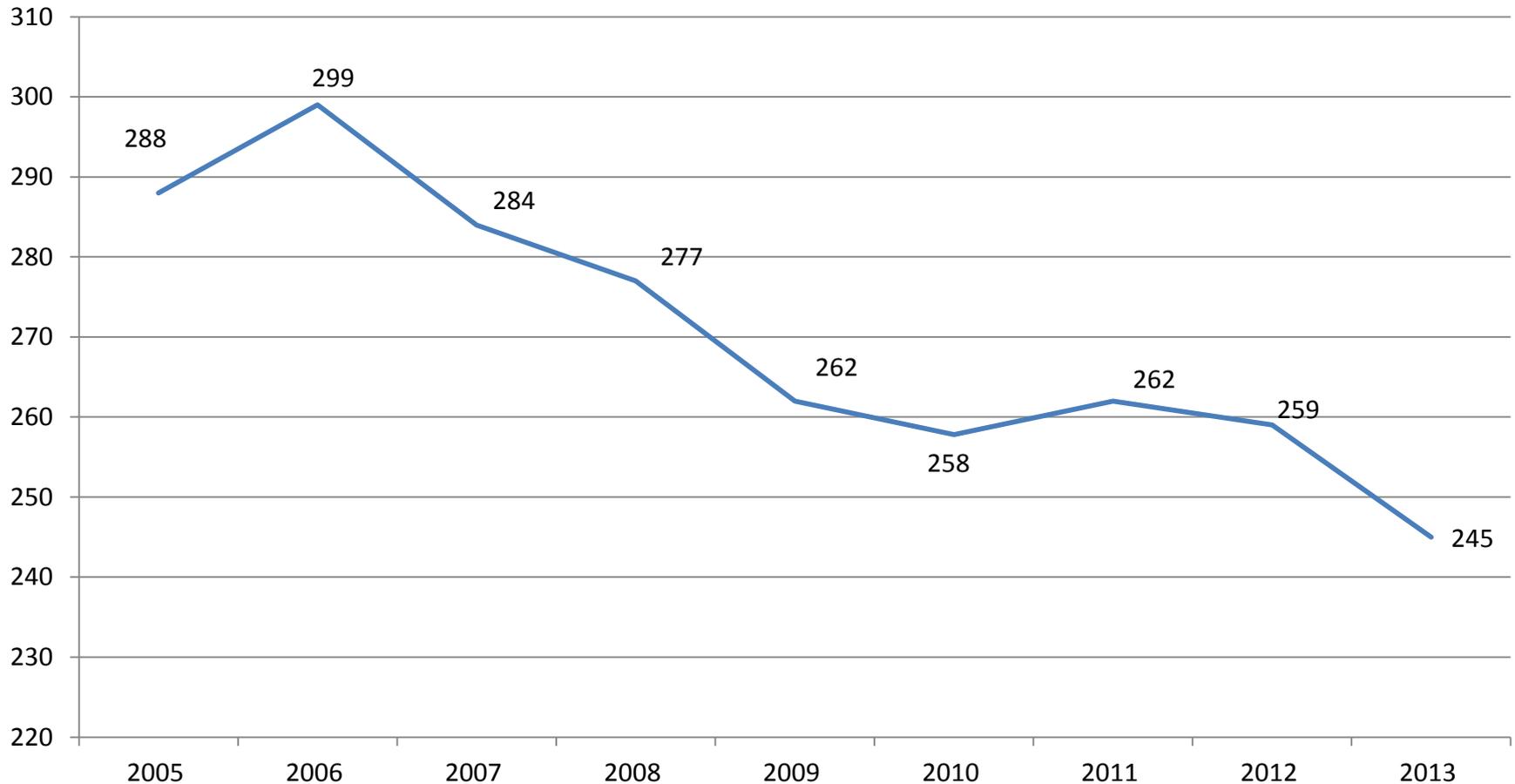
- 253 Authorized Positions (224 classified and 29 unclassified)
- 10 full-time non-T.O. positions
- 0 Other Charges positions

- As of 12/27/2013, there were 17 vacant positions; the Executive Budget eliminates 5 of these vacancies.



Salaries and Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

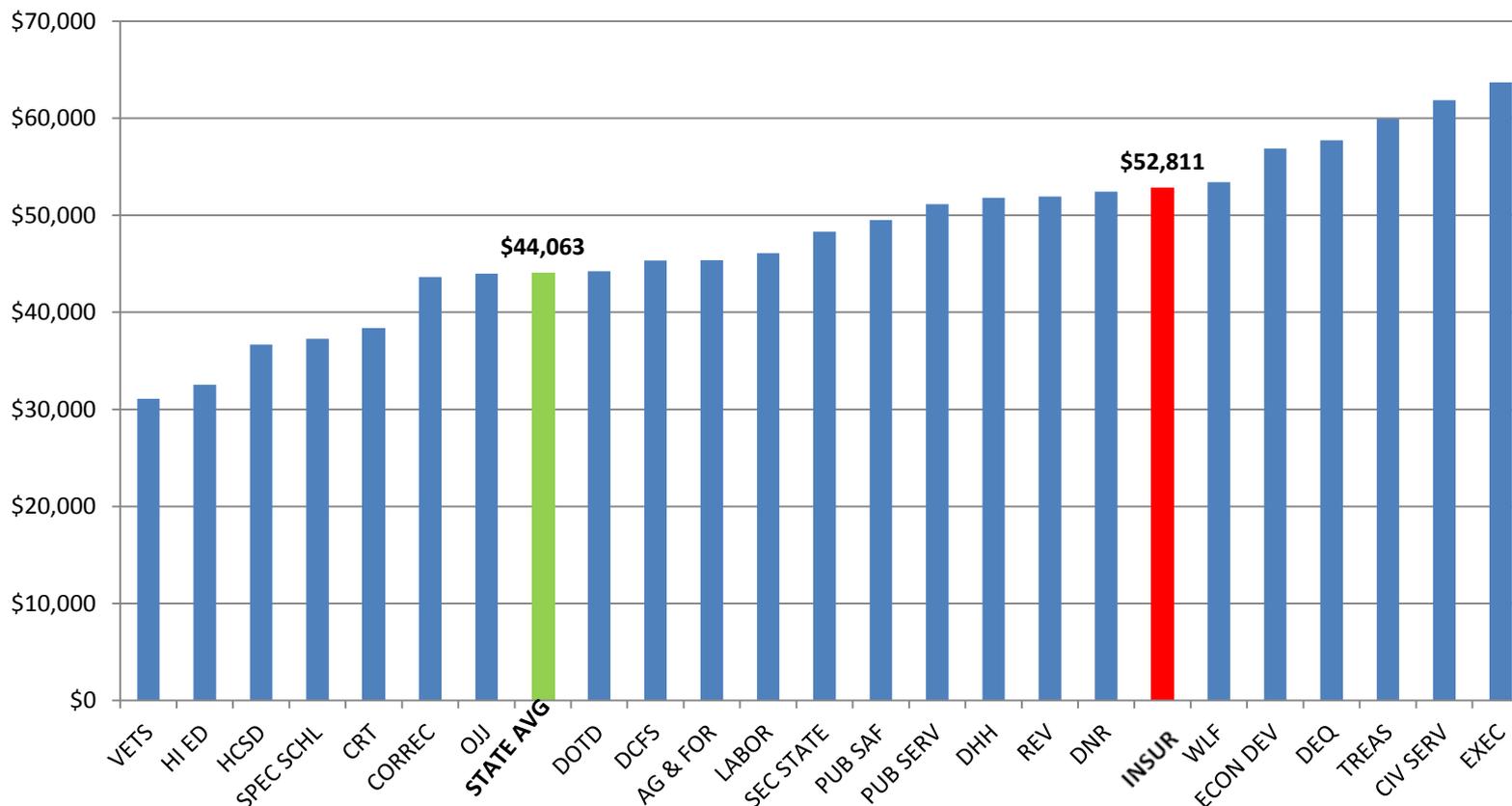


Source: Prepared by House Fiscal Division staff using information from ISIS-HR



Salaries and Positions

FY 13 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

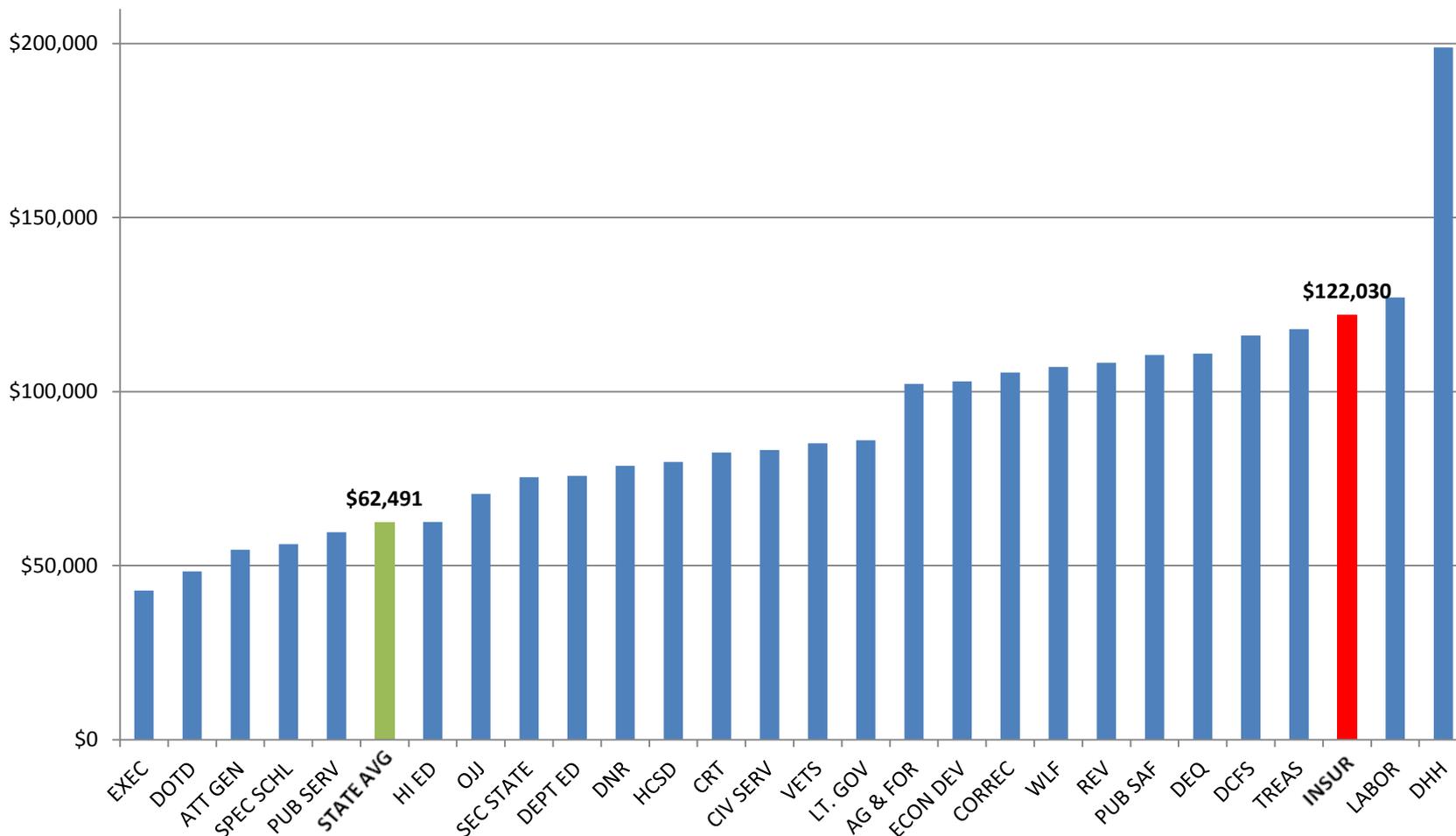


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Salaries and Positions

FY 13 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE



Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Department Contacts

AGENCY	Agency Head	Phone
Commissioner of Insurance	James Donelon	(225) 342-5900
Deputy Commissioner of Management & Finance	Denise Brignac	(225) 342-6535
Assistant Commissioner	Lance Herrin	(225) 342-3981
Budget Administrator	Stephanie Kendrick	(225) 342-3918