

- Total funding is increased by \$1.1 million in FY 2002 (4% above FY 2001 appropriation) \$2.7 million in FY 2003 (9.8% above FY2002).
- In FY 2003, increased funding will be used to upgrade the department's computer system.

Department of Insurance

Ivy Chen, Economist

ROLE

The Department of Insurance (ODI) is responsible for reviewing life, accident, health, managed care, property and casualty insurance policies, forms and rates and ensuring that services and benefits offered by insurance companies are consistent with their advertised policies and delivered in an equitable manner. The department also examines the financial records of insurers, and investigates insurance fraud and consumer complaints. The department is responsible for regulating the financial condition of, and conducting financial examinations for, the 309 domestic insurance companies based and licensed to do business in Ohio, as well as, the 1,573 foreign insurance companies based in another state, but licensed to do business in Ohio.

ODI collects approximately \$365 million of premium taxes and other fees for the General Revenue Fund. The department also annually licenses approximately 11,000 agents and regulates approximately 145,000 agents and 7,800 agencies. In 2000, the department licensed and regulated nearly 1,800 insurance companies operating in the state.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
282	\$27.6 million	\$30.3 million	\$0	\$0	Am. Sub. H.B. 94

OVERVIEW

Except for the Ohio Senior Health Insurance Information Program (OSHIIP), which is partially funded through a federal grant, ODI is funded entirely from revenues generated by fees and assessments paid by the insurance industry. The department does not use the GRF for funding its operations. The budget act sets ODI's total appropriations at \$57.9 million over the FY 2002-2003 biennium. This represents an increase of 18.2 percent over the FY 2000-2001 biennium's spending of \$49.0 million.

ODI's appropriations are \$27,615,790 for FY 2002 and \$30,316,091 for FY 2003. The FY 2002 appropriation is 4.0 percent above FY 2001 appropriations, or approximately 14 percent above FY 2001 actual spending levels. The FY 2003 appropriation is 9.8 percent above the FY 2002 appropriation.

Am. Sub. H.B. 94 did not contain any fee increases. Thus, the extra funding for FY 2002 and FY 2003 will come from the available cash reserves in the department's various non-GRF funds.

BUDGET ISSUES

Most of the additional funds provided in Am. Sub. H.B. 94 will be used to maintain the FY 2001 increase in staff to 282 full-time employees and to upgrade the department's computer system for the operation of the following five programs within the department: Financial Regulation Services, Investigative and Licensing Services, Policy and Rate Filing Services, Consumer Services, and Administration. Funding of \$338,554 in FY 2002 and \$385,912 in FY 2003 is provided for the Consumer Services program to maintain current staffing levels, continue reimbursement to volunteer coordinators, maintain printing of current publications, and lease a copier for OSHIP. In addition, funding of \$404,159 in FY 2002 and \$1,541,427 in FY 2003 is provided to continue technological progress for the Office of Information and Technology Services in the Administration program. 

FY 2002 - 2003 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 1999:	FY 2000:	FY 2001:	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: Main Operating Appropriations Bill			Version: Enacted						
INS Insurance, Department of									
3U5	820-602	OSHIIIP Operating Grant	----	\$ 323,274	\$561,056	\$ 400,000	-28.71%	\$ 400,000	0.00%
Federal Special Revenue Fund Group Total			----	\$ 323,274	\$ 561,056	\$ 400,000	-28.71%	\$ 400,000	0.00%
554	820-601	Operating Expenses-OSHIIIP	\$ 418,193	\$ 440,285	\$69,573	\$ 543,101	680.62%	\$ 601,773	10.80%
555	820-605	Examination	\$ 4,758,265	\$ 5,081,718	\$6,068,542	\$ 6,581,705	8.46%	\$ 6,963,535	5.80%
554	820-606	Operating Expenses	\$ 16,879,187	\$ 17,104,654	\$17,551,158	\$ 20,090,984	14.47%	\$ 22,350,783	11.25%
State Special Revenue Fund Group Total			\$ 22,055,645	\$ 22,626,657	\$ 23,689,273	\$ 27,215,790	14.89%	\$ 29,916,091	9.92%
Insurance, Department of Total			\$ 22,055,645	\$ 22,949,931	\$ 24,250,330	\$ 27,615,790	13.88%	\$ 30,316,091	9.78%