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INSURANCE,
FINANCIAL
INSTITUTIONS, AND
PROFESSIONAL
REGISTRATION

Insurance

August 2010
Report No. 2010-99



auditor.mo.gov



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YELLOW SHEET

Findings in the audit of the Department of Insurance, Financial Institutions and Professional Registration-Insurance

Surplus Lines

The Department of Insurance, Financial Institutions and Professional Registration (DIFP)-Insurance does not have policies and procedures for tracking or assessing penalties on late filings for insurance policies issued during each quarter. The DIFP-Insurance compares quarterly reports on surplus lines insurance policies issued to annual reports to ensure premium taxes have been paid. Although the DIFP-Insurance has procedures in place to ensure annual reports are submitted, similar procedures to track the submission of quarterly reports have not been established. As a result, the DIFP-Insurance is unable to determine the extent late filings occurred and whether related interest and penalties are due. State law allows the DIFP-Insurance to assess fines up to \$1,000 for each offense. However, no fines or penalties were assessed for late filings for policies issued during our audit period.

Examination Tax Credit

Missouri is one of only five states to allow insurance companies to receive tax credits for examination costs, resulting in a significant portion of examination costs being shifted from insurance companies to the state General Revenue Fund. State law allows all insurance companies to deduct the entire cost of examinations from premium taxes paid to the state and deposited into the state General Revenue Fund. Additionally, this statute allows insurance companies to carry forward these credits for 5 years. For tax years 2009 and 2008, examination tax credits claimed were approximately \$1.6 and \$2.2 million, respectively.

Cash Management

The DIFP-Insurance does not have adequate procedures to ensure minimal time elapses between the receipt of federal grant monies and the distribution of such grant monies to the contractor. During our review of the 21 reimbursements requested during the years audited, we noted 2 reimbursements totaling \$290,035 were received and held for more than 2 business days before the related payment was made to the contractor. According to the grant agreement, grant payments are made by the Federal Payment Management System (PMS) in accordance with Department of Treasury and OMB requirements and are required to follow the Department of Health and Human Services Grants Policy Statement. This policy statement requires all funds to be fully disbursed by the close of the following business day after receipt of the funds and requires undisbursed federal funds to be returned to the PMS immediately.

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Department of Insurance, Financial Institutions, and Professional Registration - Insurance

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SUSAN MONTEE, JD, CPA

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
John M. Huff, Director
Department of Insurance, Financial Institutions,
and Professional Registration
Jefferson City, Missouri

In accordance with our statutory duties as outlined in Chapters 29 and 374, RSMo, we have audited the Department of Insurance, Financial Institutions, and Professional Registration - Insurance. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2009 and 2008. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions.
2. Evaluate the department's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain receipts and disbursements.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Insurance, Financial Institutions, and Professional Registration - Insurance.



Susan Montee, JD, CPA
State Auditor

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Department of Insurance, Financial Institutions, and Professional Registration - Insurance Management Advisory Report - State Auditor's Findings

1. Surplus Lines

The Department of Insurance, Financial Institutions and Professional Registration (DIFP)-Insurance does not have policies and procedures for tracking or assessing penalties on late filings for insurance policies issued during each quarter. The DIFP-Insurance regulates the placement of coverage and collection of taxes on premiums for insurance policies written in the non-admitted market known as surplus lines. The non-admitted market consists of insurers that are not otherwise licensed to do business in Missouri, but are eligible to write insurance policies for coverage not served in the general commercial market.

Legislative changes occurred in 2009 which affected legal requirements for surplus lines brokers. Prior to the passage of House Bill 577, First Regular Session, 95th General Assembly in 2009, surplus lines brokers were required by Section 384.031, RSMo, to submit reports to the department within 30 days of when an insurance policy was issued. Additionally, surplus lines brokers were required by Section 384.051, RSMo, to report annually the total premiums for all policies issued and remit a tax of 5 percent of total premiums to the Department of Revenue (DOR).

Since August 28, 2009, surplus lines brokers are required by Section 384.057, RSMo, to file a statement within 45 days after the end of each calendar quarter which indicates the gross and net premium amounts charged for surplus lines insurance within the state of Missouri during the previous quarter. Additionally, prior to March 2 of each year, surplus lines brokers shall report the gross amounts charged and net premiums for surplus lines insurance located within the State of Missouri for the preceding year.

The DIFP-Insurance compares the quarterly reports on surplus lines insurance policies issued to the annual reports to ensure premium taxes have been paid. Although the DIFP-Insurance has procedures in place to ensure annual reports are submitted, similar procedures to track the submission of quarterly reports have not been established. As a result, the DIFP-Insurance is unable to determine the extent late filings occurred and whether related interest and penalties are due.

Sections 384.071 and 374.215, RSMo, allow the DIFP-Insurance to assess fines up to \$1,000 for each offense. However, no fines or penalties were assessed for late filings for policies issued during our audit period. Failure to track late filings and assess penalties could result in an increased number of surplus lines tax forms not being filed in a timely manner and a potential loss of revenue.

A similar condition was noted in our prior report.

Recommendation

The DIFP-Insurance establish policies for tracking and assessing penalties for untimely filings of quarterly surplus lines tax forms.



Auditee's Response

The department has established procedures for tracking and assessing fines for untimely filings of surplus lines tax forms. HB 577 passed during the 2009 legislative session and was effective August 28, 2009. It rescinded RSMo 384.031 that stated filings had to be submitted "Within thirty days after the placing of any surplus lines insurance." This language was replaced with RSMo 384.051.2 requiring that "No later than within forty-five days after the end of each calendar quarter ending March thirty-first, June thirtieth, September thirtieth, and December thirty-first each surplus lines broker shall report under oath to the director on forms prescribed by him or her a statement showing, with respect to each respective calendar quarter." In order to maximize technology and realize efficiency in the implementation of HB 577, the department developed a system for electronic submittal of surplus lines filings. An electronic tracking system has been implemented effective May 2010, which allows the department to track and monitor the filings and generate reports on those that are not made timely. A process is now in place effective June 10, 2010 to expeditiously assess penalties on those carriers that violate the filing deadline which will encourage carriers to timely make their filings in the future.

2. Examination Tax Credit

Missouri is one of only five states to allow insurance companies to receive tax credits for examination costs, resulting in a significant portion of examination costs being shifted from insurance companies to the state General Revenue Fund. According to DIFP-Insurance officials, North Dakota, Alabama, Utah, and Texas are the other four states that offer tax credits similar to Missouri.

Section 148.400, RSMo, allows all insurance companies to deduct the entire cost of examinations from premium taxes paid to the state and deposited into the state's General Revenue Fund. Additionally, this statute allows insurance companies to carry forward these credits for 5 years. For tax years 2009 and 2008, examination tax credits claimed were approximately \$1.6 and \$2.2 million, respectively. For tax year 2009, available credits were \$13.6 million with a carryover of approximately \$4.2 million. In addition, according to information obtained from the DIFP-Insurance, during the 10 years ended December 31, 2008, credits of over \$27.4 million had been redeemed. To ensure the state General Revenue Fund revenue is maximized, the costs and benefits of the Examination Tax Credit should be evaluated periodically.

A similar condition was noted in our two prior reports.

Recommendation

The DIFP-Insurance review this issue and consider seeking legislation to reduce or eliminate the examination tax credit.



Auditee's Response

The department will continue to track and provide information on the examination tax credit to the General Assembly as required under the Tax Credit Accountability Act, RSMo 135.800-135.830. The department will also continue to present this finding as part of the tax credit hearings held each year by the General Assembly.

3. Cash Management

The DIFP-Insurance does not have adequate procedures to ensure minimal time elapses between the receipt of federal grant monies and the distribution of such grant monies to the contractor.

The DIFP-Insurance receives a federal grant from the U.S. Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services. This grant is used to contract with a not-for-profit foundation to provide insurance counseling services for senior citizens.

During our review of the 21 reimbursements requested during the 2 years audited, we noted 2 reimbursements totaling \$290,035 were received and held for more than 2 business days before the related payment was made to the contractor. On June 5, 2008, \$67,315 was drawn down although expenditures made on that date totaled only \$38,309. The excess \$29,006 was retained by the DIFP-Insurance and used to pay expenditures totaling \$10,035 on June 24, 2008. The remaining \$18,971 was still on hand on August 20, 2008, when an additional \$261,029 was drawn down. Of this amount, \$29,999 was disbursed on September 26, 2008, \$103,380 on October 21, 2008, and \$103,380 on December 10, 2008. The remaining balance was eliminated when a journal voucher (JV) was processed on December 18, 2008, to move expenditures originally made from the Insurance Dedicated Fund to the Federal MDI Fund.

According to the grant agreement, grant payments are made by the Federal Payment Management System (PMS) in accordance with Department of Treasury and OMB requirements and are required to follow the DHHS Grants Policy Statement. This policy statement requires all funds to be fully disbursed by the close of the following business day after receipt of the funds and requires undisbursed federal funds to be returned to the PMS immediately.

The DIFP-Insurance did not return the excess funds as required by the grant agreement and retained the funds for subsequent expenditures. Since these funds were not returned to the federal government as required by the grant agreement, there may be interest owed to the federal government for the time period the DIFP-Insurance held these funds.

Recommendation

The DIFP-Insurance ensure procedures are established to minimize the time between the receipt of federal monies and disbursement of such funds to comply with DHHS requirements.



Auditee's Response

The \$18,971 was used to fund a JV issued for \$73,381.50 which corrected a Health Insurance Counseling payment from the Dedicated Fund. The JV was issued December 18, 2008, and went to Office of Administration, Division of Accounting for review and approval. The payment was processed in the SAM II system December 23, 2008.

The department has implemented a two person process to ensure federal downloads are for the correct amount and the department does not hold any federal funds in its account awaiting future expenditures. One employee will enter the download and a second employee is required to review and approve the download before it can be completed. This second review and approval step will ensure the correct amount of federal funds is always downloaded.

Department of Insurance, Financial Institutions, and Professional Registration - Insurance Organization and Statistical Information

The Missouri Division of Insurance was created by an act of the Missouri legislature in 1869. With the enactment of the state Omnibus Reorganization Act of 1974, the agency was transferred to the Department of Consumer Affairs, Regulation and Licensing. Constitutional Amendment No. 6 passed in August 1984, changed the name of the Department of Consumer Affairs, Regulation and Licensing, to the Department of Economic Development, effective September 7, 1984. Constitutional Amendment No. 4, passed in August 1990, created a new Department of Insurance, effective July 1, 1991. Executive Order 06-04 consolidated the former Department of Insurance, the Division of Finance, the State Banking Board, the Division of Credit Unions, and the Division of Professional Registration into one department and changed the name of the department to the Missouri Department of Insurance, Financial Institutions, and Professional Registration (DIFP), effective August 28, 2006.

The DIFP-Insurance operates under the authority of Chapter 374, RSMo. The management and control of the DIFP is vested in a director who is nominated by the governor with the advice and consent of the Senate. Douglas M. Ommen served as Director from January 3, 2007, until May 31, 2008. John Huff was appointed Director on February 9, 2009, and continues to serve in that capacity.

When the agency was organized in 1869, 51 domestic and 120 foreign insurance companies were licensed in Missouri. As of June 30, 2009, there were 218 domestic and 1,869 foreign insurance companies licensed in Missouri.

The DIFP-Insurance regulates the insurance industry in the state through enforcement of Chapters 325, 354, and 374 through 385, RSMo. The department regulates and licenses the insurance industry in the state; ensures that the insurance industry is financially sound, trustworthy, competent, and responsive to the insurance-buying public; and ensures that the insurance industry complies with the laws of the state. To fulfill these responsibilities, the department maintains a central office in Jefferson City and branch offices in St. Louis and Kansas City. The DIFP-Insurance is organized into the following functional units: Insurance Solvency and Company Regulation Division, Insurance Market Regulation Division, Consumer Affairs Division, and Resource Administration Division. The DIFP-Insurance had 188 employees on June 30, 2009.

The DIFP-Insurance administers transactions in the funds listed below.

The Insurance Examiner's Fund is authorized by Sections 374.160 and 374.162, RSMo, to receive all monies paid to the state by insurance companies for the costs incurred by the department in conducting examinations, valuations, or proceedings against such companies.



Expenditures, authorized by appropriations, are to be used for the purpose of paying the compensation of insurance examiners and expenses directly related to examinations. Any unexpended balances in this fund are perpetually maintained for the purposes of the fund.

The Insurance Dedicated Fund is authorized by Section 374.150, RSMo, to receive all fees due to the state under the provision of the insurance laws. Appropriations from this fund are to be used solely for payment of expenditures incurred by the department in performing the duties required by law which are not paid for by another source of funds. Any unexpended balance in this fund is perpetually maintained for the purposes of this fund unless the unencumbered balance at the close of the biennium year exceeds two times the total amount appropriated, paid, or transferred to the fund during such fiscal year.

The DIFP-Insurance administers a program financed partially by federal monies maintained in the state treasury in the Federal Missouri Department of Insurance (MDI) Fund. Appropriations from this fund authorize disbursements of the department's federal monies.

DIFP-Insurance does not receive any appropriations from the General Revenue Fund and does not maintain any proprietary interest in this fund. Receipts collected by the department and deposited into the state's General Revenue Fund include the following:

- **Premium Taxes:** In accordance with various provisions of Chapter 148, RSMo, insurance companies licensed in the state are required to pay a two percent tax on direct premiums received during the calendar year. The department certifies to the DOR the amount of premium taxes due together with the amount of quarterly installments to be paid by the insurance companies. The DOR collects the premium taxes and deposits them into the General Revenue Fund. Some premium taxes deposited into the General Revenue Fund are not available for general revenue purposes. The provisions of Chapter 148, RSMo, restrict about 50 percent of such premium taxes for distribution to the various school districts in the state.
- **Surplus Lines:** In accordance with various provisions of Chapter 384, RSMo, surplus lines insurers are required to pay a five percent tax on net premiums for high risk insurance that is underwritten. The DOR collects the surplus lines taxes, penalties, and interest and deposits them into the General Revenue Fund. The department certifies to the DOR all penalties and interest due as a result of late payments.

In accordance with Section 287.690, RSMo, on October 31 of each year, the director of the Division of Worker's Compensation estimates the amount of



revenue required to administer this chapter and determines the rate of tax for the following calendar year based on that estimate as well as the estimated December 31 balance of the fund. The tax, which is imposed upon all insurance companies providing workers' compensation insurance coverage and authorized self-insurers, shall not exceed two percent in lieu of all other taxes on the workers' compensation net deposits, net premiums, or net assessments. The DOR collects these taxes and deposits them into the Worker's Compensation Fund.

Fines and forfeitures imposed and collected by the department under the Missouri Insurance Code are deposited into the State School Moneys Fund.

The DIFP-Insurance is authorized to administer Missouri chartered insurance companies requiring rehabilitation or liquidation, commonly referred to as receiverships. At June 30, 2009, fifteen insurance companies were in rehabilitation or liquidation. Such companies placed into receivership are under circuit court supervision with the judge appointing the Director as receiver. The Director may appoint a special deputy receiver or agent. Department officials or employees control the operations and assets of two of these companies, which are included in the Receivership Accounts in Appendix A. For five companies in receivership during the two years ended June 30, 2009, the department has contracted with vendors in the Kansas City area to act as agents for these companies. While the vendors are not considered department employees or officials, the department retains certain supervisory functions over these companies that would normally be assigned to a special deputy receiver. The financial activity of these five companies assigned to these vendors for the two years ended June 30, 2009 is presented in Appendix E.

According to the National Association of Insurance Commissioners (NAIC), for 2008, Missouri ranked thirteenth nationally in the number of companies incorporated in the state and eighteenth in the amount of premium volume written. The department's budget for fiscal year 2010 ranks twenty-fourth nationally.



Department of Insurance, Financial Institutions, and Professional Registration - Insurance
Organization and Statistical Information

The following provides a breakdown of the type of companies licensed in the state.

Type of Company	As of June 30, 2009	
	Missouri Domicile	Foreign
Assessment	2	0
Fair Access to Insurance Requirements Plan	1	0
Foreign Fire	0	2
Fraternal Benefit	1	32
Health Maintenance Organization	17	5
Health Services	1	0
Life	28	501
Life Care Facility	1	0
Malpractice	6	0
Missouri (Farm) Mutuals	5	0
Missouri Mutuals	88	0
Mutual Casualty	7	75
Prepaid Dental Plan	6	7
Reciprocal Inter-Insurance Exchange	4	12
Reinsurer	0	313
Risk Retention Group	0	96
Self-Insured Liability	9	0
Stock Casualty	39	803
Title	3	23
Total	218	1,869

Appendix A-1

Department of Insurance, Financial Institutions, and Professional Registration - Insurance
 Combined Statement of Receipts, Disbursements, and Changes in Cash and Investments
 Year Ended June 30, 2009

	Federal MDI Fund	Insurance Examiners Fund	Insurance Dedicated Fund	Receivership Accounts	Total (Memorandum Only)
RECEIPTS					
Federal grant	\$ 1,071,591	0	0	0	1,071,591
Examination fees	0	4,647,981	0	0	4,647,981
Brokers	0	0	6,249,840	0	6,249,840
Merchant licenses	0	0	1,241,000	0	1,241,000
Regulatory fees and renewals	0	0	2,409,275	0	2,409,275
Contract service fees	0	0	79,300	0	79,300
Miscellaneous fees	0	0	101,120	0	101,120
Filing fees	0	0	723,800	0	723,800
Interest	0	0	378,586	0	378,586
Premium/investment income	0	0	0	51,395	51,395
Appropriated transfers in	0	0	1,259	0	1,259
Other	0	83	43,608	0	43,691
Total Receipts	1,071,591	4,648,064	11,227,788	51,395	16,998,838
DISBURSEMENTS					
Personal service	0	3,100,489	6,176,813	0	9,277,302
Employee fringe benefits	0	1,065,559	2,480,887	0	3,546,446
Expense and equipment	0	555,741	1,382,091	0	1,937,832
Workers' compensation claims	0	7,504	65,404	0	72,908
Insurance counseling contract costs	1,090,562	0	150,000	0	1,240,562
Lease parking	0	0	5,024	0	5,024
Other refunds	0	75	14,670	0	14,745
Unemployment benefits	0	8,196	6,999	0	15,195
Cost allocation plan	0	94,211	109,997	0	204,208
Claims/distributions	0	0	0	30,692	30,692
Administration/legal fees	0	0	0	10,508	10,508
State office building rent, maintenance, and repair	0	13,048	507,406	0	520,454
Other	0	0	0	12,948	12,948
Total Disbursements	1,090,562	4,844,823	10,899,291	54,148	16,888,824
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,971)	(196,759)	328,497	(2,753)	110,014
CASH AND INVESTMENTS, JULY 1	18,971	1,128,049	14,759,456	2,452,292	18,358,768
CASH AND INVESTMENTS, JUNE 30	\$ 0	931,290	15,087,953	2,449,539	18,468,782

Appendix A-2

Department of Insurance, Financial Institutions, and Professional Registration - Insurance
 Combined Statement of Receipts, Disbursements, and Changes in Cash and Investments
 Year Ended June 30, 2008

	Federal MDI Fund	Insurance Examiners Fund	Insurance Dedicated Fund	Receivership Accounts	Total (Memorandum Only)
RECEIPTS					
Federal grant	\$ 711,621	0	0	0	711,621
Examination fees	0	5,613,343	0	0	5,613,343
Brokers	0	0	6,320,030	0	6,320,030
Merchant licenses	0	0	1,142,194	0	1,142,194
Regulatory fees and renewals	0	0	2,323,828	0	2,323,828
Contract service fees	0	0	73,250	0	73,250
Miscellaneous fees	0	0	223,250	0	223,250
Filing fees	0	0	781,399	0	781,399
Interest	0	0	655,080	0	655,080
Premium/investment income	0	0	0	109,143	109,143
Appropriated transfers in	0	4,400	2,334	0	6,734
Other	0	2,833	64,828	0	67,661
Total Receipts	711,621	5,620,576	11,586,193	109,143	18,027,533
DISBURSEMENTS					
Personal service	0	3,524,460	5,781,631	0	9,306,091
Employee fringe benefits	0	1,209,457	2,324,151	0	3,533,608
Expense and equipment	0	653,162	1,314,563	0	1,967,725
Workers' compensation claims	0	0	4,984	0	4,984
Insurance counseling contract costs	692,650	0	200,000	0	892,650
Lease parking	0	0	4,796	0	4,796
Other refunds	0	85	34,789	0	34,874
Unemployment benefits	0	1,414	0	0	1,414
Cost allocation plan	0	104,101	124,973	0	229,074
Claims/distributions	0	0	0	35,660	35,660
Administration/legal fees	0	0	0	16,848	16,848
State office building rent, maintenance, and repair	0	15,441	451,876	0	467,317
Other	0	0	3,855	8,996	12,851
Total Disbursements	692,650	5,508,120	10,245,618	61,504	16,507,892
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,971	112,456	1,340,575	47,639	1,519,641
CASH AND INVESTMENTS, JULY 1	0	1,015,593	13,418,881	2,404,653	16,839,127
CASH AND INVESTMENTS, JUNE 30	\$ 18,971	1,128,049	14,759,456	2,452,292	18,358,768

Appendix B

Department of Insurance, Financial Institutions, and Professional Registration - Insurance
Comparative Statement of Receipts

	<u>Year Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
GENERAL REVENUE FUND		
Premium taxes	\$ 208,854,823	214,365,640
Surplus lines taxes	21,920,932	25,821,465
Total General Revenue Fund	<u>\$ 230,775,755</u>	<u>240,187,105</u>
WORKERS' COMPENSATION FUND		
Workers' compensation taxes	<u>\$ 12,043,776</u>	<u>13,946,369</u>
STATE SCHOOL MONEYS FUND		
Fines and forfeitures	<u>\$ 1,804,471</u>	<u>1,540,054</u>

Appendix C

Department of Insurance, Financial Institutions, and Professional Registration - Insurance
 Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2009			2008		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
FEDERAL - MDI FUND						
Health Insurance Counseling	\$ 1,090,562	1,090,562	0	700,000	692,650	7,350
Total Federal - MDI Fund	1,090,562	1,090,562	0	700,000	692,650	7,350
INSURANCE EXAMINERS FUND						
Personal Service	4,187,322	3,100,489	1,086,833	5,546,069	3,526,373	2,019,696
IT Consolidation - Expense and Equipment	156,628	122,280	34,348	156,628	59,173	97,455
Expense and Equipment	1,094,776	433,461	661,315	1,895,189	590,357	1,304,832
Refunds	77	75	2	87	85	2
Insurance - State Owned	13,787	13,048	739	15,418	15,418	0
Leasing	0	0	0	261	23	238
Unemployment Benefits	8,202	8,196	6	2,802	1,414	1,388
Total Insurance Examiners Fund	5,460,792	3,677,549	1,783,243	7,616,454	4,192,843	3,423,611
INSURANCE DEDICATED FUND						
IT Consolidation - Personal Service	500,093	484,105	15,988	482,614	445,948	36,666
IT Consolidation - Expense and Equipment	468,019	364,229	103,790	467,839	430,567	37,272
Insurance - State Owned	523,726	507,406	16,320	458,988	451,876	7,112
Unemployment Benefits	16,184	6,999	9,185	16,184	0	16,184
Insurance Leasing	5,024	5,024	0	6,042	4,796	1,246
Health Insurance Counseling	200,000	150,000	50,000	200,000	200,000	0
Personal Service	6,322,958	5,692,709	630,249	5,398,442	5,333,770	64,672
Expense and Equipment	1,883,003	1,017,862	865,141	1,512,963	882,705	630,258
Refunds	75,000	14,670	60,330	75,000	34,789	40,211
Total Insurance Dedicated Fund	9,994,007	8,243,004	1,751,003	8,618,072	7,784,451	833,621
Total All Funds	\$ 16,545,361	13,011,115	3,534,246	16,934,526	12,669,944	4,264,582

Appendix D

Department of Insurance, Financial Institutions, and Professional Registration - Insurance
 Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2009	2008	2007	2006	2005
Salaries and wages	\$ 9,277,303	9,306,091	9,421,975	8,964,780	9,438,630
Travel, in-state	271,310	289,895	299,824	320,436	315,853
Travel, out-of-state	275,645	338,913	560,385	840,567	793,215
Supplies	213,515	197,988	143,581	199,583	199,936
Professional development	145,784	145,477	124,305	103,491	94,890
Communication service and supplies	148,618	150,073	146,040	149,559	188,265
Services:					
Professional	357,788	347,164	283,874	307,069	336,331
Housekeeping and janitorial	0	67	418	0	0
Maintenance and repair	155,515	148,573	112,332	148,389	87,070
Computer equipment	145,299	107,827	200,817	92,779	182,541
Office equipment	48,862	63,226	27,688	37,277	9,707
Other Equipment	62	0	2,687	18,699	12,703
Property and improvements	118,553	128,751	0	0	0
Debt service	50,787	1,425	5,364	9,998	7,732
Real property rentals and leases	527,739	473,317	417,117	6,900	9,350
Equipment rental and leases	984	37,707	47,107	43,222	60,874
Miscellaneous expenses	2,849	4,512	4,437	5,619	4,385
Refunds	14,745	34,874	35,378	73,648	34,979
Program distributions	1,255,757	894,064	811,889	783,344	644,317
Total Expenditures	\$ 13,011,115	12,669,944	12,645,218	12,105,360	12,420,778

Note: Certain classification of expenditures changed during the 5-year period, which may affect the comparability of the amounts.

Appendix E-1

Department of Insurance, Financial Institutions, and Professional Registration - Insurance
 Statement of Receipts, Disbursements, and Changes in Cash and Investments
 for Receiverships Administered by Kansas City-Area Vendors
 Year Ended June 30, 2009

	Holland America Insurance Company	International Financial Services Life Insurance Company	Lutheran Benevolent Insurance Exchange	Mission Reinsurance Company	U.S. Physicians Insurance Mutual Company Risk Retention Group
RECEIPTS					
Premiums/investment income	\$ 2,528,777	374,891	38,386	1,251,540	30,652
Total Receipts	<u>2,528,777</u>	<u>374,891</u>	<u>38,386</u>	<u>1,251,540</u>	<u>30,652</u>
DISBURSEMENTS					
Claims/distributions	0	0	0	92,691	0
Special deputy receiver and legal fees	608,574	584,241	73,807	107,487	0
Other	118,697	591	9,735	33,125	156,131
Total Disbursements	<u>727,271</u>	<u>584,832</u>	<u>83,542</u>	<u>233,303</u>	<u>156,131</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,801,506	(209,941)	(45,156)	1,018,237	(125,479)
CASH AND INVESTMENTS, JULY 1	<u>73,970,724</u>	<u>12,436,314</u>	<u>4,532,827</u>	<u>20,708,030</u>	<u>125,479</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 75,772,230</u>	<u>12,226,373</u>	<u>4,487,671</u>	<u>21,726,267</u>	<u>0</u>

Appendix E-2

Department of Insurance, Financial Institutions, and Professional Registration - Insurance
 Statement of Receipts, Disbursements, and Changes in Cash and Investments
 for Receiverships Administered by Kansas City-Area Vendors
 Year Ended June 30, 2008

	Holland America Insurance Company	International Financial Services Life Insurance Company	Lutheran Benevolent Insurance Exchange	Mission Reinsurance Company	U.S. Physicians Insurance Mutual Company Risk Retention Group
RECEIPTS					
Premiums/investment income	\$ 3,056,848	9,382,873	691,461	848,726	15,999
Total Receipts	<u>3,056,848</u>	<u>9,382,873</u>	<u>691,461</u>	<u>848,726</u>	<u>15,999</u>
DISBURSEMENTS					
Claims/distributions	2,828	9,060,492	0	0	0
Special deputy receiver and legal fees	496,707	548,353	92,443	43,259	47,865
Other	367,826	8,643	8,968	89,105	409
Total Disbursements	<u>867,361</u>	<u>9,617,488</u>	<u>101,411</u>	<u>132,364</u>	<u>48,274</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,189,487	(234,615)	590,050	716,362	(32,275)
CASH AND INVESTMENTS, JULY 1	<u>71,781,237</u>	<u>12,670,929</u>	<u>3,942,777</u>	<u>19,991,668</u>	<u>157,754</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 73,970,724</u>	<u>12,436,314</u>	<u>4,532,827</u>	<u>20,708,030</u>	<u>125,479</u>