

0845 Department of Insurance

California's elected Insurance Commissioner regulates the second largest insurance market in the world with insurance companies collecting more than \$413 billion in premiums annually in California while protecting consumers and ensuring the health and sustainability of the insurance marketplace. The vision of the California Department of Insurance (CDI) is "Insurance Protection for All Californians." CDI accomplishes this by enforcing insurance laws and regulations, assisting consumers in their dealings with insurance companies, and enhancing business processes to better address emerging and future challenges as well as improving services for insurance producers, consumers, and businesses.

CDI licenses and regulates insurance companies, and individuals in California. Currently, CDI oversees and licenses more than 1,400 insurance companies and more than 495,000 individuals and business entities as insurance agents, brokers, adjusters, and bail agents and annually issues approximately 288,000 licenses (new and renewals). Additionally, CDI receives and investigates approximately 295,000 consumer inquiries and complaints annually, performs hundreds of ongoing risk-focused financial surveillances and market conduct examinations of insurance companies, receives more than 20,000 suspected fraudulent claim referrals and investigates approximately 1,300 of those referrals, receives and reviews approximately 5,700 rate filing applications annually, and works in conjunction with local, state, and federal law enforcement agencies to investigate and prosecute fraudulent insurance practices.

3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
0520	Regulation of Insurance Companies and Insurance Producers	399.2	463.0	463.0	\$102,441	\$110,504	\$111,086
0525	Consumer Protection	292.6	341.0	341.0	66,679	76,038	76,423
0530	Fraud Control	269.6	336.3	336.3	151,893	165,052	165,528
0535	General Fund Tax Collection and Compliance	5.7	7.0	7.0	1,426	1,695	1,618
9900100	Administration	230.9	253.0	253.0	41,193	45,336	45,620
9900200	Administration - Distributed	-	-	-	-41,193	-45,336	-45,620
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		1,198.0	1,400.3	1,400.3	\$322,439	\$353,289	\$354,655

FUNDING		2022-23*	2023-24*	2024-25*
0001	General Fund	\$5,833	\$7,586	\$7,369
0217	Insurance Fund	316,393	344,954	346,537
0890	Federal Trust Fund	10	25	25
0995	Reimbursements	203	724	724
TOTALS, EXPENDITURES, ALL FUNDS		\$322,439	\$353,289	\$354,655

LEGAL CITATIONS AND AUTHORITY

PROGRAM AUTHORITY

0520-Regulation of Insurance Companies and Insurance Producers:
Insurance Code, Sections 1-16032, except as noted below.

0525-Consumer Protection:
Insurance Code, Division 1, Part 2, Chapter 1, Articles 4, 5.1, 6, 6.3, and 6.5, Chapter 5, Article 12, Sections 1872.81, 10127.17, 10273.7, 11629.7-11629.89, 12921.1-12921.5, 12928, and 12930.

0530-Fraud Control:
Insurance Code, Division 1, Part 2, Chapter 12 (except Section 1872.81 cited above).

0535-General Fund Tax Collection and Compliance:
Insurance Code, Sections 1774-1780; and Revenue and Taxation Code, Part 7 of Division 2.

DETAILED BUDGET ADJUSTMENTS

	2023-24*			2024-25*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

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	2023-24*			2024-25*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Other Workload Budget Adjustments						
• eDiscovery Software	\$-	\$-	-	\$400	\$-	-
• Fraud - Worker's Compensation Program	-	-	-	-	2,561	-
• Provision 1 Request per Item 0845-101-0217	-	2,412	-	-	-	-
• Other Post-Employment Benefit Adjustments	-5	-370	-	-6	-475	-
• Salary Adjustments	158	7,206	-	165	7,649	-
• Benefit Adjustments	88	4,270	-	105	5,366	-
Totals, Other Workload Budget Adjustments	\$241	\$13,518	-	\$664	\$15,101	-
Totals, Workload Budget Adjustments	\$241	\$13,518	-	\$664	\$15,101	-
Totals, Budget Adjustments	\$241	\$13,518	-	\$664	\$15,101	-

PROGRAM DESCRIPTIONS**0520 - REGULATION OF INSURANCE COMPANIES AND INSURANCE PRODUCERS**

The objectives of this program are to: (1) oversee the financial solvency of insurance companies to make sure they can provide the benefits and protections promised to California policyholders; (2) review complex, principles-based reserving methods and underlying assumptions to ensure transparency and consistency in models; (3) prevent unlawful or unfair practices by insurance companies and insurance producers as defined by the Insurance Code; (4) ensure that property and casualty insurance rates are not excessive, inadequate, unfairly discriminatory, or otherwise in violation of the California Insurance Code and the California Code of Regulations; (5) assess and implement strategies to reduce climate risk impacts in the insurance sector; (6) review health insurance rates filed with CDI to determine whether they are reasonable and work with insurance companies to get unreasonable rates lowered; (7) review long term care insurance rates to ensure requested rate increases are actuarially justified and not excessive; (8) perform market conduct reviews to ensure compliance; and (9) ensure that applicants for insurance licenses, and holders of insurance licenses, satisfy and maintain the qualifications for licensure. Additionally, CDI administers the estates of insolvent and delinquent insurance companies through the Conservation and Liquidation Office.

0525 - CONSUMER PROTECTION

The objectives of this program are to: (1) provide direct service to California consumers by protecting insurance policyholders and other parties involved in insurance transactions against unfair or illegal practices with respect to claims handling, rating, or underwriting by insurers and producers; (2) protect applicants and policyholders from discriminatory, unlawful, or fraudulent practices and from incompetence relating to the sale of insurance; (3) oversee programs that benefit California's underserved and historically disadvantaged communities; and (4) assist wildfire survivors, local governments, small businesses, community service organizations, and neighborhood associations by providing access to CDI's services through electronic and printed informational guides, workshops, seminars, roundtables, and town halls.

0530 - FRAUD CONTROL

The objective of this program is to protect the public from economic loss by actively investigating, arresting and referring for prosecution those who commit insurance fraud and other violations of the law. The program is primarily staffed by sworn peace officers who conduct criminal investigations of insurance fraud and related criminal cases. The program administers the Insurance Frauds Prevention Act (IFPA), which authorizes CDI to conduct criminal insurance fraud investigations. In addition, the IFPA authorizes the Commissioner to initiate or intervene in whistle-blower "qui tam" actions seeking civil penalties against perpetrators of insurance fraud.

0535 - GENERAL FUND TAX COLLECTION AND COMPLIANCE

This program performs tax collection, ensures the compliance of insurance companies and surplus line brokers with the laws contained in the Insurance Code and the Revenue and Taxation Code, and works with the California Department of Tax and Fee Administration and the State Controller's Office on various refund, assessment, and accounting matters relative to the premium tax program. Tax collections from this program are deposited in the state's General Fund.

DETAILED EXPENDITURES BY PROGRAM

	<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
PROGRAM REQUIREMENTS			

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		<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
0520	REGULATION OF INSURANCE COMPANIES AND INSURANCE PRODUCERS			
	State Operations:			
0217	Insurance Fund	\$102,439	\$110,254	\$110,836
0995	Reimbursements	2	250	250
	Totals, State Operations	\$102,441	\$110,504	\$111,086
	SUBPROGRAM REQUIREMENTS			
0520010	Rate Regulation			
	State Operations:			
0217	Insurance Fund	\$35,322	\$31,456	\$31,635
0995	Reimbursements	2	250	250
	Totals, State Operations	\$35,324	\$31,706	\$31,885
	SUBPROGRAM REQUIREMENTS			
0520019	Regulatory			
	State Operations:			
0217	Insurance Fund	\$22,457	\$33,693	\$33,887
	Totals, State Operations	\$22,457	\$33,693	\$33,887
	SUBPROGRAM REQUIREMENTS			
0520028	Licensing			
	State Operations:			
0217	Insurance Fund	\$38,244	\$35,616	\$35,840
	Totals, State Operations	\$38,244	\$35,616	\$35,840
	SUBPROGRAM REQUIREMENTS			
0520037	Special Programs			
	State Operations:			
0217	Insurance Fund	\$6,416	\$9,489	\$9,474
	Totals, State Operations	\$6,416	\$9,489	\$9,474
	PROGRAM REQUIREMENTS			
0525	CONSUMER PROTECTION			
	State Operations:			
0001	General Fund	\$642	\$1,029	\$1,031
0217	Insurance Fund	65,537	74,259	74,642
	Totals, State Operations	\$66,179	\$75,288	\$75,673
	Local Assistance:			
0217	Insurance Fund	\$500	\$750	\$750
	Totals, Local Assistance	\$500	\$750	\$750
	SUBPROGRAM REQUIREMENTS			
0525010	Legal Compliance			
	State Operations:			
0217	Insurance Fund	\$11,894	\$14,299	\$14,362
	Totals, State Operations	\$11,894	\$14,299	\$14,362
	SUBPROGRAM REQUIREMENTS			
0525019	Investigations			
	State Operations:			
0217	Insurance Fund	\$16,103	\$20,469	\$20,457
	Totals, State Operations	\$16,103	\$20,469	\$20,457
	Local Assistance:			
0217	Insurance Fund	\$500	\$750	\$750
	Totals, Local Assistance	\$500	\$750	\$750
	SUBPROGRAM REQUIREMENTS			
0525028	Consumer Services and Market Conduct			
	State Operations:			

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		<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
0217	Insurance Fund	\$37,540	\$39,491	\$39,823
	Totals, State Operations	\$37,540	\$39,491	\$39,823
	SUBPROGRAM REQUIREMENTS			
0525037	Enhanced Fraud Investigation Division			
	State Operations:			
0001	General Fund	\$642	\$1,029	\$1,031
	Totals, State Operations	\$642	\$1,029	\$1,031
	PROGRAM REQUIREMENTS			
0530	FRAUD CONTROL			
	State Operations:			
0001	General Fund	\$5,191	\$6,557	\$6,338
0217	Insurance Fund	65,482	76,123	76,669
0890	Federal Trust Fund	10	25	25
0995	Reimbursements	201	474	474
	Totals, State Operations	\$70,884	\$83,179	\$83,506
	Local Assistance:			
0217	Insurance Fund	\$81,009	\$81,873	\$82,022
	Totals, Local Assistance	\$81,009	\$81,873	\$82,022
	SUBPROGRAM REQUIREMENTS			
0530010	Fraud - Auto			
	State Operations:			
0217	Insurance Fund	\$21,905	\$30,540	\$30,738
0995	Reimbursements	201	474	474
	Totals, State Operations	\$22,106	\$31,014	\$31,212
	Local Assistance:			
0217	Insurance Fund	\$23,962	\$23,357	\$22,100
	Totals, Local Assistance	\$23,962	\$23,357	\$22,100
	SUBPROGRAM REQUIREMENTS			
0530019	Fraud - Workers' Compensation			
	State Operations:			
0217	Insurance Fund	\$35,903	\$36,395	\$36,683
0890	Federal Trust Fund	10	25	25
	Totals, State Operations	\$35,913	\$36,420	\$36,708
	Local Assistance:			
0217	Insurance Fund	\$51,247	\$51,700	\$53,106
	Totals, Local Assistance	\$51,247	\$51,700	\$53,106
	SUBPROGRAM REQUIREMENTS			
0530028	Fraud - General Assessment			
	State Operations:			
0217	Insurance Fund	\$3,170	\$4,000	\$4,024
	Totals, State Operations	\$3,170	\$4,000	\$4,024
	SUBPROGRAM REQUIREMENTS			
0530037	Fraud - Disability and Healthcare			
	State Operations:			
0217	Insurance Fund	\$4,504	\$5,188	\$5,224
	Totals, State Operations	\$4,504	\$5,188	\$5,224
	Local Assistance:			
0217	Insurance Fund	\$5,800	\$6,816	\$6,816
	Totals, Local Assistance	\$5,800	\$6,816	\$6,816
	SUBPROGRAM REQUIREMENTS			
0530055	Enhanced Fraud - Fraud Division			

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		<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
	State Operations:			
0001	General Fund	\$3,525	\$3,412	\$3,425
	Totals, State Operations	\$3,525	\$3,412	\$3,425
	SUBPROGRAM REQUIREMENTS			
0530064	Enhanced Fraud - Legal Branch			
	State Operations:			
0001	General Fund	\$1,666	\$3,145	\$2,913
	Totals, State Operations	\$1,666	\$3,145	\$2,913
	PROGRAM REQUIREMENTS			
0535	GENERAL FUND TAX COLLECTION AND COMPLIANCE			
	State Operations:			
0217	Insurance Fund	\$1,426	\$1,695	\$1,618
	Totals, State Operations	\$1,426	\$1,695	\$1,618
	SUBPROGRAM REQUIREMENTS			
9900100	Administration			
	State Operations:			
0217	Insurance Fund	\$41,193	\$45,336	\$45,620
	Totals, State Operations	\$41,193	\$45,336	\$45,620
	SUBPROGRAM REQUIREMENTS			
9900200	Administration - Distributed			
	State Operations:			
0217	Insurance Fund	-\$41,193	-\$45,336	-\$45,620
	Totals, State Operations	-\$41,193	-\$45,336	-\$45,620
	TOTALS, EXPENDITURES			
	State Operations	240,930	270,666	271,883
	Local Assistance	81,509	82,623	82,772
	Totals, Expenditures	\$322,439	\$353,289	\$354,655

EXPENDITURES BY CATEGORY

1 State Operations	<u>Positions</u>			<u>Expenditures</u>		
	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
PERSONAL SERVICES						
Baseline Positions	1,400.3	1,400.3	1,400.3	\$138,538	\$137,636	\$137,636
Other Adjustments	-202.3	-	-	-36,013	7,364	7,814
Net Totals, Salaries and Wages	1,198.0	1,400.3	1,400.3	\$102,525	\$145,000	\$145,450
Staff Benefits	-	-	-	59,708	74,883	75,890
Totals, Personal Services	1,198.0	1,400.3	1,400.3	\$162,233	\$219,883	\$221,340
OPERATING EXPENSES AND EQUIPMENT				\$73,180	\$50,502	\$50,262
SPECIAL ITEMS OF EXPENSES				5,517	281	281
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$240,930	\$270,666	\$271,883

2 Local Assistance	<u>Expenditures</u>		
	<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
Grants and Subventions - Governmental	\$81,509	\$82,623	\$82,772
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$81,509	\$82,623	\$82,772

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

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1 STATE OPERATIONS	2022-23*	2023-24*	2024-25*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$5,833	\$7,345	\$7,369
Allocation for Employee Compensation	-	158	-
Allocation for Other Post-Employment Benefits	-	-5	-
Allocation for Staff Benefits	-	88	-
Totals Available	\$5,833	\$7,586	\$7,369
TOTALS, EXPENDITURES	\$5,833	\$7,586	\$7,369
0217 Insurance Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$234,884	\$251,225	\$263,765
Allocation for Employee Compensation	-	7,206	-
Allocation for Other Post-Employment Benefits	-	-370	-
Allocation for Staff Benefits	-	4,270	-
Totals Available	\$234,884	\$262,331	\$263,765
TOTALS, EXPENDITURES	\$234,884	\$262,331	\$263,765
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$10	\$25	\$25
Totals Available	\$10	\$25	\$25
TOTALS, EXPENDITURES	\$10	\$25	\$25
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$203	\$724	\$724
TOTALS, EXPENDITURES	\$203	\$724	\$724
Total Expenditures, All Funds, (State Operations)	\$240,930	\$270,666	\$271,883
2 LOCAL ASSISTANCE	2022-23*	2023-24*	2024-25*
0217 Insurance Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$81,509	\$80,211	\$82,772
Provision 1 Request per Item 0845-101-0217	-	2,412	-
Totals Available	\$81,509	\$82,623	\$82,772
TOTALS, EXPENDITURES	\$81,509	\$82,623	\$82,772
Total Expenditures, All Funds, (Local Assistance)	\$81,509	\$82,623	\$82,772
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$322,439	\$353,289	\$354,655

FUND CONDITION STATEMENTS

	2022-23*	2023-24*	2024-25*
<u>0217 Insurance Fund^s</u>			
BEGINNING BALANCE	\$39,357	\$37,320	\$17,839
Prior Year Adjustments	2,080	-	-
Adjusted Beginning Balance	\$41,437	\$37,320	\$17,839
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4124000 Insurance Company - Examination Fees	24,006	26,742	28,720
4124200 Insurance Company - License Fees and Penalties	71,043	73,455	75,890
4124400 Insurance Company - General Fees	41,387	40,750	42,608
4124600 Insurance Company - Proposition 103 Fees	40,623	50,121	46,634
4124800 Insurance Fraud Assessment - Automobile	53,557	53,972	54,390

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	2022-23*	2023-24*	2024-25*
4125000 Insurance Fraud Assessment - General	13,372	14,059	14,059
4125200 Insurance Fraud Assessment - Workers Compensation	86,040	86,040	90,325
4140000 Document Sales	77	77	77
4143500 Miscellaneous Services to the Public	8	8	8
4163000 Investment Income - Surplus Money Investments	987	987	987
4170400 Capital Asset Sales Proceeds	2	2	2
4171100 Cost Recoveries - Other	2,743	1,626	1,626
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	7	7	7
4172500 Miscellaneous Revenue	74	74	74
Transfers and Other Adjustments			
Revenue Transfer from Insurance Fund (0217) to California Health Data and Planning Fund (0143) per Chapter 603, Statutes of 2017	-54	-28	-30
Revenue Transfer from Insurance Fund (0217) to Health Plan Improvement Trust Fund (3209) per Chapter 552, Statutes of 2011	-83	-66	-64
Total Revenues, Transfers, and Other Adjustments	<u>\$333,789</u>	<u>\$347,826</u>	<u>\$355,313</u>
Total Resources	<u>\$375,226</u>	<u>\$385,146</u>	<u>\$373,152</u>
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
0690 Office of Emergency Services (State Operations)	827	1,442	1,450
0845 Department of Insurance (State Operations)	234,884	262,331	263,765
0845 Department of Insurance (Local Assistance)	81,509	82,623	82,772
9892 Supplemental Pension Payments (State Operations)	6,906	6,906	7,382
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	13,780	14,005	16,089
Total Expenditures and Expenditure Adjustments	<u>\$337,906</u>	<u>\$367,307</u>	<u>\$371,458</u>
FUND BALANCE	<u>\$37,320</u>	<u>\$17,839</u>	<u>\$1,694</u>
Reserve for economic uncertainties	37,320	17,839	1,694

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
Baseline Positions	1,400.3	1,400.3	1,400.3	\$138,538	\$137,636	\$137,636
Salary and Other Adjustments	-202.3	-	-	-36,013	7,364	7,814
Totals, Adjustments	<u>-202.3</u>	<u>-</u>	<u>-</u>	<u>\$-36,013</u>	<u>\$7,364</u>	<u>\$7,814</u>
TOTALS, SALARIES AND WAGES	<u>1,198.0</u>	<u>1,400.3</u>	<u>1,400.3</u>	<u>\$102,525</u>	<u>\$145,000</u>	<u>\$145,450</u>

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