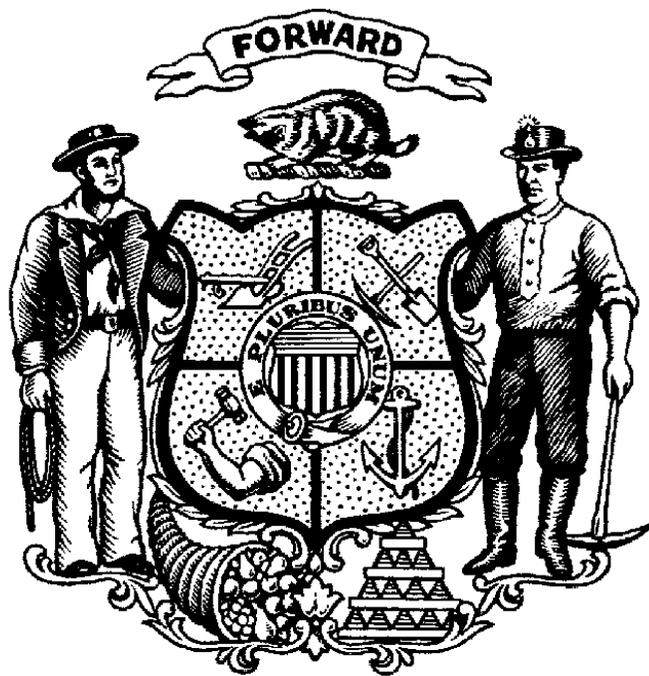


State of Wisconsin

Office of the Commissioner of Insurance



Agency Budget Request

2015 – 2017 Biennium

September 15, 2014

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner
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September 15, 2014

Mike Huebsch, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53702

Dear Secretary Huebsch: *Mike*

Attached is the 2015-2017 biennial budget request from the Office of the Commissioner of Insurance (OCI). This request represents a very basic, cost-to-continue budget for the agency's regulatory functions that is based on regulatory changes that have occurred over the current biennium. The budget also includes re-estimates of the claims payment appropriations of OCI's segregated insurance funds. OCI continues to be a good steward of its financial resources and remains fiscally prudent. There is no General Purpose Revenue (GPR) funding or Full-Time Equivalent (FTE) positions included in this submission.

This modest budget request is needed so that effective insurance regulation will be maintained, Wisconsin's policyholders will continue to be adequately protected, and that a stable business base for Wisconsin domestic insurers will be provided.

Thank you for your consideration of this budget request.

Sincerely,

Theodore K. Nickel
Commissioner

AGENCY DESCRIPTION

The agency was created by the Legislature in 1871, and the original intent of the agency has not changed drastically over the past 143 years. The agency is vested with broad powers to ensure that the insurance industry responsibly and adequately meets the insurance needs of Wisconsin citizens. The agency performs a variety of tasks to protect insurance consumers and ensure a competitive insurance environment. The agency's major functions include: reviewing insurance policies that are sold in Wisconsin to make sure they meet the requirements set forth in Wisconsin law; conducting examinations of domestic and foreign insurers to ensure compliance with Wisconsin laws and rules; monitoring the financial solvency of licensed companies to make sure that consumers have the insurance coverage they expect when they need it; issuing licenses to the various parties involved in selling and marketing insurance products; assisting insurance consumers with their insurance problems; researching special insurance issues to understand and assess their impact on Wisconsin; providing technical assistance on legislation and promulgating administrative rules to interpret insurance laws; creating and distributing public information and consumer education pieces to educate people about insurance; and operating a state life insurance fund, a property fund for the property owned by local units of government, and an injured patients and families compensation fund insuring health care providers for medical malpractice.

MISSION

The mission of the agency is to lead the way in informing and protecting the public and responding to its insurance needs.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Supervision of the Insurance Industry

Goal: Proactively address the root causes of problems in the insurance marketplace through effective regulation, with an emphasis on early detection and prevention.

Objective/Activity: Aggressively conduct all regulatory core mission functions including information collection, analysis, licensing and adjudication; refine and improve early warning systems in financial and market regulation; train staff to facilitate intra-agency communication and early identification of regulatory issues; and encourage external interaction and feedback.

Goal: Provide information and assistance to the public including consumers, legislators, insurers, agents, other states, the federal government and other organizations.

Objective/Activity: Ensure that staff directly interacting with the public have the training and equipment to provide information and assistance in a timely and courteous manner; continue to use and improve performance measures; provide public information through the development and implementation of a coordinated communication plan; and improve and preserve state regulation of insurance by communicating with and informing the public.

Goal: Provide ongoing support and development of each staff member.

Objective/Activity: Provide a healthy and safe work environment; develop the full potential of staff by promoting training and growth opportunities; foster diversity in the workplace; promote positive communication, cooperation and mutual respect within and among all work units, and continue to develop work group teams to improve cross-functional work processes; through continued use of performance standards, strive to improve all functions; and assess restructuring and reallocation of staff resources as appropriate to better address work needs.

Goal: Use appropriate technology to provide tools for the regulation of insurance.

Objective/Activity: Continually review emerging technologies and conduct cost-benefit analyses of applications; encourage office-wide participation in technology planning and implementation such as through the Information Technology Strategic Planning Committee; improve state regulation and service by implementing the use of technology to facilitate the sharing of information with other regulatory authorities; and provide opportunities for staff to research and develop new approaches to optimize the use of technology.

Program 2: Injured Patients and Families Compensation Fund

The major objective of the program is to assure that adequate funds are available to compensate patients for serious injuries resulting from acts of medical malpractice.

Goal: Provide excess medical malpractice coverage for Wisconsin health care providers.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

Program 3: Local Government Property Insurance Fund

The purpose of the fund is to make reasonably-priced property insurance available for tax-supported local government property, such as government buildings, schools, libraries and motor vehicles. The fund provides policy and claim service to the policyholders.

Goal: Make reasonably-priced property insurance available for tax-supported local government property.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

Program 4: State Life Insurance Fund

The fund is a state-sponsored program established to provide low-cost life insurance coverage. The maximum level of coverage available to each policyholder is \$10,000.

Goal: Provide a state-sponsored life insurance program for the benefit of residents of Wisconsin.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

2013 AND 2014 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Actual 2014
1.	Number of financial examinations (fiscal year basis).	64	57	48	58
1.	Number of market conduct examinations (calendar year basis).	12	11	12	Data is on a calendar year basis and is therefore not available yet.
1.	Consumer complaints handled in a timely fashion (fiscal year basis).	90%	99.6%	90%	Data is on a calendar year basis and is therefore not available yet.
1.	Policy form reviews conducted in a timely manner (calendar year basis).	6,000	7,063	6,000	Data is on a calendar year basis and is therefore not available yet.
1.	Insurance intermediary licensing function processed in a timely manner (calendar year basis).	22,000	27,245	22,000	Data is on a calendar year basis and is therefore not available yet.
1.	Develop, maintain and distribute consumer education material to the public in a timely manner (calendar year basis). ¹	15,000 1 20,000	21,566 4 17,864	15,250 1 17,800	Data is on a calendar year basis and is therefore not available yet.
1.	Continually update the Web site so users can find the information they need (calendar year basis). ²	950 55,000	1,094 55,006	960 55,500	Data is on a calendar year basis and is therefore not available

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Actual 2014
					yet.
2.	Injured patients and families compensation fund report accepted by Board of Governors.	Report accepted	Report accepted	Report accepted	The report is not due until 3/31/15.
3.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Met GAAP standards	Meet GAAP standards	The report is on a calendar year basis and is not due yet.
3.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified audit opinion being rendered.	Unqualified opinion	LAB has not yet conducted its audit of this year's financial statements.	Unqualified opinion	LAB has not yet conducted its audit of this year's financial statements.
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Met GAAP standards	Meet GAAP standards	The report is on a calendar year basis and is not due yet.
4.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified opinion being rendered.	Unqualified opinion	Met GAAP standards	Unqualified opinion	LAB has not yet conducted its audit of this year's financial statements.

Note: Some data is based on calendar year. Therefore, the actuals for 2014 are not yet available.

¹Three figures are presented. The first is the number of "views" of the Consumer Publications List on the Web site. The second is the number of new publications developed. The third is the number of printed publications distributed.

²Two numbers are presented. The first is the number of major updates or additions to the Web site per year. The second is the total number of "hits" per week on the Web site.

2015, 2016 AND 2017 GOALS

Prog. No.	Performance Measure	Goal 2015	Goal 2016	Goal 2017
1.	Number of financial examinations (fiscal year basis).	63	47	42
1.	Number of market conduct examinations (calendar year basis).	Determined by need for examination.	Determined by need for examination	Determined by need for examination
1.	Consumer complaints handled in a timely fashion (fiscal year basis).	95%	95%	95%
1.	Policy form reviews conducted in a timely manner (calendar year basis).	6,000	6,000	6,000
1.	Insurance intermediary licensing function processed in a timely manner (calendar year basis).	22,000 95%	22,000 95%	22,000 95%
1.	Develop, maintain and distribute consumer education material to the public in a timely manner (calendar year basis). ¹	15,500 1 17,800	15,500 1 17,800	15,500 1 17,800
1.	Continually update the Web site so users can find the information they need (calendar year basis). ²	975 50,750	975 50,750	975 50,750
2.	Injured patients and families compensation fund report accepted by Board of Governors.	Report accepted	Report accepted	Report accepted
3.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Meet GAAP standards	Meet GAAP standards
3.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified audit opinion being rendered.	Unqualified opinion	Unqualified opinion	Unqualified opinion
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Meet GAAP standards	Meet GAAP standards

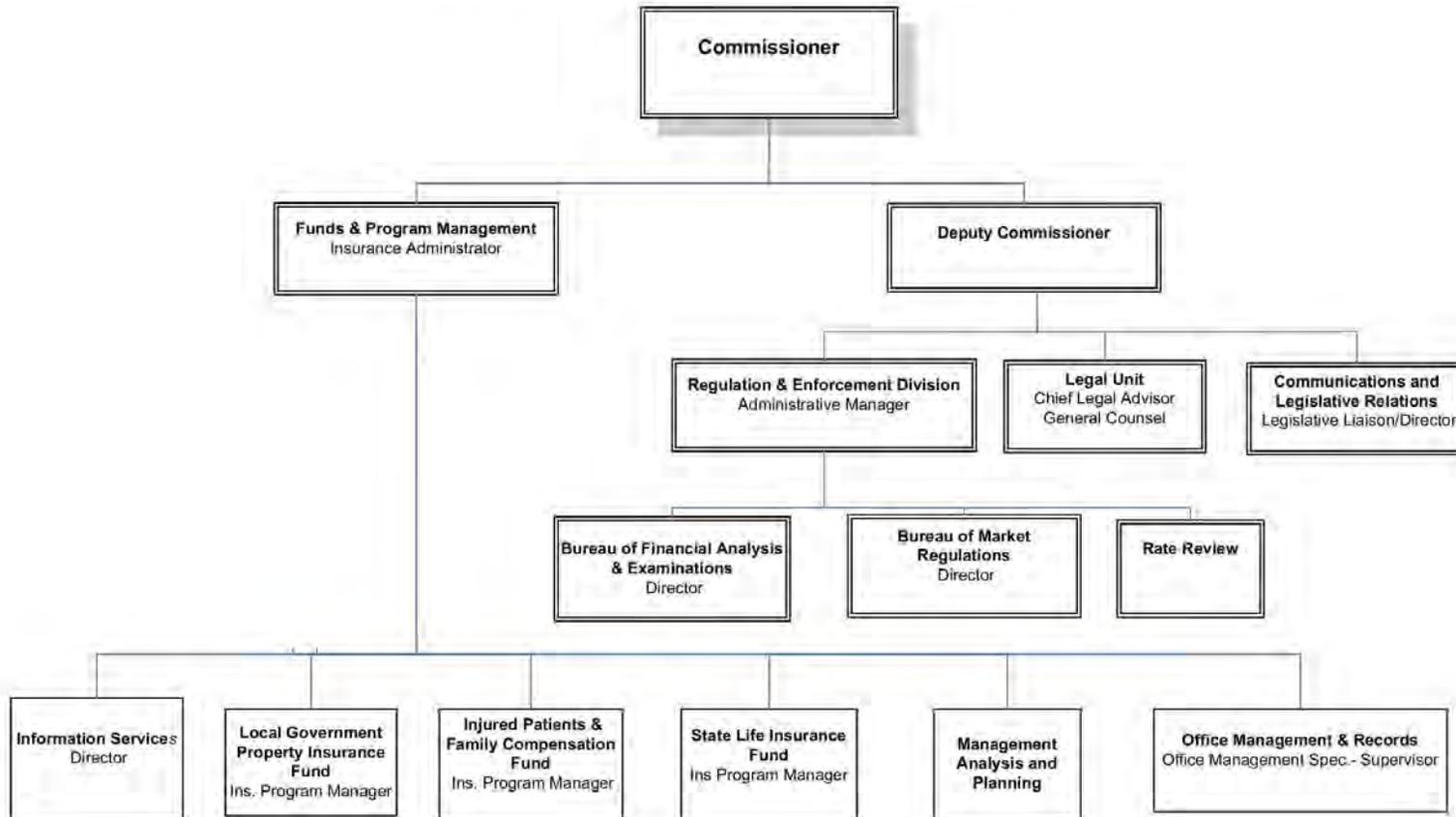
Prog. No.	Performance Measure	Goal 2015	Goal 2016	Goal 2017
4.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified opinion being rendered.	Unqualified opinion	Unqualified opinion	Unqualified opinion

Note: Some goals are based on a calendar year.

¹Three figures are presented. The first is the number of "views" of the Consumer Publications List on the Web site. The second is the number of new publications developed. The third is the number of printed publications distributed.

²Two numbers are presented. The first is the number of major updates or additions to the Web site per year. The second is the total number of "hits" per week on the Web site.

Organizational and Staffing Chart of the Office of the Commissioner of Insurance



Agency Total by Fund Source

Office of the Commissioner of Insurance

1517 Biennial Budget

		ANNUAL SUMMARY					BIENNIAL SUMMARY				
Source of Funds		Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
PR	S	\$23,773,118	\$17,724,600	\$18,597,600	\$18,627,500	132.25	132.25	\$35,449,200	\$37,225,100	\$1,775,900	5.0%
Total		\$23,773,118	\$17,724,600	\$18,597,600	\$18,627,500	132.25	132.25	\$35,449,200	\$37,225,100	\$1,775,900	5.0%
PR Federal	S	\$871,876	\$399,200	\$244,600	\$0	8.30	8.30	\$798,400	\$244,600	(\$553,800)	-69.4%
Total		\$871,876	\$399,200	\$244,600	\$0	8.30	8.30	\$798,400	\$244,600	(\$553,800)	-69.4%
SEG	A	\$21,158,145	\$57,678,800	\$58,332,800	\$58,643,400	0.00	0.00	\$115,357,600	\$116,976,200	\$1,618,600	1.4%
SEG	L	\$43,545,991	\$29,660,200	\$35,932,500	\$39,561,700	0.00	0.00	\$59,320,400	\$75,494,200	\$16,173,800	27.3%
SEG	S	\$2,946,411	\$3,438,400	\$3,474,400	\$3,475,700	12.75	12.75	\$6,876,800	\$6,950,100	\$73,300	1.1%
Total		\$67,650,547	\$90,777,400	\$97,739,700	\$101,680,800	12.75	12.75	\$181,554,800	\$199,420,500	\$17,865,700	9.8%
Grand Total		\$92,295,541	\$108,901,200	\$116,581,900	\$120,308,300	153.30	153.30	\$217,802,400	\$236,890,200	\$19,087,800	8.8%

Agency Total by Program

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1517 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
01 SUPERVISION OF THE INSURANCE INDUSTRY										
Non Federal										
PR	\$16,925,567	\$17,724,600	\$18,597,600	\$18,627,500	132.25	132.25	\$35,449,200	\$37,225,100	\$1,775,900	5.01%
S	\$16,925,567	\$17,724,600	\$18,597,600	\$18,627,500	132.25	132.25	\$35,449,200	\$37,225,100	\$1,775,900	5.01%
Total - Non Federal	\$16,925,567	\$17,724,600	\$18,597,600	\$18,627,500	132.25	132.25	\$35,449,200	\$37,225,100	\$1,775,900	5.01%
S	\$16,925,567	\$17,724,600	\$18,597,600	\$18,627,500	132.25	132.25	\$35,449,200	\$37,225,100	\$1,775,900	5.01%
Federal										
PR	\$871,876	\$399,200	\$244,600	\$0	8.30	8.30	\$798,400	\$244,600	(\$553,800)	-69.36%
S	\$871,876	\$399,200	\$244,600	\$0	8.30	8.30	\$798,400	\$244,600	(\$553,800)	-69.36%
Total - Federal	\$871,876	\$399,200	\$244,600	\$0	8.30	8.30	\$798,400	\$244,600	(\$553,800)	-69.36%

Agency Total by Program

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S	\$871,876	\$399,200	\$244,600	\$0	8.30	8.30	\$798,400	\$244,600	(\$553,800)	-69.36%
PGM 01 Total	\$17,797,443	\$18,123,800	\$18,842,200	\$18,627,500	140.55	140.55	\$36,247,600	\$37,469,700	\$1,222,100	3.37%
PR	\$17,797,443	\$18,123,800	\$18,842,200	\$18,627,500	140.55	140.55	\$36,247,600	\$37,469,700	\$1,222,100	3.37%
S	\$17,797,443	\$18,123,800	\$18,842,200	\$18,627,500	140.55	140.55	\$36,247,600	\$37,469,700	\$1,222,100	3.37%
TOTAL 01	\$17,797,443	\$18,123,800	\$18,842,200	\$18,627,500	140.55	140.55	\$36,247,600	\$37,469,700	\$1,222,100	3.37%
S	\$17,797,443	\$18,123,800	\$18,842,200	\$18,627,500	140.55	140.55	\$36,247,600	\$37,469,700	\$1,222,100	3.37%

Agency Total by Program

145 Insurance, Office of the Commissioner of

1517 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
02 INJURED PATIENTS AND FAMILIES COMPENSATION FUND										
Non Federal										
SEG	\$18,635,537	\$55,491,700	\$55,517,000	\$55,517,700	8.11	8.11	\$110,983,400	\$111,034,700	\$51,300	0.05%
A	\$17,565,795	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$1,069,742	\$1,341,300	\$1,366,600	\$1,367,300	8.11	8.11	\$2,682,600	\$2,733,900	\$51,300	1.91%
Total - Non Federal	\$18,635,537	\$55,491,700	\$55,517,000	\$55,517,700	8.11	8.11	\$110,983,400	\$111,034,700	\$51,300	0.05%
A	\$17,565,795	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$1,069,742	\$1,341,300	\$1,366,600	\$1,367,300	8.11	8.11	\$2,682,600	\$2,733,900	\$51,300	1.91%
PGM 02 Total	\$18,635,537	\$55,491,700	\$55,517,000	\$55,517,700	8.11	8.11	\$110,983,400	\$111,034,700	\$51,300	0.05%

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SEG	\$18,635,537	\$55,491,700	\$55,517,000	\$55,517,700	8.11	8.11	\$110,983,400	\$111,034,700	\$51,300	0.05%
A	\$17,565,795	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$1,069,742	\$1,341,300	\$1,366,600	\$1,367,300	8.11	8.11	\$2,682,600	\$2,733,900	\$51,300	1.91%
TOTAL 02	\$18,635,537	\$55,491,700	\$55,517,000	\$55,517,700	8.11	8.11	\$110,983,400	\$111,034,700	\$51,300	0.05%
A	\$17,565,795	\$54,150,400	\$54,150,400	\$54,150,400	0.00	0.00	\$108,300,800	\$108,300,800	\$0	0.00%
S	\$1,069,742	\$1,341,300	\$1,366,600	\$1,367,300	8.11	8.11	\$2,682,600	\$2,733,900	\$51,300	1.91%

Agency Total by Program

145 Insurance, Office of the Commissioner of

1517 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
03 LOCAL GOVERNMENT PROPERTY INSURANCE FUND										
Non Federal										
SEG	\$44,810,069	\$31,087,800	\$37,361,600	\$40,990,900	1.07	1.07	\$62,175,600	\$78,352,500	\$16,176,900	26.02%
L	\$43,545,991	\$29,660,200	\$35,932,500	\$39,561,700	0.00	0.00	\$59,320,400	\$75,494,200	\$16,173,800	27.27%
S	\$1,264,078	\$1,427,600	\$1,429,100	\$1,429,200	1.07	1.07	\$2,855,200	\$2,858,300	\$3,100	0.11%
Total - Non Federal	\$44,810,069	\$31,087,800	\$37,361,600	\$40,990,900	1.07	1.07	\$62,175,600	\$78,352,500	\$16,176,900	26.02%
L	\$43,545,991	\$29,660,200	\$35,932,500	\$39,561,700	0.00	0.00	\$59,320,400	\$75,494,200	\$16,173,800	27.27%
S	\$1,264,078	\$1,427,600	\$1,429,100	\$1,429,200	1.07	1.07	\$2,855,200	\$2,858,300	\$3,100	0.11%
PGM 03 Total	\$44,810,069	\$31,087,800	\$37,361,600	\$40,990,900	1.07	1.07	\$62,175,600	\$78,352,500	\$16,176,900	26.02%

Agency Total by Program

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SEG	\$44,810,069	\$31,087,800	\$37,361,600	\$40,990,900	1.07	1.07	\$62,175,600	\$78,352,500	\$16,176,900	26.02%
L	\$43,545,991	\$29,660,200	\$35,932,500	\$39,561,700	0.00	0.00	\$59,320,400	\$75,494,200	\$16,173,800	27.27%
S	\$1,264,078	\$1,427,600	\$1,429,100	\$1,429,200	1.07	1.07	\$2,855,200	\$2,858,300	\$3,100	0.11%
TOTAL 03	\$44,810,069	\$31,087,800	\$37,361,600	\$40,990,900	1.07	1.07	\$62,175,600	\$78,352,500	\$16,176,900	26.02%
L	\$43,545,991	\$29,660,200	\$35,932,500	\$39,561,700	0.00	0.00	\$59,320,400	\$75,494,200	\$16,173,800	27.27%
S	\$1,264,078	\$1,427,600	\$1,429,100	\$1,429,200	1.07	1.07	\$2,855,200	\$2,858,300	\$3,100	0.11%

Agency Total by Program

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1517 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY			
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
04 STATE LIFE INSURANCE FUND										
Non Federal										
SEG	\$4,204,941	\$4,197,900	\$4,861,100	\$5,172,200	3.57	3.57	\$8,395,800	\$10,033,300	\$1,637,500	19.50%
A	\$3,592,350	\$3,528,400	\$4,182,400	\$4,493,000	0.00	0.00	\$7,056,800	\$8,675,400	\$1,618,600	22.94%
S	\$612,591	\$669,500	\$678,700	\$679,200	3.57	3.57	\$1,339,000	\$1,357,900	\$18,900	1.41%
Total - Non Federal	\$4,204,941	\$4,197,900	\$4,861,100	\$5,172,200	3.57	3.57	\$8,395,800	\$10,033,300	\$1,637,500	19.50%
A	\$3,592,350	\$3,528,400	\$4,182,400	\$4,493,000	0.00	0.00	\$7,056,800	\$8,675,400	\$1,618,600	22.94%
S	\$612,591	\$669,500	\$678,700	\$679,200	3.57	3.57	\$1,339,000	\$1,357,900	\$18,900	1.41%
PGM 04 Total	\$4,204,941	\$4,197,900	\$4,861,100	\$5,172,200	3.57	3.57	\$8,395,800	\$10,033,300	\$1,637,500	19.50%

Agency Total by Program

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SEG	\$4,204,941	\$4,197,900	\$4,861,100	\$5,172,200	3.57	3.57	\$8,395,800	\$10,033,300	\$1,637,500	19.50%
A	\$3,592,350	\$3,528,400	\$4,182,400	\$4,493,000	0.00	0.00	\$7,056,800	\$8,675,400	\$1,618,600	22.94%
S	\$612,591	\$669,500	\$678,700	\$679,200	3.57	3.57	\$1,339,000	\$1,357,900	\$18,900	1.41%
TOTAL 04	\$4,204,941	\$4,197,900	\$4,861,100	\$5,172,200	3.57	3.57	\$8,395,800	\$10,033,300	\$1,637,500	19.50%
A	\$3,592,350	\$3,528,400	\$4,182,400	\$4,493,000	0.00	0.00	\$7,056,800	\$8,675,400	\$1,618,600	22.94%
S	\$612,591	\$669,500	\$678,700	\$679,200	3.57	3.57	\$1,339,000	\$1,357,900	\$18,900	1.41%

Agency Total by Program

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1517 Biennial Budget

Source of Funds	ANNUAL SUMMARY						BIENNIAL SUMMARY				
	Prior Year Actual	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %	
05 HEALTH INSURANCE RISK-SHARING PLAN											
Non Federal											
PR	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%	
S	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%	
Total - Non Federal	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%	
S	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%	
PGM 05 Total	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%	
PR	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%	
S	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%	

Agency Total by Program

145 Insurance, Office of the Commissioner of

1517 Biennial Budget

TOTAL 05	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
S	\$6,847,551	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
Agency Total	\$92,295,541	\$108,901,200	\$116,581,900	\$120,308,300	153.30	153.30	\$217,802,400	\$236,890,200	\$19,087,800	8.76%

Agency Total by Decision Item

Office of the Commissioner of Insurance

1517 Biennial Budget

Decision Item	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
2000 Adjusted Base Funding Level	\$108,901,200	\$108,901,200	153.30	153.30
3001 Turnover Reduction	(\$244,200)	(\$244,200)	0.00	0.00
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$1,471,100	\$1,471,100	0.00	0.00
3010 Full Funding of Lease and Directed Moves Costs	\$141,800	\$173,000	0.00	0.00
4001 Increase in LGPIF Claims Payment Appropriation	\$6,272,300	\$9,901,500	0.00	0.00
4002 Increase in SLIF Claims Payment Appropriation	\$654,000	\$964,600	0.00	0.00
4003 Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline	(\$21,100)	(\$21,100)	0.00	0.00
4004 Actuarial Services for Review of ORSA Documents	\$37,500	\$37,500	0.00	0.00
4005 Re-estimate of Federal Appropriation Level	(\$630,700)	(\$875,300)	0.00	0.00
TOTAL	\$116,581,900	\$120,308,300	153.30	153.30

GPR Earned

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
PROGRAM	01	Supervision of the insurance industry

DATE September 10, 2014

Revenue	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$0	\$0	\$0
GPR -Earned on Revenue	\$23,568,800	\$19,533,900	\$18,154,600	\$19,154,200
DOA Allocated Lapse	\$902,700	\$902,700	\$902,700	\$0
Total	\$24,471,500	\$20,436,600	\$19,057,300	\$19,154,200

Program Revenue

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
PROGRAM	01	Supervision of the insurance industry
SUBPROGRAM		
NUMERIC APPROPRIATION	31	General program operations

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$1,736,800	\$1,878,600	\$1,934,600	\$2,064,400
Fees	\$35,655,700	\$31,461,200	\$31,453,900	\$31,453,900
Exam Assessments	\$5,509,000	\$6,142,600	\$6,142,600	\$6,142,600
Interfund Transfers	\$125,200	\$125,200	\$125,200	\$125,200
CMO Examinations	\$249,000	\$249,000	\$249,000	\$249,000
DOA Allocated Lapse	(\$902,700)	(\$902,700)	(\$902,700)	\$0
Transfer to GPR Earned	(\$23,568,800)	(\$19,533,900)	(\$18,154,600)	(\$19,154,200)
Total Revenue	\$18,804,200	\$19,420,000	\$20,848,000	\$20,880,900
Expenditures	\$16,925,567	\$17,485,400	\$0	\$0

4004 Actuarial Services for Review of ORSA Documents	\$0	\$0	\$37,500	\$37,500
2000 Adjusted Base Funding Level	\$0	\$0	\$17,724,600	\$17,724,600
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$961,400	\$961,400
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$139,400	\$169,300
4003 Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline	\$0	\$0	(\$21,100)	(\$21,100)
3001 Turnover Reduction	\$0	\$0	(\$244,200)	(\$244,200)
Estimated Carryover Encumbrances	\$0	\$0	\$186,000	\$186,000
Total Expenditures	\$16,925,567	\$17,485,400	\$18,783,600	\$18,813,500
<u>Closing Balance</u>	\$1,878,633	\$1,934,600	\$2,064,400	\$2,067,400

Program Revenue

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
PROGRAM	01	Supervision of the insurance industry
SUBPROGRAM		
NUMERIC APPROPRIATION	41	Federal funds

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0
Federal Grant Revenue Cycle 2	\$871,900	\$1,388,500	\$244,600	\$0
	\$0	\$0	\$0	\$0
Total Revenue	\$871,900	\$1,388,500	\$244,600	\$0
Expenditures	\$871,876	\$1,388,500	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$399,200	\$399,200
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$476,100	\$476,100

4005 Re-estimate of Federal Appropriation Level	\$0	\$0	(\$630,700)	(\$875,300)
Total Expenditures	\$871,876	\$1,388,500	\$244,600	\$0
<u>Closing Balance</u>	\$24	\$0	\$0	\$0

Segregated Funds Revenue and Balances Statement

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
NUMERIC APPROPRIATION		
PROGRAM	02	Injured patients and families compensation fund
SUBPROGRAM		
WiSMART FUND	533	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$1,037,221,700	\$1,139,632,900	\$1,204,972,800	\$1,233,432,200
Investment Income	\$86,064,500	\$47,369,900	\$47,369,900	\$47,369,900
Assessments	\$34,982,200	\$36,605,500	\$36,606,500	\$36,605,500
Total Revenue	\$1,158,268,400	\$1,223,608,300	\$1,288,949,200	\$1,317,407,600
Expenditures	\$18,635,500	\$18,635,500	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$55,491,700	\$55,491,700
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$1,300	\$2,000

3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$24,000	\$24,000
Total Expenditures	\$18,635,500	\$18,635,500	\$55,517,000	\$55,517,700
<u>Closing Balance</u>	\$1,139,632,900	\$1,204,972,800	\$1,233,432,200	\$1,261,889,900

Segregated Funds Revenue and Balances Statement

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
NUMERIC APPROPRIATION		
PROGRAM	03	Local government property insurance fund
SUBPROGRAM		
WiSMART FUND	531	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$26,291,700	\$8,160,000	\$21,676,600	\$13,726,700
Assessments and Fees	\$26,666,700	\$26,666,700	\$29,400,000	\$31,300,000
Investment Income	\$11,700	\$11,700	\$11,700	\$11,700
Reinsurance Reimb. for MKE	\$0	\$12,300,000	\$0	\$0
Reinsurance Reimb. for Racine	\$0	\$3,600,000	\$0	\$0
Reinsurance Reimb. for G.B.	\$0	\$5,000,000	\$0	\$0
Total Revenue	\$52,970,100	\$55,738,400	\$51,088,300	\$45,038,400

Expenditures	\$44,810,100	\$34,061,800	\$0	\$0
2000 Adjusted Base Funding Level	\$0	\$0	\$31,087,800	\$31,087,800
3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$200	\$300
4001 Increase in LGPIF Claims Payment Appropriation	\$0	\$0	\$6,272,300	\$9,901,500
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$1,300	\$1,300
Total Expenditures	\$44,810,100	\$34,061,800	\$37,361,600	\$40,990,900
<u>Closing Balance</u>	\$8,160,000	\$21,676,600	\$13,726,700	\$4,047,500

Segregated Funds Revenue and Balances Statement

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
NUMERIC APPROPRIATION		
PROGRAM	04	State life insurance fund
SUBPROGRAM		
WiSMART FUND	532	

Revenue and Expenditures	Prior Year Actuals	Base Year Estimate	1st Year Estimate	2nd Year Estimate
Opening Balance	\$106,260,900	\$111,451,300	\$115,554,900	\$118,966,700
Premiums	\$882,300	\$846,700	\$811,100	\$775,500
Investment Income	\$8,513,000	\$7,461,800	\$7,461,800	\$7,461,800
Total Revenue	\$115,656,200	\$119,759,800	\$123,827,800	\$127,204,000
Expenditures	\$4,204,900	\$4,204,900	\$0	\$0
4002 Increase in SLIF Claims Payment Appropriation	\$0	\$0	\$654,000	\$964,600
2000 Adjusted Base Funding Level	\$0	\$0	\$4,197,900	\$4,197,900

3010 Full Funding of Lease and Directed Moves Costs	\$0	\$0	\$900	\$1,400
3003 Full Funding of Continuing Position Salaries and Fringe Benefits	\$0	\$0	\$8,300	\$8,300
Total Expenditures	\$4,204,900	\$4,204,900	\$4,861,100	\$5,172,200
<u>Closing Balance</u>	\$111,451,300	\$115,554,900	\$118,966,700	\$122,031,800

Decision Item (DIN) - 2000

Decision Item (DIN) Title - Adjusted Base Funding Level

NARRATIVE

Adjusted Base Funding Level

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	2000	Adjusted Base Funding Level

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$9,063,600	\$9,063,600
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$42,000	\$42,000
05	Fringe Benefits	\$3,371,400	\$3,371,400
06	Supplies and Services	\$7,889,100	\$7,889,100
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$88,535,100	\$88,535,100
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$108,901,200	\$108,901,200
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	149.30	149.30
20	Unclassified Positions Authorized	4.00	4.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	2000	Adjusted Base Funding Level			
01	Supervision of the insurance industry				
	31 General program operations	\$17,724,600	\$17,724,600	132.25	132.25
	41 Federal funds	\$399,200	\$399,200	8.30	8.30
	Supervision of the insurance industry SubTotal	\$18,123,800	\$18,123,800	140.55	140.55
02	Injured patients and families compensation fund				
	61 Administration	\$1,214,300	\$1,214,300	6.61	6.61
	62 Peer review council	\$127,000	\$127,000	1.50	1.50
	76 Specified responsibilities, inv. board payments and future medical expenses	\$54,150,400	\$54,150,400	0.00	0.00
	Injured patients and families compensation fund SubTotal	\$55,491,700	\$55,491,700	8.11	8.11
03	Local government property insurance fund				
	61 Administration	\$1,427,600	\$1,427,600	1.07	1.07
	76 Specified payments, fire dues and reinsurance	\$29,660,200	\$29,660,200	0.00	0.00
	Local government property insurance fund SubTotal	\$31,087,800	\$31,087,800	1.07	1.07
04	State life insurance fund				

Decision Item by Numeric

Office of the Commissioner of Insurance

	61 Administration	\$669,500	\$669,500	3.57	3.57
	76 Specified payments and losses	\$3,528,400	\$3,528,400	0.00	0.00
	State life insurance fund SubTotal	\$4,197,900	\$4,197,900	3.57	3.57
	Adjusted Base Funding Level SubTotal	\$108,901,200	\$108,901,200	153.30	153.30
	Agency Total	\$108,901,200	\$108,901,200	153.30	153.30

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	2000	Adjusted Base Funding Level				
	PR	S	\$17,724,600	\$17,724,600	132.25	132.25
	PR Federal	S	\$399,200	\$399,200	8.30	8.30
	SEG	A	\$57,678,800	\$57,678,800	0.00	0.00
	SEG	L	\$29,660,200	\$29,660,200	0.00	0.00
	SEG	S	\$3,438,400	\$3,438,400	12.75	12.75
	Total		\$108,901,200	\$108,901,200	153.30	153.30
Agency Total		\$108,901,200	\$108,901,200	153.30	153.30	

Decision Item (DIN) - 3001

Decision Item (DIN) Title - Turnover Reduction

NARRATIVE

Standard Budget Adjustment - Turnover Reduction

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	3001	Turnover Reduction

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	(\$244,200)	(\$244,200)
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	(\$244,200)	(\$244,200)
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3001	Turnover Reduction			
01	Supervision of the insurance industry				
	31 General program operations	(\$244,200)	(\$244,200)	0.00	0.00
	Supervision of the insurance industry SubTotal	(\$244,200)	(\$244,200)	0.00	0.00
	Turnover Reduction SubTotal	(\$244,200)	(\$244,200)	0.00	0.00
	Agency Total	(\$244,200)	(\$244,200)	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3001	Turnover Reduction				
	PR	S	(\$244,200)	(\$244,200)	0.00	0.00
	Total		(\$244,200)	(\$244,200)	0.00	0.00
Agency Total			(\$244,200)	(\$244,200)	0.00	0.00

Decision Item (DIN) - 3003

Decision Item (DIN) Title - Full Funding of Continuing Position Salaries and Fringe Benefits

NARRATIVE

Standard Budget Adjustment - Full Funding of Continuing Position Salaries and Fringe Benefits

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	3003	Full Funding of Continuing Position Salaries and Fringe Benefits

	Expenditure items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$960,200	\$960,200
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$510,900	\$510,900
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0

16		\$0	\$0
17	Total Cost	\$1,471,100	\$1,471,100
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3003	Full Funding of Continuing Position Salaries and Fringe Benefits			
01	Supervision of the insurance industry				
	31 General program operations	\$961,400	\$961,400	0.00	0.00
	41 Federal funds	\$476,100	\$476,100	0.00	0.00
	Supervision of the insurance industry SubTotal	\$1,437,500	\$1,437,500	0.00	0.00
02	Injured patients and families compensation fund				
	61 Administration	\$6,200	\$6,200	0.00	0.00
	62 Peer review council	\$17,800	\$17,800	0.00	0.00
	Injured patients and families compensation fund SubTotal	\$24,000	\$24,000	0.00	0.00
03	Local government property insurance fund				
	61 Administration	\$1,300	\$1,300	0.00	0.00
	Local government property insurance fund SubTotal	\$1,300	\$1,300	0.00	0.00
04	State life insurance fund				
	61 Administration	\$8,300	\$8,300	0.00	0.00
	State life insurance fund SubTotal	\$8,300	\$8,300	0.00	0.00
	Full Funding of Continuing Position Salaries and Fringe Benefits SubTotal	\$1,471,100	\$1,471,100	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

	Agency Total	\$1,471,100	\$1,471,100	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3003	Full Funding of Continuing Position Salaries and Fringe Benefits				
	PR	S	\$961,400	\$961,400	0.00	0.00
	PR Federal	S	\$476,100	\$476,100	0.00	0.00
	SEG	S	\$33,600	\$33,600	0.00	0.00
	Total		\$1,471,100	\$1,471,100	0.00	0.00
Agency Total			\$1,471,100	\$1,471,100	0.00	0.00

Decision Item (DIN) - 3010

Decision Item (DIN) Title - Full Funding of Lease and Directed Moves Costs

NARRATIVE

Standard Budget Adjustment - Full Funding of Lease and Directed Moves Costs

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	3010	Full Funding of Lease and Directed Moves Costs

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$141,800	\$173,000
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$141,800	\$173,000
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	3010	Full Funding of Lease and Directed Moves Costs			
01	Supervision of the insurance industry				
	31 General program operations	\$139,400	\$169,300	0.00	0.00
	Supervision of the insurance industry SubTotal	\$139,400	\$169,300	0.00	0.00
02	Injured patients and families compensation fund				
	61 Administration	\$1,100	\$1,600	0.00	0.00
	62 Peer review council	\$200	\$400	0.00	0.00
	Injured patients and families compensation fund SubTotal	\$1,300	\$2,000	0.00	0.00
03	Local government property insurance fund				
	61 Administration	\$200	\$300	0.00	0.00
	Local government property insurance fund SubTotal	\$200	\$300	0.00	0.00
04	State life insurance fund				
	61 Administration	\$900	\$1,400	0.00	0.00
	State life insurance fund SubTotal	\$900	\$1,400	0.00	0.00
	Full Funding of Lease and Directed Moves Costs SubTotal	\$141,800	\$173,000	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

	Agency Total	\$141,800	\$173,000	0.00	0.00
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Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	3010	Full Funding of Lease and Directed Moves Costs				
	PR	S	\$139,400	\$169,300	0.00	0.00
	SEG	S	\$2,400	\$3,700	0.00	0.00
	Total		\$141,800	\$173,000	0.00	0.00
Agency Total			\$141,800	\$173,000	0.00	0.00

Decision Item (DIN) - 4001

Decision Item (DIN) Title - Increase in LGPIF Claims Payment Appropriation

NARRATIVE

I. Request

The Office of the Commissioner of Insurance is requesting an increase in expenditure authority in the amount \$6,272,300 for FY 2016 and \$9,901,500 in FY 2017 for the Specified Payments, Fire Dues, and Reinsurance appropriation of the Local Government Property Insurance Fund (LGPIF). This appropriation is a segregated, continuing appropriation for property insurance claim payments to the local government entities that are insured through the Fund.

II. Benefit

This request will allow the appropriation to pay insurance claims, fire dues, and reinsurance payments related to local government entities that are covered by the LGPIF. There is currently \$52 billion of property that is insured by the LGPIF. This request will more accurately reflect the anticipated claim payments that are projected to be paid from the LGPIF.

III. Background

The purpose of the LGPIF fund is to make reasonably-priced property insurance available for tax-supported local government property such as government buildings, schools, libraries and motor vehicles. The fund provides policy and claim service to the policyholders. As of June 30, 2014, the fund insured 1,043 policyholders. The total amount of insurance in force as of June 30, 2014, was \$52 billion.

Over an 8 year period of time, the average annual increase in the dollar amount of property loss claims has been 10.1%. The cost increases in FY 2014 were excluded from this average because there were several catastrophic losses that year, including a \$19.1 million loss for a fire at the Milwaukee County Courthouse. This request projects the increase over the next biennium to be at the historical average annual rate of 10.1%. The revenue to support the fund comes from insurance premiums that are paid by the local governmental entities that are insured by the LGPIF and from investment earnings on the fund's loss reserves.

IV. Alternatives

This appropriation is a segregated, continuing appropriation and the expenditure level is determined by the cash balance that is available in the fund. This request is to more accurately show what the LGPIF is projecting as claim payments in the next biennium.

V. Statutory Language Changes Required

No statutory language changes are required.

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4001	Increase in LGPIF Claims Payment Appropriation

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$6,272,300	\$9,901,500
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$6,272,300	\$9,901,500
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4001	Increase in LGPIF Claims Payment Appropriation			
03	Local government property insurance fund				
	76 Specified payments, fire dues and reinsurance	\$6,272,300	\$9,901,500	0.00	0.00
	Local government property insurance fund SubTotal	\$6,272,300	\$9,901,500	0.00	0.00
	Increase in LGPIF Claims Payment Appropriation SubTotal	\$6,272,300	\$9,901,500	0.00	0.00
	Agency Total	\$6,272,300	\$9,901,500	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4001	Increase in LGPIF Claims Payment Appropriation				
	SEG	L	\$6,272,300	\$9,901,500	0.00	0.00
	Total		\$6,272,300	\$9,901,500	0.00	0.00
Agency Total			\$6,272,300	\$9,901,500	0.00	0.00

Decision Item (DIN) - 4002

Decision Item (DIN) Title - Increase in SLIF Claims Payment Appropriation

NARRATIVE

I. Request

The Office of the Commissioner of Insurance is requesting an increase in expenditure authority in the amount \$654,000 for FY 2016 and \$964,600 in FY 2017 for the Specified Payments and Losses appropriation of the State Life Insurance Fund (SLIF). This appropriation is a segregated, continuing appropriation for life insurance claim payments to policyholders insured through the Fund.

II. Benefit

This request will allow the appropriation to pay life insurance claim payments related to policyholders insured by the Fund. As of December 31, 2013, there were 26,061 policies in force. This request will more accurately reflect the anticipated claim payments that are projected to be paid from the SLIF.

III. Background

The SLIF offers a maximum of \$10,000 of life insurance to state residents. There is no marketing of the Fund. Over the last three fiscal years, the Fund has seen an average rate of increase in its claims payments of 7.9%. The Fund estimates that this trend will continue due to the increasing average age of its policyholders. The revenue to support the Fund comes from insurance premiums that a paid by the policyholders that are insured by the SLIF and from investment earnings on the Fund's loss reserves.

IV. Alternatives

This appropriation is a segregated, continuing appropriation and the expenditure level is determined by the cash balance that is available in the fund. This request is to more accurately show what the LGPIF is projecting as claim payments in the next biennium.

V. Statutory Language Changes Required

No statutory language changes are required.

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4002	Increase in SLIF Claims Payment Appropriation

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$654,000	\$964,600
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$654,000	\$964,600
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4002	Increase in SLIF Claims Payment Appropriation			
04	State life insurance fund				
	76 Specified payments and losses	\$654,000	\$964,600	0.00	0.00
	State life insurance fund SubTotal	\$654,000	\$964,600	0.00	0.00
	Increase in SLIF Claims Payment Appropriation SubTotal	\$654,000	\$964,600	0.00	0.00
	Agency Total	\$654,000	\$964,600	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4002	Increase in SLIF Claims Payment Appropriation				
	SEG	A	\$654,000	\$964,600	0.00	0.00
	Total		\$654,000	\$964,600	0.00	0.00
Agency Total			\$654,000	\$964,600	0.00	0.00

Decision Item (DIN) - 4003

Decision Item (DIN) Title - Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline

NARRATIVE

I. Request

The Office of the Commissioner of Insurance (OCI) is requesting change in expenditure authority in the amount of (\$21,100) for FY 2016 and (\$21,100) in FY 2017 to fully fund the Board on Aging's Medigap Helpline. This request helps to achieve the state's goals of promoting healthy people and communities and improving government service delivery. It would also help support our agency's goal of providing information and assistance to our public, including consumers, legislators, agents, other states, the federal government, and other organizations.

II. Benefit

The Board on Aging bills OCI for the costs of running the Medigap Helpline. Since the Board on Aging is submitting a decrease in expenditure authority in the 2015-2017 biennial budget, OCI will request a corresponding decrease in expenditure authority in order to reimburse the Board on Aging for its decreased costs.

III. Background

The Board on Aging runs a Medigap Helpline to assist the elderly. The Board on Aging bills OCI for the costs associated with the Medigap Helpline. As the costs of the Medigap Helpline change, OCI's expenditure authority must change accordingly so that it can fully reimburse the Board on Aging for these costs.

IV. Analysis of Need

The Board on Aging is requesting an expenditure authority decrease from its the current base funding level that OCI has for the Medigap Helpline. The change is (\$21,100) in FY 2016 and (\$21,100) in FY 2017. OCI will need this changed expenditure authority to fully reimburse the Board on Aging for the anticipated costs of running the Medigap Helpline.

V. Alternatives

- A. Request a change in expenditure authority to fully reimburse the Board on Aging for the costs related to the Medigap Helpline.
- B. Not fully reimburse the Board on Aging for the costs of the Medigap Helpline.

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4003	Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	(\$21,100)	(\$21,100)
14		\$0	\$0
15		\$0	\$0

16		\$0	\$0
17	Total Cost	(\$21,100)	(\$21,100)
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4003	Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline			
01	Supervision of the insurance industry				
	31 General program operations	(\$21,100)	(\$21,100)	0.00	0.00
	Supervision of the insurance industry SubTotal	(\$21,100)	(\$21,100)	0.00	0.00
	Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline SubTotal	(\$21,100)	(\$21,100)	0.00	0.00
	Agency Total	(\$21,100)	(\$21,100)	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4003	Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline				
	PR	S	(\$21,100)	(\$21,100)	0.00	0.00
	Total		(\$21,100)	(\$21,100)	0.00	0.00
Agency Total			(\$21,100)	(\$21,100)	0.00	0.00

Decision Item (DIN) - 4004

Decision Item (DIN) Title - Actuarial Services for Review of ORSA Documents

NARRATIVE

I. Request

The Office of the Commissioner of Insurance (OCI) is requesting an increase in expenditure authority in the amount of \$37,500 for FY 2016 and \$37,500 in FY 2017 to obtain actuarial services to review Own Risk and Solvency Assessment (ORSA) documents that will be required to be filed annually by insurance companies as a result of the passage of 2013 Wisconsin Act 279.

II. Benefit

The purpose of ORSA is to insure that the insurance companies have developed risk management policies that clearly identify material risks and the amount of material risks the companies are exposed to, how the companies measure the amount of material risk, how the companies expect to monitor, manage and mitigate those material risks and to insure that the companies have communicated their risk management policy to all company management personnel so that they understand how their actions and decisions they make in executing the company's business strategy impact overall risk tolerance limits. OCI will use the services of actuaries to assess the accuracy and validity of the ORSAs submitted by insurance companies.

III. Background

Over the past 20 years, U.S. state insurance regulators and insurance companies have been working toward a common goal of improving the processes for understanding and measuring risks inherent in the business of insurance. Given the need for a holistic approach to risk management, U.S. state insurance regulators believe that each insurance company legal entity must perform an ORSA and share that assessment with the state insurance regulators.

As part of the ORSA, the insurance company legal entity must document their enterprise risk management process and disclose information about the risks the insurance company legal entity is exposed to and the magnitude of those risks and provide a prospective solvency assessment based upon the impact those risks have on the insurance company legal entity. Like a disaster recovery program, companies must keep the ORSA up-to-date through an annual update and review.

The National Association of Insurance Commissioners (NAIC) adopted a model law outlining the recommended requirements for an ORSA. Wisconsin passed this legislation in 2013 Wisconsin Act 279. Wisconsin Statutes Chapter 622 outlines the specifics of this requirement. The effective date of this legislation is January 1, 2015.

IV. Analysis of Need

Based on calendar year 2013 data, the OCI estimates that there will be 15 ORSA filings each year.

There are six insurance groups with over \$1 billion in premiums and there are nine domestic insurers with over \$500 million in premiums that will be required to file ORSAs. It is estimated that the actuarial review of each ORSA will cost approximately \$5,000. Therefore, a review of all 15 ORSA filings each year would cost \$75,000. The OCI is proposing taking a conservative approach of having an actuarial review of approximately half of the filings each year. Therefore, the OCI requests an increase of \$37,500 per year to pay for the actuarial review of the ORSA filings.

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4004	Actuarial Services for Review of ORSA Documents

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$37,500	\$37,500
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	\$37,500	\$37,500
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4004	Actuarial Services for Review of ORSA Documents			
01	Supervision of the insurance industry				
	31 General program operations	\$37,500	\$37,500	0.00	0.00
	Supervision of the insurance industry SubTotal	\$37,500	\$37,500	0.00	0.00
	Actuarial Services for Review of ORSA Documents SubTotal	\$37,500	\$37,500	0.00	0.00
	Agency Total	\$37,500	\$37,500	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4004	Actuarial Services for Review of ORSA Documents				
	PR	S	\$37,500	\$37,500	0.00	0.00
	Total		\$37,500	\$37,500	0.00	0.00
Agency Total			\$37,500	\$37,500	0.00	0.00

Decision Item (DIN) - 4005

Decision Item (DIN) Title - Re-estimate of Federal Appropriation Level

NARRATIVE

I. Request

The Office of the Commissioner of Insurance (OCI) is requesting a decrease in expenditure authority in the amount of \$630,700 for FY 2016 and \$875,300 in FY 2017 to adjust for the amount of funds expected to be received from the federal government for a grant to support states in their health insurance rate reviews. This appropriation is a program revenue–federal, continuing appropriation and the level of funding is based on the amount of federal grant money received.

II. Benefit

The Grant to Support States in Health Insurance Rate Review – Cycle II grant has received a one year extension and is currently scheduled to expire on September 30, 2015. This request is to more accurately reflect the amount of spending related to this federal grant.

III. Background

On September 20, 2011, OCI was awarded \$3,958,844 as part of federal grant titled Grants to Support States in Health Insurance Rate Review - Cycle II. The purpose of the grant is to continue enhancement of OCI's effective rate review program and to provide enhanced actuarial support, IT systems, and consumer transparency in relation to health insurance rates. The funding is received from the federal government, but expenditure authority must be granted to this program revenue-federal appropriation in order for OCI to utilize these funds.

IV. Analysis of Need

The original amount of the grant was \$3,958,844. Through the end of FY 2014, OCI spent \$2,325,743. Therefore, there is \$1,633,101 remaining in the grant. The estimated spending per year on the grant is estimated to be as follows:

FY 2015	FY 2016	FY 2017
\$1,388,511	\$244,590	\$0

V. Alternatives

This appropriation is a program revenue - federal, continuing appropriation and the expenditure level is determined by the amount of federal grants received. This request is to more accurately reflect the amount of spending related to this federal grant.

VI. Statutory Language Changes Required No statutory language changes are required.

Decision Item by Line

1517 Biennial Budget

	CODES	TITLES
DEPARTMENT	145	Office of the Commissioner of Insurance
	CODES	TITLES
DECISION ITEM	4005	Re-estimate of Federal Appropriation Level

Expenditure items		1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	(\$341,700)	(\$489,400)
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	(\$3,900)	(\$3,900)
05	Fringe Benefits	(\$134,100)	(\$189,600)
06	Supplies and Services	(\$151,000)	(\$192,400)
07	Permanent Property	\$0	\$0
08	Unalloted Reserve	\$0	\$0
09	Aids to Individuals Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt Service	\$0	\$0
13	Special Purpose	\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0

17	Total Cost	(\$630,700)	(\$875,300)
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

Decision Item by Numeric

Office of the Commissioner of Insurance

Program	Decision Item/Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
	4005	Re-estimate of Federal Appropriation Level			
01	Supervision of the insurance industry				
	41 Federal funds	(\$630,700)	(\$875,300)	0.00	0.00
	Supervision of the insurance industry SubTotal	(\$630,700)	(\$875,300)	0.00	0.00
	Re-estimate of Federal Appropriation Level SubTotal	(\$630,700)	(\$875,300)	0.00	0.00
	Agency Total	(\$630,700)	(\$875,300)	0.00	0.00

Decision Item by Fund Source

Office of the Commissioner of Insurance

	Source of Funds		1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Decision Item	4005	Re-estimate of Federal Appropriation Level				
	PR Federal	S	(\$630,700)	(\$875,300)	0.00	0.00
	Total		(\$630,700)	(\$875,300)	0.00	0.00
Agency Total			(\$630,700)	(\$875,300)	0.00	0.00