



NEW MEXICO | OFFICE OF
SUPERINTENDENT
OF INSURANCE

FY 2021 Budget Request

NOVEMBER 20, 2019

LEGISLATIVE FINANCE COMMITTEE

JOHN G. FRANCHINI, SUPERINTENDENT OF INSURANCE

Agenda

- Premium Tax Transfer
- Vacancy Reporting
- Revenue Reporting
- Agency Budget Request
- Closing Remarks

Premium Tax Transfer

- HB 0223 passed in 2018 with a transfer date set for January 1, 2020
- 6 OSI Financial Audit Bureau positions will be transferred to TRD. Two staff members transferred to TRD for testing in Gentax on November 1, 2019. The other 3 staff, plus 1 vacant position will be transferred by January 1, 2020
- OSI will prepare Operating Transfer to TRD to cover payroll for the 6 positions for the remainder of FY20
- OSI & TRD have been working together diligently to get all aspects of the transfer complete by January 1, 2020
- OSI & TRD have completed all requests and are on track for the transition.

OSI VACANCY RATE OVERVIEW

	# of Positions	# of Filled Positions	# of Vacant Positions
Exempt	6	6	0
Permanent	83	76	7
Sponsored TERM	4	4	0
Total	93	86	7

Vacant Positions

- 5 positions are pending hire or recruitment
- 1 position is an upward reclass pending SPO approval
- 1 position is being transferred to TRD for their recruitment

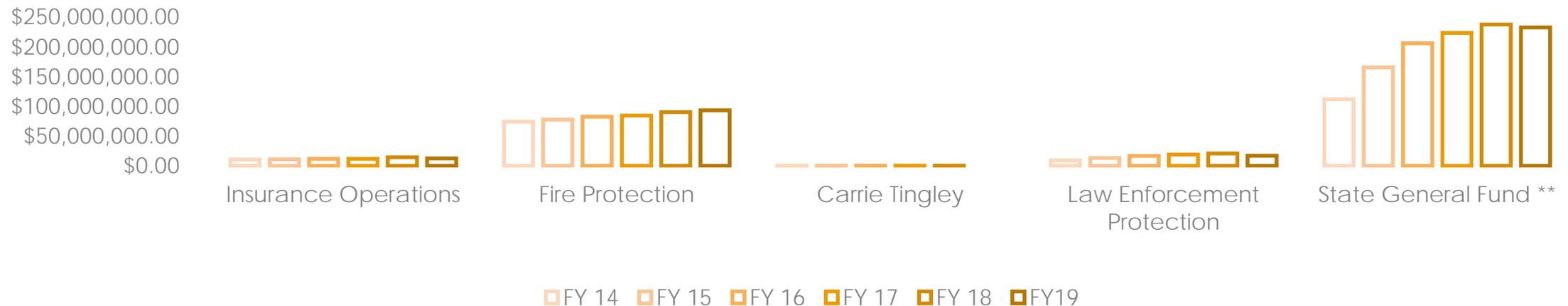
Revenue Processed

Type of Revenue	FY14	FY15	FY16	FY17	FY18	FY19
Licenses & Renewals	\$20,798,640.54	\$22,877,205.16	\$24,810,834.25	\$23,636,306.81	\$28,159,265.37	\$25,606,828.77
Premium Taxes	\$153,118,490.18	\$208,142,416.69	\$233,405,805.47	\$257,578,174.70	\$284,290,837.69	\$253,575,052.62
Fines & Penalties	\$819,303.56	\$624,573.76	\$1,265,596.71	\$926,577.23	\$765,713.64	\$92,941.57
Surplus Lines Taxes	\$2,983,228.42	\$3,187,291.87	\$3,255,927.19	\$3,422,600.35	\$3,837,320.55	\$4,328,300.75
Insurance Premium Surtaxes	\$30,456,607.77	\$47,747,166.26	\$55,648,771.02	\$53,570,872.12	\$49,700,283.83	\$55,419,567.01
Assessments	\$1,338,205.13	\$2,053,596.82	\$2,404,554.83	\$1,673,995.67	\$3,021,717.18	\$2,713,628.36
Patient Comp Fund	\$12,433,743.99	\$12,220,654.96	\$11,683,332.42	\$21,524,689.87	\$38,065,295.60	\$42,989,673.88
Continuing Education	\$95,243.00	\$97,454.63	\$94,104.00	\$94,240.00	\$242,160.00	\$112,938.25
Deductions	\$0.00	\$0.00	\$0.00	(\$178,610.10)	(\$38,571.45)	\$0.00
Miscellaneous	\$44,042.33	\$56,933.66	\$134,010.60	\$19,113.75	\$1,150.75	\$16,309.50
Total:	\$222,087,504.92	\$297,007,293.81	\$332,702,936.49	\$362,267,960.40	\$408,045,173.16	\$384,855,240.71

* Each revenue category is net of dishonored checks, credits, and adjustments for FY14-FY16 and FY19

Fund Distribution

Fund Type	FY 14	FY 15	FY 16	FY 17	FY 18	FY19
Insurance Operations	\$10,496,238.79	\$11,085,874.58	\$11,744,684.83	\$11,714,206.75	\$14,497,631.33	\$12,572,666.99
Fire Protection	\$74,345,228.77	\$77,910,548.11	\$82,661,595.64	\$84,739,775.76	\$90,416,898.04	\$93,173,419.96
Carrie Tingley	\$39,573.00	\$33,151.00	\$36,935.00	\$35,095.00	\$53,747.00	\$28,599.83
Law Enforcement Protection	\$9,041,040.93	\$13,220,274.74	\$16,732,787.31	\$18,882,077.99	\$20,837,800.37	\$17,165,991.75
State General Fund **	\$111,825,976.13	\$165,389,637.90	\$206,292,106.86	\$223,605,824.03	\$237,790,889.09	\$232,514,254.99



Budget Request Overview

**FY20 Operating Budget:
\$45.2 million**

**FY21 Agency request:
\$49.0 million**

(\$7.0 million) required GAAP duplication

(\$8.4 million) required GAAP duplication

Net request is \$38.2 million

Net request is \$40.6 million

- \$3.7 million increase over FY20
- \$285.9 thousand attributed to Patient's Compensation Fund
- \$1.4 million attributed to agency Expansion of Base requests (see page 8)
- \$2.4 million attributed to an increase in Base request (see page 10)

Budget Request Overview – Expansion Detail

OSI is requesting to replace the 6 positions transferred to TRD and fill them with FTE to be utilized in other areas within the Agency

- Life & Health Program – Perform technical review of electronic form filings with an emphasis on drug formularies and ensure compliance with state & federal laws
- Health Policy & Consumer Education - Perform technical reviews of Managed Health Care Plans
- Managed Health Care Compliance – Handle consumer complaints & inquiries from consumers and conduct outreach presentation throughout NM
- Consumer Investigation – Perform Case Management of investigation cases & clerical support
- Property & Casualty – (2 Positions) Perform review of Property & Casualty Rate, Rule and Form Producer Filings

Budget Request Overview – Expansion Detail

➤ **Additional Positions Requested**

1. Human Resources - Position will assist HR Manager with administrative HR Duties
2. Examination Bureau – Position will identify insurance entities with market conduct practices that do not comply with NM Statutes by performing desk audits and market conduct examination

➤ **No General Fund Impact Positions -Funded by Increase in Fraud Assessment Auto Theft Program – 4 Positions**

1. Attorney III
2. Staff Member (paralegal)
3. Special Agent
4. Grants Manager

Budget Request Overview – Base Increase

Base Increase:

- **Retention of 4 Positions and operating costs previously funded by Federal Grants**
 - All Federal Grant Funding will be expended by December 31, 2019
 - 4 Positions include:
 1. Business Operations Specialist
 2. IT Application Developer III
 3. Attorney IV
 4. Administrative Ops II
- **Salary for Superintendent of Insurance**
- **Increase of Liability Insurance from GSD**

Closing Remarks

- OSI's consumer assistance team and the managed healthcare compliance team have helped consumers and service providers in NM save, resolve, and recover nearly \$19.7 million.
- OSI has implemented the State Based System, our web-based, paperless application process for companies and agents. The updated system also enhances the ability of policyholders to communicate more efficiently with OSI, resulting in improved response time.
- The Auto Theft Prevention Authority team was awarded the International Association of Auto Theft Prevention Investigators, Presidents Award for 2019. The award is to honor members who have distinguished themselves through extraordinary service.
- OSI has numerous other initiatives on the horizon, all intended to enhance productivity and make New Mexico an easier state in which to write business and obtain affordable policies. The groundwork is laid for continued progress.