

Representative Jack McFarland
Chairman



Representative Jason Hughes
Vice Chairman

Fiscal Year 2025 Executive Budget Review

DEPARTMENT OF INSURANCE

House Committee on Appropriations
House Fiscal Division

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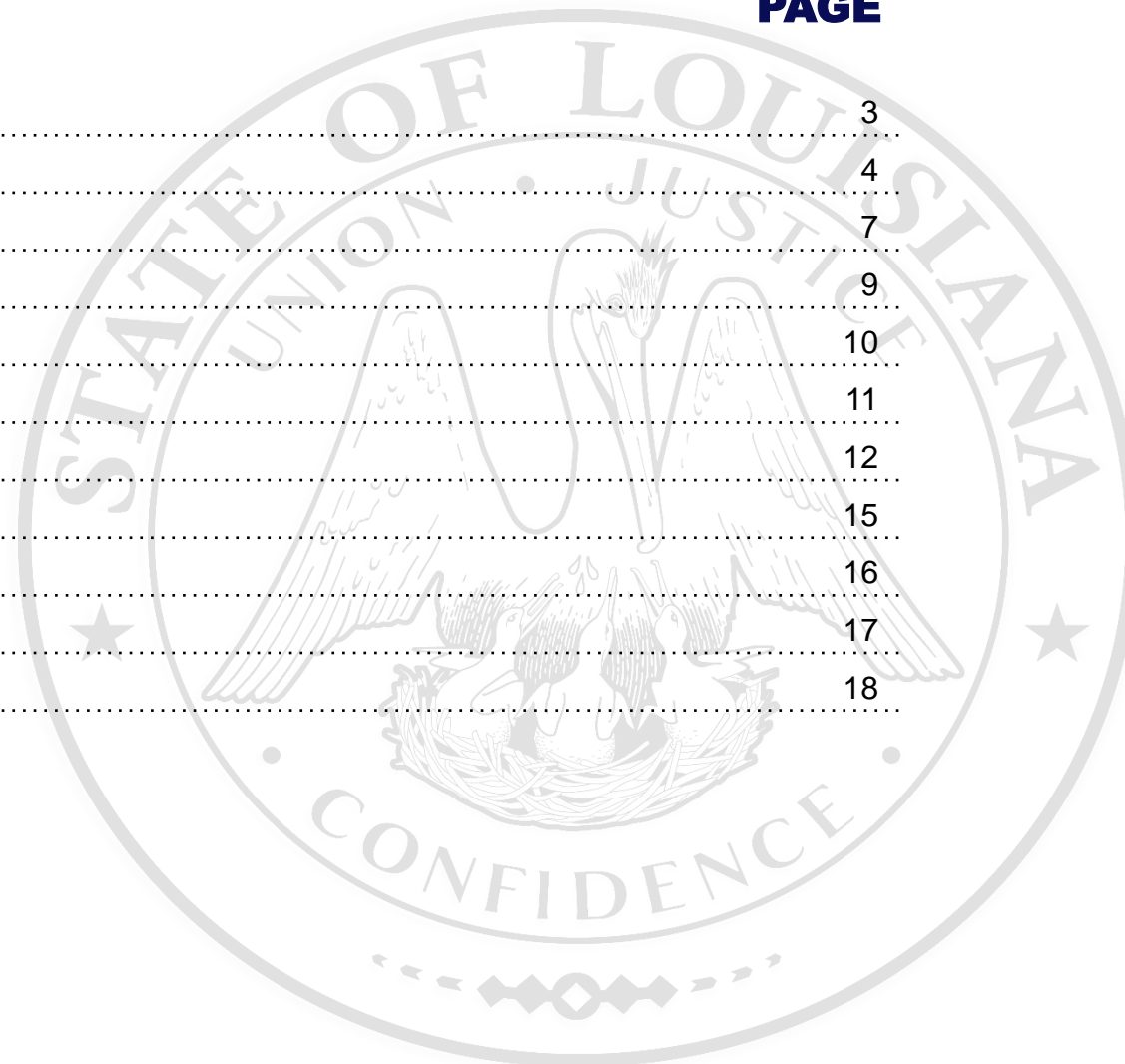
All data and figures were obtained from the governor's Fiscal Year 2024-2025 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2024 Regular Session, unless otherwise noted.

<https://www.doa.la.gov/doa/opb/budget-documents/>

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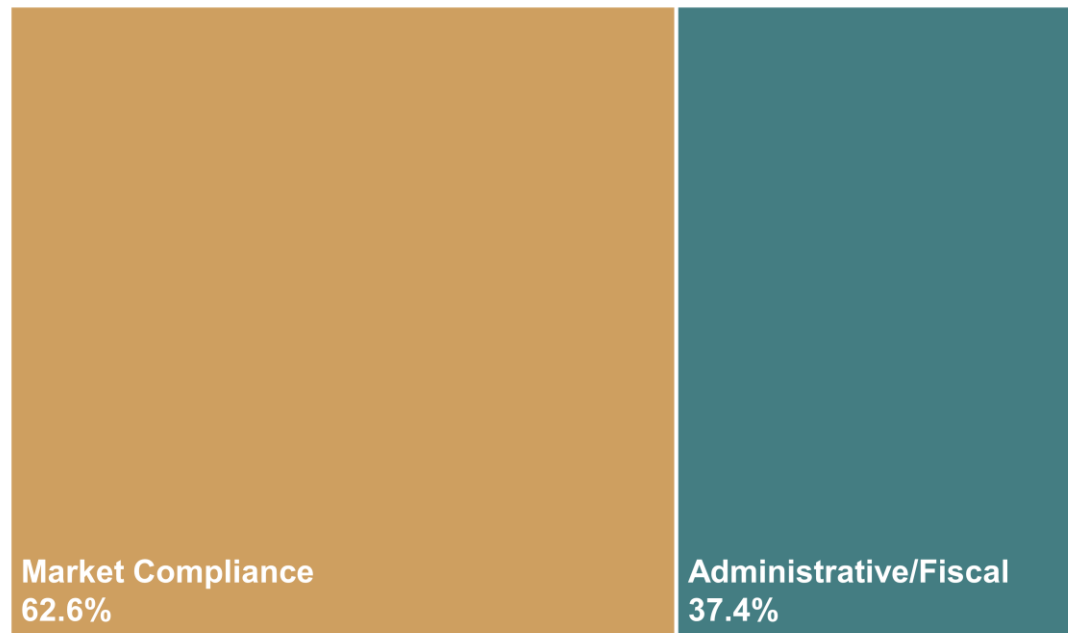
FY 25 BUDGET RECOMMENDATION

Total Funding = \$42,266,714

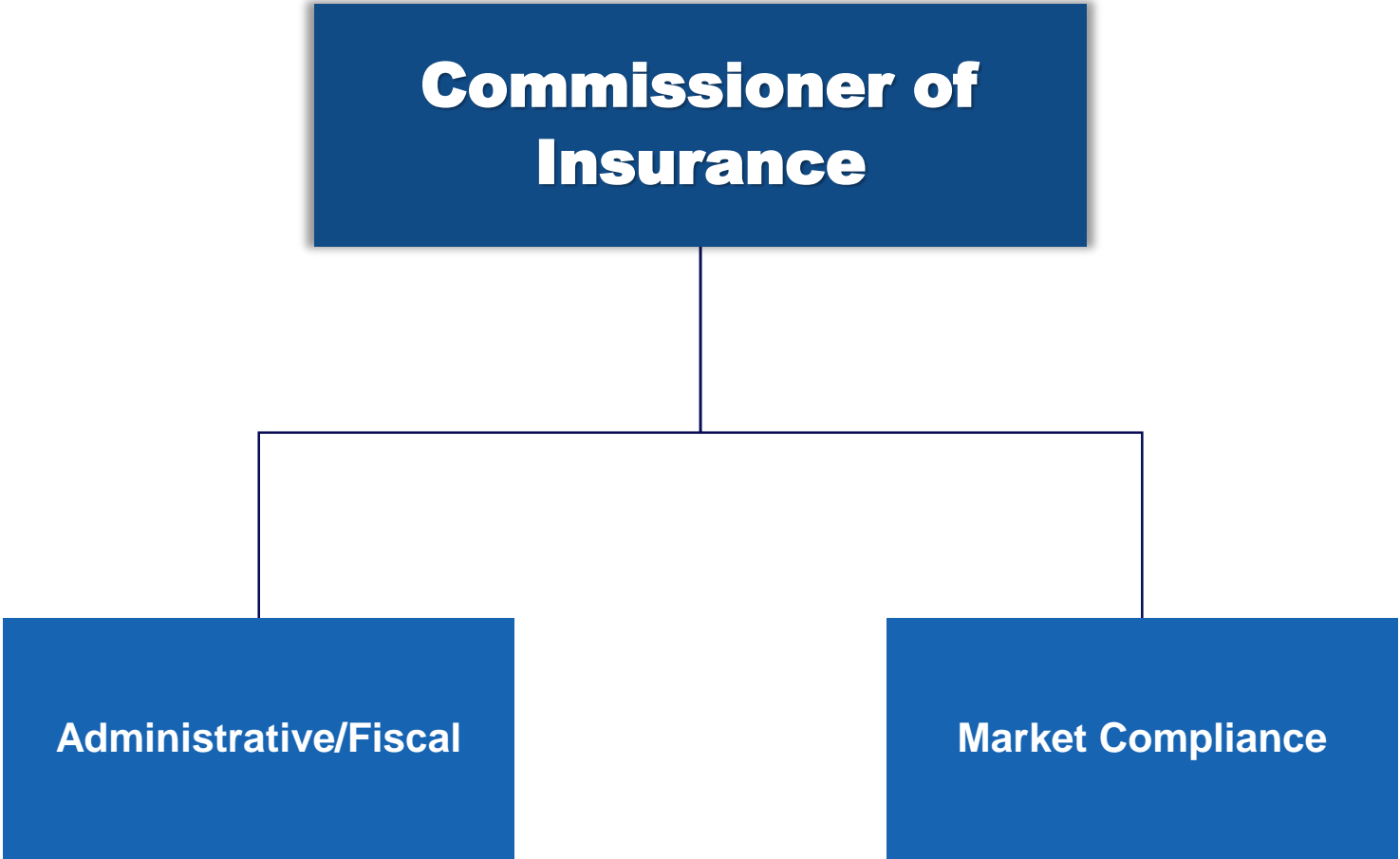
Means of Finance		
State General Fund	\$	0
Interagency Transfers		0
Fees & Self-generated		36,071,043
Statutory Dedications		5,000,000
Federal Funds		1,195,671
Total	\$	42,266,714



Program Funding & Authorized Positions			
		<i>Amount</i>	<i>Positions</i>
Administrative/Fiscal	\$	15,795,512	72
Market Compliance		26,471,202	158
Total	\$	42,266,714	230



DEPARTMENT ORGANIZATION



Administrative/Fiscal Program

Office of the Commissioner

- Oversees internal audits, public affairs, Consumer Advocacy and Diversity (including Senior Health Insurance Information Program) and the Office of Policy, Innovation and Research (created by Act 159 of the 2022 Regular Session)

Office of Management and Finance:

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



Market Compliance Program

Office of Licensing

- Oversees licensing and records of all producers, including life, health, 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

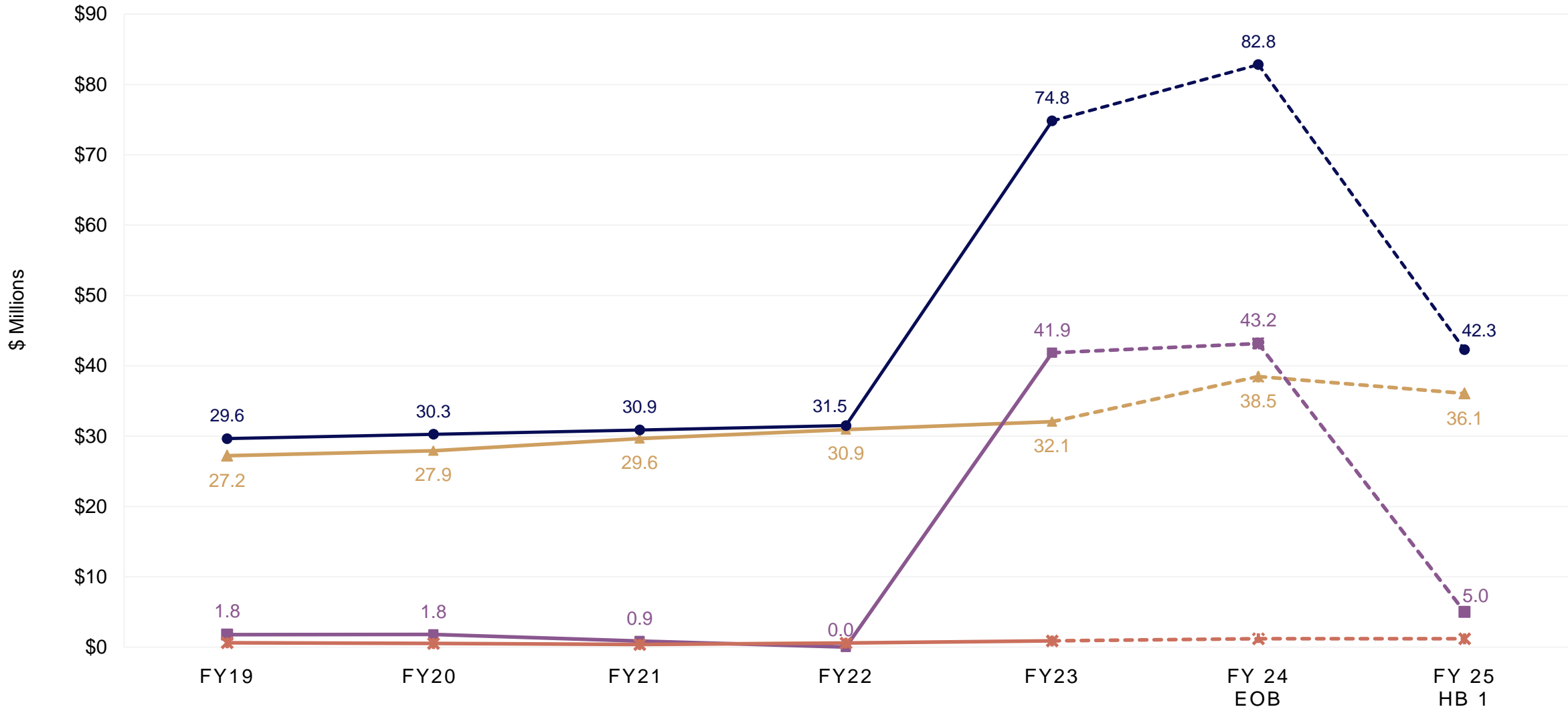
- Investigates alleged or suspected fraud committed by or upon insurance producers, brokers, and companies

HISTORICAL SPENDING

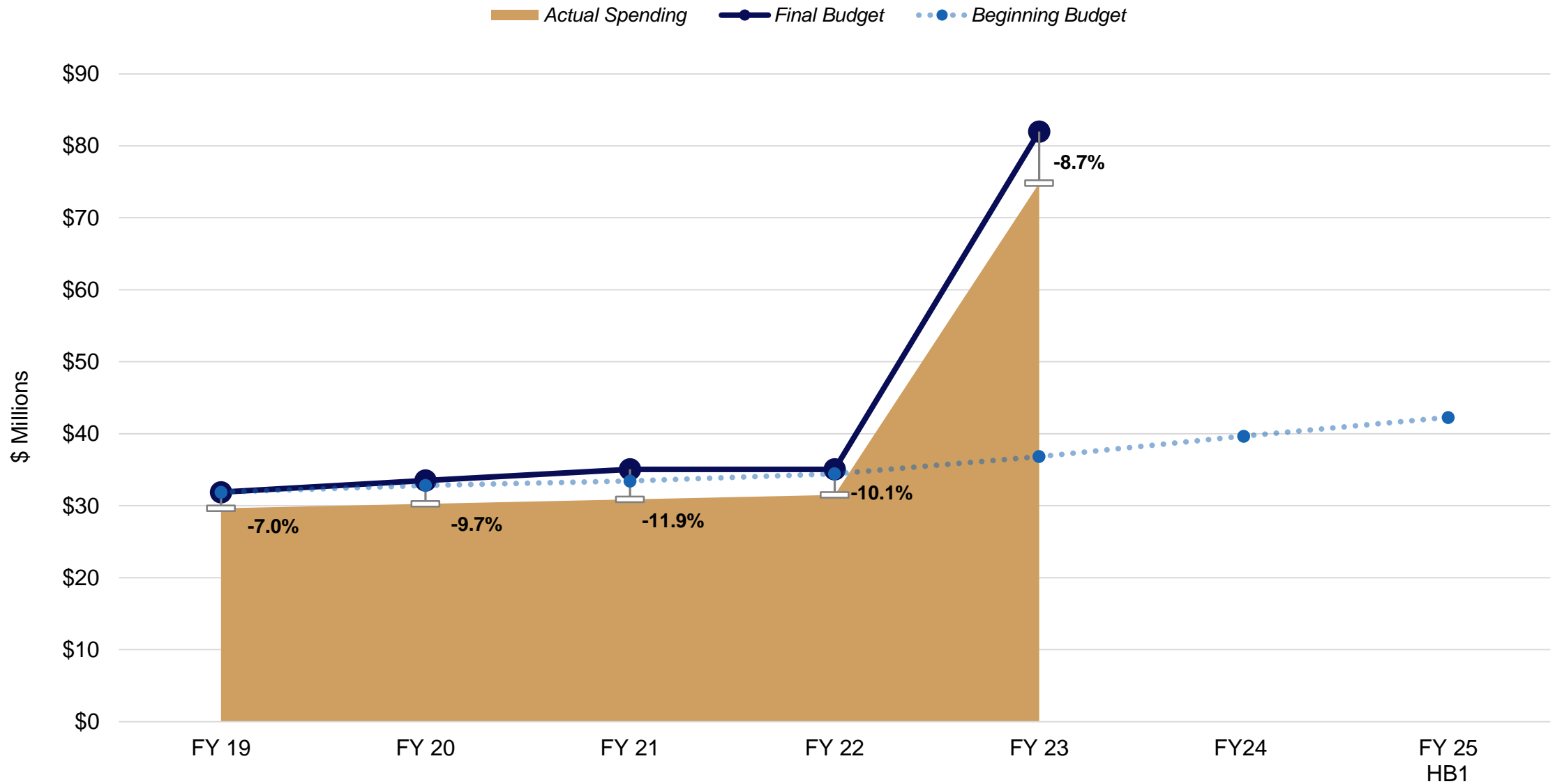
▲ Fees & Self-generated
 ■ Statutory Dedications
 ✱ Federal Funds
 ● Total Budget

Annual Average Spending Change from FY 19 to 23:

4.2%	120.1%	9.8%	26%
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HISTORICAL BUDGET



Note: additional information can be found under the general department section

SOURCES OF FUNDING

<p style="text-align: center;">Self-generated Revenue</p> <p style="text-align: center;">\$36.1 M</p>	<p style="text-align: center;">Statutory Dedications</p> <p style="text-align: center;">\$5 M</p>	<p style="text-align: center;">Federal Funds</p> <p style="text-align: center;">\$1.2 M</p>
<p>Various fees, licenses, and assessments authorized by law, including the following accounts:</p> <ul style="list-style-type: none"> • \$990,367 from the Administrative Dedicated Fund Account of the Department of Insurance, from penalties and an assessment on health insurance premiums for the enforcement of Health Insurance Portability and Accountability Act (HIPAA) provisions in insurance regulation. • \$721,705 from the Insurance Fraud Investigation Dedicated Fund Account, from an assessment on various insurance premiums written in Louisiana for fraud awareness, investigation and enforcement. • \$227,000 from the Automobile Theft and Insurance Fraud Prevention Authority Dedicated Fund Account, from gifts, grants, donations and dedicated funds from the Insurance Fraud Assessment for fraud education, prevention and enforcement. 	<p>\$5 M from the Louisiana Fortify Homes Program Fund</p>	<p>State Health Insurance Assistance Fund for seniors from the U.S. Department of Health and Human Services.</p>

FUNDING COMPARISON

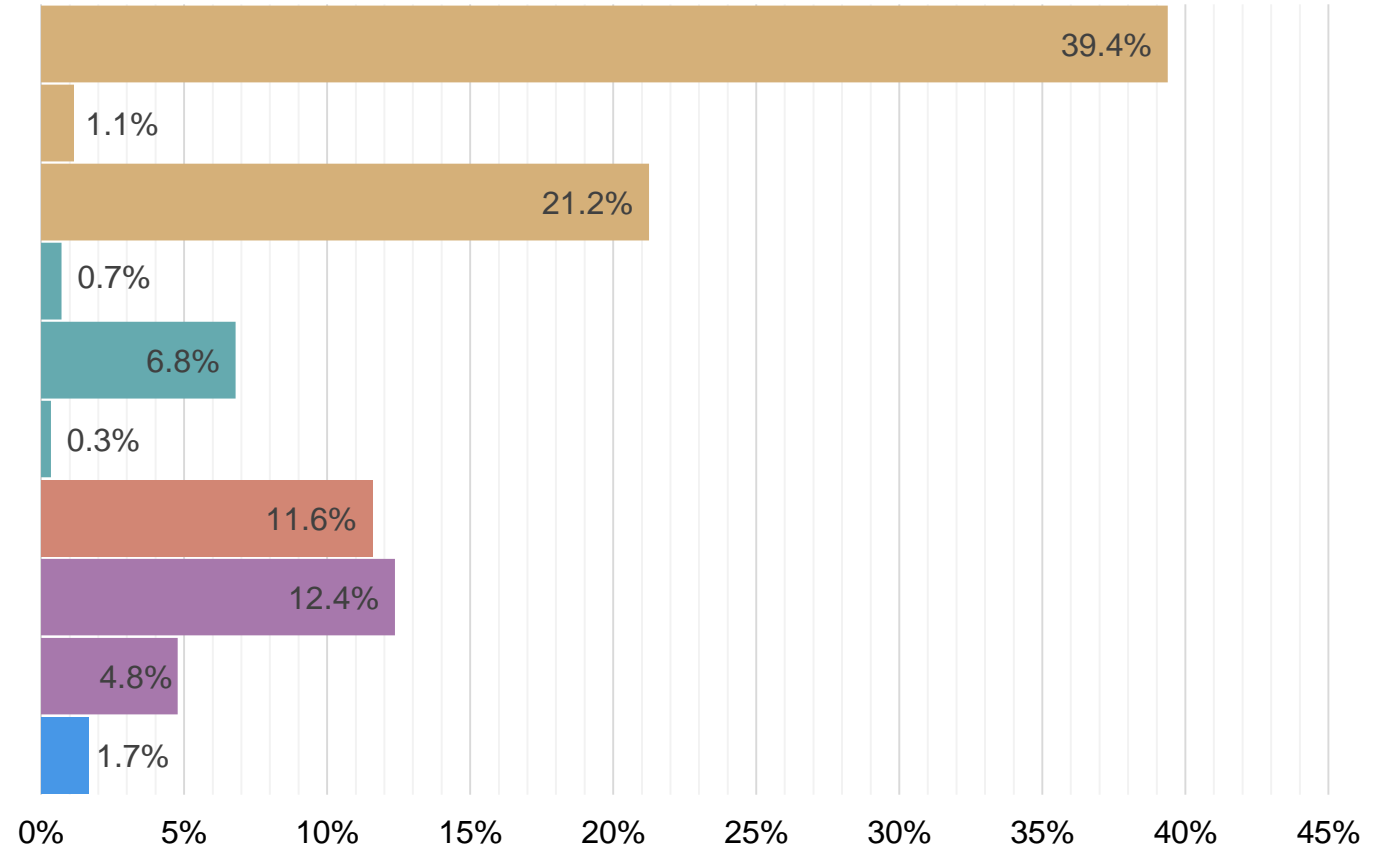
Means of Finance	FY 23 Actual Expenditures	FY 24		FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
		Existing Operating Budget 12/1/23						
SGF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	0.0%
IAT	0	0	0	0	0	0.0%	0	0.0%
FSGR	32,056,801	38,472,497	36,071,043	(2,401,454)	(6.2%)	4,014,242	12.5%	
Stat Ded	41,850,000	43,150,000	5,000,000	(38,150,000)	(88.4%)	(36,850,000)	(88.1%)	
Federal	904,253	1,195,671	1,195,671	0	0.0%	291,418	32.2%	
Total	\$ 74,811,054	\$ 82,818,168	\$ 42,266,714	\$ (40,551,454)	(49.0%)	\$ (32,544,340)	(43.5%)	

Significant funding changes compared to the FY 24 Existing Operating Budget	
Fees & Self-generated	Statutory Dedications
<p>(\$2.4 M) decrease due to items such as:</p> <ul style="list-style-type: none"> (\$2.2 M) from various standard statewide adjustments and the removal of one-time funding (\$167,423) decrease in the Administrative Fund 	<p>(\$38.2 M) decrease due to items such as:</p> <ul style="list-style-type: none"> (\$25 M) from the Louisiana Fortify Homes Program Fund (\$13.2 M) from the Insure Louisiana Incentive Program Fund

EXPENDITURE RECOMMENDATION FY 25

Total Budget = \$42,266,714

Expenditure Category		
Salaries	\$	16,646,325
Other Compensation		484,702
Related Benefits		8,980,177
Travel		300,313
Operating Services		2,873,745
Supplies		143,424
Professional Services		4,893,446
Other Charges		5,227,000
Interagency Transfers		2,017,892
Acquisitions/Repairs		699,690
Total	\$	42,266,714



EXPENDITURE COMPARISON

Expenditure Category	FY 23 Actual Expenditures	FY 24 Existing Operating Budget 12/1/23	FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 15,667,534	\$ 16,029,642	\$ 16,646,325	\$ 616,683	3.8%	\$ 978,791	6.2%
Other Compensation	314,070	484,702	484,702	0	0.0%	170,632	54.3%
Related Benefits	8,668,069	9,651,416	8,980,177	(671,239)	(7.0%)	312,108	3.6%
Travel	176,835	242,313	300,313	58,000	23.9%	123,478	69.8%
Operating Services	2,519,816	2,724,245	2,873,745	149,500	5.5%	353,929	14.0%
Supplies	252,122	143,424	143,424	0	0.0%	(108,698)	(43.1%)
Professional Services	2,616,839	4,648,446	4,893,446	245,000	5.3%	2,276,607	87.0%
Other Charges	42,020,153	43,377,000	5,227,000	(38,150,000)	(87.9%)	(36,793,153)	(87.6%)
Interagency Transfers	1,933,250	4,817,288	2,017,892	(2,799,396)	(58.1%)	84,642	4.4%
Acquisitions/Repairs	642,365	699,692	699,690	(2)	(0.0%)	57,325	8.9%
Total	\$ 74,811,053	\$ 82,818,168	\$ 42,266,714	\$ (40,551,454)	(49.0%)	\$ (32,544,339)	(43.5%)

SIGNIFICANT EXPENDITURE CHANGES

Compared to the FY 24 Existing Operating Budget

Personnel Services	Operating Expenses	Other Charges	Professional Services	Interagency Transfers
<p>(\$54,556) net decrease due to items such as:</p> <ul style="list-style-type: none"> \$387,382 for four authorized positions for the Fortify Homes Program \$229,278 for two authorized positions for the Property and Casualty Division \$91,084 for one authorized position for the Diversity and Opportunity Division \$77,846 for one authorized position for the Policy, Innovation, and Research Division (\$840,146) net decrease for various standard statewide adjustments to align salaries and related benefits to projected FY 25 need 	<p>\$297,500 increase due to items such as:</p> <ul style="list-style-type: none"> \$58,000 to allow for increased employee attendance at various national / regional conferences, meetings, and training seminars \$149,500 for network security and database subscription fees 	<p>(\$38.2 M) decrease due to items such as:</p> <ul style="list-style-type: none"> (\$13.2 M) for the removal of funds expended in the second round of the Insure Louisiana Incentive Program (\$25 M) decrease to reduce funding for the Fortify Homes Program to \$5 M based on the expected expenditures remaining 	<p>\$245,000 increase due to items such as:</p> <ul style="list-style-type: none"> \$125,000 for media and advertising of department initiatives \$120,000 for a contract to provide an independent review of the Fortify Homes Program 	<p>(\$2.8 M) decrease due to:</p> <ul style="list-style-type: none"> (\$2.8 M) decrease for the removal of one-time funding used for waterproofing and reroofing the Poydras Building

OTHER CHARGES / INTERAGENCY TRANSFERS

Other Charges

Amount	Description
\$ 5,000,000	Fortify Homes Program
227,000	Automobile theft and fraud prevention
\$ 5,227,000	Total Other Charges

Interagency Transfers

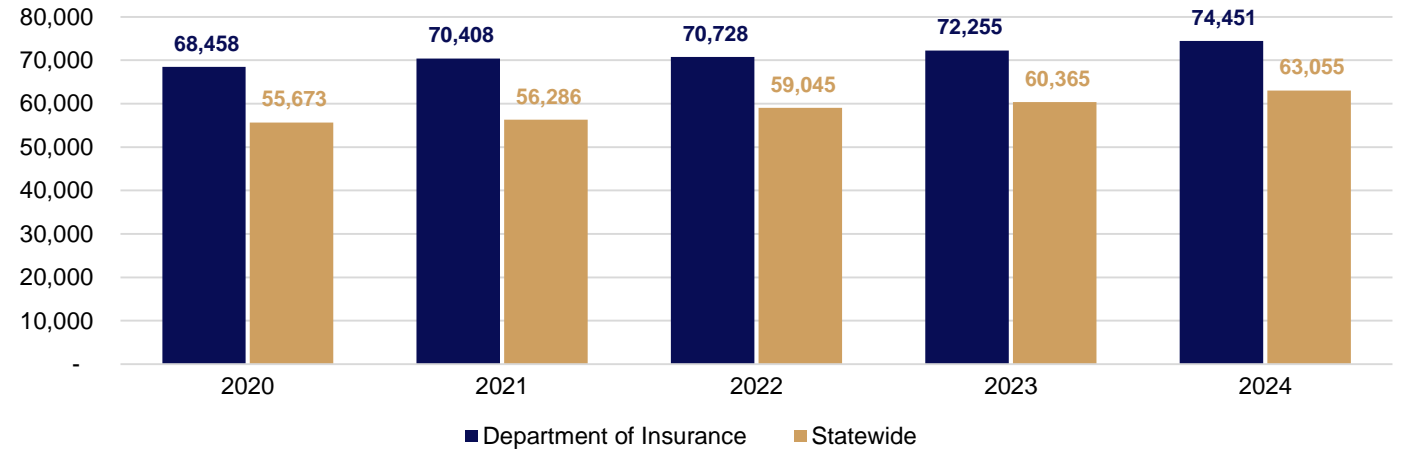
Amount	Description
\$ 701,496	Maintenance of State-owned Buildings
396,412	Legal and auditing fees
382,310	DOA - risk management, procurement, telecommunication
208,528	Capitol Park Security
112,177	Advertising, printing, and postage
108,624	Office of Technology Services
104,488	Civil service, payroll, unemployment, and identification fees
3,857	Treasury fees
\$ 2,017,892	Total Interagency Transfers

PERSONNEL INFORMATION

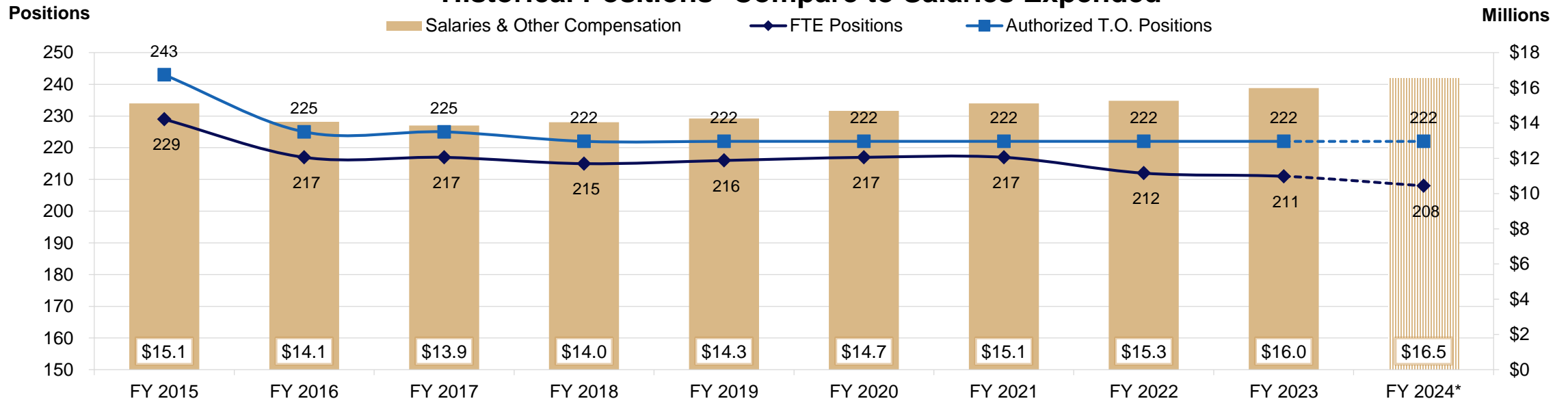
FY 2025 Recommended Positions

230	Total Authorized T.O. Positions (203 Classified, 27 Unclassified)
0	Authorized Other Charges Positions
3	Non-T.O. FTE Positions
11	Vacant Positions (January 29, 2024)

Historical Average Salary



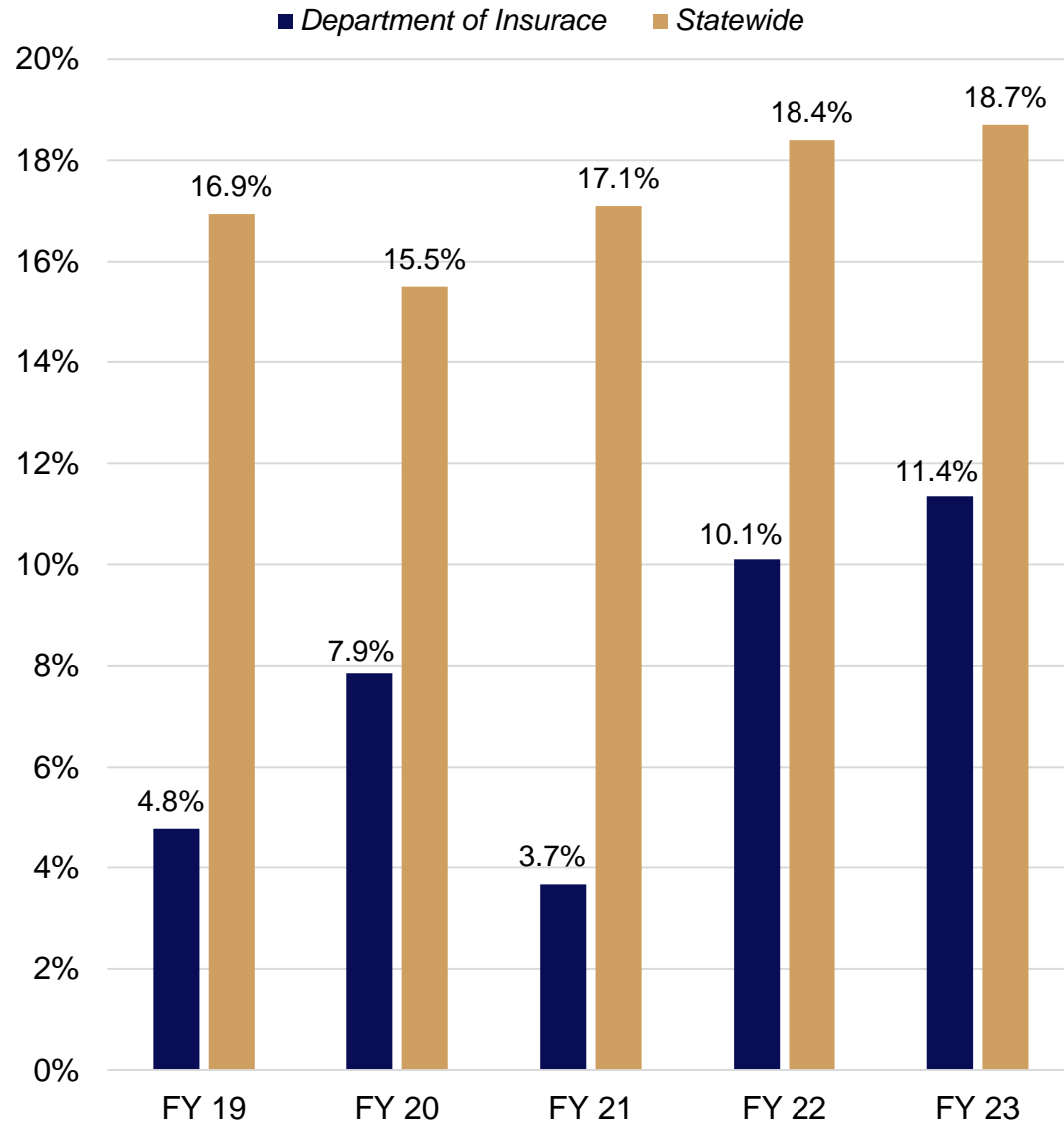
Historical Positions¹ Compare to Salaries Expended



¹ FTE Source: Dept. of Civil Service Weekly Report on State Employment

* Existing Operating Budget on 12/1/23

TURNOVER HISTORY



Top Positions Vacated FY 2023

Position	Number of Employees	Separations	Turnover Rate
Insurance Specialist II	22	3	13.6%
Administrative Assistant IV	8	2	25.0%
Insurance Manager	9	2	22.2%

Source: Department of Civil Service Turnover Statistics

DEPARTMENT CONTACTS



Tim Temple

Commissioner of Insurance

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Barrow Peacock

Chief Deputy Commissioner

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Chris Cerniauskas

Chief of Staff

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Lance Herrin

Assistant Commissioner

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The seal of the State of Louisiana is visible in the background, featuring an eagle with a shield on its chest, perched on a nest with two birds. The text around the seal includes "STATE OF LOUISIANA", "UNION • JUSTICE", and "CONFIDENCE".

General Department Information

PRIOR YEAR ACTUALS FY 23

Were projected revenues collected?

	Final Budget <i>(w/o FY23 carryfwd)</i>	Revenue Collections	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	0	0	0
FSGR	35,773,966	51,649,090	15,875,124
SD	45,000,000	45,000,000	0
FED	1,195,671	904,253	(291,418)
Total	\$ 81,969,637	\$ 97,553,343	\$ 15,583,706

Were collected revenues spent?

	Revenue Collections	Expenditures	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	0	0	0
FSGR	51,649,090	32,056,801	(19,592,290)
SD	45,000,000	41,850,000	(3,150,000)
FED	904,253	904,253	0
Total	\$ 97,553,343	\$ 74,811,054	\$ (22,742,289)

The department collected \$15.6 M more than the FY 23 budget. All of the over collections are self-generated revenues. The department routinely reverts any unused funds to the state general fund.

The department collected \$22.7 M more than was spent in total. This is attributed to dedicated funds and self-generated revenue.

The \$3.2 M in Statutory Dedications is due to the unspent authority left in the Insure Louisiana Incentive Program Fund Account following the first round of grant recipients.

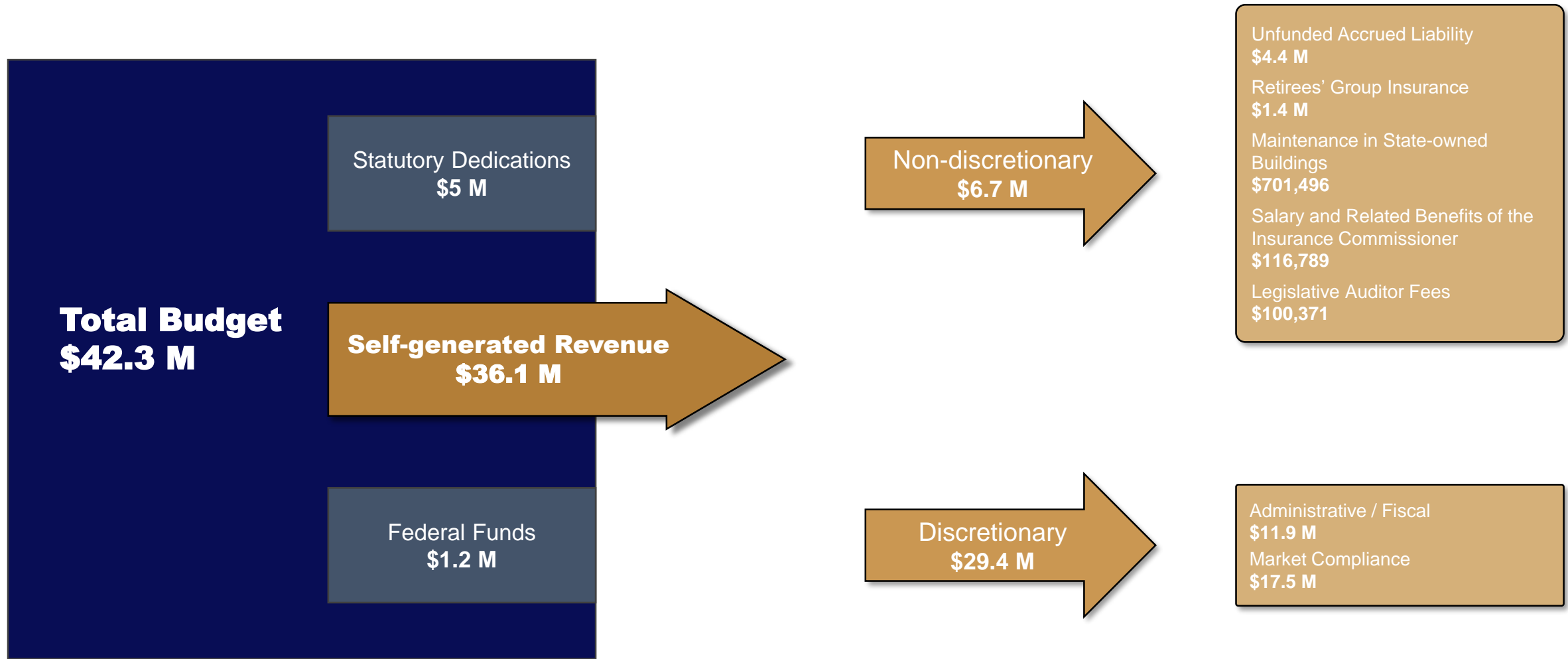
EXISTING OPERATING BUDGET FY 24

The FY 2023-24 Existing Operating Budget (EOB) was frozen on December 1, 2023. This point-in-time reference is used in both the Executive Budget and the General Appropriations Bill.

Means of Finance	Appropriation	Mid-Year Adjustments	Existing Operating Budget
General Fund	\$ 0	\$ 0	\$ 0
Interagency Transfers	0	0	0
Self-generated Revenue	38,472,497	0	38,472,497
Statutory Dedications	0	43,150,000	43,150,000
Federal	1,195,671	0	1,195,671
Total	\$ 39,668,168	\$ 43,150,000	\$ 82,818,168

<i>Mid-year Adjustments Summary</i>				
July	August	September	October	November
No change	\$43.2 M Transferred various means of finance into the Insure Louisiana Incentive Fund (\$13.2 M) and the Louisiana Fortify Homes Program Fund (\$30 M)	No change	No change	No change

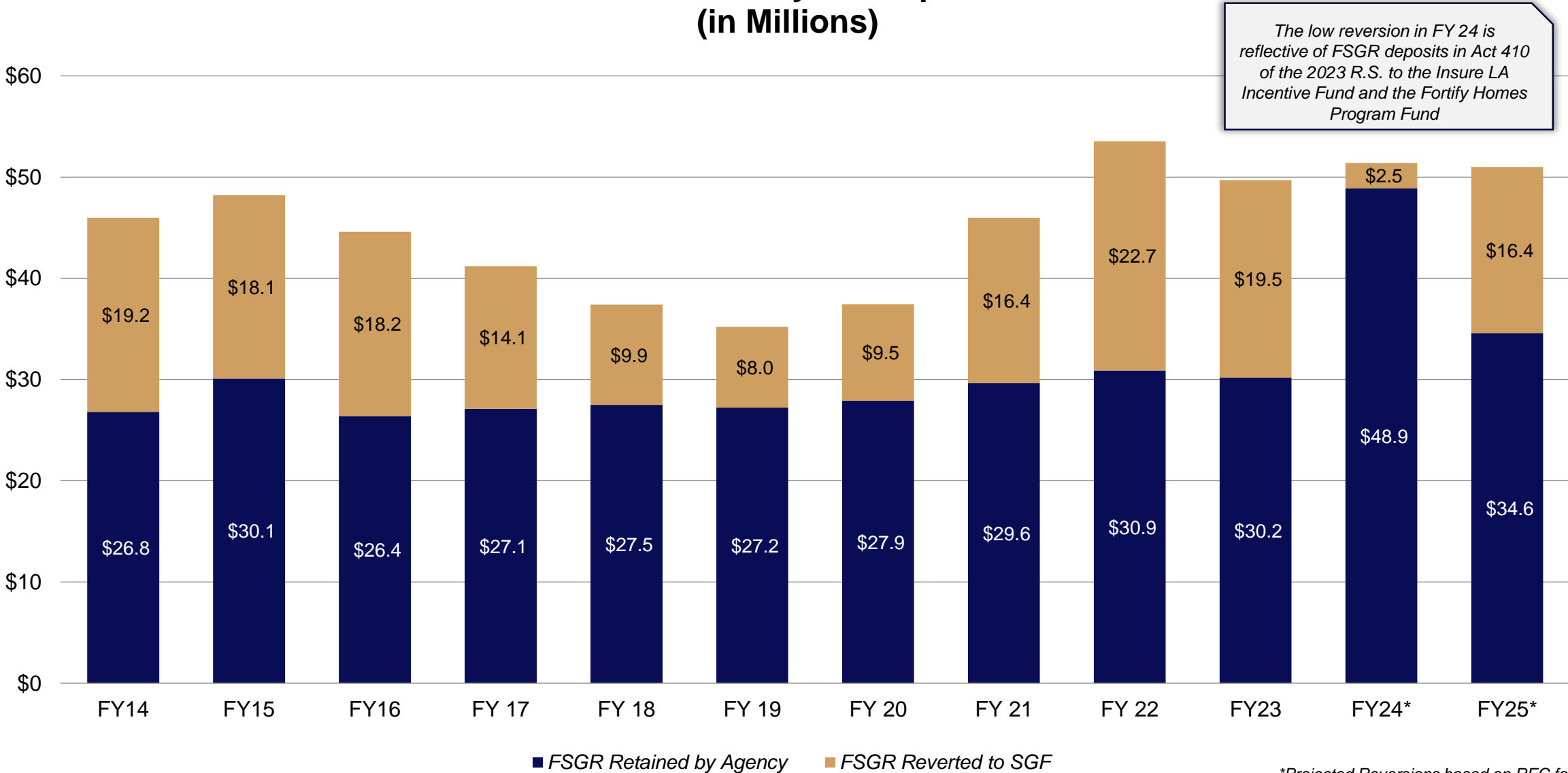
DISCRETIONARY EXPENSES FY 25



* Figures may not add precisely due to rounding *

SELF-GENERATED REVENUE

**FSGR Collected by the Department
(in Millions)**



*Projected Reversions based on REC forecasts

HURRICANE-RELATED PROGRAMS

Insure Louisiana Incentive Program

- Created by **Act 754 of the 2022 Regular Session**
- “The Insure Louisiana Incentive Program is adopted for the purpose of cooperative economic development and stability in Louisiana by encouraging additional insurers to participate in the voluntary property insurance market in order to substantially increase the availability of property insurance, to substantially increase competitive pressure on insurance rates, and to substantially reduce the volume of business written by the Louisiana Citizens Property Insurance Corporation, thereby offering a less expensive alternative to its policyholders and reducing Citizens' exposure to an increased deficit and future assessments.” R.S. 22:2362(B)

Louisiana Fortify Homes Program

- Created by **Act 554 of the 2022 Regular Session**
- “The commissioner, as program administrator, may make financial grants to retrofit roofs of insurable property, as defined in R.S. 22:1483(C)(9), with a homestead exemption to resist loss due to hurricane, tornado, or other catastrophic windstorm events and to meet or exceed the "fortified roof" standard of the Insurance Institute for Business and Home Safety.”
- *\$5 M budgeted for FY 25.*

INSURE LOUISIANA INCENTIVE PROGRAM

Company	1st Round Grant Amount	2nd Round Grant Amount
Allied Trust Ins Co	\$6,500,000	\$425,000
Cajun Underwriters Reciprocal Exchange	3,000,000	1,750,000
Elevate Reciprocal Exchange	3,750,000	2,000,000
Lilypad Insurance Company Inc.	-	2,000,000
Safepoint Ins Co	8,500,000	1,500,000
SafePort Ins Co	2,000,000	4,000,000
Total	-	\$11,675,000
Remaining Fund Balance	-	\$1,475,000

The La. Dept. of Insurance recently launched the second round of the Insure Louisiana Incentive Program.

Passage of Act 754 of the 2022 R.S. enacted the program for the purpose of incentivizing insurance companies to write policies in coastal areas and help contribute to Citizens depopulation.

Grants are to be given to each participating company to incentivize writing policies in the state.

Each qualified company is required to match each dollar of grant funding with its own capital and surplus, while the total amount of premiums written through each company must be at least two times the sum of the grant and matched funds.

Following the first round of the program, where \$41.9 million in grant funds were awarded to eight companies, six companies applied for second round incentive funding. Five of these companies received funding through the first round.