



# Report Highlights

## Department of Insurance

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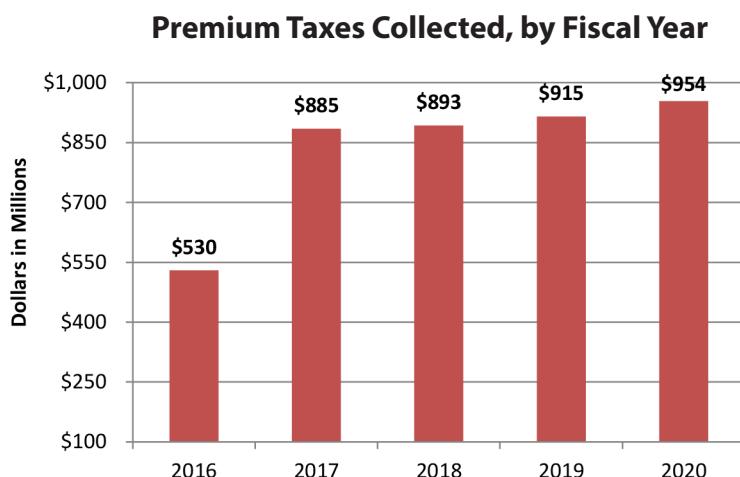
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### Why We Conducted This Audit

We performed certain procedures at the Louisiana Department of Insurance (DOI) as a part of the Comprehensive Annual Financial Report (CAFR) of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate DOI's accountability over public funds for the period July 1, 2019, through June 30, 2020. In addition, we performed procedures in certain areas to evaluate DOI's internal controls and compliance with related laws and regulations.

### What We Found

- DOI failed to certify and approve time and attendance records in accordance with its payroll policies, increasing the risk that errors and/or fraud could occur and not be detected in a timely manner.
- Financial information was materially correct relating to insurance premium tax revenues and receivables. Based on the results of these procedures, we did not report any findings.
- We also performed certain procedures that included obtaining, documenting, and reviewing DOI's internal control and compliance with related laws and regulations over payroll, the Louisiana Insurance Rating Assessment, monitoring activities of the Office of Financial Solvency, producer licensing fees, professional service contracts, and the internal audit function. Based on the results of these procedures, we did not report any findings, other than that noted above.
- We compared the most current and prior-year financial activity using DOI's Annual Fiscal Reports and/or system-generated reports and obtained explanations from DOI's management for any significant variances. As shown in the chart below, premium tax revenues have steadily increased each fiscal year due to rising insurance premiums and the addition of new health premiums written through the Medicaid-Enrollment Managed Care Organizations. Premium taxes for fiscal year 2020 increased by approximately \$39 million, or 4.3%, from fiscal year 2019. The largest increase occurred between fiscal years 2016 and 2017. During that time, premium taxes increased by approximately \$314 million for the Medicaid-Enrolled Managed Care Organizations due to Medicaid expansion. In addition, the Medicaid tax rate increased from 2.25% to 5.5%. Other increases are attributable to the general growth in Life, Accident & Health and Fire & Casualty premiums.



Source: 2016-2020 Annual reports