



Utah Insurance Department

Presentation to the Business, Economic Development & Labor
Appropriations Subcommittee
January 17, 2024



Department Mission & Vision

Mission

To protect the financial security of people and businesses in Utah

Vision

An insurance market that is regulated fairly and accessible to all Utahns



What We're Requesting Today:

- **Increase in the Fraud Assessment on Insurers**
- **Increase in the Insurer Service Fee**
- ***No impact on the General Fund***

What the Fee Increases Will Pay For:

- **4 new FTEs**
- **Higher-priced legal services from the Attorney General's Office**
- **Raises for insurance fraud investigators whose pay is below market rate**

Insurance Industry

Insurance Premium Volume Growth in Utah

- ***\$24.9 billion*** written in 2022
- ***\$22.6 billion*** written in 2021
- ***57% growth*** over last 5 years

Utah's Insurance Industry is a Top Contributor

- Contributed ***\$192 million*** in premium taxes to the General Fund in FY23; 43% increase since FY18 (5-year)
- Paid ***\$19 million*** in fees, assessments, and penalties in FY23 to fund the UID budget; excess goes to the General Fund

UID FY25 Budget Requests

Financial Regulator - \$142,000 ongoing for 1.0 FTE

- Eliminated due to Covid budget cuts in 2020; BEDL approved restoration in 2023 GS but removed from budget by EAC
- Restoration will save money because a contract regulator costs twice as much as a UID regulator

Property & Casualty Market Conduct Examiners - \$256,000 ongoing for 2.0 FTE

- Workload increase of 50% for consumer complaints has created the need for more market conduct examiners
- Funding the positions will ensure that consumers receive timely help

Research Consultant - \$155,000 ongoing for 1.0 FTE

- This research consultant will help ensure accurate and complete development of health insurance reports based on increased statutory data collections from insurers and pharmacy drug manufacturers

UID FY25 Budget Requests/Issues

Fee Increase - Insurance Fraud Assessment and Insurance Service Fee

- Fee increase for Insurance Fraud Investigation Restricted Account and the Insurance Department Administration Restricted Account

Attorney General ISF Adjustment - \$115,000 ongoing (civil), \$300,000 ongoing (criminal) appropriations

- Appropriation adjustment to align with cost increases in both civil and criminal areas for the UID (no effect on the General Fund).

Fraud Investigator Salary Increase

- \$210,000 ongoing increase from the Insurance Fraud Investigation Restricted Account (no effect on the General Fund).
- To meet the growing costs of public safety staff

State Mandated Insurer Payments (currently for Autism coverage)

- \$1,222,000 ongoing General Fund increase recommended to cover all payments for upcoming fiscal year
- The state-mandated insurer payments are a pass through for the UID and a separate line item from their operational budget.



Questions?

