

Representative Jim Fannin
Chairman



Representative Simone Champagne
Vice Chairman

FY 13-14 Executive Budget Review
DEPARTMENT OF INSURANCE

House Committee on Appropriations

by House Fiscal Division

March 13, 2013



Agenda

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Department Structure

Commissioner of Insurance

- Administrative Program
- Market Compliance Program

Market Compliance Activities

- Office of Receivership
- Office of Licensing & Compliance
- Office of Health Insurance
- Office of Financial Solvency
- Office of Property & Casualty
- Office of Legal Affairs



Comparison to Total State Budget FY 13-14

Means of Finance	Insurance	Total State Budget	% of Total State Budget
State General Fund	\$0	\$8,225,500,000	0.0%
Interagency Transfers	\$0	\$1,994,155,707	0.0%
Fees and Self-gen. Rev.	\$28,450,743	\$3,492,386,577	0.8%
Statutory Dedications	\$1,381,137	\$4,161,779,605	0.03%
Federal Funds	\$744,339	\$10,237,571,671	0.01%
TOTAL MOF	\$30,576,219	\$28,111,393,560	0.1%
Authorized Positions	258	56,339	0.5%



Means of Finance

Means of Finance	Actual Expenditures FY 11-12	Existing Operating Budget FY 12-13 (12/1/12)	Executive Budget Recommended FY 13-14	Change from FY12-13 to FY13-14	Percent Change from FY12-13 to FY13-14
State General Fund	\$0	\$0	\$0	\$0	0%
Interagency Transfers	\$0	\$0	\$0	\$0	0%
Fees and Self-Gen Rev	\$27,210,216	\$28,941,559	\$28,450,743	(\$490,816)	-1.7%
Statutory Dedications	\$1,316,821	\$1,325,000	\$1,381,137	\$56,137	4.2%
Federal Funds	\$1,982,934	\$879,812	\$744,339	(\$135,473)	-15.4%
TOTAL	\$30,509,971	\$31,146,371	\$30,576,219	(\$570,152)	-1.8%
Authorized Positions	265	263	258	(5)	-1.9%

FY 2013-14 Budget

- Between FY08- 09 and FY11- 12 the department has had a budgetary increase of approximately 6%.
- Between FY11- 12 and the Executive Recommended budget of FY13- 14, there is a reduction of \$66,248, or 0.02% difference.

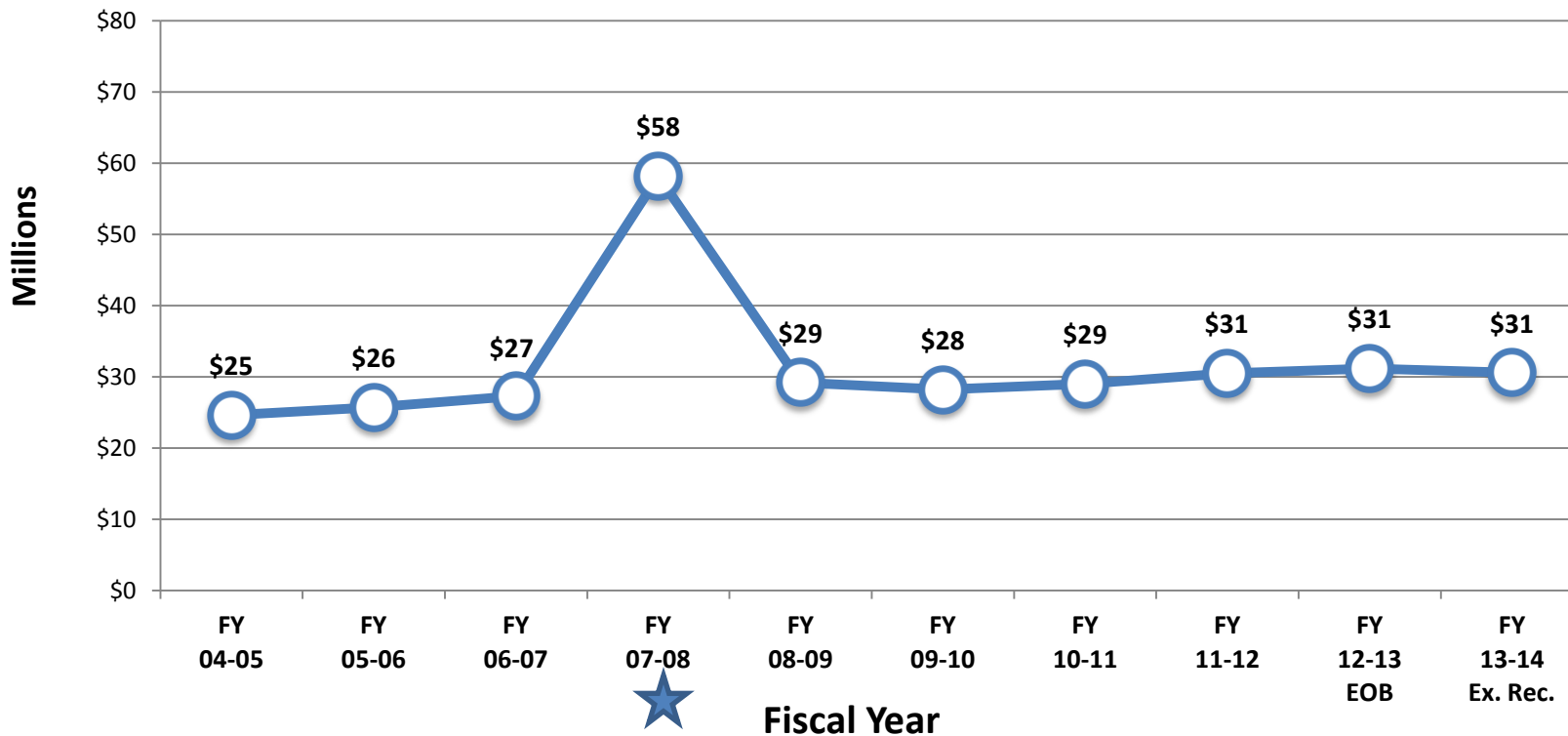
Reduction of 5 Authorized positions

- These positions are vacant.
- 2 positions in Administrative Program and 3 from the Market Compliance Program activity areas.



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



Major Sources of Revenues FY 13-14

Self-generated Revenues - \$28.5 million

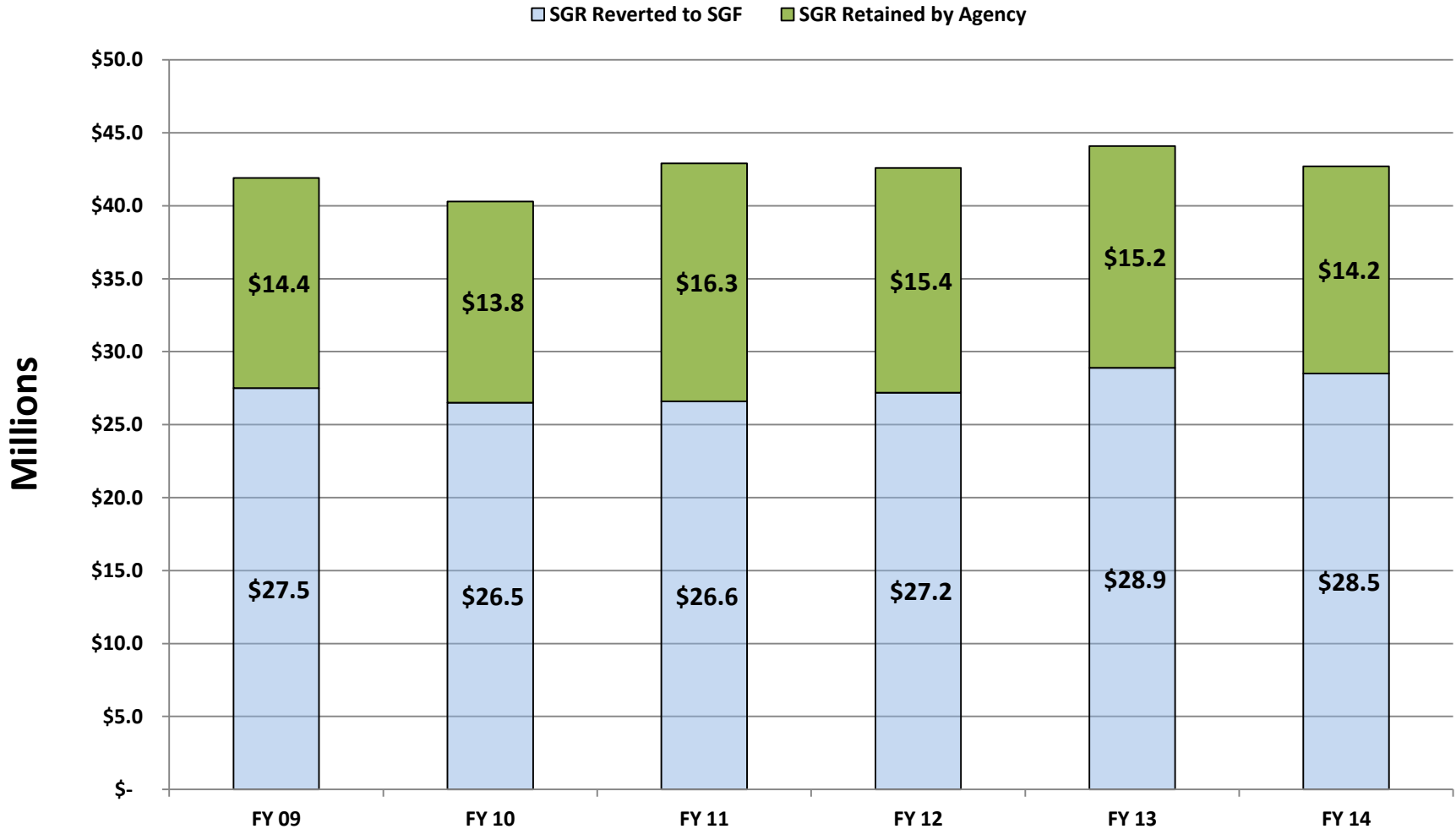
- Fees and Self-generated Revenue funds are from various fees and licensing activities derived directly from every insurer and producer under the department's jurisdiction, per R.S. 22:1.

Statutory Dedications - \$1.4 million

- Administrative Fund -- \$761,374
- Automotive Theft & Insurance Fraud Prevention Fund --\$227,000
- Insurance Fraud Investigation Fund -- \$392,763



Major Sources of Revenues FY 13-14



Source: Louisiana Department of Insurance Supplemental Schedules report



Expenditure Breakdown

Expenditures	FY 11-12 Actual Expenditures	FY 12-13 Existing Operating Budget (12/1/12)	FY 13-14 Executive Budget Recommendation	Change from FY 12-13 to FY 13-14	Percent Change from FY12-13 to FY13-14
Salaries	\$14,587,034	\$14,946,501	\$14,527,659	(\$418,842)	-2.8%
Other Compensation	\$436,498	\$358,768	\$313,781	(\$44,987)	-12.5%
Related Benefits	\$5,983,294	\$6,596,298	\$6,698,450	\$102,152	1.5%
Travel	\$294,425	\$293,428	\$293,428	\$0	0%
Operating Services	\$2,190,343	\$2,128,980	\$2,128,980	\$0	0%
Supplies	\$171,597	\$171,431	\$171,431	\$0	0%
Professional Services	\$4,020,479	\$3,819,131	\$3,745,012	(\$74,119)	-1.9%
Other Charges	\$2,276,422	\$2,281,695	\$2,151,463	(\$130,232)	-5.7%
Acq/Major Repairs	\$549,879	\$550,139	\$546,015	(\$4,124)	-0.7%
Unallotted	\$0	\$0	\$0	\$0	0%
TOTAL EXP	\$30,509,971	\$31,146,371	\$30,576,219	(\$570,152)	-1.8%

Salaries and Other Compensation:

Reduced in FY 2013-14 due to personnel reductions and standard statewide adjustments

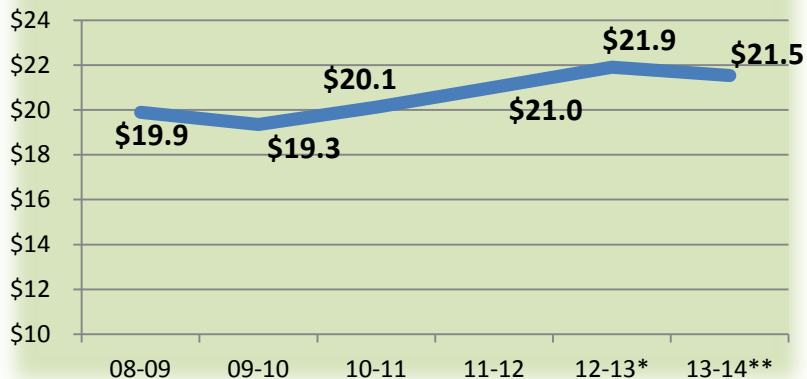
Professional Services:

Accounting, auditing and legal contracts entered into to assist agency with mandated examination of insurers.

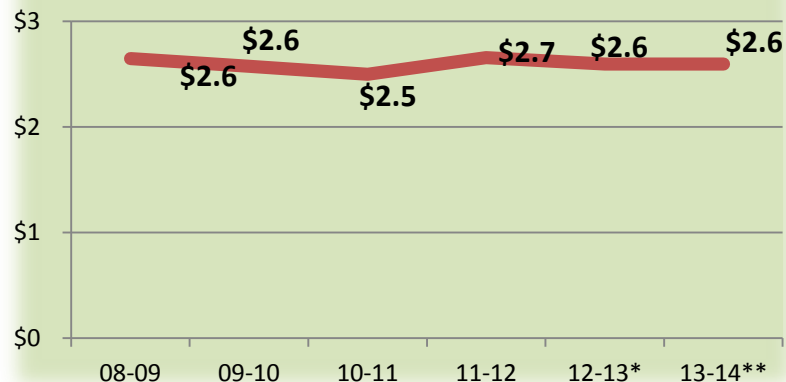


6-Year Expenditure History (in millions)

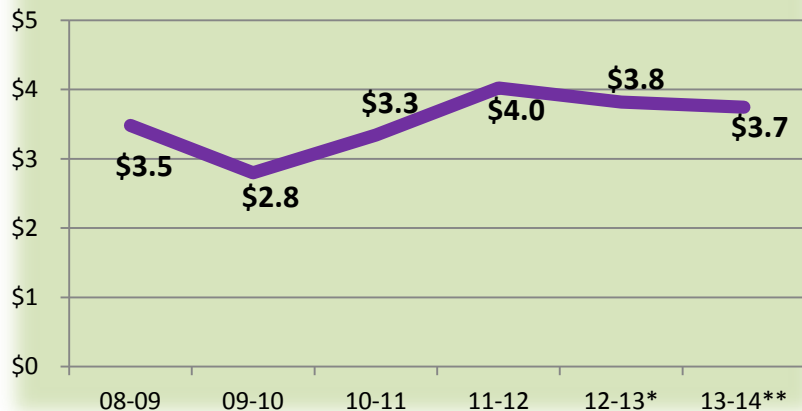
Personal Services



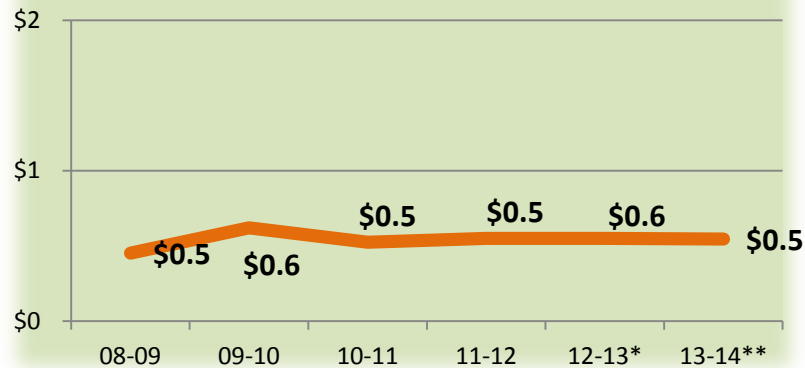
Operating Expenses



Professional Services

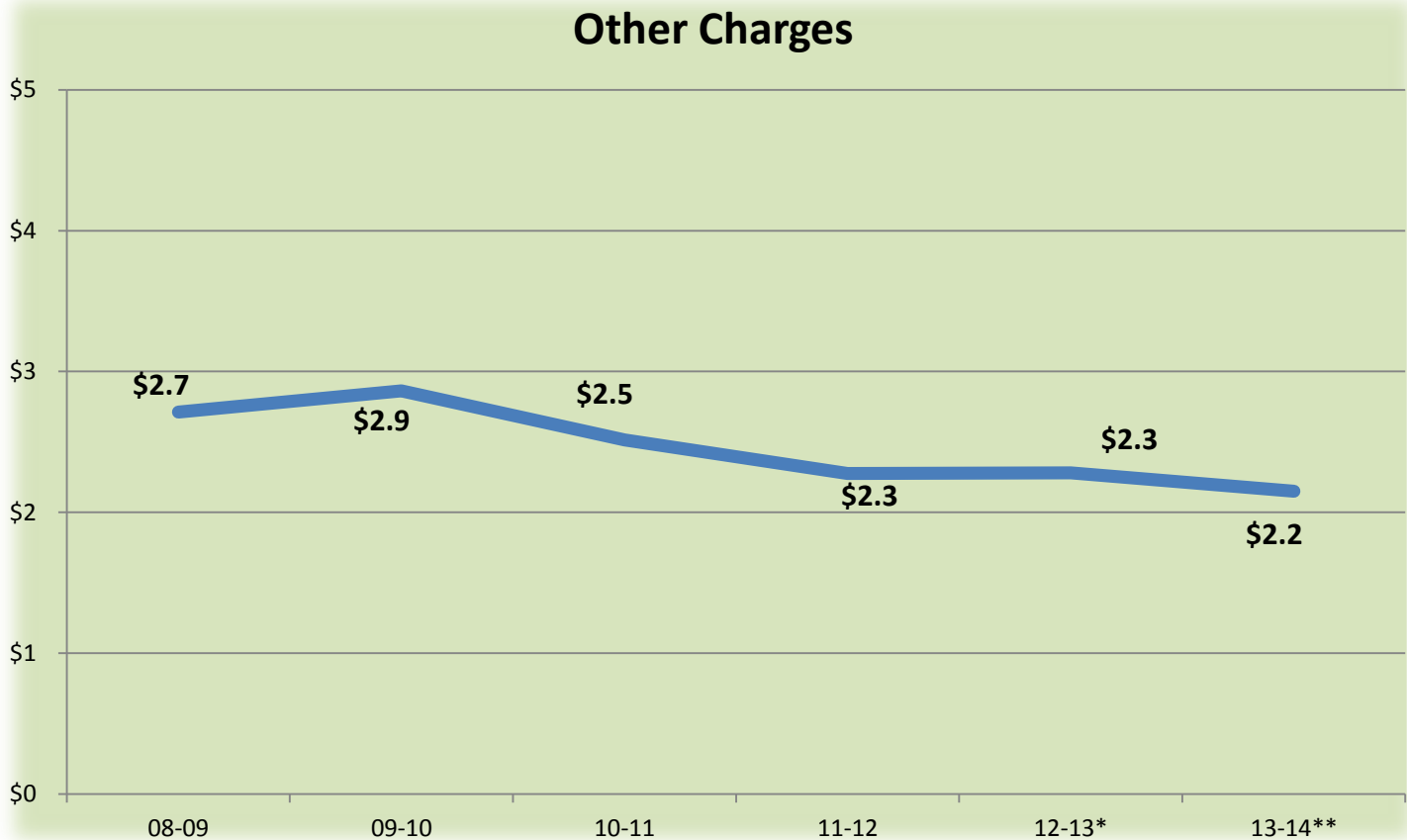


Acquisitions & Major Repairs





6-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/12

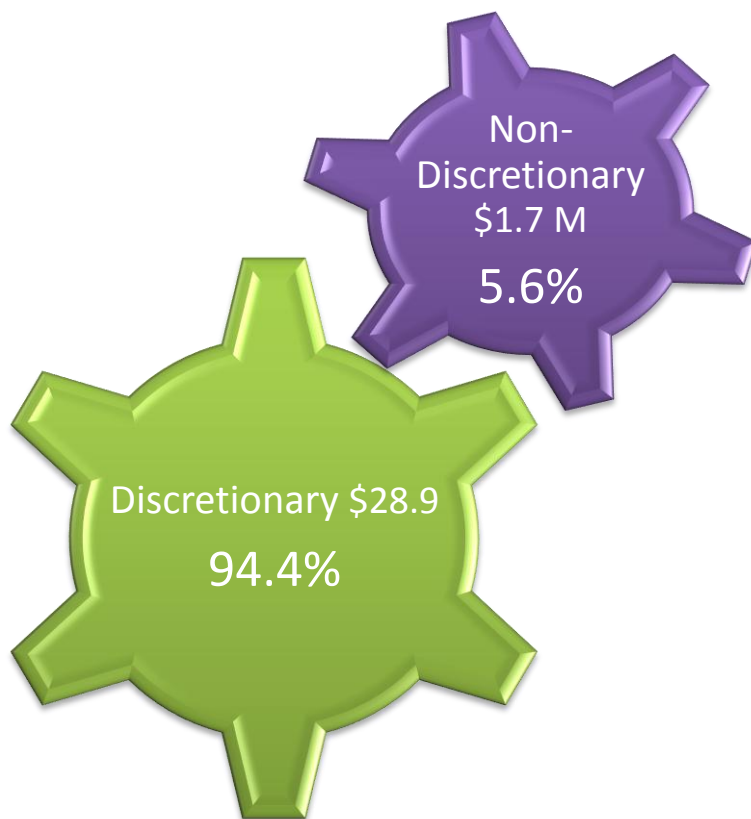
**Governor's Executive Budget Recommendation



Discretionary/Nondiscretionary Funding in FY 13-14

Department of Insurance

Department of Insurance
Total Budget
\$30.6 Million



Category	Nondiscretionary Amount
Administrative	\$1,028,513
Market Compliance	\$674,365
TOTAL	\$1,702,878

Primary Non-Discretionary items include the following:
Rent in state owned buildings, Legislative Auditor fees and group insurance for Retirees, funded through Self-generated funding.



Discretionary/Nondiscretionary Funding in FY 13-14 Department of Insurance

Program	Discretionary	Nondiscretionary
Administrative	\$10,421,990	\$1,028,513
Market Compliance	\$18,451,351	\$674,365
TOTAL	\$28,873,341	\$1,702,878

Notes:

- Non-Discretionary funding consist of Self-generated only.
- Discretionary funding includes Federal funding which are provided under the Health Care Financing Research, Demonstration and Evaluations Information Grant made under the authority of Section 4360 of the Omnibus Budget Reduction act of 1990.



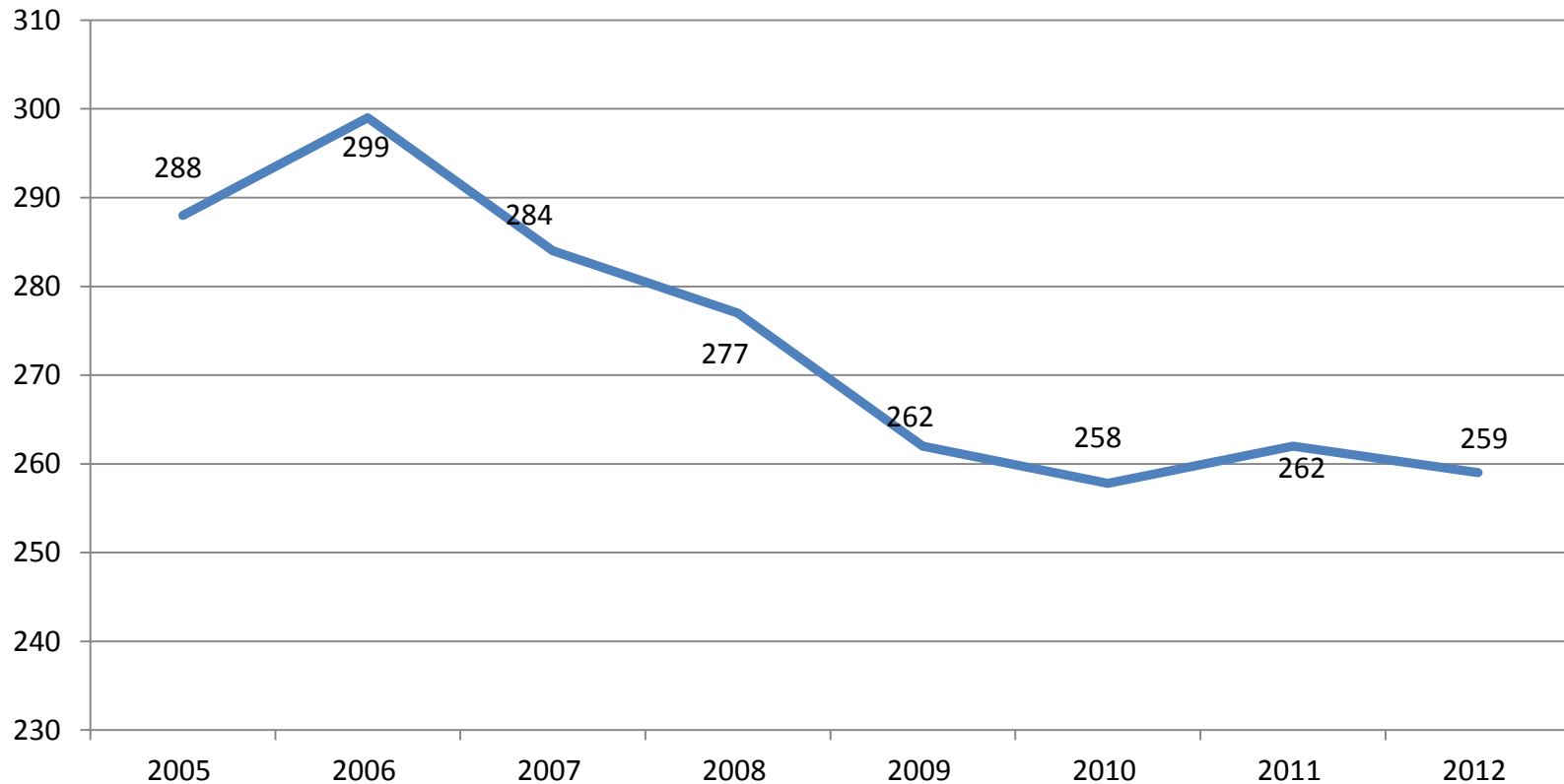
FY13- 14 Salaries and Positions

- \$14.8 million for Salaries and Other Compensation
- \$6.7 million for Related Benefits
- Total Personnel Services = \$21.5 million, 75.7% of the Insurance total Executive Budget Recommendation (excluding Other Charges)
- 258 Authorized Positions (230 classified and 28 unclassified)
- 20 Full-time non-T.O. positions
- As of 1/30/2013, Insurance had 20 vacancies



Insurance

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

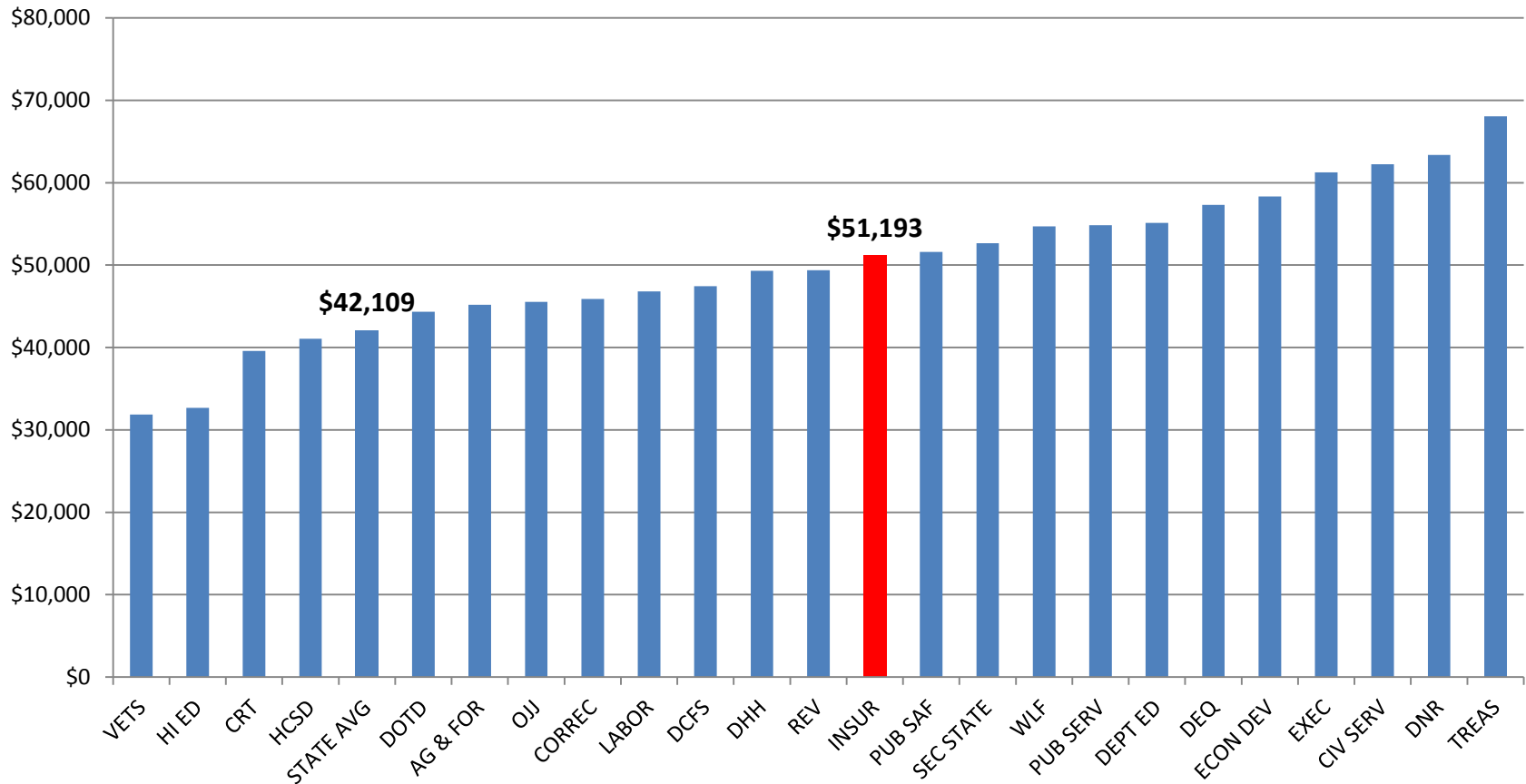


source: State Civil Service Report on State Employment



Insurance

CLASSIFIED AVERAGE ANNUAL PAY PER FTE

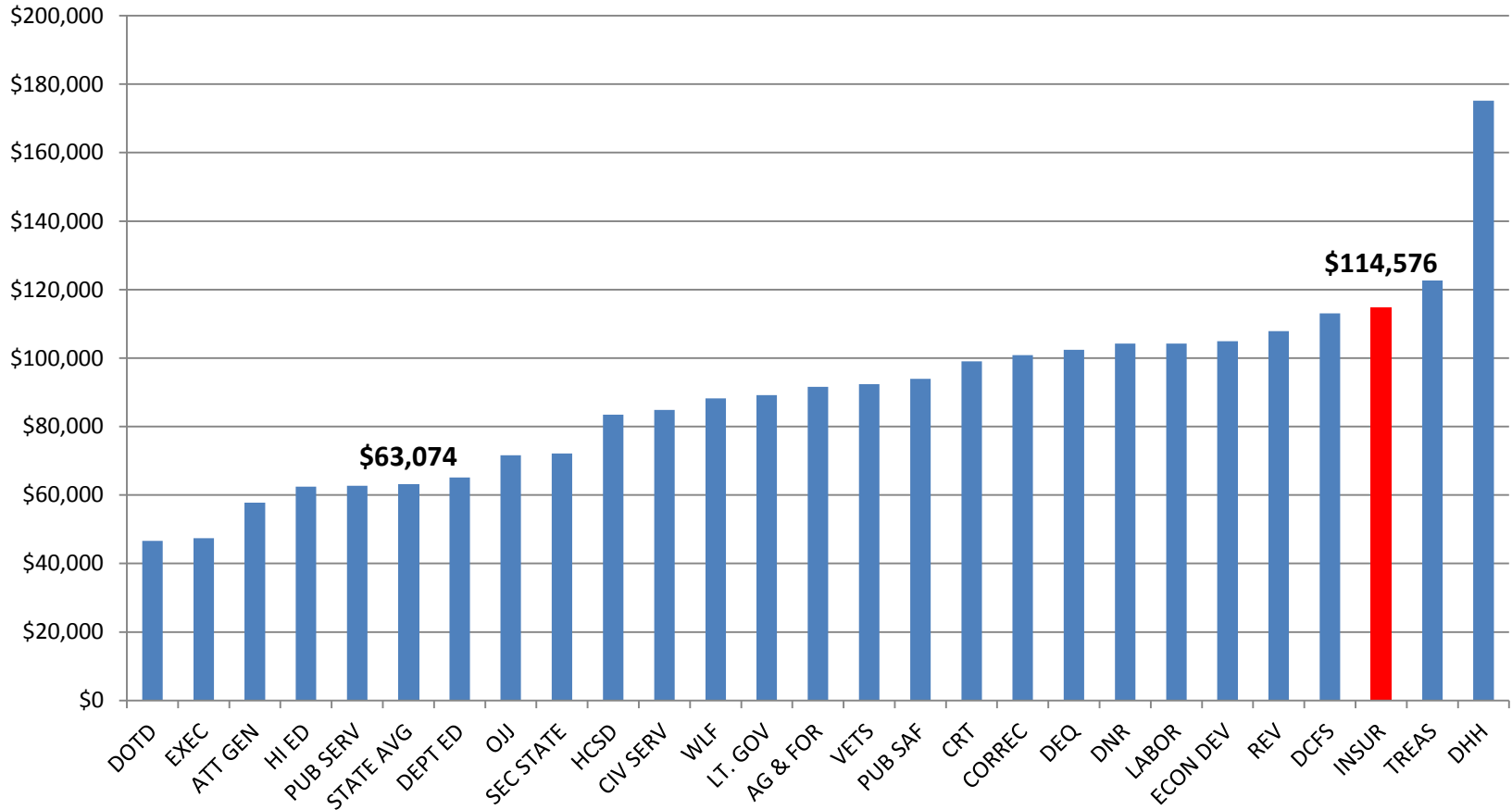


source: Louisiana State Integrated Statewide Information System



Insurance

UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE



source: Louisiana State Integrated Statewide Information System



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