

Agency Activity Inventory
by Agency
Appropriation Period: FY 2010-11

Agency: R20 - Department of Insurance

Functional Group: Transportation &
Regulatory

1336 Solvency Monitoring

Monitor the solvency of domestic insurers and Health Maintenance Organizations (HMO) to detect as early as possible those insurers and HMOs which are financially impaired so that appropriate action can be taken to protect policyholders (Chapter 13 of Title 38).

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$2,064,620	\$88,141	\$0	\$0	\$0	\$1,976,479	18.00

Other Fund - Subfund No. & Title:

3035 Operating Revenue

Budgetary Program No.: II.A

Expected Results:

Detect financially-impaired insurers and HMOs in a timely manner and take action to prevent or limit loss to policyholders.

Outcome Measures:

Completed 11 financial examinations and analyzed quarterly and annual financial statements for South Carolina's 49 domestic insurance companies and HMO's. In addition, the Department received its five-year re-accreditation status from National Association of Insurance Commissioners (NAIC) in May 2006, confirming the Financial Services area is in compliance with the NAIC's insurance company solvency monitoring guidelines.

Agency: R20 - Department of Insurance

Functional Group: Transportation &
Regulatory

1337 Licensing

Review applications and issue licenses to those entities that have met the requirements for licensing (Chapters 43, 45, 47 and 49, 51, 53 of Title 38). Administer Continuing Education Program.

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

FY 2010-11

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Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$725,099	\$81,253	\$0	\$0	\$0	\$643,846	10.50

Other Fund - Subfund No. & Title:

3035 Operating Revenue

Budgetary Program No.: II.B

Expected Results:

Accurately issue licenses in a timely manner.

Outcome Measures:

Issued licenses within 24 to 72 business hours. A total of 29,962 licenses were issues during the past fiscal year. After reviewing financial statements and other pertinent information, the Financial Services area issued 24 licenses to insurance companies seeking to write insurance in South Carolina. These licenses were for the following: 16 Property & Casualty, 1 Life, Accident & Health, 1 Title, 1 Surety, 1 Health and 4 Eligible Surplus Lines.

Agency: R20 - Department of Insurance

Functional Group: Transportation &
Regulatory

1338 Taxation

Audit premium and broker tax returns and collect insurance taxes as prescribed by the insurance statutes (Chapters 7 and 45 of Title 38).

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$115,691	\$115,691	\$0	\$0	\$0	\$0	1.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: II.C

Expected Results:

Accurately collect taxes as prescribed by the insurance statutes.

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Outcome Measures:

Collected insurer and broker premium taxes on a quarterly basis, which were deposited to the General Fund. Performed audits of returns and balanced taxes to the general ledger by June 28, 2010. During the year, 1,610 licensed insurers and 177 captive insurers were audited. In addition, 494 broker premium tax returns were reviewed and audited. After auditing returns, additional taxes of \$967,722 were collected. Total taxes and fees collected during the calendar year amounted to approximately \$172 million.

Agency: R20 - Department of Insurance**Functional Group:** Transportation & Regulatory**1339 Consumer Services**

Assist consumers with insurance-related problems and provide public information on consumer insurance issues (38-13-70).

Statewide Result Area: Improve the conditions for economic growth**Strategy:** Provide for a reasonable and safe business regulatory environment.**FY 2010-11**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$128,092	\$128,092	\$0	\$0	\$0	\$0	10.50

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: II.D**Expected Results:**

Assist consumers in a timely manner and provide public information as funding is available.

Outcome Measures:

Responded to and resolved consumer requests relating to insurance issues to include unfair sales and advertising practices and underwriting and claims handling practices. Handled approximately 2,721 written complaints, 58,361 telephone complaints/inquiries and 139 walk-ins during this last fiscal year. Additionally, approximately 78 legislative/constituents request for assistance were handled.

Agency: R20 - Department of Insurance**Functional Group:** Transportation & Regulatory

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1340 Form and Rate Review

Ensure that policy forms are in compliance with SC laws and regulations. Ensure that rates are not excessive, inadequate, or unfairly discriminatory (Chapters 55 through 73 of Title 38).

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

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Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$577,442	\$577,442	\$0	\$0	\$0	\$0	12.50

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: II.E**Expected Results:**

Insurers issue policies that are in compliance with SC laws and regulations. Timely approve or disapprove rate requests.

Outcome Measures:

Protected insurance consumers by ensuring that forms are in compliance with the laws and regulations of South Carolina and do not contain provisions that are unfair, deceptive, misleading or discriminatory. Approximately 9,216 rates and forms were processed during the fiscal year. Reviewed rates to ensure that they were reasonable, not excessive or inadequate, and not unfairly discriminatory.

Agency: R20 - Department of Insurance**Functional Group:** Transportation & Regulatory**1341 Pass Through Funds**

Administer uninsured motorists' fees and fines as required or allowed by statute (Chapter 10 of Title 56 and 38-77-151 through 155).

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$2,555,000	\$0	\$0	\$0	\$0	\$2,555,000	0.00

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Other Fund - Subfund No. & Title:

3554 Recoupment Fund - \$200,000; 4327 Uninsured Motorists Fund - Administrative - \$200,000; 4553 Uninsured Motorists Fund - \$2,155,000

Budgetary Program No.: II.G

Expected Results:

Funds budgeted to pass through to the SC Reinsurance Facility to offset losses of the facility are \$200,000. Budgeted funds of \$2,155,000 are designated to be distributed to insurance companies to reduce uninsured motorists' premiums. Budgeted funds of \$200,000 are designated for certain activities to reduce the number of uninsured motorists.

Outcome Measures:

Assessments against insurance companies to offset Reinsurance Facility losses have been reduced by distributions to the Facility. Distributions to the Reinsurance Facility were \$76,481 in FY 2010.

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Functional Group: Transportation & Regulatory

1342 Captive Formation

Facilitate the formation and regulation of captive insurance companies domiciled in SC (Chapter 90 of Title 38).

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$2,330,411	\$83,122	\$0	\$0	\$0	\$2,247,289	13.50

Other Fund - Subfund No. & Title:

36B5 Operating Revenue

Budgetary Program No.: II.H

Expected Results:

License captive insurance companies using guidelines established by statute. Through proper analysis, the Department reviews financial and other pertinent information submitted by captive insurers applying for license to ensure that each company will be able to meet financial responsibilities to its policyholders.

Outcome Measures:

Since the passage of captive-enabling legislation in 2000, the Department has licensed 215 captive insurance companies. 10 new licenses were issued during the fiscal year. 46 financial examinations of captive companies were completed. Of the 46, 15 were risk retention groups and 31 were non-risk retention groups. The Department

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collected \$4,611,614 in taxes and fees from the licensing of captive insurance companies. Economic benefit to the State was about \$20,000,000. All quarterly and annual financial statement analysis was completed on all domestic risk retention groups licensed as captive insurers.

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Functional Group: Transportation & Regulatory

1344 Executive Services

Provide information and assistance to, and coordinate activities with, the public, government entities, and other outside parties. Administer grants. Perform special projects. Manage the day-to-day operations of the agency. Title 38 Chapter 3.

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$120,451	\$120,451	\$0	\$0	\$0	\$0	4.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.

Expected Results:

Provide requested information and assistance in a timely manner. Administer grant programs in accordance with applicable law and regulations. Maintain efficient coordination of activities with other agencies and outside parties.

Outcome Measures:

Ensured that all insurance laws of the State were faithfully executed and counseled and advised the Governor on all matters assigned to the Administration. Effectively and efficiently managed the day-to-day operations of the agency; provided assistance to legislators and their constituents; facilitated all NAIC projects, meeting and conferences and handled all media contacts within properly established timeframes.

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Functional Group: Transportation & Regulatory

1345 Legal and Investigations

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Initiate enforcement or administrative disciplinary action against entities charged with violating insurance laws. Draft legal documents and legislation. Provide advice and counsel internally with regard to insurance laws. (38-13-70, 38-25-520)

Statewide Result Area: Improve the conditions for economic growth

Strategy: Provide for a reasonable and safe business regulatory environment.

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$271,014	\$271,014	\$0	\$0	\$0	\$0	9.00

Other Fund - Subfund No. & Title:

NA

Budgetary Program No.: I.

Expected Results:

Accept service of process, respond to FOIA requests, provide formal interpretation of SC insurance law, investigation of violations of SC law, impose administrative disciplinary action where necessary, and represent the agency in various state and federal proceedings.

Outcome Measures:

The legal division received 2,664 summons and complaints in civil actions to be served on insurers transacting business in SC, responded to 136 FOIA requests, closed 382 investigation files resulting in \$154,500.00 in administrative fines for the general fund and represented the agency in 3 cases brought before the Administrative Law Judge during the last fiscal year.

Agency: R20 - Department of Insurance

Functional Group: Transportation & Regulatory

1346 Administration

Develop and maintain state administrative and accounting policies for payroll, travel, human resources, accounting, and reporting. Policies incorporate federal and state regulations, as well as national accounting standards. Also, maintain an efficient and customer-friendly central file operation. The fiscal unit also monitors financial data for compliance with policies. Title 38 Chapter 3.

Statewide Result Area: Improve the conditions for economic growth

Strategy: Administration

FY 2010-11

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$546,332	\$489,332	\$0	\$0	\$0	\$57,000	16.25

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Other Fund - Subfund No. & Title:

3035 Operating Revenue

Budgetary Program No.: I.**Expected Results:**

Maximize the value of the state's investments in financial and administrative systems. Streamline business processes to make it easier for state employees to perform their jobs. Provide easy, timely access to valuable information to improve decision-making and operational effectiveness.

Outcome Measures:

Successfully provided the administrative services program in support of the agency's mission in a professional qualitative and responsive manner, emphasized efficiency and cost-effectiveness. Managed salaries and benefits for 98 FTEs; maintained agency-wide computer systems. Account for the collection of over \$172,000,000 in taxes, fees and assessments. Successfully managed donations received by the agency; managed 2.5 million dollar SC Safe Home Grant Program.

Agency: R20 - Department of Insurance**Functional Group:** Transportation & Regulatory**1931 Loss Mitigation**

H.3820 established the South Carolina Hurricane Damage Mitigation Program which provides financial incentives to encourage residential property owners to retrofit their properties, making them less vulnerable to hurricane damage and helping reduce the cost of residential property and casualty insurance.

Statewide Result Area: Improve the conditions for economic growth**Strategy:** Administration**FY 2010-11**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$2,260,151	\$0	\$0	\$0	\$0	\$2,260,151	2.75

Other Fund - Subfund No. & Title:

3457 Hurricane Damage Mitigation Grant Program

Budgetary Program No.: II.F**Expected Results:**

Reduce the state's insurance potential maximum loss by providing grants to better protect homes against hurricane damage.

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Outcome Measures:

Provided matching grants of up to \$5,000 to assist individuals in making their homes as hurricane resistant as possible. The Department partnered with local and statewide businesses and not for profit agencies to provide information and mitigation methods to help South Carolinians learn ways to make their homes more disaster resistant. During the fiscal year ending June 30, 2010, SC Safe Home awarded 398 grants totaling approximately \$1,925,00.00.

AGENCY TOTALS

Department of Insurance

TOTAL AGENCY FUNDS	TOTAL GENERAL FUNDS	TOTAL FEDERAL FUNDS	TOTAL OTHER FUNDS
\$11,694,303	\$1,954,538	\$0	\$9,739,765
	TOTAL NON-RECURRING FUNDS	TOTAL PART III FUNDS	TOTAL FTEs
	\$0	\$0	98.00