

Department of Insurance

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DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPB	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	114.9	114.9		114.9
Personal Services	3,414,500	3,782,200		3,782,200
Employee Related Expenditures	867,100	1,050,000		1,050,000
Professional and Outside Services	102,300	113,600		113,600
Travel - In State	38,600	43,200		43,200
Travel - Out of State	5,200	8,000		8,000
Other Operating Expenditures	825,500	691,800		691,800
Equipment	25,300	0		0
OPERATING SUBTOTAL	5,278,500	5,688,800		5,688,800
SPECIAL LINE ITEMS				
Managed Care and Dental Plan Oversight	495,900	517,000		517,000
AGENCY TOTAL	5,774,400	6,205,800		6,205,800

FUND SOURCES				
General Fund	5,774,400	6,205,800		6,205,800
SUBTOTAL - Appropriated Funds	5,774,400	6,205,800		6,205,800
Other Non-Appropriated Funds	11,660,100	14,640,500		14,640,500
TOTAL - ALL SOURCES	17,434,500	20,846,300		20,846,300

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 JLBC

	\$ Change	% Change
General Fund	0	0.0%
Total Appropriated Funds	0	0.0%
Non Appropriated Funds	0	0.0%
Total - All Sources	0	0.0%

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.

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Recommend.
• Average calendar days to complete a consumer complaint investigation	90	79.0	64	71.5
• Average days required to complete fraud investigations	100	57	100	57
• % of survey licensees respondents indicating "satisfied" or "better"	85	89.4	88	89.4
• % of consumer services survey respondents indicating "satisfied" or "better"	88	70.4	80	75.2
• Average days to issue license after receiving all required information from applicant	31.4	15.5	16	15.5
• % of agency staff turnover	15.1	17.3	15.0	16.2
• Administration as a % of total cost	22.1	10.1	4.9	7.5

SUMMARY OF FUNDS**FY 2003
Actual****FY 2004
Estimate**

Insurance Examiners' Revolving (IDA2034/A.R.S. § 20-159)**Non-Appropriated**

Source of Revenue: Payments made by insurance companies for costs of financial, rate, and market conduct examinations performed by contract examiners.

Purpose of Fund: To pay contract examiners' per diem compensation and to reimburse contract examiners for travel and living expenses, as approved by the Director of the Department of Insurance. Monies also are used to cover the department's related administrative costs.

Funds Expended	5,603,900	5,876,600
Year-End Fund Balance	1,155,200	778,600

Life and Disability Insurance Guaranty (IDA2154/A.R.S. § 20-683)**Non-Appropriated**

Source of Revenue: Assessments on life and disability insurance companies, and reimbursements from the sale of insolvent companies' assets by the department's Receivership Division.

Purpose of Fund: To pay the covered policy claims of insolvent insurance companies for life and disability insurance policies and annuity contracts. The fund also pays the administrative costs of the 9-member Life and Disability Insurance Guaranty Fund Board authorized by A.R.S. § 20-684. Monies are held in a depository designated by the Director of the Department of Insurance.

Funds Expended	558,700	2,431,500
Year-End Fund Balance	17,570,500	17,472,000

Arizona Property and Casualty Insurance Guaranty (IDA2114/A.R.S. § 20-662)**Non-Appropriated**

Source of Revenue: Assessments on property and casualty insurance, and reimbursements from the sale of insolvent companies' assets by the department's Receivership Division.

Purpose of Fund: To pay the covered policy claims of insolvent insurance companies for property and casualty insurance policies. The fund also pays the administrative costs of the 11-member Property and Casualty Insurance Guaranty Fund Board authorized by A.R.S. § 20-663. Monies are held in a depository designated by the Director of the Department of Insurance.

Funds Expended	4,555,500	5,577,800
Year-End Fund Balance	15,784,400	13,519,600

Receivership Liquidation (IDA3104/A.R.S. § 20-648)**Non-Appropriated**

Source of Revenue: Consists of 10% of an insolvent insurer's statutory deposit with the State Treasurer. Upon termination of a receivership, the court may award proceeds to the fund, up to the amount of the department's administrative costs.

Purpose of Fund: This fund supports the department's Receivership Division, which administers the liquidation of insurance companies to insure maximum recovery of assets. The balance forward represents cash on hand. It does not include the state's unfunded liability for deposits being held as assurance against future insolvencies.

Funds Expended	136,300	164,400
Year-End Fund Balance	302,800	193,400

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