



Report Highlights

Department of Insurance

DARYL G. PURPERA,
CPA, CFE

Audit Control #80190040
Financial Audit Services • October 2019

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) and the Single Audit of the State of Louisiana, and to evaluate DOI's accountability over public funds for the fiscal year ended June 30, 2019. We also performed procedures for the period July 1, 2017, through June 30, 2019 to evaluate certain internal controls DOI uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds.

What We Found

- Financial information relating to the following accounts was materially correct: 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 the Louisiana Insurance Rating Assessment, monitoring activities of the Office of Financial Solvency, and statutory dedications for the Administrative Fund of the Department of Insurance. Based on the results of these procedures, we did not report any findings.
- We compared the most current and prior-year financial activity to identify trends and obtained explanations from 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 2019 increased by approximately \$22 million, or 2.5%, from fiscal year 2018. 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.

Exhibit 1: Premium Taxes Collected, by Fiscal Year



Source: 2015-2019 Annual Fiscal Reports