

Florida House of Representatives
Government Operations Appropriations Subcommittee

**Fiscal Year 2015-2016 Legislative Budget Requests
and Schedule VIII-B Reductions**

Rebecca Matthews, Chief of Staff
Office of Insurance Regulation

January 21, 2015

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

“Effective January 7, 2003, there is created within the Department of Financial Services the Financial Services Commission, composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, which shall for purposes of this section be referred to as the commission. Commission members shall serve as agency head of the Financial Services Commission. The commission shall be a separate budget entity and shall be exempt from the provisions of s. 20.052. Commission action shall be by majority vote consisting of at least three affirmative votes. The commission shall not be subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters...

The Office of Insurance Regulation 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...

Commission members shall serve as the agency head for purposes of rulemaking... Each director (Office) is agency head for purposes of final agency action under Chapter 120 for all areas within the regulatory authority delegated...”

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

Budget

- Team of 288 Employees
- Total Budget of \$30,713,483*
- Exclusively funded by the Insurance Regulatory Trust Fund (IRTF). No General Revenue is utilized for the Office budget.
- The Office is administratively housed within the Department of Financial Services (DFS) for some administrative and technology support services.

*includes non-recurring funding and special budget categories for budget authority associated with the outsourcing of financial examinations.

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, insurance policy forms and rate filings received from insurance companies and related entities.

Life and Health

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

Business Units continued...

Business Development/Company Admissions

- Spearheads outreach to prospective companies. Receives and reviews applications for new company licensure and new lines of business.

Legal Services

- Provides counsel to the Office, litigation services and works with insurance examiners on regulatory matters.

Market Investigations

- Conducts examinations and investigations of insurance companies and related parties to ensure compliance with the Florida Insurance Code.

Market Research/Technology

- Collects insurance industry data and develops market reports. Responsible for technology enhancements and maintenance.

Compliance and Enforcement

Oversight of solvency, policy forms, rates and market investigations.

Category	Amount
Salaries and Benefits	\$16,716,427
- Provides salaries and benefits for 254 FTE positions	
Other Personal Services	\$ 265,169
Expenses (includes \$1 million for office building rent to DMS)	\$ 2,400,429
Operating Capital Outlay	\$ 35,000
Contracted Services	\$ 688,016
Lease/Purchase Equipment	\$ 18,989
Property & Casualty Examinations (budget authority only)	\$ 4,276,763
Life & Health Examinations (budget authority only)	\$ 650,000
Public Hurricane Model - Maintenance & Support	\$ 632,639
Public Hurricane Model - Enhancements (non-recurring)	\$ 1,543,300

Executive Direction

Overall direction in fulfilling the Office’s statutory and administrative responsibilities. The Commissioner, legal and support staff provide executive guidance, legal counsel and administrative support.

Category	Amount
Salaries and Benefits	\$ 2,709,304
- Provides salaries and benefits for 34 FTE positions	
Expenses	\$ 118,543
Contracted Services	\$ 92,710
Lease/Purchase Equipment	\$ 8,414

Legislative Budget Requests

Life and Health Financial Oversight

- * 2 Actuaries
- * 1 Senior Actuarial Analyst

Request: \$445,268.25

Title Insurance

- * 2 Financial Administrators
- * Additional OPS - \$250,000
- * Additional Contracted Services - \$400,000

Request: \$837,818.54

Schedule VIII-B Budget Reductions

Reduction Category	Savings Amount
Compliance and Enforcement Expense (examiner travel)	\$100,000
Compliance and Enforcement Expense (all other business unit expenses)	\$320,000
Contracted Services	\$100,000
Florida Hurricane Model	\$506,000
Vacant Positions (3 FTE)	\$161,803

Rebecca Matthews, Chief of Staff
(850) 413-5086

Richard Fox, Budget Director
(850) 413-5100

For more information visit www.floir.com.