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

Fiscal Year FY 2027-2028

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

	For FY 2027-2028, my agency is (mark "X"):	
OPERATING REQUESTS *(FORM B1)*	X	Requesting General Fund Appropriations.
	X	Requesting Federal/Other Authorization.
		Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
NON-RECURRING REQUESTS *(FORM B2)*		Requesting Non-Recurring Appropriations.
		Requesting Non-Recurring Federal/Other Authorization.
	X	Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
CAPITAL REQUESTS *(FORM C)*		Requesting funding for Capital Projects.
	X	Not requesting any changes.

	For FY 2027-2028, my agency is (mark "X"):	
PROVISOS *(FORM D)*		Requesting a new proviso and/or substantive changes to existing provisos.
		Only requesting technical proviso changes (such as date references).
	X	Not requesting any proviso changes.

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

	Name	***Phone***	***Email***
PRIMARY CONTACT:	Derrick Brown	(803) 737-6157	dbrown@doi.sc.gov
SECONDARY CONTACT:	Mia Mills	(803) 737-6141	mmills@doi.sc.gov

I have reviewed and approved the enclosed FY 2027-2028 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	Agency Director	***Board or Commission Chair***
SIGN/DATE:	Michael Wise 9/25/2026	
TYPE/PRINT NAME:	Michael Wise	

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

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

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Additional Spending Authority for Complex Regulatory Examinations	0	0	3,000,000	0	3,000,000	0.00	0.00	0.00	0.00	0.00
2	B1 - Recurring	Staff Expansion in Other Programs: Human Resources; Consumers and Outreach; and Legal & Market Regulation	343,249	0	0	0	343,249	3.00	0.00	0.00	0.00	3.00
TOTALS			343,249	0	3,000,000	0	3,343,249	3.00	0.00	0.00	0.00	3.00

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

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	**1** *Provide the Agency Priority Ranking from the Executive Summary.*
TITLE	**Additional Spending Authority for Complex Regulatory Examinations** *Provide a brief, descriptive title for this request.*
AMOUNT	**General: $0** **Federal: $0** **Other: $3,000,000** **Total: $3,000,000** *What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.*
NEW POSITIONS	**0.00** *Please provide the total number of new positions needed for this request.*

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:	
X	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
X	HR/Personnel Related
	AI Related
	Related to a Non-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
X	Government and Citizens

The Department of Insurance is responsible for regulating the insurance industry in this state. Solvency regulation is an important part of the mission of this agency. By reviewing and analyzing insurer financial statements, investments, and other financial decisions, the Department is able to determine whether the insurer has adequate capital reserves and surplus in compliance with South Carolina law to fulfill its policyholder obligations. See S.C. Code Ann. Sections 38-3-110 (1), (2); 38-13-10 et seq.

The additional authority requested will ensure through the Department's financial regulation that 1) the insurers maintain adequate capital and surplus which requires higher risk based capital ratios based on their investment portfolio, 2) affiliated party agreements are arms-length transactions that comply with state laws, 3) proper governance structures are in place i.e., the principals responsible for the operation of the insurance companies have the necessary insurance expertise as required by South Carolina law and 4) assets are adequate, properly reviewed and valued.

To ensure companies are financially solvent and comply with applicable laws, the

	Department must employ the requisite legal, investment and actuarial expertise and train its existing staff on new and complex financial arrangements. The additional authority will be used to engage consultants and experts with the necessary experience with the types of sophisticated financial instruments generally described above and to help evaluate the financial condition of insurers based on the complexity of their financial and operational complexity and to train, coach and mentor our existing staff. The additional authority is requested to support the regulatory functions of this agency which include, but are not limited to: • Enhancing rate regulation through data analytics. As insurance markets grow more complex, the Department must ensure it has the resources to keep pace with an everchanging market. Data scientists with expertise in machine learning and predictive modeling could strengthen the Department's ability to evaluate actuarial assumptions, stress test rate filings, identify outliers and help detect emerging trends in claims, regional risk shifts and market concentrations before they become systemic concerns. • Examinations of affiliated party transactions. Financial transactions among related entities could influence how insurers report revenues, expenses and overall financial performance. The Department has been asked to conduct a focused review of the nature and frequency of financial transfers between insurers and affiliated entities including management fees, service agreements, reinsurance arrangements or other forms of intracompany financial activity. The review will assess whether such transactions materially affect the financial condition of the insurance and their compliance with South Carolina law. • Updating the Department's website. The Department plans to review its website to improve its operational effectiveness. The review will focus on the usefulness and relevance of information on the site; navigability and accessibility of content; clarity and ease of accessing critical information, the accuracy and credibility of published information/materials and the overall design quality and visual appeal of the website. • Securing the Expertise Necessary to Effectively Monitor the Solvency and Financial Condition of Insurers and other licensees. Insurer financial portfolios include more sophisticated and complex financial instruments such as asset-backed or structured securities (e.g., collateralized loan obligations (CLOs)). These portfolios require regulatory analysis and review to ensure compliance with the financial solvency and investment framework enacted by the South Carolina General Assembly. These investments must also carry risk-based capital charges that are commensurate with their risk and asset adequacy analysis. South Carolina law requires examinations of insurers, pharmacy benefit managers and other persons engaged in the transaction of insurance business at least once every five years. See S.C. Code Ann. § 38-13-10 et seq. To fulfill this statutory responsibility, the Department uses staff and contractors to conduct examinations. State law also authorizes the Director to employ actuaries, attorneys, investment experts and other consultants to enforce regulatory requirements related to solvency including insurer capital and surplus. See S.C. Code Ann. Sections 38-3-130, 38-3-150 and 38-9-365. Generally, the Department pays the costs associated with the examination then seeks reimbursement for the costs incurred for the examination from the insurer. See S.C. Code Ann. Section 38-13-50. • Employee Recruitment and Professional Development. The Bureau of Labor Statistics projects that 400,000 professionals with insurance experience will retire by the end of 2026. Actuaries and other financial professionals fall within this category. This creates a knowledge problem for the insurance industry. It means there may be less staff at the company with the institutional knowledge necessary to explain why assumptions were made, why data anomalies exist or what to look for. This knowledge gap will make things more difficult for insurance regulators reviewing transactions and filings. The Department recognizes this issue and plans to significantly invest in the training and professional development of its employees. The Department is engaging experienced contractors to assist with certain reviews and to coach and mentor existing staff, sponsoring training and other programs to upskill and cross train staff for this new regulatory environment. • Need for Additional Office Space. The Department needs additional office space. The Department has received authorization for 17 new positions this past fiscal year and
ACCOUNTABILITY OF FUNDS	

	is seeking 3 additional positions in the upcoming budget cycle. The Department's current location will not adequately accommodate these new employees. Additional space is necessary.

What specific strategy, as outlined in the most recent 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	$3,000,000 will be distributed between three areas: 1) Fees for attorneys, contractors and other experts; 2) Contractors for complex examinations (e.g., assisting with and conducting examinations as well as coaching and mentoring), training and other professional development. Fund 30350000 (earmarked fund) will be used; 3) costs for agency relocation or office renovations in the Truist Building or state-approved site. The fund has a total cash balance of $17,978,181, which is more than enough to support this request.

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	The Department does not have sufficient funds in our operating budget to cover these expenses. Therefore, we are seeking additional spending authority from the Department's cash reserves maintained for situations like this. The additional authority will provide the resources needed to fulfill our insurance regulatory responsibilities.

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.

Agency Name:	Department Of Insurance		
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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	**2**

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	**Staff Expansion in Other Programs: Human Resources; Consumers and Outreach; and Legal & Market Regulation**

Provide a brief, descriptive title for this request.

AMOUNT	**General: $343,249** **Federal: $0** **Other: $0** **Total: $343,249**

What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	**3.00**

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

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:	
X	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
X	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
X	HR/Personnel Related
X	AI Related
	Related to a Non-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
X	Government and Citizens

ACCOUNTABILITY OF FUNDS

Human Resources - This request indirectly supports all performance measures, but it will specifically support Performance Measures 2.2.1 Provide Agency resources for CISR/AFE/APIR/PIR/CPCU/Aer/ACAS/CFE Trainings and designations for all approved staff and 2.2.2 Security/Confidentiality Training.

Insurance Analyst - This request supports Performance Measures 3.21, Number of consumers assisted by the SCDOI Consumer Help Line Switch Board and 3.2.2, Number of consumer calls, inquiries addressed by Insurance Regulatory Analysts in the SCDOI's Office of Consumer Services. The Office of Consumer Services (OCS) is experiencing increased workload volume and complexity. Year-to-date complaints and inquiries are approximately 19% higher than the same period last year, while telephone contacts have remained relatively steady. The greater impact is the amount of time required to resolve individual matters. OCS's historical average turnaround time from 2021–2024 was approximately 7.5 days, compared with 10.7 days year-to-date in 2026, approximately a 33% increase. This increase has occurred despite OCS having its largest and most fully staffed analyst team since 2021. The workload is increasingly driven by complex matters requiring additional research, documentation, correspondence, and supervisory reviews. Examples include ACA enrollment and alleged fraudulent agent-of-record complaints, contractor-related property claims

involving scope-of-damage disputes, lengthy consumer rebuttals and escalations, and continued Hurricane Helene-related complaints dating back to the 2024 event. Certain complaint issues are also increasing within specific companies and lines of business. Also important to note, there is a consistently high frequency of AI generated complaints that are significantly more in depth, many times referencing codes that are not applicable, but still require in-depth analysis we have historically not seen.

Legal & Market Regulation - This request supports many of the Performance Measures related to strategy number 3.3 Protect the public through effective regulatory enforcement of insurance laws. It will solidify a role that is currently being performed by part-time employees.

What specific strategy, as outlined in the most recent 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

The following areas will be receiving the funds. The amounts include personnel, fringe and operating.

1. Human Resources - HR Consultant I - $108,029

2. Consumers - Insurance Analyst II - $94,873

3. Legal - Program Manager I - $140,347

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

Human Resources Consultant I - As our agency continues to expand its operational scope and workforce, the demands placed in the Human Resources department have increased significantly. To maintain high standards of administrative support, stay compliant with employment regulations, and support staff development, we propose hiring an additional full-time Human Resources Coordinator. Investing in an additional Human Resources Coordinator is a strategic necessity to support the agency's current growth trajectory. This position will specifically address workload capacity challenges resulting from agency growth and establish a dedicated focus on training, onboarding, succession planning, and continuous professional development.

Insurance Analyst II - The Office of Consumer Services (OCS) is experiencing increased workload volume and complexity. Year-to-date complaints and inquiries are approximately 19% higher than the same period last year, while telephone contacts have remained relatively steady. The greater impact is the amount of time required to resolve individual matters. OCS's historical average turnaround time from 2021–2024 was approximately 7.5 days, compared with 10.7 days year-to-date in 2026, approximately a 33% increase. This increase has occurred despite OCS having its largest and most fully staffed analyst team since 2021. The workload is increasingly driven by complex matters requiring additional research, documentation, correspondence, and supervisory reviews. Examples include ACA enrollment and alleged fraudulent agent-of-record complaints, contractor-related property claims involving scope-of-damage disputes, lengthy consumer rebuttals and escalations, and continued Hurricane Helene-related complaints dating back to the 2024 event. Certain complaint issues are also increasing within specific companies and lines of business. Also important to note, there is a consistently high frequency of AI generated complaints that are significantly more in depth, many times referencing codes that are not applicable, but still require in-depth analysis we have historically not seen. These trends demonstrate that complaint volume alone does not fully capture OCS workload. Individual matters increasingly require more analyst time and resources to appropriately resolve. Additional analyst capacity is therefore needed to maintain reasonable turnaround times, manage increasing complexity, absorb periods of leave and other operational demands, and continue providing timely and effective consumer assistance. Accordingly, the staffing need for OCS is not based simply on having more consumers contact the Office. It is based on the increasing amount of time, research, documentation, coordination, and oversight required to appropriately resolve each matter. Additional analyst capacity would allow OCS to better manage this changing workload, maintain timely consumer assistance, accommodate

increasingly complex complaints, and preserve the quality and consistency of the Office's work as demand continues to evolve.

Program Manager I - The Office Legal, Legislative & Regulatory Affairs is requesting the additional position for the Market Regulation and Compliance area. Currently, the Market Regulation area is staffed with two part-time employees and a part-time temporary investigator and an attorney position. The Department is in the process of recruiting for the attorney position. This Unit receives market regulation referrals from the Office of Consumer Services for review, investigation and enforcement action, if warranted. Accordingly, this business unit reviews referrals to determine whether the insurer has engaged in unfair claims or trade practices; violated nonrenewal or cancellation provisions under South Carolina law; is using unapproved insurance rates or forms or engaging in the unauthorized transaction of insurance. Additionally, the staff initiates, monitors and supervises contractor conducting market conduct examinations on behalf of the Department. The two part-time employees staffing this function also have additional responsibilities. For example, the Market Compliance Analyst performs market analyses, level 1 and level 2 reviews of insurer market data, investigates and analyzes referrals from the Office of Consumer Services and the Division of Actuarial Services and Product Regulation. She also supports the market conduct function for pharmacy benefit managers, pharmacy services administrative organizations and other licensees. During the past two fiscal years, Market Regulation currently lack sufficient resources to conduct examinations. Additional staffing will: 1. Reduce contract and temporary expenses; 2. Increase productivity or efficiencies. This position will be primarily responsible for opening and closing market regulation files and examinations, providing administrative support to the members of the unit including but not limited to maintaining examination files, analysis files, drafting orders and reports as directed.

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.

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

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 2027-2028 Recurring General Fund Appropriations Based Upon Guidelines Provided)
AMOUNT	$486,604 *What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*
ASSOCIATED FTE REDUCTIONS	None *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 will 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?*
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 Department of Administration's Division of Technology (DTO). We also provide critical information to SC citizens regarding protection during and after 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 all of our major expenditures each month and for the fiscal year. this allows us to plan and adjust accordingly to ensure that we are maintaining effectiveness and efficiency.

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?

Agency Name:	Department Of Insurance		
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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	SCDOI's Effort to Reduce Cost and Burden to Business 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:**
X	Repeal or revision of regulations.
	Reduction of agency fees or fines to businesses or citizens.
X	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 fees and fines 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?

SUMMARY	The Southc Carolina Department of Insurance is committed to designing and maintaining an 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. We recently completed the annual yearly review. The purpose of the review is to make regulation more effectivee 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 licencees 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?