Office of Superintendent of Insurance

Annual Report

December 1, 2014
INTRODUCTION

The Office of Superintendent of Insurance (OSI) was created on July 1, 2013, pursuant to the passage of Constitutional Amendment 4 during the 2012 General Election and the subsequent enactment of House Bill 45 (Laws of 2013, Chapter 74) from the 1st Session of the 51st Legislature. These actions removed the insurance regulatory function from the Public Regulation Commission (where it was housed as the “Insurance Division”) and placed it in a newly-created adjunct state agency entitled the “Office of Superintendent of Insurance.” The enabling legislation also created an Insurance Nominating Committee to appoint the Superintendent of Insurance.

The staff and physical location of the OSI have remained essentially the same as they were as the Insurance Division of the PRC. The incumbent Superintendent of Insurance under the PRC, John Franchini, was subsequently appointed by the Insurance Nominating Committee to retain his role as Superintendent with his term expiring December 31, 2015, at which time the committee may reappoint Mr. Franchini or appoint a successor.

In addition to executing the insurance regulatory duties imposed on him by the Insurance Code, the Superintendent is also charged with organizing and managing the OSI and directing and supervising its activities. The Superintendent is required to annually report to the Governor, the Legislature and the Insurance Nominating Committee, by no later than December 1, on the activities of the OSI during the previous fiscal year. Currently, the agency has been operating as a standalone agency for just over one year.

AGENCY MISSION

The vision of OSI is to become one of the country’s leading regulatory agencies with respect to overseeing the insurance industry in New Mexico and ensuring that New Mexico insurance consumers are treated fairly and honestly. In addition, OSI strives to be a leader with respect to the roll out of the Patient Protection and Affordable Care Act (PPACA), commonly called the Affordable Care Act (ACA) or "Obamacare" and ensuring New Mexicans have access to quality and affordable health insurance that maintains a level of minimum standards.

AGENCY VISION

The mission of the OSI is to provide consumers with convenient access to reliable insurance products which are underwritten by dependable and financially sound companies. The OSI strives to ensure that these companies have a proven history of fair and reasonable rates and are represented by trustworthy and qualified agents. The OSI is committed to consumer protection and to the deterrence and prosecution of insurance fraud.
GOALS

As a newly-created agency, OSI continues to work on revising its organizational structure to improve its functionality and to attract and retain qualified insurance regulatory professionals. OSI continues to ensure New Mexico Statutes, rules and regulations are updated and enacted to support the implementation of the Patient Protection and Affordable Care Act and to protect New Mexicans. OSI continues to work on converting to a paperless, web-based environment known as the OSI Paperless, Web-Based Environment Project, allowing the agency to migrate the insurance IDEAL system into the State Based System (SBS). This new system will provide tools and products that are promulgated by the National Association of Insurance Commissioners (NAIC) and used by more than thirty-two other states to process insurance transactions and supports the National Insurance Producers Registry (NIPR). This project has an anticipated full completion date of December 31, 2016 and currently stands at approximately fifteen percent complete. In addition, OSI is in the process of establishing a separate Actuarial Bureau or Unit that will perform and oversee all actuarial functions within the agency to include review and approval of rate filings, monitor rate trends and rating practices and monitor the competitiveness of insurance markets in New Mexico by product line.

OSI has established the following goals:

Goal 1: By the end of the fiscal year, have in place a functioning structure that allows the agency to carry out its mission.

Goal 2: By the end of the second quarter of 2016, begin going live on portions of the paperless system, to more efficiently process and track all transactions which includes establishing an online licensing and renewal process that eliminates the need for manual processes.

Goal 3: Continue to strive for a work force that is professional and knowledgeable in all facets of the insurance industry, with particular emphasis on the Affordable Care Act, and to ensure New Mexican's needs are met and to support the agency's mission.
INITIATIVES

Initiative 1: Revise the organizational structure inherited from the PRC’s Insurance Division to improve OSI’s functional and managerial structure.

Initiative 2: Replace the Agency’s legacy system (IDEAL) with the fully functional system promulgated by the National Association of Insurance Commissioners known as SBS (State Based System) and transition into a paperless environment.

Initiative 3: Fully implement on-line application and renewal of licenses for insurance agents and other individual and small business licensees.

Initiative 4: Establish an Actuarial Unit within the agency.

Initiative 5: Ensure that New Mexicans have access to quality and affordable health insurance that maintains a level of minimum standards.

Initiative 6: Provide staff with educational training opportunities to better educate them in performing their duties to serve New Mexicans more proficiently.
AGENCY DESCRIPTION

Employees and Facilities

The OSI has one hundred twenty-two full-time equivalent positions (FTE) authorized by the General Appropriations Act which includes thirteen federally funded grant positions and nine positions funded through a memorandum of understanding with the New Mexico Health Insurance Exchange. Additional FTE authorized through federal grants will be budgeted through a Budget Adjustment Request this fiscal year as they were not authorized by the federal government when the FY15 operating budget was submitted.

All staff are currently located in the old PERA Building in Santa Fe, although as more positions are filled, OSI will look to expand its office space. Five of the one hundred twenty-two FTE are currently GOVEX positions. The OSI is in the process of working with the New Mexico State Personnel Office (NMSPO) and the Department of Finance and Administration (DFA) to hire the positions authorized and/or convert positions to the proper classifications needed for insurance operations.

ORGANIZATIONAL UNITS

Company Licensing

The Company Licensing Bureau licenses insurance companies and other risk-bearing insurance entities. Pursuant to this, the bureau receives, reviews and renders determinations on applications from insurance companies that want to enter the New Mexico insurance market. The bureau oversees almost $500 million in insurance company deposits held with Century Bank and the State Treasurer’s Office for the protection of New Mexico policyholders and creditors. The bureau also reviews and processes documentation submitted by insurance companies for acquisitions, re-domestications, mergers and name changes. Lastly, the bureau is responsible for the collection of premium taxes and policy filings from surplus lines brokers.

- FY 14 Statistics:
  - Active insurance companies and insurance related companies: 2813 (By CY 2013)
  - Total Securities Held with Custodial Bank: $448,802,000.00
  - Total Surety Bonds Held with State Treasurer: $19,565,000.00
Producer (Agent) Licensing

The Producer (Agent) Licensing Bureau licenses approximately 120,000 insurance professionals, as well as, non-risk-bearing insurance entities. This includes insurance agents, agencies, brokers, adjusters, third party administrators, consultants, bail bondsmen, solicitors and motor clubs, as well as limited license insurance vendors such as cell phone sales agents and travel agents. To protect consumers, the bureau determines the qualifications and eligibility of applicants; approves pre-licensing and continuing education courses; tracks continuing education credits; and processes license applications, renewals and the appointment of agents by insurance companies.

- **Performance Measure:** Percent of producer applications, appointments and renewals processed within ten business days.

- **FY 14 Target:** 98.0%

- **FY 14 Results:** 99.92% (Final)

- **FY 14 Statistics:**
  - Total Active Licenses in New Mexico: 118,516
  - Number of Company Appointments: 601,491
  - Number of Appointment Cancellations: 159,870
  - Number of Continuing Education Transactions: 4,893
  - Number of Renewals: 634,862
  - Number of Business Entity Licenses Issued: 1,681
  - Number of Producer Licenses Issued: 31,373
  - Number of Affiliation Transactions: 15,379
  - ACA Certifications: 350
  - Continuing Education Courses approved: 3,000

Examinations

The Examinations Bureau reviews insurance company financial statements filed with the OSI. The bureau also conducts periodic financial examinations, as well as ad hoc specialized market conduct and target financial examinations of insurance companies and agents. The Chief Examiner coordinates an internal solvency review team, consisting of financial analysts and actuaries, to review annual and quarterly financial statements filed by insurance companies domiciled in New Mexico and elsewhere and to plan examination activity.

- **Performance Measure:** Percent of domestic company examination reports adopted within eighteen months of the examination period.

- **FY 14 Target:** 100.0%
• **FY 14 Results:** 87.50% (Final)

**Explanation:** The examination report for Alpha Dental of NM was drawn out because the company was uncooperative and provided late and incomplete responses to the examination inquires. This caused the examiner to waste time reviewing responses that were incomplete and had to re-request the information. The examination report was completed timely, but contained adverse findings and the last two to three month prior to adoption was spent obtaining the necessary information from the company to remove these adverse findings. This delay to the 18 month rule is consistent with NAIC guidelines, in that, if the company is not a multi-state company, the field work and draft reports are done within the 18 month period. However, in this instance, the company needed additional time to resolve adverse finding beyond the 18 months.

**Corrective Action:** Based upon the information above, the target was not met due to a special circumstance.

• **Performance Measure:** Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent. (Revised wording for FY 15)

• **FY 14 Target:** 100.0%

• **FY 14 Results:** 100.0% (Final)

**Explanation:** Foreign companies are not the responsibility of OSI and are not subject to OSI intervention. No domestic companies had risk based capital less than 200%.

**Corrective Action:** In FY 15, this measure was changed to exclude foreign companies because they are not the responsibility of OSI and are not subject to OSI intervention. This measure now reads as follows: Percent of insurance division interventions conducted with domestic insurance companies when risk-based capital is less than two hundred percent.

• **Performance Measure:** Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than the minimum. (Deleted for FY 15)

• **FY 14 Target:** 100.0%

• **FY 14 Results:** 100.0% (Final)
**Explanation:** This performance measure lacks definition for minimum surplus. The best measure for minimum surplus, once a company is licensed, is the Risk Based Capital (RBC) calculation. The Performance Measure "percent of insurance division interventions conducted with domestic and foreign insurance companies when risk based capital is less than two hundred percent," already addresses a company's surplus adequacy using RBC making this performance measure redundant. So, this measure was discontinued for FY 15.

**Corrective Action:** Based on the information above, this measure was discontinued for FY 15.

**Life & Health Product Filings**

The Life & Health Product Filing Bureau reviews and renders determinations on the rates and coverage provisions filed by insurance entities for products pertaining to health, life, annuities, long-term care, Medicare supplement, credit life and disability filings, and miscellaneous correlated products. The bureau disposes of such filings where required, based on their compliance with the New Mexico Insurance Code, Insurance bulletins, Federal Regulations, and NAIC (National Association of Insurance Commissioners) guidelines. As a member of the Interstate Insurance Compact, New Mexico participates in multi-state reviews of additional life and annuity product filings.

- **Performance Measure:** Percent of form and rate filings processed within ninety days. (Revised wording for FY 15)
- **FY 14 Target:** 100.0%
- **FY 14 Results:** 99.34% (Final)

**Explanation:**

1) The Life and Health Bureau is currently short 2 reviewers.

2) The Affordable Care Act (ACA) was implemented and launched during 2013 and 2014. This was a new facet to our current function and the bureau is still unsure to what will be the additional influx of work. Additional plans were reviewed, new programs were learned and additional federal regulation were implemented, in addition to the already mandated New Mexico statutes and regulations.

3) Also, ACA is a collaborative effort between different stake holders, deadlines were set and sometimes exceeded the performance measure timeframe set.
Corrective Action:

1) The Life and Health Bureau will have to fill the two current vacant positions.

2) Hire an additional reviewer with a focus on the ACA.

3) Also, since deadlines are not solely set by the Life and Health Bureau, a request will be made to either extended the timeframe or decrease the percentage target on the performance measure, which is the most likely choice.

- FY 14 Statistics:
  - Total Types of Insurance Filed – 2346
  - Health – 1,222
  - Life – 745
  - Medicare Supplement – 539
  - Long Term Care – 365
  - Annuity – 323
  - Multi-Line – 35
  - Charitable Gift Annuities – 10
  - Credit Life and Disability – 7

Property/Casualty Product Filings

The Property/Casualty Product Filing Bureau reviews and renders determinations on the rates and coverage provisions filed by insurance companies for products pertaining to automobile, homeowners, workers’ compensation, medical malpractice and other assorted products. The bureau approves or disapproves such filings where required, based on their compliance with insurance statutes, regulations and bulletins and with OSI policies and procedures.

- Performance Measure: Percent of form and rate filings processed within ninety days. (Revised wording for FY 15)

- FY 14 Target: 100.0%

- FY 14 Results: 99.34% (Final)

Explanation: In the past within the Property & Casualty Bureau, CLOSED filings in SERFF (System for Electronic Rate and Form Filings) were allowed to be reopened for the following reasons:

1) Correct typographical errors.
2) Submit final manual pages.

3) Withdraw the filing per company request. Reopening filings may or may not have had an adverse effect on meeting the performance measures target, depending on the date the filing was reopened and when it was again closed. The reason being, regardless of the date that the filing is reopened, the submission date of the filing does not change. As a result, the date that a reopened filing was closed may go over the 90 day period. Also, per statute (59A-17-9 subparagraph 2 and 5 of paragraph B), rate filings are allowed to remain "open" for up to 120 days.

**Corrective Action:** of May 2014, filings are no longer allowed to be reopened for any reason. All insurance companies are required to make a new submission via SERFF referencing the initial filing. Also, our office has been working diligently to complete the review of filings at least 10 days prior to the end of the review period allowed by statute.

**Workers’ Compensation**

The Workers’ Compensation Bureau monitors the New Mexico Workers’ Compensation Assigned Risk Pool, handles complaints by employers regarding their workers’ compensation class code assignment and premiums, oversees the Safety Bonus Program and represents the OSI in other matters relating to Workers’ Compensation.

On March 19, 2014 the New Mexico State Personnel Board eliminated the Workers’ Compensation Bureau and the subsequent transfer of that function to the Office of Superintendent of Insurance from the Public Regulation Commission, a number of unauthorized Government Exempt positions must be classified. The Workers’ Compensation Bureau has been eliminated and the new classified position will moved within the Property/Casualty Filing Bureau. This new classification will be titled Workers’ Compensation Specialist and will report to the Property and Casualty Director.

- **Performance Measure:** Percent of employers whose workers’ compensation accident frequency is reduced through counseling, advice and training.

- **FY 14 Target:** 75.0%

- **FY 14 Results:** 53.85% (Final)

  **Explanation:** The measure failed because of the lack of staff and having staff certified in loss control. Due to this, it is necessary for staff to have the knowledge of loss control and to be able to make contact with organizations to provide counseling, advice and training. Also, since OSI
does not have control over these organizations affected, it is difficult to reduce the accident frequency. This is a function that is done by the Workers’ Compensation Administration (WCA). WCA is designed to perform this task.

**Corrective Action:** Measure is being discontinued for FY 16.

- **FY 14 Statistics:**
  - Formal Complaints: 15 (By FY 14)
  - Workers’ Compensation Inquiries: 193 (By FY 14)
  - Appeal Board Hearings: 4 (By FY 14)

**Consumer Assistance**

The Consumer Assistance Bureau receives, processes and resolves complaints and inquiries from consumers about insurance rates and claim-handling for all insurance products other than those involving managed health care. The bureau alerts the Investigations Bureau of situations where a complaint reveals a potential violation of insurance statutes and regulations by an insurance company or other insurance licensee.

- **FY 14 Statistics:**
  - Life and Health Complaints: 200 (FY 14)
  - Property and Casualty: 426 (FY 14)
  - Other: 61 (FY 14)

**Managed Health Care**

The Managed Health Care Bureau administers and enforces New Mexico’s Patient Protection Act and related regulations. The bureau handles complaints and inquiries from managed health care consumers and conducts outreach presentations throughout the state to inform consumers and health care providers of their rights under the Patient Protection Act. The bureau reviews external grievance appeals, proposes rule amendments and also takes appropriate enforcement actions where merited.

- **Performance Measure:** Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing.
- **FY 14 Target:** 98.0%
- **FY 14 Results:** 96.60% (Final)
Explaination: The Bureau has been understaffed and sometimes it is difficult to close files in a timely manner. The department had a target of 98% for 2014, although they had two vacant positions, they realized 96.6% of the target.

Corrective Action: Currently, there are two vacant positions within the Managed Health Care Bureau. Management is expected to fill these positions in FY15 to assist with the workload and to alleviate this problem.

- Performance Measure: Number of managed healthcare outreach presentations conducted annually. (Revised wording for FY 15)
  
  - FY 14 Target: 112.0
  
  - FY 14 Results: 92.0 (Final)

Explaination: The performance measures was not met this fiscal year due to the fact that there were not a sufficient number of outreach activities within the various communities to participate with. The bureau staff does not conduct its own outreach activities, it relies on other agencies or organizations such the Retiree Health Care Authority, Risk Management and the New Mexico Public School Insurance Authority to hold outreach activities that staff participates with. Other agencies are not doing as many activities as they did in the past due to budget cuts.

Corrective Action: Bureau Management is requesting to have the target for this measure reduced to 75 per fiscal year.

- Performance Measure: Percent of favorable evaluations from managed healthcare outreach presentation attendees. (Deleted for FY 15)
  
  - FY 14 Target: 100.0%
  
  - FY 14 Results: 0.0% (Final)

Explaination: This measure is not adequate since the Managed Health Care Bureau (MHCB) does not do presentations anymore. The department is more active at Health Fairs, thus allowing staff to visit with more consumers and getting the word out regarding member's appeal rights. This is the reason that there were no actual figures for FY 13 or FY 14, with the measure being discontinued in FY 15.

Corrective Action: Due to the fact that no presentations have not been done, the measure is no longer relevant. This measure has been discontinued in FY 15.
Investigations

The Investigations Bureau receives complaints from consumers, state and other non-government agencies, agents, organizations and others. With probable cause that a statute or administrative code has been violated an investigation is opened. Investigations that warrant discipline or prosecution are then sent to the staff attorneys.

- **FY 14 Statistics:**
  - Number of Investigations: 242

Insurance Fraud

The Insurance Fraud Bureau investigates and prosecutes, through state district courts, insurance fraud committed by insurance policyholders and applicants, medical providers, third party claimants and other perpetrators of white-collar insurance fraud crimes. The bureau collaborates with state, local and federal law enforcement and regulatory agencies in these efforts. Its performance measure will be revised in Fiscal Year 2016.

- **Performance Measure:** Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days.

- **FY 14 Target:** 88.0%

- **FY 14 Results:** 72.11% (Final)

**Explanation:** The Performance Measure FY 14 Target of 88% was not met, as anticipated, because the Bureau has the inability to hire essential personnel. The staffing needs of the Bureau are not being met; the Bureau is unable to use essential resources needed. The Bureau has vacancies of a Paralegal, Special Agent and one employee away on extended leave; causing the Bureau to not meeting its criteria of the FY 14 Performance Measures, as prescribed.

**Corrective Action:** The purposed corrective action will be to provide resources necessary to meet performance measures in the future.

1) Remove the hold on hiring of a Paralegal and Special Agent.

2) Resolve the extended leave matter of one employee.
• FY 14 Statistics:

  • Total Number of Cases: 631 (FY 14)

**Title Insurance**

The Title Insurance Bureau regulates the title insurance industry through rate-making and rule-making hearings held every odd numbered year. The Bureau collects and analyzes the annual agent and underwriter statistical reports, and the agent audit procedures. The Bureau annually assesses the insurers based on annual budgeting and maintenance. Periodically the Bureau performs on-site title plant inspections, affiliations, appointments, bank reconciliations, no-pay no-service documentation, and premium calculations. The Bureau performs the investigation of marketing compliance within the regulations. The Bureau regulates more than 71 licensed title insurance agents and underwriters in New Mexico. The bureau investigates complaints, allegations of defalcations, marketing non-compliance, and other infractions by title agents and insurers. The Bureau coordinates with the Investigation and Fraud Bureaus for appropriate enforcement actions.

• FY 14 Statistics:

  • Assessments for 2014: $682,200
  • Inquiries Closed: 178 (By CY 2014 - January 1, 2014 - October 31, 2014)
  • Statistical Reports Reviewed: 71 (By CY 2014 - January 1, 2014 - October 31, 2014)

**Financial Audit**

The Financial Audit Bureau Section is responsible for collecting, processing and auditing premium tax filings for approximately 2000 insurance companies that write policies in New Mexico. All insurers authorized to transact business in New Mexico and all property bondsmen, self-insurers, title companies and risk retention groups are subject to pay premium tax on a quarterly basis. The Bureau is also responsible for the collection of fees and assessments. The Annual Statement filing fee is required in order to file Annual Statements for the Examinations Bureau, the set rate is at $200.00 per company. The Property and Casualty Rate Form filing fees is required in order to file the Property and Casualty rate filings and are due annually and are determined by premiums written in applicable lines of business. The Fraud Bureau Assessment is required annually for the estimation necessary to pay expenses incurred by the Superintendent in carrying out the provisions of the Insurance Fraud Act and is also determined by premiums written in applicable lines of business.
FY 14 Statistics:
- Premium Taxes Collected: $183,606,826 (FY 14)
- Premium Taxes Credits: $69,747,746 (FY 14)
- Assessments and Fees: $2,747,090 (FY 14)
- Refunds (Paid Out & Pending): $8,352,644 (FY 14)
- Penalties: $131,400 (FY 14)

ACA (Affordable Care Act) Implementation
The OSI has received two grants under the Affordable Care Act to help OSI enhance its health insurance rate review process and to assist consumers with understanding their health care options. These grants have allowed OSI to hire additional staff and actuarial consultants and to develop www.nmhealthratereview.com, a website that provides consumers with information and feedback opportunities on health rate filings. OSI has received two other federal grants for the Consumer Assistance Program to inform New Mexicans about their health insurance needs, right and responsibilities and providing consumer assistance or ombudsman programs. In addition, OSI has entered into a Memorandum of Understanding (MOU) with the New Mexico Health Insurance Exchange (NMHIX), to implement the section of the NMHIX statute that requires OSI to provide any needed regulations to govern or assist the NMHIX in providing increased access to health insurance in New Mexico. In carrying out these duties the Bureau works closely with OSI leadership and all bureaus involved in health insurance; additionally it is tasked with developing numerous new initiatives within OSI related to health insurance reform.

Patient's Compensation Fund
While its primary function is the regulation of insurance, the OSI also administers the Patient's Compensation Fund (PCF), which is a medical malpractice insurance risk-assuming function mandated by the Medical Malpractice Act. OSI is requesting an additional staff FTE in FY16 to assist in overseeing the functions of the fund.

Administration
Administration includes the Superintendent of Insurance, Deputy Superintendent of Insurance, General Counsel, OSI Legal Staff, the Chief Administrative and Chief Financial Officers, Budget and Finance, Human Resources, Public Information, Information Technology and Records which provide all administrative support to OSI and its day-to-day operational functions.
Proposed Actuarial Unit

The Actuarial Unit will perform and oversee all actuarial functions within OSI, including review and approval of rate filings, the monitoring of rate trends and rating practices and monitor the competitiveness of insurance markets in New Mexico by product line. Also, perform tasks as determined by the Superintendent that would benefit from actuarial expertise.
REVENUES

The OSI collects approximately $220 million in annual revenues, just under 84% of which are from premium taxes and surtaxes levied on insurance companies that write policies in New Mexico. Most of the remaining revenues are derived from annual licensing fees levied on insurance agents, insurance carriers and other insurance licensees. Approximately 90% of collected revenues are transferred to the state general fund, the fire protection fund, the law enforcement protection fund, Carrie Tingley fund, and the Public Election Fund; as well as funding used for OSI operations. This fiscal year, OSI will no longer be required to make transfers to the Public Election Fund, per Laws of 2014, Chapter 2 (House Bill 144).

The following OSI operations have dedicated funding:

1. Patient’s Compensation Fund (PCF), which is funded by over $12.6 million of annual surcharges levied on health care providers who obtain medical malpractice coverage from the PCF. These funds pay judgments and settlements rendered on behalf of medically injured patients as well as the PCF’s operating expenses. This includes one PCF FTE, as well as contracted professional services and OSI resources used in relation to the PCF. In addition, the PCF provides support to Insurance Operations for administration costs.

2. Insurance Fraud Fund, which is funded by a small portion of the premium taxes levied on insurers. This fund pays for the operations of the OSI’s Insurance Fraud Bureau, along with providing support to Insurance Operations for administration costs.

3. Title Maintenance Fund, which is funded by assessments levied on title insurers. This fund pays for the OSI’s Title Insurance Bureau, along with providing support to Insurance Operations for administration costs.

In addition to the funding sources above, OSI has been awarded just over $6 million in federal grants, with $5.7 million of this amount dedicated to the implementation and aspects of the Affordable Care Act in New Mexico. Also just over $1.9 million comes from an Memorandum of Understanding with the New Mexico Health Insurance Exchange.
## Revenues Processed
### Fiscal Years 2010 - 2014

<table>
<thead>
<tr>
<th>TYPE OF REVENUE</th>
<th>FY10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
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<tbody>
<tr>
<td>Licenses, Renewals &amp; Appointments</td>
<td>$16,243,529.85</td>
<td>$16,758,130.50</td>
<td>$19,112,366.71</td>
<td>$19,178,370.50</td>
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<td>Premium Taxes</td>
<td>$175,777,003.78</td>
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<td>Fines &amp; Penalties</td>
<td>$310,673.68</td>
<td>$231,044.54</td>
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<td>Surplus Line Taxes</td>
<td>$2,445,902.27</td>
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<td>Insurance Premium Surtax</td>
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<td>Assessments</td>
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<td>Patient's Compensation Fund</td>
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<td>Deductions *</td>
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<td>Miscellaneous</td>
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<td><strong>Grand Total:</strong></td>
<td><strong>$242,386,615.26</strong></td>
<td><strong>$233,843,550.10</strong></td>
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<td><strong>$207,287,634.46</strong></td>
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Note: * Each revenue category is net of dishonored checks, credits and adjustments for FY 14.
FY 2014 Distributions by OSI
(Less Refunds, Special Appropriations/Other, Adjustment & Transfers)

- **FIRE PROTECTION FUND**
  - $74,345,229
  - **CARRIE TINGLEY** $39,573

- **LAW ENFORCEMENT FUND**
  - $9,041,041

- **STATE GENERAL FUND**
  - $111,825,976
FY 2014 Inter-Departmental Transfers

(Less Dishonored Checks & Credits)

**Includes transfers for Voter Election Fund. Note: No longer required by Statute for FY 2015**
## Budget

### Financial Summary
(Dollars in Thousands)

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<td>General Fund</td>
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<td>Fund Balance</td>
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<td>Total Sources</td>
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<td><strong>34,155.3</strong></td>
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### Uses

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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>Prsnl Srvcs &amp; Empl Benefits</td>
<td>5,279.3</td>
<td>8,473.3</td>
</tr>
<tr>
<td>300</td>
<td>Contractual Services</td>
<td>917.4</td>
<td>1,400.4</td>
</tr>
<tr>
<td>400</td>
<td>Other</td>
<td>18,105.4</td>
<td>16,412.9</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td></td>
<td><strong>24,302.1</strong></td>
<td><strong>26,286.6</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>Other Financing Uses</td>
<td>7,758.0</td>
<td>7,868.7</td>
</tr>
<tr>
<td>Total Uses</td>
<td></td>
<td><strong>32,060.1</strong></td>
<td><strong>34,155.3</strong></td>
</tr>
</tbody>
</table>
Federal Grants / NMHIX MOU

• Federal Grants
  – Total Number of Grants: 4
    • Limited Competition for Affordable Care Act (ACA) Consumer Assistance Program Grants
    • Affordable Care Act (ACA) Consumer Assistance Program Grants
    • Grants to Support States in Health Insurance Rate Review - Cycle II
    • Grants to Support States in Health Insurance Rate Review - Cycle III
  – Grant Periods: Vary from 4/1/2011 to 9/30/2015
  – Total Grant Awards: Awarded to date - $6,051,591
  – Total Positions Authorized: 23
  – Total Positions Filled: 4
  – Total Contracted Position: 1

• NM Health Insurance Exchange (NMHIX) MOU
  – MOU Period: 4/1/2011 to 12/31/2015
  – MOU Total Amount: $1,925,000
  – MOU FY16 Budget Request Amount: $521,100
  – Total Positions Authorized: 9
### Performance Measures

<table>
<thead>
<tr>
<th>Measure Type</th>
<th>FY15 Actual</th>
<th>FY11 Actual</th>
<th>FY12 Actual</th>
<th>FY13 Actual</th>
<th>FY14 Request</th>
<th>FY14 Actual</th>
<th>FY15 Target</th>
<th>FY16 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percent of employers whose workers’ compensation accident frequency is reduced through counseling, advice and training.</td>
<td>33.00%</td>
<td>48.00%</td>
<td>62.96%</td>
<td>75.00%</td>
<td>53.85%</td>
<td>75.00%</td>
<td>Discontinue</td>
</tr>
<tr>
<td>Output GAA</td>
<td>Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing.</td>
<td>100.00%</td>
<td>98.00%</td>
<td>94.72%</td>
<td>95.00%</td>
<td>96.60%</td>
<td>98.00%</td>
<td>98.00%</td>
</tr>
<tr>
<td>Output</td>
<td>Percent of producer applications, appointments and renewals processed within ten business days.</td>
<td>95.00%</td>
<td>98.00%</td>
<td>100.00%</td>
<td>98.00%</td>
<td>99.92%</td>
<td>99.00%</td>
<td>99.00%</td>
</tr>
<tr>
<td>Output</td>
<td>Percent of domestic company examination reports adopted within eighteen months of the examination period.</td>
<td>100.00%</td>
<td>100.00%</td>
<td>90.00%</td>
<td>100.00%</td>
<td>87.50%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Efficiency GAA</td>
<td>Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days.</td>
<td>81.50%</td>
<td>81.50%</td>
<td>64.13%</td>
<td>88.00%</td>
<td>72.11%</td>
<td>88.00%</td>
<td>Reword New 88.00%</td>
</tr>
<tr>
<td>Output</td>
<td>Percent of insurance division interventions conducted with domestic insurance companies when risk-based capital is less than two hundred percent.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Output</td>
<td>Percent of form and rate filings processed within ninety days within the Life &amp; Health Bureau.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>99.00%</td>
<td>97.00%</td>
</tr>
<tr>
<td>Output</td>
<td>Percent of form and rate filings processed within ninety days within the Property &amp; Casualty Bureau.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>99.00%</td>
<td>99.00%</td>
</tr>
<tr>
<td>Output</td>
<td>Number of managed healthcare outreach activities conducted annually.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>120.00</td>
<td>95.00</td>
</tr>
</tbody>
</table>