



# **Office of Insurance Regulation**

## **Financial Services Commission**

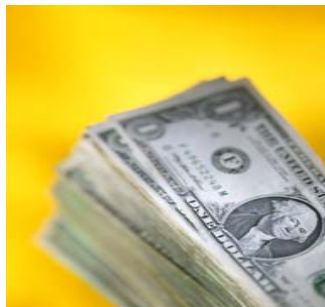
### **Department of Financial Services**

**2006-2007 Legislative Budget Request**

**October 14, 2005**

## Current Budget vs. Proposed Budget

	<b>FY 2005-2006</b>	<b>FY 2006-2007</b>
FTE	305	316
OIR Agency LBR Request	\$23,971,266	\$26,415,680
LBR Issue Request	\$2,720,000	\$4,544,634



Industry Portal - Microsoft Internet Explorer

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# FLORIDA

## OFFICE OF INSURANCE REGULATION

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### Common Tasks

- Set up an account
- Filing workbench
- What is the Industry Portal

## Welcome to the Industry Portal

Welcome to the Florida Office of Insurance Regulation Industry Portal. The Industry Portal is a convenient, single point of entry to access the Filing Assembly and Submission System, online Rate Collection Systems, Quarterly Submission Reports, and other related content.

### Pick a Category

-  Filing Assembly and Submission
-  Rate Collection Systems
-  QUASR
-  Office of Insurance Regulation Website
-  Professional Liability Claims
-  Workers Compensation Data Collection
-  Update Disaster Contact Information

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*Part I - Technology Issues*  
*Issue #1 - Property and Casualty Rate Data*  
*Collection and Management System*

- Create a transparent, broadly visible rate data system to improve decision-making (from the consumer to the policymaker)
- Develop and implement a state of the art rate data collection and management system including four components – Automobile, Homeowners, Dwelling/Fire and Commercial
- The System will provide accurate, current rate data to Florida’s insurance consumers to enable them to make more informed insurance decisions.
- Enable the OIR to quickly organize carrier submitted data for useful analysis by stakeholders, (i.e. Governor’s Office, Legislature, Financial Services Commission, etc.)

*(Request: \$1,850,000)*

## ***Issue #2 – Interactive Internet-Based Outreach Tools for Medigap Insurance Buyers***

- Medicare Supplement Insurance (Medigap) – policies are sold by private insurance companies to fill the “gaps” in Medicare Plans
- Design, develop and implement a system to provide Florida’s seniors and their families with Medigap availability and choice
- Provide accurate, current rate pricing and availability data to Florida’s senior Medigap insurance buyers to enable them to make more informed health care coverage purchasing decisions
- Simplify the Medicare Supplement (Medigap) Health Coverage filing process for the insurers expediting new products and services into the marketplace.
- Enable the Office to quickly organize carrier submitted data for useful analysis for its stakeholders

*(Request: \$455,000)*

## *Issue #3 – Public Hurricane Model*

- The 2005 Legislature created Section 627.06281, Florida Statutes, requiring the OIR to collect loss data and associated exposure data to study mitigation for the purposes of developing, maintaining, and updating a public model for hurricane loss projections through a type I center within the State University System (Florida International University)
- Requires residential property insurers and licensed rating and advisory organizations that compile residential property insurance to provide loss data and associated exposure data to the OIR.
- The Hurricane Model will provide a check on the assumptions, analysis, and results provided by the proprietary models and provide critical assistance to the OIR in the rate review process
- Design and develop a model to include commercial residential structures such as condominiums and apartment buildings (over a two-year period) – requesting Phase I funding in 2006-2007

*(Request: \$877,872)*

### *Issue #4 – Web-Enabling Company Admission Applications*

- Design, develop and implement the electronic submission component of State of Florida Insurance Company Applications (AppCore) and enhance the workflow component to allow electronic submission of admission applications and a seamless integration with the National Uniform Certificate of Authority Application (UCAA)
- Provide greater incentives for insurance related carriers to enter the Florida marketplace, thereby increasing availability of insurance products to Florida consumers and increasing Florida's tax base
- The insurance buying public will realize a benefit with increased competition in the market which will facilitate more choices for insurance coverage and allow for enhanced rate shopping

*(Request: \$490,000)*



## *Part II - Staffing/Resource Issues*

### *Issue #1 – Property and Casualty Financial Oversight*

- Four additional FTEs are needed to address:
  - new disclosure requirements regarding finite reinsurance contracts and new risk assessment examination procedures established by the National Association of Insurance Commissioners (NAIC)
  - Senate Bill 2D (2003) requiring medical malpractice insurers to report loss data requiring analysts and examiners to review and reconcile loss data to financial statements
  - the increasing number of new insurers in the market
- NAIC guidelines suggest a workload of 14 companies per domestic analyst, while Property and Casualty analysts currently have a workload of 22 companies
- There have been 50 new property and casualty domestic insurers and 180 new property and casualty foreign insurers licensed to do business in Florida in the last four years

*(Request: \$274,145)*

## *Issue #2 – Business Development and Market Research (BDMR)*

- In 2005, the OIR created a new unit (from existing resources) responsible for the expansion and retention of companies in the Florida market and to serve as the information clearinghouse for the collection and dissemination of public data
- Business Development will promote the benefits of expanding and/or moving lines of business to Florida, promote the profitable opportunities available to companies in the market, and expand the Multi State Review Program
- Market Research will perform research on current and developing insurance issues and manage the most comprehensive insurance regulation data collection and reporting system in the United States
- Requesting funding for two FTEs and expenses for the expansion and retention of companies

*(Request: \$209,998)*

### *Issue #3 – Legal Services Office*

- The Legal Services Office provides legal advice, counsel and handles legal cases on behalf of the Office
- The caseload for FY 2003-2004 was 1,321 and for FY 2004-2005 the caseload increased to 1,642
- The increases are primarily due to unauthorized entity cases, and additional workload increases from the 2005 Legislature change in Section 627.0629(7), F.S., requiring a mandatory public rate hearing if there is a proposed increase that exceeds 15%
- Legal review, legal preparation and travel requirements for staff attending public rate hearings have increased
- Requesting two additional FTEs, travel expenses and digital recording equipment for the Public Rate Hearings

*(Request: \$182,691)*

### *Issue #4 – Market Investigations*

- Due to the following statutory changes, additional FTEs are being requested
  - The 2004 Legislature enacted 627.4554, Florida Statutes, periodic compliance reviews of senior Annuity Investment products
  - Florida Statute 624.424(10), requires quarterly reporting to the Office by property and casualty insurers requiring periodic reviews of discrepancies discovered
  - Florida Statute 641.3155, requires HMOs to make prompt payments of claims to consumers; due to increase in litigation related to HMOs, this has increased compliance reviews
  - The 2003 Legislature enacted Florida Statute 627.912 requiring professional liability insurers to report any claim or action for damages, this has increased compliance reviews
- Requesting two additional FTEs to maintain current workload and efficiently manage additional workload of statutory requirements – Market Investigations did not receive additional positions in previous years for these statutory requirements

*(Request: \$138,888)*

### *Issue #5 – Inspector General’s Office*

- There are 76 known auditable units within the Office along with a significant number of potential management reviews, business consultation engagements, technical consultation engagements and special projects to be completed by the Inspector General’s Office (OIG)
- The OIG is also required to provide assistance to management with regard to identifying, documenting and administering performance measures throughout the organization, including development of related formalized organizational mission statements, vision statements, objectives and goals
- The Office was established with one FTE – the Inspector General (IG). The Office’s IG has no additional professional staff to assist in the daily conduct and necessary audits and management reviews required under Florida law
- Requesting one FTE

*(Request: \$66,354)*



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