

# The Florida Senate Appropriations Subcommittee on General Government

## **Agency Overview and Fiscal Year 2013-2014 Budget**

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Financial Services Commission

[www.floir.com](http://www.floir.com)

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## **The Florida Legislature created the Office of Insurance Regulation (Office) in 2003:**

“The Office of Insurance Regulation, which shall be responsible for all activities concerning insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the insurance code. The head of the Office of Insurance Regulation is the Director of the Insurance Regulation, who may also be known as the Commissioner of Insurance Regulation.”

*Section 20.121,(3)(a),1, Florida Statutes*

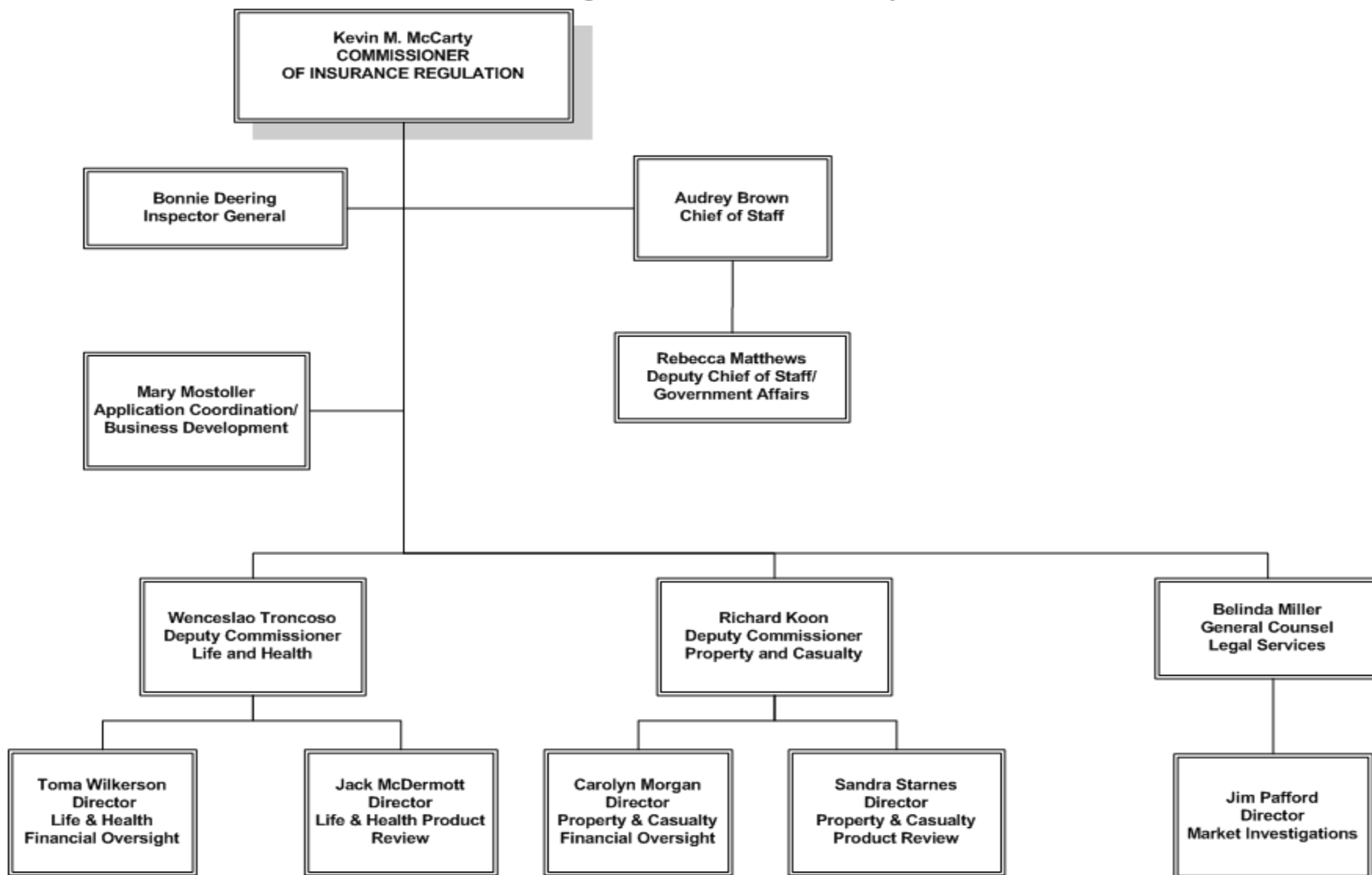
## **OIR Mission Statement**

**To ensure that insurance companies licensed to do business in Florida are financially viable; operating within the laws and regulations governing the insurance industry; and offering insurance products at fair and adequate rates which do not unfairly discriminate against the buying public.**

FLORIDA OFFICE OF  
INSURANCE REGULATION

Kevin M. McCarty  
*Insurance Commissioner*

Florida Office of Insurance Regulation  
Organizational Chart – January 2013



## **FAST FACTS**

**As of June 30, 2012**

- Currently provides oversight and service to over 4,000 insurance related entities, of which 154 are new entities
- Represents over \$112 Billion in insurance premium
- Completed 8,743 Financial Reviews\*
- Completed 1,021 Market Conduct Investigations (Desk Audits of Insurers)\*
- Completed 69 Market Conduct Examinations (Field Examinations of Insurers)\*
- Processed 14,686 Form and Rate Filings\*

**\* Fiscal Year 2011-2012**

## **Business Units**

### ➤ **Property and Casualty**

- **Financial Oversight** – Monitors the financial condition of property & casualty insurers by conducting financial examinations and ongoing financial analysis.
- **Product Review** – Review property and casualty contracts, forms, and rate filings received from insurance companies.

### ➤ **Life and Health**

- **Financial Oversight** – Monitors the financial condition of life & health entities by conducting financial analysis and on-site examinations.
- **Product Review** – Review life and health contracts, forms, and rate filings received from life insurance companies and health maintenance organizations.

## **Business Units**

- **Market Investigations** – Conducts examinations and investigations of insurance companies to ensure compliance with Florida Statutes and the Florida Insurance Code.
- **Company Admissions/Business Development** - Review company applications for the sale of insurance products.
- **Market Research and Technology** – Collects and disseminates public insurance industry data to ensure efficiency and transparency.

## **OIR Budget**

- Resources – 283 FTE
- Total Budget of \$27,241,944\* includes special budget category for budget authority for the outsourcing of financial examinations.
- Office funding is appropriated directly by the Legislature from the Insurance Regulatory Trust Fund (IRTF).
- The Office is 100% Trust Funded and receives no General Revenue.
- The Office is administratively housed within the Department of Financial Services (DFS) for some administrative and technology support services.



## Past Budget vs. Current Budget

	FY 2008-2009	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
<b><u>FTE</u></b>	314	300	290	283	283
<b><u>OIR Budget</u></b>	\$24,966,951	\$28,003,462	\$28,141,641	\$27,754,538	\$27,241,944

Beginning in 2009-2010, a recurring Special Category was funded in the amount of \$4.7 million in budget authority. This budget authority is used for the outsourcing of financial exams. Insurance companies that are being examined, reimburse the cost of the examinations and OIR makes payment to the 3<sup>rd</sup> party examiner. Therefore the IRTF acts as a pass-through.

## Compliance and Enforcement

This service protects the public through oversight of company solvency, policy forms and rates, and market investigations performance.

➤ Salaries and Benefits	\$15,185,133
❖ Provides salaries and benefits for 249 FTE positions	
➤ Other Personal Services	\$125,000
➤ Expenses ( <b>includes \$1.1 million for office building rent to DMS</b> )	\$2,652,374
➤ Operating Capital Outlay	\$2,000
➤ Contracted Services	\$688,016
➤ Lease/Purchase Equipment	\$18,989
➤ Risk Management Insurance	\$262,960
➤ Transfers to DMS for HR Services	\$87,347
➤ Property & Casualty Examinations (Budget Authority only)	\$4,651,763
➤ Life & Health Examinations (Budget Authority only)	\$275,000
➤ Public Hurricane Model Maintenance & Support	\$588,639

## Executive Direction

This service provides overall direction in carrying out the Office's statutory and administrative responsibilities. The Commissioner and support staff provide administrative support, leadership, direction and executive guidance in carrying out the Office's statutory responsibilities.

➤ Salaries and Benefits	\$2,472,850
❖ Provides salaries and benefits for 34 FTE positions	
➤ Expenses	\$93,543
➤ Contracted Services	\$117,710
➤ Transfer to DMS for HR Services	\$12,206
➤ Lease/Purchase Equipment	\$8,414

## **OIR LBR Funding Requests**

1. Increase Salary Rate due to Reclassification of 10 Product and Casualty Forms & Rates positions from Insurance Analyst II to Government Analyst II **(10 FTE x \$13,841 rate = \$138,410 plus benefits)**
2. Additional 3 Governmental Analyst II FTE (Property and Casualty Positions Forms & Rates Unit **(3 FTE x \$46,381.20 rate = \$139,143.60 plus benefits)**

## **Technical Budget Request**

3. Permanent Transfer from Expense to OCO – **\$33,000**

## Questions?

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