

Greenbook

LBO Analysis of Enacted Budget

Ohio Department of Insurance

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August 2025

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Attachment:

Appropriation Spreadsheet

LBO Greenbook

Ohio Department of Insurance

Quick look...

- The Department of Insurance regulates and licenses 1,751 insurance companies operating in Ohio, conducts financial examinations and audits, and annually licenses and regulates over 333,000 agents and over 23,000 agencies.
 - The Department also administers the domestic and foreign insurance taxes.
- The Department employs a staff of 264.
- The Department receives no GRF funding. Funding for the Department’s operations is derived primarily from fees that accompany appointments of insurance agents by insurance companies.
- The total amount appropriated for FY 2026 is about \$1.9 million higher than FY 2025 actual expenditures, and total amount appropriated for FY 2027 is about \$1.6 million higher than the total amount appropriated for FY 2026.
 - Increases in the enacted budget in FY 2026 are due to funding increases in three state-funded ALIs: 820401, Examination (Fund 5540); and 820601, Operating Expenses – OSHIIP (Fund 5540); 820606, Operating Expenses (Fund 5540).

Fund Group	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Dedicated Purpose (DPF)	\$41,570,579	\$46,229,426	\$48,122,453	\$49,700,313
Federal (FED)	\$2,584,225	\$3,004,513	\$3,050,000	\$3,050,000
Total	\$44,154,803	\$49,233,939	\$51,172,453	\$52,750,313
% change	--	11.5%	3.9%	3.1%

Overview

Agency overview

The Department of Insurance is a cabinet-level agency with 264 permanent full-time employees as of August 2025.¹ Its activities are organized into the following key areas: Office of Captive Insurance; consumer services; Ohio Senior Health Insurance Information Program (OSHIIP); fraud and enforcement; licensing; market conduct; risk assessment; and program management (executive, legal services, information technology, human resources, and fiscal services).

The Department of Insurance receives no GRF funding. Funding for Department operations is derived primarily from the fees that accompany appointments of insurance agents by insurance companies. This primary revenue source is supplemented by company filing fees,

¹ Source: [State of Ohio Employee Headcount Trends](#) (visited August 4, 2025).

various smaller fees, and federal grants. In FY 2025, the agency's actual expenditures were \$49.2 million.

In FY 2024, the Department licensed and regulated 1,751 insurance companies operating in the state, of which approximately 275 are "domestic" insurance companies, i.e., companies based and licensed to do business in Ohio. The other 1,476 are based outside the state but licensed to do business in Ohio and are referred to as "foreign" insurance companies. The Department also licensed and regulated over 333,000 insurance agents and over 23,000 agencies.

The Department is aided in monitoring the financial solvency and market conduct of foreign insurance companies by the departments of insurance for the states in which those companies are based. The 50 state departments of insurance receive support and coordination assistance through the National Association of Insurance Commissioners (NAIC).

Appropriation summary

The enacted budget appropriates a total of \$51.2 million for FY 2026, or about \$1.9 million more than FY 2025 actual expenditures, a 3.9% increase. Total appropriations for FY 2027 are \$52.8 million, or about \$1.6 million more than FY 2026 total appropriations, a 3.1% increase. Increases in the enacted budget for FY 2026 and FY 2027 are largely due to anticipated personnel costs for filling vacancies and cost-of-living increases.

The enacted budget also appropriates about \$3.1 million in each year of the biennium from federal Fund 3U50. This amount is \$45,487 higher than the actual expenditures from the line item in FY 2025, or a 1.5% increase.

Enacted budget provisions

H.B. 96 included several changes to insurance laws. Most of these provisions have minimal, if any, impact on the Department's budget. This section describes the law changes and indicates those that are expected to have fiscal impact.

Assisting end-stage renal disease patients

H.B. 96 requires INS to do all of the following with regard to individuals with end-stage renal disease: (1) evaluate Medicare application requirements and review state policies and procedures related to patients who are 65 years of age or younger that have end-stage renal disease, (2) review and identify whether Medicare eligibility gaps exist for such individuals, (3) take steps to address any identified eligibility gaps to improve patient access to Medicare benefits, and (4) develop a process to assist those individuals to apply for Medicare benefits. H.B. 96 also requires INS, no later than September 1, 2026, to submit a report to the General Assembly detailing its findings, including whether it is feasible to assist patients with end-stage renal disease to apply for Medicare. The requirements may potentially increase INS's administrative costs and potential service savings, if any care burden is shifted to Medicare.

Private insurance outreach program

H.B. 96 requires INS to establish an outreach program in FY 2027 to assist Medicaid recipients to obtain private insurance. The requirement may potentially increase INS's administrative costs.

Motor vehicle financial products

The enacted budget expands the types of products offered in connection with a lease of a motor vehicle that are exempt from state insurance laws. The enacted budget also makes changes to debt cancellation or debt suspension products and modifies motor vehicle ancillary product protection contracts. The changes may minimally increase INS's administrative costs to ensure that insurers doing business in the state comply with the requirements.

Analysis of FY 2026-FY 2027 budget

Operating Expenses (ALI 820606)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
5540 ALI 820606, Operating Expenses					
\$29,748,899	\$29,496,225	\$31,273,496	\$35,149,967	\$36,479,179	\$37,595,513
% change	-0.8%	6.0%	12.4%	3.8%	3.1%

The enacted budget increases the appropriation for FY 2026 by about \$1.3 million, or 3.8%, from the actual expenditures for FY 2025. The appropriation in FY 2027 is about \$1.1 million, or 3.1% higher than the appropriation in FY 2026. The increase in FY 2026 is largely due to anticipated personnel costs for filling vacancies and cost-of-living expenses. About 80% of the appropriation for this line item is for personal services, and about 15% is for supplies and maintenance; most of the remainder is for purchased personal services. This appropriation item provides funding for the general operating expenses of the Department of Insurance, excluding the Ohio Senior Health Insurance Information Program (OSHIIP) and the agency's Risk Assessment programs.

The Department of Insurance's regulatory and licensing responsibilities can be broken down into the following key areas: (1) captive insurance, (2) consumer services, (3) fraud and enforcement, (4) licensing, (5) market conduct, (6) risk assessment, and (7) program management.

Department personnel that serve in the Office of Captive Insurance establish standards for business and professional support organizations that work with captive entities in Ohio, providing regulatory process, licensing, reporting, and examining captive insurance companies based and licensed to do business in the state. Currently, eight captive insurance companies are licensed in Ohio. Staff in this area also ensure captive insurers meet their contractual and financial obligations.

Department personnel that serve in the consumer services area respond to inquiries, investigate and resolve complaints from Ohio consumers, and provide information and

publications related to insurance. Staff in this area provide extra support to elderly consumers under OSHIP, which is described separately in the following section. Consumer services staff coordinate community outreach activities, guide victims at disaster assistance sites, and participate in insurance fairs throughout the state. The consumer services staff recovered about \$13.1 million in restitution for Ohio consumers in FY 2024. They also received over 26,000 inquiries and complaints.

The Department's fraud and enforcement area investigates insurance fraud, agent misconduct, and allegations of unlicensed insurance activity. The Department also investigates consumers, medical providers, and third parties suspected of defrauding insurance companies in the state. The Department assists in the prosecution of consumer and provider insurance fraud. The Department promotes the detection and prevention of insurance fraud through public awareness campaigns, educational programs, and cooperation among insurers, governmental agencies, and insurance industry groups. The Department receives thousands of allegations of insurance fraud and agent misconduct annually.

The Department issues licenses to insurance agents and agencies and is responsible for ensuring that only qualified and competent individuals or entities are licensed to provide insurance service in Ohio. The Department also monitors agents' continuing education requirements and processes insurance company appointments of authorized agents. Annually, the Department processes millions of service requests, including appointments, terminations, address or name changes, telephone calls, and emails from individuals and business entities who are licensed to provide insurance service in the state.

Personnel in the market conduct area examine records of insurance companies doing business in Ohio on a routine basis or as needed to ensure that these companies comply with the state's insurance laws and regulations. They are also responsible for gathering industry information from a variety of sources, including consumer complaints, company filings, the NAIC databases, and research tools. The Department is also required to conduct additional market conduct examinations to ensure compliance with certain uniform contract provisions between health care providers and contracting entities (i.e., health insurers), and insurers pay for the cost of these examinations. The Department administers a health care provider complaint program, including complaints related to contracts, credentials, and claims.

Personnel in the risk assessment area monitor the financial solvency of every domestic and foreign insurance company that is licensed to do business in Ohio, including surplus lines and captive insurers to ensure that they are capable of meeting their contractual agreements to policyholders and claimants. They also oversee complex transactions such as mergers, acquisitions, redomestications, reinsurance agreements, and inter-company agreements to ensure that insurance companies have enough money to pay claims filed by consumers. Staff in this area also calculate and certify the domestic and foreign insurance premium tax owed to the state.

Personnel involved in program management include legal services staff who provide legal advice on regulatory transactions including changes of control, mergers, redomestications, demutualizations and the investment activities of domestic insurance companies, and enforcement issues. They also administer public hearings involving insurance agent and company licenses, provide legal assistance on a variety of issues to other offices in the Department of Insurance, and supervise litigation. Other personnel in this area include information technology

staff who are responsible for the overall technology infrastructure and administer the Department's telecommunications system and website. Other personnel who manage and support the overall operations of the Department include staff in the executive, fiscal operations, and human resources offices.

In addition, the Department of Insurance is required under Ohio law to oversee and administer the liquidation process of an Ohio domiciled insurance company that becomes insolvent and requires liquidation. Personnel costs for the Ohio Liquidation Office, which is responsible for the administration of the liquidation, are reimbursed to the Department from the insolvent insurance companies being liquidated.

Operating Expenses – OSHIIP (ALI 820601) and OSHIIP Operating Grant (ALI 820602)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5540 ALI 820601, Operating Expenses – OSHIIP					
\$177,396	\$253,843	\$206,250	\$378,121	\$400,670	\$414,002
% change	43.1%	-18.7%	83.3%	6.0%	3.3%
Fund 3U50 ALI 820602, OSHIIP Operating Grant					
\$2,773,438	\$2,948,953	\$2,584,225	\$3,004,513	\$3,050,000	\$3,050,000
% change	6.3%	-12.4%	16.3%	1.5%	0.0%
Total					
\$2,950,834	\$3,202,796	\$2,790,474	\$3,382,635	\$3,450,670	\$3,464,002
% change	8.5%	-12.9%	21.2%	2.0%	0.4%

The appropriation line items, Operating Expenses – OSHIIP (820601) and OSHIIP Operating Grant (820602), provide funding for the administration of the Consumer Services Program. OSHIIP assists and educates Ohioans on insurance issues, including health insurance for seniors. Annually, OSHIIP assists hundreds of thousands of consumers. In FY 2024 OSHIIP helped save approximately \$42.5 million for Medicare recipients who switched plans based on their health care and prescription needs. In FY 2024, about 93% of the funding for the program came from federal grant receipts, with the remainder derived from the Department of Insurance Operating Fund (Fund 5540).

The appropriation for item 820601 in FY 2026 is \$400,670, an increase of \$22,549 from the actual expenditures for FY 2025. The appropriation for FY 2027 is \$414,002, \$13,332 higher than the appropriation in FY 2026. The state appropriation for FY 2026-FY 2027 is \$35,881, or 4.6%, higher than the actual state spending for the prior biennium.

The federal grant that provides most of the funding for this program was about \$3.0 million in FY 2025. The grant amount is about \$3.1 million for each year of the current biennium.

The total amount appropriated for the program for FY 2026 is about \$3.5 million, 2.0% more than the actual total for FY 2025. The increase is primarily related to personnel costs. The total amount appropriated for FY 2027 is also about \$3.5 million.

Examination (ALI 820401)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5540 ALI 820401, Examination					
\$0	\$0	\$10,090,533	\$10,701,337	\$11,242,604	\$11,690,798
% change	N/A	N/A	6.1%	5.1%	4.0%

The table above shows historical funding in ALI 820401, Examination. Previously, funding was provided in two defunct ALIs – 820605, Examination and 820613, Captive Insurance Regulation and Supervision. The enacted budget appropriates \$11.2 million in ALI 820401 in FY 2026 and \$11.7 million in FY 2027. ALI 820401 is used to help pay for departmental oversight of licensed insurance companies, including the Department’s regulatory and enforcement responsibilities related to captive insurers. A captive insurance company that wants to operate in Ohio must apply to the Superintendent and pay a fee, which is deposited into Fund 5540.

The amount appropriated for FY 2026 in ALI 820401 is \$541,267 higher than the total actual FY 2025 expenditures, a 5.1% increase. The amount appropriated for FY 2027 in the ALI is \$448,194 higher than the FY 2026 appropriation, or about a 4.0% increase.

Ohio law requires a financial examination be conducted at least once every five years. The Department monitors the financial solvency of insurance companies by reviewing financial statements and other records, and by conducting regular onsite examinations. The revenue source for this oversight is Fund 5540. The Department’s expenses from conducting an examination of a company and paid by the company to the Superintendent of Insurance are also deposited into Fund 5540.

**FY 2026 - FY 2027 Final Appropriations
All Fund Groups - Detail**

H.B. 96 - Main Operating Appropriations Bill

Detail by Agency			FY 2024	FY 2025	Appropriation FY 2026	Appropriation FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
INS Ohio Department of Insurance								
5540	820401	Examination	\$10,090,533	\$10,701,337	\$11,242,604	\$11,690,798	5.06%	3.99%
5540	820601	Operating Expenses - OSHIIP	\$206,250	\$378,121	\$400,670	\$414,002	5.96%	3.33%
5540	820606	Operating Expenses	\$31,273,496	\$35,149,967	\$36,479,179	\$37,595,513	3.78%	3.06%
5550	820605	Examination	\$299	\$0	\$0	\$0	N/A	N/A
Dedicated Purpose Fund Group Subtotal			\$41,570,579	\$46,229,426	\$48,122,453	\$49,700,313	4.09%	3.28%
3U50	820602	OSHIIP Operating Grant	\$2,584,225	\$3,004,513	\$3,050,000	\$3,050,000	1.51%	0.00%
Federal Fund Group Subtotal			\$2,584,225	\$3,004,513	\$3,050,000	\$3,050,000	1.51%	0.00%
Ohio Department of Insurance Total			\$44,154,803	\$49,233,939	\$51,172,453	\$52,750,313	3.94%	3.08%