

**Agency Activity Inventory**  
by Agency  
Appropriation Period: FY 2009-10

**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 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$2,126,536	\$150,057	\$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 14 financial examinations and analyzed quarterly and annual financial statements for South Carolina's 50 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 2009-10**

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Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$740,881	\$97,035	\$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 licensees within 24 to 72 hours of receipt of property completed paperwork. A total of 36,874 new licenses (36,762 individual and 150 special licenses) were issued during the past fiscal year. After reviewing financial statements and other pertinent information, the Financial Services area issued 41 licenses to insurance companies seeking to write insurance in south Carolina. These licenses were for the following: 20 Property and Casualty; 8, Life, Accident and Health; 0 Title, 2 Surety and 11 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 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$134,402	\$134,402	\$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 30, 2009. During the year, the Department audited 1,602 licensed insurers and 171 captive insurers. In addition, 416 broker premium tax returns were reviewed and audited. After auditing returns, additional taxes of \$261,588 were collected. Total taxes and fees collected during the calendar year amounted to approximately \$181 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 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$216,704	\$216,704	\$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 request relating to insurance issues to include unfair sales and advertising practices, underwriting and claims handling practices. Handled approximately 2,644 written complaints, 61,095 telephone complaints/inquiries and 151 walk-ins during the past fiscal year. Additionally, approximately 100 legislative/constituents requests for assistance were handled.

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**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.

**FY 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$673,673	\$673,673	\$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 10,917 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 2009-10**

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 \$169,755 in FY 2009. Distributions to insurance companies to offset uninsured motorist's premiums were \$1,000,000 in FY 2009. Remaining expenditures were for administration of the Uninsured Motorist program.

**Agency:** R20 - Department of Insurance

**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 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$2,329,932	\$82,643	\$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.

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**Outcome Measures:**

Since the passage of captive-enabling legislation in 2000, the Department has licensed 207 captive insurance companies. Eleven new captive licenses were issued during the last fiscal year and eleven financial examinations of captive insurance companies were completed. During the fiscal year ending June 30, 2009, the Department remitted \$3,614,548 in premium taxes to the General Fund. Economic benefit to the State from captive activities for the fiscal year was approximately \$19,000,000. In addition, quarterly and annual financial statement analysis was performed on all domestic risk retention groups licensed as captive insurance companies.

**Agency:** R20 - Department of Insurance**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. (38-1-20(16). Manage the day-to-day operations of the agency.

**Statewide Result Area:** Improve the conditions for economic growth**Strategy:** Provide for a reasonable and safe business regulatory environment.**FY 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$170,911	\$170,911	\$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:**

Effectively and efficiently managed the day-to-day operations of the agency; provided assistance to legislators and their constituents; successfully managed grants received by the agency; managed SC Safe Home Grant Program, facilitated all NAIC projects, meetings, and conferences; and handled all media contacts within properly established timeframes.

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Regulatory

**1345 Legal and Investigations**

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 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$384,549	\$384,549	\$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 3,280 summons and complaints in civil actions to be served on insurers transacting business in SC, responded to 95 FOIA requests for interpretation of SC insurance law, closed 288 investigation files resulting in \$24,250 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.

**Statewide Result Area:** Improve the conditions for economic growth

**Strategy:** Administration

**FY 2009-10**

## Agency Activity Inventory by Agency

Appropriation Period: FY 2009-10

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
\$751,325	\$694,325	\$0	\$0	\$0	\$57,000	16.25

**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:**

Provided administrative services in support of the agency's mission in a professional, qualitative and responsive manner which emphasized efficiency and cost-effectiveness. Manages salaries and benefits for 98 FTEs. Also, maintained agency-wide computer system. Account for the collection of over \$190,000,000 in taxes, fees, fines and assessments.

**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 2009-10**

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

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damage.

**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 hurricane-resistant. During the fiscal year ended June 30, 2009, the Hurricane Mitigation program made 247 grant awards resulting in 447 payments totaling \$2,016,791.

**Agency:** R20 - Department of Insurance

**Functional Group:** Transportation & Regulatory

**9998 4.04% Mid-Year Reduction**

4.04% Mid-Year Reduction

**Statewide Result Area:** Improve the conditions for economic growth

**Strategy:** FY 2009-10 4.04% Mid-Year Reduction

**FY 2009-10**

Total	General Funds	Federal Funds	Non-Recurring Provisos	Part III (ARRA Funds)	Other Funds	FTEs
(\$105,143)	(\$105,143)	\$0	\$0	\$0	\$0	0.00

**Other Fund - Subfund No. & Title:**

NA

**Budgetary Program No.:** NA

**Expected Results:**

NA

**Outcome Measures:**

NA

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**AGENCY TOTALS**

*Department of Insurance*

<b>TOTAL AGENCY FUNDS</b>	<b>TOTAL GENERAL FUNDS</b>	<b>TOTAL FEDERAL FUNDS</b>	<b>TOTAL OTHER FUNDS</b>
\$12,238,921	\$2,499,156	\$0	\$9,739,765
	<b>TOTAL NON-RECURRING FUNDS</b>	<b>TOTAL PART III FUNDS</b>	<b>TOTAL FTEs</b>
	\$0	\$0	98.00