



**Oklahoma
Insurance
Department**

Oklahoma Insurance Department

FY 2025 Budget Hearing Presentation

Submitted by: Insurance Commissioner, Glen Mulready

Glen Mulready

Insurance Commissioner



The Oklahoma Insurance Department serves as the **primary regulatory agency for the insurance industry.**

Founded in **1907**, this agency now encompasses the following divisions:

- **Financial Regulation** – Financial Analysts, Captive Insurance, Financial Examinations, Market Regulation
- **Consumer Services** - Consumer Assistance, Medicare Assistance Program, Field Operations, Insurance Service Office
- **Licensing Services** - Producer Licensing, Bail Bonds, Continuing Education, Regulated Industry Services
- **Communications**
- **Operations** - Comptroller, Information Technology, Building Management
- **General Counsel** - Legal, Anti-Fraud, Human Resources, PBM Compliance, Rate and Form
- **Executive** - Commissioner, Chief of Staff, Executive Support, Government and Community Affairs, Real Estate Appraiser Board

Agency Vision, Mission and Core Values

Vision: To protect Oklahoma consumers by monitoring the financial stability and market conduct of Oklahoma insurers and regulated entities.

Mission: The Oklahoma Insurance Department will provide competent and trustworthy employees who will protect Oklahoma consumers by providing timely assistance and information, and efficiently regulate the insurance industry's market behavior and financial solvency, while fostering a competitive insurance marketplace.

Core Values: Competent-Trustworthy-Client Focused-Team Player-Positive



Accomplishments

Top accomplishments for FY 2023 – FY 2024

- 1) Matched \$49M in life insurance benefits with Oklahoma beneficiaries using the Life Insurance Policy Locator in 2022.
- 2) Completed the 3rd Insurance Business Transfer transaction and approved by Oklahoma District Court in September 2023
- 3) Increased Medicare Assistance Program virtual presence by offering 5 consumer webinars to the senior population with registration reaching 350.
- 4) Recruited 11 new domestic captive insurers to our state
- 5) Completed final year of three-year salary survey plan in accordance with the State Employee Compensation Program, 74 O.S. § 840-2.15A
- 6) Transitioned to new Surplus Lines Automation Suite software for producers and OID staff (will improve surplus lines reporting and available data)



Challenges

Top Challenges (current & upcoming years)

- 1) Transition planning for key personnel eligible for retirement.
- 2) Workforce development strategies that recruit and retain top talent and improve program experience to meet/exceed accreditation standards.
- 3) Replacement of AS400 system used for premium tax audits and revenue tracking.



Savings & Efficiencies (Current or Planned)

| Savings or Efficiency Name | Brief description of how savings were achieved | Savings in Unit of Measurement* | FY 2023 (Actual \$ Savings) | FY 2024 (Projected \$ Savings) | FY 2025 (Projected \$ Savings) |
|---|--|---------------------------------|-----------------------------|---|---|
| OMES IT Consolidation & HR Shared Services | Eliminates duplicated services; allows for economies of scale pricing | Efficiency | N/A | N/A | N/A |
| Motor pool evaluation | Exchanged mail van for smaller, less expensive vehicle; also not making daily trips to the bank (using remote deposit) | Monthly Lease Cost | \$75,000 | \$500 | N/A |
| Review of on-going services | Established a new janitorial contract | Annual Contract Cost | \$36,000 | \$36,000 (as compared to FY2022 contract amt) | \$36,000 (as compared to FY2022 contract amt) |
| Locate New Tulsa Office Space | Reduce total square footage and monthly lease expense | Monthly Lease Cost | N/A | \$11,000 | \$16,000 (as compared to FY2022 contract amt) |
| TEAMS Phones Transition | Eliminating desk phones for over 90% of staff and transitioning to TEAMS phone software | Annual Cost | N/A | \$13,000 | \$35,000 |

* Hours, FTE, square feet, etc.



Agency Goals and Key Performance Metrics

| Goal | | Metric | FY 22 Actuals | FY 23 Actuals | FY 24 Target | FY 29 Target |
|------|--|--|---------------|---------------|--------------|--------------|
| 1 | Provide consumer assistance in recovering premium dollars for Oklahoma consumers. | Recovered premium dollars for Oklahoma consumers. | \$5,656,720 | \$8,295,010 | \$5,710,000 | \$5,725,000 |
| 2 | Issue licenses for insurance producers. | Number of licenses issued. | 307,690 | 332,770 | 332,700 | 332,700 |
| 3 | Financial examinations adopted on domestic insurers, captives, funeral homes and special purpose entities. | Number of financial examinations adopted. | 45 | 56 | 62 | 42 |
| 4 | Domestic insurance companies. | Number of domestic insurance companies. | 86 | 88 | 92 | 93 |
| 5 | Medicare Assistance Program client outreach. | Number of client contacts for Medicare Assistance Program. | 19,878 | 19,254 | 20,346 | 20,346 |



Projects for FY 2024 - 2025

Projects

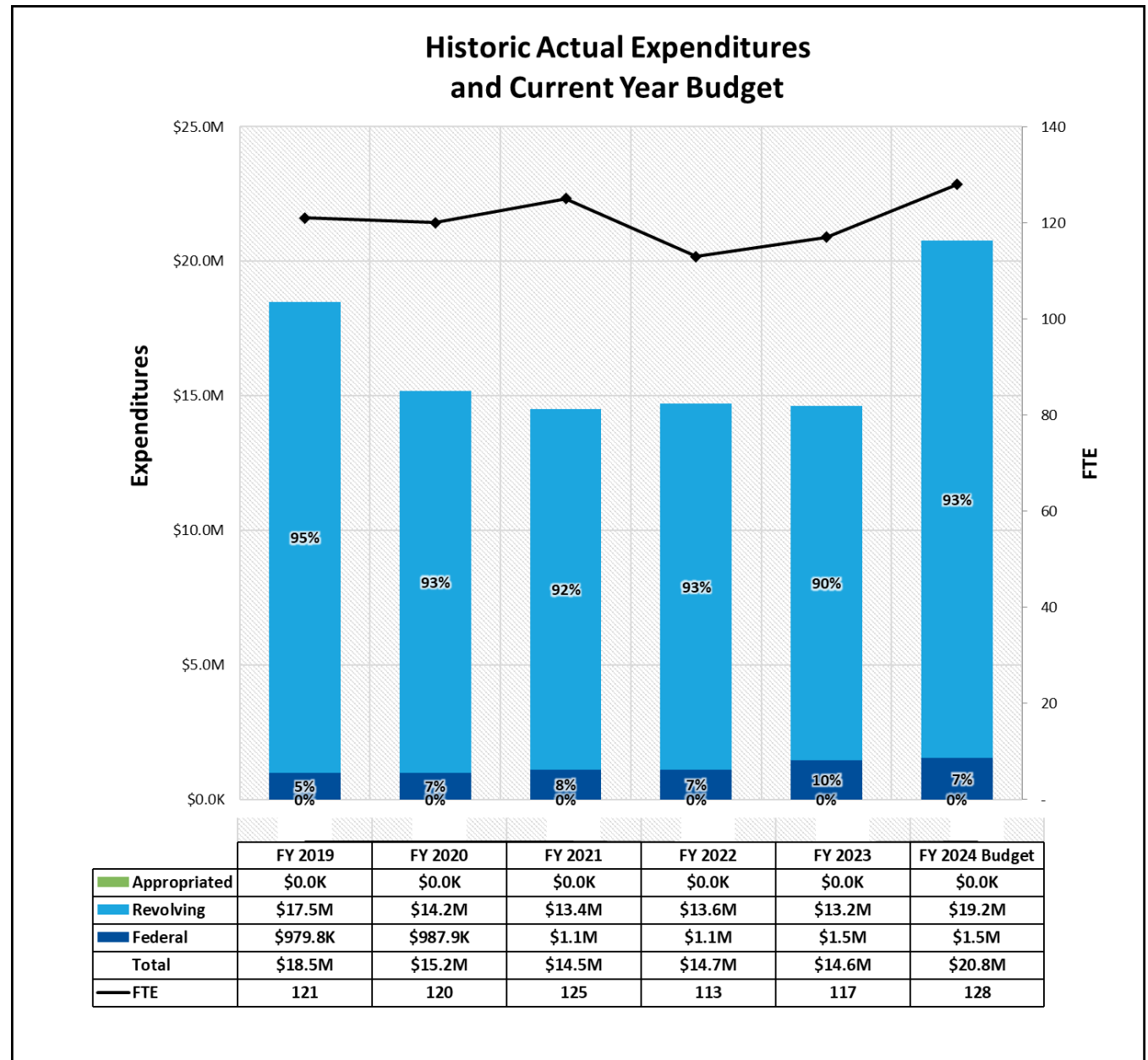
- 1) Begin OID office building restoration efforts due to severe weather penetration
- 2) Continued implementation of business process improvements and consumer education initiatives
- 3) Work with Legislature to establish a grant program for Oklahoma residents to fortify their homes, mitigate loss, and help reduce homeowners premiums
- 4) Coordinate and host the 2nd Annual Oklahoma Captive and Insurance Business Transfer conference with the Oklahoma Captive Insurance Association
- 5) Complete several IT modernization projects and continue working identifying software solutions for our AS400 platform



Historic Actual Expenditures (FY 2019-23) and Current Year Budget (FY 2024)

Explanation of Significant Changes and Trends

- FY 2019 included the \$4.5 million down payment on the 400 NE 50th building construction project.
- FY 2024 budget includes investment in technology programs department wide. Repairs and upgrades to the OKC office building.



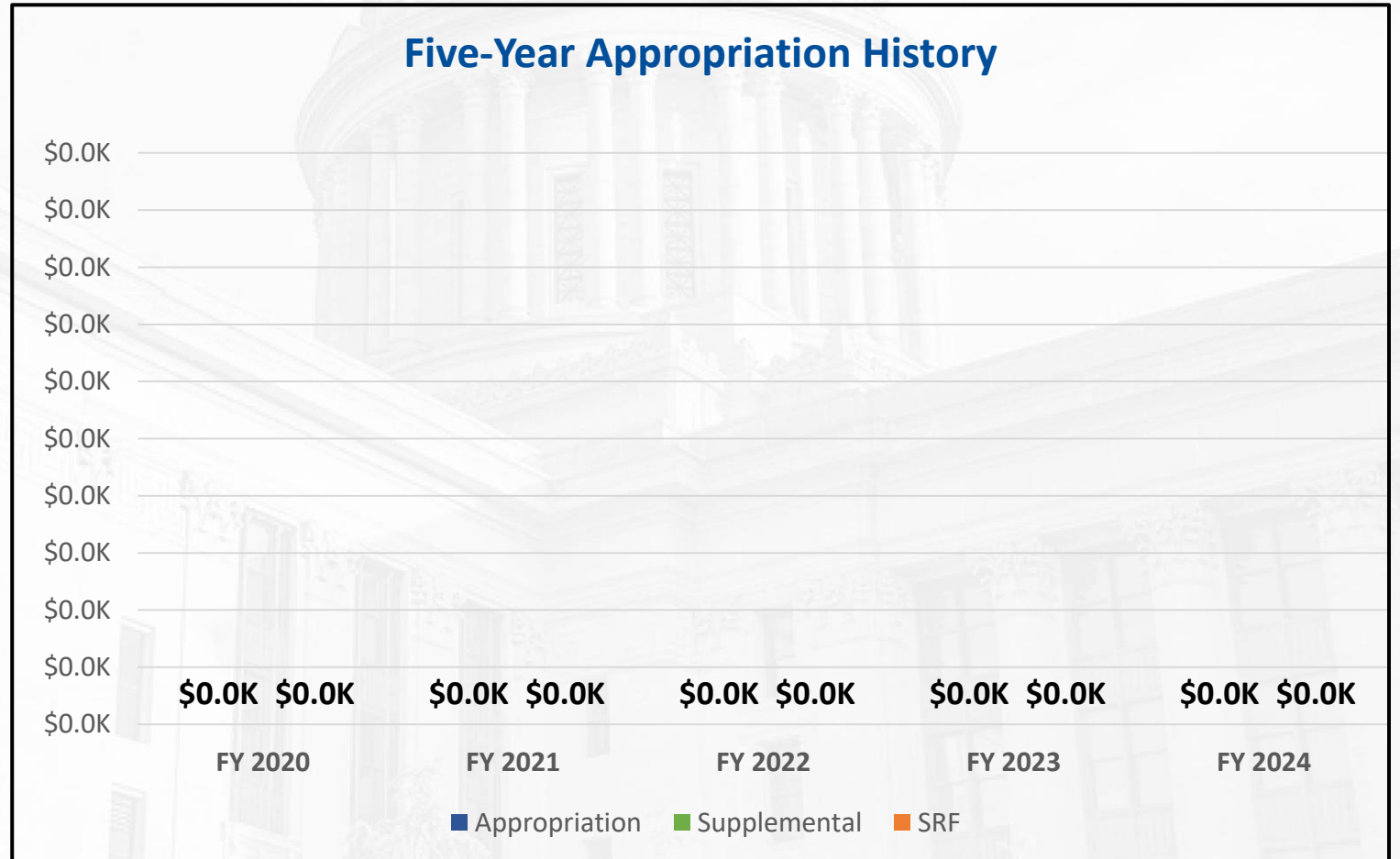


FY 2024 Budgeted Full Time Equivalents (FTE)

| | FY 2024 Budgeted FTE |
|---|----------------------|
| Total FTE | 128 |
| Supervisor FTE | 34 |
| Supervisors to Total FTE Ratio (%) | 26% |

Appropriation History

| Fiscal Year | Legislated Appropriation (\$) (Includes supplementals and SRF/ARPA.) |
|-------------|---|
| FY 2020 | \$0 |
| FY 2021 | \$0 |
| FY 2022 | \$0 |
| FY 2023 | \$0 |
| FY 2024 | \$0 |



**Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.*



Financial Resource Analysis

| Carryover | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---------|---------|---------|---------|
| Total appropriated carryover amount expended (\$) | \$0 | \$0 | \$0 | \$0 |

| Historical Cash Balances | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|--|--|---|---|
| Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i> | 200 Fund \$3,243,000 225 Fund \$655,000 230 Fund \$173,000 | 200 Fund \$8,715,000 225 Fund \$623,000 230 Fund \$153,000 | 200 Fund \$15,673,000 225 Fund \$749,000 230 Fund \$142,000 240 Fund \$217,000 | 200 Fund \$22,500,000 225 Fund \$804,000 230 Fund \$559,000 240 Fund \$1,030,000 |

| Class Fund # <i>(Unrestricted only)</i> | Class Fund Name <i>(Unrestricted only)</i> | Current cash balance (\$) as of 9.30.23 | Fiscal Year | Agency's plan to deploy unrestricted cash (including amounts): |
|--|---|---|-------------|---|
| 200 | Commissioner's Revolving Fund | \$24,018,000 | FY 2024 | Since the agency is non-appropriated the funds will be deployed to cover FY2024 approved agency budget expenses with a focus on efficiencies, maximizing cost performance and investment in technology. |
| 225 | Real Estate Appraiser Board Revolving Fund | \$802,000 | | |
| 230 | Anti Fraud Revolving Fund | \$466,000 | FY 2025 | Since the agency is non-appropriated the funds will be deployed to cover FY2025 approved agency budget expenses with a focus on efficiencies, maximizing cost performance, program growth in captives and IBTs, and continued investment in technology. |
| 240 | Pharmacy Benefit Managers Revolving Fund | \$889,000 | | |
| | | | FY 2026 | Since the agency is non-appropriated the funds will be deployed to cover FY2026 approved agency budget expenses with a focus on efficiencies, maximizing cost performance, program growth in captives and IBTs, and continued investment in technology. |
| | | | | |
| | Total Current Unrestricted Fund Cash balance as of 09/30/2023: | \$26,175,000 | | |



Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method, or donor restriction.

FY 2022 Incremental Appropriation Review

| <i>Purpose of appropriation increase / decrease</i> | <i>Amount of increase or decrease (\$)</i> | <i>Included in FY24 appropriation? (Yes/No)</i> | <i>If yes, included in appropriation for same purpose? (Yes/No)</i> | <i>If not included for same purpose, please explain.</i> |
|---|--|---|---|--|
| FY 2022 | | | | |
| No adjustment. | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| Total adjustment | \$ | | | |

***Please review guidance and instructions at the end of this slide deck, then delete this text box.**



**Do not include SRF / ARPA appropriation increases.*

FY 2023 Incremental Appropriation Review

| <i>Purpose of appropriation increase / decrease</i> | <i>Amount of increase or decrease (\$)</i> | <i>Included in FY24 appropriation? (Yes/No)</i> | <i>If yes, included in appropriation for same purpose? (Yes/No)</i> | <i>If not included for same purpose, please explain.</i> |
|---|--|---|---|--|
| FY 2023 | | | | |
| No adjustment. | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| Total adjustment | \$ | | | |



**Do not include SRF / ARPA appropriation increases.*

FY 2024 Incremental Appropriation Review

| <i>Purpose of appropriation increase / decrease</i> | <i>Amount of increase or decrease (\$)</i> | <i>Does this need to be included in your FY 2025 appropriation? (Yes/No)</i> | <i>If yes, included in appropriation for same purpose? (Yes/No)</i> | <i>If not included for same purpose, please explain.</i> |
|---|--|--|---|--|
| FY 2024 | | | | |
| No adjustment. | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| Total adjustment | \$ | | | |



**Do not include SRF / ARPA appropriation increases.*

Budget & Supplemental Request Summary

| Request Name | | FY 2025 Appropriated Request Amount (\$) {or FY 2024 for Supplementals} | Type of Request: Operating, One-time, or Supplemental |
|--------------|-----|--|--|
| 1 | N/A | \$0 | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |



(1) Budget Request

| | |
|---|---|
| Name of Request N/A | |
| Type: (Operating, One-Time, Supplemental) | \$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) |
| Describe why these funds are needed. | |



(2) Budget Request

| | |
|---|---|
| Name of Request N/A | |
| Type: (Operating, One-Time, Supplemental) | \$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) |
| Describe why these funds are needed. | |



(3) Budget Request

| | |
|---|---|
| Name of Request N/A | |
| Type: (Operating, One-Time, Supplemental) | \$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) |
| Describe why these funds are needed. | |





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Appendix

FY 2023 Premium Tax Disbursements

| | |
|--------------------------------|-----------------------------|
| <i>Law Enforcement Pension</i> | \$15,873,453 |
| <i>Police Pension</i> | \$44,456,168 |
| <i>Firefighter Pension</i> | \$114,291,487 |
| <i>General Revenue Fund</i> | <u>\$126,816,687</u> |
| <i>Total</i> | \$301,437,795 |



General Instructions

(please delete this slide when presentation is complete)

This template was created in collaboration between the Executive and Legislative teams to provide a consistent approach for presenting information.

Complete this slide presentation and send the file to the following parties by November 13th:

- House of Representatives Fiscal Director John McPhetridge (John.McPhetridge@okhouse.gov),
- Senate Fiscal Director Anthony Sammons (Anthony.Sammons@oksenate.gov)
- Your assigned OMES Budget Analyst, and
- The Cabinet Secretary for your agency.



Slide Instructions *(please delete this slide when presentation is complete)*

| Slide # | Guidance |
|---------|--|
| 6 | Savings & Efficiencies – Complete slides with the requested information. |
| 9 | Historic Actual Expenditures and Current Year Budget – <i>Copy the required graph from the Financial Graph Template provided in separate spreadsheet. Then, explain any major trends or anomalies in the graph.</i> |
| 10 | Budgeted FTE – Enter the Total FTE and Supervisors FTE. The total budgeted FTE should match the prior slide’s FY24 Budgeted FTE number (which is sourced from the agency FY24 BWP Position Budget). Then, calculate the Supervisor to Total FTE ratio as a percentage. |
| 11 | Appropriation History – Include appropriations, supplemental, and Statewide Recovery Fund (ARPA) appropriations. The summary table and chart are not linked. To update the chart, click the graph, then click “Chart Design” and “Edit Data”. An Excel spreadsheet will appear for you to enter appropriation amounts in each category. |
| 12 | Financial Resource Analysis – Add carryover and revolving fund cash balances. Detail each unrestricted cash balance by class fund. Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method, or donor restriction. Add descriptions of the agency’s plan to deploy any unrestricted cash by fiscal year. |



Slide Instructions *(please delete this slide when presentation is complete)*

| Slide # | Guidance |
|----------|---|
| 13-15 | <p>NEW THIS YEAR Incremental Appropriation Reviews – List each appropriation adjustment, both increases and decreases, by purpose and amount. The agency is asked to include both increases and decreases to show the total fiscal year adjustment. If you did not receive an appropriation adjustment for a fiscal year, place “No adjustments” in the first cell of the table. Do not include Statewide Recovery Fund / ARPA appropriations.</p> <p>Answer whether or not the adjustment amount was still being received in your FY 2024 appropriation. If it was received in FY 2024, was it being received for the same purpose? If still being received, but not for the same purpose, please explain. For FY 2024 appropriation adjustments received, will the agency continue to need each of these in FY 2025?</p> <p>Appropriation decreases: For decreases, you can place “N/A” in the three columns following the amount.</p> <p>Source of adjustments: Lists of FY 2023 and FY 2024 appropriation adjustments were provided to each agency in their BWP packets. If you do not know why your agency received an FY 2022 adjustment, please reach out to your statewide Budget Analyst.</p> |
| 16 | <p>Budget and Supplemental Request Summary – In general, requests in this summary slide should match the summary tab in your Budget Request workbook. Place Supplemental requests first in the list, and indicate if the request is a One-time, Operating, or Supplemental request. “One-time” requests are short-term needs that may extend over several years. If your “One-time” request is needed for several years, indicate how many years in the last column.</p> <p>Duplicate this slide if needed, and update the priority numbers in the column to the left.</p> |
| 17+ | <p>Budget Request Detail – In the header, match the request number to the request priority in the previous slide (Summary sheet). Explain why the requested funds are needed. Place supplemental requests first in the slide deck.</p> <p>Duplicate this slide as needed to describe each budget request. Delete any unused slides.</p> |
| Appendix | <p>OPTIONAL – The agency may include 1-2 slides of additional content if desired. Please DELETE the appendix section slide and appendix slide if not used.</p> |

