

# KANSAS INSURANCE DEPARTMENT

## FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1  
**BUDGET OVERVIEW, FY 2022 – FY 2024**

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
<b>Operating Expenditures:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	300,000	337,793	337,793	-	-
All Other Funds	35,360,156	38,786,887	38,786,887	38,915,385	38,915,385
<i>Subtotal</i>	<u>\$ 35,660,156</u>	<u>\$ 39,124,680</u>	<u>\$ 39,124,680</u>	<u>\$ 38,915,385</u>	<u>\$ 38,915,385</u>
<b>Capital Improvements:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL</b>	<u><b>\$ 35,660,156</b></u>	<u><b>\$ 39,124,680</b></u>	<u><b>\$ 39,124,680</b></u>	<u><b>\$ 38,915,385</b></u>	<u><b>\$ 38,915,385</b></u>
<b>Percentage Change:</b>					
State General Fund	(100.0) %	--	--	--	--
All Funds	6.4 %	9.7 %	9.7 %	(0.5) %	(0.5) %
FTE Positions	135.5	135.0	135.0	135.0	135.0

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

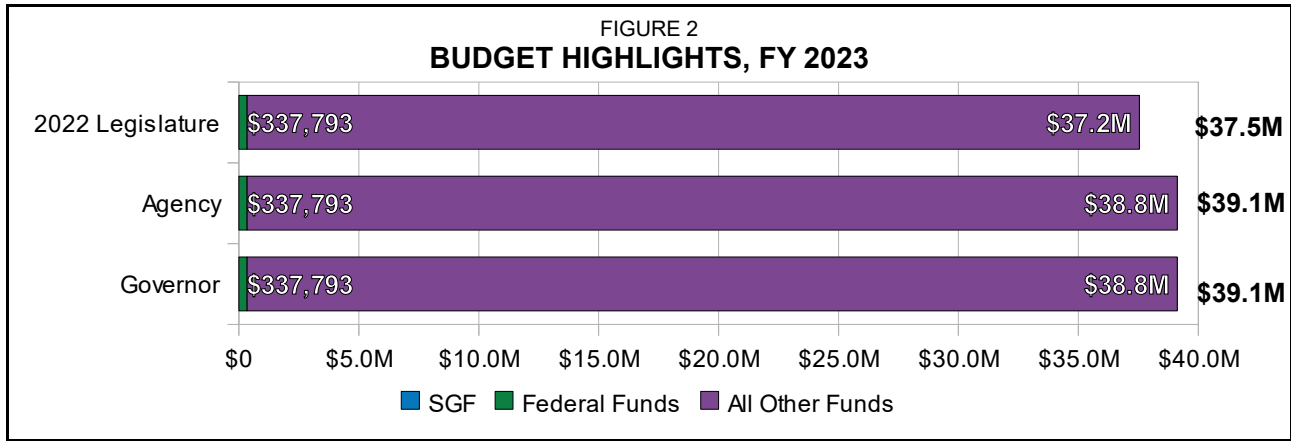
The mission of the Kansas Insurance Department is to protect the insurance consumers of Kansas and serve the public interest through the supervision, control, and regulation of persons and organizations transacting the business of insurance within the state. This mission is accomplished by working to obtain an affordable, accessible, and competitive insurance market.

The Commissioner of Insurance is a statewide elected official who supervises all transactions relating to insurance companies in the state. The Commissioner also oversees several programs related to insurance. The agency has five programs: Insurance Company Examination; Insurance Company Regulation; Firefighters Relief; Workers Compensation; and Office of the Securities Commissioner.

The mission of the Office of the Securities Commissioner is to protect and inform Kansas investors; promote integrity, fairness, and full disclosure in financial services; and foster capital information. The Office of the Kansas Securities Commissioner regulates and monitors the offering of securities and financial services within Kansas by registering securities, broker-dealers and their agents, investment advisers, loan brokers, and certain land subdivisions. As defined by statute, a "security" includes virtually any type of passive investment, not just stocks and bonds. The Office of the Kansas Securities Commissioner is entirely financed by industry fees, which fund the Securities Act Fee Fund, and fines and settlements, which fund the Investor Education Fund.

### EXECUTIVE SUMMARY

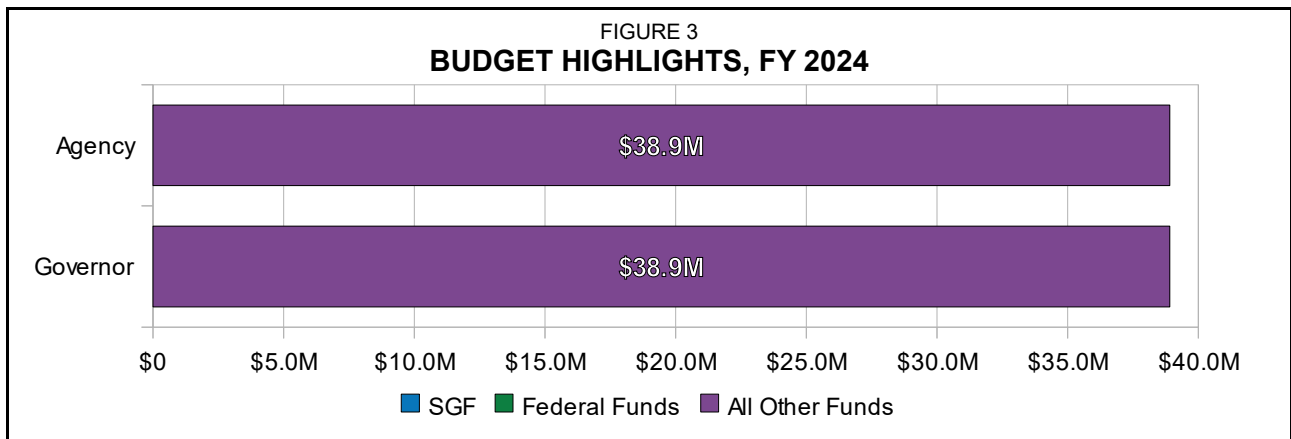
The 2022 Legislature approved a budget of \$37.5 million, all from special revenue funds, for the Kansas Insurance Department for FY 2023. No adjustments have been made since the Legislature approved the budget.



The **agency** submits a revised estimate of \$39.1 million, all from special revenue funds, in FY 2023. This is an increase of \$1.6 million, or 4.2 percent, above the FY 2023 approved amount. The revised estimate includes increases in capital outlay (\$450,000), commodities (\$6,000), and aid to local units (\$2.5 million), with partially offsetting decreases in salaries and wages (\$134,301), contractual services (\$264,360), and other assistance (\$981,000). The \$2.5 million increase in local aid is for local Firefighters Relief Associations.

The **agency** estimate also includes 135.0 FTE positions in FY 2023, which is a decrease of 0.5 FTE below the FY 2023 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2023.



The **agency** requests \$38.9 million, all from special revenue funds, for FY 2024. This is a decrease of \$209,295, or 0.5 percent, below the FY 2023 revised estimate. The decrease is primarily due to decreases in contractual services (\$243,706) and capital outlay (\$437,500), partially offset by increases in salaries and wages (\$421,911) and other assistance for scholarships, fellowships, and grants to students (\$50,000). The salaries and wages increase is primarily attributable to a 5.5 percent salary increase (\$385,649).

The agency request also includes 135.0 FTE positions, which is the same as the FY 2023 revised estimate number.

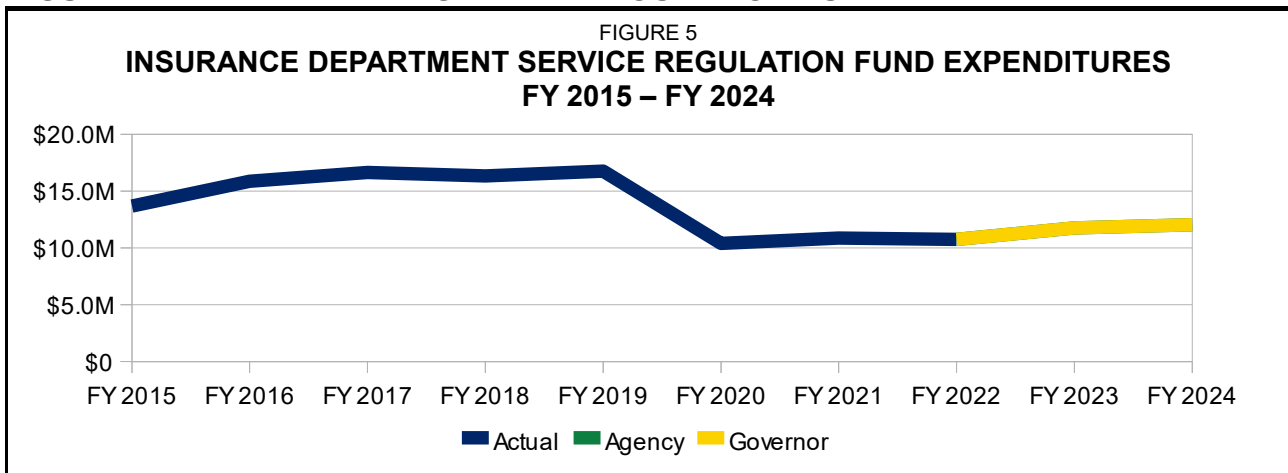
The **Governor** concurs with the agency's request for FY 2024.

## EXPENDITURES AND FINANCING

FIGURE 4  
**BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024**

Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 10,069,630	\$ 11,976,237	\$ 11,976,237	\$ 12,398,148	\$ 12,398,148
Contractual Services	6,580,158	6,084,393	6,084,393	5,840,687	5,840,687
Commodities	214,399	203,050	203,050	203,050	203,050
Capital Outlay	111,206	661,000	661,000	223,500	223,500
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 16,975,393</u>	<u>\$ 18,924,680</u>	<u>\$ 18,924,680</u>	<u>\$ 18,665,385</u>	<u>\$ 18,665,385</u>
Aid to Local Units	16,558,243	17,000,000	17,000,000	17,000,000	17,000,000
Other Assistance	2,126,520	3,200,000	3,200,000	3,250,000	3,250,000
<i>Subtotal—Operating</i>	<u>\$ 35,660,156</u>	<u>\$ 39,124,680</u>	<u>\$ 39,124,680</u>	<u>\$ 38,915,385</u>	<u>\$ 38,915,385</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
<b>TOTAL</b>	<u><b>\$ 35,660,156</b></u>	<u><b>\$ 39,124,680</b></u>	<u><b>\$ 39,124,680</b></u>	<u><b>\$ 38,915,385</b></u>	<u><b>\$ 38,915,385</b></u>
<b>Financing:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Securities Act Fee Fund	3,404,964	4,046,250	4,046,250	3,795,195	3,795,195
Insurance Department Service Regulation Fund	10,763,060	11,765,307	11,765,307	12,046,937	12,046,937
State Firefighters Relief Fund	16,633,270	17,080,917	17,080,917	17,084,178	17,084,178
Federal Funds	300,000	337,793	337,793	-	-
All Other Funds	4,558,862	5,894,413	5,894,413	5,989,075	5,989,075
<b>TOTAL</b>	<u><b>\$ 35,660,156</b></u>	<u><b>\$ 39,124,680</b></u>	<u><b>\$ 39,124,680</b></u>	<u><b>\$ 38,915,385</b></u>	<u><b>\$ 38,915,385</b></u>
FTE Positions	135.5	135.0	135.0	135.0	135.0

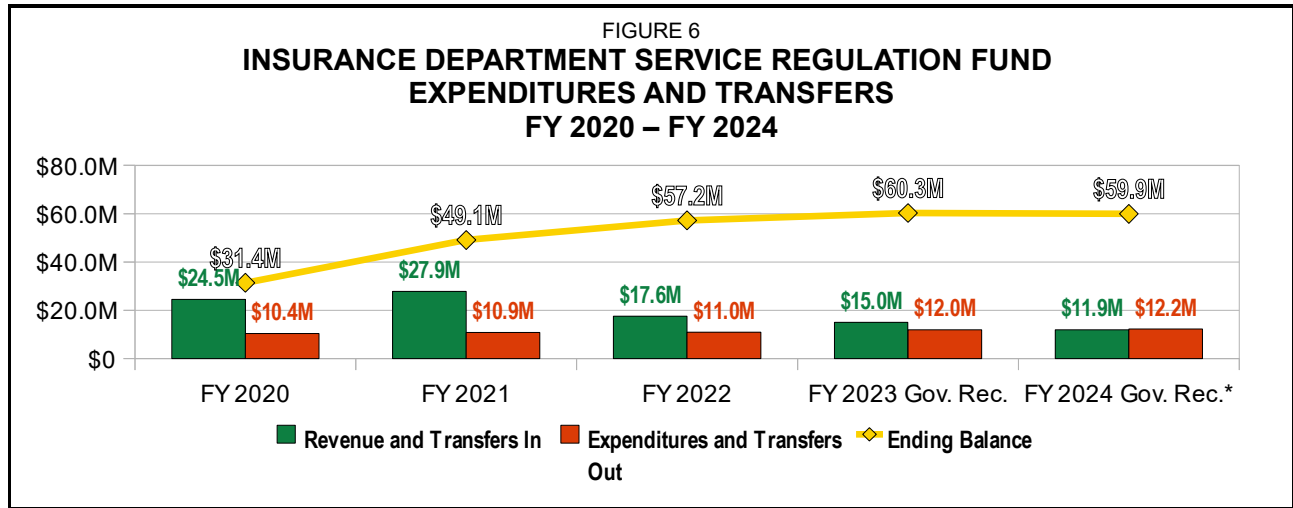
### INSURANCE DEPARTMENT SERVICE REGULATION FUND



The Insurance Department Service Regulation Fund was established by KSA 40-112 for the purpose of maintaining the operations of the Kansas Insurance Department. The fund receives fees charged by the department, 1.0 percent of premium taxes received from insurance companies pursuant to KSA 40-252, and an annual assessment imposed as deemed necessary by the Commissioner to fund the operations of the Department.

There is an annual transfer of \$200,000 to the Fraud and Abuse Criminal Prosecution Fund from the Insurance Department Service Regulation Fund for services provided by the Kansas Office of the Attorney General.

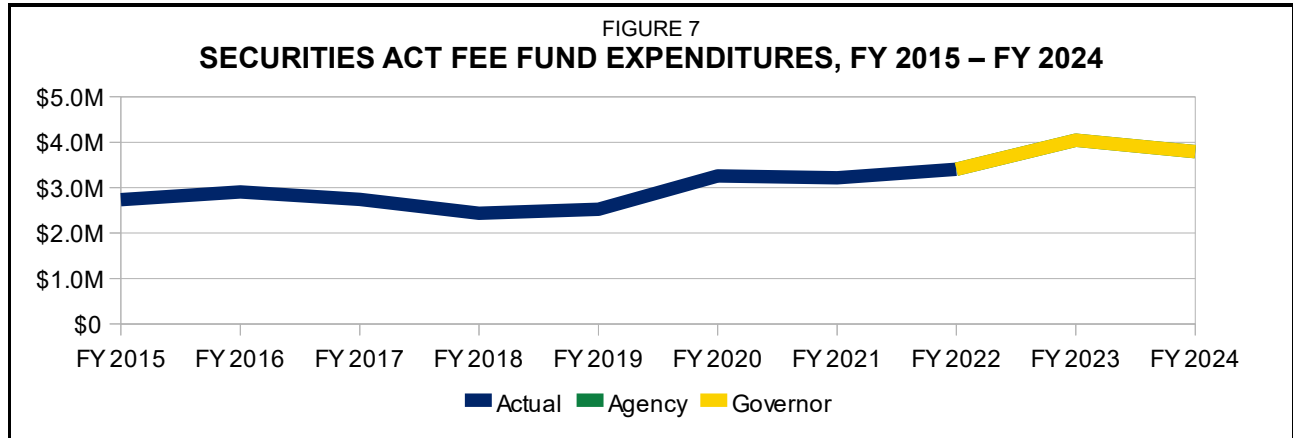
### INSURANCE DEPARTMENT SERVICE REGULATION FUND



\* For FY 2024, the lowest month ending balance for the Insurance Department Service Regulation Fund will occur in July, with a balance of \$58.6 million.

The agency requests expenditures of \$11.8 million in FY 2023 and \$12.0 million for FY 2024 from the Insurance Department Service Regulation Fund. This is an increase of \$1.0 million in FY 2023 above the FY 2022 actual expenditures. The Governor concurs with this request.

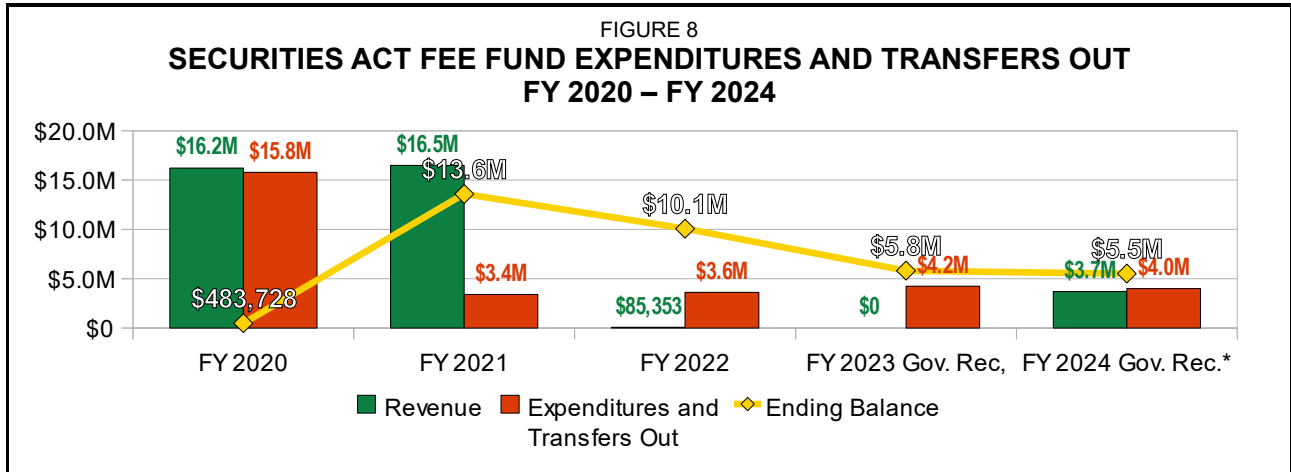
### SECURITIES ACT FEE FUND



The Securities Act Fee Fund is financed by fees received from security agents, investor adviser representatives, broker-dealers, investment adviser firms, mutual fund portfolios, and investment trusts. The authority for the Commissioner of Insurance to set rates are specified in KSA 17-12a205, 17-12a302, 17-12a305, and 17-12a410.

KSA 17-12a-601 provides that 90.0 percent of fees received by the Commissioner of Insurance are credited to the Securities Act Fee Fund, and 10.0 percent of receipts are credited to the State General Fund (SGF), up to a maximum of \$100,000. There is an annual transfer of \$200,000 to the Fraud and Abuse Criminal Prosecution Fund from the Securities Act Fee Fund for services provided by the Kansas Office of the Attorney General.

**SECURITIES ACT FEE FUND**



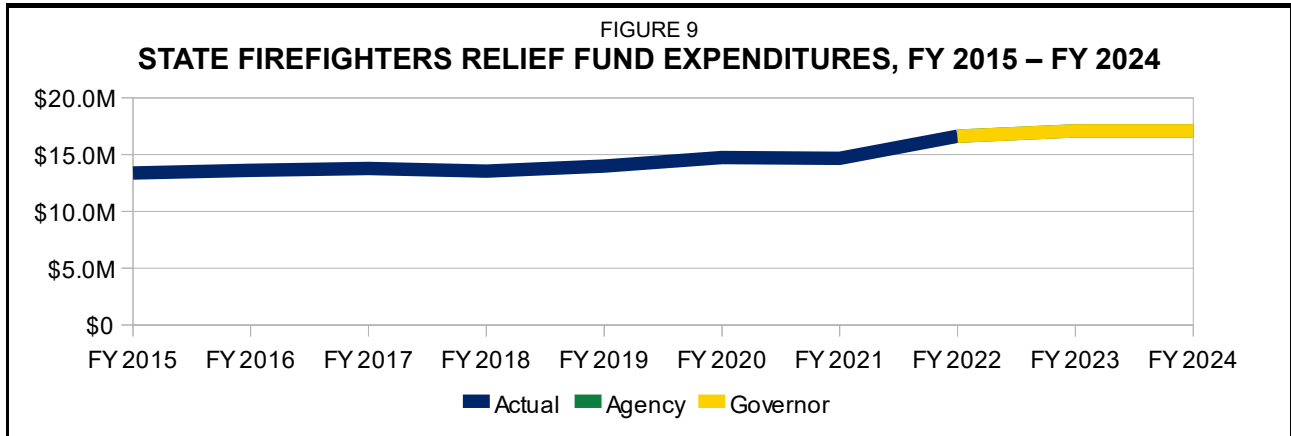
\* For FY 2024, the lowest month ending balance for the Securities Act Fee Fund will occur in June, with a balance of \$4.4 million.

KSA 17-12a601 created the Securities Act Fee Fund, composed of money paid to the Securities Commissioner for securities licenses each year.

A lawsuit was filed against the State of Kansas regarding securities fee fund transfers to the SGF. The 2022 Legislature passed SB 392, which terminated the transfer of any fee funds in excess of \$50,000 to the SGF at the end of each fiscal year.

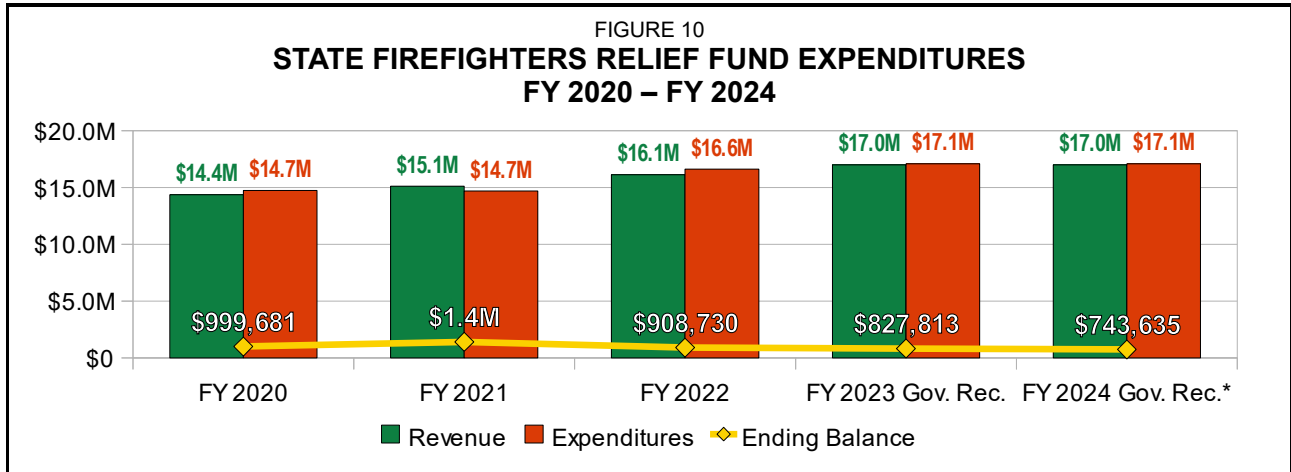
The agency requests expenditures of \$4.0 million from the Securities Act Fee Fund in FY 2023, which is an increase of \$641,286, or 16.2 percent, above FY 2022 actual expenditures. The Governor concurs with this request.

**STATE FIREFIGHTERS RELIEF FUND**



KSA 40-1703 requires every insurance company that writes fire and lightning insurance to pay 2.0 percent of the total amount of annual premiums written in Kansas to the agency. This money is credited to the State Firefighters Relief Fund. The money is distributed to cities, townships, fire districts, and county firefighter relief associations, per KSA 40-1706. The State Firefighters Relief Fund has averaged yearly expenditures of \$14.3 million from FY 2015 - FY 2022.

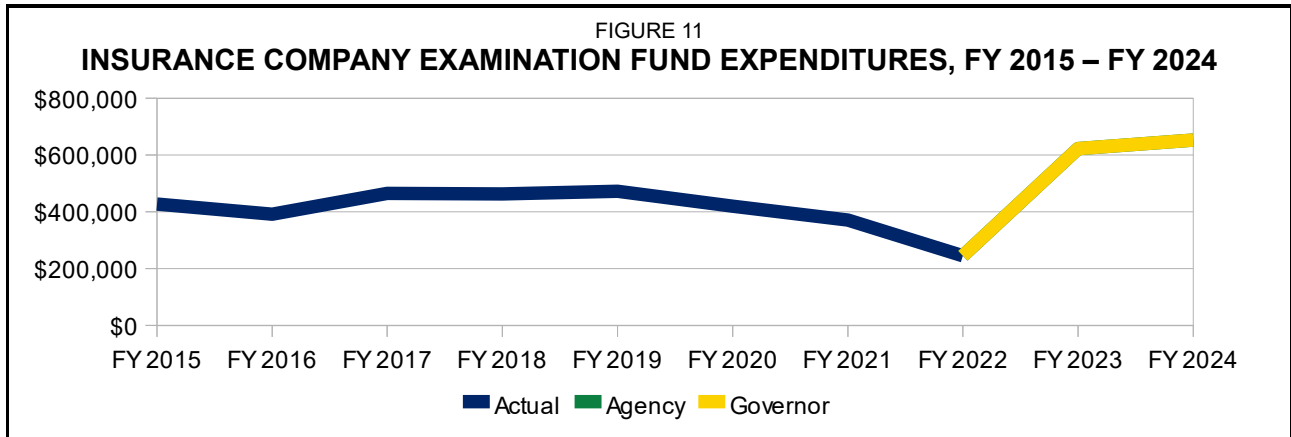
## STATE FIREFIGHTERS RELIEF FUND



\* For FY 2024, the lowest month ending balance for the State Firefighters Relief Fund will occur in May, with a balance of \$67,355.

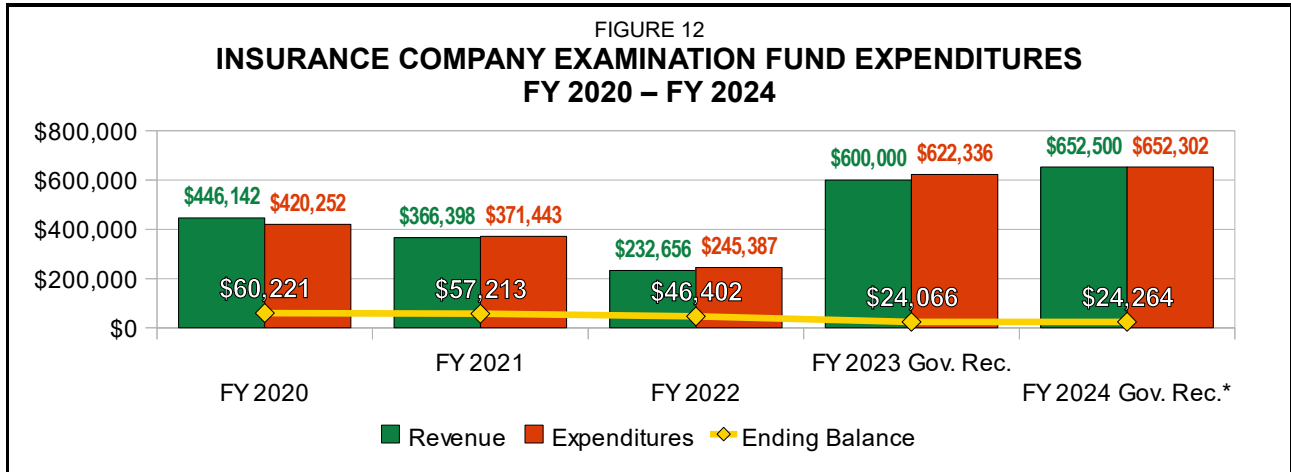
The agency requests expenditures of \$17.1 million in both FY 2023 and for FY 2024. This is an increase of \$447,647, or 3.1 percent, above FY 2022 actual expenditures. The Governor concurs with this request.

## INSURANCE COMPANY EXAMINATION FUND



The Insurance Company Examination Fund receives its revenue from collections generated during the course of audits and investigations of foreign (non-Kansas) and domestic insurance companies (KSA 40-222a). The funds are used for expenses and salaries incurred for audits and examinations (KSA 40-223). In addition to the Insurance Company Examination Fund, there are several other funds utilized for the examination process, including the Insurance Company Annual Statement Examination Fund, Insurance Company Examiner Training Fund, Municipal Group-Funded Pools Fee Fund, and Group-Funded Workers Compensation Pools Fee Fund.

**INSURANCE COMPANY EXAMINATION FUND**



\* For FY 2024, the lowest month ending balance for the Insurance Company Examination Fund will occur in January, with a balance of \$16,360.

KSA 40-223 requires that the salaries of examiners, along with all necessary and actual expenses incurred in the course of the exam, be remitted by the company examined to the State Treasurer. Upon receipt of such remittance, the State Treasurer shall deposit the entire amount into the Insurance Company Examination Fund. KSA 40-223a sets apart an amount not to exceed \$28,000 to be maintained for the payment of expenses and salaries incurred in the auditing of securities deposited with the Commissioner and examination of the annual statements required by KSA 40-225. An additional amount, not to exceed \$40,000, is authorized by KSA 40-223e to be set apart and maintained from company tax and fee collections to be used for the training of company examiners.

The agency requests expenditures of \$622,336 in FY 2023 from the Insurance Company Examination Fund. This is an increase of \$376,949, or 50.9 percent, above the actual expenditures in FY 2022. The Governor concurs with this request.

## FY 2023 ANALYSIS

FIGURE 13

### SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE	
<b>Legislative Approved:</b>					
Amount Approved by 2022 Legislature	\$	-	\$ 37,548,341	\$ 37,548,341	135.5
1. No Changes	-	-	-	-	--
<i>Subtotal—Legislative Approved</i>	\$	-	\$ 37,548,341	\$ 37,548,341	135.5
<b>Agency Revised Estimate:</b>					
2. Aid to Local Units	-	2,500,637	2,500,637	-	--
3. All Other Adjustments	-	(924,298)	(924,298)	-	(0.50)
<i>Subtotal—Agency Revised Estimate</i>	\$	-	\$ 39,124,680	\$ 39,124,680	135.0
<b>Governor's Recommendation:</b>					
4. No Changes	\$	-	-	-	--
<b>TOTAL</b>	<b>\$</b>	<b>-</b>	<b>\$ 39,124,680</b>	<b>\$ 39,124,680</b>	<b>135.0</b>

### LEGISLATIVE APPROVED

Subsequent to the 2022 Session, no adjustments were made to the \$37.5 million appropriated to the Kansas Insurance Department for FY 2023.

1. **NO CHANGES.** There were no adjustments made to the \$37.5 million appropriated in FY 2023.

### AGENCY ESTIMATE

The **agency** submits a revised estimate of \$39.1 million, all from special revenue funds, in FY 2023. This is an increase of \$1.6 million, or 4.2 percent, above the FY 2023 approved amount.

The **agency** estimate includes the following adjustments:

2. **AID TO LOCAL UNITS.** The \$2.5 million increase, or 17.2 percent, above the approved amount is all from the State Firefighters Relief Fund. It is mainly for distribution to local firefighters relief associations, the Kansas State Firefighters Association, and the Firefighters Relief Association.
3. **ALL OTHER ADJUSTMENTS.** There is an overall decrease of \$924,298 in other adjustments, although the agency does estimate increases in several areas. The revised estimate includes decreases in salaries and wages and contractual services. The decreases are partially offset by increases in capital outlay and commodities.
  - **SALARIES AND WAGES.** There is a decrease in salaries and wages of \$132,301, or 1.1 percent, below the approved amount mainly due to decreases in regular classified employees wages (\$41,871) and temporary unclassified employees wages (\$43,820) and a reduction in employer contributions for group health insurance (\$22,464) and KPERS (\$13,161).
  - **CONTRACTUAL SERVICES.** There is also a decrease in contractual services of \$264,360, or 4.2 percent, below the approved amount. This decrease is mainly attributable to a decrease in lawyers fees and payments to attorneys (\$349,500); hospitals and nursing homes (\$350,000); other professional fees (\$190,000); and physicians and medical associations (\$100,000). This is partially offset by an increase in payments to accountants and auditors (\$575,000).



- **CAPITAL OUTLAY.** The increase in capital outlay is \$450,000, or 213.3 percent, above the approved amount and is mainly due to office equipment and technology upgrades (\$358,000) and for the purchase of two passenger cars (\$85,000).
- **COMMODITIES.** The increase in commodities is \$6,000, or 3.0 percent, above the approved amount and is mainly due to an increase in other supplies, materials, and parts (\$18,000) and an increase in gasoline costs (\$5,750), offset by a decrease in other professional, scientific supplies, and materials (\$20,000).

The **agency** estimate also includes 135.0 FTE positions in FY 2023, which is a decrease of 0.5 FTE position below the FY 2023 approved number.

## **GOVERNOR'S RECOMMENDATION**

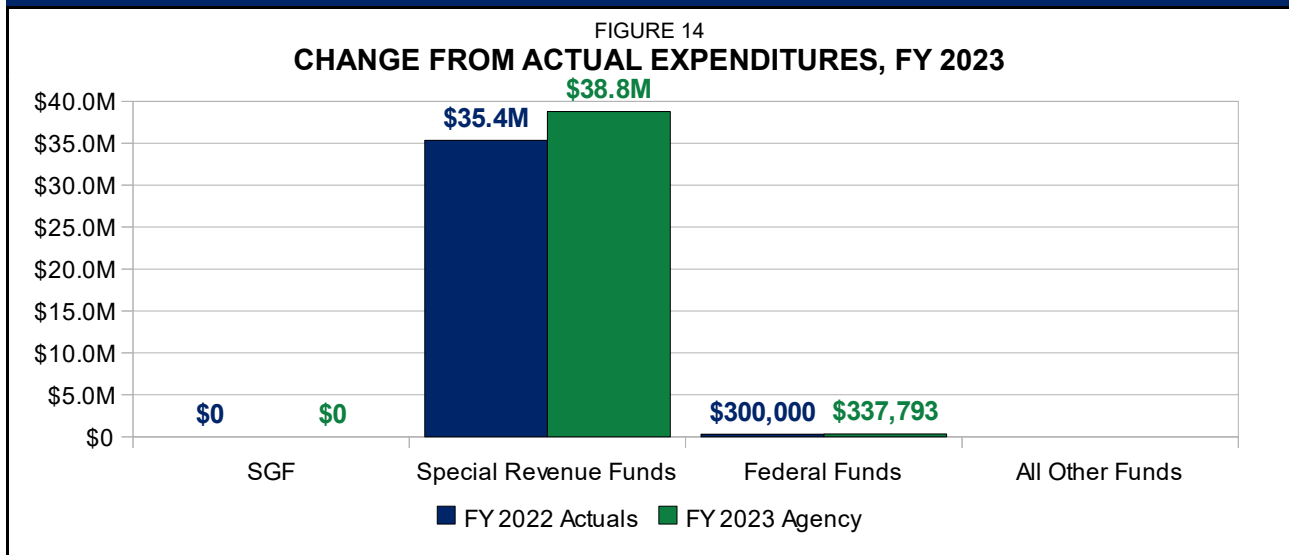
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The **Governor** concurs with the agency's FY 2023 revised estimate.

4. **NO CHANGES.** The Governor does not recommend any changes to the agency's FY 2023 revised estimate.

The **Governor's** recommendation also includes 135.0 FTE positions, which is the same number as the agency's FY 2023's revised estimate.

## FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$39.1 million, all from special revenue funds, in FY 2023. This is an increase of \$3.5 million, or 9.7 percent, above FY 2022 actual expenditures.

The agency requests increases in salaries and wages (\$1.9 million, or 18.9 percent), capital outlay (\$549,794, or 494.4 percent), and other assistance (\$1.1 million, or 50.5 percent). The increase in salaries and wages is mainly attributable to an increase of \$1.7 million in pay for regular unclassified employees; \$75,321 in pay for temporary unclassified employees; and \$479,713 in employer contributions for group health insurance and KPERs. The increase in capital outlay is mainly attributable to an increase of \$350,836 for office furniture; \$159,385 for computer hardware and support equipment; and \$85,000 for passenger cars. The increase in other assistance is mainly attributable to an increase of \$665,030 in workers' compensation claims; \$311,450 in other claims; and \$103,000 in other grants, claims, and shared revenue.

The agency was awarded a total of \$675,586 from the State Flexibility to Stabilize the Market Cycle II Grant from the federal Centers for Medicare and Medicaid Services (CMS) in FY 2022. These funds were split between FY 2022 and FY 2023. The grant will supplement the agency's efforts to make sure the laws, regulations, and procedures are in line with selected federal market reforms and that the agency is able to effectively regulate its respective health insurance markets through innovative measures that support the selected federal market reforms and consumer protections.

## FY 2024 ANALYSIS

FIGURE 15  
**SUMMARY OF BUDGET REQUEST, FY 2024**

	SGF	Special Revenue Funds	All Funds	FTE	
<b>Agency Revised Estimate, FY 2023</b>	\$	-	\$ 39,124,680	\$ 39,124,680	135.0
<b>Agency Request:</b>					
1. All Other Adjustments		-	(209,295)	(209,295)	--
<i>Subtotal—Agency Estimate</i>	\$	-	\$ 38,915,385	\$ 38,915,385	135.0
<b>Governor’s Recommendation:</b>					
2. No Changes	\$	-	-	-	--
<b>TOTAL</b>	<u>\$</u>	<u>-</u>	<u>\$ 38,915,385</u>	<u>\$ 38,915,385</u>	<u>135.0</u>

### **AGENCY REQUEST**

The **agency** requests \$38.9 million, all from special revenue funds, for FY 2024. This is a decrease of \$209,295, or 0.5 percent, below the FY 2023 revised estimate.

The **agency** request includes the following adjustments:

1. **ALL OTHER ADJUSTMENTS.** The overall decrease is primarily due to decreases in contractual services and capital outlay, partially offset by an increase in salaries and wages and other assistance for scholarships, fellowships, and grants to students.
  - **CONTRACTUAL SERVICES.** The overall decrease in contractual services is \$243,706, or 4.0 percent, below the FY 2023 revised estimate. This decrease is mainly attributable to a decrease in other professional fees (\$268,706); software rentals (\$10,000); and computer programming services and data processing services (\$5,000). This is partially offset by an increase in computer equipment repair and service (\$40,000).
  - **CAPITAL OUTLAY.** The decrease in capital outlay is \$437,500, or 66.2 percent, below the FY 2023 revised estimate. This is mainly due to a decrease in office equipment (\$341,000) and a decrease in the purchase of passenger cars (\$85,000).
  - **SALARIES AND WAGES.** There is an increase in salaries and wages of \$421,911, or 3.5 percent, above the FY 2023 revised estimate. The increase is attributable to a 5.5 percent budgeted salary increase (\$385,649) and increases for employer contributions for group health insurance. This increase is partially offset by a decrease in employer contributions to KPERS (\$14,282).
  - **OTHER ASSISTANCE.** There is also an increase in other assistance for scholarships, fellowships, and grants to students of \$50,000, or 1.6 percent, above the FY 2023 revised estimate.

The **agency** request also includes 135.0 FTE positions, which is the same as the FY 2023 revised estimate number.

### **GOVERNOR’S RECOMMENDATION**

2. **NO CHANGES.** The **Governor** concurs with the agency's request for FY 2024.

The **Governor’s** recommendation also includes 135.0 FTE positions, which is the same number as the agency’s FY 2023 request.

## PROGRAM AND PERFORMANCE MEASURES OVERVIEW

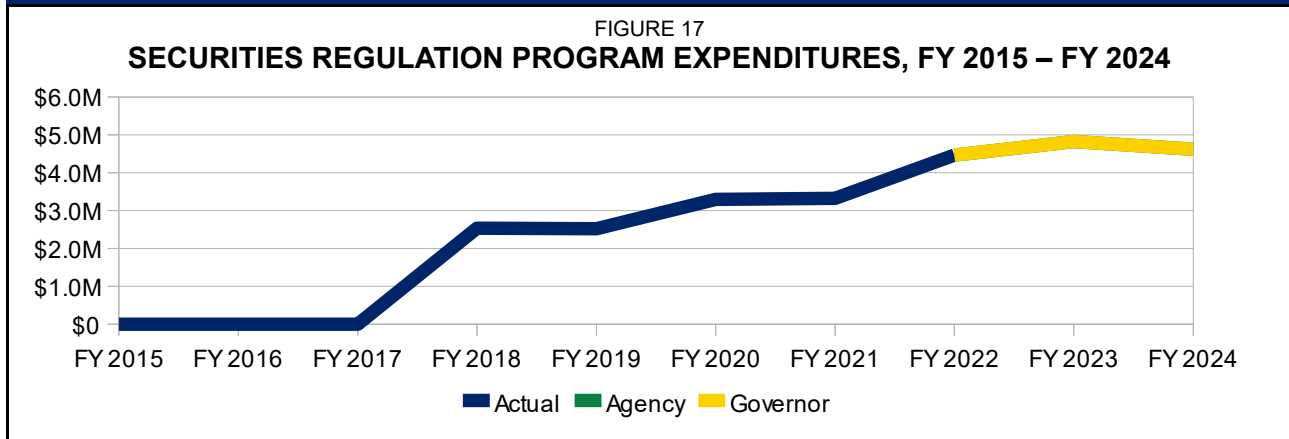
FIGURE 16  
**EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024**

Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
<b>Expenditures:</b>					
Securities Regulation	\$ 4,463,787	\$ 4,826,450	\$ 4,826,450	\$ 4,620,395	\$ 4,620,395
Insurance Regulation	10,924,870	12,277,145	12,277,145	12,230,417	12,230,417
Examination	487,652	634,236	634,236	664,202	664,202
Firefighters Relief	16,633,270	17,080,917	17,080,917	17,084,178	17,084,178
Workers Comp.	3,150,577	4,305,932	4,305,932	4,316,193	4,316,193
<b>TOTAL</b>	<b>\$ 35,660,156</b>	<b>\$ 39,124,680</b>	<b>\$ 39,124,680</b>	<b>\$ 38,915,385</b>	<b>\$ 38,915,385</b>
<b>FTE Positions:</b>					
Securities Regulation	29.6	30.6	30.6	30.6	30.6
Examination	6.0	6.0	6.0	6.0	6.0
Insurance Regulation	95.2	93.7	93.7	93.7	93.7
Firefighters Relief	2.0	2.0	2.0	2.0	2.0
Workers Comp.	2.7	2.7	2.7	2.7	2.7
<b>TOTAL</b>	<b>135.5</b>	<b>135.0</b>	<b>135.0</b>	<b>135.0</b>	<b>135.0</b>

### PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

## SECURITIES REGULATION PROGRAM



**STATUTORY BASIS:** • KSA 17-12a101 *et seq.*

- PROGRAM GOALS:**
- Administer and enforce the registration and examination provisions of the Kansas Uniform Securities Act.
  - Develop and implement investor education and protection initiatives to inform the public about investing in securities and protect the public from violations of the Kansas Uniform Securities Act.

The Securities Regulation Program administers the registration and exemption provisions of the Kansas Uniform Securities Act in a timely and professional manner for securities offerings in Kansas to detect and investigate potential violations of the Kansas Uniform Securities Act and the Kansas Loan Brokers Act in a professional and efficient manner to obtain sufficient high-quality evidence to enable the highest possible rate of success in administrative actions, criminal prosecutions or other remedial actions.

The 2017 Legislature passed 2017 SB 23 and merged the Office of the Securities Commissioner with the Kansas Insurance Department.

FIGURE 18

**SECURITIES REGULATION PROGRAM, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Court ordered restitution	\$ 751,296	\$ 1,301,400	\$ 761,170	\$ 870,000	\$ 400,000
2. Number of individual suspects referred to criminal prosecution each year*	-	1	3	2	2
3. Cost of advertising per hit on the website each year*	8k hits/ \$200k/ \$25.00/hit	13,166 hits/ \$430k/ \$32.66/hit	\$ 19.22	25k hits/ \$471k/ \$18.84/hit	22k hits/ \$471k/ \$21.41/hit
<b>Output Measure (each year):</b>					
4. BD registrations & renewal filings	1,452	1,457	1,457	1,436	1,450
5. IA registrations/IA notice filings & renewals*	1,517	1,552	1,520	1,573	1,575
6. BD Agent/IA Rep/Agent of issuer registrations & renewals*	161,517	163,153	160,371	164,875	164,875
7. Issuer registrations and renewals*	71	77	72	75	75
8. Number of compliance examinations performed*	50	27	45	32	50
9. Number of complaints investigated*	33	58	34	50	50
10. Number of enforcement investigations initiated	21	20	19	20	20
<b>Financing</b>					
	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	3,327,317	4,463,787		4,826,450	4,620,395
<b>TOTAL</b>	<b>\$3,327,317</b>	<b>\$ 4,463,787</b>		<b>\$ 4,826,450</b>	<b>\$ 4,620,395</b>
<b>Percentage Change:</b>					
SGF	-- %	-- %		-- %	-- %
All Funds	0.8 %	34.2 %		8.1 %	(4.3) %
FTE Positions	29.8	29.6		30.6	30.6

\*The Governor's Office does not utilize this measure for evaluation purposes.

**PERFORMANCE AND BUDGET ANALYSIS**

The **agency** submits a revised estimate of \$4.8 million, all from special revenue funds for the Securities Regulation Program in FY 2023. This is an increase of \$151,496, or 3.4 percent, above the approved amount in FY 2023. This increase is mainly attributable to an increase in capital outlay (\$110,000), contractual services (\$89,575), and other assistance (\$19,000), and is partially offset by a decrease in salaries and wages (\$79,829).

The agency requests \$4.6 million, all from special revenue funds, for FY 2024. This is a decrease of \$206,055, or 4.3 percent, below the revised estimate for FY 2023. The decrease is mainly attributable to capital outlay (\$109,000) and contractual services (\$255,000), which is

partially offset by increases in other assistance (\$50,000) and salaries and wages (\$107,945).

The **Governor** concurs with the agency's revised estimate in FY 2023 and request for FY 2024.

**COURT-ORDERED RESTITUTION**

The agency paid out \$1.3 million in court-ordered restitution in FY 2022. The agency estimates that there will be a decrease of \$431,400, or 33.1 percent, in FY 2023, and an additional decrease of \$470,000, or 54.0 percent, for FY 2024.

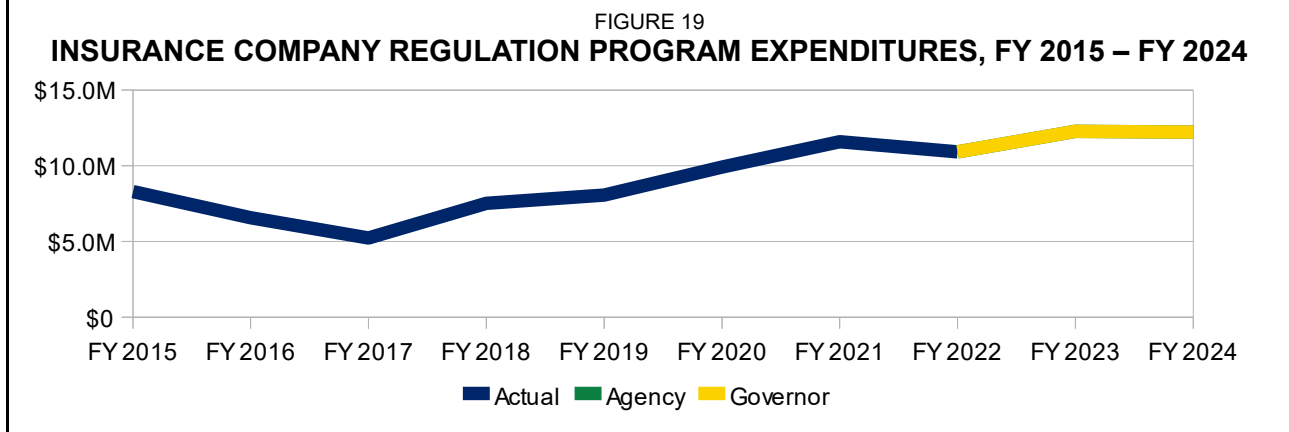
**INVESTIGATIONS**

The agency investigated 58 complaints in FY 2022, which is an increase of 25 complaint

investigations, or 75.8 percent, above the FY 2021 level. The agency estimates 50 complaint investigations in FY 2023, for a decrease of 13.8 percent. In FY 2022, the agency also initiated 20 enforcement investigations. This is one less than in FY 2021.

The agency anticipates 20 enforcement investigations to be initiated for FY 2023 and FY 2024 each.

## INSURANCE COMPANY REGULATION PROGRAM



**STATUTORY BASIS:** • KSA 40-101 *et seq.*; 40-1701 *et seq.*; 44-581-592; 12-2617; 44-501-580

**PROGRAM GOALS:** • Protect the insurance consumers of Kansas through supervision, control, and regulation of persons and organizations transacting the business of insurance in the state.

- Administer the Firefighter Relief Act.
- Administer the portion of the Workers Compensation Act for claims involving employers who are uninsured and unable to pay claims.

The Insurance Company Regulation Program detects insurance companies that are in or have the potential to be in hazardous financial condition; protects Kansas insurance consumers from insurance fraud; better informs and assists Kansas insurance consumers; educates consumers about insurance products they are purchasing and communicates consumer information, regulatory developments, and other news to the public; provides advice and counsel to the Commissioner of Insurance and various divisions of the Insurance Department; defends the Department in forums; supervises the adoption of rules and regulations; ensures all individuals selling, soliciting, and negotiating insurance contracts in Kansas are

knowledgeable, competent, and properly licensed and certified; monitors and regulates matters relating to the writing of health, life and property, and casualty insurance in Kansas by ensuring that policy forms comply with applicable laws and regulations; and ensures the proper and timely analysis and collection of applicable taxes and fees due from companies.

The program is composed of the following subprograms:

- Insurance Examination;
- Insurance Regulation;
- Firefighter Relief; and
- Workers Compensation.



FIGURE 20  
**INSURANCE COMPANY REGULATION PROGRAM, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Amount of money recovered for Kansas consumers	\$ 2,657,248	\$ 7,181,996	\$ 3,907,654	\$ 3,800,000	\$ 3,500,000
2. Number of insurance fraud investigations submitted to Attorney General for criminal disposition	9	21	15	20	20
3. Average cost per company examination*	\$ 117,829	\$ 130,403	\$ --	\$ 132,000	\$ 134,000
<b>Output Measure (each year):</b>					
4. Number of financial examinations performed	11	18	12	14	13
5. Number of company license applications approved*	23	17	17	25	25
6. Number of active licensed producers, adjusters, and agencies	186,998	197,578	184,290	207,500	220,000
7. Number of consumer complaint and inquiry files closed*	2,938	3,157	3,228	3,000	3,000
8. Number of FRAs** receiving a distribution	555	556	557	556	556
9. Number of open work comp cases	1,638	1,660	1,712	1,675	1,700
10. Number of FRAs** requesting a redetermination hearing	12	15	--	10	10
11. Number of FRA** presentations given	2	4	--	7	7
<b>Financing***</b>	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 976,666	\$ -		\$ -	\$ -
Federal Funds	96,424	300,000		337,793	-
All Other Funds	10,520,605	10,624,870		11,939,352	12,230,417
<b>TOTAL</b>	<u>\$ 11,593,695</u>	<u>\$ 10,924,870</u>		<u>\$ 12,277,145</u>	<u>\$ 12,230,417</u>
<b>Percentage Change:</b>					
SGF	100.0 %	(100.0) %		-- %	-- %
All Funds	16.8 %	(5.8) %		12.4 %	(0.4) %
FTE Positions	95.0	95.2		93.8	93.8

\*The Governor's Office does not utilize this measure for evaluation purposes.

\*\*Firefighter Relief Act

\*\*\*Financing is for the Insurance Regulation Program only. It does not include subprograms.

**PERFORMANCE AND BUDGET ANALYSIS**

The **agency** requests \$12.3 million, all from special revenue funds, for the Insurance Company Regulation Program in FY 2023. This is an increase of \$971,690, or 8.9 percent, above the approved amount for FY 2023. This increase is mainly attributable to increases in capital outlay (\$339,500), contractual services (\$545,715), and salaries and wages (\$72,472).

The agency requests \$12.2 million, all from special revenue funds, for FY 2024. This is a decrease of \$46,728, or 0.4 percent, below the revised estimate for FY 2023.

The **Governor** concurs with the agency's revised estimate in FY 2023 and request for FY 2024.

**INSURANCE FRAUD INVESTIGATIONS**

The agency submitted 21 insurance fraud investigations to the Office of the Attorney General for criminal disposition in FY 2022. This is an increase of 133.3 percent above the FY 2021 amount. The agency anticipates about the same number of insurance fraud investigations to be submitted to the Office of the Attorney General in FY 2023 and FY 2024 each.

**MONEY RECOVERED FOR CONSUMERS**

The agency recovered \$7.2 million for consumers in FY 2022. This was an increase of \$4.5 million, or 170.3 percent, above the FY 2021 amount. The agency anticipates this amount reducing in FY 2023 and FY 2024 by \$3.4 million, or 47.1 percent. The agency

anticipates numbers similar to FY 2021 for FY 2023 and FY 2024.

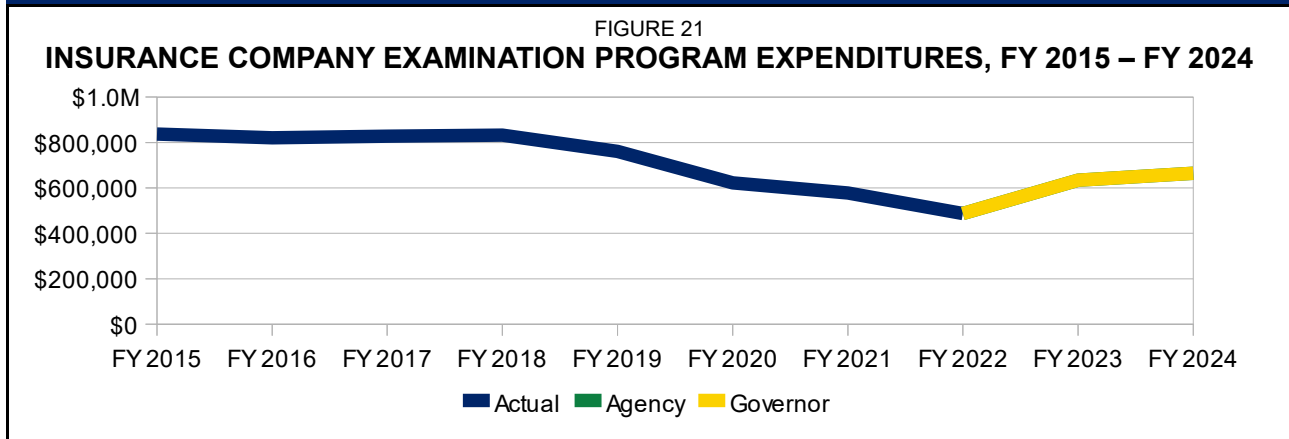
**CONSUMER COMPLAINT INQUIRIES**

The agency increased the number of consumer complaint inquiries that were closed from FY 2021 to FY 2022 by 7.5 percent. The agency anticipates this number to decrease by 5.0 percent for FY 2023 and FY 2024.

**WORKERS' COMPENSATION CASES**

The number of open workers' compensation cases increased by 1.3 percent from FY 2021 to FY 2022. The agency anticipates that the number of open workers' compensation cases will continue to increase slightly in FY 2023 (by 0.9 percent) and FY 2024 (by 1.5 percent).

## INSURANCE COMPANY EXAMINATION PROGRAM



**STATUTORY BASIS:** • KSA 40-101 *et seq.*; KSA 44-581 through KSA 44-592; KSA 12-2617

**PROGRAM GOALS:** • Detect as early as possible, through on-site financial examinations, those companies that are experiencing financial difficulty or those companies that are operating in violation of any Kansas insurance law or regulation.

The Insurance Company Examination Program detects, through on-site financial examinations, those companies that are experiencing financial difficulty and those companies that are operating in violation of any Kansas insurance law or regulation. Also, this program performs in-house examinations of all insurance company annual financial statements

and securities deposits held under the custody of the Insurance Department. Salaries and wages for examiners, as well as expenditures for travel and subsistence incurred while working on examination of a company, are billed to and reimbursed by that company. Prior to FY 2018, the title of this program was Financial Surveillance.

FIGURE 22  
**INSURANCE COMPANY EXAMINATION PROGRAM, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
No Performance Measures were submitted for this program.*					
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	577,435	487,652		634,236	664,202
<b>TOTAL</b>	<b>\$ 577,435</b>	<b>\$ 487,652</b>		<b>\$ 634,236</b>	<b>\$ 664,202</b>
<b>Percentage Change:</b>					
SGF	-- %	-- %		-- %	-- %
All Funds	(7.3) %	(15.5) %		30.1 %	4.7 %
FTE Positions	6.0	6.0		6.0	6.0

\*Performance measures are included in the Insurance Company Regulation Program.

### BUDGET ANALYSIS

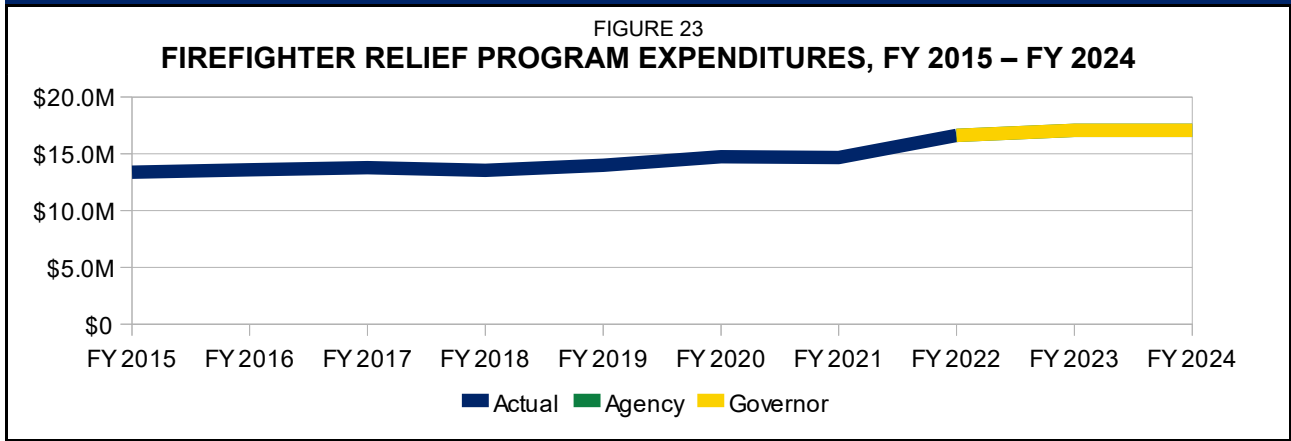
The agency requests \$634,236, all from Company Examination Program in FY 2023. This is a decrease of \$117,519, or 24.1 percent, special revenue funds, for the Insurance

below the approved amount for FY 2023. This decrease is attributable to a decrease in salaries and wages of \$117,519. This includes a decrease in both pay of regular unclassified employees and employer contributions for group health insurance and KPERs contributions.

The agency request \$664,202, all from special revenue sources, for FY 2024. This is an increase of \$29,966, or 4.7 percent, above the FY 2023 revised estimate. This is due to an increase in salaries and wages (\$29,966).

The Governor concurs with the agency's revised estimate in FY 2023 and request for FY 2024.

# FIREFIGHTER RELIEF PROGRAM



**STATUTORY BASIS:** • KSA 40-1701 *et seq.*

**PROGRAM GOALS:** • Effectively administer the Firefighters Relief Act to ensure that the two percent premium tax on fire and lightning insurance written in the state of Kansas is collected and distributed in a fair and equitable manner to the firefighter relief associations (“FRA”) across the state and the Kansas State Firefighter’s Association, Inc.

The Firefighter Relief Program administers the Firefighters Relief Act as it applies to all insurance companies, corporations, firms, or associations transacting business of fire insurance in the state. KSA 40-1703 requires every insurance company that writes fire and lightning insurance to pay 2.0 percent of the

total amount of annual premiums written in Kansas to the Insurance Department. The amounts collected are credited to the Firefighters Relief Fund and distributed to cities, townships, fire districts, and county firefighters relief associations.

FIGURE 24

**FIREFIGHTER RELIEF PROGRAM, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
No Performance Measures were submitted for this program.*					
<b>Financing</b>	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	14,687,343	16,633,270		17,080,917	17,084,178
<b>TOTAL</b>	<u>\$ 14,687,343</u>	<u>\$ 16,633,270</u>		<u>\$ 17,080,917</u>	<u>\$ 17,084,178</u>
<b>Percentage Change:</b>					
SGF	-- %	-- %		-- %	-- %
All Funds	(0.4) %	13.2 %		2.7 %	0.0 %
FTE Positions	2.0	2.0		2.0	2.0

\*Performance measures are included in the Insurance Company Regulation Program.

**BUDGET ANALYSIS**

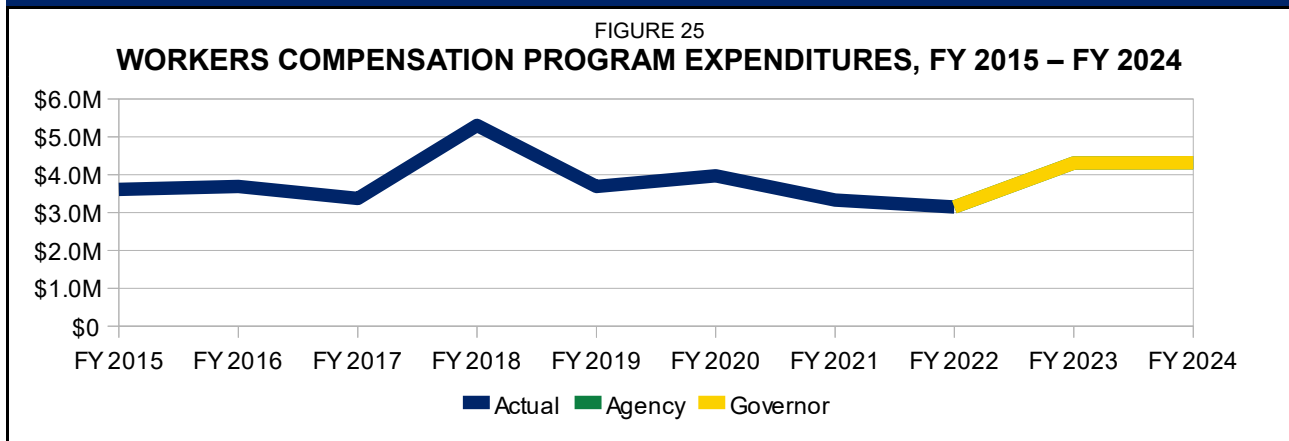
The **agency** requests \$17.1 million, all from special revenue funds, for the Firefighter Relief Program in FY 2023. This is an increase of \$2.5 million, or 15.0 percent, above the approved amount for FY 2023. This increase is mainly attributable to an increase in aid to local units of \$2.5 million for payment to local Firefighter Relief Associations.

increase of \$3,261, or less than 0.1 percent, above the revised estimate for FY 2023. This increase is due to an increase in salaries and wages (\$3,261).

The **Governor** concurs with the agency's revised estimate in FY 2023 and request for FY 2024.

The agency requests \$17.1 million, all from special revenue funds, for FY 2024. This is an

## WORKERS COMPENSATION PROGRAM



**STATUTORY BASIS:** • KSA 44-501 *et seq.*

**PROGRAM GOALS:** • Defend claims against the Kansas Workers Compensation Fund, in an effort to minimize Fund expenditures. Make appropriate payments on behalf of the Fund to those carriers, employers or employees entitled to payment pursuant to Kansas statutes.

The Workers Compensation Program works to encourage the employment of persons disabled as a result of specific impairments by relieving employers, wholly or partially, of workers' compensation liability resulting from

compensable industrial accidents suffered by these employees and to pay claims of injured workers employed by employers who are insolvent, bankrupt, or cannot be located.

FIGURE 26

**WORKERS COMPENSATION PROGRAM, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>	No Performance Measures were submitted for this program.*				
<b>Financing</b>	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	3,334,447	3,150,577		4,305,932	4,316,193
<b>TOTAL</b>	<u>\$ 3,334,447</u>	<u>\$ 3,150,577</u>		<u>\$ 4,305,932</u>	<u>\$ 4,316,193</u>
<b>Percentage Change:</b>					
SGF	-- %	-- %		-- %	-- %
All Funds	(16.0) %	(5.5) %		36.7 %	0.2 %
FTE Positions	2.7	2.7		2.7	2.7

\*Performance measures are included in the Insurance Company Regulation Program.

**BUDGET ANALYSIS**

The **agency** requests \$4.3 million, all from special revenue funds, for the Workers Compensation Program in FY 2023. This is a decrease of \$1.9 million, or 613.3 percent, below the approved amount for FY 2023. This decrease is attributable to a decrease in contractual services (\$900,000) and other assistance (\$1.0 million). The decrease in contractual services is mainly due to decreases in payments to attorneys and lawyers; hospitals and nursing homes; other professional fees; and private vehicle mileage. The decrease in other assistance is due to a decrease in other claims.

The agency requests \$4.3 million, all from special revenue funds, for FY 2024. This is an increase of \$10,261, or 0.2 percent, above the revised estimate for FY 2023. This is attributable to an increase in salaries and wages (\$10,261).

The **Governor** concurs with the agency's revised estimate in FY 2023 and request for FY 2024.