

Agency Name:	Department Of Insurance		
Agency Code:	R200	Section:	78



Fiscal Year FY 2025-2026

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

**OPERATING
REQUESTS
(FORM B1)**

For FY 2025-2026, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
<input type="checkbox"/>	Requesting Federal/Other Authorization.
<input type="checkbox"/>	Not requesting any changes.

**NON-RECURRING
REQUESTS
(FORM B2)**

For FY 2025-2026, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
<input checked="" type="checkbox"/>	Not requesting any changes.

**CAPITAL
REQUESTS
(FORM C)**

For FY 2025-2026, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting funding for Capital Projects.
<input checked="" type="checkbox"/>	Not requesting any changes.

**PROVISOS
(FORM D)**

For FY 2025-2026, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Tom Watson	(803) 737-6141	twatson@doi.sc.gov
SECONDARY CONTACT:	Mia Mills	(803) 737-6111	mmills@doi.sc.gov

I have reviewed and approved the enclosed FY 2025-2026 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:	<i>Michael Wise</i> 9/25/24	
TYPE/PRINT NAME:	Michael Wise	

This form must be signed by the agency head – not a delegate.

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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Actuary (P&C) FTE (UA60) to Support New Analytics Initiative	214,500	0	0	0	214,500	1.00	0.00	0.00	0.00	1.00
2	B1 - Recurring	Help Cover Portion of GI's on Non-State Funds (FY2013 to FY2025)	350,000	0	0	0	350,000	0.00	0.00	0.00	0.00	0.00
TOTALS			564,500	0	0	0	564,500	1.00	0.00	0.00	0.00	1.00

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Actuary (P&C) FTE (UA60) to Support New Analytics Initiative
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$214,500 Federal: \$0 Other: \$0 Total: \$214,500
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	1.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark “X” for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<p>The agency continues to have a need and receive request for special, highly skilled, data reports. Having a team of actuaries that can analyze and generate critical information will help the agency with strategic decisions and responding to legislated request.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency’s accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

	These funds will be used to hire another (P&C) Property and Casualty Actuary rather
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RECIPIENTS OF FUNDS	<p>than having to contract for outside expertise at a much higher cost.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>Actuary (P&C) FTE (UA60) to Support New Analytics Initiative. While our vacancy rate continues to fluctuate due to lots of staff turnover post COVID and our inability to compete with the private sector, we are actively seeking candidates to fill our existing vacancies.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Help Cover Portion of GI's on Non-State Funds (FY2013 to FY2025)
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$350,000 Federal: \$0 Other: \$0 Total: \$350,000
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input checked="" type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input checked="" type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<p>The State has provided general increases (GI's) over the last thirteen years (FY2013 to FY2025) amounting to \$739,482 in our State Funds. However, we have not requested any additional appropriations to help offset the impact on our Non-State funded staff. This Non-State impact is approximately \$719,248 on our earned funds. We have no federal funds or very little depending on grants through SCEMD from time to time. During this same timeframe, our revenue stream that provides the support for these additional expenses incurred due to the GI's has not changed. Therefore, we are requesting a portion of this impact to help with these additional costs incurred since FY2013.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

	<p>These funds would go into our overall personnel and fringe category, in State Funds,</p>
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RECIPIENTS OF FUNDS

to offset the additional costs incurred on our Non-State Funds. We will swap some of our most expensive Earned positions for state funded positions, staying within our approved limit, to provide the needed support for these increased costs incurred from FY2013 to FY2025.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

Help Cover Portion of GI's on Non-State Funds (FY2013 to FY2025)

The revenue stream that supports our Non-State Funds has not changed through any increases in fees, licenses, etc. on the earned funds retained by the agency since FY2013.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM D – PROVISO REVISION REQUEST

NUMBER	78.4
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Coastal Insurance Markets
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	4000.250000.000 Policy Forms and Rates
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.

REQUESTED ACTION	Delete
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	None.
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>In an effort to not carryforward a proviso added with the original intention of one year, we are suggesting that this proviso added in FY25 not be continued for FY26. The Coastal Insurance Markets ebb and flow from time to time.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

Limited. It does take resources to comply with this proviso.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

~~(INS: Coastal Insurance Markets) From the funds appropriated in this act, the Department of Insurance shall conduct a study on the status and market conditions of the South Carolina coastal property insurance market. The study shall include the number of property insurance companies participating in the coastal insurance market, coastal insurance premium pricing, coastal insurance market outlook for the future, possible strategies to stabilize our State's coastal insurance market, efforts the department may utilize to recruit additional insurance providers, and any other information deemed pertinent to the issue including suggested statutory changes. The study shall be submitted to the Senate Finance Committee, the Senate Banking and Insurance Committee, the House Ways and Means Committee, the House Labor, Commerce and Industry Committee, and the Governor by October 1, 2024. The department is further directed to immediately initiate statutorily allowed efforts to recruit additional insurance providers in the coastal property insurance market.~~

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM D – PROVISO REVISION REQUEST

NUMBER	78.5
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Review and Study Committee
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	4000.250000.000 Policy Rates and Forms
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.

REQUESTED ACTION	Delete
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	None
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	In an effort to not carryforward a proviso added with the original intention of one year, we are suggesting that this proviso added in FY25 not be continued for FY26.
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

Limited. It does take some resources to comply with the proviso.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

~~{INS: Review and Study Committee} (A) There is created a review and study committee to be comprised of nine members:~~

~~(1) one Senator appointed by the President of the Senate, one Senator appointed by the Chairman of the Senate Banking and Insurance Committee, and one Senator appointed by the Chairman of the Senate Judiciary Committee;~~

~~(2) three members of the House of Representatives appointed by the Speaker of the House of Representatives; and~~

~~(3) three members of the public at large appointed by the Governor.~~

~~(B) Of the members appointed by the Governor, one member must have substantial academic or professional experience in the insurance industry, one member must be a practicing attorney with extensive experience representing plaintiffs in insurance-related litigation, and one member must be a practicing attorney with extensive insurance defense experience. The members of the committee must meet as soon as practicable after appointment and organize by electing one of the committee's members as chairman and other officers as the committee may consider necessary. Thereafter, the committee must meet as necessary to fulfill the duties required by this proviso at the call of the chairman or by a majority of the members. A quorum consists of five members who shall serve without compensation, and are ineligible for the usual mileage, subsistence, and per diem allowed by law for members of state boards, committees, and commissions. Staffs of the Senate Judiciary Committee, Senate Banking and Insurance Committee, the House of Representatives Judiciary Committee, and the House of Representatives Labor, Commerce and Industry Committee shall be available to assist the committee in its work. Any other expenses incurred by the committee shall be paid equally from each respective house's approved account subject to the approval of the Senate Operations and Management Committee and the Speaker of the House, and unless authorized by a further or subsequent enactment, shall conclude the committee's business by January 31, 2025, at which time the committee is dissolved. The General Assembly may extend the dates by which the committee shall submit reports required by this proviso.~~

~~(C) The committee shall conduct a thorough review of this State's civil justice and insurance laws from the standpoint of adequacy, equity, and efficiency with the goal of continuing to maintain and enhance South Carolina as an optimum competitor in its effort to both retain and attract new individuals and business to relocate, live, work, and invest in South Carolina. The committee shall address coverage availability, premium rates, and deductibles in the following five categories: (1) property and casualty for single-family dwellings, multi-family units, and condominium complexes and commercial buildings; (2) automobiles and trucks; (3) commercial general liability; (4) business; and (5) restaurant /tavern/bar liability liquor liability. The committee shall review how other states' civil justice and insurance laws compare with South Carolina's laws regarding coverage availability, premium rates, and deductibles. No later than January 31, 2025, the committee shall submit a report on its findings and recommendations to the full General Assembly and the Governor and make the report available to the public on the General Assembly's website.~~

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan (3% reduction of fiscal year 2025-2026 Recurring General Fund Appropriations based upon guidelines provided)
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AMOUNT	\$231,892
<i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>	

ASSOCIATED FTE REDUCTIONS	None.
<i>How many FTEs would be reduced in association with this General Fund reduction?</i>	

PROGRAM / ACTIVITY IMPACT	Almost all programs would be impacted by this "proposed" reduction. The Agency would attempt to reduce some of its operating costs in order to meet the mandated reduction.
<i>What programs or activities are supported by the General Funds identified?</i>	

SUMMARY	To accomplish this reduction, we would have to postpone some of our planned IT initiatives; omit our normal advertising campaigns for flood and other disasters; and reduce contract labor. We continue to strive towards increasing our infrastructure as it relates to security and privacy. We continue to implement recommendations provided by the SC Dept. of Administration's Division of Technology (DTO). We also provide critical information to SC citizens regarding protection during disasters.
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS	<p>We analyze and project all of our major expenditures each month and for the fiscal year. This allows us to plan and adjust accordingly to ensure that we are maintaining effectiveness and efficiencies.</p>
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What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	SCDOI's Efforts to Reduce Cost and Burden to Businesses and Citizens
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	The Agency routinely reviews all of its regulations to ensure that only minimal requirements are stipulated to carry out Title 38 and other insurance related laws. The savings is not readily quantifiable.
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply: <input checked="" type="checkbox"/> Repeal or revision of regulations. <input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens. <input checked="" type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden. <input type="checkbox"/> Other
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METHOD OF CALCULATION	N/A
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	We annually maintain and update a list of the fines and fees for the previous fiscal year and the associated statute. However, no immediate reductions are planned at this time.
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	The Department completed its review of regulations within the past few months. Noted by each regulation is the action the Department proposes to take over the next five years if any. This analysis can and will be made available upon request.
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>The South Carolina Department of Insurance is committed to designing and maintaining an insurance regulatory system that protects the public interest without imposing unnecessary costs on its licensees. Accordingly, the agency routinely reviews its processes, procedures and regulatory framework to automate processes that can be automated and to determine which regulations should be modified, streamlined or repealed. We recently completed the annual yearly review. The purpose of the review is to make regulation more effective or less burdensome in achieving regulatory objectives. Modifying regulations to comply with applicable law ensures that our consumers are afforded the protections intended by the legislature. Repealing unnecessary regulations may reduce the costs to licensees which may enable the licensee to provide coverage to the citizens of this state at a reasonable cost.</p>
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?