

**D80Z01**  
**Maryland Insurance Administration**

***Operating Budget Data***

(\$ in Thousands)

|                                      | <u>FY 12</u><br><u>Actual</u> | <u>FY 13</u><br><u>Working</u> | <u>FY 14</u><br><u>Allowance</u> | <u>FY 13-14</u><br><u>Change</u> | <u>% Change</u><br><u>Prior Year</u> |
|--------------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| Special Fund                         | \$26,702                      | \$27,508                       | \$29,849                         | \$2,341                          | 8.5%                                 |
| Contingent & Back of Bill Reductions | 0                             | 0                              | -34                              | -34                              |                                      |
| <b>Adjusted Special Fund</b>         | <b>\$26,702</b>               | <b>\$27,508</b>                | <b>\$29,815</b>                  | <b>\$2,307</b>                   | <b>8.4%</b>                          |
| Federal Fund                         | 272                           | 1,320                          | 1,315                            | -6                               | -0.4%                                |
| Contingent & Back of Bill Reductions | 0                             | 0                              | -1                               | -1                               |                                      |
| <b>Adjusted Federal Fund</b>         | <b>\$272</b>                  | <b>\$1,320</b>                 | <b>\$1,314</b>                   | <b>-\$6</b>                      | <b>-0.5%</b>                         |
| <b>Adjusted Grand Total</b>          | <b>\$26,973</b>               | <b>\$28,829</b>                | <b>\$31,129</b>                  | <b>\$2,301</b>                   | <b>8.0%</b>                          |

- A federal fund deficiency appropriation adds \$1.1 million to the Maryland Insurance Administration's (MIA) fiscal 2013 budget to assist in the development of an enhanced system for the review of rates set by health insurers and to monitor changes in premium amounts as part of the implementation of the Affordable Care Act.
- The fiscal 2014 allowance increases by \$2.3 million over the current year working appropriation. Nearly 80% of the increase is due to the inclusion of \$1.8 million to replace MIA's complaint tracking system.

Note: Numbers may not sum to total due to rounding.

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## ***Personnel Data***

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|                        | <b><u>FY 12<br/>Actual</u></b> | <b><u>FY 13<br/>Working</u></b> | <b><u>FY 14<br/>Allowance</u></b> | <b><u>FY 13-14<br/>Change</u></b> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions      | 266.00                         | 266.00                          | 266.00                            | 0.00                              |
| Contractual FTEs       | <u>16.80</u>                   | <u>17.60</u>                    | <u>17.30</u>                      | <u>-0.30</u>                      |
| <b>Total Personnel</b> | <b>282.80</b>                  | <b>283.60</b>                   | <b>283.30</b>                     | <b>-0.30</b>                      |

### ***Vacancy Data: Regular Positions***

|                                                           |       |       |
|-----------------------------------------------------------|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 14.42 | 5.42% |
| Positions and Percentage Vacant as of 12/31/12            | 19.60 | 7.37% |

- The number of regular positions remains unchanged between the current year working appropriation and the allowance.
- The fiscal 2014 turnover rate of 5.42% will require MIA to keep the equivalent of 14.4 positions vacant for the entire year. As of December 31, 2012, there were 19.6 vacant positions.
- The number of contractual full-time equivalents decreases by a net 0.3 between the current year working appropriation and the fiscal 2014 allowance.

## ***Analysis in Brief***

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### **Major Trends**

***Financial Examinations Completed Timely:*** MIA is responsible for ensuring the financial solvency of insurance companies by conducting routine financial examinations. Since fiscal 2010, all examinations have been completed within the target timeframe.

***Fraud Division Maintains Target Level of Case Closures:*** The administration has set a goal of closing 75% of fraud referrals opened for investigation within 180 days. Since fiscal 2009, MIA has met this goal.

### **Issues**

***Report on Fair Value of State Contributions to the Injured Workers' Insurance Fund Issued:*** Chapter 570, Laws of Maryland 2012 converted the Injured Workers' Insurance Fund (IWIF) from an independent State entity into a statutorily created, private, nonprofit, nonstock workers' compensation insurer. It also required MIA to contract with an independent consulting firm to conduct a study to determine the fair value of any financial contribution made by the State to IWIF and any financial benefit received by IWIF from the State. The consultant concluded that the net benefit received by IWIF from the State was \$44.5 million. The Department of Budget and Management (DBM) sent MIA a letter expressing disagreement with the inclusion of certain benefits to the State cited in the consultant's report. **MIA should comment on the consultant's analysis and the issue raised by DBM.**

### **Recommended Actions**

1. Concur with Governor's allowance.

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**D80Z0**  
**Maryland Insurance Administration**

## ***Operating Budget Analysis***

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### **Program Description**

The Maryland Insurance Administration (MIA) develops policies, procedures, and regulations and implements laws that affect Maryland's insurance industry and insurance consumers. The agency performs rate and form reviews, financial audits, licensing examinations, market conduct examinations, and fraud investigations; resolves consumer complaints; and issues producer licenses and company licenses. The Maryland insurance law, in conformity with national standards, no longer makes a distinction between agents and brokers, which are now known as producers.

MIA's key goals are:

- to ensure that the terms and conditions of insurance contracts are reasonable and meet the requirements of Maryland law;
- to adjudicate consumer complaints in accordance with insurance law and in a prompt and fair manner;
- to protect the public from unfair trade practices and other violations of the Insurance Code;
- to enforce solvency standards to ensure that insurers have the financial ability to pay claims when due; and
- to protect Maryland citizens through enforcement of the Annotated Code of Maryland provisions relating to insurance fraud.

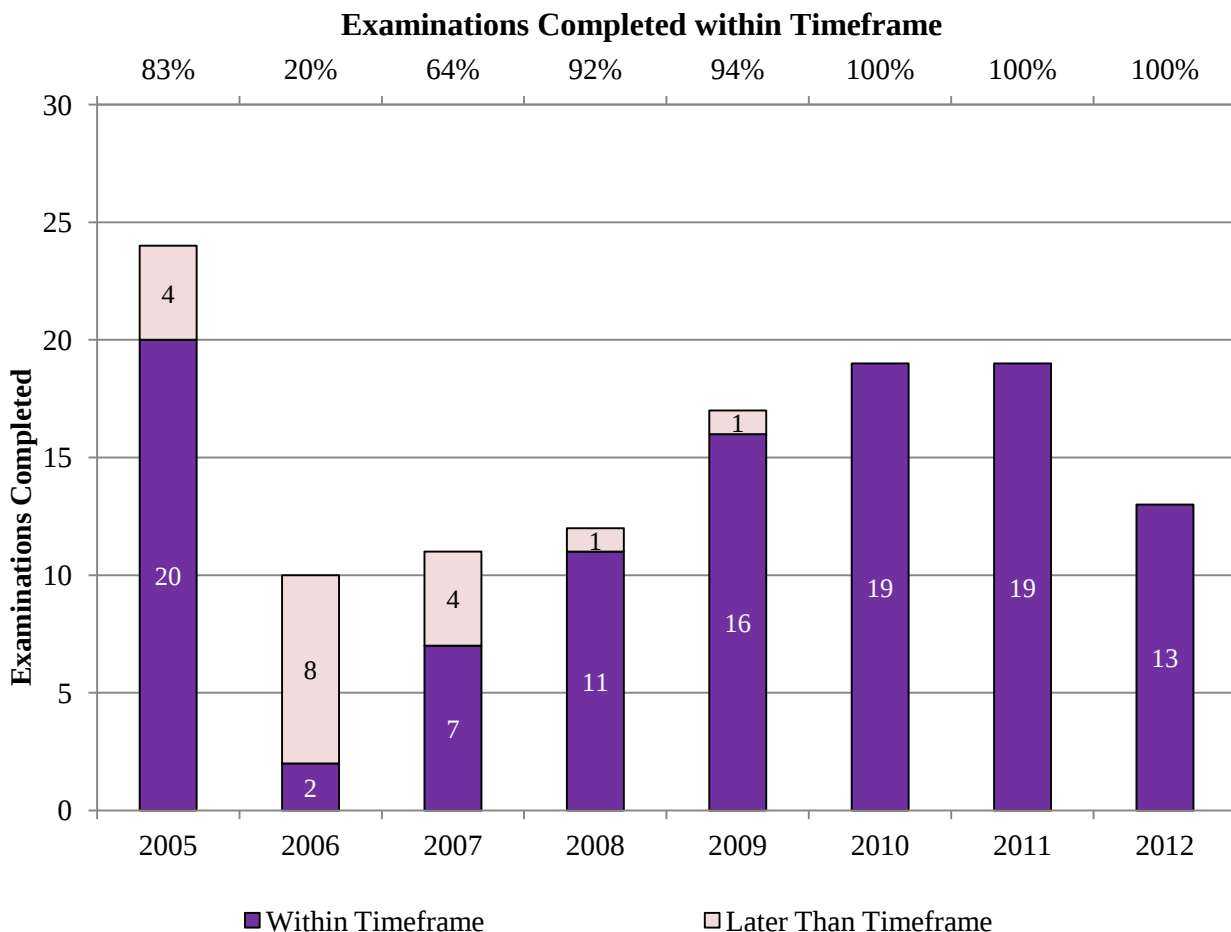
### **Performance Analysis: Managing for Results**

#### **1. Financial Examinations Completed Timely**

MIA conducts financial examinations of domestic insurance companies, those formed under Maryland law. There are approximately 75 domestic companies in the State that MIA is required to examine every five years.

The administration has a goal of completing 90% of the financial examinations with no more than a 15% variance of budgeted time because timely completion of the examinations results in earlier detection of insurers exhibiting financial distress. **Exhibit 1** shows the number of financial examinations conducted each year and the number of examinations that were completed with no more than the 15% variance of budgeted time. The number of financial examinations – both conducted and completed timely – in fiscal 2006 and 2007 was low due to a shortage of supervisory staff, which was partially remedied by the use of outside contractors. The staff shortage also created a small backlog that caused the number of financial examinations to be higher in ensuing years. Since fiscal 2010, all examinations have been completed within the target timeframe.

**Exhibit 1**  
**Financial Examinations on Domestic Companies**  
**Relative to the Target Timeframe**  
**Fiscal 2005-2012**

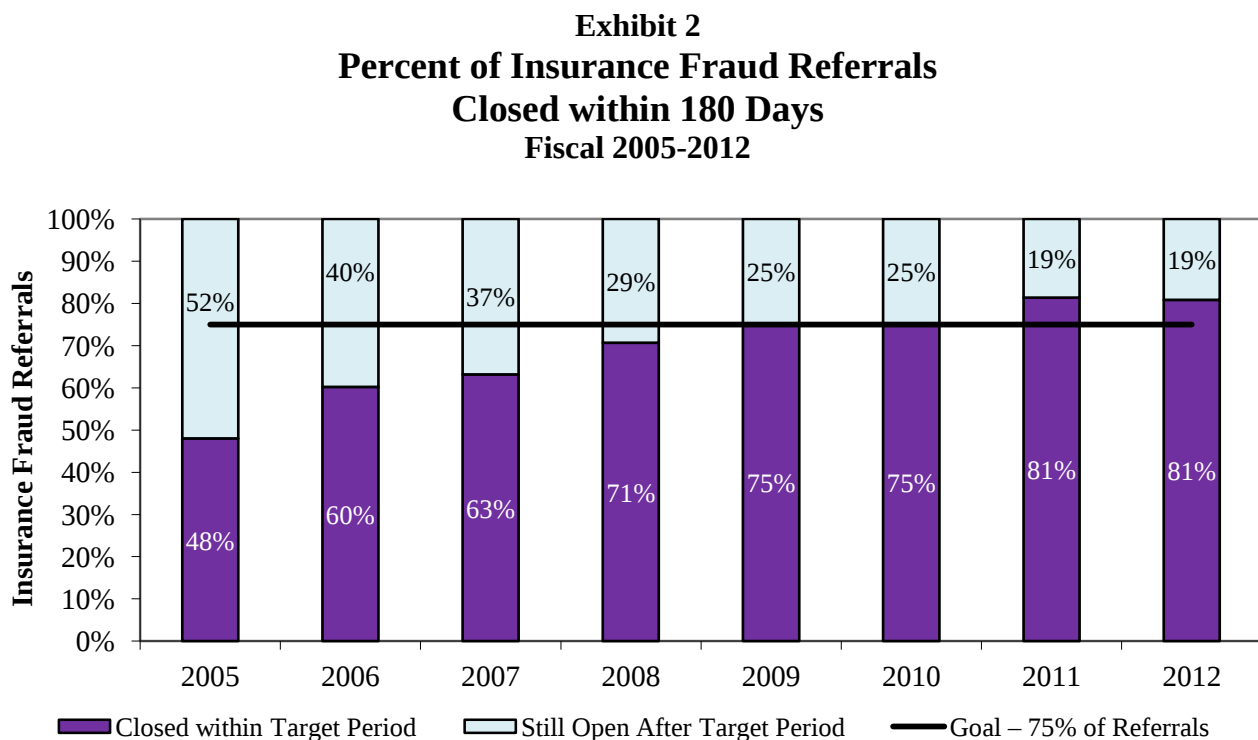


Source: Maryland Insurance Administration

## 2. Fraud Division Maintains Target Level of Case Closures

Nearly all of the Fraud Division’s workload involves “referrals” from insurance companies pursuant to their statutory obligation to report when they have a “good faith” belief that instances of insurance fraud have occurred. The administration has set a goal of closing 75% of referrals opened for investigation within 180 days. Prior to the fiscal 2011 Managing for Results submission, the target period was 120 days. The target period was increased to 180 days to reflect both a significant increase in the number of referrals that resulted from implementation of an electronic referral system and the decision to include within that time period the time necessary to persuade a prosecutor to actually file criminal charges. Previously, the case was coded as closed when the investigator – who is not a law enforcement officer and does not have charging authority – decided it merited charging, regardless of the ultimate decision of the prosecutor. An investigation is considered closed when (1) the investigator, in consultation with his or her supervisor, determines that it would not yield a successful prosecution; (2) the matter is presented to a local State’s Attorney for prosecution; or (3) an application for a statement of charges has been prepared by the investigator.

**Exhibit 2** shows that since fiscal 2009, MIA has met the stated goal of closing 75% of the referrals within the target timeframe.



Note: Prior to fiscal 2011 the goal was to close 75% of referrals within 120 days.

Source: Maryland Insurance Administration

## **Fiscal 2012 Actions**

### **Proposed Deficiency**

A fiscal 2013 federal fund deficiency appropriation adds \$1,050,000 for the development of an enhanced system for the review of rates set by health insurers and to monitor changes in premium amounts as part of the implementation of the Affordable Care Act. A budget amendment added \$1.9 million in federal funding for this purpose to the fiscal 2012 budget, but \$1.7 million of the federal funds remained unexpended at the end of the year and were cancelled.

### **Proposed Budget**

As shown in **Exhibit 3**, the fiscal 2014 allowance for MIA is \$2.3 million higher than the current year working appropriation. Nearly 80% of the increase is due to the inclusion of \$1.8 million to replace MIA's complaint tracking system which was custom built for MIA and began operation in 2002. The new system is intended to automate the workflow by routing electronic documents and notifications and provide for online data entry.

Personnel expenses add \$722,000, driven by increases in retirement contributions (due to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform), employee and retiree health insurance subsidies, increments, and the annualization of the general salary increase.

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**Exhibit 3**  
**Proposed Budget**  
**Maryland Insurance Administration**  
**(\$ in Thousands)**

| <b>How Much It Grows:</b>  | <b><u>Special<br/>Fund</u></b> | <b><u>Federal<br/>Fund</u></b> | <b><u>Total</u></b> |
|----------------------------|--------------------------------|--------------------------------|---------------------|
| 2013 Working Appropriation | \$27,508                       | \$1,320                        | \$28,829            |
| 2014 Allowance             | <u>29,849</u>                  | <u>1,315</u>                   | <u>31,164</u>       |
| Amount Change              | \$2,341                        | -\$6                           | \$2,335             |
| Percent Change             | 8.5%                           | -0.4%                          | 8.1%                |
| Contingent Reductions      | -\$34                          | -\$1                           | -\$34               |
| Adjusted Change            | \$2,307                        | -\$6                           | \$2,301             |
| Adjusted Percent Change    | 8.4%                           | -0.5%                          | 8.0%                |

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**Where It Goes:**

**Personnel Expenses**

|                                                                                       |       |
|---------------------------------------------------------------------------------------|-------|
| Retirement contributions .....                                                        | \$471 |
| Employee and retiree health insurance net of across-the-board savings reduction ..... | 315   |
| Increments and other compensation .....                                               | 246   |
| Annualized general salary increase.....                                               | 179   |
| Workers' compensation premium assessment.....                                         | -38   |
| Accrued leave payout .....                                                            | -153  |
| Turnover adjustments .....                                                            | -299  |
| Other fringe benefit adjustments .....                                                | 1     |

**Operations**

|                                                                                         |       |
|-----------------------------------------------------------------------------------------|-------|
| Replace Enterprise Complaint Tracking System .....                                      | 1,790 |
| Administrative hearings .....                                                           | 200   |
| Rent.....                                                                               | 49    |
| Grant to Attorney General's Office for Education and Advocacy Unit .....                | 38    |
| Training and conference travel based on fiscal 2012 actual spending.....                | 25    |
| Replace one pool vehicle .....                                                          | 20    |
| Postage.....                                                                            | 7     |
| Out-of-state conference and training .....                                              | -11   |
| Telephone usage .....                                                                   | -13   |
| Cell phone usage based on fiscal 2012 actual spending .....                             | -19   |
| Telecommunication lines and modems.....                                                 | -24   |
| Decrease in contractual full-time equivalents and increase in contractual turnover..... | -57   |
| Out-of-state routine travel for audit and enforcement functions .....                   | -70   |
| Software licenses .....                                                                 | -126  |
| Rate Stabilization Fund audits end .....                                                | -200  |

**Cost Allocations**

|                                                                   |     |
|-------------------------------------------------------------------|-----|
| Department of Budget and Management paid telecommunications ..... | 13  |
| Office of the Attorney General administrative fee .....           | 11  |
| Department of Information Technology services allocation .....    | -17 |
| Statewide personnel system allocation .....                       | -22 |
| Other .....                                                       | -15 |

|              |                |
|--------------|----------------|
| <b>Total</b> | <b>\$2,301</b> |
|--------------|----------------|

Note: Numbers may not sum to total due to rounding.

## Issues

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### 1. Report on Fair Value of State Contributions to the Injured Workers' Insurance Fund Issued

Chapter 570, Laws of Maryland 2012 converted the Injured Workers' Insurance Fund (IWIF) from an independent State entity into a statutorily created, private, nonprofit, nonstock workers' compensation insurer. It also required MIA to contract with an independent consulting firm to conduct a study to determine the fair value of any financial contribution made by the State to IWIF and any financial benefit received by IWIF from the State. The purpose of the study was to determine if the financial benefits received by IWIF from the State exceeded the \$50 million transfer from IWIF to the State's general fund authorized by the Budget Reconciliation and Financing Act (BRFA) of 2012 (Chapter 1 of the First Special Session of 2012). The BRFA of 2012 provided for an additional transfer from IWIF to the general fund in the event the consultant concluded that the fair value of the financial contributions and benefits received by IWIF from the State exceeded \$50 million.

In conducting the study, the consultant calculated the net benefit IWIF received from the State by summing the benefits received from the State and subtracting benefits the State received from IWIF. As shown in **Exhibit 4**, which summarizes the financial benefits and contributions IWIF and the State received from each other, the consultant concluded that the net benefit received by IWIF from the State was \$44.5 million. Because this is less than the \$50.0 million transferred to the general fund, no further transfers will occur under current law.

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#### Exhibit 4 Net Financial Benefits and Contributions Received by IWIF from the State

| <u>Financial Benefit/Contribution</u>                    | <u>Received by<br/>IWIF from State</u> | <u>Received by<br/>State from IWIF</u> |
|----------------------------------------------------------|----------------------------------------|----------------------------------------|
| Start-up funding                                         | \$900,000                              |                                        |
| Unreimbursed Operating Expenses                          | 1,100,000                              |                                        |
| Benefit from State on Competitive Business               | 57,100,000                             |                                        |
| Incremental Investment Income Earned for State           |                                        | \$10,800,000                           |
| Transfer to General Fund in Excess of Premium Taxes Owed |                                        | 3,800,000                              |
| <b>Total</b>                                             | <b>\$59,100,000</b>                    | <b>\$14,600,000</b>                    |
| <b>Net Benefits to IWIF</b>                              | <b>\$44,500,000</b>                    |                                        |

IWIF: Injured Workers' Insurance Fund

Source: Invotex Group, *Fair Value of State of Maryland Support of IWIF for the Maryland Insurance Administration*, September 27, 2012

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## **Investment Benefit to State Disputed**

In submitting the consultant's report to the General Assembly, MIA appended a letter from the Department of Budget and Management (DBM) opposing the inclusion of the \$10.8 million shown in Exhibit 1 as a benefit received by the State from IWIF. The \$10.8 million represents investment returns generated on State funds held and invested by IWIF that exceeded the returns that the State would have earned had the State Treasurer invested funds in a manner similar to other State investments. The investment returns were generated on State funds placed with IWIF to cover future incurred losses and associated administrative expenses. From 1990 to 2000, the State funds were commingled and invested with IWIF funds, and it is the incremental investment returns during this period that the consultant included as a benefit that the State received from IWIF. Since 2000, State funds have been held by IWIF in a separate account and invested in a manner dictated by the State Treasurer which led the consultant to conclude that the State no longer benefits from IWIF's return on investments.

In its letter, DBM indicates that the investment returns should not be considered in the benefit analysis since IWIF was reimbursed for its investment services through its contract with the State. It argues that the investment services provided were no different from the risk management and settlement claim services that IWIF also provided under its contract with the State. DBM further disagreed with the methodology used to arrive at the \$10.8 million figure. Even if it is assumed that the incremental return on investment should be included in the State/IWIF benefit calculation, DBM notes that since the State Treasurer's Office is constrained by law in the types of investments it can make, it would be more appropriate to compare the returns achieved by IWIF to the returns that the State could have achieved by placing the funds with other insurance companies that, like IWIF, have greater flexibility than the State in investing funds.

If the \$10.8 million in incremental investment returns were not included in the benefit calculation, the net benefits received by IWIF from the State would total \$55.3 million and would justify an additional \$5.3 million payment from IWIF to the State. Legislation would be required to accomplish this since the additional transfers authorized by Chapter 570 were contingent on the consultant's report indicating that the benefit IWIF received from the State exceeded \$50.0 million. **MIA should comment on the consultant's analysis and the issue raised by DBM.**

## ***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Maryland Insurance Administration (\$ in Thousands)**

|                                  | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Fund</u></b> | <b><u>Federal<br/>Fund</u></b> | <b><u>Reimb.<br/>Fund</u></b> | <b><u>Total</u></b> |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------|
| <b>Fiscal 2012</b>               |                                |                                |                                |                               |                     |
| Legislative<br>Appropriation     | \$0                            | \$27,347                       | \$0                            | \$0                           | \$27,347            |
| Deficiency<br>Appropriation      | 0                              | 0                              | 0                              | 0                             | 0                   |
| Budget<br>Amendments             | 0                              | 199                            | 1,952                          | 0                             | 2,152               |
| Reversions and<br>Cancellations  | 0                              | -845                           | -1,681                         | 0                             | -2,525              |
| <b>Actual<br/>Expenditures</b>   | <b>\$0</b>                     | <b>\$26,702</b>                | <b>\$272</b>                   | <b>\$0</b>                    | <b>\$26,973</b>     |
| <b>Fiscal 2013</b>               |                                |                                |                                |                               |                     |
| Legislative<br>Appropriation     | \$0                            | \$27,335                       | \$1,316                        | \$0                           | \$28,651            |
| Budget<br>Amendments             | 0                              | 174                            | 4                              | 0                             | 178                 |
| <b>Working<br/>Appropriation</b> | <b>\$0</b>                     | <b>\$27,508</b>                | <b>\$1,320</b>                 | <b>\$0</b>                    | <b>\$28,829</b>     |

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2012**

The fiscal 2012 budget for MIA closed out \$373,939 lower than the legislative appropriation. Special funds of \$199,330 were added by budget amendment for one-time \$750 employee bonuses. Two federal fund budget amendments added a total of \$1,952,189 representing Affordable Care Act Cycle I and II grants to fund development of the rate review process for health insurance rates. The budget amendment increases were more than offset by end-of-year cancellations totaling \$2.5 million (\$844,928 in special funds, \$1,680,531 in federal funds.) The majority of the special fund cancellation represents unspent salary and benefits related to vacant positions. The federal fund cancellation represents the funding brought in by budget amendment that was not expended nor encumbered for the development of the rate review system.

## **Fiscal 2013**

The fiscal 2013 working appropriation for MIA has increased by \$177,629 (\$173,821 in special funds, \$3,871 in federal funds) over the legislative appropriation reflecting funds added by budget amendment for the general salary increase.

## Major Information Technology Projects

### Maryland Insurance Administration Enterprise Complaint Tracking System

|                                             |                                                                                                                                                                                                                                                                                                                                                                    |         |         |                                                |         |           |                     |         |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|------------------------------------------------|---------|-----------|---------------------|---------|
| Project Status <sup>1</sup>                 | Planning.                                                                                                                                                                                                                                                                                                                                                          |         |         | New/Ongoing Project:                           |         | New.      |                     |         |
| Project Description:                        | Replace the current Enterprise Complaint Tracking System (ECTS) with a browser-based document management technology that automates workflow by routing electronic documents and notifications across the organization, and enables online data entry, form creation, standard reports, <i>ad hoc</i> queries and data exchange with internal and external systems. |         |         |                                                |         |           |                     |         |
| Project Business Goals:                     | Replacing the current ECTS with upgraded technology will provide MIA with the ability to improve complaint resolution efficiency percentages beyond current targets.                                                                                                                                                                                               |         |         |                                                |         |           |                     |         |
| Estimated Total Project Cost <sup>1</sup> : | \$1,940,000                                                                                                                                                                                                                                                                                                                                                        |         |         | Estimated Planning Project Cost <sup>1</sup> : |         | \$150,000 |                     |         |
| Project Start Date:                         | October 2012.                                                                                                                                                                                                                                                                                                                                                      |         |         | Projected Completion Date:                     |         | n/a.      |                     |         |
| Schedule Status:                            | Planning is underway, and the implementation schedule is not available yet.                                                                                                                                                                                                                                                                                        |         |         |                                                |         |           |                     |         |
| Cost Status:                                | n/a.                                                                                                                                                                                                                                                                                                                                                               |         |         |                                                |         |           |                     |         |
| Scope Status:                               | n/a.                                                                                                                                                                                                                                                                                                                                                               |         |         |                                                |         |           |                     |         |
| Project Management Oversight Status:        | The fiscal 2014 allowance includes \$89,500 for oversight.                                                                                                                                                                                                                                                                                                         |         |         |                                                |         |           |                     |         |
| Identifiable Risks:                         | n/a.                                                                                                                                                                                                                                                                                                                                                               |         |         |                                                |         |           |                     |         |
| Additional Comments:                        | It is anticipated that this project can be implemented and completed in fiscal 2014.                                                                                                                                                                                                                                                                               |         |         |                                                |         |           |                     |         |
| Fiscal Year Funding (\$ in Thousands)       | Prior Years                                                                                                                                                                                                                                                                                                                                                        | FY 2014 | FY 2015 | FY 2016                                        | FY 2017 | FY 2018   | Balance to Complete | Total   |
| Personnel Services                          | \$0                                                                                                                                                                                                                                                                                                                                                                | \$0     | \$0     | \$0                                            | \$0     | \$0       | \$0                 | \$0     |
| Professional and Outside Services           | 150                                                                                                                                                                                                                                                                                                                                                                | 1,700   | 0       | 0                                              | 0       | 0         | 0                   | 1,850   |
| Other Expenditures                          | 0                                                                                                                                                                                                                                                                                                                                                                  | 90      | 0       | 0                                              | 0       | 0         | 0                   | 90      |
| Total Funding                               | \$150                                                                                                                                                                                                                                                                                                                                                              | \$1,790 | \$0     | \$0                                            | \$0     | \$0       | \$0                 | \$1,940 |

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**Object/Fund Difference Report  
Maryland Insurance Administration**

| <u>Object/Fund</u>                      | <u>FY 12<br/>Actual</u> | <u>FY 13<br/>Working<br/>Appropriation</u> | <u>FY 14<br/>Allowance</u> | <u>FY 13 - FY 14<br/>Amount Change</u> | <u>Percent<br/>Change</u> |
|-----------------------------------------|-------------------------|--------------------------------------------|----------------------------|----------------------------------------|---------------------------|
| <b>Positions</b>                        |                         |                                            |                            |                                        |                           |
| 01 Regular                              | 266.00                  | 266.00                                     | 266.00                     | 0.00                                   | 0%                        |
| 02 Contractual                          | 16.80                   | 17.60                                      | 17.30                      | -0.30                                  | -1.7%                     |
| <b>Total Positions</b>                  | <b>282.80</b>           | <b>283.60</b>                              | <b>283.30</b>              | <b>-0.30</b>                           | <b>-0.1%</b>              |
| <b>Objects</b>                          |                         |                                            |                            |                                        |                           |
| 01 Salaries and Wages                   | \$ 20,711,556           | \$ 21,581,278                              | \$ 22,337,339              | \$ 756,061                             | 3.5%                      |
| 02 Technical and Spec. Fees             | 886,409                 | 959,948                                    | 903,241                    | -56,707                                | -5.9%                     |
| 03 Communication                        | 343,969                 | 335,602                                    | 324,646                    | -10,956                                | -3.3%                     |
| 04 Travel                               | 341,313                 | 406,500                                    | 341,250                    | -65,250                                | -16.1%                    |
| 07 Motor Vehicles                       | 216,444                 | 201,022                                    | 220,237                    | 19,215                                 | 9.6%                      |
| 08 Contractual Services                 | 1,944,682               | 2,981,107                                  | 4,493,925                  | 1,512,818                              | 50.7%                     |
| 09 Supplies and Materials               | 304,261                 | 271,500                                    | 274,402                    | 2,902                                  | 1.1%                      |
| 10 Equipment – Replacement              | 144,312                 | 1,200                                      | 0                          | -1,200                                 | -100.0%                   |
| 11 Equipment – Additional               | 51,492                  | 0                                          | 90,000                     | 90,000                                 | N/A                       |
| 12 Grants, Subsidies, and Contributions | 522,897                 | 484,720                                    | 522,897                    | 38,177                                 | 7.9%                      |
| 13 Fixed Charges                        | 1,505,934               | 1,605,732                                  | 1,655,592                  | 49,860                                 | 3.1%                      |
| <b>Total Objects</b>                    | <b>\$ 26,973,269</b>    | <b>\$ 28,828,609</b>                       | <b>\$ 31,163,529</b>       | <b>\$ 2,334,920</b>                    | <b>8.1%</b>               |
| <b>Funds</b>                            |                         |                                            |                            |                                        |                           |
| 03 Special Fund                         | \$ 26,701,611           | \$ 27,508,345                              | \$ 29,848,889              | \$ 2,340,544                           | 8.5%                      |
| 05 Federal Fund                         | 271,658                 | 1,320,264                                  | 1,314,640                  | -5,624                                 | -0.4%                     |
| <b>Total Funds</b>                      | <b>\$ 26,973,269</b>    | <b>\$ 28,828,609</b>                       | <b>\$ 31,163,529</b>       | <b>\$ 2,334,920</b>                    | <b>8.1%</b>               |

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

**Fiscal Summary  
Maryland Insurance Administration**

| <u>Program/Unit</u>              | <u>FY 12<br/>Actual</u> | <u>FY 13<br/>Wrk Approp</u> | <u>FY 14<br/>Allowance</u> | <u>Change</u>       | <u>FY 13 - FY 14<br/>% Change</u> |
|----------------------------------|-------------------------|-----------------------------|----------------------------|---------------------|-----------------------------------|
| 01 Administration and Operations | \$ 26,967,954           | \$ 28,628,609               | \$ 29,373,529              | \$ 744,920          | 2.6%                              |
| 02 Major IT Projects             | 0                       | 0                           | 1,790,000                  | 1,790,000           | 0%                                |
| 05 Rate Stabilization Fund       | 5,315                   | 200,000                     | 0                          | -200,000            | -100.0%                           |
| <b>Total Expenditures</b>        | <b>\$ 26,973,269</b>    | <b>\$ 28,828,609</b>        | <b>\$ 31,163,529</b>       | <b>\$ 2,334,920</b> | <b>8.1%</b>                       |
| Special Fund                     | \$ 26,701,611           | \$ 27,508,345               | \$ 29,848,889              | \$ 2,340,544        | 8.5%                              |
| Federal Fund                     | 271,658                 | 1,320,264                   | 1,314,640                  | -5,624              | -0.4%                             |
| <b>Total Appropriations</b>      | <b>\$ 26,973,269</b>    | <b>\$ 28,828,609</b>        | <b>\$ 31,163,529</b>       | <b>\$ 2,334,920</b> | <b>8.1%</b>                       |

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.