September 30, 2019

Chris Spencer, Policy Director
Office of Policy and Budget
Executive Office of the Governor
1701 Capitol
Tallahassee, Florida 32399-0001

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

Cindy Kynoch, Staff Director
Senate Committee on Appropriations
201 Capitol
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our 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 2020-21 through Fiscal Year 2024-25. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is www.floir.com. This submission of our LRPP has been approved by me.

Sincerely,

[Signature]
David Altmaier
Long Range Program Plan
Fiscal Years 2020-2021 through 2024-2025
David Altmaier
Florida’s 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 elected Vice President of the National Association of Insurance Commissioners (NAIC). He also chairs the NAIC’s Financial Condition (E) Committee, Group Capital Calculation Working Group and the Capital Adequacy 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.


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

<table>
<thead>
<tr>
<th>Baseline</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
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<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Baseline</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Baseline</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

4) OUTCOME 1.B.2: Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.

<table>
<thead>
<tr>
<th>Baseline</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Baseline FY 2020-21</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Baseline FY 2020-21</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Baseline FY 2020-21</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

8) OUTCOME 3.B.2.: Percentage of non-priority Financial Analyses completed within 90 days.

<table>
<thead>
<tr>
<th>Baseline FY 2020-21</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
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<tbody>
<tr>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Baseline FY 2020-21</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
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<tbody>
<tr>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Baseline FY 2020-21</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>
# OIR Budget
## FY 2019-20

Table 1. Appropriations Overview - Fiscal Year 2018-19: Office of Insurance Regulation

<table>
<thead>
<tr>
<th>Positions</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time equivalent (FTE) positions</td>
<td>287</td>
<td>283</td>
<td>-4</td>
</tr>
</tbody>
</table>

### Funding (By Budget Category)

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$20,720,316</td>
<td>$20,847,350</td>
<td>$127,034</td>
</tr>
<tr>
<td>Other Personal Services (OPS)</td>
<td>$290,169</td>
<td>$290,169</td>
<td>$0</td>
</tr>
<tr>
<td>Expenses</td>
<td>$2,479,173</td>
<td>2,479,173</td>
<td>$0</td>
</tr>
<tr>
<td>Operating Capital Outlay</td>
<td>$98,000</td>
<td>$98,000</td>
<td>$0</td>
</tr>
<tr>
<td>Contracted Services</td>
<td>$1,430,726</td>
<td>$1,430,726</td>
<td>$0</td>
</tr>
<tr>
<td>Financial Examination Contracts*</td>
<td>$4,926,763</td>
<td>$4,626,763</td>
<td>($300,000)</td>
</tr>
<tr>
<td>Florida Public Hurricane Loss Model</td>
<td>$969,689</td>
<td>$969,689</td>
<td>$0</td>
</tr>
<tr>
<td>Florida International University (FIU) Grant Projects **</td>
<td>$1,077,227</td>
<td>$0</td>
<td>($1,077,227)</td>
</tr>
<tr>
<td>Lease or Lease-Purchase of Equipment</td>
<td>$27,403</td>
<td>$27,403</td>
<td>$0</td>
</tr>
<tr>
<td>Risk Management Insurance</td>
<td>$227,229</td>
<td>$156,143</td>
<td>($71,086)</td>
</tr>
<tr>
<td>DMS Human Resources Contract</td>
<td>$91,939</td>
<td>$91,002</td>
<td>($937)</td>
</tr>
</tbody>
</table>

**TOTAL**                                 | **$32,338,634** | **$31,016,418** | **($1,322,216)**

*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.

**Funds are nonrecurring and have been disbursed directly to Florida International University (FIU).
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 185,000 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 2018-19, OIR approved an additional 151,163 policies for take-out. Private insurers assumed 16,564 policies.² As of June 30, 2019, Citizens’ policy count dropped to 421,231.

3. Regulatory Reform. In FY 2018-19, the Financial Services Commission (FSC) updated 18 rules proposed for repeal by OIR. OIR also updated 86 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.

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 FY 2018-2019, OIR leveraged automation and technology efficiencies resulting in the reduction of approximately 2,731 hours in staff time, a value of $78,172. Examples of those efforts include but are not limited to:
   - Eliminating 400 hours of staff time by automating Foreign Entity filings, a cost-savings of $10,000.
   - Leveraging technology in the rate-making process and reducing 780 hours of staff time, producing $23,400 in cost-savings.
   - Leveraging technology in the form approval process, particularly for ACA, and reducing 200 hours of staff time, producing $6,000 in cost savings.

3. Reduce Taxes. See “Reduce Taxes under Economic Development and Job Creation, Section A.2.,” above.
Trends and Conditions

Primary Statutory Responsibilities of OIR

The Florida Legislature created the Office of Insurance Regulation (Office) 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 Director (Insurance Commissioner) of Insurance Regulation is considered the agency head for purposes of final agency action for all areas within the regulatory authority delegated to the Office.

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.
- 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 FY 2019-20 is $31 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 2018-19, OIR spent over 94 percent of every dollar received on regulatory responsibilities. Administrative costs accounted for less than 6 percent of the funds spent.

a. Certificates of authority (COA)

OIR is actively engaged in licensing insurance companies and certain other insurance related entities through the certificate of authority application process. Florida law requires OIR to approve or deny a complete application for a new certificate of authority for an insurance company within 180 days of receipt. With other entities receiving a new certificate of authority, OIR must approve or deny the new certificate of authority within 90 days, except continuing care retirement communities, which are approved or denied within 45 days. Amendments to existing certificates of authority for insurance companies must be approved or denied within 90 days.
In FY 2018-19, OIR approved 129 new COAs and processed 97.1 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. Because of OIR innovations, insurers now have additional options for getting products to market more expeditiously. Insurers submitting forms for property and casualty commercial products, excluding workers’ compensation, 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 FY 2018-19, OIR processed 12,264 Life & Health and Property & Casualty 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 FY 2018-19, OIR completed 32 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 FY 2018-19, OIR completed 8,408 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 the trend nationally, OIR emphasizes issue-specific, complaint-driven (“target”) examinations and collaborative multi-state examinations, rather than routine examinations performed at regular intervals. Issues identified include 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. A total of 37 examinations and 288 investigations were performed during Fiscal Year 2018-19.
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 2018-19, OIR recovered $66.5 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 FY 2018-19, an additional 129 insurance and insurance-related entities entered the Florida market and 230 new lines of business were added to existing COAs. While some, such as donor annuities, are largely unregulated entities with little economic or regulatory impact, there were newly licensed Property & Casualty and Life & Health insurers.

f. Data collection and analyses
OIR engaged in extensive data collection and analyses in FY 2018-19 related to:

- Access Control List Review (Twice per year for network security)
- Annual Reinsurance Data Collection (3 individual data calls)
- Catastrophe Stress Test (annually)
- Catastrophe Reporting Form for Hurricane Michael (40 individual data calls)
- Catastrophe Reporting Form for Hurricane Irma (3 individual data calls)
- Donor Annuity Agreements (ongoing)
- Department of Revenue /Legislature Tax Premium Report (annually)
- HMO Provider Contract Terminations (ongoing)
- Long-Term Care Claims Denial Reporting (ongoing)
- Long-Term Care Replacement/Lapse (annually)
- Long-Term Care Rescission (annually)
- Long-Term Care Suitability (annually)
- Major medical and other accident and health enrollment and premium reporting with life and annuity policy breakdowns added (annually)
- Market Conduct Rescinded Policy reporting (ongoing)
- Motor Vehicle In Force Policy Count Report (4 individual data calls)
- Motor Vehicle excess profits and policy count reporting (annually)
- Multiple Medicare Supplement Report (annually)
- Professional liability claims reporting (ongoing)
- Property and casualty annual calendar year experience (annual financial reporting)
- Property and casualty insurance (4 individual data calls - residential and commercial residential policy data)
- Quarterly Comprehensive Health Reporting (4 individual data calls)
- Regulatory Life Settlement Agreements reporting to the states (4 individual data calls)
- Title agency data call (annually)
• Title underwriter Florida-only financial data calls (3 individual data calls)
• Unfair discrimination based on travel annual life insurance survey (annually)
• Update Disaster Contacts and Claims Number (annually)

OIR completed numerous statutorily required reports in FY 2018-19.

2. Technology in Carrying Out Statutory Responsibilities

OIR has one of the most sophisticated regulatory technology systems in the country, featuring applications that electronically receive and process insurance company form, rate, data, and financial filings. Highlights from FY 2018-19 include the following:

• Work on the new Insurance Regulation Filing System (IRFS) (previously known as the “Umbrella Project”) continues. IRFS is a rewrite of existing computer applications into a consolidated filing submission and review tool. In the past year, Product Review for Property and Casualty (November 2018), Product Review for Life and Health (May 2019), Invoicing (April 2019), and Legislative Tracking have been added.

• IRFS Product Review for Life and Health and Property and Casualty has been deployed to production. External users and analysts were provided the same functionality that exists in I-File system and the Electronic Data Management System (EDMS) with additional functionality and efficiencies.
  o Existing functionality from I-File was transferred to IRFS External includes but is not limited to the following: log in with filing ID; replicate filing; copy filing; and account management.
  o Entity management feature was created to require filers to subscribe to entities prior to filing on their behalf. This subscription feature includes notifications that are sent to all subscribers of an entity when additional users sign up to represent that entity. Should a valid subscriber notice that an invalid subscriber is attempting to associate with the entity, the notification prompts them to contact OIR to revoke the access of the user in question.
  o The filing creation process was streamlined; less pages/clicks to complete from start to finish.
  o An administrative tool was created for to allow staff to develop and post guides and frequently asked question to help centers of specific IRFS applications (currently administrative tools, external, external search, internal review, and internal search). In addition to guides and frequently asked questions, the external help center contains a link to the FLOIR website, an option to contact OIR, and a templates section that allows the user to access all OIR-created templates that are active.
  o To assist analysts in properly completing their assigned filings, final action validations can be applied to filing/review workflows. These validations will prevent the user from taking a final action on and/or closing a filing until certain criteria is met. Examples include stamping one or more documents, creating and attaching a specific letter type to the review, and sending an email to the filer.
Sub workflows have been created for internal review. This feature allows analysts to create additional reviews and gain insight from co-workers to assist them in completing the filing. Reasons include new employee training, rate analyst feedback, and form analyst feedback.

- Restructured the internal search that provides users with the ability to save and share search criteria with other members of their business unit.

- IRFS Invoicing has been deployed to production. It allows staff to create and manage invoices in IRFS. It includes:
  - Integration with the Cashiers Office Deposit Automation (CODA), a system within the Department of Financial Services
  - Ability to track funds by resource codes, org codes, and other identifiers
  - Invoice templates for recurring scenarios (i.e., COA renewals)
  - Management of specific expense types, void reasons, and uncollectable codes

- The team is currently working on a Bill Analysis Tracking system, adding the ability to Trade Secret QUASR filings, Entity Management Access Administration, replacing FAME LiveCycle Forms with Excel templates, and Company Dashboard enhancements.
- The next priority will be establishing a filing and review protocol for all financial analysis forms to be submitted through the Umbrella system.

3. Market Conditions in Florida

As of June 30, 2019, OIR had oversight of 4,497 entities in Florida. 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 (new entities and new lines of business for existing entities)
See section A.1.e., above.

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

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>Top Writer</th>
<th>Top 5 Writers</th>
<th>Top 10 Writers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident and Health</td>
<td>14.5</td>
<td>46.2</td>
<td>64.2</td>
</tr>
<tr>
<td>Commercial Multi-Peril</td>
<td>11.6</td>
<td>30.6</td>
<td>41.9</td>
</tr>
<tr>
<td>Homeowners Multi-Peril</td>
<td>9.7</td>
<td>29.8</td>
<td>44.7</td>
</tr>
<tr>
<td>Life</td>
<td>7.0</td>
<td>24.4</td>
<td>39.9</td>
</tr>
<tr>
<td>Medical Malpractice</td>
<td>18.8</td>
<td>49.2</td>
<td>63.2</td>
</tr>
<tr>
<td>Private Passenger Auto</td>
<td>14.4</td>
<td>54.1</td>
<td>69.7</td>
</tr>
<tr>
<td>Title</td>
<td>31.4</td>
<td>81.9</td>
<td>96.6</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>6.8</td>
<td>25.8</td>
<td>39.9</td>
</tr>
</tbody>
</table>
c. Premium volume

As shown in Figure 2, Florida is continuing to experience steady premium growth. Among all writers, total written premium expanded from $133.5 billion at year-end 2014 to $175.5 billion in year-end 2018. This increase primarily resulted from a surge in premium written by accident and health providers. During this period, Florida ranked tenth globally in total direct written premium.

Figure 2

![Direct Premiums Written in billions](chart)

<table>
<thead>
<tr>
<th>Year</th>
<th>Accident &amp; Health</th>
<th>Homeowner</th>
<th>Life</th>
<th>Other</th>
<th>Private Passenger Auto</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>2018</td>
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</table>

d. Premium rates

Rate trends vary across insurance lines. Health insurance rates continue to increase as a result 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. 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 2019-2020 and the impact of higher non-catastrophe claim costs due principally to water claims containing litigation and Assignment of Benefits (AOB) costs. The AOB issue has been highlighted by Citizens Property Insurance Corporation (Citizens) through its annual rate filings as a pervasive issue in the tri-county area of South Florida (Broward, Palm Beach, and Miami Dade) and other areas of the state. For the benefit of gathering more information to provide to
the Financial Services Commission, legislators, and other stakeholders, OIR conducted two data
calls to collect claims information from the top 25 property and casualty insurers operating in the
state which were released in February 2016, and January 2018, respectively. 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. The water loss experience should improve
because of HB 7065 and as shown in the more moderate rate changes in the most recently
approved rate filings for Citizens.

Reinsurance costs are expected to increase due to recent storms, Hurricane Irma in 2017 and
Michael in 2018.

Workers’ compensation rates are down an average of approximately 64 percent since an
apex in 2003 despite the 14.5 percent overall average rate increase that was approved
effective December 1, 2016. The December 2016 rate increase addressed two major
Florida Supreme Court decisions and Senate Bill 1402 that ratified the Florida Workers’
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. The contributing factors to the recent rate decreases
include, but are not limited to, increases in investment income, declines in claim

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.

e. Financial condition
Health insurers and HMOs, as well as some life insurers, face a more challenging financial
environment than their counterparts in the property and casualty sector. Much of this is
due to a combination of changes to the Medicare and Medicaid programs and large
enrollment volume as a result of the PPACA. Particularly concerning to OIR is the
financial condition of long term care insurers and the impact of potential insolvencies on
the health insurance market.
In the property insurance sector, Florida domestics are stable and competitive. Comparing the results from year-end 2017 to year-end 2018, gross written premium increased 5 percent and policyholder surplus increased 2 percent. Surplus is up 10.7 percent since 2014.

f. Residual markets
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. However, Citizens Property Insurance Corporation, the largest residual insurer, decreased its policy count 34.1 percent since 2014.

4. New Laws

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 Act 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 2019 Session affecting various types of insurance products and lines, see OIR’s 2019 Legislative Summary.
What Led OIR to Select its Priorities?

The priorities of OIR are a result of market conditions and are selected from 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;
- 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
- Birth-Related Neurological Injury Compensation Association (NICA)
- Continuing Care Advisory Council
- Cover Florida Health Care
- Florida Employee Long-Term Care Plan
- Florida Health Choices Board
- 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 Market Accountability Advisory Committee
- Citizens Property Insurance Corporation
- 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

2. Studies and reports

a. Annual reports
- Accident and Health Gross Annual Premium Report
- Cover Florida Health Access Program Report (Joint Report with Agency for Health Care Administration)
- “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 s. 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.
Footnotes

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 2017. [https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=1&isuri=1](https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=1&isuri=1)


3 Section 120.60(1), F.S.

4 Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on July 12, 2019 retrieval.

5 Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on July 12, 2019 retrieval.

6 Compiled by the Florida Office of Insurance Regulation from NAIC Calendar Year 2018 company-reported premium data.

7 Premium data based on 2018 retrievals from NAIC and OIR FAME data reported for Calendar Year 2018.


9 The average rate change is based upon rate filings submitted to the Florida Office of Insurance Regulation.

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.

Florida Office of Insurance Regulation

David Altmaier, Insurance Commissioner

200 East Gaines Street — Tallahassee, FL 32399

(850) 413-3140
www.floir.com
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<tr>
<td>43900110 Compliance and Enforcement</td>
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<tr>
<td>Percentage of life and health form and rate filing reviews completed within 45 days.</td>
<td>90%</td>
<td>99.8%</td>
<td>90%</td>
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<tr>
<td>Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.</td>
<td>90%</td>
<td>99.3%</td>
<td>90%</td>
<td>90%</td>
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<tr>
<td>Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.</td>
<td>98%</td>
<td>97.9%</td>
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<tr>
<td>Percentage of applications for a new certificate of authority for Life &amp; Health and Property &amp; Casualty processed within 90 days.</td>
<td>98%</td>
<td>97.1%</td>
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<tr>
<td>Percentage of market conduct examinations with violations in which the Office takes enforcement action.</td>
<td>85%</td>
<td>100%</td>
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<tr>
<td>Percentage of Financial Examinations of domestic insurers completed within 18 months of the &quot;as of&quot; exam date.</td>
<td>98%</td>
<td>100%</td>
<td>98%</td>
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<tr>
<td>Percentage of priority Financial Analyses completed within 60 days.</td>
<td>98%</td>
<td>99.1%</td>
<td>98%</td>
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<tr>
<td>Percentage of non-priority Financial Analyses completed within 90 days.</td>
<td>95%</td>
<td>98.4%</td>
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<tr>
<td>43900120 Executive Direction and Support Services</td>
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<tr>
<td>Administrative costs as a percentage of total agency costs.</td>
<td>10%</td>
<td>5.3%</td>
<td>10%</td>
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<tr>
<td>Administrative positions as a percentage of total agency positions.</td>
<td>10%</td>
<td>6.1%</td>
<td>10%</td>
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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:
- Performance Assessment of Outcome Measure
- Performance Assessment of Output Measure
- Revision of Measure
- Deletion of Measure
- Adjustment of GAA Performance Standards

<table>
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<tr>
<th>Current Approved Standard</th>
<th>Actual Performance Results</th>
<th>Difference (Over/Under)</th>
<th>Percentage Difference</th>
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<tr>
<td>90%</td>
<td>99.8%</td>
<td>N/A</td>
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Factors Accounting for the Difference:

Internal Factors (check all that apply):
- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- 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. Several review teams from within the Office received state productivity awards.

External Factors (check all that apply):
- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation:
This Program/Service Cannot Fix the Problem
Current Laws Are Working Against the Agency Mission

Management Efforts to Address Differences/Problems (check all that apply):
- Training
- Personnel
- Technology
- 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:
√ Performance Assessment of Outcome Measure  ☐ Revision of Measure  
☐ Performance Assessment of Output Measure  ☐ Deletion of Measure  
☐ Adjustment of GAA Performance Standards

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<td>90%</td>
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Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors  ☐ Staff Capacity  
☐ Competing Priorities  ☐ Level of Training  
☐ Previous Estimate Incorrect  ☑ 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):
☐ Resources Unavailable  ☐ Technological Problems  
☐ Legal/Legislative Change  ☐ Natural Disaster  
☐ Target Population Change  ☐ Other (Identify)  
☐ This Program/Service Cannot Fix the Problem  
☐ Current Laws Are Working Against the Agency Mission

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training  ☐ Technology  
☐ Personnel  ☐ Other (Identify)

Recommendations:

Office of Policy and Budget – September 2019
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:  
- Performance Assessment of Outcome Measure  
- Performance Assessment of Output Measure  
- Adjustment of GAA Performance Standards  
- Revision of Measure  
- Deletion of Measure

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<td>98%</td>
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Factors Accounting for the Difference:  
Internal Factors (check all that apply):  
- Personnel Factors  
- Competing Priorities  
- Previous Estimate Incorrect  
- Staff Capacity  
- Level of Training  
- 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):  
- Resources Unavailable  
- Legal/Legislative Change  
- Target Population Change  
- Technological Problems  
- Natural Disaster  
- Other (Identify)  
- This Program/Service Cannot Fix the Problem  
- Current Laws Are Working Against the Agency Mission

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):  
- Training  
- Personnel  
- Technology  
- 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: Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 Days.

Action:
- Performance Assessment of Outcome Measure
- Revision of Measure
- Performance Assessment of Output Measure
- Deletion of Measure
- Adjustment of GAA Performance Standards

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<th>Current Approved Standard</th>
<th>Actual Performance Results</th>
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<th>Percentage Difference</th>
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<tr>
<td>98%</td>
<td>97.1%</td>
<td>N/A</td>
<td>(0.9)%</td>
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Factors Accounting for the Difference:

**Internal Factors** (check all that apply):
- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- 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):
- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- Technological Problems
- Natural Disaster
- Other (Identify)

**Explanation:**
This Program/Service Cannot Fix the Problem
Current Laws Are Working Against the Agency Mission

Management Efforts to Address Differences/Problems (check all that apply):
- Training
- Technology
- Personnel
- Other (Identify)

Recommendations:

Office of Policy and Budget – September 2019
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:**  
- ✗ Performance Assessment of Outcome Measure  
- ☐ Revision of Measure  
- ☐ Performance Assessment of Output Measure  
- ☐ Deletion of Measure  
- ☐ Adjustment of GAA Performance Standards

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<tr>
<td>85%</td>
<td>100%</td>
<td>N/A</td>
<td>15%</td>
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**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):
- ☐ Personnel Factors  
- ☑ Staff Capacity  
- ☐ Competing Priorities  
- ☑ Level of Training  
- ☐ Previous Estimate Incorrect  
- ☑ 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):
- ☐ Resources Unavailable  
- ☐ Technological Problems  
- ☐ Legal/Legislative Change  
- ☐ Natural Disaster  
- ☐ Target Population Change  
- ☐ Other (Identify)  
- ☐ This Program/Service Cannot Fix the Problem  
- ☐ Current Laws Are Working Against the Agency Mission

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):
- ☐ Training  
- ☐ Technology  
- ☐ Personnel  
- ☐ 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:
☒ Performance Assessment of Outcome Measure  ☐ Revision of Measure
☐ Performance Assessment of Output Measure  ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

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<th>Percentage Difference</th>
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<tr>
<td>98%</td>
<td>100%</td>
<td>N/A</td>
<td>2%</td>
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Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors  ☐ Staff Capacity
☐ Competing Priorities  ☐ Level of Training
☐ Previous Estimate Incorrect  ☒ 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):
☐ Resources Unavailable  ☐ Technological Problems
☐ Legal/Legislative Change  ☐ Natural Disaster
☐ Target Population Change  ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training  ☐ Technology
☐ Personnel  ☐ Other (Identify)

Recommendations:

Office of Policy and Budget – September 2019
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:
- ☑ Performance Assessment of Outcome Measure  
- ☐ Revision of Measure  
- ☐ Performance Assessment of Output Measure  
- ☐ Deletion of Measure  
- ☐ Adjustment of GAA Performance Standards

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<th>Percentage Difference</th>
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<tr>
<td>98%</td>
<td>99.1%</td>
<td>N/A</td>
<td>1.1%</td>
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Factors Accounting for the Difference:

Internal Factors (check all that apply):
- ☐ Personnel Factors  
- ☐ Competing Priorities  
- ☐ Previous Estimate Incorrect  
- ☑ Staff Capacity  
- ☐ Level of Training  
- ☑ 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):
- ☐ Resources Unavailable  
- ☐ Legal/Legislative Change  
- ☐ Target Population Change  
- ☐ This Program/Service Cannot Fix the Problem  
- ☐ Current Laws Are Working Against the Agency Mission  

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
- ☐ Training  
- ☐ Personnel  
- ☐ Technology  
- ☐ Other (Identify)

Recommendations:

Office of Policy and Budget – September 2019
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:**
- ☑ Performance Assessment of Outcome Measure  
- ☐ Revision of Measure  
- ☐ Performance Assessment of Output Measure  
- ☐ Deletion of Measure  
- ☐ Adjustment of GAA Performance Standards

<table>
<thead>
<tr>
<th>Current Approved Standard</th>
<th>Actual Performance Results</th>
<th>Difference (Over/Under)</th>
<th>Percentage Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>95%</td>
<td>98.4%</td>
<td>N/A</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):
- ☐ Personnel Factors
- ☐ Competing Priorities
- ☑ Previous Estimate Incorrect
- ☐ Staff Capacity
- ☐ Level of Training
- ☑ 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):
- ☐ Resources Unavailable
- ☐ Legal/Legislative Change
- ☐ Target Population Change
- ☐ This Program/Service Cannot Fix the Problem
- ☐ Current Laws Are Working Against the Agency Mission
- ☐ Technological Problems
- ☐ Natural Disaster
- ☐ Other (Identify)

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):
- ☐ Training
- ☐ Personnel
- ☐ Technology
- ☑ Other (Identify)

**Recommendations:**

*Office of Policy and Budget – September 2019*
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:  
☑ Performance Assessment of Outcome Measure  ☐ Revision of Measure  
☐ Performance Assessment of Output Measure  ☐ Deletion of Measure  
☐ Adjustment of GAA Performance Standards

<table>
<thead>
<tr>
<th>Current Approved Standard</th>
<th>Actual Performance Results</th>
<th>Difference (Over/Under)</th>
<th>Percentage Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>5.3%</td>
<td>N/A</td>
<td>(4.7%)</td>
</tr>
</tbody>
</table>

Factors Accounting for the Difference:  
Internal Factors (check all that apply):  
☑ Personnel Factors  ☑ Staff Capacity  
☑ Competing Priorities  ☑ Level of Training  
☐ Previous Estimate Incorrect  ☑ 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):  
☐ Resources Unavailable  ☑ Technological Problems  
☐ Legal/Legislative Change  ☑ Natural Disaster  
☐ Target Population Change  ☑ Other (Identify)  
☐ This Program/Service Cannot Fix the Problem  
☐ Current Laws Are Working Against the Agency Mission

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):  
☐ Training  ☐ Technology  
☐ Personnel  ☐ 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:
☑ Performance Assessment of Outcome Measure  ☐ Revision of Measure
☐ Performance Assessment of Output Measure  ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

<table>
<thead>
<tr>
<th>Current Approved Standard</th>
<th>Actual Performance Results</th>
<th>Difference (Over/Under)</th>
<th>Percentage Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>6.1%</td>
<td>N/A</td>
<td>(3.9%)</td>
</tr>
</tbody>
</table>

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☑ Personnel Factors  ☐ Staff Capacity
☐ Competing Priorities  ☐ Level of Training
☐ Previous Estimate Incorrect  ☑ 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):
☐ Resources Unavailable  ☐ Technological Problems
☐ Legal/Legislative Change  ☐ Natural Disaster
☐ Target Population Change  ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training  ☐ Technology
☐ Personnel  ☐ Other (Identify)

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

### Fiscal Year 2018-19

<table>
<thead>
<tr>
<th>Category</th>
<th>Operating</th>
<th>Fixed Capital</th>
<th>Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Funds General Appropriations Act</td>
<td>384,433,842</td>
<td>7,671,630</td>
<td>376,762,212</td>
</tr>
<tr>
<td>Adjustments to General Appropriations Act (Supplements, Varies, Budget Amendments, etc.)</td>
<td>67,377,642</td>
<td>-1,568,190</td>
<td>68,945,832</td>
</tr>
<tr>
<td><strong>Final Budget for Agency</strong></td>
<td><strong>384,433,842</strong></td>
<td><strong>7,671,630</strong></td>
<td><strong>376,762,212</strong></td>
</tr>
</tbody>
</table>

### SECTION II: ACTIVITIES * MEASURES

- **Number of units**
- **(i) Unit Cost**
- **(ii) Expenditures (Allocated)**
- **(iii) FCO**

### Financial Services, Department of

#### Technology

- **Fixed Capital**
  - 781,406
  - 168.30
  - 1,766.70
  - 2,607
  - 0.78
  - 5,784,988
- **Operating**
  - 3,782,852
  - 1,996,924
  - 1,096,756
  - 1.26
  - 221
  - 0.13
  - 750
  - 406,128
  - 0.01
  - 2,142,163
  - 264,367,763
  - 2,039,534
  - 277.44
  - 1,386,284
  - 0.41
  - 16,509,580
  - 9
  - 9,464,223
  - 118.50
  - 2,412,489
  - 4
  - 8,184,912
  - 395,693
  - 21.99
  - 476,780
  - 6,764.47
  - 285,692
  - 9,234
  - 782,087
  - 405
  - 35,642
  - 8,618,701
  - 48.11
  - 2,182.38
  - 2,968,513
  - 2,975.23
  - 593,765
  - 36,675.38
  - 661
  - 80.71
  - 11,664.93
  - 4,407,138
  - 79,221.11
  - 668,772
  - 3,711,799
  - 3,485,959
  - 1.10
  - 12,268
  - 1,463.81
  - 54,306,394
  - 3,801
  - 3,586
  - 4,784,604
  - 5,033,111
  - 110.34
  - 139
  - 49,137

#### Other

- **Total Budget for Agency**
  - 452,865,893

### Schedule X/Exhibit VI: Agency-Level Unit Cost Summary

- **Total Budget for Agency (Total Activities + Pass Throughs + Reversions)**
  - 452,865,893
  - 8,184,912

---

(1) Some activities and costs may be rounded due to the calculation of total budgeted items.
(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different costs per activity.
(3) Information for FCO and other expenses for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.
(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.
SECTION III - PASS THROUGH ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:
1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:
1-8:

AUDIT #1: THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

*** NO ACTIVITIES FOUND ***

AUDIT #2: THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:

(NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION TECHNOLOGY)

*** NO OPERATING CATEGORIES FOUND ***

AUDIT #3: THE ACTIVITIES LISTED IN AUDIT #3 DO NOT HAVE AN ASSOCIATED OUTPUT STANDARD. IN ADDITION, THE ACTIVITIES WERE NOT IDENTIFIED AS A TRANSFER-STATE AGENCIES, AS AID TO LOCAL GOVERNMENTS, OR A PAYMENT OF PENSIONS, BENEFITS AND CLAIMS (ACT0430). ACTIVITIES LISTED HERE SHOULD REPRESENT TRANSFERS/PASS THROUGHS THAT ARE NOT REPRESENTED BY THOSE ABOVE OR ADMINISTRATIVE COSTS THAT ARE UNIQUE TO THE AGENCY AND ARE NOT APPROPRIATE TO BE ALLOCATED TO ALL OTHER ACTIVITIES.

<table>
<thead>
<tr>
<th>BE</th>
<th>PC</th>
<th>CODE</th>
<th>TITLE</th>
<th>EXPENDITURES</th>
<th>FCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>43500400</td>
<td>1205000000</td>
<td>ACT1020</td>
<td>HOLOCAUST VICTIMS ASSISTANCE</td>
<td>288,502</td>
<td></td>
</tr>
<tr>
<td>43010400</td>
<td>1602000000</td>
<td>ACT1040</td>
<td>INSURANCE CONSUMER ADVOCATE</td>
<td>578,129</td>
<td></td>
</tr>
<tr>
<td>43010500</td>
<td>1603000000</td>
<td>ACT1050</td>
<td>INFORMATION TECHNOLOGY - FLAIR</td>
<td>13,020,813</td>
<td></td>
</tr>
<tr>
<td>43200100</td>
<td>1601000000</td>
<td>ACT2010</td>
<td>PASS THROUGH FROM PRISON INDUSTRY</td>
<td>490,659</td>
<td></td>
</tr>
<tr>
<td>43200100</td>
<td>1601000000</td>
<td>ACT2020</td>
<td>PASS THROUGH - TRANSFER TO STATE</td>
<td>54,561,375</td>
<td></td>
</tr>
<tr>
<td>43700400</td>
<td>1205000000</td>
<td>ACT2170</td>
<td>CONDUCT FISCAL INTEGRITY</td>
<td>471,312</td>
<td></td>
</tr>
<tr>
<td>43200300</td>
<td>1603000000</td>
<td>ACT2180</td>
<td>FLORIDA ACCOUNTING INFORMATION</td>
<td>27,175,344</td>
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<tr>
<td>43200100</td>
<td>1601000000</td>
<td>ACT2195</td>
<td>PASS THROUGH FLORIDA CLERKS OF</td>
<td>2,800,000</td>
<td></td>
</tr>
<tr>
<td>43300400</td>
<td>1202000000</td>
<td>ACT3430</td>
<td>PASS-THROUGH GRANTS AND AIDS</td>
<td>9,486,339</td>
<td>7,876,650</td>
</tr>
<tr>
<td>43300500</td>
<td>1202000000</td>
<td>ACT3340</td>
<td>PASS-THROUGH GRANTS AND AIDS LOCAL</td>
<td>9,866,393</td>
<td>7,876,650</td>
</tr>
<tr>
<td>43300500</td>
<td>1202000000</td>
<td>ACT3350</td>
<td>PASS THROUGH - TRANSFER TO</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>43400100</td>
<td>1601000000</td>
<td>ACT7415</td>
<td>PURCHASE OF EXCESS INSURANCE</td>
<td>11,135,928</td>
<td></td>
</tr>
<tr>
<td>43700400</td>
<td>1205000000</td>
<td>ACT75510</td>
<td>HURRICANES AND OTHER NATURAL</td>
<td>6,850,933</td>
<td></td>
</tr>
<tr>
<td>43001010</td>
<td>1102020000</td>
<td>ACT76010</td>
<td>TRANSFER TO 1ST DISTRICT COURT OF</td>
<td>1,904,211</td>
<td></td>
</tr>
<tr>
<td>43900110</td>
<td>1204000000</td>
<td>ACT79150</td>
<td>HURRICANE RATE/RISK MODEL</td>
<td>1,065,589</td>
<td></td>
</tr>
<tr>
<td>43900110</td>
<td>1204000000</td>
<td>ACT79160</td>
<td>GRANTS AND AIDS - INSURANCE AND</td>
<td>1,077,227</td>
<td></td>
</tr>
<tr>
<td>43600100</td>
<td>1102020000</td>
<td>ACT79490</td>
<td>TRANSFER TO THE UNIVERSITY OF</td>
<td>250,000</td>
<td></td>
</tr>
</tbody>
</table>

AUDIT #4: TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43 EXPENDITURES FCO
FINAL BUDGET FOR AGENCY (SECTION I): 452,806,692 8,261,650
TOTAL BUDGET FOR AGENCY (SECTIONS II + III): 452,806,695 8,184,912

----------- -----------
DIFFERENCE: 3- 76,738*
(MAY NOT EQUAL DUE TO ROUNDING) ----------- -----------

* FCO Difference is due to the 76,738 held in unbudget reserve from FY 18/19 appropriations in category 080990 BE 43300400