



OFFICE OF INSURANCE REGULATION

FINANCIAL SERVICES
COMMISSION

RON DESANTIS
GOVERNOR

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

ASHLEY MOODY
ATTORNEY GENERAL

NICOLE "NIKKI" FRIED
COMMISSIONER OF
AGRICULTURE

DAVID ALTMAIER
COMMISSIONER

September 30, 2020

Chris Spencer, Policy Director
Office of Policy and Budget
Executive Office of the Governor
1603 Capitol
Tallahassee, Florida 32399-0001

Eric Pridgeon, Staff Director
House Appropriations Committee
221 Capitol
Tallahassee, Florida 32399-1300

Tim Sadberry, Staff Director
Senate Committee on Appropriations
201 Capitol
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, the Long Range Program Plan (LRPP) for the Office of Insurance Regulation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives, and measures for the Fiscal Year 2021-22 through Fiscal Year 2025-26. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is www.floir.com.

Sincerely,

David Altmaier
Insurance Commissioner

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Florida Office of Insurance Regulation

David Altmaier
Insurance Commissioner

Long Range Program Plan

Fiscal Years 2021-2022 through 2025-2026





David Altmaier
Florida Insurance Commissioner

David Altmaier was appointed as the Florida Insurance Commissioner in April 2016 by the Financial Services Commission. He leads the Office of Insurance Regulation (OIR) and has oversight of one of the largest insurance markets in the world. Under Altmaier’s leadership, OIR has worked to cultivate a market in Florida in which insurance products are reliable, available, and affordable.

Altmaier began his public service at OIR in 2008, serving in a number of roles including Chief Analyst of the Property and Casualty Financial Oversight unit and Deputy Commissioner of Property and Casualty Insurance.

In 2019, Altmaier was voted Vice President of the National Association of Insurance Commissioners (NAIC) and was voted NAIC President-Elect for 2020. In his role as President-Elect, Altmaier serves as Vice Chair of the Executive Committee, Internal Administration Subcommittee and the Government Relations Leadership Council. Commissioner Altmaier was also appointed by Governor DeSantis to serve as a member Florida’s Blockchain Task Force.

Prior to joining OIR, Altmaier worked as a Florida licensed 2-20 and 2-14 insurance agent and as a high school math teacher. Altmaier graduated from Western Kentucky University in 2004 with a bachelor’s degree in mathematics.

OIR Mission, Vision, and Goals

Mission

To promote a stable and competitive insurance market for consumers.

Vision

OIR envisions a robust and competitive insurance market while maintaining protections for the insurance-buying public.

Goals

1. Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage that is priced in a manner that is adequate, but not excessive or unfairly discriminatory.
2. Protect the public from illegal, unethical insurance products and practices.
3. Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.
4. Operate in an efficient, effective, and transparent manner.

Goals, Objectives, Service Outcomes, and Performance Projection Tables

Program: Office of Insurance Regulation
43900110 Compliance and Enforcement

GOAL 1:

Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage that is priced in a manner that is adequate, but not excessive or unfairly discriminatory.

OBJECTIVE 1.A: Process product filings expeditiously.

- 1) **OUTCOME 1.A.1:** Percentage of life and health form and rate filing reviews completed within 45 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
90%	90%	90%	90%	90%	90%

- 2) **OUTCOME 1.A.2:** Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews completed within 90 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
90%	90%	90%	90%	90%	90%

OBJECTIVE 1.B: Enable new companies to enter the market expeditiously.

- 3) **OUTCOME 1.B.1:** Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
98%	98%	98%	98%	98%	98%

- 4) **OUTCOME 1.B.2:** Applications for a new certificate of authority for life & health and property & casualty companies processed within 90 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
98%	98%	98%	98%	98%	98%

GOAL 2:

Protect the public from illegal, unethical insurance products and practices.

OBJECTIVE 2.A: To act upon allegations of unethical or illegal products or practices.

- 5) **OUTCOME 2.A.1:** Percentage of market conduct examinations with violations in which the OIR takes enforcement action.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
85%	85%	85%	85%	85%	85%

GOAL 3:

Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.

OBJECTIVE 3.A: Conduct financial examinations of domestic companies in a timely manner.

- 6) **OUTCOME 3.A.1:** Percentage of financial examinations of domestic insurers completed within 18 months of the "as of" exam date.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
98%	98%	98%	98%	98%	98%

OBJECTIVE 3.B: Conduct financial analyses of companies in a timely manner.

- 7) **OUTCOME 3.B.1:** Percentage of priority financial analyses completed within 60 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
98%	98%	98%	98%	98%	98%

- 8) **OUTCOME 3.B.2:** Percentage of non-priority financial analyses completed within 90 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
95%	95%	95%	95%	95%	95%

Program: Office of Insurance Regulation
43900120 Executive Direction and Support Services

GOAL 4:

Operate in an efficient, effective, and transparent manner.

OBJECTIVE 4.A: Maximize administrative efficiency and productivity for the benefit of insurance consumers and companies.

9) OUTCOME 4.A.1: Administrative costs as a percentage of total agency costs.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
10%	10%	10%	10%	10%	10%

10) OUTCOME 4.A.2.: Administrative positions as a percentage of total agency positions.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
10%	10%	10%	10%	10%	10%

OIR Budget

Fiscal Year 2020-2021

Table 1. Appropriations Overview - Office of Insurance Regulation			
Positions	FY 2019-20	FY 2020-21	Change
Full-time equivalent (FTE) positions	283	283	0
Funding (By Budget Category)	FY 2019-20	FY 2020-21	Change
Salaries and Benefits	\$20,847,350	\$21,039,617	\$192,267
Other Personal Services (OPS)	\$290,169	\$330,169	\$40,000
Expenses	\$2,479,173	2,418,973	(\$60,200)
Operating Capital Outlay	\$98,000	\$98,000	\$0
Contracted Services	\$1,430,726	\$1,780,726	\$350,000
Financial Examination Contracts*	\$4,626,763	\$4,626,763	\$0
Florida Public Hurricane Loss Model (Maintenance)	\$969,689	\$969,689	\$0
Lease or Lease-Purchase of Equipment	\$27,403	\$47,603	\$20,200
Risk Management Insurance	\$156,143	\$182,751	\$26,608
DMS Human Resources Contract	\$91,002	\$90,647	(\$355)
TOTAL	\$31,016,418	\$31,584,938	\$568,520
<p>*Budget authority for financial examinations of property and casualty, and life and health insurance companies. Insurance companies reimburse the Insurance Regulatory Trust Fund for the examination costs. The Trust Fund acts as a pass through.</p>			

Linkage to Governor's Priorities

Economic Development and Job Creation

1. Focus on Florida's Job Growth and Retention. Through consistent leadership, regulatory innovation and stakeholder outreach, the OIR fosters an insurance environment conducive to business expansion and job growth. More than 247,000 Floridians are employed in the insurance sector.¹

2. Reduce Taxes. OIR does not have taxing authority but has helped reduce both the likelihood and amount of any future assessments levied against Floridians to pay the claims of Citizens Property Insurance Corporation (Citizens) policyholders. It has done so through the rate and take-out approval process. During FY 2019-20, OIR approved an additional 116,154 policies for take-out.² As of June 30, 2020, Citizens' policy count had increased from the previous year to 475,191.

3. Regulatory Reform. In Fiscal Year 2019-20, the Financial Services Commission (FSC) updated 45 rules proposed for repeal by OIR. OIR also updated 33 rules through the FSC. OIR implemented many other innovations such as allowing insurers to consolidate certain filings and focusing OIR review of amended forms on the specific change proposed rather than re-reviewing an entire form.

Public Integrity

1. Accountability Budgeting. OIR does not receive any state General Revenue dollars and is exclusively funded by the Insurance Regulatory Trust Fund. OIR continues to keep its cost of regulation low relative to other states.

Through performance-based budgeting, OIR carefully monitors both expenditures and outcomes, and appropriately adjusts to accomplish its mission as efficiently as possible. OIR maintains low administrative expenses and closely monitors staff productivity by tracking workload and processing times.

2. Reduce Government Spending. During Fiscal Year 2019-2020, OIR continued to improve performance by utilizing data analytics. These automation and technology efficiencies have resulted in savings of staff time and costs for form and rate filings.

3. Reduce Taxes. See item number 2 under "Economic Development and Job Creation" above.

¹ The cited jobs number is from regional data published by the U.S. Department of Commerce, Bureau of Economic Analysis, under "Private nonfarm employment: insurance carriers and related activities" for Florida in 2018. <https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1>

² Florida Office of Insurance Regulation, Citizens Take-Out Spreadsheet, Total Policies Approved and Assumed 2018 and Total Policies Approved and Assumed 2019.

Trends and Conditions

Primary Statutory Responsibilities of OIR

The Florida Legislature created the Office of Insurance Regulation (OIR) in 2003. Section 20.121,(3)(a)1, Florida Statutes states “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 or chapter 636. The head of the Office of Insurance Regulation is the Director of the Office of Insurance Regulation, who may also be known as the Commissioner of Insurance Regulation.”

The Insurance Commissioner is appointed by the Financial Services Commission. The Commission is comprised of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture. The Commission serves as agency head for purposes of rulemaking pursuant to sections 120.536-120.565, Florida Statutes. The Insurance Commissioner is considered the agency head for purposes of final agency action for all areas within the regulatory authority delegated to the OIR.

The following are the primary statutory responsibilities of OIR:

- Attract companies and capital to the Florida insurance market;
- License insurance companies and insurance-related entities;
- Monitor the financial condition of insurers and require corrective actions when necessary;
- Enforce insurer and insurance-related entity compliance with statutory market conduct requirements; and
- Collect and analyze insurance market data for use by OIR, policymakers, companies, the general public, and issue reports.

1. Status of Key Statutory Responsibilities

OIR’s budget for Fiscal Year 2020-21 is \$31.6 million, with 283 full-time equivalent positions. It is funded entirely through the Insurance Regulatory Trust Fund and receives no state general revenue funds. In FY 2019-20, OIR spent over 94 percent of every dollar received on regulatory responsibilities. Administrative costs accounted for less than six percent of the funds spent.

a. Certificates of Authority

OIR is actively engaged in licensing insurance companies and certain other insurance related entities through the Certificate of Authority (COA) application process. Florida law requires OIR to approve or deny a complete application for a new COA for an insurance company within 180 days of receipt. OIR must approve or deny a new COA for other entities within 90 days, with the exception of continuing care retirement communities, which are approved or denied within 45 days. Amendments to existing COA for insurance companies must be approved or denied within 90 days.³

³ Section 120.60(1), F.S.

In Fiscal Year 2019-20, OIR approved 147 new COAs and processed 92 percent of new COA applications within 90 days.

b. Form and Rate Review

OIR reviews form and rate filings for compliance with Florida law. The statutorily required timeframes for OIR review of forms and rates vary by line and product type. The speed at which new products move to market depends in large part on the complexity of the filing and the quality and completeness of the company submission. As with applications, rate and form filings are filed electronically. OIR has worked to provide insurers with additional options for getting products to market more expeditiously. Insurers submitting forms for certain property and casualty commercial products may take products to market immediately upon certifying that submitted forms comply with current law, rather than having to first obtain OIR approval. Companies may also choose to combine multiple sub-types of insurance into a single filing, rather than having to file each sub-type of insurance separately.

In Fiscal Year 2019-20, OIR processed a total of 12,720 rate and form filings.

c. Financial Oversight

OIR monitors the financial condition of regulated insurance entities through financial examinations and financial analyses. By examining the financial books and records of insurance companies and related entities, OIR evaluates the quality of assets, adequacy of stated liabilities, and general operating results.

OIR is statutorily required to conduct a financial examination of each domestic insurer at least once every five years. Law requires all new domestic insurers to be examined each of the first three years. Finalized examination reports must be published within 18 months of the “as of” examination date pursuant to the National Association of Insurance Commissioners (NAIC) accreditation standards. When circumstances warrant heightened scrutiny, OIR performs targeted reviews of specific companies. OIR also participates in multi-state financial examinations coordinated by the NAIC.

In Fiscal Year 2019-20, OIR completed 54 financial examinations.

Financial analyses are conducted on either a monthly, quarterly, and/or annual basis. Under NAIC accreditation standards, OIR must complete the review of a priority company (those with a major or serious violation or problem) within 60 days, and a non-priority company (those with minor or no violations) within 90 days.

In Fiscal Year 2019-20, OIR completed 7,204 financial analyses.

d. Market Conduct Examinations and Investigations

OIR monitors insurance company products and practices for compliance with the Florida Insurance Code through market conduct examinations and investigations. Consistent with national trends, OIR emphasizes issue-specific, complaint-driven, and targeted examinations and collaborative multi-state examinations, rather than routine examinations performed at regular intervals. The examinations identify issues such as

policy form deficiencies, claims communication response times, proper claims investigation, cancellation and nonrenewal notices, failure to pay interest on overdue claims and monitor a third-party administrator, unfavorable claims settlements, and internal coding errors.

In Fiscal Year 2019-20, OIR completed and finalized a total of 71 examinations and 126 investigations resulting in the recovery of \$1.35 million on behalf of Florida consumers.

Florida is also one of five managing lead states engaged in the nationwide examinations of the claims settlement practices of life insurance and annuity companies.

In Fiscal Year 2019-20, OIR recovered over \$39 million on behalf of Florida consumers and helped reform claims settlement practices used by life insurance companies.

OIR also uses market analyses to identify significant issues adversely affecting consumers. These consist of a review and analysis of information reported in financial statements, in complaint data, lawsuit activity and other available data sources. This monitoring role also includes identifying unlicensed entities transacting insurance illegally.

e. Attract Companies and Capital to the Florida Insurance Market

In Fiscal Year 2019-20, an additional 147 insurance and insurance-related entities entered the Florida market and 178 new lines of business were added to existing COAs.⁴ While some, such as donor annuities, are largely unregulated entities with little economic or regulatory impact, OIR continues to license new Property & Casualty and Life & Health insurers.

f. Data Collection and Analyses

OIR engaged in extensive data collection and analyses in FY 2019-20 related to:

- Access Control List Review (Twice per year for network security)
- Annual Reinsurance Data Collection (three individual data calls)
- Assignment of Benefits (one-time)
- Auditor General IT survey (annual)
- Catastrophe Stress Test (annual)
- Catastrophe Reporting Form for Hurricane Michael (five individual data calls)
- Catastrophe Reporting Form for Hurricane Irma (One data call)
- Donor Annuity Agreements (ongoing)
- Department of Revenue /Legislature Tax Premium Report (annual)
- HMO Provider Contract Terminations (ongoing)
- Long-Term Care Claims Denial Reporting (ongoing)
- Long-Term Care Replacement/Lapse (annual)
- Long-Term Care Rescission (annual)
- Long-Term Care Suitability (annual)

⁴ Compiled by the Florida Office of Insurance Regulation from the COREN database as of July 31, 2020.

- Major medical and other accident and health enrollment and premium reporting with life and annuity policy breakdowns added (annual)
- Market Conduct Annual Statement (annual)
- Market Conduct Rescinded Policy reporting (ongoing)
- Medicare Supplement Multiple Reporting Form (annual)
- Motor Vehicle in Force Policy Count Report (quarterly)
- Motor Vehicle excess profits and policy count reporting (annual)
- Multiple Medicare Supplement Report (annual)
- Professional liability claims reporting (ongoing)
- Property and casualty annual calendar year experience (annual)
- Property and casualty personal and commercial residential policy data (quarterly)
- Quarterly Comprehensive Health Reporting (quarterly)
- Regulatory Life Settlement Agreements reporting to the states (quarterly)
- Title agency data call (annual)
- Title underwriter Florida-only financial data calls (annual)
- Unfair discrimination based on travel annual life insurance survey (annual)
- Update Disaster Contacts and Claims Number (annual)

OIR completed numerous statutorily required reports related to its data collection in Fiscal Year 2019-20.

2. Technology in Carrying Out Statutory Responsibilities

OIR has one of the most sophisticated regulatory technology systems in the country, featuring applications that receive and process insurance company form, rate, data, and financial filings. OIR continues to identify ways to enhance its technology and made specific advancements in FY 2019-20.

Significant changes were made to the made in the Insurance Regulation Filing System (IRFS) related to the Medicare Supplement (MGAP). Changes made to the MGAP Rate Management System (MRMS) include internal review, admin tools, and internal search. The Filing Summary screen was moved into IRFS Internal Review under the new MGAP Rate Data modal. Users were given the ability to publish rate schedules and plans to the OIR consumer website, CHOICES, allowing consumers the ability to research Medicare Supplement rates. OIR developed an administrative tool to allow users to manage what filings, rate schedules, and plans are available on the consumer website.

OIR made additional IRFS enhancements throughout the year, which include:

- Allowing users to delete unsubmitted filings;
- Improving modification logging history;
- Updating Life & Health Product Review Rate templates;
- Developing QUASR trade secret integration in IRFS. OIR is finalizing its integration of the trade secret updates;
- Adding validations to check assigned filings when workflow user roles change;
- Adding indexing permissions to the workflow user's business units.

- Enhancing the IRFS Tracking application to allow for greater collaboration and tracking of legislative proposals, bill analyses and other items across multiple business units to ensure accurate and timely legislative information;
- Making invoicing enhancements to allow the editing of invoice and expense type detail text fields, allowing for non-associated payments, and adding invoice data tabs.
- Making specific Product Review changes within the IRFS Internal Review including stamping, related filing, sub review, adding a documents tab, and enhancing the Life and Health UDL Rate template;
- Adding periodic filings to financial reviews, ARDC filings to reinsurance summary, and IRFS Invoicing data, and an interactive premium/surplus panel to the Company Dashboard.

Throughout the year, the team made various modifications to backend processes and services; some originating from business units and others from the team itself. The PDF generation service was enhanced to use a new reprocess table and make changes to converted/stamped document filenames.

In coordination with Department of Financial Services Office of Information Technology (OIT), applications were moved from a server retired by OIT. In total, 16 applications were migrated to a new server, nine were updated due to API web service dependencies, and five were updated due to FileNet web service dependencies. Every application was thoroughly tested following the move.

OIR coordinated and made necessary updates to over 30 FAME Live Cycle Forms. That effort involved rewriting every page of every form from Live Cycle to Excel, making significant database changes and formatting of data, and adding/modifying/verifying formulas and form validations.

OIR has also begun development of a Public Records Request Tracking application which will allow the Public Records Office to better manage and report upon requests for information.

3. Market Conditions in Florida

As of June 30, 2020, OIR had oversight of 4,794 entities in Florida.⁵ The Florida homeowners' insurance market is the largest in the nation based on premium volume. Market conditions in Florida can be assessed against a variety of criteria, including market entry (new entities), market concentration/competition, premium volume, premium rates, company financial condition, and size of residual markets.

a. Market Entry

See section 1.e above regarding new entities and new lines of business for existing entities.

⁵ Compiled by the Florida Office of Insurance Regulation from the COREN database as of July 31, 2020.

b. Market Concentration

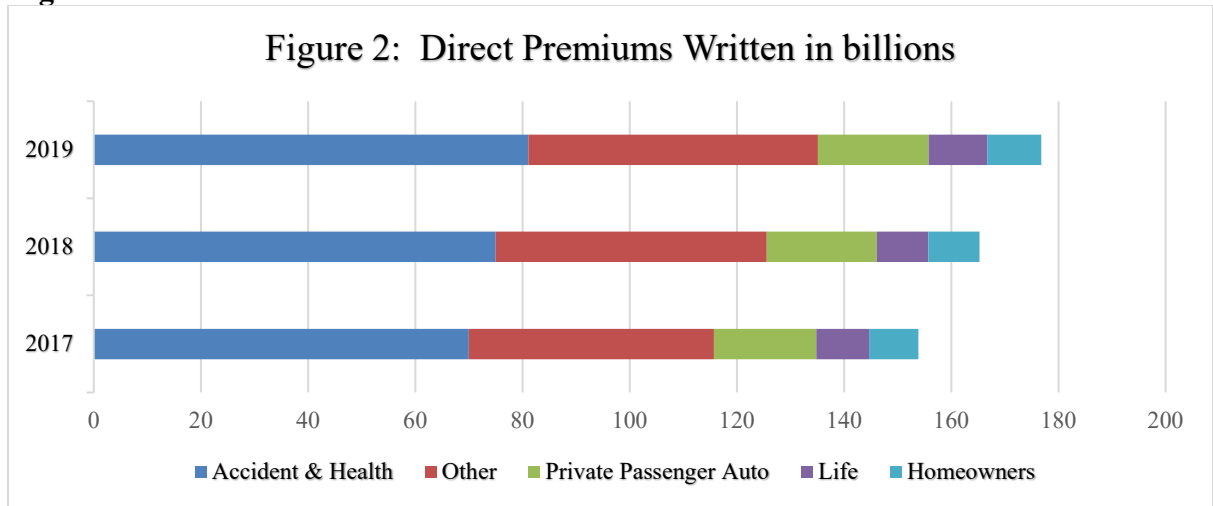
Florida insurance markets are generally competitive, although market concentration varies considerably from one line to another, as shown in Table 2.

Line of Business	Top Writer	Top 5 Writers	Top 10 Writers
Accident and Health	14.2	50.0	67.5
Commercial Multi-Peril	5.0	19.5	34.5
Homeowners Multi-Peril	9.8	28.8	44.0
Life	7.7	26.9	41.7
Medical Malpractice	16.9	50.5	64.2
Private Passenger Auto	14.6	55.7	71.5
Title	29.8	81.3	95.3
Workers Compensation	5.9	24.0	38.0

c. Premium volume

As shown in Figure 2, Florida is continuing to experience steady premium growth. Among all writers, total written premium expanded from \$153.9 billion at year-end 2017 to \$176.8 billion in year-end 2019. This increase primarily resulted from a surge in premium written by accident and health providers. In 2018, Florida ranked tenth globally in total direct written premium.⁷

Figure 2⁸



d. Premium rates

Rate trends vary across insurance lines. Health insurance rates continue to increase because of the Patient Protection and Affordable Care Act (PPACA). Rates in the individual market for the 2018 plan year were 44.7 percent higher than rates for the 2017 plan year, largely due to a 31 percent increase to account for the elimination of cost-share reduction (CSR) payments to health insurers.⁹

⁶ Compiled by the Florida Office of Insurance Regulation from NAIC Calendar Year 2019 company-reported premium data.

⁷ Premium data based on retrievals from NAIC - data reported for Calendar Year 2019.

⁸ Premium data based on retrievals from NAIC - data reported for Calendar Year 2019.

⁹ National Association of Insurance Commissioners, 2018 Premium Volume -- Worldwide (An Alternative Look), 2017. The average rate change is based upon rate filings submitted to the Florida Office of Insurance Regulation.

Approved rates for individual major medical plans for the 2019 plan year represent an average increase of 5.2 percent. Some of this cost may be offset for individuals eligible for a premium subsidy and purchasing coverage through the federally facilitated marketplace.

Property insurance rates are trending upwards due to a combination of higher reinsurance costs for the 2019 and 2020 hurricane seasons and the impact of higher non-catastrophe claim costs due principally to water claims containing litigation and Assignment of Benefits (AOB) costs.

OIR conducted data calls in February 2016, and January 2018 to collect claims information regarding AOB. The results of the data calls showed an initial increase in the frequency and severity of water loss claims and annualized loss trends for frequency and severity of water loss claims that more than doubled those shown in the first data call report. During the 2019 Legislative Session, HB 7065, AOB Reform, was signed into law to reduce AOB abuse. These important consumer protections should help reduce the amount of AOB abuse in the market and may offset some of the recent rate activity.

Workers' compensation rates are down an average of approximately 68 percent since 2003. There have been several major decisions which have impacted the workers' compensation market.

- Senate Bill 1402 ratified the Florida Workers' Compensation Health Care Provider Reimbursement Manual, 2015 Edition.
- On April 28, 2016, in *Marvin Castellanos v. Next Door Company, et al.*, Case No. SC13-2082, the Florida Supreme Court found the statutory mandatory attorney fee schedule in section 440.34, Florida Statutes, unconstitutional as a violation of due process under both the Florida and United States Constitutions.
- On June 9, 2016, in *Bradley Westphal v. City of St. Petersburg, etc., et al.*, Case No. SC13-1930, the Florida Supreme Court found the 104-week statutory limitation on temporary total disability benefits in section 440.15(2)(a), Florida Statutes, unconstitutional because it causes a statutory gap in benefits in violation of an injured worker's constitutional right of access to courts.

The Castellanos decision continues to create uncertainty in the marketplace as stakeholders adjust and adapt to the new legal environment. Even after considering the impact of the Castellanos decision, other factors at work in the marketplace combined to contribute to two rate decreases in 2018 and one rate decrease in 2019, and another rate decrease in 2020. The contributing factors to the recent rate decreases include, but are not limited to, increases in investment income, declines in claim frequency, lower assessments, and the Tax Cuts and Jobs Act of 2017.

Private passenger automobile insurance premiums benefited from lower Personal Injury Protection (PIP) rates following the implementation of HB 119, the 2012 PIP reform law. Overall, all auto insurance rates decreased 0.1 percent in the two-year period post-HB 119. This trend started reversing in 2016, and auto insurance coverages continue to see

incremental rate increases due to increasing medical costs, and higher repair costs. There were significant declines in the frequency of auto accidents due to COVID-19 stay-at-home orders, and many insurers have provided significant refunds and credits to policyholders due to this unexpected drop in claims.

e. Financial condition

A combination of changes to the Medicare and Medicaid programs and large enrollment volume as a result of the PPACA has created a more challenging financial environment for some health insurers, HMOs, and life insurers. Particularly concerning to OIR is the financial condition of long-term care insurers and the impact of potential insolvencies on the health insurance market.

Florida has experienced multiple hurricanes over the past several years, which has challenged the the property and casualty insurance market. The storms, along with other market challenges like AOB, have led to high loss reserve development, increased litigation, and increased cost of catastrophe reinsurance. OIR continues to engage in regulatory activities to protect consumers and is closely and consistently monitoring the financial condition and operational results of the state's domestic property insurers.

f. Residual markets¹²

Small residual markets are generally associated with healthy voluntary markets. Private insurers write the overwhelming majority of premium in Florida in the voluntary market. Except for the property insurance market, residual markets remain small in Florida. OIR continues to track Citizens Property Insurance Corporation, the state's largest residual insurer.

4. New Laws

OIR continues to track and implement legislative changes at the state and national level.

a. Federal

While the PPACA became law in 2010 and, therefore, is not a new law, the regulations spawned by the Patient Protection and Affordable Care Act⁶ continue to evolve and shape the requirements of the Act through annual agency rulemaking, guidance, and frequently asked questions.

b. Florida

For a comprehensive list of legislation that passed during the 2020 Session affecting various types of insurance products and lines, see OIR's [2020 Legislative Summary](#).

¹⁰ Information contained in the NAIC Financial Data Repository.

¹¹ Calculated from information contained in the NAIC Financial Data Repository.

¹² For purposes of this report, "Residual market premium" means insurance premium written by the insurer of last resort. In Florida, this would include, among others, Citizens, the Florida Life and Health Insurance Guaranty Association, and the Florida Workers' Compensation Joint Underwriting Association.

What Led OIR to Select its Priorities?

OIR priorities are selected as a result of market conditions, in accordance with the statutory responsibilities assigned by the Legislature, and consistent with the performance measures adopted by the FSC.

How Does OIR Plan to Address the Priorities over the Next Five-Year Period?

OIR will address stated priorities and pursue its mission by:

- Evaluating approaches to help stabilize the individual and group health insurance markets so that carriers return to our market and alleviate consumer rate uncertainty;
- Advocating for policies that encourage more vibrant private flood insurance market so that more homeowners receive private flood coverage;
- Examining ways to mitigate rising automobile insurance premiums so that Florida consumers receive lower prices and better coverage;
- Judiciously enforcing insurer and insurance-related entity compliance with statutory market conduct requirements;
- Working with industry stakeholders to promote best practices in COVID-19 and monitoring short and long-term impacts to consumers;
- Assessing strategies to address challenges in the workers' compensation market to remove the burden on Florida's small businesses and help them thrive; and
- Monitoring use of big data and developing tools to better understand its impact on consumers.

Justification of Revised or Proposed New Programs and/or Services

OIR is not recommending any new programs or services.

Justification of the Final Projection for each Outcome (Include an Impact Statement Relating to Demand and Fiscal Implications)

The final projection for each outcome is based on historical experience, trend, and resources, and reflects the relative priorities of OIR as established by the Legislature, the FSC, and the Insurance Commissioner. Demand is expressed through workload, which is described under each goal contained in this Long-Range Program Plan. OIR continues to focus on productivity enhancements in an effort to achieve goals consistent with the stated mission.

List of Potential Policy Changes Affecting OIR's Budget Request or Governor's Recommended Budget

None anticipated.

List of Changes Requiring Legislative Action, including the Elimination of Programs, Services and/or Activities

None.

List of all Task Forces and Studies in Progress

1. Commissions, Boards, and Task Forces - OIR is involved with numerous insurance-related commissions, boards and task forces, including the following:

a. Life and health

- Continuing Care Advisory Council
- Cover Florida Health Care
- Florida Employee Long-Term Care Plan
- Florida Health Maintenance Organization Consumer Assistance Plan
- Florida Health Insurance Advisory Board
- Florida KidCare Coordinating Council
- State Consumer Health Information and Policy Advisory Council

b. Property and casualty

- Citizens Property Insurance Corporation
 - Citizens Market Accountability Advisory Committee and other committees
- Florida Automobile Joint Underwriting Association
- Florida Commission on Hurricane Loss Projection Methodology
- Florida Workers' Compensation Joint Underwriting Association
- Florida Hurricane Catastrophe Fund
- Florida Medical Malpractice Joint Underwriting Association
- Florida Patient's Compensation Fund
- Florida Surplus Lines Service Office
- National Council on Compensation Insurance (NCCI) Appeal Board
- Birth-Related Neurological Injury Compensation Association (NICA)

2. Studies and reports

a. Annual reports

- Accident and Health Gross Annual Premium Report
- "Freedom to Travel"/Life Insurance Travel Underwriting Company Report
- Health Flex Program Evaluation (Joint Report with Agency for Health Care Administration)
- Regulatory Plan
- Legislative Budget Request
- Long-Range Program Plan
- Medical Malpractice Liability Claims—Annual Summary
- Office of Insurance Regulation Annual Report
- Officers and Directors Liability Claims—Annual Summary (within the Annual Report)

- Workers' Compensation—Marketplace Availability and Affordability
- Continuing Care Retirement Communities (CCRC) Annual Industry Report

b. Biennial – triennial – quadrennial reports

- Citizens Market Conduct Examination–Plan of Operation and Internal Operations Compliance
- Financial Services Commission—Independent Actuarial Peer Review of Workers' Compensation Rating Organization
- Neurological Injury Compensation Association Actuarial Investigation
- Restrictions on the Employment of Ex-offenders
- Title Insurance – Premium Review
- Workers' Compensation Three Member Panel—Methods to Improve the Workers' Compensation Health Care Delivery System (OIR provides data and support to the Department of Financial Services to complete recommendations)

c. Other reports

- Managed Care Summary Report (quarterly)

In addition, reports detailing OIR activities and achievements are submitted to the FSC.

Glossary

- 1. Actual Expenditures:** Includes prior year actual disbursements, payables, and encumbrances. The payables and encumbrances are certified forward at the end of the fiscal year and may be disbursed between July 1 and September 30 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not in the year funds are disbursed.
- 2. Appropriation Category:** The lowest level line item of funding in the General Appropriations Act, representing a major expenditure classification of the budget entity. Within budget entities, categories may include salaries and benefits, other personal services, expenses, operating capital outlay, data processing services, fixed capital outlay, and others.
- 3. Budget Entity:** A unit or function at the lowest level to which funds are specifically appropriated. “Budget entity” and “service” have the same meaning.
- 4. Fixed Capital Outlay:** Real property, including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.
- 5. Financial Services Commission (FSC):** Pursuant to section 20.121(3), Florida Statutes, the FSC is composed of the Governor and Cabinet and appoints the Directors of the Office of Insurance Regulation and Office of Financial Regulation and makes rules.
- 6. Legislative Budget Request:** A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.
- 7. Long-Range Program Plan:** A plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.
- 8. Performance Measure:** A quantitative or qualitative indicator used to assess state agency performance. “Input” means the quantities of resources used to produce goods or services and the demand for those goods and services. “Outcome” means an indicator of the actual impact or public benefit of a service. “Output” means the actual service or product delivered by a state agency.

9. Program: A set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). Programs are identified in the General Appropriations Act.

10. Standard: The level of performance of an outcome or output.



Florida Office of Insurance Regulation

David Altmaier, Insurance Commissioner

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LRPP Exhibit II - Performance Measures and Standards

43900000 Financial Services Commission				
Office of Insurance Regulation				
Approved Performance Measures for Fiscal Year 2019-20	Approved Prior Year Standard FY 2019-20 (Number)	Prior Year Actual FY 2019-20 (Number)	Proposed Revised Standards for FY 2020-21 (Number)	Requested FY 2021-22 Standard (Number)
43900110 Compliance and Enforcement				
Percentage of life and health form and rate filing reviews completed within 45 days.	90%	99.4%	90%	90%
Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.	90%	94.4%	90%	90%
Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.	98%	95.3%	98%	98%
Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.	98%	92.0%	98%	98%
Percentage of market conduct examinations with violations in which the Office takes enforcement action.	85%	100%	85%	85%
Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.	98%	99%	98%	98%
Percentage of priority Financial Analyses completed within 60 days.	98%	98.6%	98%	98%
Percentage of non-priority Financial Analyses completed within 90 days.	95%	97.3%	95%	95%
43900120 Executive Direction and Support Services				
Administrative costs as a percentage of total agency costs.	10%	5.2%	10%	10%
Administrative positions as a percentage of total agency positions.	10%	5.8%	10%	10%

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of life and health form and rate filing reviews completed within 45 days.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	99.4%	N/A	9.4%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure reflects a 45-day timeframe for Office completion of life and health form and rate filings. The superior performance reflects Office innovations and staff productivity.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	94.4%	N/A	4.4%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure reflects a 45-day timeframe for Office completion of property and casualty form filings and 90 days for property and casualty rate filings. The superior performance reflects Office innovations and staff productivity.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	95.3%	N/A	(2.7)%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure sets forth the statutory timeframe as the standard for the Office when processing complete certificates of authority.

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Due to the COVID-19 pandemic and the transition to teleworking for all State employees, the approval process for Certificate of Authority's was affected and unfortunately slowed during the 4th quarter of Fiscal Year 2019-20.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input checked="" type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

OIR Management will continue to make sure that all OIR employees who telework, are set up with the I.T. equipment that is needed to perform their jobs.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 Days.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	92%	N/A	(6.0)%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure accelerates the timeframe for the Office to process a new certificate of authority from the statutorily required 180 days to 90 days.

External Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Due to the COVID-19 pandemic and the transition to teleworking for all State employees, the approval process for Certificate of Authority's was affected and unfortunately slowed during the 4th quarter of Fiscal Year 2019-20.

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Training | <input checked="" type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

OIR Management will continue to make sure that all OIR employees who telework, are set up with the I.T. equipment that is needed to perform their jobs.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of market conduct examinations with violations in which the Office takes enforcement action.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	100%	N/A	15%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure gauges the extent to which the Office requires company remediation of violations identified in a market conduct examination.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of Financial Examinations of domestic insurers completed within 18 months of the “as of” exam date.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	99%	N/A	1%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure sets forth the timeframe for the Office to complete financial examinations. This timeframe is consistent with NAIC accreditation standards.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of priority Financial Analyses completed within 60 days.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	98.6%	N/A	0.6%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure sets forth the timeframe for the Office to complete priority financial analyses. The shorter timeframe reflects the priority status and is consistent with NAIC accreditation standards.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of non-priority Financial Analyses completed within 90 days.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%	97.3%	N/A	2.3%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

This measure sets forth the timeframe for the Office to complete nonpriority financial analyses. It assigns a lower priority to analyses where there are minor or no violations. The longer timeframe reflects the lower priority status and is consistent with NAIC accreditation standards.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Executive Direction and Support Services

Measure: Administrative costs as a percentage of total agency costs.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%	5.2%	N/A	(4.8%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative costs.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Executive Direction and Support Services

Measure: Administrative positions as a percentage of total agency positions.

Action:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%	5.8%	N/A	(4.2%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative positions.

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input type="checkbox"/> Target Population Change | <input type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem | |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission | |

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- | | |
|------------------------------------|---|
| <input type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for Fiscal Year 2019-2020	Associated Activities Title
1	Percentage of life and health form and rate filing reviews completed within 45 days.	Review and approve rate and form filings.
2	Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews completed within 90 days.	Review and approve rate and form filings.
3	Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.	Approve and license entities to conduct insurance business.
4	Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.	Approve and license entities to conduct insurance business.
5	Percentage of market conduct examinations with violations in which the Office takes enforcement action.	Conduct and direct market conduct examinations.
6	Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.	Conduct financial reviews and examinations.
7	Percentage of priority Financial Analyses completed within 60 days.	Conduct financial reviews and examinations.
8	Percentage of non-priority Financial Analyses completed within 90 days.	Conduct financial reviews and examinations.
9	Administrative costs as a percentage of total agency costs.	Operate agency in an efficient manner.
10	Administrative positions as a percentage of total agency positions.	Operate agency in an efficient manner.

Office of Policy and Budget – July 2020