



DEPARTMENT OF INSURANCE

COMMERCE AND WORKFORCE SERVICES APPROPRIATIONS SUBCOMMITTEE

BUDGET BRIEF

SUMMARY

The Insurance Department protects the public by regulating insurance companies and individual agents to assure equitable and competitive business practices. The Department is divided into eleven work sections, eight of which are funded from the General Fund with the remainder funded by dedicated or restricted funds. The department's appropriation is offset by fees collected by the department which are deposited into the General Fund. Fees are collected for a variety of activities in addition to licensing of agents and brokers.

ISSUES AND RECOMMENDATIONS

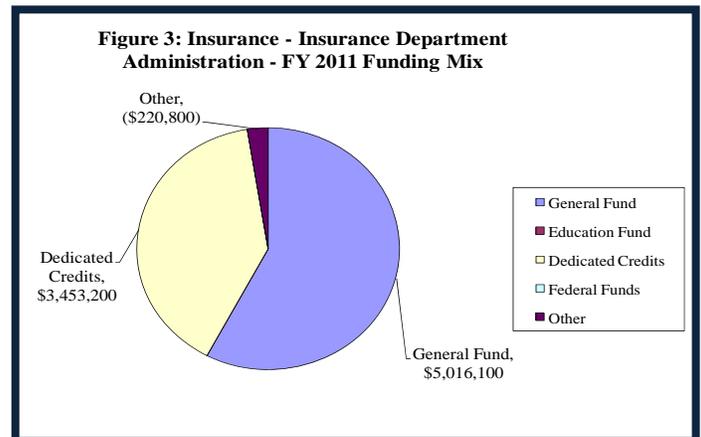
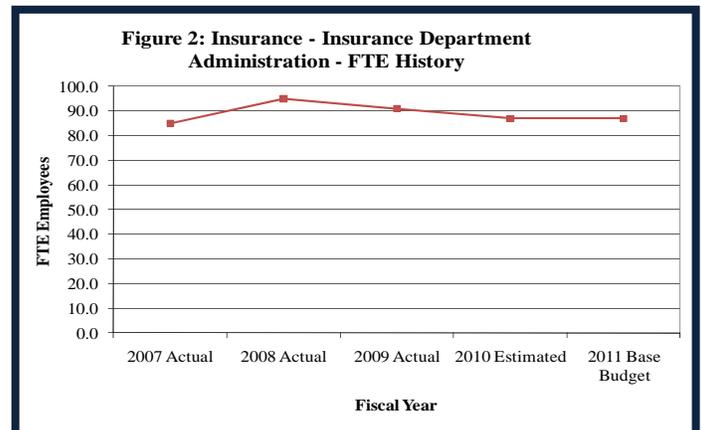
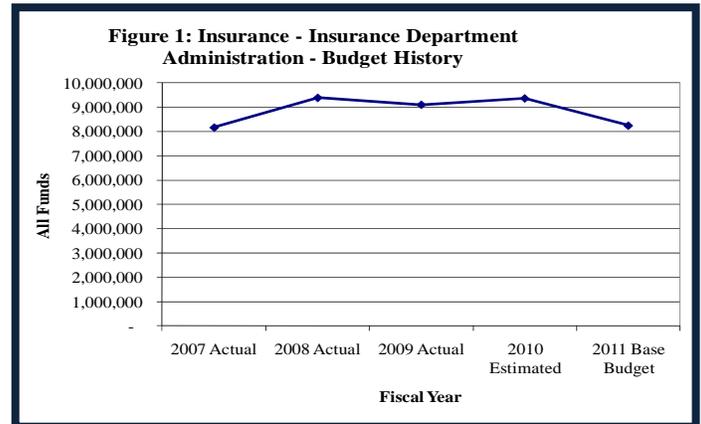
The Executive Appropriations Committee (EAC) has made base budget allocations to the various appropriations subcommittees. The budget detail table for the allocations for the Department of Insurance, but does not include funding for the recommendations presented in this brief or other budget priorities the subcommittee may wish to consider.

The co-chairs of the EAC recommend that the subcommittee complete the following tasks: review agency base budgets; reallocate revenue where possible within the base budget to meet new subcommittee budget priorities; and, develop a priority list, to be submitted to the EAC, of new budget priorities not completed through budgetary reallocations.

Issue Briefs

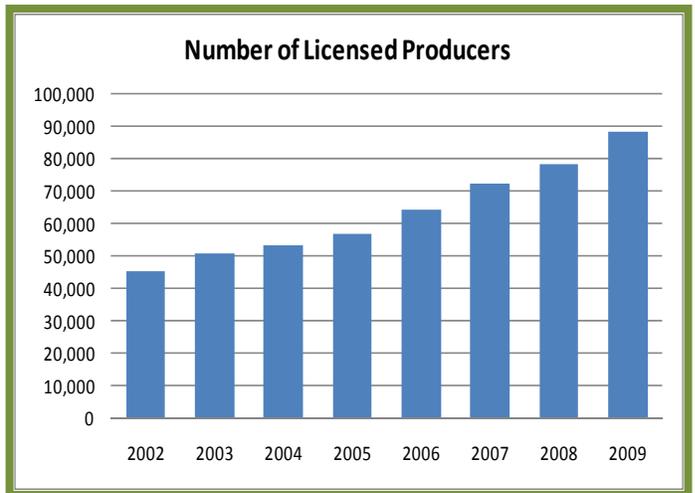
One Issue Brief provides the subcommittee with additional information on FY 2011 Insurance budget issues. Please refer to this Issue Brief for additional information on the following topics:

- Fee Schedule provides information on fees for the Department of Insurance.

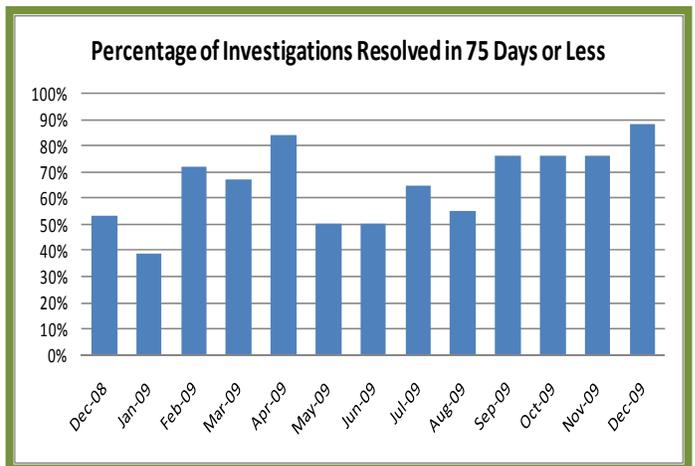


PERFORMANCE MEASURES

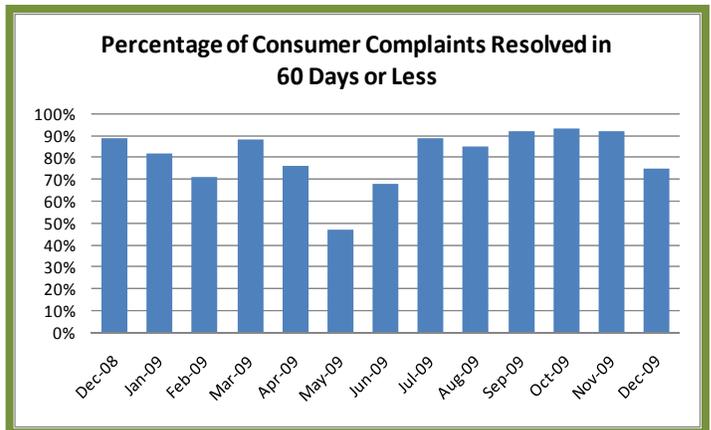
Number of License Producers-Most insurance is sold to Utah consumers through a licensed individual producer. It is important to Utah consumers to have confidence that the producers licensed in this state are competent, trustworthy, and professional. Individual producers are licensed efficiently and time through the use of electronic licensing processes.



Percentage of Investigations Resolved in 75 Days or Less-Consumers must be protected from unscrupulous and dishonest persons in the business of insurance. The department has been keeping statistics in this area since December 2006 to ensure that investigations are conducted and resolved in a timely manner so that insurance consumers are protected.



Percentage of Consumer Complaints Resolved in 60 Days or Less- One of the vital sub-missions of the Department is to ensure that insurance claims are settled accurately and timely. If consumers feel that their claim has not been resolved to their satisfaction, they can come to the department for assistance. The department has been keeping statistics in this area since December 2006 to ensure that consumer complaints are resolved in a timely manner so that insurance consumers are protected.



FY 2010 AND FY 2011 AGENCY BUDGET REQUESTS AND REDUCTIONS

- Hire two captive insurance examiners with \$182,900 ongoing dedicated credits and \$91,500 supplemental dedicated credits;
- Support the Utah Health Exchange by funding IT-related expenses;
- Hire one additional Analyst with \$59,400 one-time General Fund and \$134,900 supplemental dedicated credits;
- Hire one additional insurance fraud investigator with \$84,600 of dedicated credits.

Intent Language Request

State Fleet Services may purchase one fleet vehicle for the Insurance Fraud Division.

Reductions

The Department would reduce FTEs by 4 or \$256,200.

BUDGET TABLE**Insurance - Insurance Department Administration**

Sources of Finance	FY 2009	FY 2010	Changes	FY 2010	Changes	FY 2011*
	Actual	Appropriated		Revised		Base Budget
General Fund	5,689,700	5,118,500	0	5,118,500	(102,400)	5,016,100
General Fund, One-time	278,100	230,000	0	230,000	(230,000)	0
Dedicated Credits Revenue	2,718,400	4,754,000	(1,887,000)	2,867,000	586,200	3,453,200
Beginning Nonlapsing	1,859,700	1,278,200	121,100	1,399,300	(1,159,100)	240,200
Closing Nonlapsing	(1,399,300)	(1,314,500)	1,074,300	(240,200)	(220,800)	(461,000)
Lapsing Balance	(34,400)	0	0	0	0	0
Total	\$9,112,200	\$10,066,200	(\$691,600)	\$9,374,600	(\$1,126,100)	\$8,248,500
Programs						
Administration	6,111,700	5,538,500	(30,700)	5,507,800	(336,500)	5,171,300
Captive Insurers	346,400	365,600	4,400	370,000	18,600	388,600
Electronic Commerce Fee	440,700	475,000	605,900	1,080,900	(524,900)	556,000
Insurance Fraud Program	2,144,200	3,595,500	(1,572,300)	2,023,200	17,400	2,040,600
Relative Value Study	69,200	91,600	301,100	392,700	(300,700)	92,000
Total	\$9,112,200	\$10,066,200	(\$691,600)	\$9,374,600	(\$1,126,100)	\$8,248,500
Categories of Expenditure						
Personnel Services	6,172,700	6,221,400	(528,000)	5,693,400	(299,200)	5,394,200
In-state Travel	36,000	41,800	(5,200)	36,600	100	36,700
Out-of-state Travel	102,800	135,900	164,700	300,600	(257,000)	43,600
Current Expense	1,481,500	2,789,600	(1,024,800)	1,764,800	(302,700)	1,462,100
DP Current Expense	1,310,400	877,500	701,700	1,579,200	(267,300)	1,311,900
DP Capital Outlay	8,800	0	0	0	0	0
Total	\$9,112,200	\$10,066,200	(\$691,600)	\$9,374,600	(\$1,126,100)	\$8,248,500
Other Data						
Budgeted FTE	91.0	91.0	0.0	91.0	(4.0)	87.0
Vehicles	10.0	10.0	0.0	13.0	0.0	13.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

LEGISLATIVE ACTION

The Executive Appropriations Committee adopted FY 2011 General and Education Fund revenue estimates that are 98% of the original FY 2010 ongoing appropriations. The FY 2011 base budget bills (S.B. 1 and H.B. 1) reduce appropriations for all line items and programs proportionately to match revenues. However, the Executive Appropriations Committee allocated 95% of original FY 2010 ongoing appropriations to each subcommittee and directed the subcommittees to compile a list of options equal to a 5% ongoing cut. The Executive Appropriations Committee will use these options to make final adjustments to the FY 2011 budget.

This section summarizes what actions might be taken if the Legislature wishes to adopt the recommendations presented in this brief. The Analyst recommends that the Legislature consider:

1. Adopt the base budget amount of \$8,248,500 for the Department of Insurance budget detailed above.
2. Consider the budget issues raised in the Budget and Issue Brief mentioned in this brief. The subcommittee may wish to include these items in its prioritized recommendations to the Executive Appropriations Committee.