

State of Alaska FY2011 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Insurance Operations RDU/Component Budget Summary

RDU/Component: Insurance Operations

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

To assure competitive, viable, ethical and lawful insurance is available to Alaskans.

Core Services

- Licensing
- Compliance
- Investigations
- Filing Approval
- Public Information

Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

END RESULT A: Insurance companies and persons transacting insurance comply with Alaska laws and are financially solvent.

- No domestic insurance companies became insolvent during FY2009.
- 69% of the investigations approved by the director, were completed within one year, not meeting the target of 75%.

Status of Strategies to Achieve End Result

- 100% of financial examinations of domestic insurance companies have been completed every three years.
- The average producer application processing time for new licenses was four days in FY09, exceeding the target of 10 days.
- 53.33% of insurance company applications were processed within 60 days or less in FY09, a decrease when compared to 81.3% in FY08.
- In FY09, 90% of surplus lines (Unusual or Extraordinary Insurance types) applications were completed within 90 days, a decrease from 93% in FY08.
- The division performed eight market conduct analyses in FY09 a slight decrease from 12 Market Conduct Exams completed in FY08.

END RESULT B: Competitive, up-to-date insurance products are available to Alaskan consumers.

- Target of no more than 65% of the Property and Casualty market shared by the top five insurers was met. Only 36.4% of the market was captured by the top five insurers.
- 66.9% of policy form filings completed in 30 days in FY09, which did not meet the target of 80%.

Status of Strategies to Achieve End Result

- Six outreach programs were conducted to provide educational assistance in understanding insurance products and processes in FY09.
- Target approved. The division's Medicare supplement, automobile, and homeowner's insurance guides were revised and are available to consumers.

Major Activities to Advance Strategies

- | | |
|--|---|
| <ul style="list-style-type: none"> • Review and revise company licensing instructions on forms and website for clarity and completeness. • Quarterly meetings with Attorney General staff to review current licensing actions/issues. • Perform examinations both as desk audits and on-site audits to confirm compliance. • Training for investigator unit with various law enforcement agencies. • Perform onsite/desk audits of insurers and surplus | <ul style="list-style-type: none"> • Increase access to the National Association of Insurance Commissioners data base for ability to utilize the national tools available. • Develop a frequently asked questions format for publication on the website. • Coordinate with Corporations, Business and Professional Licensing to provide consumer education and consumer outreach. • Prepare updates to the various consumer guides. |
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Major Activities to Advance Strategies

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|---|---|
| <ul style="list-style-type: none"> lines brokers for premium tax and fee payments. • Review surplus lines insurers' financial statements utilizing software that searches for factors outside the norm, and review by staff. • Staff participation in National Association of Insurance Commissioners meetings, seminars and other related training. • Visit insurers to present favorable market conditions and statistics. • Participate in the National Association of Insurance Commissioners "market analysis" project to modernize our approach to market oversight. • Require companies to use filing checklists | <ul style="list-style-type: none"> • Develop a public information officer to provide consistent information to the public and oversee division website. • Update the public request for information process to provide efficient responses and to provide documentation of compliance with deadlines. • Implement a process for desk audits or on-site audits to improve filing quality. • Prepare division annual report. • Visit consumer groups to do informational meetings on topics of current interest. • Publish consumer education materials in print, advertising, and public service announcement formats. |
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Key Component Challenges

Investigations and Enforcement

The division will continue to investigate alleged or suspected violations of insurance laws. Timely completion of investigations and either closure of the investigation or additional referrals for administrative or criminal actions is a priority requiring detailed documentation and often legal analysis. Investigations present constant challenges because of the changing nature of crime, as well as the new and creative ways that criminals commit them.

Licensing

We had over 37,000 licensees at the end of FY09. The increase in licensees is straining our already limited legal resources. Appeals of denied license suspensions or revocations, and other licensing matters consume an enormous amount of both attorney and hearing officer time. Even matters that do not involve litigation, such as the legal analysis involving license applicant with felony convictions, often require considerable attorney time to review and analyze. There has been an increase in the number of licensing challenges in recent years, most of which take the form of administrative actions.

Legal

In addition to the increased licensing matters, legal resources are needed to combat criminal insurance fraud. We have an attorney dedicated half-time to criminal prosecutions. This has enabled us to focus more on criminal investigations, particularly in the area of insurance fraud. As a result of our increased resources, the number of criminal investigations we have initiated and brought to resolution has increased dramatically. We have several criminal cases open, and in the last fiscal year achieved @ criminal convictions. While the division has always had authority to bring criminal charges, it was not until we hired an attorney to work part time in the criminal arena that we began to achieve more criminal convictions. Prior to that, we developed cases and brought them to the Department of Law, where the vast majority of them were not prosecuted because the department of law had limited resources and other priorities.

In addition to the increased cost of legal services, the division is challenged by an increase in the number of administrative actions that are being heard. Many administrative cases are being heard by hearing officers outside the division. While that increases the costs to the division, we believe that the public has benefited by increased policing of our licensees' conduct, and the deterrent effect that enforcement action has on licensees.

Insurance products and the entities that market and sell them have become increasingly complex and require more legal review as the division continues to regulate all aspects of the industry. This complexity, plus the widespread marketing of these products over media—such as the internet and television—presents a challenge to our ability to regulate the products offered and to deal with licensing issues.

Personnel

Like much of state government, the division is challenged to find and retain qualified personnel and cope with ever-increasing administrative costs. While the division has filled many lower level positions, attrition in those positions remains a challenge. While this negatively impacts the amount of work done by the division, it has enabled the division to save money while the positions remain vacant. In addition, routine salary increases for more senior staff that have remained with the division have added to the division's expenses.

Market Oversight

The division responds to allegations of statutory violations in marketing, underwriting and claims handling by insurance companies. These investigations and reviews of company practices are generally handled by market conduct personnel. As the number of issues increase, our internal resources are strained and it may be more cost efficient to hire outside contractors to supplement the staff.

Financial Oversight

Oversight of the financial solvency of insurance companies is a primary regulatory function. Monitoring the financial performance of the companies who conduct business in Alaska requires efficient utilization of resources. We monitor the solvency of our domestic insurers, and others, to make sure that companies are able to pay claims.

Public Outreach

The division is continuing an Anti-Fraud campaign. This has consisted of items such as public service announcements and posters to convey to the public that the division is monitoring fraud. The division would like to continue this effort in the coming fiscal year. Insurance fraud is a felony and we hope to use this as a deterrent. Among our challenges is obtaining the resources for doing public outreach, which come in part from legislative appropriations, and in part by resources that we receive from the National Association of Insurance Commissioners (NAIC) (text for brochures, PSAs, etc.). In addition, the division is challenged about what aspect of fraud to address, or whether to address fraud in general.

We have also an ongoing survey of satisfaction with our consumer services section, and have found that consumers are generally satisfied with our service. While satisfaction is often dependent upon whether or not the consumer's issue was resolved favorably, the fact that the consumer services section received 383 consumer complaints, which resulted in payments of \$204,905.70 in 2009, demonstrates that the public has been well-served in this area. But it may also demonstrate that they are not being served by some insurance companies as well as they should. One particular advantage of having a consumer services section is that it can be a "trip wire" indicating that a company or companies may be violating the law. Often, clusters of complaints about particular practices indicate a pattern of ongoing activity that the division needs to look into.

Competition

The State of Alaska lacks a healthy, competitive insurance marketplace. The workers compensation market is dominated by relatively few carriers which puts our state at risk of losing a viable option for employers to obtain statutorily mandated coverage. The homeowner's market is fast becoming noncompetitive with two carriers writing a majority of the business. This, in turn, creates pressure on the real estate industry as sales of property and re-financing depend on the availability of insurance coverage to satisfy the lenders. One key element to be developed will be regulatory modernization to keep Alaska consistent with regulatory practices across the country. In Workers Compensation there are three insurers writing a majority of the market.

Technology

The division continues to convert existing software to new technologies to enhance current processes. The lack of IT resources slows the conversion process considerably as only a limited number of Insurance program modules can be worked on at a time. Business user time is critical to a successful project and in some division sections, staff time is unavailable; thus, the project cannot be completed.

Significant Changes in Results to be Delivered in FY2011

The division plans to resume onsite market conduct examinations, strengthen investigative and outreach activities, and focus on staff training and professional development in order to fulfill our mission of consumer protection and assuring the financial solvency of insurers doing business in Alaska. These are all areas in which we had to cut resources in order to cover our increased fixed expenses.

Major Component Accomplishments in 2009

Collected \$62,363,898 in premium taxes, penalties, and fees in FY09.

Registered 24 Purchasing Groups.

Admitted 19 new insurance companies. Admitted eight new surplus lines insurers and six risk retention groups.

Completed five premium tax audits of surplus lines brokers.

Opened and investigated 383 consumer complaints. 318 complaints were closed. Took action that resulted in additional payments of \$ 214,905.70 to consumers in FY09.

Opened 56 criminal investigations and closed 36 in FY08.

Issued eight bulletins, nine regulatory orders, 14 disciplinary orders, 10 suspension and revocation orders, and completed five major regulatory project.

We started two financial exams, continued two financial exams that were begun in FY08, and completed six financial exams.

We conducted an investigation into the activities of a title company that led to a record fine, ethics reform and training within the company, and the eventual life-time forfeiture of a title officer's license.

Entered into a settlement with a health insurance company that sold a limited benefits policy that failed to contain benefits mandated by Alaska law. The company was required to put an end to the practice and pay restitution to about 145 consumers who purchased policies from the company.

Continued to monitor the settlement of Healthmarkets, a major national market conduct exam, in which Alaska served as one of two lead states. The success continues to demonstrate to congress and outside interests clamoring for an increasing federal role in the regulation of insurance that the state regulation of insurance is the ideal model by which the industry should be regulated. The resulting settlement has brought reform to the company, a substantial nationwide penalty, and increased protection for the companies' policyholders. The Division continues to monitor the companies progress, in concert with other states, and anticipates beginning work on an audit that will verify compliance with the settlement agreement.

In FY09, approved 4,361 rate and form filings and disapproved 83. 3,271 have been approved and 452 have been questioned and are pending responses from insurers to correct the deficiencies.

Statutory and Regulatory Authority

AS 21 Insurance
3 AAC 21 to 31 Insurance

Contact Information
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**Insurance Operations
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,979.5	4,270.7	4,278.7
72000 Travel	122.6	187.5	187.5
73000 Services	1,958.5	2,055.9	2,255.9
74000 Commodities	57.7	59.2	59.2
75000 Capital Outlay	8.0	35.3	35.3
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	6,126.3	6,608.6	6,816.6
Funding Sources:			
1061 Capital Improvement Project Receipts	0.0	125.3	125.3
1156 Receipt Supported Services	6,126.3	6,483.3	6,691.3
Funding Totals	6,126.3	6,608.6	6,816.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Authorized	FY2011 Governor
Unrestricted Revenues						
Receipt Supported Services	51073	6,199.1	0.0	0.0	0.0	0.0
Unrestricted Fund	68515	46,228.9	0.0	0.0	43,267.3	42,414.0
Unrestricted Total		52,428.0	0.0	0.0	43,267.3	42,414.0
Restricted Revenues						
Receipt Supported Services	51073	6,126.3	0.0	0.0	6,483.3	6,691.3
Capital Improvement Project Receipts	51200	0.0	0.0	0.0	125.3	125.3
Restricted Total		6,126.3	0.0	0.0	6,608.6	6,816.6
Total Estimated Revenues		58,554.3	0.0	0.0	49,875.9	49,230.6

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	0.0	0.0	6,608.6	6,608.6
Adjustments which will continue current level of service:				
-FY2011 Health Insurance Cost Increase Non-Covered Employees	0.0	0.0	8.0	8.0
Proposed budget increases:				
-Provide statutorily required notification to licensees and consumer protection	0.0	0.0	200.0	200.0
FY2011 Governor	0.0	0.0	6,816.6	6,816.6

**Insurance Operations
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2010 Management Plan	FY2011 Governor		
Full-time	51	51	Annual Salaries	3,015,214
Part-time	0	0	Premium Pay	0
Nonpermanent	3	3	Annual Benefits	1,579,917
			<i>Less 6.89% Vacancy Factor</i>	(316,431)
			Lump Sum Premium Pay	0
Totals	54	54	Total Personal Services	4,278,700

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk	0	0	1	0	1
Accounting Tech I	0	0	1	0	1
Actuary	0	0	2	0	2
Administrative Assistant I	0	0	1	0	1
Administrative Officer II	0	0	1	0	1
Consmr Service Spec(Insurance)	3	0	0	0	3
Consmr Service Supr(Insurance)	1	0	0	0	1
Deputy Director, Insurance	0	0	1	0	1
Division Director	1	0	0	0	1
Ins Financial Exam I	1	0	1	0	2
Ins Financial Exam II	3	0	0	0	3
Ins Financial Exam III	1	0	0	0	1
Insurance Analyst I	0	0	3	0	3
Insurance Analyst II	0	0	3	0	3
Insurance Analyst III	3	0	2	0	5
Insurance Analyst IV	0	0	1	0	1
Insurance Licensing Exam I	0	0	2	0	2
Insurance Licensing Exam II	0	0	1	0	1
Investigator II	1	0	0	0	1
Investigator III	2	0	0	0	2
Investigator IV	1	0	0	0	1
Office Assistant I	3	0	8	0	11
Paralegal II	1	0	0	0	1
Prog Coordinator	0	0	1	0	1
Publications Tech I	0	0	1	0	1
Records & Licensing Spvr	0	0	1	0	1
Secretary	1	0	0	0	1
Tax Auditor III	0	0	1	0	1
Totals	22	0	32	0	54

Component Detail All Funds
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)
RDU: Insurance (116)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	3,979.5	4,525.5	4,525.5	4,270.7	4,278.7	8.0	0.2%
72000 Travel	122.6	187.5	187.5	187.5	187.5	0.0	0.0%
73000 Services	1,958.5	1,798.7	1,801.1	2,055.9	2,255.9	200.0	9.7%
74000 Commodities	57.7	59.2	59.2	59.2	59.2	0.0	0.0%
75000 Capital Outlay	8.0	35.3	35.3	35.3	35.3	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	6,126.3	6,606.2	6,608.6	6,608.6	6,816.6	208.0	3.1%
Fund Sources:							
1061 CIP Rcpts	0.0	125.3	125.3	125.3	125.3	0.0	0.0%
1156 Rcpt Svcs	6,126.3	6,480.9	6,483.3	6,483.3	6,691.3	208.0	3.2%
General Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	6,126.3	6,606.2	6,608.6	6,608.6	6,816.6	208.0	3.1%
Positions:							
Permanent Full Time	53	53	53	51	51	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	3	3	3	3	3	0	0.0%

**Change Record Detail - Multiple Scenarios With Descriptions
Department of Commerce, Community, and Economic Development**

Component: Insurance Operations (354)
RDU: Insurance (116)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee												
	ConfCom	6,606.2	4,525.5	187.5	1,798.7	59.2	35.3	0.0	0.0	53	0	3
1061 CIP Rcpts		125.3										
1156 Rcpt Svcs		6,480.9										
ADN 800082 DOP funding transferred to Commerce, Community and Economic Development												
	Atrin	1.4	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0	0	0
1156 Rcpt Svcs		1.4										
Pursuant to Section 1, Chapter 12, SLA 2009, page 2 - line 29-31, page 3 - line 3, \$66,400 is distributed to state agencies in order to pay service costs charged by the Department of Administration, Division of Personnel for centralized personnel services.												
The amounts transferred to state agencies from DOP are as follows: DCED, \$12.3; Revenue, \$7.3; Law, \$5.3; Labor, \$12.1; H&SS, \$21.9; Administration, \$7.5.												
ADN 800083 ETS funding transferred to Commerce, Community and Economic Development												
	Atrin	1.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0	0	0
1156 Rcpt Svcs		1.0										
Pursuant to Section 1, Chapter 12, SLA 2009, page 4 - lines 6-12, \$97,200 is distributed to state agencies in order to pay service costs charged by the Department of Administration, Enterprise Technology Services for centralized personnel services.												
The amounts transferred to state agencies from ETS are as follows: DCED, \$8.0; Revenue, \$23.9; Law, \$3.6; Labor, \$26.4; DNR, \$2.9; H&SS, \$17.2; Administration, \$15.2.												
Subtotal		6,608.6	4,525.5	187.5	1,801.1	59.2	35.3	0.0	0.0	53	0	3

***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
ADN 800075 Line Item Transfer from Personal Services to Contractual												
	LIT	0.0	-254.8	0.0	254.8	0.0	0.0	0.0	0.0	0	0	0

Line item transfer to move \$254.8 of excess Receipt Supported Services (RSS) authorization from the personal services line to the contractual line within the Division of Insurance. This authorization is needed within the contractual line to meet increased Mail, Print/Copy/Graphics and Legal costs in FY2010. Each time there is a change to insurance regulations the division is required to notify all insurance companies and producer agents as applicable. Both the number of bulk mailings and the cost of postage have increased. This increase in required notifications has also increased the Print/Copy/Graphics costs for the division. Legal costs are also increasing due to litigations the division is involved in and increasing legal fees.

Authorization is available due to several changes within the personal services line.

In FY2009 Governor's Request the division reflected three long-term non-perm positions (08-N07013, 08-N07014 and 08-N8005) working on an existing capital

**Change Record Detail - Multiple Scenarios With Descriptions
Department of Commerce, Community, and Economic Development**

Component: Insurance Operations (354)

RDU: Insurance (116)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	

project within the budget. In order to balance personal services a line item transfer was completed moving \$155.0 of RSS authorization from the contractual line to the personal services line. Then in the FY2010 Governor's Request the division requested and received \$122.8 in Capital Improvement Project (CIP) receipts to reflect the unbudgeted cost of the three capital positions. Excess RSS authorization is available to transfer back out of the personal services line back to the contractual line.

In the FY2010 Management Plan the division is also transferring two positions to other agencies without funding. \$85.9 is available due to transferring an Insurance Financial Examiner I (08-4039) to Administrative Services. \$46.1 is available due to transferring an Insurance Licensing Examiner I (08-4067) to Community and Regional Affairs.

ADN 800071 Transfer PCN 08-4039 from Division of Insurance to Administrative Services

Trout	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
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Transfer Insurance Financial Examiner I (08-4039) range 19 from the Division of Insurance to Administrative Services and reclassify the position to an Analyst/Programmer III range 18. The Insurance Financial Examiner I position within the Division of Insurance assisted with a backlog in processing certificate of authority applications. After the backlog was reduced the position continued processing applications as they were received and also assisted with examinations and orders issued on certificates of authority due to solvency concerns. When the position became vacant in 2007 it was determined that the workload could be handled by one Financial Examiner I position. This position has remained vacant and recently it was determined that the position would be better served as an information technology position in support of the Division of Insurance and Community and Regional Affairs. The Analyst/Programmer III position will create and modify Microsoft .Net programs for the divisions various programs and for document imaging, and will also be a key resource for the upcoming Anchorage Imaging System build out. Transferring this position allows the department to maintain a centralized information technology section within Administrative Services.

ADN 800072 Transfer PCN 08-4067 from Division of Insurance to Community and Regional Affairs

Trout	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
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Transfer Insurance Licensing Examiner I (08-4067) range 12 from the Division of Insurance to Community and Regional Affairs and reclassify the position to a Local Government Specialist I range 13. Insurance is increasingly implementing electronic licensing and no longer needs this position to provide licensing examination services. The Local Government Specialist I position will provide on-site local government administration assistance to rural communities with a particular focus on fuel utility issues, public administration and city financial management issues. Funding for this position will be through general funds.

Subtotal	6,608.6	4,270.7	187.5	2,055.9	59.2	35.3	0.0	0.0	0.0	0.0	51	0	3
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***** **Changes From FY2010 Management Plan To FY2011 Governor** *****

Provide statutorily required notification to licensees and consumer protection

1156 Rcpt Svcs	Inc	200.0	200.0	0.0	0.0	200.0	0.0	0.0	0.0	0.0	0	0	0
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Under law Insurance must notify up to 37,000 licensees whenever there is change in rules, regulations or policy that may impact licensees. Print, mail and legal costs have increased \$300.0 in two years.

A reduction in market conduct examinations risks losing accreditation with the National Association of Insurance Commissioners (NAIC). A higher risk is that

Change Record Detail - Multiple Scenarios With Descriptions
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)

RDU: Insurance (116)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
<p>industry and agent misconduct will go undiscovered, and tax premiums that should be allocated to the State of Alaska will not be collected. The intent of market conduct examination is to promote a climate of fair competition in the marketplace, combat insurance fraud, and protect consumers from practices that are contrary to our insurance laws. If market conduct exams are not performed, adequate consumer protection will be at risk. In addition as complaints and reports regarding behaviors of licensees are received, the division must be able to investigate promptly in order to protect the public.</p> <p>The tremendous increase in licensees over the last several years has brought with it increased need for legal counsel in several areas, including dealing with applications of convicted felons, administrative actions regarding licensees, advice concerning orders pertaining to specific licensees, investigations, and other miscellaneous matters that may arise.</p> <p>This component collects over \$12 million in fees providing abundant resources to fully fund this increment. This increase will allow the Division of Insurance to provide basic core functions necessary to ensure a level of consumer protection.</p>												
FY2011 Health Insurance Cost Increase Non-Covered Employees												
	SalAdj	8.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1156 Rcpt Svcs		8.0										
Costs associated with Health Insurance Increases: \$8.0												
Totals		6,816.6	4,278.7	187.5	2,255.9	59.2	35.3	0.0	0.0	51	0	3

Personal Services Expenditure Detail
Department of Commerce, Community, and Economic Development

Scenario: FY2011 Governor (7749)
Component: Insurance Operations (354)
RDU: Insurance (116)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
08-4001	Division Director	FT	A	XE	Anchorage	AA	27J / K	12.0		119,304	0	0	51,612	170,916	0
08-4002	Office Assistant I	FT	A	GP	Juneau	2A	8B / C	12.0		28,639	0	0	20,832	49,471	0
08-4003	Deputy Director, Insurance	FT	A	XE	Juneau	AA	24E / F	12.0		95,940	0	0	44,678	140,618	0
08-4004	Insurance Analyst IV	FT	A	SS	Juneau	2A	20A	10.0		51,310	0	0	26,112	77,422	0
08-4005	Insurance Analyst III	FT	A	GG	Anchorage	2A	18N / O	12.0		78,534	0	0	37,278	115,812	0
08-4007	Insurance Licensing Exam I	FT	A	GP	Juneau	2A	12B / C	12.0		36,460	0	0	23,410	59,870	0
08-4008	Prog Coordinator	FT	A	SS	Juneau	2A	20J / K	12.0		78,458	0	0	36,900	115,358	0
08-4009	Publications Tech I	FT	A	GP	Juneau	2A	11G / J	12.0		41,076	0	0	24,932	66,008	0
08-4021	Secretary	FT	A	GP	Anchorage	2A	11C / D	12.0		35,716	0	0	23,165	58,881	0
08-4022	Insurance Licensing Exam I	FT	A	GP	Juneau	2A	12A	10.0		28,920	0	0	19,026	47,946	0
08-4023	Administrative Officer II	FT	A	SS	Juneau	2A	19C / D	12.0		63,238	0	0	31,883	95,121	0
08-4024	Administrative Assistant I	FT	A	GP	Juneau	2A	12A / B	12.0		35,100	0	0	22,962	58,062	0
08-4025	Ins Financial Exam II	FT	A	GP	Anchorage	2A	21L / M	12.0		90,763	0	0	41,309	132,072	0
08-4026	Investigator IV	FT	A	SS	Anchorage	2A	20L	12.0		81,528	0	0	37,912	119,440	0
08-4027	Consmr Service Spec(Insurance)	FT	A	GG	Anchorage	2A	16K / L	12.0		62,381	0	0	31,954	94,335	0
08-4028	Insurance Analyst III	FT	A	GP	Anchorage	2A	18A / B	10.0		45,030	0	0	24,336	69,366	0
08-4029	Accounting Tech I	FT	A	GP	Juneau	2A	12F / G	12.0		41,414	0	0	25,043	66,457	0
08-4030	Consmr Service Spec(Insurance)	FT	A	GP	Anchorage	2A	16L / M	12.0		63,742	0	0	32,402	96,144	0
08-4031	Insurance Analyst I	FT	A	GP	Juneau	2A	13C / D	12.0		39,488	0	0	24,408	63,896	0
08-4032	Office Assistant I	FT	A	GP	Juneau	2A	8A	10.0		22,770	0	0	16,999	39,769	0
08-4033	Insurance Analyst II	FT	A	GP	Juneau	2A	16A	10.0		37,750	0	0	21,937	59,687	0
08-4034	Ins Financial Exam I	FT	A	GP	Anchorage	2A	19J / K	12.0		73,764	0	0	35,706	109,470	0
08-4035	Ins Financial Exam III	FT	A	SS	Anchorage	2A	23L / M	12.0		103,536	0	0	45,165	148,701	0
08-4036	Insurance Licensing Exam II	FT	A	GP	Juneau	2A	14B / C	12.0		41,878	0	0	25,196	67,074	0
08-4037	Office Assistant I	FT	A	GP	Anchorage	2A	8C / D	12.0		29,659	0	0	21,169	50,828	0
08-4038	Office Assistant I	FT	A	GP	Anchorage	2A	8C / D	12.0		29,659	0	0	21,169	50,828	0
08-4040	Paralegal II	FT	A	GG	Anchorage	2A	16M / N	12.0		67,452	0	0	33,625	101,077	0
08-4041	Tax Auditor III	FT	A	GP	Juneau	2A	20K / L	12.0		80,988	0	0	38,087	119,075	0
08-4042	Ins Financial Exam I	FT	A	SS	Juneau	2A	19A / B	12.0		59,724	0	0	30,725	90,449	0
08-4043	Records & Licensing Spvr	FT	A	SS	Juneau	2A	16F / J	12.0		57,948	0	0	30,140	88,088	0
08-4044	Actuary	FT	A	XE	Juneau	AA	25J / K	12.0		110,988	0	0	49,381	160,369	0
08-4045	Insurance Analyst I	FT	A	GP	Juneau	2A	13C / D	12.0		39,712	0	0	24,482	64,194	0
08-4046	Insurance Analyst I	FT	A	GP	Juneau	2A	13C / D	12.0		39,488	0	0	24,408	63,896	0
08-4047	Insurance Analyst II	FT	A	GP	Juneau	2A	16E / F	12.0		53,029	0	0	28,871	81,900	0
08-4048	Insurance Analyst II	FT	A	GP	Juneau	2A	16B / C	12.0		48,135	0	0	27,258	75,393	0
08-4050	Office Assistant I	FT	A	GP	Juneau	2A	8A	10.0		22,770	0	0	16,999	39,769	0
08-4051	Insurance Analyst III	FT	A	GP	Anchorage	2A	18D / E	12.0		58,843	0	0	30,788	89,631	0

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Personal Services Expenditure Detail
Department of Commerce, Community, and Economic Development

Scenario: FY2011 Governor (7749)
Component: Insurance Operations (354)
RDU: Insurance (116)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
08-4052	Actuary	FT	A	XE	Juneau	AA	25L / M	12.0		119,292	0	0	51,609	170,901	0
08-4053	Office Assistant I	FT	A	GP	Anchorage	2A	8J / K	12.0		35,424	0	0	23,069	58,493	0
08-4054	Office Assistant I	FT	A	GP	Juneau	2A	8C / D	12.0		29,813	0	0	21,219	51,032	0
08-4055	Office Assistant I	FT	A	GP	Juneau	2A	8C / D	12.0		29,890	0	0	21,245	51,135	0
08-4056	Investigator III	FT	A	GP	Anchorage	2A	18B / C	12.0		55,354	0	0	29,638	84,992	0
08-4057	Ins Financial Exam II	FT	A	GG	Anchorage	2A	21J / K	12.0		84,444	0	0	39,226	123,670	0
08-4058	Ins Financial Exam II	FT	A	GG	Anchorage	2A	21L	12.0		87,612	0	0	40,270	127,882	0
08-4059	Accounting Clerk	FT	A	GP	Juneau	2A	10A / B	12.0		30,897	0	0	21,577	52,474	0
08-4060	Consmr Service Supr(Insurance)	FT	A	SS	Anchorage	2A	18F / J	12.0		66,324	0	0	32,900	99,224	0
08-4062	Insurance Analyst III	FT	A	GP	Juneau	2A	18L / M	12.0		72,960	0	0	35,441	108,401	0
08-4063	Investigator II	FT	A	GP	Anchorage	2A	16M / N	12.0		65,524	0	0	32,990	98,514	0
08-4064	Investigator III	FT	A	GP	Anchorage	2A	18B / C	12.0		55,431	0	0	29,663	85,094	0
08-4068	Consmr Service Spec(Insurance)	FT	A	GP	Anchorage	2A	16C / D	12.0		50,253	0	0	27,956	78,209	0
08-4069	Insurance Analyst III	FT	A	GP	Juneau	2A	18G / J	12.0		63,998	0	0	32,487	96,485	0
08-N08021	Office Assistant I	NP	N	GP	Juneau	2A	8A	12.0		27,324	0	0	14,388	41,712	0
08-N09001	Office Assistant I	NP	N	GP	Juneau	2A	8A	10.0		22,770	0	0	11,990	34,760	0
08-N09002	Office Assistant I	NP	N	GP	Juneau	2A	8A	10.0		22,770	0	0	11,990	34,760	0

	Total Positions	New	Deleted	Total Salary Costs:	Total COLA:	Total Premium Pay:	Total Benefits:
Full Time Positions:	51	0	0	3,015,214	0	0	1,579,917
Part Time Positions:	0	0	0				
Non Permanent Positions:	3	0	0				
Positions in Component:	54	0	0				
Total Component Months:	632.0						
				Total Pre-Vacancy:	4,595,131		
				Minus Vacancy Adjustment of 6.89%:	(316,431)		
				Total Post-Vacancy:	4,278,700		
				Plus Lump Sum Premium Pay:	0		
				Personal Services Line 100:	4,278,700		

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1061 Capital Improvement Project Receipts	111,232	103,572	2.42%
1156 Receipt Supported Services	4,483,899	4,175,128	97.58%
Total PCN Funding:	4,595,131	4,278,700	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Personal Services Expenditure Detail
Department of Commerce, Community, and Economic Development

Scenario: FY2011 Governor (7749)
Component: Insurance Operations (354)
RDU: Insurance (116)

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.
[No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Commerce, Community, and Economic Development
Travel

Component: Insurance Operations (354)
RDU: Insurance (116)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel		122.6	187.5	187.5
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			122.6	187.5	187.5
72100	Instate Travel	Instate Transportation - Transportation costs for travel relating to field work, administration, and conventions and meetings.	37.1	30.1	30.1
72400	Out Of State Travel	Out of State Transportation - Transportation costs for travel relating to field work, administration, and conventions and meetings.	85.4	157.2	157.2
72900	Other Travel Costs	Miscellaneous travel-related expenses.	0.1	0.2	0.2

Line Item Detail
Department of Commerce, Community, and Economic Development
Services

Component: Insurance Operations (354)
RDU: Insurance (116)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
73000	Services		1,958.5	2,055.9	2,255.9	
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
73000 Services Detail Totals			1,958.5	2,055.9	2,255.9	
73025	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	25.4	27.5	27.5	
73150	Information Technlgy	Communication expenditures for telephones, fax, and modems.	0.8	7.2	7.2	
73156	Telecommunication	Local, long-distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	8.7	8.7	8.7	
73225	Delivery Services	Freight, courier service and postage.	9.1	9.1	9.1	
73450	Advertising & Promos	Advertising, promotions and legal notices.	5.8	14.7	14.7	
73650	Struc/Infstruct/Land	Structure, infrastructure and land repairs, maintenance, rentals and leases.	14.0	18.0	18.0	
73675	Equipment/Machinery	Machinery, furniture and equipment purchase, repair, maintenance, rental, and leases.	11.2	14.1	14.1	
73750	Other Services (Non IA Svcs)	Program management/consulting, economic/development, safety-related services, printing, copying, and other services.	71.7	193.8	289.7	
73805	IT-Non-Telecommnctns	Admin	Enterprise Technology Services - Multiple computer services - including mainframe applications, Alaska Budget System (ABS), antivirus and MICS.	34.4	43.6	43.6
73806	IT-Telecommunication	Admin	Enterprise Technology Services - Non-telephone telecommunication services, including dedicated circuits, space and power, radio circuits, videoconferencing, etc. (EPR).	26.4	27.8	27.8
73806	IT-Telecommunication	Admin	Enterprise Technology Services - Phone services, including line rental, voice mail, equipment and fax equipment on State network (PBX).	26.9	29.5	29.5

Line Item Detail
Department of Commerce, Community, and Economic Development
Services

Component: Insurance Operations (354)

RDU: Insurance (116)

Expenditure Account		Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals				1,958.5	2,055.9	2,255.9
73809	Mail	Admin	Division of General Services - Pro-rated share of expenses relating to central mailroom support and services.	134.5	134.5	140.0
73810	Human Resources	Admin	Division of Personnel - Human resource and personnel services	42.3	50.7	50.7
73811	Building Leases	Admin	Rental of state-owned building - Juneau State Office Building \$94.1; Atwood Building \$63.7.	175.6	175.0	175.6
73812	Legal	Law	Legal services and fees.	382.1	382.1	480.0
73814	Insurance	Admin	Division of Risk Management - Risk management insurance charges for leased buildings, repossessed properties, aviation, public official bonds, and overhead.	0.8	0.8	0.8
73815	Financial	Admin	Div. of Finance – Computer services for state accounting (AKSAS) and payroll (AKPAY) systems	3.3	3.4	3.4
73816	ADA Compliance	Labor	Division of Vocational Rehabilitation - Pro-rated share of expenses relating to Americans with Disabilities Act (ADA) enforcement.	0.7	0.7	0.7
73818	Training (Services-IA Svcs)	Admin	Division of Finance - Miscellaneous training, including Alaska State Accounting System (AKSAS) and reporting classes.	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	State Travel Office	US Travel LLC, STO Advance Only, for all US Travel payments.	1.7	2.0	2.0
73821	Hearing/Mediation (IA Svcs)	Admin	Office of Administrative Hearings - Hearing Officers.	31.4	33.5	33.6
73827	Safety (IA Svcs)	PubSaf	Background history checks for insurance agency, brokers, producers, etc., conducted prior to licensing per AS 21.27.040(e).	19.0	32.5	32.5
73848	State Equip Fleet	Trans	State Equipment Fleet Services.	6.7	6.7	6.7
73979	Mgmt/Consulting (IA Svcs)	Commissioner's Office	Commissioner's office - Management support services.	133.8	99.5	99.5
73979	Mgmt/Consulting (IA Svcs)	Administrative Services	Division of Administrative Services - Management support services.	792.1	740.4	740.4

Line Item Detail
Department of Commerce, Community, and Economic Development
Commodities

Component: Insurance Operations (354)
RDU: Insurance (116)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		57.7	59.2	59.2
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000 Commodities Detail Totals			57.7	59.2	59.2
74200	Business	Standard office supplies and replacement furniture.	56.3	57.2	57.2
74480	Household & Instit.	Cleaning, food and other household supplies.	1.4	2.0	2.0

Line Item Detail
Department of Commerce, Community, and Economic Development
Capital Outlay

Component: Insurance Operations (354)
RDU: Insurance (116)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
75000	Capital Outlay		8.0	35.3	35.3
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
75000 Capital Outlay Detail Totals			8.0	35.3	35.3
75300	Structs & Infrastr	Structures and Infrastructures.	8.0	10.0	10.0
75700	Equipment	Data processing equipment replacement and upgrades; trade show booth and other promotional equipment replacement and upgrades	0.0	25.3	25.3

Unrestricted Revenue Detail
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)
RDU: Insurance (116)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51073	Receipt Supported Services	6,199.1	0.0	0.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51136	DCED Insurance Fees				6,199.1	0.0	0.0

Unrestricted Revenue Detail
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)
RDU: Insurance (116)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
68515	Unrestricted Fund	46,228.9	43,267.3	42,414.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
68515	Unrestrict Fu Source				46,228.9	43,267.3	42,414.0

Restricted Revenue Detail
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)
RDU: Insurance (116)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51073	Receipt Supported Services	6,126.3	6,483.3	6,691.3

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51136	DCED Insurance Fees Insurance license and service fees.				6,126.3	6,483.3	6,691.3

Restricted Revenue Detail
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)
RDU: Insurance (116)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51200	Capital Improvement Project Receipts	0.0	125.3	125.3

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51200	Cap Improv Proj Rec Personal services for capital projects.				0.0	125.3	125.3

Inter-Agency Services
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)
RDU: Insurance (116)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010			
				FY2009 Actuals	Management Plan	FY2011 Governor	
73805	IT-Non-Telecommnctns	Enterprise Technology Services - Multiple computer services - including mainframe applications, Alaska Budget System (ABS), antivirus and MICS.	Inter-dept	Admin	34.4	43.6	43.6
				73805 IT-Non-Telecommnctns subtotal:	34.4	43.6	43.6
73806	IT-Telecommunication	Enterprise Technology Services - Non-telephone telecommunication services, including dedicated circuits, space and power, radio circuits, videoconferencing, etc. (EPR).	Inter-dept	Admin	26.4	27.8	27.8
73806	IT-Telecommunication	Enterprise Technology Services - Phone services, including line rental, voice mail, equipment and fax equipment on State network (PBX).	Inter-dept	Admin	26.9	29.5	29.5
				73806 IT-Telecommunication subtotal:	53.3	57.3	57.3
73809	Mail	Division of General Services - Pro-rated share of expenses relating to central mailroom support and services.	Inter-dept	Admin	134.5	134.5	140.0
				73809 Mail subtotal:	134.5	134.5	140.0
73810	Human Resources	Division of Personnel - Human resource and personnel services	Inter-dept	Admin	42.3	50.7	50.7
				73810 Human Resources subtotal:	42.3	50.7	50.7
73811	Building Leases	Rental of state-owned building - Juneau State Office Building \$94.1; Atwood Building \$63.7.	Inter-dept	Admin	175.6	175.0	175.6
				73811 Building Leases subtotal:	175.6	175.0	175.6
73812	Legal	Legal services and fees.	Inter-dept	Law	382.1	382.1	480.0
				73812 Legal subtotal:	382.1	382.1	480.0
73814	Insurance	Division of Risk Management - Risk management insurance charges for leased buildings, repossessed properties, aviation, public official bonds, and overhead.	Inter-dept	Admin	0.8	0.8	0.8
				73814 Insurance subtotal:	0.8	0.8	0.8
73815	Financial	Div. of Finance – Computer services for state accounting (AKSAS) and payroll (AKPAY) systems	Inter-dept	Admin	3.3	3.4	3.4
				73815 Financial subtotal:	3.3	3.4	3.4
73816	ADA Compliance	Division of Vocational Rehabilitation - Pro-rated share of expenses relating to Americans with Disabilities Act (ADA) enforcement.	Inter-dept	Labor	0.7	0.7	0.7
				73816 ADA Compliance subtotal:	0.7	0.7	0.7
73818	Training (Services-IA Svcs)	Division of Finance - Miscellaneous training, including Alaska State Accounting System (AKSAS) and reporting classes.	Inter-dept	Admin	0.1	0.1	0.1
				73818 Training (Services-IA Svcs) subtotal:	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	US Travel LLC, STO Advance Only, for all US Travel payments.	Inter-dept	State Travel Office	1.7	2.0	2.0

Inter-Agency Services
Department of Commerce, Community, and Economic Development

Component: Insurance Operations (354)
RDU: Insurance (116)

<u>Expenditure Account</u>		<u>Service Description</u>	<u>Service Type</u>	<u>Servicing Agency</u>	<u>FY2009 Actuals</u>	<u>FY2010 Management Plan</u>	<u>FY2011 Governor</u>
73819 Commission Sales (IA Svcs) subtotal:					1.7	2.0	2.0
73821	Hearing/Mediation (IA Svcs)	Office of Administrative Hearings - Hearing Officers.	Inter-dept	Admin	31.4	33.5	33.6
73821 Hearing/Mediation (IA Svcs) subtotal:					31.4	33.5	33.6
73827	Safety (IA Svcs)	Background history checks for insurance agency, brokers, producers, etc., conducted prior to licensing per AS 21.27.040(e).	Inter-dept	PubSaf	19.0	32.5	32.5
73827 Safety (IA Svcs) subtotal:					19.0	32.5	32.5
73848	State Equip Fleet	State Equipment Fleet Services.	Inter-dept	Trans	6.7	6.7	6.7
73848 State Equip Fleet subtotal:					6.7	6.7	6.7
73979	Mgmt/Consulting (IA Svcs)	Commissioner's office - Management support services.	Intra-dept	Commissioner's Office	133.8	99.5	99.5
73979	Mgmt/Consulting (IA Svcs)	Division of Administrative Services - Management support services.	Intra-dept	Administrative Services	792.1	740.4	740.4
73979 Mgmt/Consulting (IA Svcs) subtotal:					925.9	839.9	839.9
Insurance Operations total:					1,811.8	1,762.8	1,866.9
Grand Total:					1,811.8	1,762.8	1,866.9