FINANCIAL SERVICES COMMISSION

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OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

September 29, 2023

Chris Spencer, Director
Office of Policy and Budget
Executive Office of the Governor
1701 Capitol
Tallahassee, Florida 32399-0001

Tim Sadberry, Staff Director
Senate Committee on Appropriations
201 The Capitol
Tallahassee, Florida 32399-1100

J. Eric Pridgeon, Staff Director
House Appropriations Committee
221 The Capitol
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Office of Insurance Regulation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2024-25 through Fiscal Year 2028-29. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is www.floir.com. This submission of our LRPP has been approved by me.

Sincerely,

Michael Yaworsky
Insurance Commissioner

MICHAEL YAWORSKY • COMMISSIONER
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Long Range Program Plan

Fiscal Years 2024-2025 through 2028-2029

FLORIDA OFFICE OF
Insurance Regulation

Michael Yaworsky
Insurance Commissioner

Michael Yaworsky
Florida Insurance Commissioner

Michael Yaworsky was nominated by Governor DeSantis and appointed by the Financial Services Commission to serve as the Florida Insurance Commissioner in March 2023.

Prior to his nomination, Mr. Yaworsky served as the Vice Chairman of the Florida Gaming Control Commission and served as the Florida Office of Insurance Regulation's (OIR) Chief of Staff from 2017 – 2021. As OIR's Chief of Staff, he assisted in overseeing one of the largest insurance markets in the world by serving as a policy advisor to the Commissioner and managing agency fiscal matters and administrative operations.

Prior to joining OIR, Mr. Yaworsky served as Legal Counsel for the Georgia Office of Insurance and Safety Fire Commissioner, where he was responsible for advising the Commissioner and senior staff on policy decisions and performing administrative, regulatory and litigation duties associated with the legal unit. He also served as Counsel for the Office of President Pro Tempore in the Georgia Senate from 2014 – 2015.

Mr. Yaworsky honed his skills serving the state of Florida in a variety of government, regulatory and legislative positions from 2006 - 2011. This included working as Chief of Staff with the Florida Department of Business and Professional Regulation and Director of Gubernatorial Appointments and Cabinet Aide at the Executive Office of the Governor.

Mr. Yaworsky has a Bachelor's degree in Social Science from Florida State University and a Juris Doctor degree from Samford University's Cumberland School of Law. He has been a member of the Georgia Bar since 2014.

Mr. Yaworsky also serves on the Board of Directors for Family Promise of the Big Bend. Family Promise of the Big Bend is a nonprofit organization dedicated to ending homelessness in the Big Bend through leadership, education, advocacy, and the provision of quality services.

OIR Mission, Vision, and Goals

Mission

To promote a stable and competitive insurance market for consumers.

Vision

OIR envisions a robust and competitive insurance market while maintaining protections for the insurance-buying public.

Goals

1. Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage that is priced in a manner that is adequate, but not excessive or unfairly discriminatory.

2. Protect the public from illegal, unethical insurance products and practices.

3. Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.

4. Operate in an efficient, effective, and transparent manner.

Goals, Objectives, Service Outcomes, and Performance Projection Tables

Program: Office of Insurance Regulation
43900110 Compliance and Enforcement

GOAL 1:

Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage that is priced in a manner that is adequate, but not excessive or unfairly discriminatory.

OBJECTIVE 1.A: Process product filings expeditiously.

1) 1.A.1: Percentage of life and health form and rate filing reviews completed within 45 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
90%	90%	90%	90%	90%	90%

2) 1.A.2: Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews completed within 90 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
90%	90%	90%	90%	90%	90%

OBJECTIVE 1.B: Enable new companies to enter the market expeditiously.

3) 1.B.1: Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
98%	98%	98%	98%	98%	98%

4) 1.B.2: Applications for a new certificate of authority for life & health and property & casualty companies processed within 90 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
98%	98%	98%	98%	98%	98%

GOAL 2:

Protect the public from illegal, unethical insurance products and practices.

OBJECTIVE 2.A: To act upon allegations of unethical or illegal products or practices.

5) 2.A.1: Percentage of market conduct examinations with violations in which the OIR takes enforcement action.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
85%	85%	85%	85%	100%	100%

GOAL 3:

Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.

OBJECTIVE 3.A: Conduct financial examinations of domestic companies in a timely manner.

6) 3.A.1: Percentage of financial examinations completed in compliance with the NAIC accreditation standards.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
98%	98%	98%	98%	98%	98%

OBJECTIVE 3.B: Conduct financial analyses of companies in a timely manner.

7) 3.B.1: Percentage of priority financial analyses completed within 60 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-254	FY 2025-26
98%	98%	98%	98%	98%	98%

8) 3.B.2: Percentage of non-priority financial analyses completed within 90 days.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
95%	95%	95%	95%	95%	95%

43900120 Executive Direction and Support Services

GOAL 4:
Operate in an efficient, effective, and transparent manner.

OBJECTIVE 4.A: Maximize administrative efficiency and productivity for the benefit of insurance consumers and companies.

9) 4.A.1: Administrative costs as a percentage of total agency costs.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
10%	10%	10%	10%	10%	10%

10) 4.A.2: Administrative positions as a percentage of total agency positions.

Baseline FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
10%	10%	10%	10%	10%	10%

OIR Budget
Fiscal Year 2023-24

Table 1. Appropriations Overview - Office of Insurance Regulation			
Positions	**FY 2022-23**	**FY 2023-24**	**Change**
Full-time equivalent (FTE) positions	282	310	28
Funding (By Budget Category)	**FY 2022-23**	**FY 2023-24**	**Change**
Salaries and Benefits	$22,777,674	$30,881,086	$8,103,412
Other Personal Services (OPS)	$533,537	$842,220	$308,683
Expenses	2,429,835	2,728,296	$298,461
Operating Capital Outlay	$1,000	$1,000	$0
Contracted Services	$1,780,726	$3,130,726	$1,350,000
Financial Examination Contracts*	$5,901,763	$5,901,763	$0
Florida Public Hurricane Loss Model (Maintenance)	$1,031,689	$1,273,439	$241,750
Lease or Lease-Purchase of Equipment	$47,603	$47,603	$0
Risk Management Insurance	$80,813	$95,901	$15,088
DMS Human Resources Contract	$83,957	$110,447	$26,490
	$34,668,597	**$45,012,481**	**$10,343,884**

*Budget authority for financial examinations of property and casualty, and life and health insurance companies. Insurance companies reimburse the Insurance Regulatory Trust Fund for the examination costs. The Trust Fund acts as a pass through.

Linkage to Governor's Priorities

Economic Development and Job Creation

1. Focus on Florida's Job Growth and Retention. Through consistent leadership, regulatory innovation and stakeholder outreach, the OIR fosters an insurance environment conducive to business expansion and job growth. OIR regulates more than 4,830 entities which account for more than 3.5 percent of Florida's GDP in 2010. More than 213,000 Floridians are employed in the insurance sector.[1]

2. Reduce Taxes. OIR does not have taxing authority but has helped reduce both the likelihood and amount of any future assessments levied against Floridians to pay the claims of Citizens Property Insurance Corporation (Citizens) policyholders. It has done so through the rate and take-out approval process. During FY 2022-23, OIR approved an additional 95,156 policies for take-out.[2] As of June 30, 2023, Citizens' policy count had increased from the previous year to 1,317,174.

3. Regulatory Reform. In Fiscal Year 2022-23, the Financial Services Commission (FSC) approved and amended 17 rules proposed by OIR.

Public Integrity

1. Accountability Budgeting. OIR does not receive any state General Revenue dollars and is exclusively funded by the Insurance Regulatory Trust Fund. OIR continues to keep its cost of regulation low relative to other states

Through performance-based budgeting, OIR carefully monitors both expenditures and outcomes, and appropriately adjusts to accomplish its mission as efficiently as possible. OIR maintains low administrative expenses and closely monitors staff productivity by tracking workload and processing times.

2. Reduce Government Spending. During Fiscal Year 2021-2022, OIR continued to have improved performances by integrating and utilizing data analytics. These automation and technology efficiencies continue to result in savings of staff time and costs, when reviewing form and rate filings. Also, OIR continues to monitor expenses and has made concerted efforts to reduce unnecessary expenditures such as software renewals and I.T. equipment.

3. Reduce Taxes. See item number 2 under "Economic Development and Job Creation" above.

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[1] U.S. Department of Commerce, Bureau of Economic Analysis, https://apps.bea.gov/iTable/?reqid=70&step=30&isuri=1&year_end=-1&acrdn=4&classification=naics&state=0&yearbegin=-1&unit_of_measure=levels&major_area=0&area=12000&year=2020&tableid=31&category=431&area_type=0&statistic=1004

[2] www.citizensfla.com.

Trends and Conditions

Primary Statutory Responsibilities of OIR

The Florida Legislature created the Office of Insurance Regulation (OIR) in 2003. Section 20.121(3)(a)1, Florida Statutes states "The Office of Insurance Regulation, which shall be responsible for all activities concerning insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, claims, issuance of certificates of authority, solvency, viatical settlements, premium financing, and administrative supervision, as provided under the insurance code or chapter 636. The head of the Office of Insurance Regulation is the Director of the Office of Insurance Regulation, who may also be known as the "Commissioner of Insurance Regulation."

The Insurance Commissioner is appointed by the Financial Services Commission. The Commission is comprised of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture. The Commission serves as agency head for purposes of rulemaking pursuant to sections 120.536 through 120.56, Florida Statutes. The Insurance Commissioner is considered the agency head for purposes of final agency action for all areas within the regulatory authority delegated to OIR.

The following are the primary statutory responsibilities of OIR:

- Attract companies and capital to the Florida insurance market;
- License insurance companies and insurance-related entities;
- Monitor the financial condition of insurers and require corrective actions when necessary;
- Enforce insurer and insurance-related entity compliance with statutory market conduct requirements; and
- Collect and analyze insurance market data for use by OIR, policymakers, companies, the general public, and issue reports.

1. Status of Key Statutory Responsibilities

OIR's budget for Fiscal Year 2023-24 is $45.6 million, with 310 full-time equivalent positions. It is funded entirely through the Insurance Regulatory Trust Fund and receives no state general revenue funds. In FY 2021-22, OIR spent over 93 percent of every dollar received on regulatory responsibilities. Administrative costs accounted for less than 7 percent of the funds spent.

a. Certificates of Authority

OIR is actively engaged in licensing insurance companies and certain other insurance related entities through the Certificate of Authority (COA) application process. Florida law requires OIR to approve or deny a complete application for a new COA for an insurance company within 180 days of receipt. OIR must approve or deny a new COA for other entities within 90 days, with the exception of continuing care retirement

communities, which are approved or denied within 45 days. Amendments to existing COA for insurance companies must be approved or denied within 90 days.[3]

b. Form and Rate Review

OIR reviews form and rate filings for compliance with Florida law. The statutorily required timeframes for OIR review of forms and rates vary by line and product type. The speed at which new products move to market depends in large part on the complexity of the filing and the quality and completeness of the company submission. As with applications, rate and form filings are filed electronically. OIR has worked to provide insurers with additional options for getting products to market more expeditiously. Insurers submitting forms for certain property and casualty commercial products may take products to market immediately upon certifying that submitted forms comply with current law, rather than having to first obtain OIR approval. Companies may also choose to combine multiple sub-types of insurance into a single filing, rather than having to file each sub-type of insurance separately.

In Fiscal Year 2022-23, OIR processed a total of 11,280 rate and form filings.

c. Financial Oversight

OIR monitors the financial condition of regulated insurance entities through financial examinations and financial analyses. By examining the financial books and records of insurance companies and related entities, OIR evaluates the quality of assets, adequacy of stated liabilities, and general operating results.

OIR is statutorily required to conduct a financial examination of each domestic insurer at least once every five years. Law requires all new domestic insurers to be examined each of the first three years. Finalized examination reports must be published within 18 months of the "as of" examination date pursuant to the National Association of Insurance Commissioners (NAIC) accreditation standards. When circumstances warrant heightened scrutiny, OIR performs targeted reviews of specific companies. OIR also participates in multi-state financial examinations coordinated by the NAIC.

Financial analyses are conducted on either a monthly, quarterly, and/or annual basis. Under NAIC accreditation standards, OIR must complete the review of a priority company (those with a major or serious violation or problem) within 60 days, and a non-priority company (those with minor or no violations) within 90 days.

In Fiscal Year 2022-23, OIR completed 8,439 financial analyses.

[3] Section 120.60(1), F.S.

d. Market Conduct Examinations and Investigations

OIR monitors insurance company products and practices for compliance with the Florida Insurance Code through market conduct examinations and investigations. Consistent with the trend nationally, OIR emphasizes issue-specific, complaint-driven, and targeted examinations and collaborative multi-state examinations. In 2023, the Florida Legislature enacted laws requiring mandatory examinations of certain property and casualty insurers after hurricanes occur and mandatory examinations of pharmacy benefit managers. The examinations identify issues such as policy form deficiencies, claims communication response times, proper claims investigation, cancellation and nonrenewal notices, failure to pay interest on overdue claims and monitor a third-party administrator, unfavorable claims settlements, and internal coding errors.

In Fiscal Year 2022-23, OIR completed and finalized a total of 18 examinations and 210 investigations resulting in the recovery of $2.76 million on behalf of Florida consumers.

Florida is also one of five managing lead states engaged in the nationwide examinations of the claims settlement practices of life insurance and annuity companies.

In Fiscal Year 2021-22, OIR recovered over $6.99 million on behalf of Florida consumers and helped reform claims settlement practices used by life insurance companies.

OIR also uses market analyses to identify significant issues adversely affecting consumers. These consist of a review and analysis of information reported in financial statements, complaint data, lawsuit activity and other available data sources. This monitoring role also includes identifying unlicensed entities transacting insurance illegally.

e. Attract Companies and Capital to the Florida Insurance Market

In Fiscal Year 2022-23, an additional 158 insurance and insurance-related entities entered the Florida market, and 422 new lines of business were added.[4] While some, such as donor annuities, are largely unregulated entities with little economic or regulatory impact, there were newly licensed Property & Casualty and Life & Health insurers.

[4] Compiled by the Florida Office of Insurance Regulation from the COREN database as of August 21, 2023.

f. Data Collection and Analyses

OIR engaged in extensive data collection and analyses in FY 2022-23 related to:

- Access Control List Review (Twice per year for security)
- Annual Reinsurance Data Collection (3 individual data calls)
- Assignment of Benefits (annual)
- Auditor General IT survey (annual)
- Catastrophe Reporting Form (as needed)
- Catastrophe Stress Test (annual)
- Claims-Handling Manuals-Annual Attestation (annual)
- Department of Revenue /Legislature Tax Premium Report (annual)
- Donor Annuity Agreements (ongoing)
- HMO Provider Contract Terminations (ongoing)
- Individually Rated Risks and Excess (Consent-to-Rate) Rates (quarterly)
- Long-Term Care Claims Denial Reporting (ongoing)
- Long-Term Care Replacement/Lapse (annual)
- Long-Term Care Rescission (annual)
- Long-Term Care Suitability (annual)
- Major medical and other accident and health enrollment and premium reporting with life and annuity policy breakdowns added (GAP) (annual)
- Market Conduct Annual Statement (annual)
- Market Conduct Rescinded Policy reporting (ongoing)
- Medicare Supplement Multiple Reporting Form (annual)
- Private Passenger Automobile Policy Count (quarterly)
- Private Passenger Automobile Excessive Profits and policy count reporting (annual)
- Professional liability claims reporting (ongoing)
- Property and casualty annual calendar year experience (annual)
- Property and casualty personal and commercial residential policy data (QUASR) (quarterly)
- Personal and Commercial Residential Property Claims Litigation Reporting (annual)
- Quarterly Comprehensive Health Reporting (quarterly)
- Regulatory Life Settlement Agreements reporting to the states (quarterly)
- Shared Savings Incentive Program (annual)
- Title agency data call (annual)
- Title underwriter Florida-only financial data calls (annual)
- Unfair discrimination based on travel annual life insurance survey (annual)
- Update Disaster Contacts and Claims Number (annual)

OIR completed numerous statutorily required reports related to its data collection in Fiscal Year 2022-23.

2. Technology in Carrying Out Statutory Responsibilities

OIR has one of the most sophisticated regulatory technology systems in the country, featuring applications that receive and process insurance company form, rate, data, and financial filings. OIR continues to look for ways to enhance its technology and made specific advancements in FY 2022-23.

There were four primary Insurance Regulation Filing System (IRFS) projects worked on during the past year.

- Market Regulation Tracking System (MRTS)
    - Provides Market Regulation staff in both Life & Health and Property & Casualty units with a workflow driven system to create, work, and report upon their inquiries rather than continuing to enter and track them in spreadsheets.
    - Completed implementation of application to create and review MRTS filings.
    - Developed supporting admin tools and made data available in the Internal Search.
    - Fulfilled enhancement requests.
- Applications (iApply/WECAA)
    - Re-written as part of the IRFS solution to allow entities to submit company applications.
    - Designed and built internal application to review company admission filings.
    - Developed supporting admin tools and made data available in the Internal Search.
- Content Search
    - Completed development of an application to allow internal Product Review users to search ten years of form data for approved form language to assist in reviewing filings.
    - Used Content Search functionality to automatically relate filings;
- Entity Management
    - Enhanced IRFS security by giving entities the ability to approve filers request to file on behalf of the entity.
    - In addition to controlling access to their entities, administrators can view filings created by all filers for the entity and reassign filings among users as needed.

OIR made additional IRFS enhancements throughout the year, which include:

- Public Records Request Tracking (PRRT) enhancements including, but not limited to, grouping and organizing documents by type, email modifications, adding user instructions in reviews, adding cost involved indicators, providing separate estimate and fulfillment subreview types, and adding functionality to assign a FOIX # to a consent order when it is added to a review.
- Built template and macros to collect and validate large amounts of data for SB76 (Property Claims and Litigation data call).
- Made numerous IRFS Dashboard enhancements to calculations and types of data being displayed.

Changes were also made to other systems:

- Changed the Commissioner name on letterhead and external applications.
- Rebranded all external systems to match the look and feel of FLOIR.com.
- Changed FAME to use IRFS Invoicing.

- Changed QUASR to allow companies to trade secret their QUASR files.
- Changed QUASR to add new claims fields.
- Started work on enhancements to the Access Request System (ARS).
- Began the 2019 server migration.
- Replaced Aspose with OfficeWriter for stamping and .pdf generation.
- Refreshed databases DEV4, TST4, and UAT4.
- Decommissioned legacy system DCAM.
- Switched the NAIC database connection from Oracle to Snowflake.
- Upgraded QUASR SSRS reports to 2019.

3. Market Conditions in Florida

As of July 12, 2023, OIR had oversight of 4,920 entities in Florida.[5] The Florida homeowners' insurance market is the largest in the nation based on premium volume. Market conditions in Florida can be assessed against a variety of criteria, including market entry (new entities), market concentration/competition, premium volume, premium rates, company financial condition, and size of residual markets.

a. Market Entry

See section 1.e above regarding new entities and new lines of business for existing entities.

b. Market Concentration

Florida insurance markets are generally competitive, although market concentration varies considerably from one line to another, as shown in Table 2.

Table 2. Percentage Market Share of Top Writers, Selected Lines, CY 2022[1]

Line of Business	Top Writer	Top 5 Writers	Top 10 Writers
Accident and Health	13.0	47.2	65.5
Commercial Multi-Peril	5.2	20.1	35.3
Homeowners Multi-Peril	15.6	39.4	53.1
Life	9.7	29.5	46.0
Medical Malpractice	14.7	42.8	55.9
Private Passenger Auto	14.1	51.9	69.6
Title	30.1	78.2	93.1
Workers Compensation	8.6	24.0	36.5

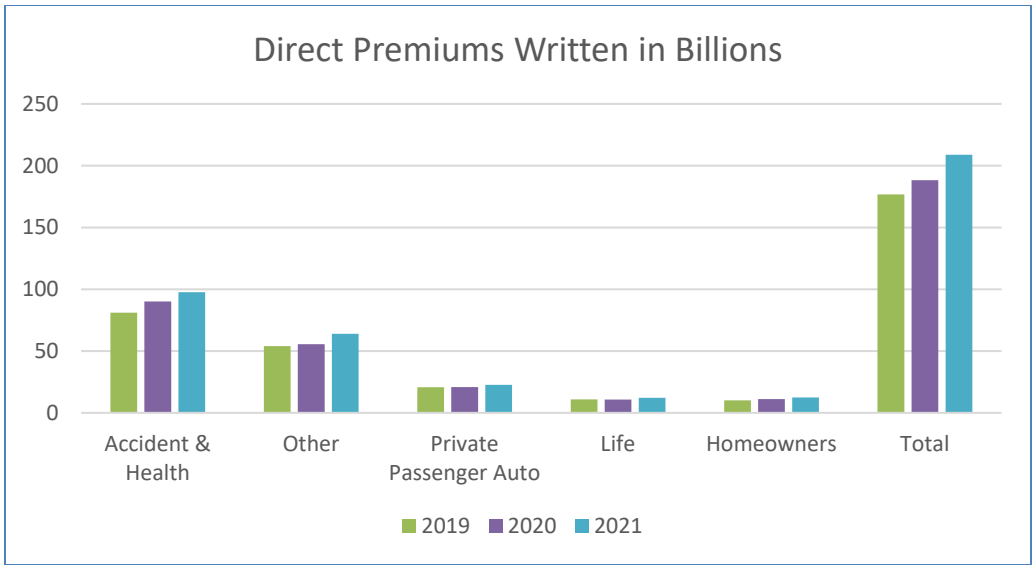
c. Premium volume

As shown in Figure 2, Florida is continuing to experience steady premium growth. Among all writers, total written premium expanded from $188.3 billion at year-end 2020 to $235.4 billion in year-end 2022.[6]

Figure 2[8]

[5] Compiled by the Florida Office of Insurance Regulation from the COREN database as of July 12, 2023.

[6] Compiled by the Florida Office of Insurance Regulation from NAIC Calendar Year 2022 company-reported premium data.



d. Premium rates

Rate trends vary across insurance lines. Health insurance rates continue to increase at a stable rate. Approved rates for individual major medical plans for the 2023 plan year represent an average increase of 5.3 percent. Some of this cost may be offset for individuals eligible for a premium subsidy and purchasing coverage through the federally facilitated marketplace.

Property insurance rates are trending upwards due to a combination of higher reinsurance costs for recent hurricane seasons, the impact of higher non-catastrophe claim costs, and excessive litigation costs[7]. However, the Legislature has made efforts to control rising costs with multiple reforms.

During the 2021 Legislative Session, reforms in SB 76 were signed into law to increase the cap on premium increases that Citizens policyholders may receive in a year, reduces the number of years for which a property claim could be filed, require claimants to provide a notice of intent to initiate litigation at least 10 days prior to filing suit for property claims, and to limit the attorney fees that may be awarded under a suit arising under a property policy.

During the 2022D Special Legislative Session, additional reforms in SB 2D were signed into law to:

- Provide the Reinsurance to Assist Policyholders (RAP) program which provides all insurers a level of $2B free reinsurance below the Florida Hurricane Catastrophe Fund (FHCF) retention. Insurers were required to reduce their rates by June 30, 2022, to reflect the savings attributed to RAP coverage;

[7] https://www.floir.com/siteDocuments/CommerceCommitteeDataRequest.pdf and https://floir.com/siteDocuments/ChairIngoglia04022021.pdf

- Changed Assignment of Benefits (AOB) laws providing that a claimant must establish that a property insurer breached the insurance contract to prevail in a claim for extracontractual damages;
- State that in a property lawsuit, the right to attorney fees under s. 627.428, F.S., may not be transferred to, assigned to, or acquired in any other manner by anyone other than a named or omnibus insured or a named beneficiary;
- Added a provision for personal lines residential property policies for a roof deductible that may not exceed the lesser of 2% of the coverage A limit of the policy or 50% of the cost to replace the roof for certain events;
- Restricting when roof age may be used by the insurer to refuse to issue or renew a homeowner's policy;
- Adding a 45-day physical inspection requirement after receipt of proof of loss statement for claims other than those from a hurricane; and

During the 2022A Special Legislative Session, continued reforms in SB 2A were signed into law to:

- Create the Florida Optional Reinsurance Assistance program (FORA), an optional hurricane reinsurance program that insurers can purchase at 'reasonable rates.'
- Reduce the deadline for policyholders to report a claim under the policy from 2 years to 1 year for a new or reopened claim, and from 3 years to 18 months for a supplemental claim.
- Authorize OIR to subject any authorized insurer to a market conduct examination after a hurricane and provides OIR with additional oversight over the financial health of property insurers.
- Enable OIR to take punitive action against a property insurer found to be abusing arbitration during the claims handling process, providing more protection for insureds when dealing with their insurance companies.
- Litigation Reforms:
    - Completely removes one-way attorney fees for property insurance cases, eliminating a major incentive contributing to frivolous lawsuits.
    - Prohibits the use of AOB under any residential or commercial property insurance policy issued on or after January 1, 2023, preventing further AOB abuse by third-party actors.

During the 2023 Legislative Session, two reforms (HB 837 related to Civil Remedies and SB 7052 related to Insurer Accountability) were signed into law to:

HB 837

- Modify Florida's "bad faith" framework by clarifying that negligence alone is not enough to demonstrate bad faith, and by allowing an insurer to avoid third-party bad faith liability if the insurer pays the policy limits or the amount demanded by the claimant within 90 days of receiving the claim.
- Limit the application of contingency fee multipliers to only rare circumstances, aligning Florida law with federal standards.

- Extend SB 2A's removal of one-way attorney fees in property insurance cases to other lines of business, eliminating the opportunity for bad actors to pursue excessive litigation in other areas of the insurance market.

  SB 7052 (Section 24)
- Require every residential property insurer and every motor vehicle insurer rate filing made or pending with the Office on or after July 1, 2023 to provide data relative to the combined effects of these past provisions: SB 76 (2021), SB 2D (2022D), SB 2A (2022A), HB 837 (2023).

These important consumer protections should help reduce litigation abuse in the market and may offset some of the recent rate activity.

Workers' compensation rates are down an average of approximately 74 percent since 2003. There have been several major decisions which have impacted the workers' compensation market.

- Senate Bill 1402 (2016) ratified the Florida Workers' Compensation Health Care Provider Reimbursement Manual, 2015 Edition.
- On April 28, 2016, in Marvin Castellanos v. Next Door Company, et al., Case No. SC13-2082, the Florida Supreme Court found the statutory mandatory attorney fee schedule in section 440.34, Florida Statutes, unconstitutional as a violation of due process under both the Florida and United States Constitutions.
- On June 9, 2016, in Bradley Westphal v. City of St. Petersburg, etc., et al., Case No. SC13-1930, the Florida Supreme Court found the 104-week statutory limitation on temporary total disability benefits in section 440.15(2)(a), Florida Statues, unconstitutional because it causes a statutory gap in benefits in violation of an injured worker's constitutional right of access to courts.

The Castellanos decision continues to create uncertainty in the marketplace as stakeholders adjust and adapt to the new legal environment. Even after considering the impact of the Castellanos decision, other factors at work in the marketplace combined to contribute to two rate decreases in 2018 and one rate decrease in 2019, 2020, 2021, 2022 and 2023. The contributing factors to the recent rate decreases include, but are not limited to, increases in investment income, declines in claim frequency, lower assessments, and the Tax Cuts and Jobs Act of 2017.

Private passenger automobile insurance premiums are rising, on average, due to an increased frequency of claims, as well as increasing costs to repair and/or replace vehicles, increasing medical services costs and increased litigation. The cost of materials and the body work labor costs are going up. More and more cars are being outfitted with costly safety equipment that are located in places that have a high incidence of being damaged, which adds to the higher severity.

During the 2023 Legislative Session, additional reforms in HB837 and SB1002 were signed into law. Important changes include:

- Amendment of s. 95.11, F.S., reducing the statute of limitations from four years to two years for negligence actions, with the exception of active duty military.
- Adoption of a modified comparative negligence standard, under which a plaintiff found to be at 51% of fault or more will be unable to recover damages, with the exception of medical malpractice actions.
- Elimination of the one-way fee attorney fee provision under s. 627.48, F.S., which allowed plaintiffs to recover fees and costs if they made even a modest recovery. This may significantly reduce the volume of high-volume, nominal amount suits in practice areas like Personal Injury Protection, Auto Glass Claims, minor property claims, etc.
- Amendment of s. 57.104, F.S., creating a rebuttable presumption regarding the calculation of sufficient and reasonable attorney fees in most civil actions.
- Prohibition of AOB for motor vehicle glass replacement or repair.

These changes could potentially help to reduce the future claim frequency, claim severity or loss adjustment expenses and may offset some of the recent rate activities.

e. Financial condition

The Florida life and health insurance markets are stable and competitive, and domestic insurers are well positioned to meet the needs of the market. For domestic life insurers, direct written premium increased 1.84% from 2021, while policyholder surplus decreased 8.29% from 2021, and increased 1.58% since 2018. For health insurers, direct written premium increased 11.83% from last year and policyholder surplus increased, 16.61% from last year and 59.2% from 2018.

Comparing the results for Property and Casualty insurers from year-end 2021 to year-end 2022, direct premiums written increased 2.86%.[1] Policyholder surplus decreased 2.95%. Florida's domestic property insurers have decreased their policies in force by 7.22 % while foreign insurers have increased policies in force by 8.79%.

f. Residual markets

Growth in residual markets are generally associated with stagnant or declining voluntary markets. Private insurers write the overwhelming majority of premium in Florida in the voluntary market. Except for the property insurance market, residual markets remain small in Florida. However, Citizens Property Insurance Corporation, the largest residual insurer, increased its policies in force by 46.2% from year-end 2021 to year-end 2022.

4. New Laws

OIR continues to track and implement legislative changes at the state and national level.

[1] Information contained in the NAIC Financial Data Repository.

a. Federal
While the PPACA became law in 2010 and, therefore, is not a new law, the regulations spawned by the Patient Protection and Affordable Care Act continue to evolve and shape the requirements of the Act through annual agency rulemaking, guidance, and frequently asked questions.

b. Florida
For a comprehensive list of legislation that passed during the 2022 Session affecting various types of insurance products and lines, see OIR's 2023 Legislative Summary.

What Led OIR to Select its Priorities?

OIR priorities are selected as a result of market conditions, in accordance with the statutory responsibilities assigned by the Legislature, and consistent with the performance measures adopted by the FSC.

How Does OIR Plan to Address the Priorities over the Next Five-Year Period?

OIR will address stated priorities and pursue its mission by:

- Evaluating approaches to promote a stable and competitive individual and group health insurance markets;
- Actively engaging in regulatory activities to help stabilize the property insurance market to promote greater resiliency and alleviate consumer rate uncertainty:
- Advocating for policies that encourage more vibrant private flood insurance market so that more homeowners receive private flood coverage;
- Examining ways to mitigate rising automobile insurance premiums so that Florida consumers receive lower prices and better coverage;
- Judiciously enforcing insurer and insurance-related entity compliance with statutory market conduct requirements;
- Assessing strategies to address challenges in the workers' compensation market to remove the burden on Florida's small businesses and help them thrive; and
- Monitoring use of data and developing tools to better understand its impact on consumers.

Justification of Revised or Proposed New Programs and/or Services

OIR is not recommending any new programs or services.

Justification of the Final Projection for each Outcome (Include an Impact Statement Relating to Demand and Fiscal Implications)

The final projection for each outcome is based on historical experience, trend, and resources, and reflects the relative priorities of OIR as established by the Legislature, the FSC, and the Insurance Commissioner. Demand is expressed through workload, which is described under each goal contained in this Long-Range Program Plan. OIR continues to focus on productivity enhancements in an effort to achieve goals consistent with the stated mission.

List of Potential Policy Changes Affecting OIR's Budget Request or Governor's Recommended Budget

None anticipated

List of Changes Requiring Legislative Action, including the Elimination of Programs, Services and/or Activities

None

List of all Task Forces and Studies in Progress

1. Commissions, Boards, and Task Forces - OIR is involved with numerous insurance–related boards and commissions, including the following:

a. Life and health

- Continuing Care Advisory Council
- Florida Employee Long-Term Care Plan
- Florida Health Maintenance Organization Consumer Assistance Plan
- Florida Health Insurance Advisory Board
- Florida Interagency Coordinating Council for Infants & Toddlers
- Florida KidCare Coordinating Council
- State Consumer Health Information and Policy Advisory Council
- Rare Disease Advisory Council

b. Property and casualty

- Citizens Property Insurance Corporation
  - Citizens Market Accountability Advisory Committee and other committees
- Florida Insurance Guaranty Association
- Florida Automobile Joint Underwriting Association
- Florida Commission on Hurricane Loss Projection Methodology
- Florida Workers' Compensation Joint Underwriting Association
- Florida Workers' Compensation Insurance Guaranty Association
- Workers' Compensation Three Member Panel
- Florida Hurricane Catastrophe Fund
- Florida Medical Malpractice Joint Underwriting Association
- Florida Patient's Compensation Fund
- Florida Surplus Lines Service Office
- National Council on Compensation Insurance (NCCI) Appeal Board
- Birth-Related Neurological Injury Compensation Association (NICA)

2. Studies and reports

a. Annual reports

- Accident and Health Gross Annual Premium Report
- "Freedom to Travel"/Life Insurance Travel Underwriting Company Report
- Regulatory Plan
- Legislative Budget Request
- Long-Range Program Plan
- Medical Malpractice Liability Claims—Annual Summary

- Office of Insurance Regulation Annual Report
- Officers and Directors Liability Claims—Annual Summary (within the Annual Report)
- Workers' Compensation—Marketplace Availability and Affordability
- Continuing Care Retirement Communities (CCRC) Annual Industry Report
- Property Insurer Stability Unit (ISU) Report (NEW)
- Insurer Accountability Compliance Report

b. Biennial – triennial – quadrennial reports

- Citizens Market Conduct Examination–Plan of Operation and Internal Operations Compliance
- Financial Services Commission—Independent Actuarial Peer Review of Workers' Compensation Rating Organization
- Neurological Injury Compensation Association Actuarial Investigation
- Restrictions on the Employment of Ex-offenders
- Title Insurance – Premium Review
- Workers' Compensation Three Member Panel—Methods to Improve the Workers' Compensation Health Care Delivery System (OIR provides data and support to the Department of Financial Services to complete recommendations)

c. Other reports

- Managed Care Summary Report (quarterly)

In addition, reports detailing OIR activities and achievements are submitted to the FSC.

Glossary

1. **Actual Expenditures:** Includes prior year actual disbursements, payables, and encumbrances. The payables and encumbrances are certified forward at the end of the fiscal year and may be disbursed between July 1 and September 30 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not in the year funds are disbursed.

2. **Appropriation Category:** The lowest level line item of funding in the General Appropriations Act, representing a major expenditure classification of the budget entity. Within budget entities, categories may include salaries and benefits, other personal services, expenses, operating capital outlay, data processing services, fixed capital outlay, and others.

3. **Budget Entity:** A unit or function at the lowest level to which funds are specifically appropriated. "Budget entity" and "service" have the same meaning.

4. **Fixed Capital Outlay:** Real property, including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.

5. **Financial Services Commission (FSC):** Pursuant to section 20.121(3), Florida Statutes, the FSC is composed of the Governor and Cabinet and appoints the Directors of the Office of Insurance Regulation and Office of Financial Regulation and makes rules.

6. **Legislative Budget Request:** A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.

7. **Long-Range Program Plan:** A plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.

8. **Performance Measure:** A quantitative or qualitative indicator used to assess state agency performance. "Input" means the quantities of resources used to produce goods or services and the demand for those goods and services. "Outcome" means an indicator of the actual impact or public benefit of a service. "Output" means the actual service or product delivered by a state agency.

9. **Program:** A set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). Programs are identified in the General Appropriations Act.

10. **Standard:** The level of performance of an outcome or output.

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LRPP Exhibit II - Performance Measures and Standards

43900000 Financial Services Commission
Office of Insurance Regulation

Approved Performance Measures for Fiscal Year 2022-23	Approved **Prior** Year Standard **FY 2022-23** (Numbers)	**Prior** Year Actual **FY 2022-23** (Numbers)	**Approved** Standards for **FY 2023-24** (Numbers)	**Requested FY 2024-25** Standard (Numbers)
43900110 Compliance and Enforcement				
Percentage of life and health form and rate filing reviews completed within 45 days.	90%	99.2%	90%	90%
Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.	90%	81.2%	90%	90%
Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.	98%	100.0%	98%	98%
Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.	98%	100.0%	98%	98%
Percentage of market conduct examinations with violations in which the Office takes enforcement action.	85%	100%	100%	100%
Percentage of Financial Examinations of domestic insurers completed with the NAIC accreditation standards.	98%	76.3%	98%	98%
Percentage of priority Financial Analyses completed within 60 days.	98%	97.2%	98%	98%
Percentage of non-priority Financial Analyses completed within 90 days.	95%	98.2%	95%	95%
43900120 Executive Direction and Support Services				
Administrative costs as a percentage of total agency costs.	10%	6.5%	10%	10%
Administrative positions as a percentage of total agency positions.	10%	7.8%	10%	10%

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Percentage of life and health form and rate filing reviews completed within 45 days.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	99.2%	N/A	9.2%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure reflects a 45-day timeframe for Office completion of life and health form and rate filings. The superior performance reflects Office innovations and staff productivity.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	81.2%	N/A	-8.8%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure reflects a 45-day timeframe for Office completion of property and casualty form filings and 90 days for property and casualty rate filings.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☒ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	100%	N/A	2%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure sets forth the statutory timeframe as the standard for the Office when processing complete certificates of authority.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☒ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☒ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:
OIR Management will continue to make sure that all OIR employees who telework, are set up with the I.T. equipment that is needed to perform their jobs.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 Days.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards
W

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	100%	N/A	(5.3)%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure accelerates the timeframe for the Office to process a new certificate of authority from the statutorily required 180 days to 90 days.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☒ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☒ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:
OIR Management will continue to make sure that all OIR employees who telework, are set up with the I.T. equipment that is needed to perform their jobs.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Percentage of market conduct examinations with violations in which the Office takes enforcement action.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	100%	N/A	15%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure gauges the extent to which the Office requires company remediation of violations identified in a market conduct examination.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Percentage of Financial Examinations of domestic insurers completed with the NAIC accreditation standards.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	76%	N/A	(8.53%)

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure sets forth the timeframe for the Office to complete financial examinations. This timeframe is consistent with NAIC accreditation standards.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Percentage of priority Financial Analyses completed within 60 days.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
98%	97.2%	N/A	(4.2)%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure sets forth the timeframe for the Office to complete priority financial analyses. The shorter timeframe reflects the priority status and is consistent with NAIC accreditation standards.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Compliance and Enforcement
Measure: Percentage of non-priority Financial Analyses completed within 90 days.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
95%	98.2%	N/A	4%

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☐ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
This measure sets forth the timeframe for the Office to complete nonpriority financial analyses. It assigns a lower priority to analyses where there are minor or no violations. The longer timeframe reflects the lower priority status and is consistent with NAIC accreditation standards.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Executive Direction and Support Services
Measure: Administrative costs as a percentage of total agency costs.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%	6.5%	N/A	(3.6%)

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☐ Personnel Factors ☒ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative costs.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation
Program: Financial Services Commission
Service/Budget Entity: Executive Direction and Support Services
Measure: Administrative positions as a percentage of total agency positions.

Action:
☒ Performance Assessment of Outcome Measure ☐ Revision of Measure
☐ Performance Assessment of Output Measure ☐ Deletion of Measure
☐ Adjustment of GAA Performance Standards

Current Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%	7.8%	N/A	(2.1%)

Factors Accounting for the Difference:
Internal Factors (check all that apply):
☒ Personnel Factors ☒ Staff Capacity
☐ Competing Priorities ☐ Level of Training
☐ Previous Estimate Incorrect ☒ Other (Identify)
Explanation:
Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative positions.

External Factors (check all that apply):
☐ Resources Unavailable ☐ Technological Problems
☐ Legal/Legislative Change ☐ Natural Disaster
☐ Target Population Change ☐ Other (Identify)
☐ This Program/Service Cannot Fix the Problem
☐ Current Laws Are Working Against the Agency Mission
Explanation:

Management Efforts to Address Differences/Problems (check all that apply):
☐ Training ☐ Technology
☐ Personnel ☐ Other (Identify)
Recommendations:

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures			
Measure Number	**Approved Performance Measures for Fiscal Year 2022-2023**		**Associated Activities Title**
1	Percentage of life and health form and rate filing reviews completed within 45 days.		Review and approve rate and form filings.
2	Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews completed within 90 days.		Review and approve rate and form filings.
3	Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.		Approve and license entities to conduct insurance business.
4	Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.		Approve and license entities to conduct insurance business.
5	Percentage of market conduct examinations with violations in which the Office takes enforcement action.		Conduct and direct market conduct examinations.
6	Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.		Conduct financial reviews and examinations.
7	Percentage of priority Financial Analyses completed within 60 days.		Conduct financial reviews and examinations.
8	Percentage of non-priority Financial Analyses completed within 90 days.		Conduct financial reviews and examinations.
9	Administrative costs as a percentage of total agency costs.		Operate agency in an efficient manner.
10	Administrative positions as a percentage of total agency positions.		Operate agency in an efficient manner.