

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26
INSURANCE AND FINANCIAL SERVICES**



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	FY 2024-25 Year-to-Date as of 2/5/25	FY 2025-26 Executive	Difference: FY 2025-26 vs. FY 2024-25	
			Amount	%
IDG/IDT	\$753,500	\$763,800	\$10,300	1.4
Federal	700,000	250,000	(450,000)	(64.3)
Local	0	0	0	--
Private	0	0	0	--
Restricted	77,167,900	79,241,800	2,073,900	2.7
GF/GP	0	0	0	--
Gross	\$78,621,400	\$80,255,600	\$1,634,200	2.1
FTEs	404.5	409.5	5.0	1.2

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 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Attorney General Services	Gross	NA
Includes \$330,000 in state restricted authorization to support legal services provided by the Attorney General to align with growth in the number of civil and criminal case referrals by the department.	Restricted	NA
	GF/GP	NA
		\$330,000
		330,000
		\$0
2. Staffing Increases	FTE	NA
Includes \$849,200 in state restricted funding and authorization for 5.0 FTEs within three line items (Consumer Services and Protection, Insurance Evaluation, and Department Services) to support increased work volumes associated with the department's regulatory, enforcement, and consumer protection services. The positions would consist of the following:	Gross	NA
	Restricted	NA
	GF/GP	NA
		\$849,200
		849,200
		\$0
		5.0

- One PRIRA analyst responsible for reviewing appeals related to health care benefits
- One legal research specialist to support DIFS' implementation of state and federal legislative requirements
- One company market regulation analyst to support DIFS' efforts related to consumer protection and cybersecurity event mitigation
- One insurance investigation manager to support increased investigative work associated with growth in the number of licensed entities
- One technology services specialist to support DIFS' technology systems.

<u>Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations</u>	<u>FY 2024-25 YTD (as of 2/5/25)</u>	<u>Executive Change from YTD</u>	
3. Removal of FY 2024-25 One-Time Appropriations	Gross	\$500,000	(\$500,000)
Removes \$500,000 Gross (\$0 GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Restricted	500,000	(500,000)
	GF/GP	\$0	\$0
<ul style="list-style-type: none"> • Automobile Insurance Study (\$250,000 Gross) • Insurance Complaints and Health Care Appeals Outreach Campaign (\$250,000 Gross). 			
4. Economic Adjustments	Gross	NA	\$955,000
Reflects increased costs of \$955,000 Gross (\$0 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	9,700
	Restricted	NA	945,300
	GF/GP	NA	\$0

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communication with the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law.

Sec. 207. Out-of-State Travel Report – REVISED

Requires DIFS to report on out-of-state travel expenses in the prior fiscal year that were paid for, in whole or in part, with state appropriations. Executive revises to require DIFS to submit the report to standard report recipients and to the House and Senate Appropriations Committees.

Sec. 209. General Fund Lapse Report – REVISED

Requires SBO to report on estimated general fund lapses by major program or program areas at close of prior fiscal year. Executive revises to require DIFS to submit report to standard report recipients.

Sec. 210. Contingency Authorization – REVISED

Appropriates up to \$200,000 in federal and \$1.0 million in state restricted contingency authorization; authorizes expenditure after legislative transfer to specific line items. 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.

Sec. 212. Restricted Funds Report – DELETED

Requires DIFS to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years.

Sec. 215. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Sec. 216. Retention of Reports – DELETED

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 217. Report on Policy Changes for Public Act Implementation – DELETED

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 221. Insurance Bureau Fund Use – DELETED

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.

Sec. 222. State Fiscal Recovery Fund (SFRF) – DELETED

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation.

Major Boilerplate Changes from FY 2024-25

Sec. 301. Health Insurance Rate Change Report – REVISED

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 objections issued for insurance filings. Executive revises to remove requirement that the report be distributed to standard report recipients.

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.

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.

Sec. 306. Automobile Insurance Rate Filings Report – DELETED

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.

Sec. 307. Customer Service Outreach and Education – DELETED

Requires DIFS to expend \$600,000 to add up to 3.0 FTEs to provide customer service outreach or education relating to financial services and insurance, with at least 1.0 FTE trained and experienced to assist catastrophic accident survivors.

Sec. 308. Outreach and Education Plan – DELETED

Requires DIFS to create a plan to increase outreach, education, and support services, with consideration of demographics and areas with greatest need; allows DIFS to partner with other state agencies to meet requirements.

Sec. 401. Automobile Insurance Reform Study – DELETED

Requires DIFS to study and report on the effects of the 2019 automobile insurance reform; allows DIFS to consult or contract with policy research entities; recommends that the study consider impacts on costs, participants, demographics, and access to care and providers, as well as the total impact on insured accident victims and access to long-term care providers.

Sec. 402. Outreach Campaign and Report – DELETED

Requires DIFS to provide an outreach campaign informing residents of DIFS services and information, including filing complaints and appealing health insurance denials; allows campaign to include paid advertising, media outreach, and targeted outreach to stakeholders; requires DIFS to report on outreach campaign expenditures.