



# **HOUSE COMMITTEE ON APPROPRIATIONS**

**FY 12-13**

**Executive Budget Review**

**Louisiana Department of Insurance**



# **The Louisiana Department of Insurance has one budget unit:**

**04-165 – Commissioner of Insurance**

**Administrative/Fiscal Program  
Market Compliance Program**



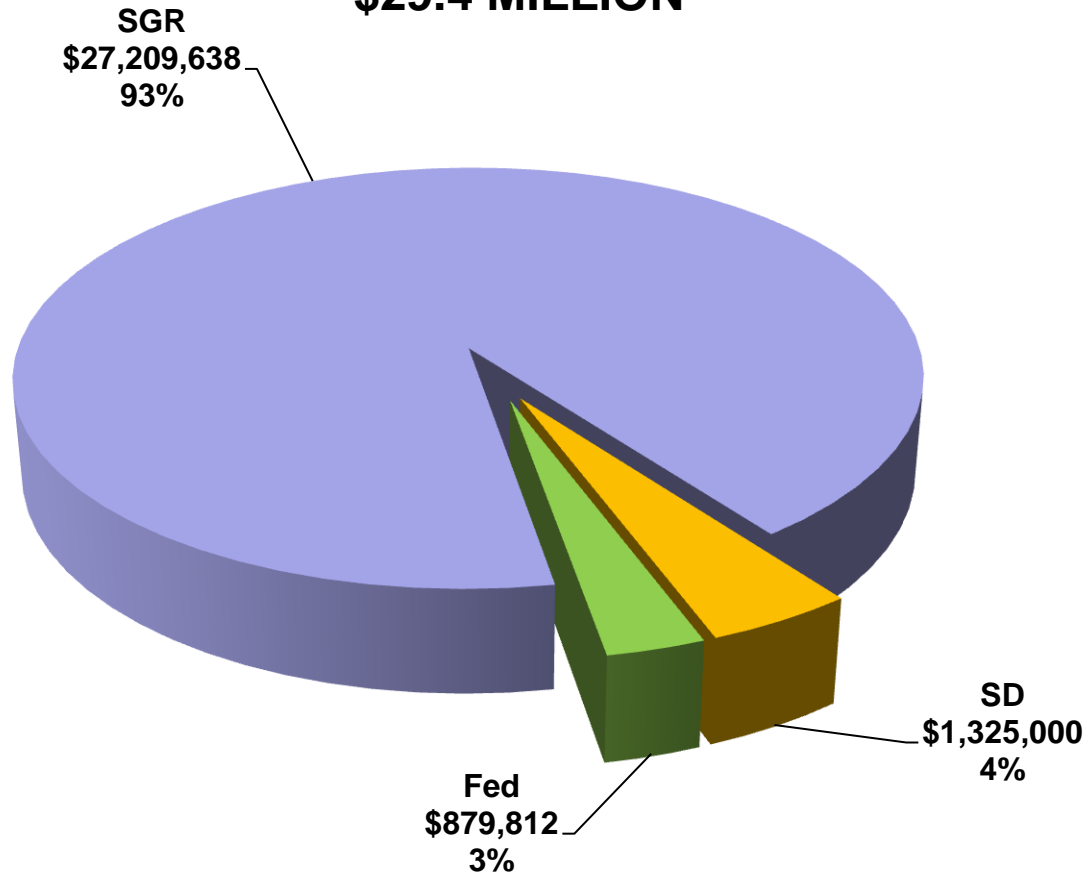
# Executive Budget by Means of Finance

| LOUISIANA DEPARTMENT OF INSURANCE |                                |  |                             |                                  |  |
|-----------------------------------|--------------------------------|--|-----------------------------|----------------------------------|--|
| Means of Financing (MOF)          | Actual Expenditures FY 2010-11 | Existing Operating Budget FY 2011-12 (12/1/11) | Executive Budget FY 2012-13 | Change From FY 11-12 to FY 12-13 | Percent Change From FY 11-12 to FY 12-13 |
| State General Fund (SGF)          | \$0                            | \$0  | \$0                         | \$0                              | 0%                                       |
| Interagency Transfers (IAT)       | \$0                            | \$435,681                                      | \$0                         | -\$435,681                       | -100%                                    |
| Fees & Self-gen Rev (SGR)         | \$26,525,106                   | \$29,669,563                                   | \$27,209,638                | -\$2,459,925                     | -8.29%                                   |
| Statutory Dedications (SD)        | \$1,286,854                    | \$1,345,748                                    | \$1,325,000                 | -\$20,748                        | -1.54%                                   |
| Interim Emergency Board           | \$0                            | \$0  | \$0                         | \$0                              | 0%                                       |
| Federal Funds (FED)               | \$1,193,012                    | \$2,221,509                                    | \$879,812                   | -\$1,341,697                     | -60.40%                                  |
| <b>TOTAL MOF</b>                  | <b>\$29,004,972</b>            | <b>\$33,672,501</b>                            | <b>\$29,414,450</b>         | <b>-\$4,258,051</b>              | <b>-12.65%</b>                           |
| <b>Authorized Positions</b>       | <b>267</b>                     | <b>265</b>                                     | <b>263</b>                  | <b>-2</b>                        | <b>-0.75%</b>                            |

Major sources of revenue include Self-generated Revenue from the Louisiana Rating Assessment, Health Insurance Portability and Accountability Act of 1996 (HIPAA) assessment and insurance fraud assessment.

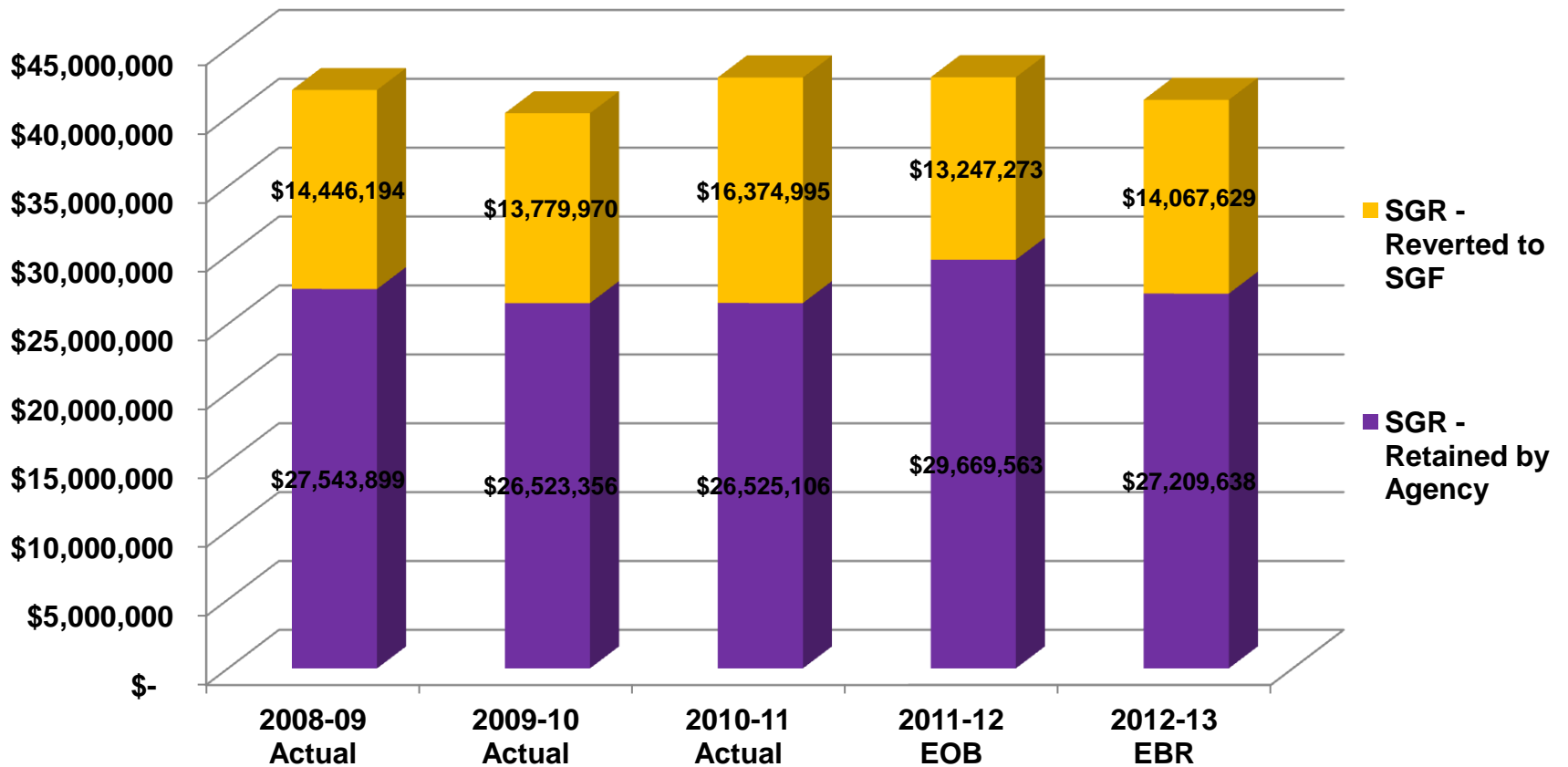


**DEPARTMENT OF INSURANCE  
FY12-13 TOTAL MOF  
\$29.4 MILLION**





# Self-generated Revenue Retained vs. Self-generated Revenue Reverted to SGF





# Significant Budget Increases - Statewide

**\$266,948 SGR**      **Provides funding for the Salary Base Adjustment.**



# Significant Budget Reductions - Statewide

**(\$1,380,098) SGR** Reduced funding for the State Employee Retirement Rate Adjustment.

**(\$743,103)** Non-recurred funding for the FY 11-12 27<sup>th</sup> Pay Period (-\$709,538 SGR, -\$33,565 SD).

**(\$507,589) SGR** Reduced funding from the elimination of two (2) positions and related funding.

**(\$253,025) SGR** Reduced funding for an Attrition Adjustment.





## **Significant Agency Budget Changes – Increases**

**\$502,320 SGR**

**Provides funding in the Administrative activity for Information technology network service agreement.**





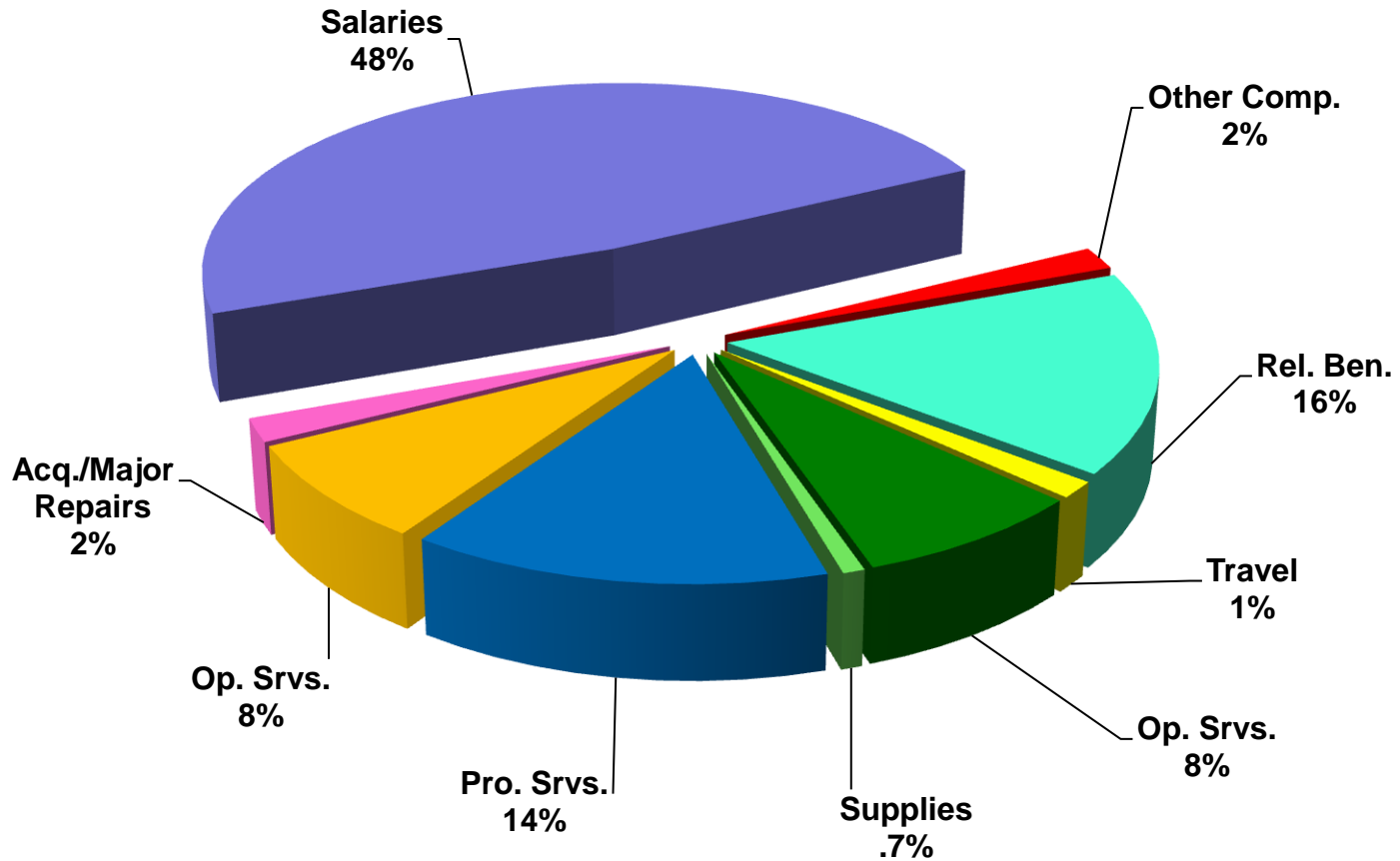
## Significant Budget Changes – Nonrecur Funding

**(\$1,922,974)**

This adjustment non-recurs funding for grant activities and to reduce excess budget authority in the Administrative and Market Compliance activities (-\$435,681 IAT, -\$341,124 SGR, -\$1,146,169 Fed).



## LOUISIANA DEPARTMENT OF INSURANCE FY 12-13 EXPENDITURES \$29.4 MILLION





## FY 12-13 Executive Budget by Expenditure Line Item

| Expenditures       | FY 10-11 Actual Expenditure | FY 11-12 Existing Operating Budget (12/1/11) | FY 12-13 Executive Budget | Change from FY 11-12 to FY 12-13 | Percent Change |
|--------------------|-----------------------------|--|---------------------------|----------------------------------|----------------|
| Salaries           | \$14,365,780                | \$15,196,679                                 | \$14,150,236              | -\$1,046,443                     | -6.9%          |
| Other Compensation | \$425,663                   | \$724,241                                    | \$528,429                 | -\$195,812                       | -27%           |
| Related Benefits   | \$5,331,962                 | \$6,295,751                                  | \$4,719,091               | -\$1,576,660                     | -25%           |
| Travel             | \$310,282                   | \$431,241                                    | \$397,047                 | -\$34,194                        | -7.9%          |
| Operating Services | \$1,995,999                 | \$2,344,430                                  | \$2,343,430               | -\$1,000                         | -0.04%         |
| Supplies           | \$192,397                   | \$222,645                                    | \$220,645                 | -\$2,000                         | -1%            |
| Prof Svcs          | \$3,344,392                 | \$5,522,967                                  | \$4,177,981               | -\$1,344,986                     | -24.4%         |
| Other Charges      | \$2,514,801                 | \$2,384,408                                  | \$2,327,452               | -\$56,956                        | -2.4%          |
| Acq/Major Repairs  | \$523,696                   | \$550,139                                    | \$550,139                 | \$0                              | 0%             |
| Unallotted         | \$0                         | \$0  | \$0                       | \$0                              | 0%             |
| <b>TOTAL EXP</b>   | <b>\$29,004,972</b>         | <b>\$33,672,501</b>                          | <b>\$29,414,450</b>       | <b>-\$4,258,051</b>              | <b>-12.6%</b>  |





# Department of Insurance Discretionary and Non-Discretionary Funding in FY12-13 Executive Budget

|                   |              |        |
|-------------------|--------------|--------|
| Discretionary     | \$27,518,691 | 93.56% |
| Non-Discretionary | \$1,895,759  | 6.44%  |
| Total             | \$29,414,450 | 100%   |

Non-discretionary funding is allocated towards specific items such as group insurance, retirement benefits and the Commissioner's salary.



# Statutory Dedications

| LOUISIANA DEPARTMENT OF INSURANCE<br>Statutory Dedication Comparison |                                    |  |                                 |                                   |                   |
|--|------------------------------------|--|---------------------------------|-----------------------------------|-------------------|
| Statutory Dedications  | FY 10-11<br>Actual<br>Expenditures | FY 11-12<br>Existing<br>Operating<br>Budget<br>12/1/11 | FY 12-13<br>Executive<br>Budget | Change<br>FY 11-12 to<br>FY 12-13 | Percent<br>Change |
| Administrative Fund  | \$707,421                          | \$740,985  | \$705,237                       | -\$35,748                         | -4.8%             |
| Auto. Theft & Insurance Fraud Fund                                   | \$190,098                          | \$212,000  | \$227,000                       | \$15,000                          | 7.1%              |
| Insurance Fraud Investigation Fund                                   | \$389,335                          | \$392,763  | \$392,763                       | \$0                               | 0%                |
| <b>TOTAL</b>   | <b>\$1,286,854</b>                 | <b>\$1,345,748</b>                                     | <b>\$1,325,000</b>              | <b>-\$20,748</b>                  | <b>-1.5%</b>      |



## Dedications

### **Administrative Fund R.S. 22:1071**

Collections are based on an annual assessment of certain premiums to cover the cost of administering and enforcing the provisions of assuring portability, availability and renewability of health insurance coverage. Source of funding is self generated revenues.

### **Automobile Theft and Insurance Fraud Prevention**

#### **Authority Fund R.S. 22:2134**

Used to combat motor vehicle insurance fraud, including fraud by theft and other criminal acts. Source of funding is through donations from insurance companies and statutory dedications. No expenditures shall be made from the fund unless first appropriated by the legislature.





## Dedications

### **Insurance Fraud Investigation Fund R.S. 40:1428**

It is used for investigation, enforcement and prosecution of insurance fraud. Source of funding is self-generated revenues.

No fees are assessed on premiums received on life insurance policies, annuities, credit insurance, crop and livestock insurance, federal flood insurance policies, reinsurance contracts, reinsurance agreements, or reinsurance claims transactions.

All unexpended and unencumbered monies in this fund at the end of the fiscal year shall be refunded to each insurer licensed by the Department of Insurance to conduct business in this state assessed a fee pursuant to this Section on a pro-rata basis based on each insurer's proportionate share of the total fees collected.





# Louisiana Department of Insurance

## FY 12-13 SALARIES/POSITIONS

- \$14.6 million for Salaries and Other Compensation
- \$4.7 million for Related Benefits
- Total Personal Services = \$19.3 million, 66% of the Department of Insurance total Executive Budget Recommendation
- 263 Authorized Positions (235 classified and 28 unclassified)

### As of 2/15/12

- Average Classified Salary: \$50,350
- Average Unclassified Salary: \$103,047
  
- Vacancies: 17
- Non-TO: 19



# Louisiana Department of Insurance

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