

# Agency 022 - DEPT OF INSURANCE

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## **STATUTORY AUTHORITY:**

The Department of Insurance was created by Article 12, Section 1, of the Constitution of the State of Nebraska. The Department's general powers are granted by State Statute Section 44-101.01 R.R.S. 1943. The Department's duties and responsibilities are defined in State Statute Chapters 8, 11, 21, 44, 48, 59, 77, 81, and 84.

## **VISION:**

To serve policyholders with an agency workforce that understands and responds to the diversity of regulatory matters whether emanating from local competitive issues confronting small regional insurers or global forces such as international accounting treatment challenging all US based insurers. With continued national recognition as a "tough but fair" regulatory body, the department envisions playing an important role in the continued growth of the insurance industry in Nebraska.

## **MISSION AND PRINCIPLES:**

To safeguard those affected by the business of insurance through the fulfillment of our statutory obligations and by promoting the fair and just treatment of all parties to insurance transactions.

## **GOALS:**

1. Improve and enhance services and protection provided to Nebraska insurance consumers.
2. Maximize efficiency and effectiveness of the department's operations and delivery of services.

Both of these goals can be reached through maintaining the department's accreditation status, upgrading the department's current database with a web-based system that would allow more information to be available to the public, and updating the department's web site. Each subprogram has also identified specific divisional goals that also help the department achieve these goals.

## Agency 022 - DEPT OF INSURANCE

### Financial Data

	FY10 Actual	FY11 Approp	FY12 Request	FY12 Recomm	FY13 Request	FY13 Recomm
<b>Operations Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	10,278,630	10,583,081	10,876,207	10,944,442	11,221,117	11,420,055
Federal Fund	1,722,479	324,168	806,335	1,572,789	556,335	1,425,670
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Operations Funding</b>	<b>12,001,109</b>	<b>10,907,249</b>	<b>11,682,542</b>	<b>12,517,231</b>	<b>11,777,452</b>	<b>12,845,725</b>
<b>Aid Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Aid Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	10,278,630	10,583,081	10,876,207	10,944,442	11,221,117	11,420,055
Federal Fund	1,722,479	324,168	806,335	1,572,789	556,335	1,425,670
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Agency</b>	<b>12,001,109</b>	<b>10,907,249</b>	<b>11,682,542</b>	<b>12,517,231</b>	<b>11,777,452</b>	<b>12,845,725</b>

**Agency 022 - DEPT OF INSURANCE**  
**Program 068 - MEDICAL PROFESSIONAL LIABILITY**

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**PROGRAM DESCRIPTION:**

The Medical Professional Liability program coordinates implementation of the provisions of the Hospital-Medical Liability Act (Chapter 44, Article 28). Functions performed include qualification of health care providers, collection of annual surcharges/premiums, disposal of claims, and other activities necessary to protect the assets of the Excess Liability Fund. The department has contracted administration duties for claim payments as allowed under §44-2854. The department maintains all other responsibilities, including all payments from the fund. All expenditures are reimbursed by the Excess Liability Trust fund (fund 62220) per §44-2829(6).

**PROGRAM OBJECTIVES:**

No program objectives have been included since costs are a function of medical malpractice claims filed, for which the department has no control. The department hired an outside company to administer the claim process while the department maintained the collection of the surcharge and the payment of claims. Any expenditures from program 068 are reimbursed by the Excess Liability fund.

**PERFORMANCE MEASURES:**

Because no program objectives have been identified, no performance measures are identified.

**Agency 022 - DEPT OF INSURANCE**  
**Program 068 - MEDICAL PROFESSIONAL LIABILITY**

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**Financial Data**

	<b>FY10 Actual</b>	<b>FY11 Approp</b>	<b>FY12 Request</b>	<b>FY12 Recomm</b>	<b>FY13 Request</b>	<b>FY13 Recomm</b>
<b>Operations Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	196,086	193,435	193,435	193,962	193,435	195,035
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Operations Funding</b>	<b>196,086</b>	<b>193,435</b>	<b>193,435</b>	<b>193,962</b>	<b>193,435</b>	<b>195,035</b>
<b>Aid Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Aid Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	196,086	193,435	193,435	193,962	193,435	195,035
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Program</b>	<b>196,086</b>	<b>193,435</b>	<b>193,435</b>	<b>193,962</b>	<b>193,435</b>	<b>195,035</b>

# Agency 022 - DEPT OF INSURANCE

## Program 069 - ENF OF STDS-INSURANCE

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### **PROGRAM DESCRIPTION:**

This program is responsible for the enforcement of all insurance laws and insuring the financial stability of Nebraska's domestic companies and is organized into the following functional areas:

- Administration – Includes Director's office
- Financial Examination- Monitors domestic company's financial condition
- Property & Casualty - Reviews and approves company filings
- Life & Health – Reviews and approves company filings
- Licensing – Licenses producers and agencies
- Legal – Provides legal counsel for the agency
- Administrative Services – Provides accounting, budgeting, and office support
- Market Conduct Examination – Monitors conduct of companies
- Fraud Prevention – Investigates insurance fraud

### **PROGRAM OBJECTIVES:**

01-1 Institute procedures in the Examination Division necessary to maintain National Association of Insurance Commissioner's (NAIC) accreditation. The NAIC conducts an on-site review every five years and interim annual desk reviews. New requirements will be reviewed annually and new procedures instituted as necessary.

### **PERFORMANCE MEASURES:**

#### **FINANCIAL EXAMINATION DIVISION:**

01-1 During FY07 the NAIC conducted a pre-accreditation review. In FY08 the on-site five-year review was conducted and the department was awarded its fourth accreditation certificate December 2, 2007. In FY08 and FY09 the Examination Division completed the Interim Annual Review documents and maintained its accreditation status for these years.

#### **CONSUMER AFFAIRS DIVISION:**

04-1 Consumer Affairs completed 1,519 investigations in 2009, aiding in the recovery of more than \$6 million dollars for consumers.

**Agency 022 - DEPT OF INSURANCE**  
**Program 069 - ENF OF STDS-INSURANCE**

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**Financial Data**

	<b>FY10 Actual</b>	<b>FY11 Approp</b>	<b>FY12 Request</b>	<b>FY12 Recomm</b>	<b>FY13 Request</b>	<b>FY13 Recomm</b>
<b>Operations Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	10,082,540	10,380,146	10,673,272	10,740,980	11,018,182	11,215,520
Federal Fund	1,722,479	324,168	806,335	1,572,789	556,335	1,425,670
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Operations Funding</b>	<b>11,805,019</b>	<b>10,704,314</b>	<b>11,479,607</b>	<b>12,313,769</b>	<b>11,574,517</b>	<b>12,641,190</b>
<b>Aid Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Aid Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	10,082,540	10,380,146	10,673,272	10,740,980	11,018,182	11,215,520
Federal Fund	1,722,479	324,168	806,335	1,572,789	556,335	1,425,670
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Program</b>	<b>11,805,019</b>	<b>10,704,314</b>	<b>11,479,607</b>	<b>12,313,769</b>	<b>11,574,517</b>	<b>12,641,190</b>

**Agency 022 - DEPT OF INSURANCE**  
**Program 556 - LIQUIDATION OF INSUR COMPANIES**

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**PROGRAM DESCRIPTION:**

The purpose of this program is to provide funding for activities associated with conservatorship or liquidation of troubled insurance companies. This program's appropriation is restricted and can only be expended in specific to allow the department of undertake and maintain corrective action. The number of actions requiring expenditures under this program vary widely from year to year. With the exception of a few expenditures, all costs associated with a conservatorship or liquidation of an insurance company is paid for directly from the estate of the company.

**PROGRAM OBJECTIVES:**

With the exception of a few expenditures, all costs associated with a conservatorship or liquidation of an insurance company is paid for directly from the estate of the company. Therefore no program objectives have been identified.

**PERFORMANCE MEASURES:**

With the exception of a few expenditures, all costs associated with a conservatorship or liquidation of an insurance company is paid for directly from the estate of the company. Therefore no performance measures have been identified.

**Agency 022 - DEPT OF INSURANCE**  
**Program 556 - LIQUIDATION OF INSUR COMPANIES**

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**Financial Data**

	<b>FY10 Actual</b>	<b>FY11 Approp</b>	<b>FY12 Request</b>	<b>FY12 Recomm</b>	<b>FY13 Request</b>	<b>FY13 Recomm</b>
<b>Operations Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	4	9,500	9,500	9,500	9,500	9,500
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Operations Funding</b>	<b>4</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>
<b>Aid Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Aid Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	4	9,500	9,500	9,500	9,500	9,500
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Program</b>	<b>4</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>	<b>9,500</b>