



Florida House of Representatives
Government Operations Appropriations Subcommittee

Fiscal Year 2016-2017
Legislative Budget Request & Schedule VIII-B Reductions

Caitlin Murray, Director of Government Affairs
Office of Insurance Regulation

September 17, 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

Office Mission and Vision

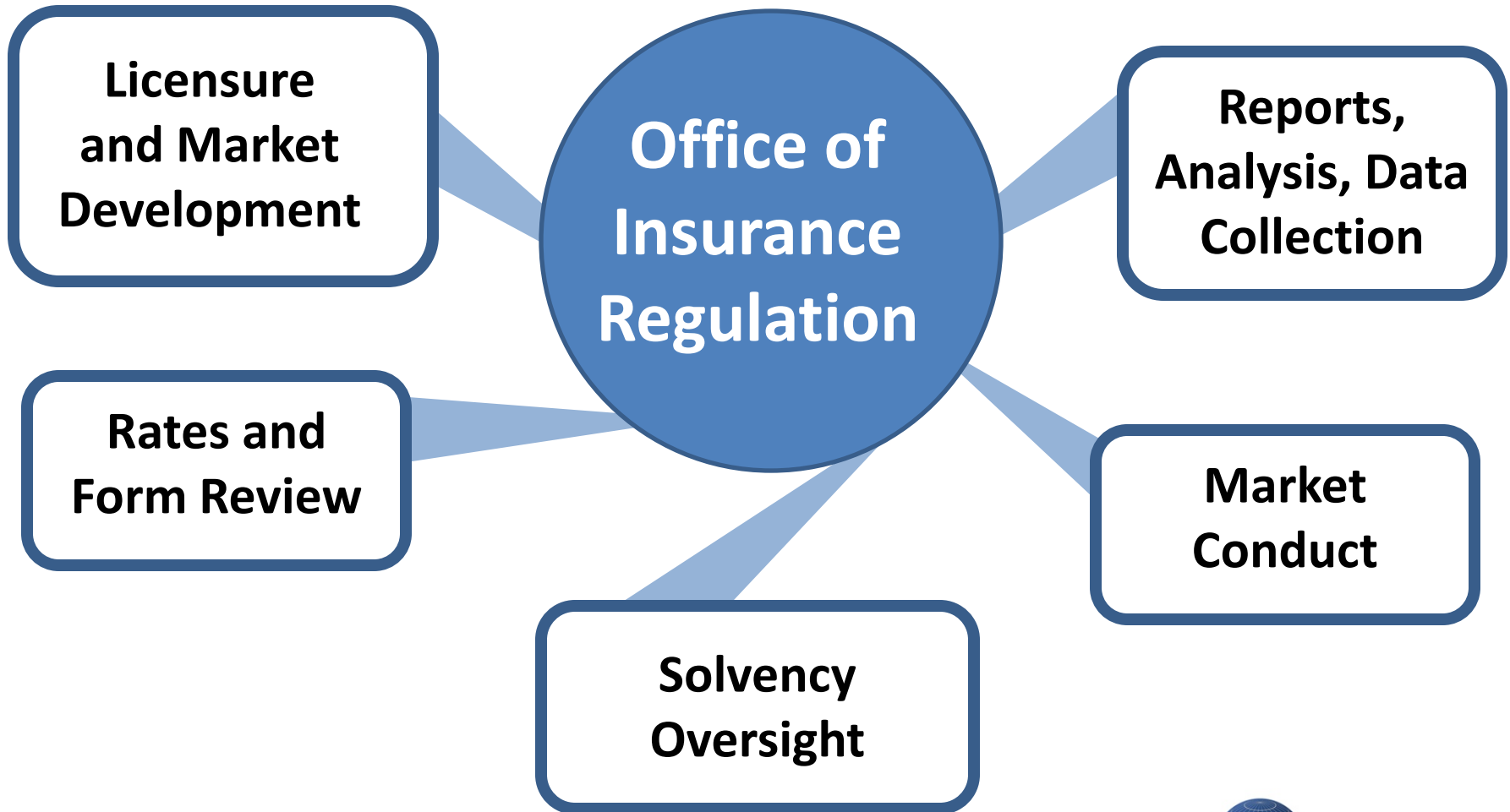
Mission Statement

To promote a ***stable and competitive insurance market for consumers.***

Vision

The (Office) envisions a robust and competitive insurance market while ***maintaining protections for the insurance-buying public***

Office Functions



Budget – Fiscal Year 2015-16

- **Team of 292 Employees (Down 7.8% from 315 Employees in Fiscal Year 2007-08)**
 - **Total Budget of \$31,849,115***
 - * Includes Non-Recurring funding and special budget categories for budget authority associated with the outsourcing of financial examinations.*
 - **The Office is exclusively funded by the Insurance Regulatory Trust Fund (IRTF). The main revenue sources for the Office are Industry Fees, Agent Fees, and Surplus Lines Premium Tax. 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.**
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Florida's cost of regulation is **25 cents per \$1,000 of premium**. This is less than the national average and lowest among the four most populous states (Texas, New York, Florida, California)

➤ NAIC 2014 Insurance Department Resources Report. Budget figures reflect OIR and the insurance functions of DFS. Florida's total insurance regulation investment for this purpose is \$80 million.

OIR Budget – Fiscal Year 2015-16

Appropriation Category	Amount
Salaries and Benefits (292 FTE)	\$19,993,117
Other Personal Services	\$ 265,169
Expenses (includes \$1 million for office building rent to DMS)	\$ 2,559,164
Operating Capital Outlay	\$ 35,000
Contracted Services	\$ 1,430,726
Florida Public Hurricane Model - Maintenance & Support to FIU	\$ 632,639
Florida Public Hurricane Model – Year 3 Enhancements (<i>Non-recurring</i>)	\$ 1,700,000
Property & Casualty Examinations (budget authority only)	\$ 4,276,763
Life & Health Examinations (budget authority only)	\$ 650,000
Lease/Purchase/Equipment	\$ 27,403
Risk Management Insurance	\$ 181,293
Transfer to DMS (HR Contract)	\$ <u>97,841</u>
TOTAL	\$31,849,115

Legislative Budget Request – Fiscal Year 2016-17

The Office of Insurance Regulation is not submitting any request for additional funding for FY 2016-17.

- **Office is requesting a ‘Continuation Budget’**
- **No new positions or additional funding are being requested**

Schedule VIII-B Budget Reductions

Reduction Category	Savings Amount
Expenses <i>*Compliance and Enforcement - \$250,000</i> <i>*Executive Direction - \$25,000</i>	\$275,000
Contracted Services <i>*Compliance and Enforcement - \$250,000</i> <i>*Executive Direction - \$25,000</i>	\$275,000
Florida Hurricane Model	\$411,215
Vacant Positions (5 FTE)	<u>\$284,774</u>
TOTAL	\$1,245,989

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