

COL A12		COL A14		COL A15		COL A16		COL A14-A12		CODES
AGY FIN REQ FY 2021-22	POS	AGY AMD REQ FY 2021-22	POS	AGY AMD N/R FY 2021-22	POS	AGY AMD ANZ FY 2021-22	POS	AGY AMD REQ FY 2021-22 OVER(UNDER)	AGY FIN REQ FY 2021-22	
AMOUNT		AMOUNT		AMOUNT		AMOUNT		AMOUNT	AMOUNT	
FINANCIAL SERVICES										43000000
PGM: FINANCIAL SVCS COMM										43900000
OFFICE OF INSURANCE REG										43900100
COMP & ENFORCE- INSURANCE										43900110
PUBLIC PROTECTION										12
REGULATION AND LICENSING										1204.00.00.00
ADJUSTMENTS TO CURRENT YEAR ESTIMATED EXPENDITURES										1600000
REALIGN BUDGET AUTHORITY TO ACCOMMODATE INCREASED OCO THRESHOLD										
- DEDUCT										160G010
OPERATING CAPITAL OUTLAY										060000

INSURANCE REG TF -STATE 97,000- 97,000- 2393 1

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AGENCY ISSUE NARRATIVE:

2021-2022 BUDGET YEAR NARRATIVE: IT COMPONENT? NO  
 Issue Title: Realign Budget Authority to Accommodate Increased OCO Threshold - DEDUCT

This net zero issue realigns the base Operating Capital Outlay (OCO) budget into the Other Personal Services (OPS) budget category. Effective July 1, 2020, the threshold for OCO purchases increased from \$1,000 to \$5,000 to align with federal levels. A nominal amount of OCO was left in order to allow for the possibility of five percent budget transfers in the future. The offsetting issue code to increase the OPS category is 160G020.

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REALIGN BUDGET AUTHORITY TO ACCOMMODATE INCREASED OCO THRESHOLD										
- ADD										160G020
OTHER PERSONAL SERVICES										030000

INSURANCE REG TF -STATE 97,000 97,000 2393 1

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AGENCY ISSUE NARRATIVE:

2021-2022 BUDGET YEAR NARRATIVE: IT COMPONENT? NO  
 Issue Title: Realign Budget Authority to Accommodate Increased OCO Threshold - ADD

This net zero issue realigns the base Operating Capital Outlay (OCO) budget into the Other Personal Services (OPS) budget category. Effective July 1, 2020, the threshold for OCO purchases increased from \$1,000 to \$5,000 to align with federal levels. A nominal amount of OCO was left in order to allow for the possibility of five percent budget transfers in the future. The offsetting issue code to increase the OPS category is 160G010.

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COL A12		COL A14		COL A15		COL A16		COL A14-A12		CODES
AGY FIN REQ FY 2021-22	POS	AGY AMD REQ FY 2021-22	POS	AGY AMD N/R FY 2021-22	POS	AGY AMD ANZ FY 2021-22	POS	AGY AMD REQ FY 2021-22 OVER(UNDER)	AGY FIN REQ FY 2021-22	
AMOUNT		AMOUNT		AMOUNT		AMOUNT		AMOUNT	AMOUNT	
FINANCIAL SERVICES										43000000
PGM: FINANCIAL SVCS COMM										43900000
OFFICE OF INSURANCE REG										43900100
COMP & ENFORCE- INSURANCE										43900110
PUBLIC PROTECTION										12
REGULATION AND LICENSING										1204.00.00.00
WORKLOAD										3000000
ADDITIONAL RESOURCES FOR LIFE AND										
HEALTH EXAMINATIONS										3000150
SPECIAL CATEGORIES										100000
LIFE AND HEALTH EXAMS										100524
INSURANCE REG TF		-STATE		525,000				525,000		2393 1

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AGENCY ISSUE NARRATIVE:

2021-2022 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

Budget Entity: Office of Insurance Regulation - Compliance and Enforcement

Issue Title: Additional Resources for Life and Health Examinations

Reference to Long-Range Program Plan:

Goal #2: Protect the public from illegal, unethical insurance products and practices.

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.

Issue Description: The Office of Insurance Regulation (Office) is responsible for monitoring the financial condition of all regulated entities through the use of internal financial analysis and on-site examinations. The Office is also responsible for the admissions process for new entities as well as those proposing to expand into additional lines of business. The Office has responsibility for enforcing the provisions of Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 630, 631, 632, 634, 635, 636, and 641, 642, 648, 651 and 817, F.S., and applicable rules, as they relate to the review of policy contracts and associated rates.

One of the mission critical responsibilities of the Office is monitoring the financial condition of all regulated Life and Health entities through on-site financial examinations. Due to the increasing number of examinations, the Office is having to use outside financial firms to perform these critical examinations. Over the past five years, the number of Life & Health examinations has doubled with no increase to the examination budget. The appropriation ten years ago was \$50,000 for the Life and Health examinations. For Fiscal Year 2020-21, the current appropriation is \$1,425,000.

Every new insurer and Health Maintenance Organization (HMO) is examined every year for the first three years, before it moves to a five-year exam cycle. The number of new entities in the market has grown significantly in the last few years. The Office expects this level of new licensees to continue into the foreseeable future.

In each of the years 2018 and 2019, there were 5 new Life and Health domestic companies licensed. In 2020, that number

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AGY FIN REQ FY 2021-22	AGY AMD REQ FY 2021-22	AGY AMD REQ FY 2021-22	AGY AMD N/R FY 2021-22	AGY AMD ANZ FY 2021-22	AGY AMD ANZ FY 2021-22	AGY FIN REQ FY 2021-22	AGY FIN REQ FY 2021-22	AGY AMD REQ FY 2021-22	OVER(UNDER)	
POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	
FINANCIAL SERVICES										43000000
PGM: FINANCIAL SVCS COMM										43900000
OFFICE OF INSURANCE REG										43900100
COMP & ENFORCE- INSURANCE										43900110
PUBLIC PROTECTION										12
REGULATION AND LICENSING										<u>1204.00.00.00</u>
WORKLOAD										3000000
ADDITIONAL RESOURCES FOR LIFE AND										
HEALTH EXAMINATIONS										3000150

increased to 6. From January 1, 2021 through March 9, 2021, there has already been two new Life and Health companies licensed. Most of these new companies the past few years that have become licensed are HMO's. Regarding the number of exams, there were 10 exams in 2018, 16 exams in 2019, 16 exams in 2020, and it is projected that there will be at least 21 exams for 2021.

The complexity of insurance company operations necessitates significant use of credentialed specialists in the areas of reinsurance, actuarial sciences, and information technology in addition to standard examination costs.

Without this additional funding of \$525,000, it will be difficult to properly conduct thorough examinations to evaluate insurers risks and produce examination reports upon which consumers, other states, and other stakeholders can rely on. Rigorous examinations identify areas of concern that can be addressed now to prevent future financial or operational issues. The examination process is vital in helping prevent insolvencies and other market interruptions.

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TOTAL: REGULATION AND LICENSING										<u>1204.00.00.00</u>
BY FUND TYPE										
TRUST FUNDS.....			525,000					525,000	2000	
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