Summary: Executive Budget Recommendation for Fiscal Year 2026-27
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Analyst: Una Jakupovic

	FY 2025-26 Year-to-Date as of 2/11/26	FY 2026-27 Executive	*Difference: FY 2026-27 vs. FY 2025-26*	
			Amount	*%*
IDG/IDT	$763,800	$791,600	*$27,800*	*3.6*
Federal	250,000	250,000	*0*	*0.0*
Local	0	0	*0*	*--*
Private	0	0	*0*	*--*
Restricted	78,392,600	81,292,200	*2,899,600*	*3.7*
GF/GP	0	0	*0*	*--*
Gross	**$79,406,400**	**$82,333,800**	***$2,927,400***	***3.7***
FTEs	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)	Executive Change from YTD
1. Deferred Presentment Contract Increase	**Gross**	**NA**	**$1,400,000**
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. Supplemental Request 2026-1 includes state restricted authorization for the same purpose.	Restricted	NA	1,400,000
	GF/GP	NA	$0
2. Staffing Increase	FTE	NA	3.0
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.			
3. Technical Adjustments	**Gross**	**NA**	**$0**
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.	IDG	NA	6,600
	Federal	NA	0
	Restricted	NA	(6,600)
	GF/GP	NA	$0

Major Budget Changes from FY 2025-26 Year-to-Date (YTD) Appropriations		FY 2025-26 YTD (as of 2/11/26)	Executive Change from YTD
4. Economic Adjustments	**Gross**	**NA**	**$1,061,400**
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.	IDG	NA	8,200
	Federal	NA	0
	Restricted	NA	1,053,200
	GF/GP	NA	$0

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.

***Sec. 206. Communication with the Legislature* – DELETED**
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. *(Governor deemed this section unenforceable.)*

***Sec. 209. Contingency Authorization* – REVISED**
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.

***Sec. 211. Restricted Funds Report* – DELETED**
Requires DIFS to work with SBO to report on estimated restricted fund balances, revenues, and expenditures.

***Sec. 213. Work Project Usage* – DELETED**
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. *(Governor deemed this section unenforceable.)*

***Sec. 216. Retention of Reports* – DELETED**
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.

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

***Sec. 217. State Fiscal Recovery Fund (SFRF) Expenditure* – NEW**
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.

***Sec. 218. State Fiscal Recovery Fund Reallocation* – NEW**
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.

***Sec. 219. State Administrative Board Transfers* – DELETED**
Authorizes the legislature to intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable.)*

***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. *(Governor deemed this section unenforceable.)*

Major Boilerplate Changes from FY 2025-26

***Sec. 223. Legacy Costs* – DELETED**
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).

***Sec. 224. Annual Strategic Plan* – DELETED**
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.

***Sec. 225. State Obligations* – DELETED**
Requires DIFS to report on any court settlement that may require further legislative review of state statutory programs or regulations.

***Sec. 226. Private and Third-Party Funds* – DELETED**
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.

***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.

***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 of 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.

GENERAL – DIFS

***Sec. 251. 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. 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.

INSURANCE AND FINANCIAL SERVICES REGULATION

***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 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.

***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 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.

Supplemental Recommendations for FY 2025-26 Appropriations		FY 2025-26 Recommendation
1. Deferred Presentment Contract Increase	**Gross**	**$1,400,000**
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. The FY 2026-27 executive recommendation includes state restricted authorization for the same purpose.	Restricted	1,400,000
	GF/GP	$0