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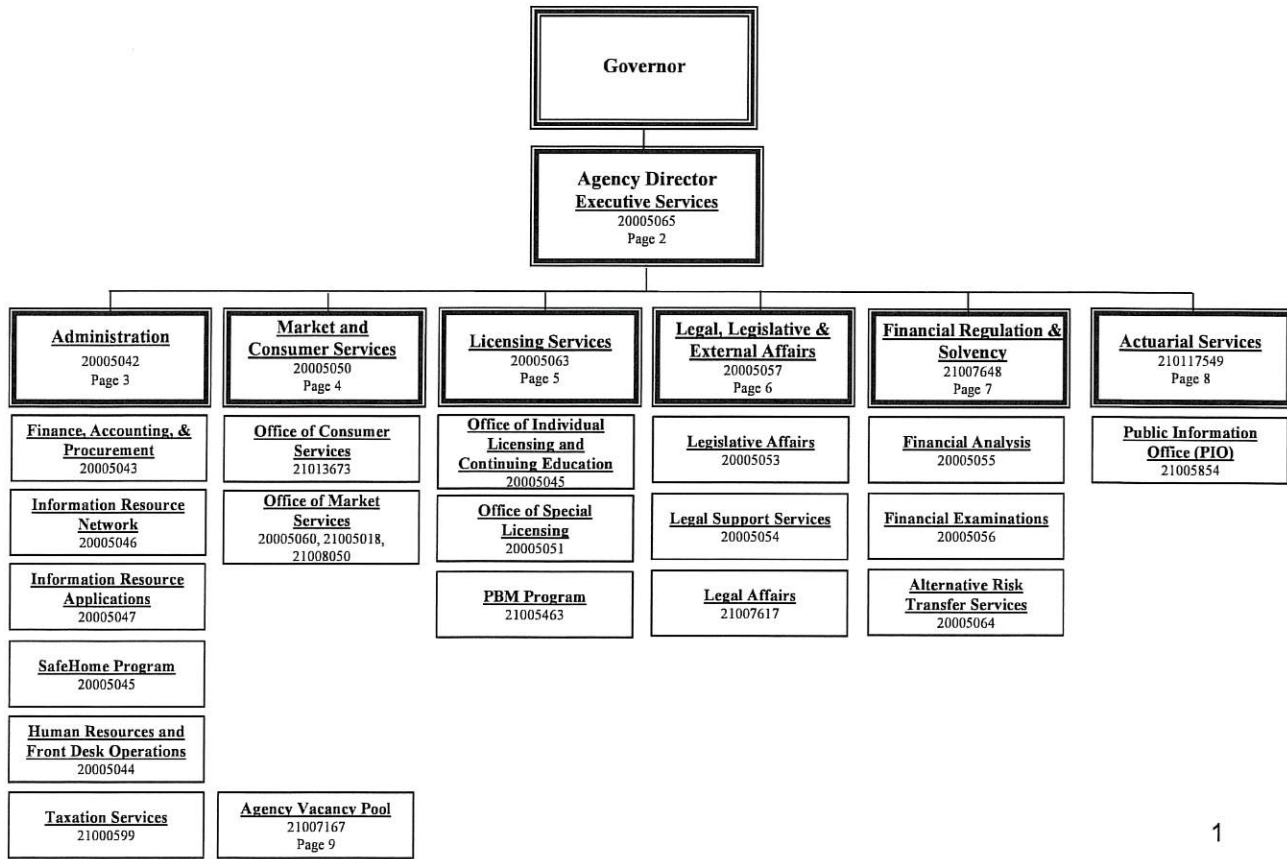
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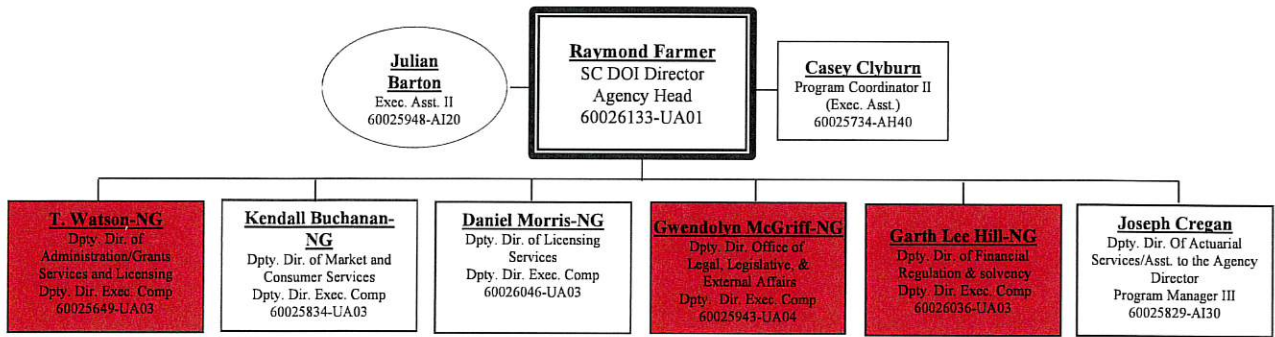
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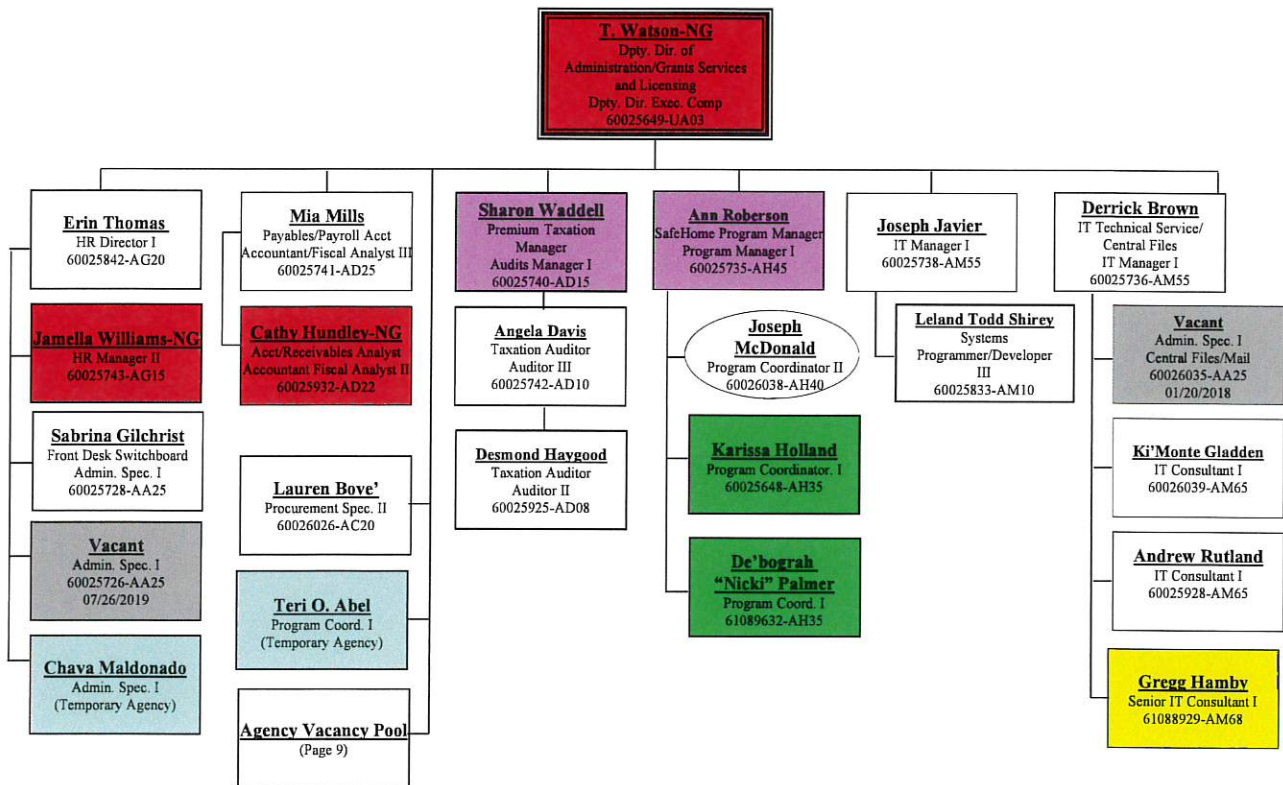
South Carolina Department of Insurance
Organizational Chart (w/out Salaries)



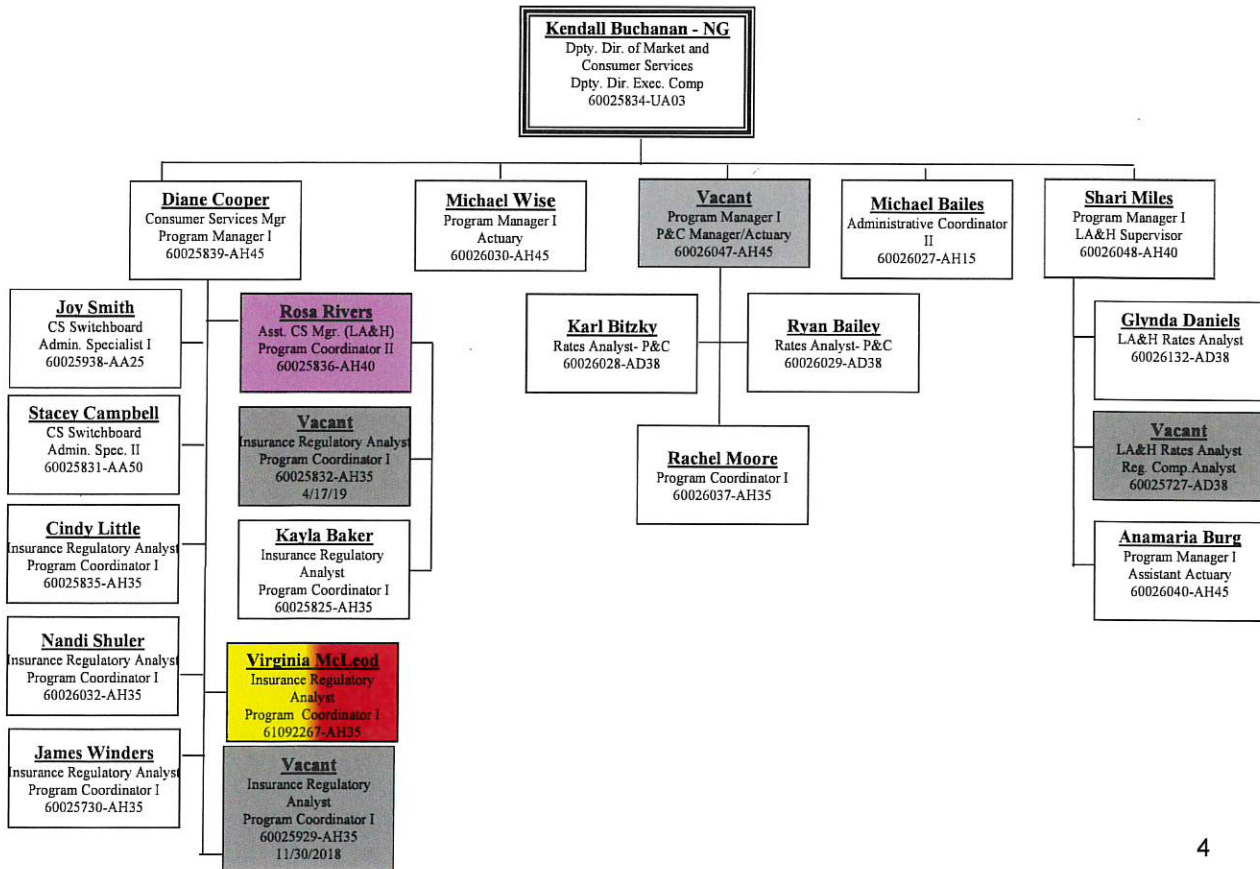
South Carolina Department of Insurance
Executive Services



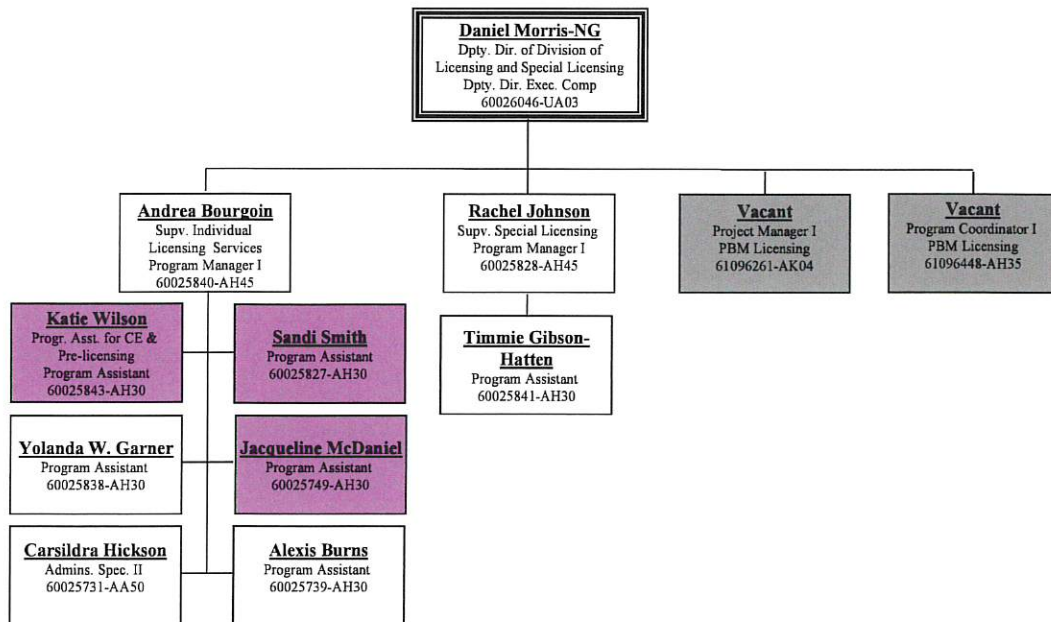
South Carolina Department of Insurance
Division of Administration



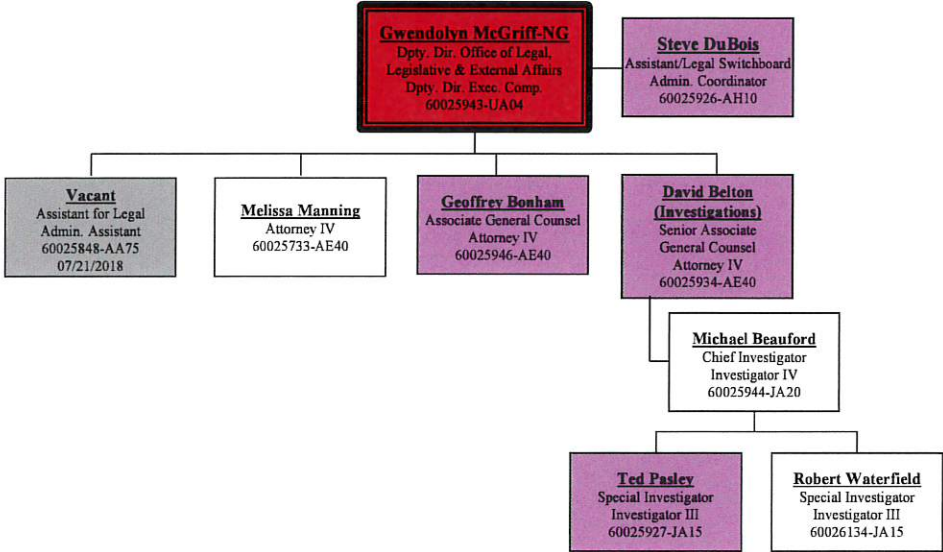
South Carolina Department of Insurance
 Division of Consumer Services and Market Regulations



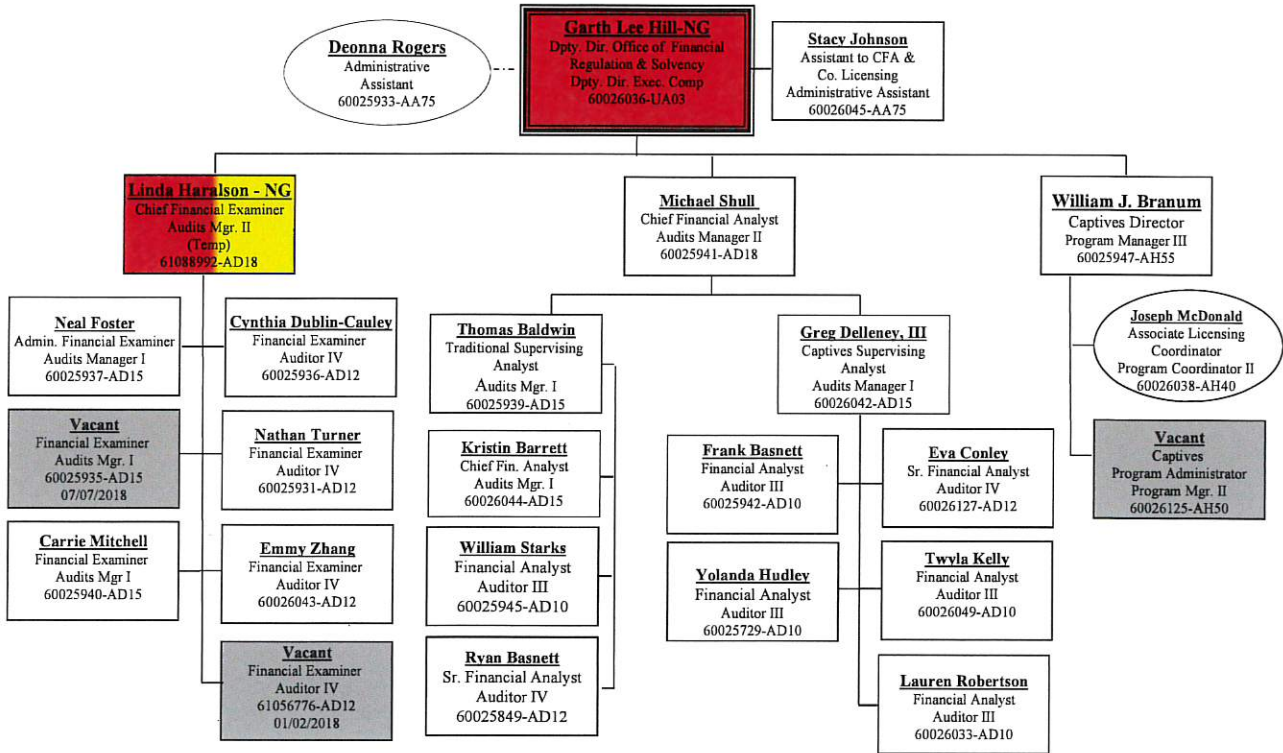
South Carolina Department of Insurance
 Division of Individual Licensing and Special Licensing



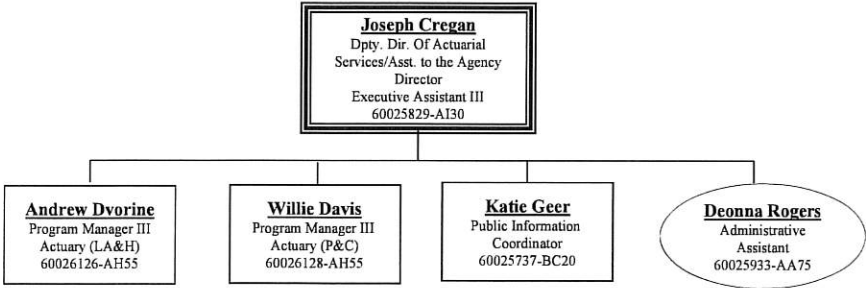
South Carolina Department of Insurance
Office of Legal, Legislative & External Affairs



South Carolina Department of Insurance
 Division of Financial Regulation & Solvency



South Carolina Department of Insurance
Actuarial Services



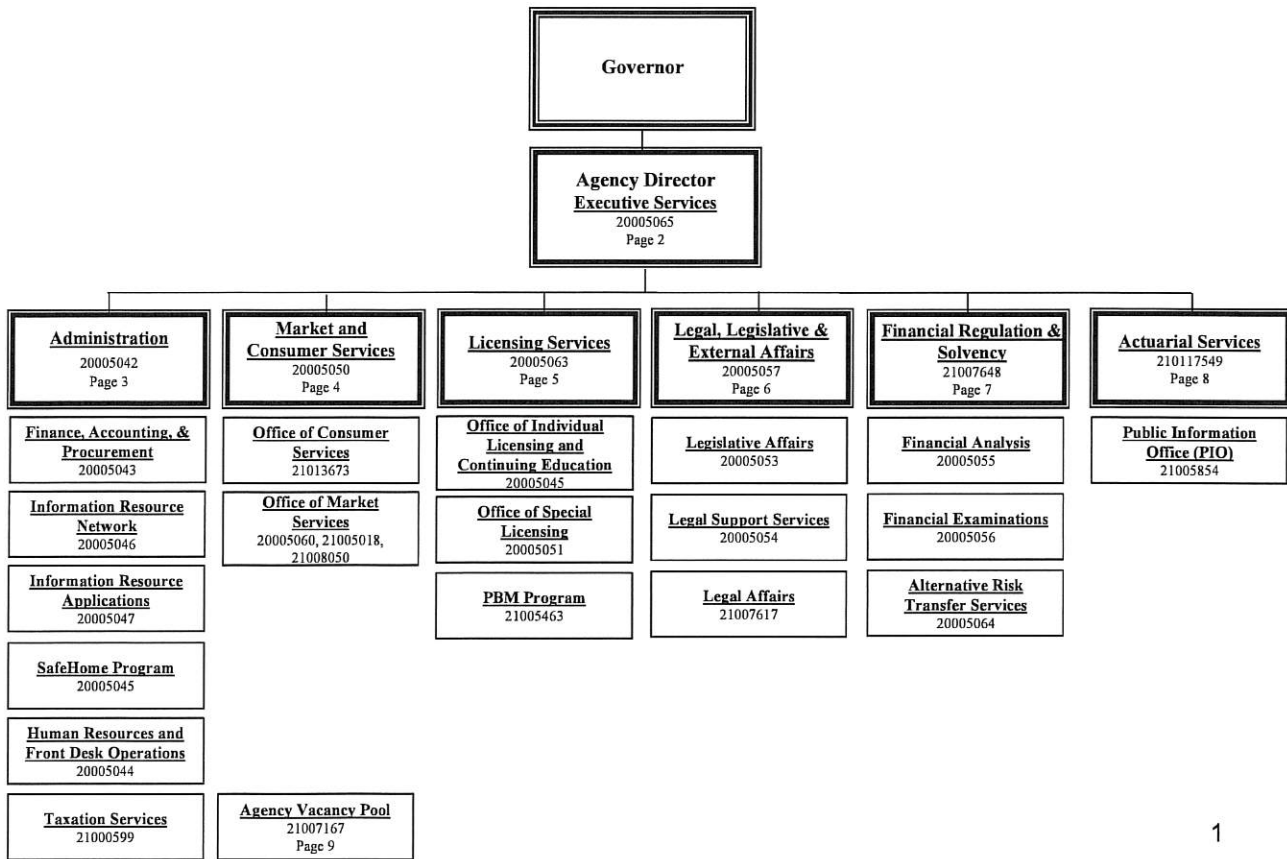
Key Symbols Chart

Employee with an NG indicated is an employee who does not have any grievance rights.	Employee is retired or eligible for retirement	Employee is eligible for retirement within 5 years
Temporary Grant Position	Temporary Hourly Position (no paid leave)	Individual employed through a temporary agency (no paid leave or benefits through Department)
Vacant Position	Positions having dual lines of reporting	

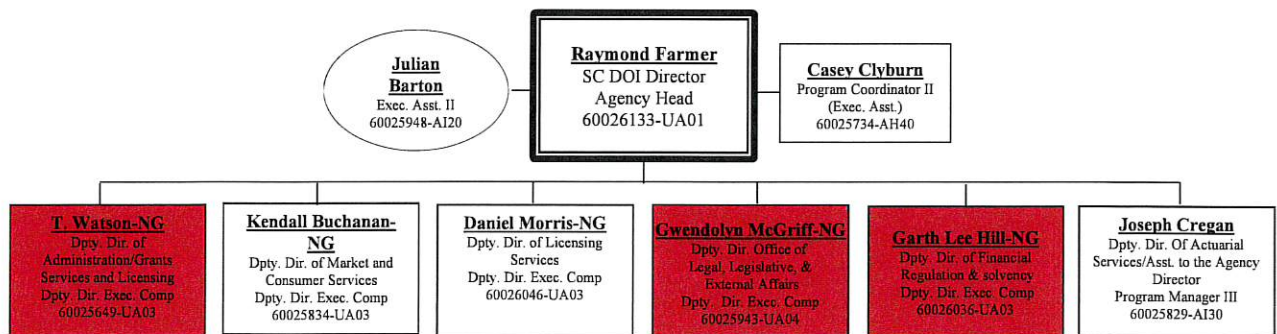
State Pay Bands

01 - \$15,080 - \$21,672 - \$28,264	07 - \$49,594 - \$70,674 - \$91,755
02 - \$18,593 - \$26,497- \$34,402	08 - \$60,334 - \$85,995 - \$111,646
03 - \$22,625 - \$32,245- \$41,866	09 - \$73,421 - \$104,631 - \$135,842
04 - \$27,527- \$39,228 - \$50,930	10 - \$89,335 - 127,308 - 165,281
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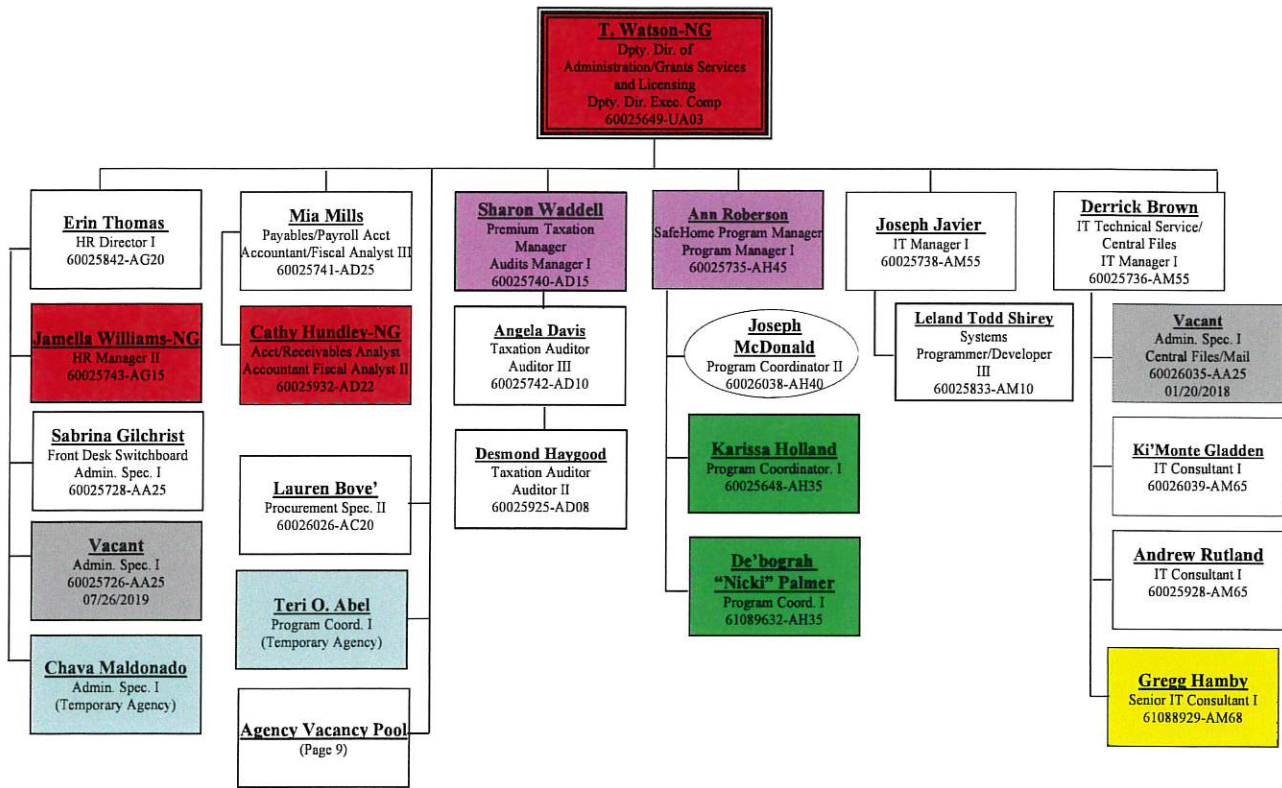
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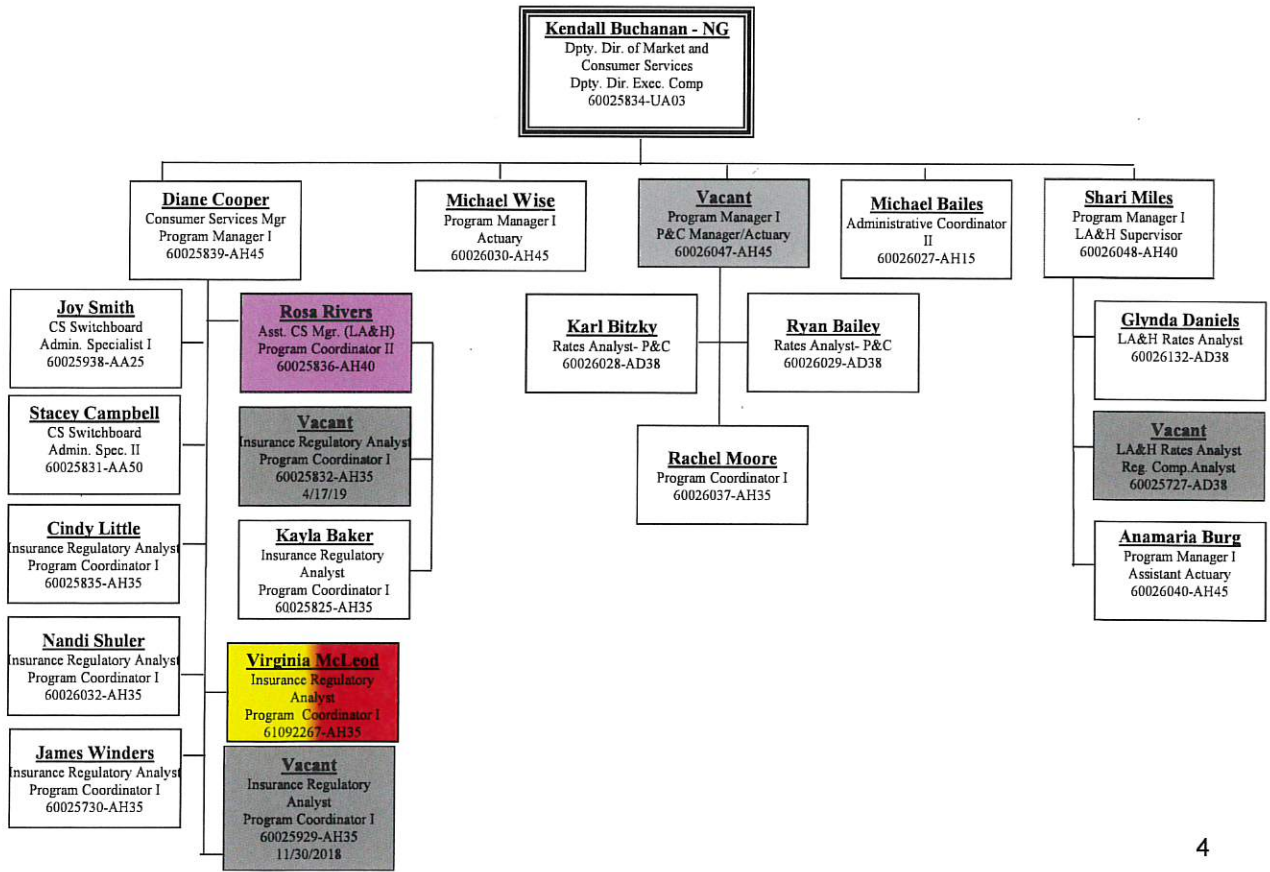
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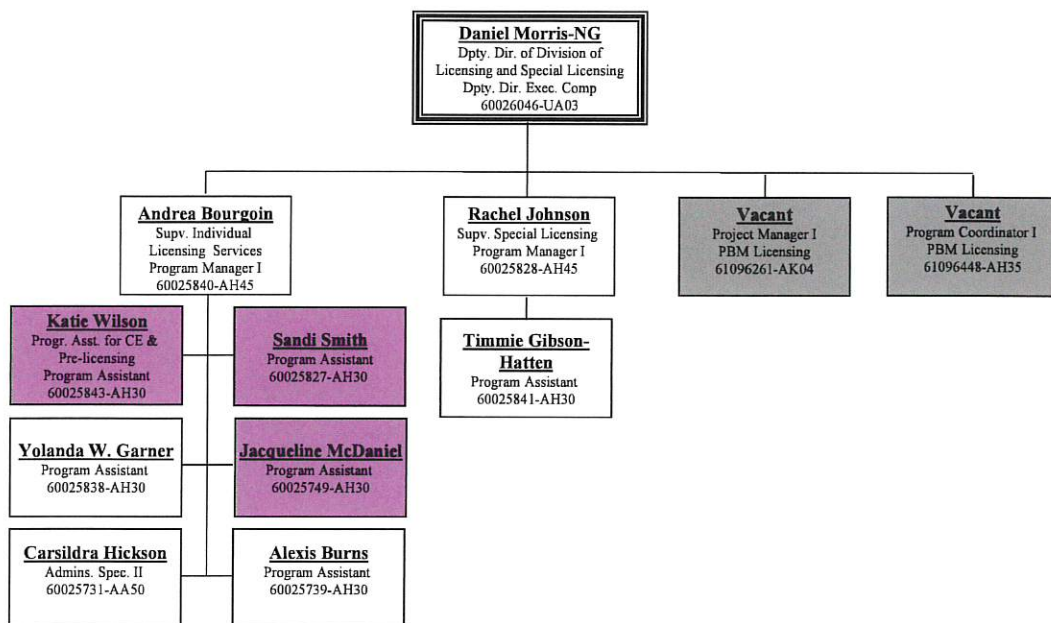
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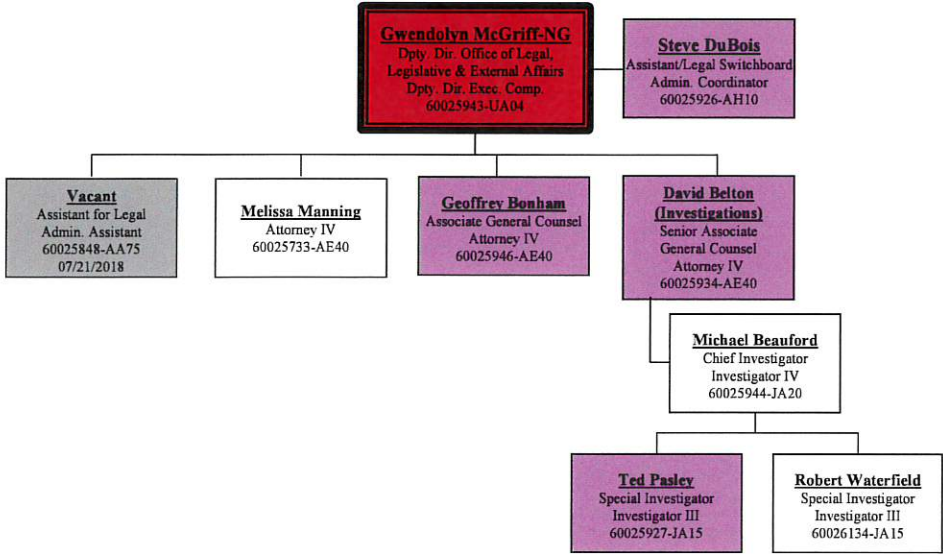
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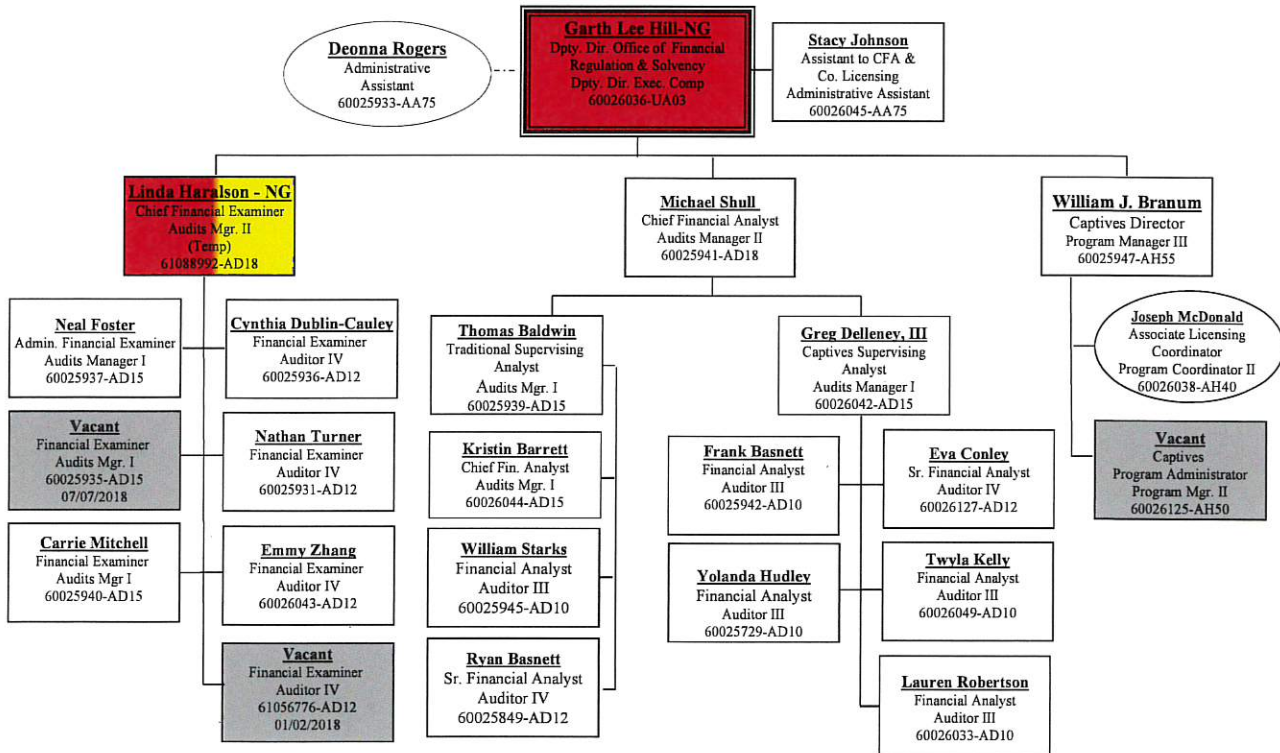
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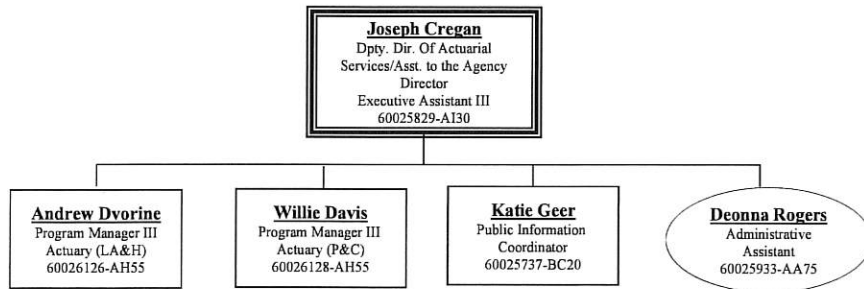
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South Carolina Department of Insurance
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South Carolina Department of Insurance
Actuarial Services



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AGENCY'S DISCUSSION AND ANALYSIS

Key Strategic Challenges

Much of the work of the Department is influenced by changes in financial markets at the national and international level. Summarized below are the key challenges facing insurance regulation in South Carolina.

Challenge: Increased Federal Involvement in Insurance Regulation

The federal government's role in insurance regulation is increasing. Examples of the heightened federal involvement in insurance regulatory activities include the enactment of the Patient Protection and Affordable Care Act (ACA) and proposals to repeal and replace it, the Wall Street Reform and Consumer Protection Act (commonly referred to as Dodd-Frank), which created the Federal Insurance Office (FIO) within the United States Department of Treasury, and most recently, National Association of Registered Agents and Brokers (NARAB II). These Acts have, and will continue to have, a significant impact on U.S. insurance markets and their regulation.

In 2017, the United States Treasury Department (Treasury), the Office of U.S. Trade Representative (USTR) and the European Union (EU) announced they had signed a covered agreement. A covered agreement provides stand-by authority for the Treasury and the USTR to address areas where insurance laws may treat non-US insurers differently than U.S. insurers. Covered agreements could directly impact reinsurance collateral requirements because they may preempt state law. This is important for states with coastal property exposure, like South Carolina, where reinsurance plays a critical role in ensuring the ability of insurers to pay claims after a catastrophe. To avoid pre-emption, states must enact statutory changes that make their reinsurance laws consistent with provisions of covered agreements with the European Union and the United Kingdom. States must comply with the provisions in the covered agreements within five years or face potential preemption.

Additionally, Congress is considering federal data security bills that would mandate uniform national standards in the area of data security. These bills would preempt state insurance laws that protect the privacy of information handled by insurers and may threaten the authority of the states to regulate the business of insurance.

While the aforementioned legislation and issues, like the covered agreement, originate at the federal level, they impact state laws and regulations. Often the legislation necessary to implement federal initiatives such as these must occur at the state level. Accordingly, states must promulgate or amend legislation to preserve its ability to regulate or prevent preemption. Federal legislation often establishes the minimum level of protection that may be afforded. While it recognizes that states are the primary regulators of insurance, it also establishes the standards with which all insurers must comply. States are charged with enforcement, but if the state does not enforce the provisions of the law, the federal government will effectively preempt state law. The challenge for state and federal regulators is to effectively collaborate and communicate in the performance of their regulatory roles.

What follows is a summary of the impact of these internal and external factors on the various divisions of the Department.

Market and Consumer Services

Personnel changes continue to present strategic challenges and opportunities for the Market and Consumer Services Division. The less tenured employees continue to leverage this opportunity to showcase ways that they

can contribute to the Division and have taken on training and mentoring of new staff. The Division has also looked internally to further the knowledge base of all employees within the Market and Consumer Services Division.

Many of the duties and responsibilities of the Market and Consumer Services Division are dependent upon external factors; the number of consumer calls, consumer complaints, and insurance rate, rule, and form filings that the Division staff must process is directly correlated to how many consumers contact us for assistance and how many insurance product filings are made by insurance carriers in any given period of time. As a result, it can be challenging from a strategic planning perspective to manage resources effectively while ensuring an efficient turnaround of consumer and insurer submissions.

Because of the limited control we have over the workload itself, we strive to focus on the areas that are within our control with a continual focus on areas for improvement in our processes. For example, the total turnaround time for insurer rate, rule, and form filings is impacted by the quality of the filing at submission, the number of times we must request additional information, support, or clarification from the insurer, and how quickly they provide such information. As the aforementioned items are only minimally within our control, we have sought to emphasize the state's review time as this is entirely based upon how long it takes our staff to review a filing after submission and after a company responds to any follow-up inquiries we may have. Of course, we also understand that the total turnaround time directly impacts speed to market initiatives, so we try to balance the two in our focus.

To provide greater transparency for consumers, we continue to leverage SERFF Public Access, a no-cost, Internet-based solution for viewing public insurance company rate, rule and form filings from anywhere at any time. Consumers simply click a link on our website to begin searching for filings and are then able to download the entirety of the filing or select a subset of the filing to review in more detail.

We are also continuing our focus on enhancing our customer service. We continue to maintain extended hours in our Office of Consumer Services and are available 8:00 a.m. to 6:00 p.m. Mondays through Thursdays and 8:00 a.m. to 5:00 p.m. on Fridays. We continue to see increased utilization of our online complaint portal, which allows consumers to file consumer complaints with our Office of Consumer Services through our website.

We continue our efforts to enhance our market analysis program area, which is critical to monitoring insurer trade practices and identifying emerging trends in the market or in a specific insurance carrier/group.

As we strive to focus on ways to improve what is within our control, we continue to emphasize regular updates to our exhibits and filing/reporting resources that we provide to companies to assist them in preparing and submitting a quality filing/report at initial submission. Our goal for Market Services is to provide carriers with as much pertinent and useful information as we can up front to assist them in complying with South Carolina's insurance laws.

One area of focus for the Office of Consumer Services continues to be updating our brochures and various printed and web-based materials for consumers. During the fiscal year, we published and updated relevant materials for individuals and small businesses regarding the ACA-compliant plans that are available in the individual and small group markets. As was noted in prior fiscal years' reports, the agency's Medicare Supplement Insurance Shopper's Guide is one of the most downloaded documents from our website. As a result, staff continues to identify enhancements for this guide and regularly updates the printed and online versions for consumers.

The Office of Consumer Services also published a variety of new materials for consumers. As in prior years, the Price Comparison Tool, which provides sample premiums for both private passenger automobile insurance and

homeowners insurance, was updated during the fiscal year to include sample premiums based upon the responding carriers' rates as of June 2019.

The Department was designated as the lead agency for administering South Carolina's approximately \$34 million allocation as a beneficiary under the Volkswagen Environmental Mitigation Trust. On December 6, 2018, the Department finalized the State's Beneficiary Mitigation Plan detailing the state's overall goal for the use of the funds and the categories of eligible mitigation actions the state anticipates to-be appropriate to achieve these goals, among other things. The Department issued a request for applications on March 18, 2019 in order to award up to \$10 million in funding under the state's allocation. Awards are expected to be made in early fiscal year 2020.

Licensing & Continuing Education

Regulatory challenges facing the Licensing & CE Division involve streamlining the producer-licensing process and achieving licensing uniformity and reciprocity with other states in the U.S. State insurance departments oversee producer activities as part of a comprehensive regulatory framework designed to protect insurance consumer interests in insurance transactions. However, each state traditionally had its own licensing requirements and a producer licensed in one state generally had to meet the separate non-resident licensing requirements in other states to sell, solicit or negotiate insurance in such other states. The Licensing & CE Division has continued to work with the NAIC and the National Insurance Producer Registry (NIPR) to modernize and streamline our processes and take steps to improve uniformity and reciprocity with regards to producer licensing. The Licensing & CE Division has updated laws, regulations, and business rules to meet technical best practices recommended by NIPR to obtain uniformity with other states and substantially lessen the complexity of the licensing process for our end users (i.e. producers).

The Licensing & CE Division has also moved to a paperless environment and will communicate with our licensees via email when necessary. Further, we are working to transition many of our back-office operations to the NAIC's State Based Systems ("SBS"). This web-based application supports insurance regulation functions and offers industry users a new interface and makes it easier for them to manage their license, print their license, look up companies and licensees, etc. These changes will help reduce our operating costs and increase efficiency here at the Department.

Financial Regulations & Solvency

The regulatory challenges confronting the Financial Regulation Division involve our ability to effectively implement new regulatory standards in response to federal legislation or financial crises impacting insurers that are members of a holding company system. The contagion effects experienced by U.S. insurers in the AIG holding company systems near collapse prompted U.S. insurance regulators to reevaluate their group supervisory framework and pay closer attention to the risks that are created by activities going on outside of those entities as well as the reputational and contagion issues that could exist. In response, the NAIC voted to adopt a significant new addition to U.S. insurance regulation: the U.S. Own Risk and Solvency Assessment (ORSA). An ORSA requires insurance companies to issue their own assessment of their current and future risk through an internal risk self-assessment process and it allows regulators to form an enhanced view of an insurer's ability to withstand financial stress. Large- and medium-size U.S. insurance groups and/or insurers were required to regularly conduct an ORSA starting in 2017. While few South Carolina domestics are having to conduct this assessment, it is an expensive and time-consuming endeavor for this Department. There is no standard way to conduct an ORSA and it will vary from company to company. The output of the assessment will be a set of documents that demonstrate the results of management's self-assessment.

The ORSA assessment is an accreditation standard. It is a part of an overall regulatory strategy to effectively regulate group activity which also includes supervisory colleges. Supervisory colleges are joint meetings of interested regulators with company officials and include detailed discussions about financial data, corporate governance and enterprise risk management. Solvency regulation has a more global focus than it has in the past. Accordingly, there are ongoing legislative changes necessary for the state to maintain its standing within the group of regulatory jurisdictions that make up the NAIC.

South Carolina, as well as all other U.S. jurisdictions, continues to work to understand the effects of the international discussions on insurance regulation and supervisory standard-setting on the U.S. regulated industry. The Department is actively following these international discussions through the efforts of several different Working Groups created by the NAIC.

Additionally, the Department participated in discussions involving cybersecurity on a national and international basis through Director Farmer's position as the Chair of the Cybersecurity Working Group, also created by the NAIC. The result of Director Farmer's efforts concerning cyber security was the creation of the NAIC's Insurance Data Security Model Law. This model was introduced, received approval and was ultimately signed into law by Governor McMaster in the 2018 Legislative session. While various aspects of the Legislation are phased in over the next two years, effective January 1, 2019, all licensees of the SC Department of Insurance, with some exceptions, must comply with the reporting requirements regarding a cybersecurity event. Several other states have enacted the model law while additional states intend to introduce legislation in the upcoming sessions. At the state level, the Department continues to work with our domestic industry to ensure that each company has in place, not only procedures to mitigate cyber breaches, but equally important, a plan that with assist policyholders should such breaches occur. It is anticipated that the entire state domestic industry will be in full compliance when the applicable required dates occur.

During the most recent legislative session, the Department introduced an accreditation bill. There are two issues involved in this bill. The first issue is disclosure of corporate governance practices (Model Act #305). The bill requires an annual confidential report to the DOI of the state where they are domiciled by June 1. Second issue, revises the *Insurance Holding Company System Regulatory Act (Model Act #440)* to provide authority to a designated state to act as a group-wide supervisor for an internationally active insurance group (IAIG). Trigger levels are: operating in 3 or more countries, 10% of premium foreign, and must have total assets greater than \$50 billion, or total premiums greater than \$10 billion. The standard includes risk retention groups (RRG) that have an RRG in a holding company that meets the definition of an IAIG. This bill was passed and signed by the Governor.

There were several areas of the SCDOI Procedures Bill that affect this Division. Two specific areas of the bill addressed the problem that companies have in meeting the March 1st deadline for filing certain required documents. The filing date was extended from March 1st until June 1st. This is consistent with other reporting date requirements. Additionally, the Procedures Bill clarified that all captive insurance companies are subject to the 2018 SC Insurance Cybersecurity Law, unless they are specifically exempted.

As with every year, much of the work of the Division has been devoted to ensuring the Department is prepared for accreditation by the NAIC. During June of 2016, an NAIC Accreditation Team spent a week at the Department of Insurance reviewing, in detail, the work that had been performed by the analysts and examiners, as well as each manager, for both the traditional and captive insurance companies domestic to South Carolina for the past five years. Subsequently, during the NAIC National Meeting in August of 2016, the Financial Regulation

Standards and Accreditation Committee voted to approve the Accreditation Team's recommendation that the South Carolina Department of Insurance be re-accredited for the full five-year period. This re-accreditation was necessary to allow all states to continue to have confidence in the Department's ability to regulate insurance companies for solvency, to the benefit of all policyholders. Policyholders who are not only South Carolina residents, but residents of all other US jurisdictions which are members of the NAIC. The Accreditation Team will return sometime during the early part of 2021 for the next 5-year review . During this review, the Accreditation Team will review the years 2006 thru 2020.

The Department's ability to recruit and retain competent and qualified staff continues to be a challenge for the agency. During the past rating period, the Financial Regulation Division has continued to reorganize to enable the Department to meet these new regulatory challenges. Additional reorganization and effective succession planning will continue to be necessary as members of the Division retire or transition to other opportunities. To address these concerns, the Division has hired interns, permitted other employees within the agency to job shadow, and mentored employees who may have an interest in financial regulation to ensure a qualified pool of financial regulators.

The Financial Regulation & Solvency Division has implemented a policy that requires all analysts and examiners to obtain the Certified Financial Examiner (CFE) certification through the Society of Financial Examiners (SOFE). Previously, only examiners were required to obtain this certification. To this end, the Division has offered and will continue to offer training through presentations by outside professionals as well as webinars produced by the NAIC. An employee of the Division has been assigned to coordinate this effort and has begun accumulating a library of study materials for use by the applicants.

Enforcement Activities

The Department enforces the insurance laws of the State of South Carolina. It is responsible for investigating, examining and resolving cases involving insurance companies, health maintenance organizations (HMOs), producers, agencies, other licensees and applicants. Violations are resolved through consent order, voluntary compliance and through the imposition of administrative disciplinary actions.

The Investigations Unit within the Office of General Counsel receives referrals from business units throughout the agency. It reviews, investigates or assists with issues related to statutory violations; unauthorized insurance; unfair methods of competition; unfair or deceptive acts or practices in the insurance business; unfair claims settlement practices; and disaster-related claims handling.

Following an investigation, the Office of General Counsel may bring disciplinary actions that result in license application denials; license revocations and suspensions; monitored agent probations; or administrative penalties. Cases involving fraud are referred to the Insurance Fraud Unit of the Attorney General's Office for review and prosecution. Set forth below are some of the highlights of the Department's enforcement activities this past fiscal year:

- Opened 365 investigations;
- Concluded 355 investigations;
- Imposed two license suspensions and 38 license revocations;
- Issued 103 warning letters to various licensees about their conduct; and
- Referred 7 matters to the Insurance Fraud Unit of the Attorney General's Office for investigation and prosecution.

The increased federal involvement in insurance has led to a bifurcated enforcement process and issues about the state's ability to enforce federal laws that impact insurance. Department employees must become experts on federal and state requirements to effectively protect South Carolina consumers. Recent federal laws affecting insurance appear to rely on the states to enforce certain federal provisions.

Challenge: Cybersecurity and Insurance Regulation in a Digital World

The insurance sector is rapidly shifting to digital platforms or technology. Digital technologies such as social media, mobile telephone applications and data analytics are changing the way consumers interact with insurance companies and driving the industry toward more technological or digital initiatives that make their business more efficient and cost effective. It is also argued these digital technologies enable companies to better respond to customer trends and buying patterns. The Internet of Things is one of the fastest emerging gateways to customer data and behavioral information. Telematic devices in vehicles, other devices in home appliances, smart watches, and sensors in other consumer products are gathering data and may transform the way insurers do business.

Proponents of big data contend that data increases the ability of insurers to predict losses which could also aid loss mitigation. This ability arguably will result in insurance rates that better reflect the risk of loss. The challenge for regulators is balancing the benefits of technological innovations with the responsibility to protect the insurance consumer from unfair discrimination. Since much of the data involves consumer behavior, regulators will be required to do more to protect the privacy and data of insurance consumers.

Unlike other countries, there is no single comprehensive national law regulating the collection and use of personal data. The United States regulates personal data privacy on a sectoral level. Accordingly, there are state and federal laws and regulations developed by various governmental agencies that apply to personal data privacy and the security of that information. The EU Data Protection Regulation went into effect in May 2018. Since that happened, members of Congress are calling for a comprehensive GDPR-like regulation for the United States. The Trump Administration reportedly is in the process of talks with industry and consumer advocates on the development of a national privacy framework.

South Carolina has enacted the first Insurance Data Security Act (modeled on federal law) and is in the process of implementing it. The reporting requirements went into effect in January 2019 and licensees that are not exempt from the Act were required to have an information security program in place by July 1, 2019. The Department has received thirteen (13) notifications to date. The majority of these notices involve actions by third party vendors.

Congress is considering federal bills that may preempt state laws in this area. Some members of industry are supporting federal legislation. A federal framework will impact that states' ability to protect the personal data of its consumers.

Challenge: Workforce Planning and Capacity

Our agency's workforce risks are not unlike many other organizations when it comes to an increasing number of retirement eligible employees and the potential loss of their expertise and institutional knowledge. Starting with FY20, we have taken more proactive steps toward improving our Workforce Plan. Every employee will complete an Individual Development Plan (IDP) and the "most urgent" positions held by employees will also complete a Knowledge Transfer Plan (KTP). Both are incorporated into the annual performance review process. These documents will capture our most "critical" tasks and establish yearly objectives to document and cross-

train others to minimize the number of tasks where institutional and expertise is limited to only a few “key” employees.

Out of the 94 Full Time Employees (FTE) assigned to the Department, currently, 26 of filled positions within the Agency are occupied by employees who are either currently retired (i.e. TERE or returned) or will be eligible within two years. Fourteen (14) of these eligible employees are in positions identified as highest position exposure (Urgent), not only because of their retirement status, but also due to the importance of the position as it relates to the organization.

All managers are required to now have an objective, starting with their FY20 Planning Stage that addresses Workforce Planning performance measures.

Moreover, Department employees are also being encouraged to take courses to obtain insurance related designations and certifications to enhance their insurance knowledge and otherwise prepare them for advancement opportunities as they become available within the organization. Employees are being cross-trained, mentored and allowed to shadow employees in positions in which they may have an interest. While no guarantees of promotions or employment are made, these efforts help the Department in the event of an unexpected absence and help prepare the employee should an opportunity become available. Because of these collective efforts, the Department has been able to recruit applicants as well as retain and promote employees with significant insurance knowledge into positions at the Department.

The foregoing discussion summarizes the internal and external factors that impact this agency. It is within this environment that the Department attempts to regulate the South Carolina insurance marketplace. Senior leadership reviews market performance and other regulatory challenges annually. From this, the Department develops its goals and objectives and legislative and other policy recommendations.

Summarized below are the Department’s significant achievements during the fiscal year ending June 30, 2019: Collected \$277,520,292 in revenue from taxes, fees, assessment and fines, etc. Reviewed and analyzed 9,601 rate, rule and form filings. Six thousand one hundred seventy-nine (6,179) were related to property and casualty insurance products and the remaining 3,422 were related to life, accident and health insurance products. The Department’s Office of Consumer Services resolved 3,371 complaints during the fiscal year. Reviewed the South Carolina Code of Laws, Title 38 to determine what, if any, laws that are unnecessary and issued 14 bulletins clarifying issues related to the implementation of South Carolina insurance laws. Implemented a more robust outreach plan which consists of an enhanced website, additional community events, and enhanced market assistance activities in the communities affected by various disasters or other natural events. Enhanced the quality and efficiency of the services provided to stakeholders by automating processes and upgrading technology to enable the Department to be more responsive and to secure the data maintained by the agency.

Risk Assessment and Mitigation Strategies:

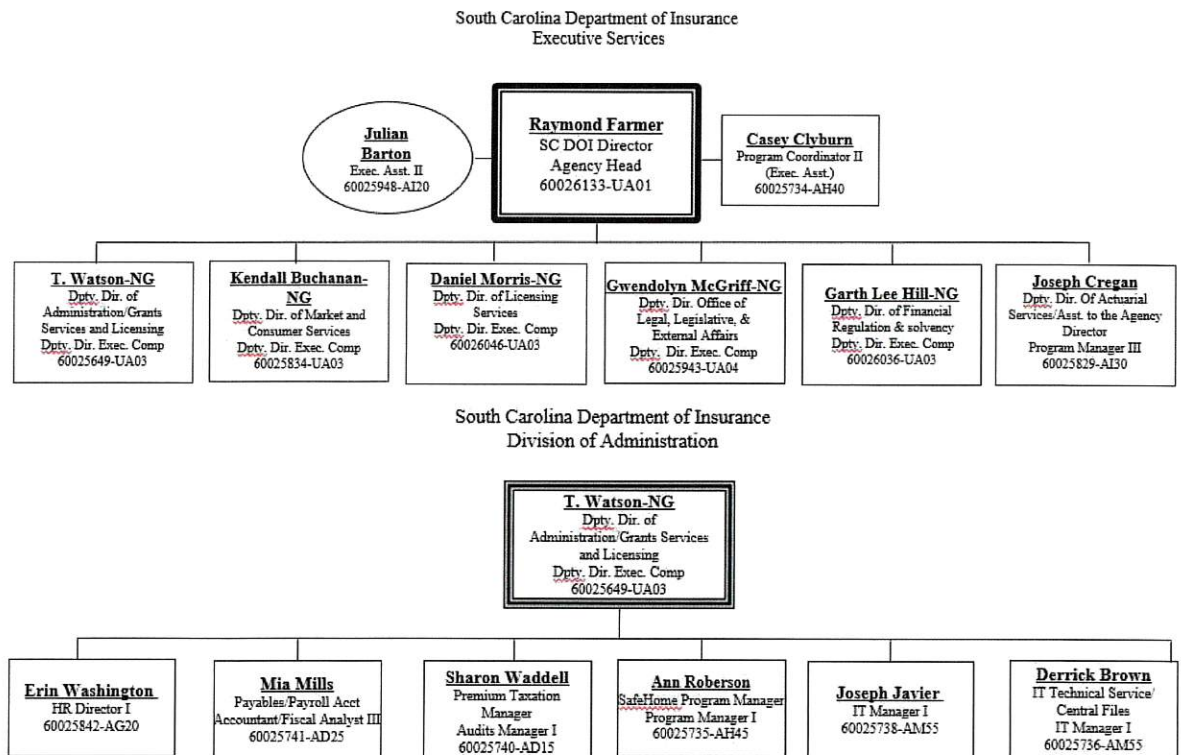
The mission of the Department is to protect consumers by regulating the insurance industry, promoting a stable and competitive insurance market and enforcing the insurance laws of the state. The Department regulates the industry to assure consumers that insurers transacting business in this state will fulfill their policyholder obligations, i.e., provide the benefits contracted for under the policy. Solvency and market regulation are among the most important consumer protection functions performed by the Department.

To protect consumers from insurer insolvencies, most states have enacted laws establishing guaranty associations. Insurance guaranty associations ensure that policyholders will receive some of the benefits contracted for under the policy (up to \$300,000 for a covered claim).

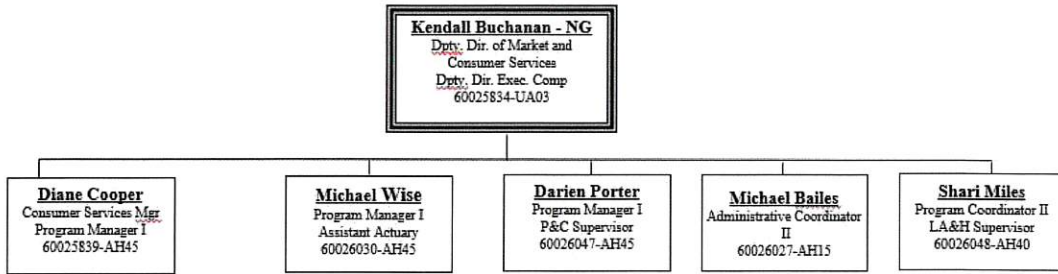
Legislatures can help mitigate the risk by:

- Appropriating sufficient funds or providing a dedicated funding source to ensure the department is adequately staffed with competent personnel;
- Review and enact laws periodically to ensure that they protect the insurance-buying public from improper market practices and are compatible with new electronic delivery platforms and artificial intelligence technologies

Organizational Structure:



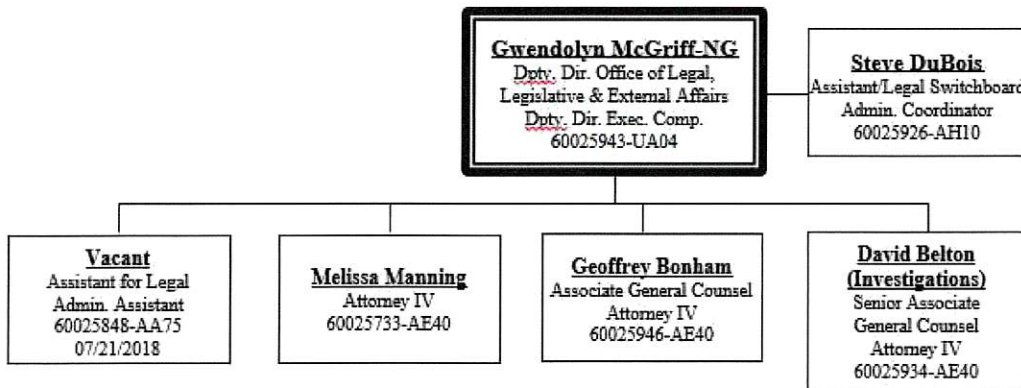
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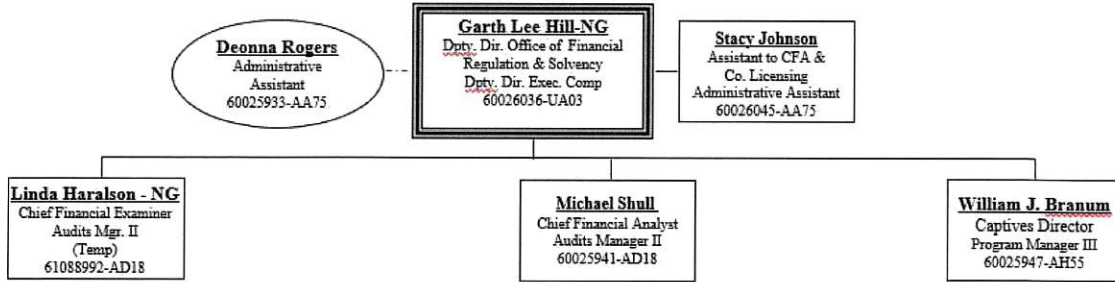
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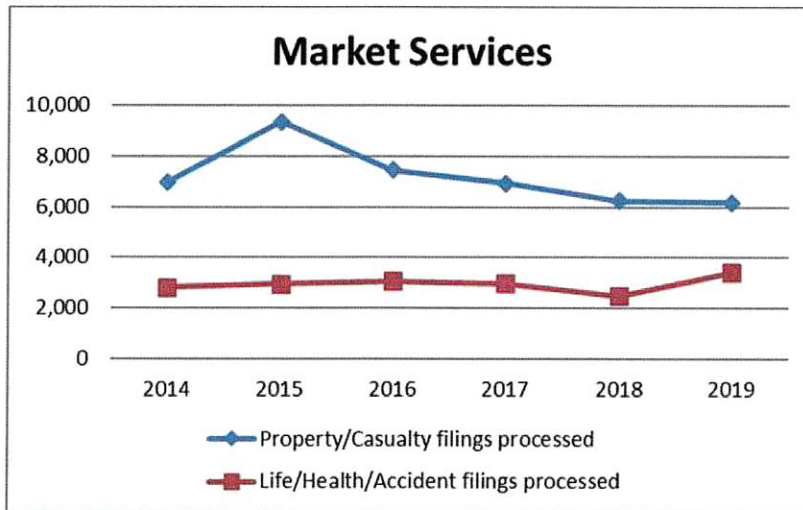
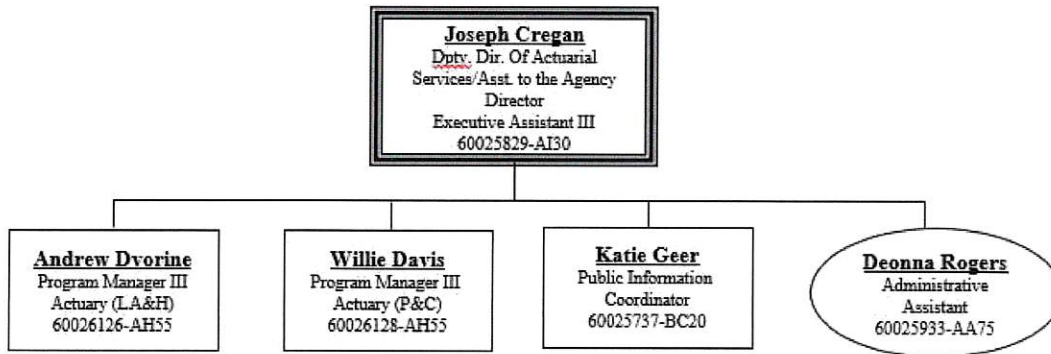
South Carolina Department of Insurance
 Office of Legal, Legislative & External Affairs

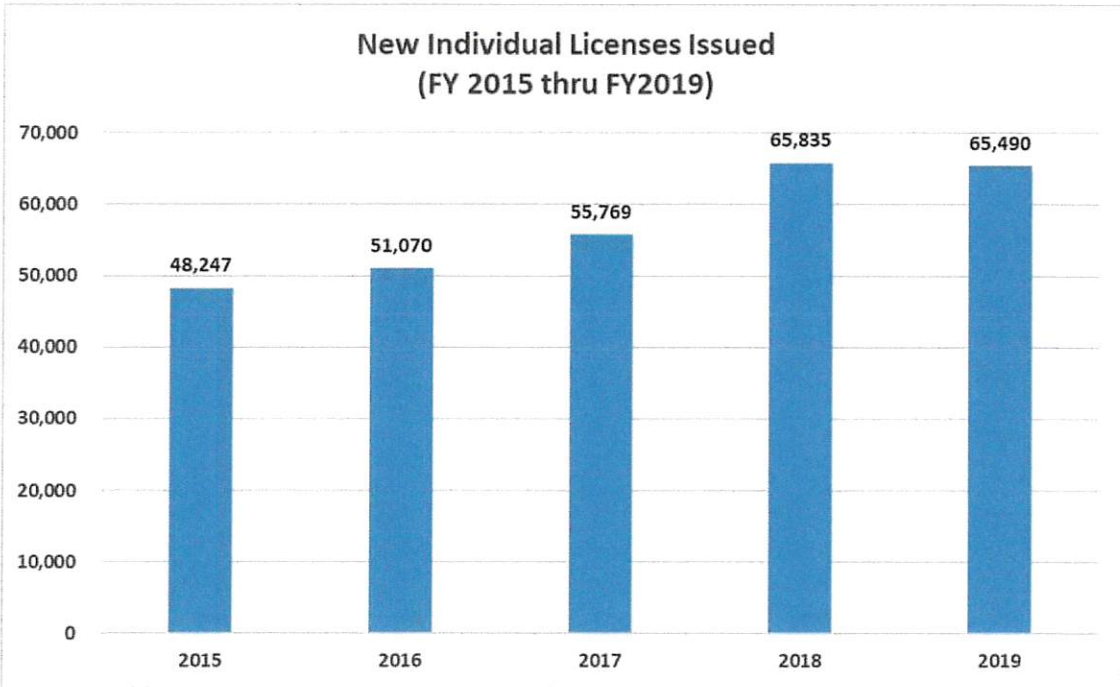


South Carolina Department of Insurance
Division of Financial Regulation & Solvency



South Carolina Department of Insurance
Actuarial Services





Using the Accountability Report to Improve Organizational Performance

The Department uses the Accountability Report to annually evaluate and critique the progress of the agency's strategic plan. The Report is also used to initiate discussion about potential changes or additions to the current year's action plan. Through this process, the performance measures are accurately linked to larger, strategic goals in such a way that promotes the Department's transparency, efficiency, and effectiveness and commitment to its stakeholders.

Fiscal Year 2020-21 Budget Request Executive Summary

Agency Code: R200
 Agency Name: Department Of Insurance
 Section: 78

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1		N/A - No additional funding requested for FY21					0					0.00
2							0					0.00
3							0					0.00
4							0					0.00
5							0					0.00
6							0					0.00
7							0					0.00
8							0					0.00
9							0					0.00
10							0					0.00
11							0					0.00
12							0					0.00
13							0					0.00
14							0					0.00
15							0					0.00
16							0					0.00
17							0					0.00
18							0					0.00
19							0					0.00
20							0					0.00
21							0					0.00
22							0					0.00
23							0					0.00
24							0					0.00
25							0					0.00
26							0					0.00
27							0					0.00
28							0					0.00
29							0					0.00
30							0					0.00
TOTAL BUDGET REQUESTS			0	0	0	0	0	0.00	0.00	0.00	0.00	0.00

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**Fiscal Year 2020-21
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2020-21, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS (FORM B2)	For FY 2020-21, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.


CAPITAL REQUESTS (FORM C)	For FY 2020-21, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS (FORM D)	For FY 2020-21, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Tom Watson	(803) 737-6141	twatson@doi.sc.gov
SECONDARY CONTACT:	Mia Mills	(803) 737-6111	mmills@doi.sc.gov

I have reviewed and approved the enclosed FY 2020-21 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:	 9/10/2019	N/A
TYPE/PRINT NAME:	Raymond G. Farmer	N/A

This form must be signed by the agency head – not a delegate.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY
Provide the Agency Priority Ranking from the Executive Summary.

TITLE
Provide a brief, descriptive title for this request.

AMOUNT
What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS
Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

<input type="checkbox"/>	Change in cost of providing current services to existing program audience
<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
<input type="checkbox"/>	Non-mandated program change in service levels or areas
<input type="checkbox"/>	Proposed establishment of a new program or initiative
<input type="checkbox"/>	Loss of federal or other external financial support for existing program
<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
<input type="checkbox"/>	IT Technology/Security related
<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority # _____

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

<input type="checkbox"/>	Education, Training, and Human Development
<input type="checkbox"/>	Healthy and Safe Families
<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
<input type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens

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ACCOUNTABILITY OF FUNDS

What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY
Provide the Agency Priority Ranking from the Executive Summary.

TITLE
Provide a brief, descriptive title for this request.

AMOUNT
What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

- Change in cost of providing current services to existing program audience
- Change in case load/enrollment under existing program guidelines
- Non-mandated change in eligibility/enrollment for existing program
- Non-mandated program change in service levels or areas
- Proposed establishment of a new program or initiative
- Loss of federal or other external financial support for existing program
- Exhaustion of fund balances previously used to support program
- IT Technology/Security related
- Consulted DTO during development
- Request for Non-Recurring Appropriations
- Request for Federal/Other Authorization to spend existing funding
- Related to a Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

- Education, Training, and Human Development
- Healthy and Safe Families
- Maintaining Safety, Integrity, and Security
- Public Infrastructure and Economic Development
- Government and Citizens

ACCOUNTABILITY OF FUNDS

What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of

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these funds be evaluated?

RECIPIENTS OF FUNDS

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. Does this non-recurring appropriation request create an annualization or need for recurring funds?

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FORM C – CAPITAL REQUEST

AGENCY PRIORITY
Provide the Agency Priority Ranking from the Executive Summary.

TITLE
Provide a brief, descriptive title for this request.

AMOUNT
How much is requested for this project in FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY
Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS
What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY
What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

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SUMMARY

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

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FORM D – PROVISO REVISION REQUEST

NUMBER
Cite the proviso according to the renumbered list for FY 2020-21 (or mark "NEW").

TITLE
Provide the title from the FY 2019-20 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM
Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST
Is this request associated with a budget request you have submitted for FY 2020-21? If so, cite it here.

REQUESTED ACTION
Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED
Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

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FISCAL IMPACT

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISOR TEXT

Paste FY 2019-20 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE **Agency Cost Savings and General Fund Reduction Contingency Plan**
 3% reduction of fiscal year 2019-2020 Recurring General Fund Appropriations based upon guidelines provided.

AMOUNT **\$132,562**
What is the General Fund 3% reduction amount (minimum based on the FY 2019-20 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS None anticipated.
How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM/ACTIVITY IMPACT Almost all programs would be impacted by this “proposed” reduction. The Agency would attempt to reduce some of its operating costs in order to meet the mandated reduction.
What programs or activities are supported by the General Funds identified?

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SUMMARY

To accomplish this reduction, we would have to postpone some of our planned IT initiatives; omit our normal advertising campaigns for flood and other disasters; and reduce contract labor. We continue to strive towards increasing our infrastructure as it relates to security and privacy. We continue to implement recommendations provided by the SC Dept. of Administration's Division of Technology (DTO). We also provide critical information to SC citizens regarding protection during disasters.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

We analyze and project our major expenditures, mostly IT related, each fiscal year. This allows us to plan and adjust accordingly to ensure that we are maintaining effectiveness and efficiencies.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE SCDOI's Efforts to Reduce Cost and Burden to Businesses and Citizens

Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS The Agency routinely reviews all of its regulations to ensure that only minimal requirements are stipulated to carry out Title 38 and other insurance-related laws. The savings is not readily quantifiable.

What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money

FACTORS ASSOCIATED WITH THE REQUEST
Mark "X" for all that apply:
 Repeal or revision of regulations.
 Reduction of agency fees or fines to businesses or citizens.
 Greater efficiency in agency services or reduction in compliance burden.
 Other

METHOD OF CALCULATION N/A

Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES We annually maintain and update a list of the fines and fees for the previous fiscal year and the associated statute. However, no immediate reductions are planned at this time.

Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION The Department completed its review of regulations within the past few months. Noted by each regulation is the action the Department proposes to take over the next five years, if any. This analysis can and will be made available upon request.

Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

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SUMMARY

The South Carolina Department of Insurance is committed to designing and maintaining and insurance regulatory system that protects the public interest without imposing unnecessary costs on its licensees. Accordingly, the agency routinely reviews its processes, procedures and regulatory framework to automate processes that can be automated and to determine which regulations should be modified, streamlined or repealed. It recently completed its annual yearly review.

The purpose of the review is to make regulation more effective or less burdensome in achieving regulatory objectives. Modifying regulations to comply with applicable law ensures that our consumers are afforded the protections intended by the legislature. Repealing unnecessary regulations may reduce the costs to licensees which may enable the licensee to provide coverage to the citizens of this state at a reasonable cost.

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

Transportation and Regulatory Subcommittee Proviso Request Summary			
Proviso # in FY 20-21 Act	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
78.1	Examiners Travel/Subsistence Reimbursement	(INS: Examiners Travel/Subsistence Reimbursement) Notwithstanding the limitations in this act as to amounts payable or reimbursable for lodging, meals, and travel, the Department of Insurance is authorized to reimburse department examiners in accordance with guidelines established by the National Association of Insurance Commissioners only when the State is reimbursed by an insurance company for the travel and subsistence expenses of Insurance Department examiners pursuant to Section 38-13-10 of the 1976 Code.	KEEP
78.2	Reimbursement Carry Forward	(INS: Reimbursement Carry Forward) Reimbursements received for Data Processing Services, Revenue, Miscellaneous Revenue and Sale of Listings and Labels shall be retained for use by the department. These funds may be carried forward in the current fiscal year.	KEEP
78.3	Fees for Licenses	(INS: Fees for Licenses) The Department of Insurance shall be authorized to charge a twenty-five dollar initial producer license fee; a twenty-five dollar biennial producer license renewal fee; and a two hundred- fifty dollar penalty fee for late appointment renewals. The director shall specify the time and manner of payment of these fees. These fees shall be retained by the department for the administration of Title 38.	KEEP

Carry forward information, please provide this from SCEIS

The Department of Insurance did not have any carry forward from fiscal year 2019 into fiscal year 2020

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Authorized FTE Base

Authorized Total FTE	Authorized State FTE	Authorized Federal FTE	Authorized Other FTE
97	39.3	0	57.7

Changes in “Key” Personnel

The Department of Insurance has no changes in “key” personnel since last budget request.

Expenditures/ Appropriations Chart
Base Budget Expenditures and Appropriations

MAJOR BUDGET CATEGORIES	FY 16-17 ACTUAL EXPENDITURES	
	Total Funds	General Funds
Personal Service	\$ 5,389,815	\$2,738,044
Other Operating	\$ 3,837,407	\$ 572,386
Special Items		
Permanent Improvements		
Case Services		
Distributions to Subdivisions	\$ 1,996,886	
Fringe Benefits	\$ 1,770,957	\$ 891,975
Non-recurring		
Total	\$12,995,065	\$4,202,405

MAJOR BUDGET CATEGORIES	FY 17-18 ACTUAL EXPENDITURES	
	Total Funds	General Funds
Personal Service	\$ 5,400,295	\$2,730,827
Other Operating	\$ 3,714,356	\$ 552,386
Special Items		
Permanent Improvements		
Case Services		
Distributions to Subdivisions	\$ 1,998,740	
Fringe Benefits	\$ 1,856,671	\$ 937,097
Non-recurring		
Total	\$12,970,062	\$4,220,310

MAJOR BUDGET CATEGORIES	FY 18-19 ACTUAL EXPENDITURES	
	Total Funds	General Funds
Personal Service	\$ 5,489,865	\$2,744,254
Other Operating	\$ 4,274,131	\$ 552,386
Special Items		
Permanent Improvements		
Case Services		
Distributions to Subdivisions	\$ 1,999,007	
Fringe Benefits	\$ 1,972,657	\$ 972,080
Non-recurring		
Total	\$13,735,660	\$4,268,720

MAJOR BUDGET CATEGORIES	FY 19-20 APPROPRIATIONS ACT	
	Total Funds	General Funds
Personal Service	\$ 6,796,747	\$2,956,162
Other Operating	\$ 6,751,022	\$ 552,386
Special Items		
Permanent Improvements		
Case Services		
Distributions to Subdivisions	\$ 2,155,000	
Fringe Benefits	\$ 2,472,001	\$1,035,468
Non-recurring		
Total	\$18,174,770	\$4,544,016

Major Program Areas Chart

Program Number and Title	Major Program Area Purpose	FY 16-17 Budget Expenditures	FY 17-18 Budget Expenditures	FY 18-19 Budget Expenditures
Administration	Administration: Office of General Counsel, Information Resource Management(IRM), Executive Services	State: 1,684,765 Federal: Other: 758,719 Total: 2,443,484 % of Total Budget: 19%	State: 1,652,386 Federal: Other: 677,210 Total: 2,302,596 % of Total Budget: 18%	State: 1,570,651 Federal: Other: 828,487 Total: 2,399,138 % of Total Budget: 17%
Solvency	Solvency: Financial Examination, Market Conduct Examinations, Financial Analysis, Securities, Securities Custodian and Historical Databases	State: 291,641 Federal: Other: 826,412 Total: 1,118,053 % of Total Budget 9%	State: 327,944 Federal: Other: 909,069 Total: 1,237,013 % of Total Budget 10%	State: 345,074 Federal: Other: 709,840 Total: 1,054,914 % of Total Budget 8%
Licensing	Licensing: Individual Licensing, Companies, Insurer/HMO Licensing, Education, Special Services Division, Third Party Administration Licenses, Utilization Review and Service Contract Providers	State: 70,057 Federal: Other: 404,023 Total: 474,080 % of Total Budget 4%	State: 81,572 Federal: Other: 577,472 Total: 659,044 % of Total Budget 5%	State: 63,213 Federal: Other: 534,145 Total: 597,358 % of Total Budget 4%
Captives	Captives & ARTS MKT SVC's	State: Federal: 1,664,370 Other: 1,664,370 Total: 3,328,740 % of Total Budget 13%	State: Federal: 1,342,722 Other: 1,342,722 Total: 2,685,444 % of Total Budget 10%	State: Federal: 1,001,112 Other: 1,001,112 Total: 2,002,224 % of Total Budget 7%
Policy	Policy Forms and Rates: Review Financial Condition and Residual Markets, Consumer Assistance	State: 840,032 Federal: Other: 259,210 Total: 1,099,242 % of Total Budget 8%	State: 835,117 Federal: Other: 302,689 Total: 1,137,806 % of Total Budget 9%	State: 878,187 Federal: Other: 396,901 Total: 1,275,088 % of Total Budget 9%
Safe Homes	Hurricane Mitigation	State: Federal: 111,289 Other: 1,546,477 Total: 1,657,766 % of Total Budget 13%	State: Federal: 1,643,661 Other: 1,643,661 Total: 3,287,322 % of Total Budget 13%	State: Federal: 2,605,433 Other: 2,605,433 Total: 5,210,866 % of Total Budget 19%
Fringe Benefits	Employer Fringe Benefits	State: 891,975 Federal: Other: 878,982 Total: 1,770,957 % of Total Budget 13%	State: 937,097 Federal: Other: 919,574 Total: 1,856,671 % of Total Budget 14%	State: 972,080 Federal: Other: 1,000,577 Total: 1,972,657 % of Total Budget 15%
Remainder of Expenditures (Consumers, Taxation & Uninsured Motorist)		State: 423,935 Federal: Other: 2,343,178 Total: 2,767,113 % of Total Budget 21%	State: 413,194 Federal: Other: 2,377,355 Total: 2,790,549 % of Total Budget 21%	State: 439,515 Federal: Other: 2,390,445 Total: 2,829,960 % of Total Budget 21%