

Department of Insurance

A.R.S. § 20-101

Director: Charles R. Cohen

JLBC Analyst: Steve Grunig

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Approved
PROGRAM BUDGET			
Policy and Administration	1,250,300	1,116,800	1,180,800
Consumer Support	1,973,400	2,042,700	2,159,800
Managed Care and Dental Plan			
Oversight SLI	336,500	639,400	637,500
<i>Program Subtotal - Consumer Support</i>	<u>2,309,900</u>	<u>2,682,100</u>	<u>2,797,300</u>
Premium Tax Collections and Analysis	122,100	143,500	143,100
Solvency Regulation	374,100	498,600	497,000
Licensing	476,400	615,600	613,700
Fraud Investigation and Deterrence	1,091,500	1,056,800	1,053,500
Lump Sum Reduction	<u>0</u>	<u>0</u>	<u>(191,000)</u>
TOTAL APPROPRIATIONS	5,624,300	6,113,400	6,094,400
OPERATING BUDGET			
Full Time Equivalent Positions	111.0	119.0	114.9 ^{1/}
Personal Services	3,354,700	3,486,700	3,654,700
Employee Related Expenditures	692,200	814,800	856,200
Professional and Outside Services	293,300	262,500	262,500
Travel - In State	43,100	22,900	22,900
Travel - Out of State	25,500	13,400	13,400
Other Operating Expenditures	824,300	862,800	832,500
Equipment	54,700	10,900	5,700
Lump Sum Reduction	<u>0</u>	<u>0</u>	<u>(191,000)</u>
<i>Operating Subtotal</i>	<u>5,287,800</u>	<u>5,474,000</u>	<u>5,456,900</u>
Special Line Items (SLI)	<u>336,500</u>	<u>639,400</u>	<u>637,500</u>
TOTAL APPROPRIATIONS	5,624,300	6,113,400	6,094,400 ^{2/}
FUND SOURCES			
General Fund	<u>5,624,300</u>	<u>6,113,400</u>	<u>6,094,400</u>
TOTAL APPROPRIATIONS	5,624,300	6,113,400	6,094,400

AGENCY DESCRIPTION — *The department regulates the insurance industry. The department's major duties include solvency regulation, collection and audit of insurance premium taxes, agent licensing, company certification, consumer assistance, complaint resolution, rate and policy form regulation, and administration of companies in receivership. The department collects various filing and licensing fees, which are deposited to the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.*

^{1/} Includes 9.7 FTE Positions in FY 2003 funded from Special Line Items.

^{2/} General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as a Lump Sum by Agency with Special Line Items.

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Est./Actual	Estimate
• Average calendar days to complete a consumer complaint investigation	50/45	35/93.5	90/120.1	90
• Number of new domestic company receiverships	NA	NA/1	0/0	0
• Average days required to complete fraud investigations	70/66	55/108	100/174	100/70
• % of survey licensees respondents indicating “satisfied” or “better”	NA	75/81.2	82.5/85.3	85
• % of consumer services survey respondents indicating “satisfied” or “better”	NA	NA/88	88/72.5	88
• Average days to issue license after receiving all required information from applicant	35/33.8	28/33.1	31.4/22.0	31.4
• Maximum number of days for approval of new products	NA	NA	NA	60
• Maximum number of days for approval of new rates	NA	NA	NA	60
• % of agency staff turnover	NA/11.3	NA/17.1	15.1/19.4	15.1
• Administration as a % of total cost	NA	23.8/NA	24/NA	22.3/22.1

Unfunded FTE Positions — The approved amount includes a General Fund decrease of (4.1) FTE Positions below FY 2002 due to the statewide elimination of unfunded FTE Positions. For details on the methodology used to calculate the reduction, please see the *General Provisions* section at the front of the *Appropriations Report*.

Policy and Administration Program — This program develops and implements administrative and regulatory policies and procedures. It also coordinates and directs the activities of other programs in the department.

Consumer Support Program — This program provides insurance-related information and assistance to insurance consumer and claimants in response to inquiries. It also publishes consumer information guides and assists consumers in obtaining insurance coverage.

Managed Care and Dental Plan Oversight Special Line Item — This Special Line Item reflects monies related to the transfer of regulatory responsibilities for overseeing health care service delivery by Health Care Service Organizations and Prepaid Dental Plan Organizations. These service delivery organizations function as insurance companies and health care providers in that they both finance the cost of health care and provide and arrange health care delivery.

Premium Tax Collections and Analysis Program — This program develops and provides tax report forms and information to companies paying premium taxes. It also audits reports and assesses penalties and interest for late payments.

Solvency Regulation Program — This program monitors the ability of authorized insurers to perform their financial obligations under insurance policies. It also administers

the estates of Arizona insurer receiverships and pays certain claims owed by insolvent insurers to Arizona residents.

Licensing Program — This program analyzes applications from various entities for license to provide insurance products and services in Arizona. It also oversees continuing education and pre-license examinations.

Fraud Investigations and Deterrence Program — This program receives investigative referrals related to insurance fraud from insurers and other sources. It conducts criminal investigations and promotes awareness of insurance fraud.

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