

Representative Jerome Zeringue
Chairman



Representative Gary Carter
Vice Chairman

Fiscal Year 21-22 HB1 Budget Review Department of Insurance

House Committee on Appropriations
House Fiscal Division

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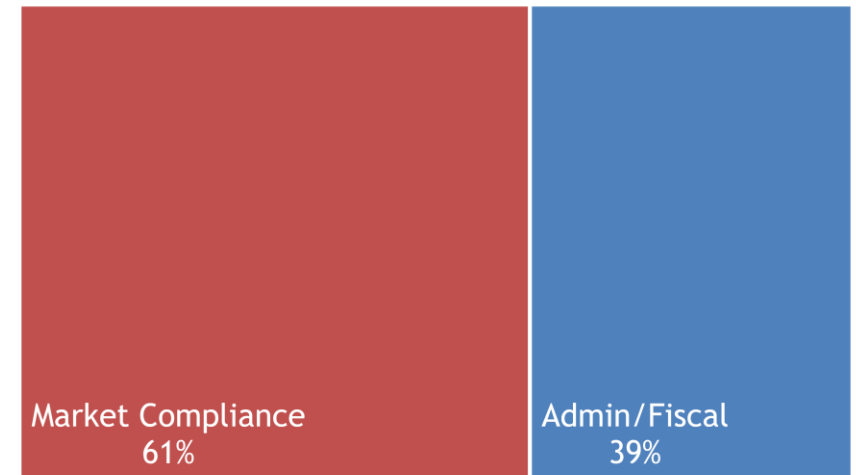
FY22 BUDGET RECOMMENDATION

Total Budget = \$33,824,047

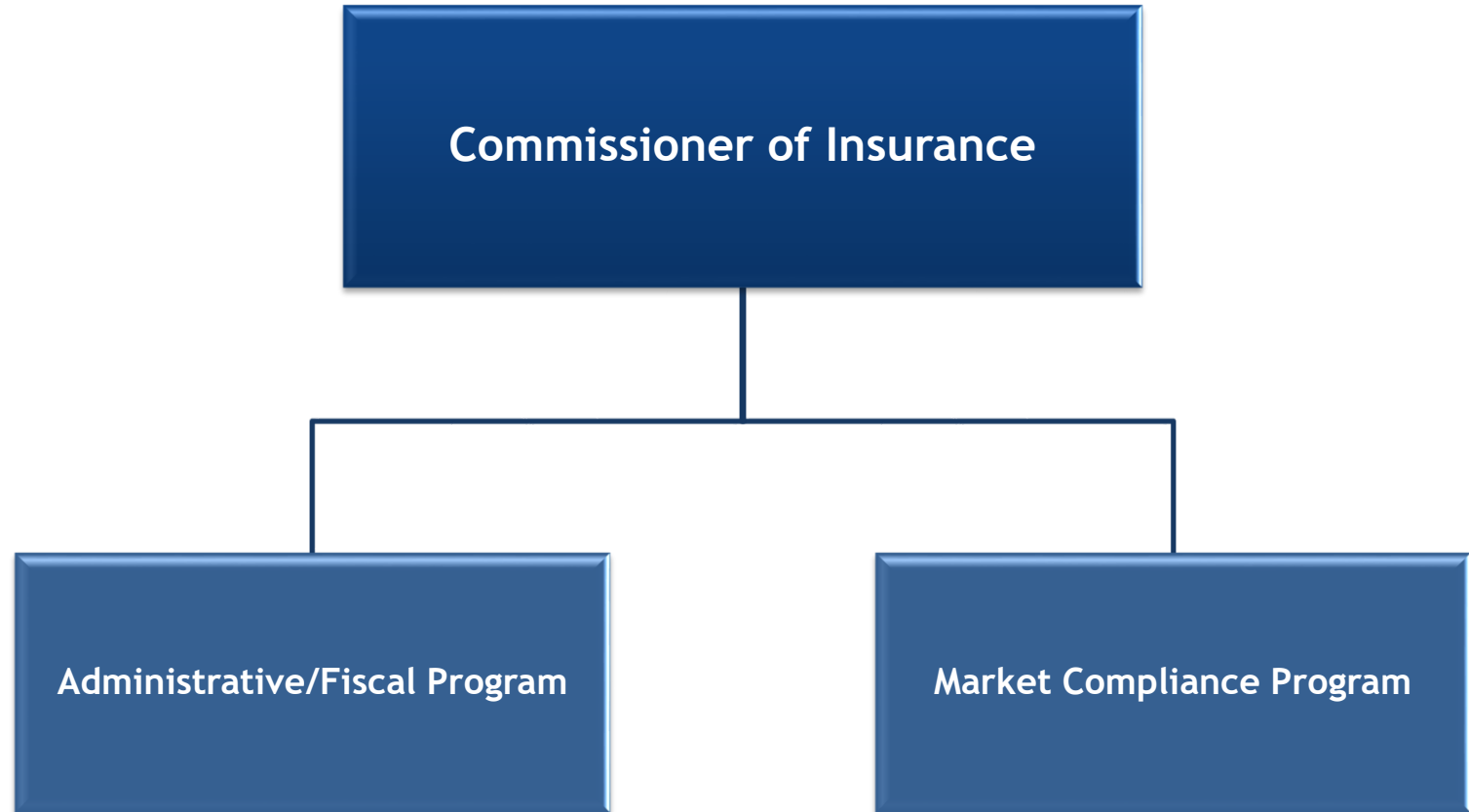
Means of Finance	
State General Fund	\$0
Interagency Transfers	\$0
Fees & Self-generated	\$32,170,301
Statutory Dedications	\$936,271
Federal	\$717,475
Total	\$33,824,047



Program Breakdown		
	Budget	Positions
Administrative/Fiscal	\$13,095,952	65
Market Compliance	\$20,728,095	157
Total	\$33,824,047	222



DEPARTMENT ORGANIZATION



DEPARTMENT OVERVIEW

Administrative/Fiscal Program

- **Office of the Commissioner**

Oversees internal audits, public affairs, and Consumer Advocacy and Diversity (including SHIP).

- **Office of Management and Finance**

Oversees fiscal affairs, revenue services, information technology, human resources, administrative services, budget, purchasing, and strategic and operational planning.



DEPARTMENT OVERVIEW

Market Compliance Program

- **Office of Licensing**
Oversees licensing and records of all producers, including life, health, and property and casualty insurance providers.
- **Office of Health, Life, and Annuity**
Regulates state and federal requirements applicable to commercial and government-operated health benefit plans, and reviews contract policy forms, and health premiums.
- **Office of Property and Casualty**
Reviews, approves and/or disapproves rates, and reviews forms for property and casualty insurance providers.
- **Division of Legal Services**
Acts as legal counsel and enforcement arm of the department.
- **Office of Financial Solvency**
Analyzes and examines the financial conditions of all insurance providers approved to conduct business in the state, including life, health, property and casualty, and HMOs.
- **Office of Consumer Services**
Performs market conduct examinations to assure policyholders, claimants, and beneficiaries are treated fairly, and handles all complaints for the department.
- **Division of Insurance Fraud**
Investigates alleged or suspected fraud committed by or upon insurance producers, brokers, and companies.

NOT PART OF THE DEPARTMENT

Office of Group Benefits

State agency within the Division of Administration authorized by state law to provide health and life insurance benefits to eligible employees and retirees of participating state agencies and local school systems, as well as their eligible dependents.

Louisiana Citizens Property Insurance Corporation

Nonprofit organization created by state law to provide insurance products for residential and commercial property applicants who are unable to procure insurance through the voluntary insurance marketplace.

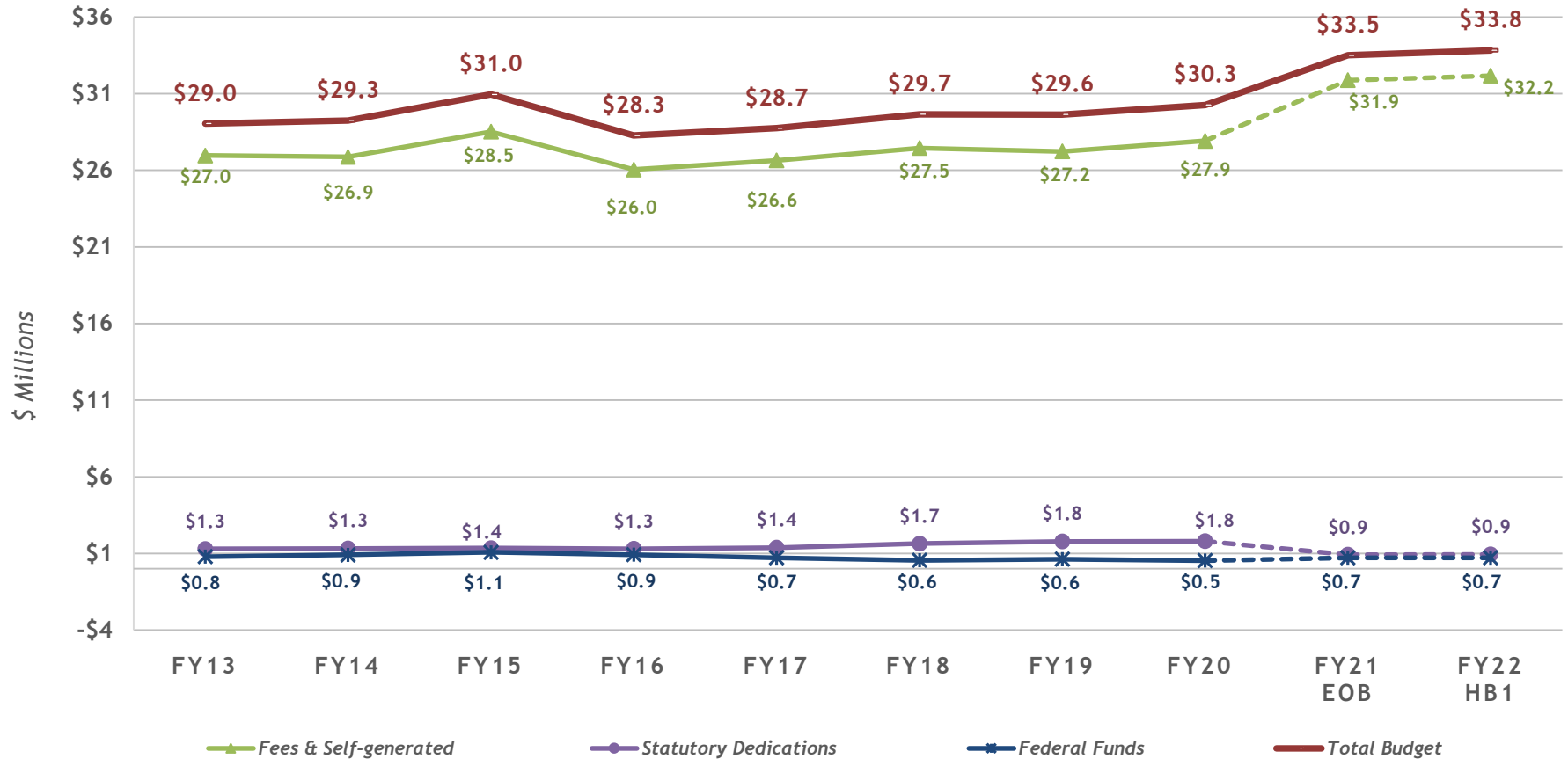
Louisiana Insurance Guaranty Association

Nonprofit organization created by state law to pay consumer claims if a property and casualty insurer is declared insolvent and is unable to pay the amounts owed to claimants and creditors.

Louisiana Life and Health Guaranty Association

Nonprofit organization created by state law to provide protection to Louisiana residents who are holders of life and health insurance policies and individual annuities with an insurer that is declared insolvent and is unable to pay its claims.

HISTORICAL SPENDING



Source: Office of Planning and Budget - Budget Supporting Documents; and HB1 of the 2021 Regular Session

FY20 UNSPENT AUTHORITY

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent Authority %	Unspent % by MOF
SGF	\$0	\$0	\$0	0.0%	0.0%
IAT	\$0	\$0	\$0	0.0%	0.0%
FSGR	\$30,086,661	\$27,923,997	\$2,162,664	7.2%	86.7%
Stat Ded	\$1,950,700	\$1,798,152	\$152,548	7.8%	6.1%
Federal	\$717,475	\$539,308	\$178,167	24.8%	7.1%
FY20 Total	\$32,754,836	\$30,261,457	\$2,493,379	7.6%	100.0%

Historical Total Unspent Authority for Comparison

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent %
FY19 Total	\$31,878,205	\$29,637,266	\$2,240,939	7.0%
FY18 Total	\$31,113,343	\$29,656,088	\$1,457,255	4.7%
3 Year Avg.	\$31,915,461	\$29,851,604	\$2,063,858	6.5%

FY20 UNSPENT AUTHORITY

Did department collect all revenue budgeted?

	Final Budget (w/o FY21 carryfwd)	Actual Revenue Collections	Uncollected Revenue
SGF	\$0	\$0	\$0
IAT	\$0	\$0	\$0
FSGR	\$30,086,661	\$37,365,043	\$7,278,382
SD	\$1,950,700	\$1,970,998	\$20,298
FED	\$717,475	\$539,308	(\$178,167)
FY20 Total	\$32,754,836	\$39,875,349	\$7,120,513
FY19 Total	\$31,878,205	\$37,557,633	\$5,679,428
FY18 Total	\$31,113,343	\$39,616,788	\$8,503,445
3 Year Avg.	\$31,915,461	\$39,016,590	\$7,101,129

The department collected \$7.1 million more than the FY20 budget. The majority of this was in fees and self-generated revenue. The department transfers excess collections of fees and self-generated revenue to the state general fund.

Did department spend all collections?

	Actual Revenue Collections	Actual Expenditures	Unspent Revenue
SGF	\$0	\$0	\$0
IAT	\$0	\$0	\$0
FSGR	\$37,365,043	\$27,923,997	(\$9,441,046)
SD	\$1,970,998	\$1,798,152	(\$172,846)
FED	\$539,308	\$539,308	\$0
FY20 Total	\$39,875,349	\$30,261,457	(\$9,613,892)
FY19 Total	\$37,557,633	\$29,637,266	(\$7,920,367)
FY18 Total	\$39,616,788	\$29,656,088	(\$9,960,700)
3 Year Avg.	\$39,016,590	\$29,851,604	(\$9,164,986)

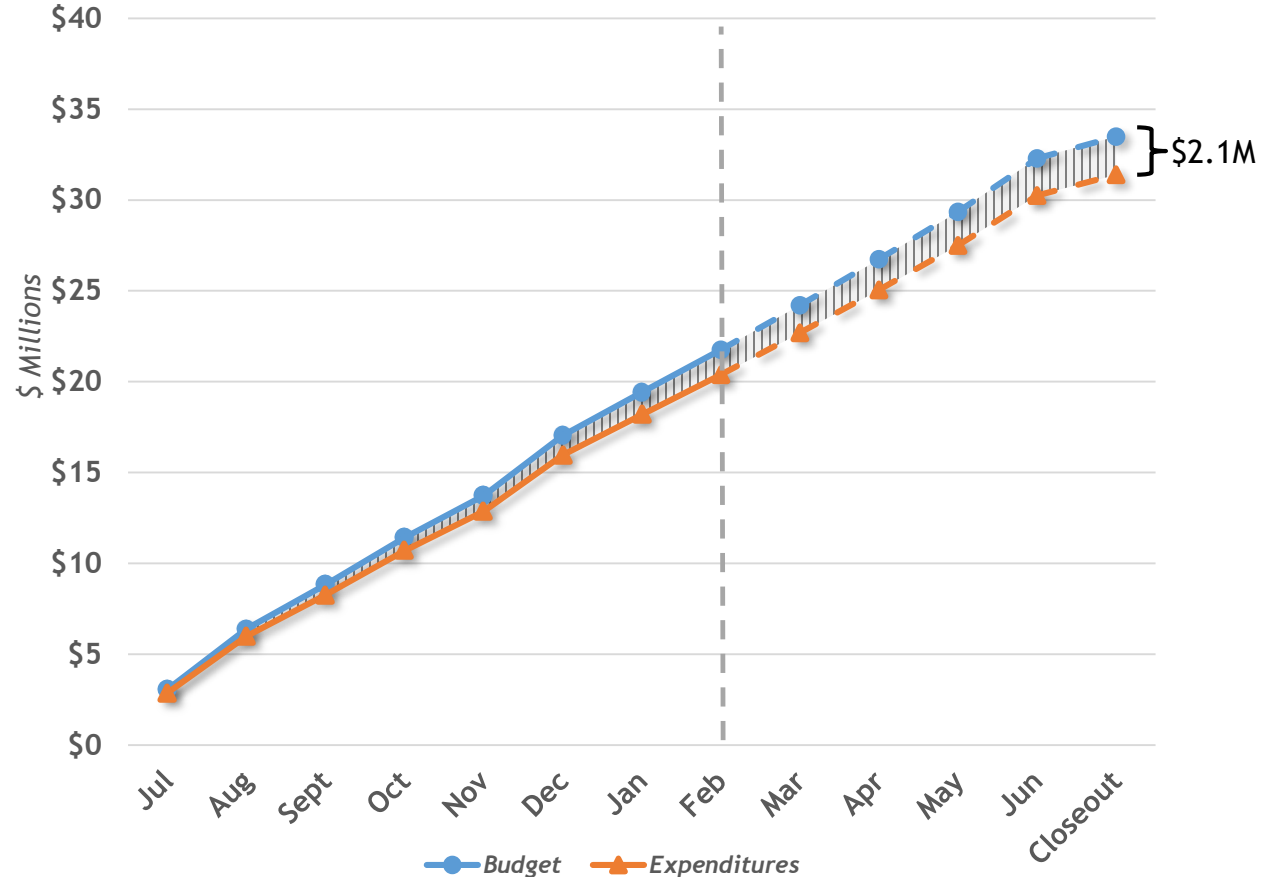
The department collected \$9.6 million more than was spent in fees and self-generated revenue. This is common in the department and the excess self-generated revenues are reverted to the state general fund.

FY21 CURRENT EXPENDITURE TREND

Approximately \$31.4 million (93.7%) from all means of finance could be spent based on actual spending patterns through February and projections through the remainder of the fiscal year. This would leave \$2.1 million or 6.3% of the department's total budget authority unspent.

More than half of this projected unspent authority lies in the Administrative/Fiscal program. Within this program, the department is projected to underspend on budgeted IT contracts and legal services.

In FY20, the department spent 92.4% of its total budget comparing its end of year budget and actual expenditures while factoring out funding carried over into FY21.



FY22 SOURCES OF FUNDING

Self-generated Revenue \$32.2 M

- Various fees, licenses, and assessments authorized by law.

Statutory Dedications \$936,271

- Statutory dedications are from assessments on various policies written in the state.
- **227,000** from the Automobile Theft and Insurance Fraud Prevention Fund
- **\$709,271** from the Insurance Fraud Investigation Fund

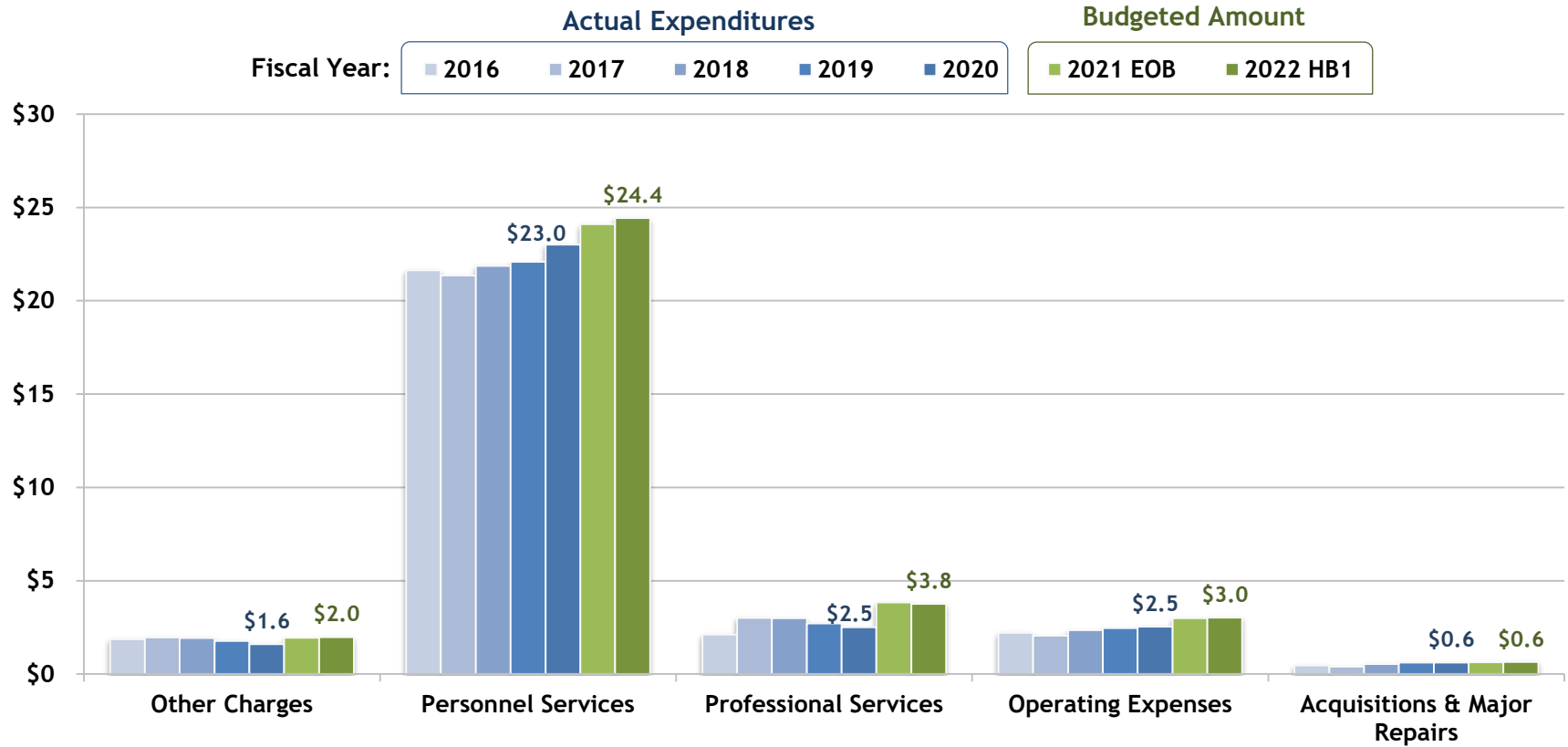
Federal Funds \$717,475

- State Health Insurance Assistance Fund from the U.S. Department of Health and Human Services.

FY22 FUNDING COMPARISON

Means of Finance	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
SGF	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
IAT	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
FSGR	\$27,923,997	\$31,870,356	\$32,170,301	\$299,945	0.9%	\$4,246,304	15.2%
Stat Ded	\$1,798,152	\$910,011	\$936,271	\$26,260	2.9%	(\$861,881)	(47.9%)
Federal	\$539,308	\$717,475	\$717,475	\$0	0.0%	\$178,167	33.0%
Total	\$30,261,457	\$33,497,842	\$33,824,047	\$326,205	1.0%	\$3,562,590	11.8%

EXPENDITURE HISTORY



FY22 EXPENDITURE COMPARISON

Expenditure Category	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
Salaries	\$14,453,108	\$15,031,125	\$15,469,341	\$438,216	2.9%	\$1,016,233	7.0%
Other Compensation	\$241,016	\$214,942	\$214,942	\$0	0.0%	(\$26,074)	(10.8%)
Related Benefits	\$8,314,507	\$8,861,270	\$8,744,875	(\$116,395)	(1.3%)	\$430,368	5.2%
Travel	\$125,504	\$242,313	\$242,313	\$0	0.0%	\$116,809	93.1%
Operating Services	\$2,306,135	\$2,597,395	\$2,628,845	\$31,450	1.2%	\$322,710	14.0%
Supplies	\$105,025	\$143,424	\$143,424	\$0	0.0%	\$38,399	36.6%
Professional Services	\$2,509,374	\$3,831,387	\$3,756,387	(\$75,000)	(2.0%)	\$1,247,013	49.7%
Other Charges/IAT	\$1,592,368	\$1,949,336	\$1,977,080	\$27,744	1.4%	\$384,712	24.2%
Acq/Major Repairs	\$614,420	\$626,650	\$646,840	\$20,190	3.2%	\$32,420	5.3%
Total	\$30,261,457	\$33,497,842	\$33,824,047	\$326,205	1.0%	\$3,562,590	11.8%

Source: Office of Planning and Budget - Budget Supporting Documents and HB1 of the 2021 Regular Session

SIGNIFICANT EXPENDITURE CHANGES

Compared to the FY21 Existing Operating Budget

\$321,821 - Personal Services

\$1,097,375	Increase standard statewide budget adjustments in Salary Base, Market Rate Classified, Related Benefits Base, Civil Service Training Series, and Group Insurance Rates.
(\$775,554)	Decrease standard statewide budget adjustments for Related Benefits Base, Retirement Rate, and Attrition.

\$51,640 - Acquisitions, Major Repairs, and Operating Expenses

\$646,840	IT equipment such as computers, servers, storage, and peripherals.
(\$626,650)	Removes funding utilized in FY21 from acquisitions and major repairs.
\$31,450	Increase in IT funding for hardware maintenance contract.

\$27,744 - Total Other Charges

\$54,298	Increase standard statewide budget adjustments for Maintenance in State-owned Buildings, Risk Management, Technology Services, Office of State Procurement, Civil Service, and UPS fees.
(\$26,554)	Decrease standard statewide budget adjustments in Legislative Auditor fees, Capitol Park Security, State Treasury fees, and Administrative Law Judges.

OTHER CHARGES DETAIL

Other Charges	Amount	Description
	\$227,000	Public Safety and Fraud Prevention
	\$227,000	Total Other Charges

Interagency Transfers	Amount	Description
	\$636,873	Maintenance of State-owned Buildings
	\$577,325	DOA - Office of Risk Management, Office of State Procurement, Office of Technology Services, Office of Telecommunications, Law Fees
	\$200,335	Capitol Park Security
	\$91,872	Legislative Auditor Fees
	\$82,594	Civil Service/CPTP Fees
	\$60,000	Department of Justice
	\$45,169	Advertising
	\$27,909	Postage, Printing
	\$12,945	UPS Fees
	\$8,202	Unemployment Comp. Benefits and ID Badges
	\$6,856	Treasury Banking fees
	\$1,750,080	Total Interagency Transfers

DISCRETIONARY EXPENSES

**Total Budget
\$33.8 Million**

State General Fund
\$0

Interagency
Transfers
\$0

Self-generated
Revenue
\$32.2 Million

Statutory
Dedications
\$936K

Federal Funds
\$717K

**Non-discretionary
\$6.9M**

**Discretionary
\$25.3 M**

Salary and Related Benefits for
Commissioner
\$116,785

State Retirement Systems Unfunded
Accrued Liability
\$4.7 M

Group Insurance Rate for Retirees
\$1.3 M

Maintenance in State-owned
Buildings
\$636,873

Legislative Auditor Fees
\$91,872

Administrative Program
\$9.8 M

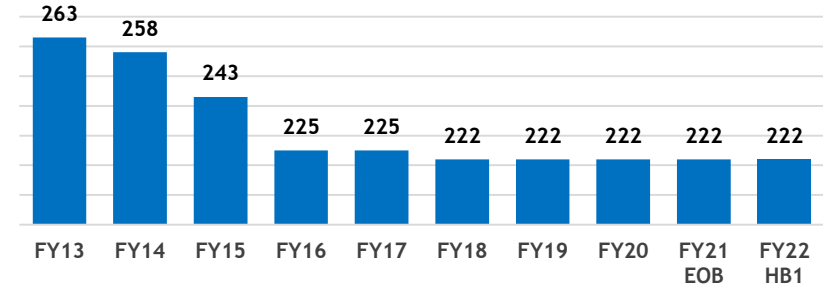
Market Compliance Program
\$15.5 M

PERSONNEL INFORMATION

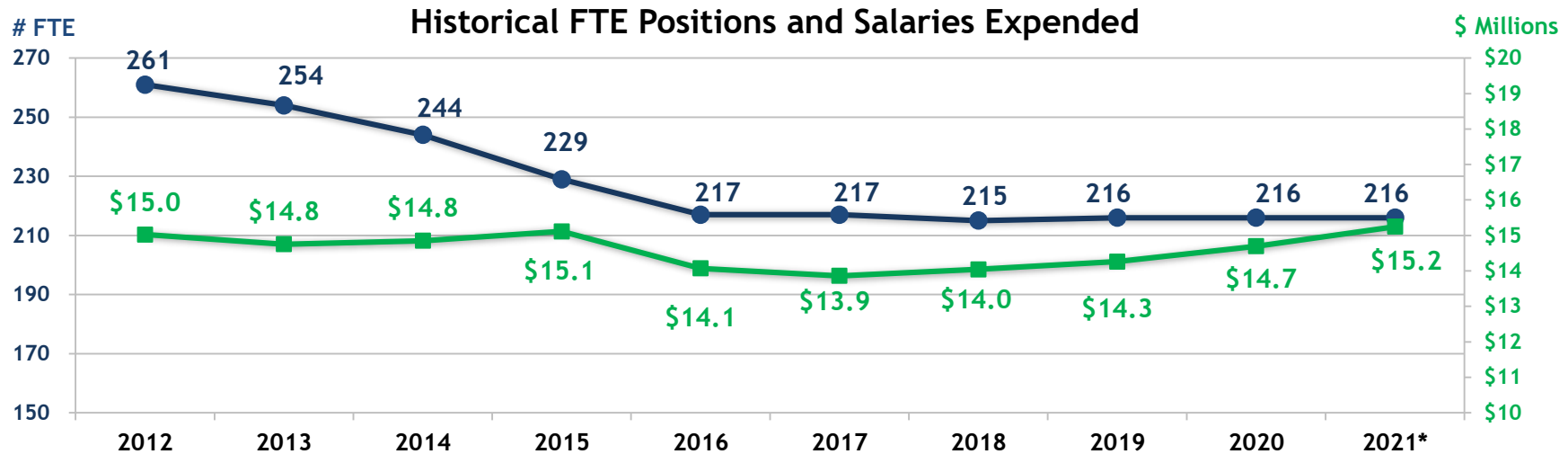
FY 2022 Recommended Positions

222	Total Authorized T.O. Positions (195 Classified, 27 Unclassified)
0	Authorized Other Charges Positions
3	Non-T.O. FTE Positions
8	Vacant Positions (February 1, 2021)

Historical Authorized T.O. Positions



Source: Office of Planning and Budget - Budget Supporting Documents

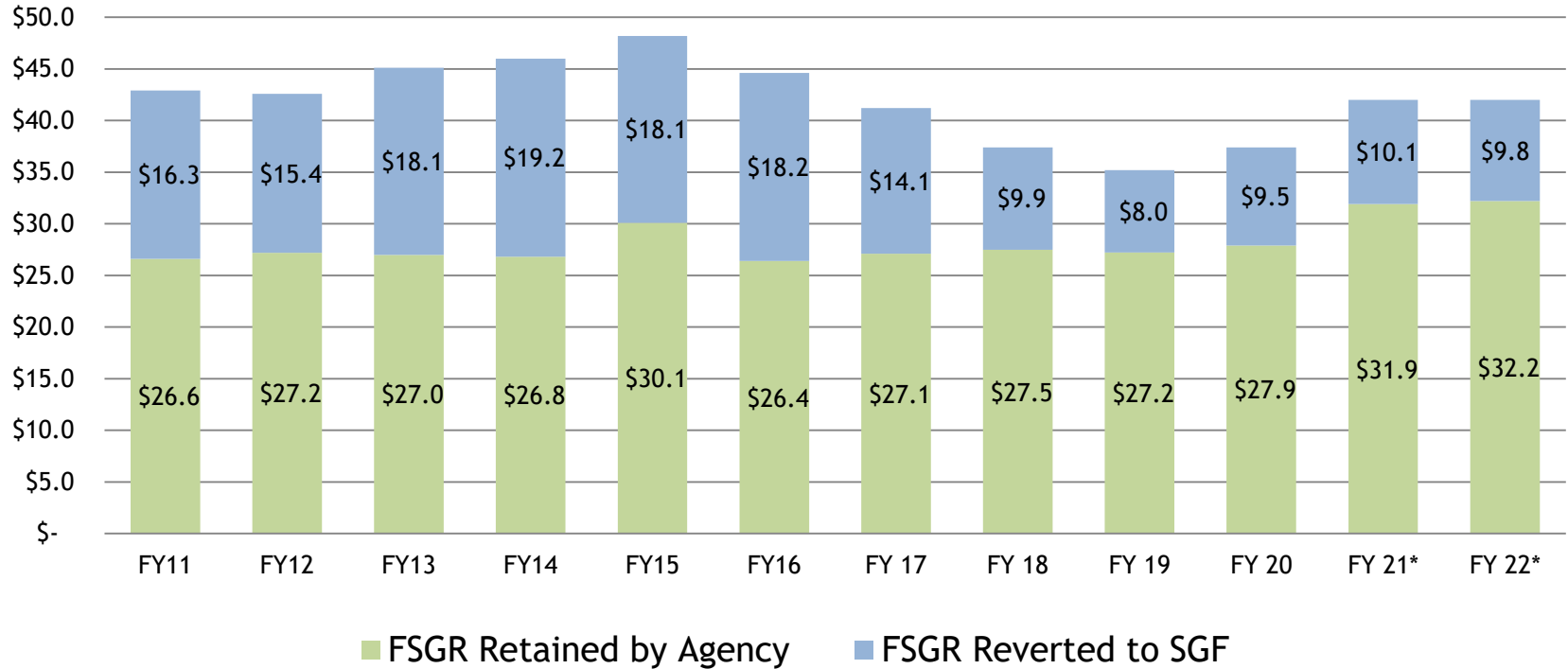


Source: Dept. of Civil Service and Budget Supporting Documents

*Existing Operating Budget 12/1/20

ADDITIONAL REVENUE INFORMATION

FSGR Collected by the Department (in Millions)



*Projected Reversions

DEPARTMENT CONTACTS



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