

# Budget Brief - Insurance Department

NUMBER CR-I-01

## SUMMARY

The Insurance Department protects the public by regulating insurance companies and individual agents to assure equitable and competitive business practices.

## ISSUES

This request is for **5 FTE** (3 Financial Examiners, 1 Market Conduct Examiner for health insurance, and 1 Market Conduct Examiner for life insurance) at a cost of \$329,700 from the General Fund. Workload increases have forced the Department to contract out these services. These FTE will replace the contracted workers at a lower cost to the companies served. Their services are billed out at 150% of costs and deposited in the General Fund.

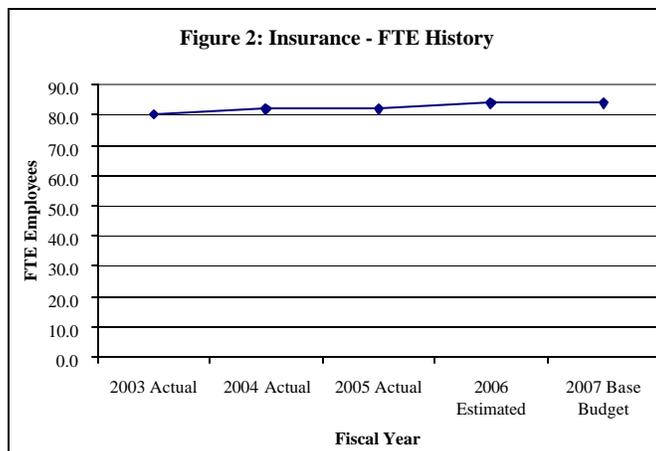
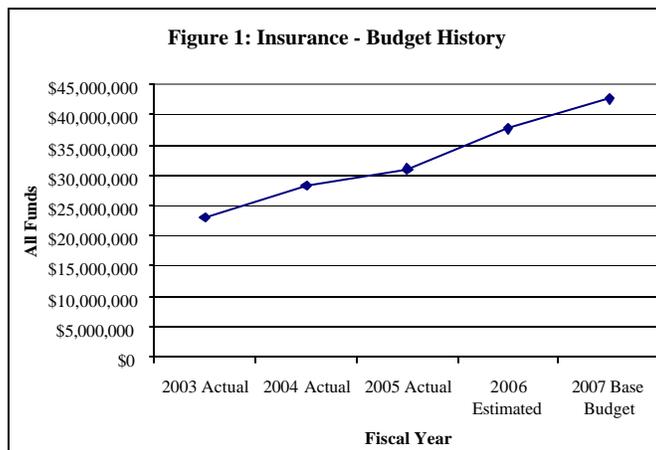
**Enterprise Content Management Software System Maintenance** at a cost of \$16,000. The software is used to regulate companies, agents and agencies.

**HIPUtah** has requested \$14,295,600 annually for three years to help bring them up to actuarially sound (6 month reserve) levels for a government supported agency. The Analyst recommends \$3,796,100 ongoing and \$1,000,000 in one-time funding for a total of **4,796,100**. This amount will bring them up to \$10,000,000 in ongoing funding.

## SUPPLEMENTAL INTENT

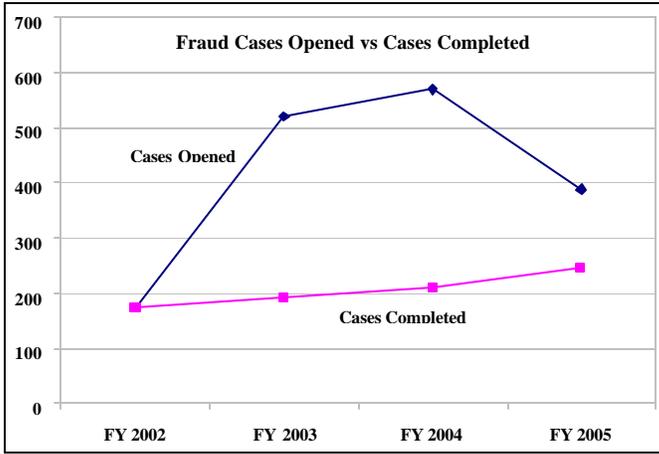
*Under the terms of Section 63-38-8.1 Utah Code Annotated, up to \$130,000 of Item 65 of H. B. 1, Annual Appropriations Act 2005 General Session, is made non-lapsing. Of that amount, \$120,000 is for computer equipment and software and \$10,000 is for employee training.*

## BUDGET AT A GLANCE



**ACCOUNTABILITY DETAIL**

**Fraud**



**Measure:** Fraud Cases Opened vs. Cases Completed

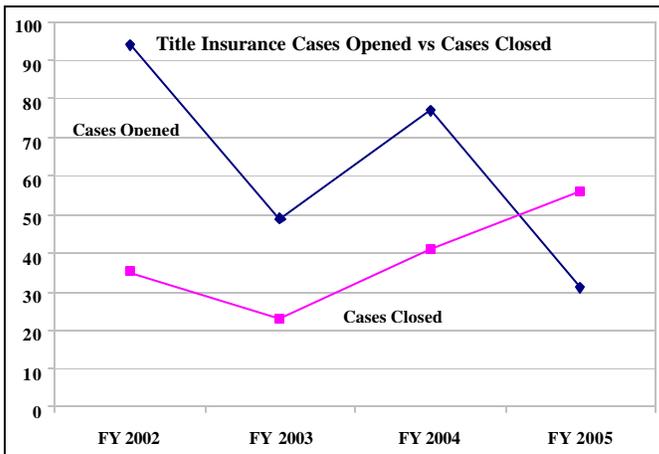
**Goal:** Reduce case backlog.

**Methodology:** Compare Cases Opened with Cases Completed.

**Measure Type:** Output.

**Title Insurance**

This graph shows complaints streaking up, with cases opened, investigated, and prosecuted or settled, not keeping up.



**Measure:** Title Insurance Cases Opened vs. Cases Closed.

**Goal:** Reduce case backlog. This makes the division more responsive to the public.

**Methodology:** Compare the number of cases opened to the number of cases closed.

**Measure Type:** Output.

**Bail Bonds**



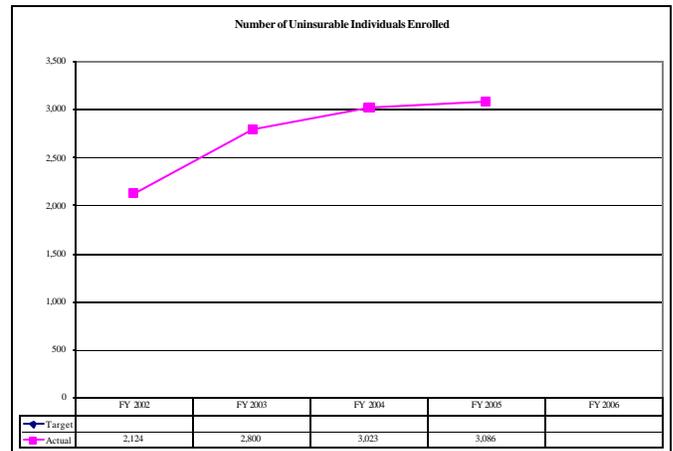
**Measure:** Bail Bond Complaints Received.

**Goal:** Measure Bail Bond workload.

**Methodology:** Simple complaint count.

**Measure Type:** Workload.

**HIPUtah Enrollment**



**Measure:** Number of Uninsurable Individuals Enrolled.

**Goal:** Measure HIPUtah's workload.

**Methodology:** Count the number of individuals insured through HIPUtah.

**Measure Type:** Output.

**BUDGET DETAIL TABLE**

The Analyst recommends the FY 2007 base budget shown below of 42,687,500. Of that amount, \$10,858,500 is from the General Fund.

<b>Insurance</b>						
<b>Sources of Finance</b>	<b>FY 2005</b>	<b>FY 2006</b>		<b>FY 2006</b>		<b>FY 2007*</b>
	<b>Actual</b>	<b>Appropriated</b>	<b>Changes</b>	<b>Revised</b>	<b>Changes</b>	<b>Base Budget</b>
General Fund	20,607,100	10,858,500	0	10,858,500	0	10,858,500
General Fund, One-time	0	10,000,000	0	10,000,000	(10,000,000)	0
Federal Funds	52,600	0	1,395,400	1,395,400	(1,395,400)	0
Dedicated Credits Revenue	18,251,500	22,639,200	75,000	22,714,200	847,700	23,561,900
GFR - Bail Bond Surety Admin	22,100	22,100	0	22,100	0	22,100
Beginning Nonlapsing	2,452,100	4,664,900	5,652,300	10,317,200	5,889,500	16,206,700
Closing Nonlapsing	(10,317,200)	7,079,100	(24,681,200)	(17,602,100)	9,640,400	(7,961,700)
Lapsing Balance	(37,600)	(1,300)	0	(1,300)	1,300	0
<b>Total</b>	<b>\$31,030,600</b>	<b>\$55,262,500</b>	<b>(\$17,558,500)</b>	<b>\$37,704,000</b>	<b>\$4,983,500</b>	<b>\$42,687,500</b>
<b>Line Items</b>						
Insurance Department Administration	6,885,600	6,725,900	434,400	7,160,300	523,600	7,683,900
Comprehensive Health Insurance Pool	24,069,900	48,440,500	(17,981,300)	30,459,200	4,454,200	34,913,400
Bail Bond Program	18,000	20,800	0	20,800	1,300	22,100
Title Insurance Program	57,100	75,300	(11,600)	63,700	4,400	68,100
<b>Total</b>	<b>\$31,030,600</b>	<b>\$55,262,500</b>	<b>(\$17,558,500)</b>	<b>\$37,704,000</b>	<b>\$4,983,500</b>	<b>\$42,687,500</b>
<b>Categories of Expenditure</b>						
Personal Services	4,493,000	4,879,800	278,200	5,158,000	(126,100)	5,031,900
In-State Travel	10,200	14,600	4,700	19,300	2,300	21,600
Out of State Travel	74,600	65,100	17,500	82,600	3,600	86,200
Current Expense	26,049,000	49,178,700	(17,423,800)	31,754,900	5,212,700	36,967,600
DP Current Expense	296,000	465,800	(36,400)	429,400	(55,600)	373,800
DP Capital Outlay	203,800	340,000	(80,200)	259,800	(53,400)	206,400
Capital Outlay	19,100	0	0	0	0	0
Other Charges/Pass Thru	(115,100)	318,500	(318,500)	0	0	0
<b>Total</b>	<b>\$31,030,600</b>	<b>\$55,262,500</b>	<b>(\$17,558,500)</b>	<b>\$37,704,000</b>	<b>\$4,983,500</b>	<b>\$42,687,500</b>
<b>Other Data</b>						
Budgeted FTE	82.0	82.0	2.0	84.0	0.0	84.0
Vehicles	10	9	1	10	0	10

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