

**Summary: Executive Budget Recommendation
for Fiscal Year 2021-22
INSURANCE AND FINANCIAL SERVICES**



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	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$728,600	\$724,600	(\$4,000)	(0.5)
Federal	1,017,100	1,017,100	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	71,570,000	71,245,900	(324,100)	(0.5)
GF/GP	0	0	0	--
Gross	\$73,315,700	\$72,987,600	(\$328,100)	(0.4)
FTEs	378.5	388.5	10.0	2.6

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating and promoting the insurance and financial services industries operating within the state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. Regulatory Staff Increase	FTE	NA
Includes authorization for 10.0 FTE positions, which the department has indicated would be used to fulfill departmental responsibilities related to recently enacted legislation addressing no-fault auto insurance reform, anti-fraud changes, and surprise medical billing. The FTE positions would also be used to address increased volumes of activity in health and auto insurance regulation, communication, and consumer services. Positions that would be filled are projected to include:	Gross	NA
<ul style="list-style-type: none"> 1 Call Center Operator 1 Insurance Property and Casualty Filing Analyst 1 Education and Outreach Analyst 2 Insurance Medical Claims Analysts 2 Insurance Examiners 3 Insurance Fraud Investigators 	GF/GP	NA
		10.0
		\$0
		\$0
2. Technical Adjustments	Gross	NA
Includes two net-zero adjustments within the budget to align appropriations with departmental regulatory activities:	Restricted	NA
<ul style="list-style-type: none"> Internally transfers \$2.4 million in restricted authorization and 10.0 FTE positions from the Insurance Evaluation line item to the Consumer Services and Protection line item. Decreases restricted authorization from the Insurance Bureau Fund by \$2.0 million while increasing restricted authorization from Insurance Licensing and Regulation Fees by \$2.0 million, to align with regulatory activity. DIFS indicated that the volume of insurance licensing has increased over the last several fiscal years, resulting in increased revenue to the Insurance Licensing and Regulation Fund. 	GF/GP	NA
		0
		\$0

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>	<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
3. Economic Adjustments	Gross	NA
Reflects decreased costs of \$328,100 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), overtime increases, increased longevity, higher actuarially required retirement contributions, increased building occupancy charges, decreases in other employee retirement costs, decreases in worker's compensation, and other economic adjustments.	IDG/IDT	NA
	Restricted	NA
	GF/GP	NA
		(\$328,100)
		(4,000)
		(324,100)
		\$0

Major Boilerplate Changes from FY 2020-21

Sec. 206. Communication with the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law.

Sec. 207. Out-of-State Travel – REVISED

Stipulates conditions when DIFS may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Revised to strike sections delineating conditions under which out-of-state travel is permissible and to modify requirements for information to be contained in the report.

Sec. 210. Contingency Funding – REVISED

Appropriates up to \$200,000 in federal and \$1.0 million in state restricted contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Revised to adjust appropriation amounts to \$1.0 million in federal and \$5.0 million in state restricted contingency funds.

Sec. 216. FTE Vacancies and Remote Work Report – DELETED

Requires DIFS to submit a quarterly report on FTE staffing and a semiannual report on remote work and associated metrics.

Sec. 217. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Sec. 218. State Administrative Board Transfers – DELETED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds.

Sec. 219. Retention of Reports – DELETED

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 222. Television and Radio Production Expenditure Report – DELETED

Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included.

Sec. 223. Insurance Bureau Fund Use – DELETED

Authorizes Insurance Bureau Fund appropriations for use to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with the Insurance Code of 1956.

Sec. 301. Health Insurance Rate Filings Report – DELETED

Requires DIFS to submit a report based on health insurer annual rate filings; delineates information to be included.

Sec. 302. Conservatorship and Insurance Liquidation Funds – REVISED

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and not to lapse to the General Fund; limits appropriations under the section and Sec. 303 to \$300,000. Revised to eliminate the cap on appropriations under this section and section 303.

Major Boilerplate Changes from FY 2020-21

Sec. 303. Fees for Customized Listings – REVISED

Permits DIFS to provide customized listings of non-confidential information to interested parties and to charge reasonable fees; states that funds lapse to appropriate restricted fund accounts and limits amount appropriated under this section and Sec. 302 to \$300,000. Revised to eliminate the cap on appropriations under this section and section 302.

Sec. 304. Out-of-Network Billing Complaints Report – DELETED

Requires DIFS to submit a report on out-of-network billing complaints; delineates information to be included.

Sec. 305. Anti-Fraud Unit Report – DELETED

Requires DIFS to provide a mid-year update to the Anti-Fraud Unit report required under section 6303 of 1956 PA 218.

Sec. 306. Consumer Services Complaints Report – DELETED

Requires DIFS to submit a report regarding the amount of consumer complaints received, the process for handling complaints, and complaint outcomes.

Sec. 307. Financial Institutions Marijuana Evaluation Guidance – DELETED

Requires DIFS to update examination manuals and letters of guidance to reflect how institutions will be evaluated that provide financial services to businesses involved in the marijuana industry.