FY 2026-27: INSURANCE AND FINANCIAL SERVICES
Summary: As Passed by the Senate
Article 7, Senate Bill 878 (S-1) as Amended

Analyst: Una Jakupovic

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	FY 2026-27 House	FY 2026-27 Senate	FY 2026-27 Conference	*Difference: Senate From FY 2025-26 YTD* *Amount*	*%*
IDG/IDT	$763,800	$791,600	$778,600	$791,600	$	*$27,800*	*3.6*
Federal	250,000	250,000	250,000	250,000		*0*	*0.0*
Local	0	0	0	0		*0*	*--*
Private	0	0	0	0		*0*	*--*
Restricted	78,392,600	81,292,200	72,242,800	81,792,200		*3,399,600*	*4.3*
GF/GP	0	0	0	0		*0*	*--*
Gross	**$79,406,400**	**$82,333,800**	**$73,271,400**	**$82,833,800**	**$**	***$3,427,400***	***4.3***
FTEs	396.5	399.5	396.5	399.5		*3.0*	*0.8*

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating and promoting the insurance and financial services industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Senate Change from YTD
1. Deferred Presentment Contract Increase	**Gross**	**NA**	**$1,400,000**
Executive includes $1.4 million in state restricted Deferred Presentment Service Transaction Fees for contractual increases to support the operation and maintenance of a deferred presentment database. House and Senate concur.	Restricted	NA	1,400,000
	GF/GP	NA	$0
2. Staffing Increase	FTE	NA	3.0
Executive includes $466,000 Gross ($13,000 IDG; $453,000 multiple state restricted sources) and authorization for 3.0 FTEs in the Consumer Services and Protection and Insurance Evaluation line items. The positions would consist of the following:	**Gross**	**NA**	**$466,000**
	IDG	NA	13,000
	Restricted	NA	453,000
	GF/GP	NA	$0
• One consumer finance complaint analyst responsible for reviewing and evaluating consumer complaints relating to consumer finance licensees and depository institutions.			
• One PRIRA analyst responsible for reviewing appeals related to health care benefits.			
• One insurance data analyst responsible for gathering, reviewing, and analyzing data submitted by insurers and others.			
House does not include. Senate concurs with Executive.			

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Senate Change from YTD
3. Funding Reductions	**Gross**	**NA**	**$0**
House includes $8.6 million in state restricted funding reductions for the following line items:	Restricted	NA	0
	GF/GP	NA	$0
• Unclassified salaries ($748,500 state restricted)			
• Administrative hearings ($133,600 state restricted)			
• Department services ($5.0 million state restricted)			
• Executive director programs ($880,600 state restricted)			
• Property management ($60,900 state restricted)			
• Information technology services and projects ($1.8 million state restricted).			
Senate does not include.			
4. New FY 2026-27 One-Time Appropriations	**Gross**	**NA**	**$500,000**
Senate includes $500,000 Gross ($0 GF/GP) of one-time funding to support the following:	Restricted	NA	500,000
	GF/GP	NA	$0
• IVF actuarial study ($250,000 state restricted Insurance Bureau Fund)			
• Non-driving factors study ($250,000 state restricted Insurance Bureau Fund)			
House does not include.			
5. Technical Adjustments	**Gross**	**NA**	**$0**
Executive includes internal FTE adjustments, funding adjustments, and fund name changes, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments include a transfer of 2.0 FTEs and $348,600 between four line items and renaming of three funds. House and Senate concur.	IDG	NA	6,600
	Federal	NA	0
	Restricted	NA	(6,600)
	GF/GP	NA	$0
6. Economic Adjustments	**Gross**	**NA**	**$1,061,400**
Executive reflects increased costs of $1.1 million Gross ($0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2026), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. House concurs but includes economic adjustments as single line item. Senate concurs with Executive.	IDG	NA	8,200
	Federal	NA	0
	Restricted	NA	1,053,200
	GF/GP	NA	$0
7. Employees by Status	FTE	NA	NA
House includes the estimated number of full-time, limited-term, noncareer/per diem, part-time, permanent-intermittent, and seasonal people employed by the department. Estimates were obtained from the Forty-Sixth Annual Workforce Report published by the Civil Service Commission and are as follows:	**Gross**	**NA**	**NA**
	GF/GP	NA	NA
• Full-time employees – 339.0			
• Limited-term employees – 21.0			
• Noncareer/per diem employees – 2.0			
• Part-time employees – 2.0			
• Permanent-intermittent employees – 0.0			
• Seasonal employees – 0.0.			
Senate does not include.			

Major Boilerplate Changes from FY 2025-26

Note: Existing boilerplate section numbers listed in this document are section numbers as they appear in current law. New Executive boilerplate section numbers are section numbers as they appear in the Executive Recommendation. New House boilerplate section numbers are section numbers as they appear in the House bill. New Senate boilerplate section numbers are section numbers as they appear in the Senate bill.

Major Boilerplate Changes from FY 2025-26

GENERAL

Sec. 204. Internet Reporting Requirements **– REVISED**
Requires DIFS to use the internet to fulfill reporting requirements; requires e-mail transmission and internet posting of reports. Executive revises to add website reporting requirements from deleted Sec. 227. House and Senate concur.

Sec. 206. Communication with the Legislature **– RETAINED**
Prohibits DIFS from taking disciplinary action against department employees for communicating with members of the legislature or legislative staff unless the communication is prohibited by law and the department is exercising its authority. Executive deletes. House and Senate retain.

Sec. 207. Out-of-State Travel Report **– RETAINED**
Requires DIFS to report on out-of-state travel expenses in the previous fiscal year that were funded, in whole or in part, with state appropriations; requires the report to include dates of each travel occurrence and details on sources of revenues used to finance transportation costs. Executive retains. House revises to require the report to contain the destination and specific purpose and description of each travel occurrence. Senate retains.

Sec. 209. Contingency Authorization **– RETAINED**
Authorizes appropriation and expenditure of up to $200,000 in federal and $1.0 million in state restricted contingency funds after transfer of funds to specific line items is approved. Executive revises to increase maximum amounts of federal contingency authorization by up to $300,000 and state restricted authorization by up to $5.0 million. House and Senate retain.

Sec. 211. Restricted Funds Report **– RETAINED**
Requires DIFS to work with SBO to report on estimated restricted fund balances, revenues, and expenditures. Executive deletes. House and Senate retain.

Sec. 212. FTE Report **– RETAINED**
Requires DIFS to report on the number of FTE positions in pay status by civil service classification, including a comparison by line item of the number of full-time positions authorized and the actual number of people employed. Executive retains. House revises to require reporting on the number of active employees by status. Senate retains.

Sec. 213. Work Project Usage **– RETAINED**
Prohibits appropriations that have unexpended work project authorization associated with them, to the extent possible, from being expended until all existing work project authorization for the same purpose is exhausted. Executive deletes. House and Senate retain.

Sec. 214. Geographically Disadvantaged Business Enterprises **– RETAINED**
Requires the DIFS director, to the extent possible, to take all reasonable steps to ensure geographically disadvantaged business enterprises compete for and perform contracts; requires the DIFS director to strongly encourage firms with which the department contracts to subcontract with certified geographically disadvantaged business enterprises. Executive retains. House deletes. Senate retains.

Sec. 215. Access to Government Services **– RETAINED**
Prohibits appropriations from being used to restrict or impede a marginalized community's access to government resources, programs, or facilities; requires local governments to report on actions that attempt to restrict or interfere with duties of local health officers. Executive retains. House deletes. Senate retains.

Sec. 216. Retention of Reports **– RETAINED**
Requires DIFS to follow federal and state law and guidelines for short- and long-term retention of records; authorizes the department to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes. House and Senate retain.

Sec. 217. Report on Policy Changes for Public Act Implementation **– RETAINED**
Requires DIFS to report on each specific policy change made by the department to implement a public act affecting the department, including reference to the public act that necessitates the policy change. Executive deletes. House revises to add senate and house standing committees responsible for addressing issues affected by the public acts to the list of report recipients. Senate retains.

Sec. 217. State Fiscal Recovery Fund (SFRF) Expenditure **– INCLUDED**
Requires state budget director to ensure all state fiscal recovery funds are expended by December 31, 2026, as required by law; automatically reappropriates any state fiscal recovery funds that would otherwise lapse after September 30, 2026 and makes them available for expenditure for the same purpose as originally authorized until December 31, 2026. Executive includes the new language. House does not include. Senate includes the new language.

Major Boilerplate Changes from FY 2025-26

***Sec. 218. Report on Federal Policy Changes* – REVISED**
Requires DIFS to report on federal policy changes that are expected to affect department operations, affect groups the department engages with, or create a regulatory gap. Executive retains. House deletes. Senate revises to require additional information in the report.

***Sec. 218. State Fiscal Recovery Fund Reallocation* – INCLUDED**
Authorizes state budget director to reallocate state fiscal recovery funds that are in jeopardy of not being spent; authorizes reallocations for payroll and covered benefits for eligible public health and safety employees of the Departments of Corrections and State Police; requires applicable reporting to be followed; requires state budget director to notify HAC/SAC not later than 10 days after reallocating funds. Executive includes the new language. House does not include. Senate includes the new language.

***Sec. 219. State Administrative Board Transfers* – RETAINED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. Executive deletes. House and Senate retain.

***Sec. 220. In-Person Work* – RETAINED**
Requires DIFS to maximize utilization of its in-person workforce, prioritize occupancy utilization, and ensure occupancy rates are 80% or higher. Executive retains. House revises to require DIFS to report on its remote work policy, building occupancy, whether buildings are state-owned or leased, and aggregate badge scanning information by employee; require at least 80% of employees to be in-person. Senate retains.

***Sec. 221. E-Verify Requirement* – DELETED**
Requires DIFS to require contractors and subcontractors to use the E-Verify system to verify that all persons hired during the contract term are legally present and authorized to work in the United States; authorizes the department to verify the information directly or receive certification from the contractor; requires DIFS to submit a report describing the processes it develops and implements; defines E-Verify. Executive deletes. House revises to prohibit DIFS from contracting with any known or suspected foreign adversaries. Senate deletes.

***Sec. 222. Work Projects Report* – RETAINED**
Requires the department to report information on all work project accounts, including the status of each account and the amount of any funds that lapsed from previous accounts. Executive retains. House revises to require quarterly reports by specified dates. Senate retains.

***Sec. 223. Legacy Costs* – RETAINED**
States the total amount of funding estimated to be expended on legacy costs in FY 2025-26 is $6.5 million ($5.9 million on pension related legacy costs and $638,800 on health care legacy costs). Executive deletes. House and Senate retain with updated fiscal year and legacy cost amounts.

***Sec. 224. Annual Strategic Plan* – RETAINED**
Requires DIFS to provide a copy of its annual strategic plan which must include the mission, vision, goals, strategies, and performance measures of the department. Executive deletes. House revises to require DIFS to maintain a department scorecard that tracks key metrics. Senate retains.

***Sec. 224. Legislatively Directed Spending Items* – NOT INCLUDED**
Requires SBO to post a list of legislatively directed spending items; requires LARA to submit a report on November 1 and updated reports on March 15 and September 15; requires grant recipients to provide a spending plan; requires LARA to annually audit use of grant funds; requires LARA to work with auditor general to conduct an audit; prohibits grant recipients and their immediate family members from being employed by the legislative or executive branch. Executive does not include. House includes the new language. Senate does not include.

***Sec. 225. State Obligations* – RETAINED**
Requires DIFS to report on any court settlement that may require further legislative review of state statutory programs or regulations. Executive deletes. House revises to prohibit funds from being used to pay for a state obligation that exceeds $200,000 without legislative approval. Senate retains.

***Sec. 225. Severance Pay* – NOT INCLUDED**
Requires DIFS to report on any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; requires report on total amount of severance pay remitted and number of DIFS employees receiving severance pay in FY 2025-26. Executive does not include. House includes the new language. Senate does not include.

Major Boilerplate Changes from FY 2025-26

Sec. 226. Private and Third-Party Funds **– RETAINED**
Requires DIFS to disclose on a publicly accessible website private and other third-party funds received in the previous fiscal year, including the amount and specific source of funding, the purpose for which funding was expended, and the amount of any remaining funds. Executive deletes. House and Senate retain.

Sec. 226. Fund Use Restrictions for Non-Citizens **– NOT INCLUDED**
Prohibits appropriated funds from being used to provide services, grants, or programming to non-citizens, unless the individual is a qualified alien as that term is defined under 8 USC section 1641. Executive does not include. House includes the new language. Senate does not include.

Sec. 227. Website Reporting **– DELETED**
Requires DIFS to make required reports readily accessible to the public and conspicuously posted in a single archivable location on the department's website; requires DIFS to maintain reports from previous fiscal years in the same archivable location. Executive deletes. House and Senate concur.

Sec. 227. Diversity, Equity, and Inclusion Initiatives **– NOT INCLUDED**
Prohibits state funds from being used for diversity, equity, and inclusion initiatives or programs. Executive does not include. House includes the new language. Senate does not include.

Sec. 228. Legislatively Directed Spending Items **– REVISED**
Requires the legislature to provide DIFS and the state budget director with a list of legislatively directed spending items; provides requirements for the administration of grants; provides requirements for grant agreements; requires grant recipients to respond to reasonable information requests; provides deadline for grant expenditure; requires DIFS to post information about grant recipients on its website. Executive revises to require HFA/SFA to provide SBO a jointly agreed upon list of legislatively directed spending items within 30 days of enactment of the budget; require LARA to post a report on March 15 and to update the report on June 15 and September 15. House deletes and replaces with new Sec. 224. Senate concurs with Executive but requires House/Senate instead of HFA/SFA to provide list.

Sec. 228. Precontract Risk Assessment Program **– NOT INCLUDED**
Requires DIFS to use the same precontract risk assessment program utilized by the department of technology, management, and budget for evaluation prior to contract evaluation. Executive does not include. House includes the new language. Senate does not include.

Sec. 231. Additional Expenditures Reporting **– NEW**
Requires DIFS to report on authorized expenditure of funds not appropriated in part 1, including the type, amount, and purpose of the funding; requires reporting on expenditures from the previous fiscal year and within 60 days of receiving funding this fiscal year and on anticipated expenditures in the next fiscal year; stipulates if another required report provides substantially similar information, this reporting is not required. Senate includes the new language. Executive and House do not include.

GENERAL – DIFS

Sec. 251. Insurance Bureau Fund Use **– RETAINED**
Authorizes Insurance Bureau Fund appropriations for use to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with Insurance Code of 1956. Executive deletes. House revises to prohibit appropriated funds from being used to support any legislative participation in insurance activities coordinated by insurance and legislative associations. Senate retains.

Sec. 252. Television and Radio Expenditure Report **– DELETED**
Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; specifies information to be included. Executive deletes. House retains. Senate deletes.

INSURANCE AND FINANCIAL SERVICES REGULATION

Sec. 301. Health Insurance Rate Change Report **– RETAINED**
Requires DIFS to electronically transmit the annual health insurance rate change report prepared pursuant to 45 CFR 154.301(b), including the total number of filings that are approved, denied, and objected to by DIFS, the percentage of filings processed within the statutory time frame, and the average processing time. Executive revises to require the report to only contain the total number of filings objected to. House and Senate retain.

Sec. 304. Annual Reports Transmission **– DELETED**
Requires DIFS to electronically transmit the annual report required under the Insurance Code of 1956 and the Banking Code of 1999. Executive deletes. House retains. Senate deletes.

Major Boilerplate Changes from FY 2025-26

***Sec. 305. Financial Institutions Marihuana Evaluation Guidance* – DELETED**
Requires DIFS to update examination manuals and letters of guidance to reflect how institutions will be evaluated that provide financial services to businesses involved in the marihuana industry. Executive deletes. House retains. Senate deletes.

***Sec. 306. Automobile Insurance Rate Filings Report* – REVISED**
Requires DIFS to report on filings received from auto insurers in the previous calendar year, including the number of auto insurance rate filings received, the average number of days to process filings, and the number of objections issued. Executive and House delete. Senate revises to require the report to also include information on insurance rating territories; stipulate that DIFS is not required to make any legal or actuarial determinations.

***Sec. 307. Customer Service Outreach and Education* – REVISED**
Requires DIFS to have at least 1.0 FTE to provide outreach and education and be trained to assist catastrophic accident survivors; require DIFS to report on the number of consumers assisted, number of complaints received, number of utilization orders issued, and the number that upheld and reversed the insurer's decision. Executive and House delete. Senate revises to instead require at least 1.0 FTE to provide assistance in understanding automobile insurance coverage and options and to develop referral partnerships with community-based organizations; modify report requirements.

ONE-TIME APPROPRIATIONS

***Sec. 401. Non-driving Factors Study* – NEW**
Requires DIFS to contract with a university or research institute to conduct a study on non-driving factors used in automobile insurance rate setting; stipulates contract and study requirements. Senate includes the new language. Executive and House do not include.

***Sec. 402. IVF Actuarial Study* – NEW**
Requires DIFS to create an actuarial study on the defrayal cost of small group and individual insurance coverage for fertility treatments. Senate includes the new language. Executive and House do not include.