

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

November 14, 2024

The Honorable Cerron Cade Director
State of Delaware
Office of Management and Budget Haslet
Armory, Third Floor
122 Martin Luther King Jr. Boulevard South
Dover, Delaware 19901

Re: Fiscal Year 2026 Budget Request

Dear Mr. Cade:

Thank you for taking the time today to discuss our budget requests for the coming year, which are intended to address authority increases made necessary by mandated and contractual costs, staffing needs resulting from increased carrier competition, domestication, and mandated duties, and a General Fund appropriation request which will serve to transition us toward a long-term funding solution.

But before diving in, I want to say thank you for your service, for working with us as our own revenues changes and as our expenses grew, and as our knowledge of all these processes did the same. You have encouraged the development of a long-term solution for our unique department, and we are thankful.

The progress our state has made under your leadership toward things like technological advancements, improved employee salaries, and enhanced benefits, has been wholeheartedly supported by our independent department. Still, this progress did come at a financial cost for DOI.

As the state's only fully self-funded agency, the department has not once in my eight years in office exceeded its spending authority. Over this time, we have provided well over one-point-one billion dollars to the General Fund and various special funds. Our team regulates the ninth most premium in the nation – not consumer premium, but rather domestic insurer premium – and because of our small budget, we have the lowest cost of regulation in the country.

But as you know, this can remain possible without requiring DOI to operate in the red. OMB, JFC, and the CG's Office have all lent their expertise and insight into our unique funding model, in which we are mandated by law to operate solely on a small number of relatively unreliable fees and surcharges.

Your assistance has helped us to produce a clear and actionable plan for a long-term solution. We appreciate that over the course of these discussions, you have indicated a preference for the next Governor's Administration to make final determinations on the long-term changes, and that you have been understanding of the Joint Finance Committee's preference to ensure the Governor's Recommended Budget considers our long-term needs, even if they are contingent on the passage of legislation.

Our path forward does indeed require legislation, and as such is neither promised nor an immediate windfall. We will need support to make this transition. Our \$4.4M General Fund request would sufficiently cover anticipated revenue shortfalls while serving to bridge the gap of returning to financial independency.

Our legislative proposal, at your urging, would not substantively divert the dollars provided to the General Fund, nor would it decrease competition, Premium Taxes, or licensing, or impact consumer costs in anyway. But even if legislation is successful, the dollars we aim to access are not provided to us at a date certain, and the bulk of the fees do not come in until mid-fiscal year, so the financial bridge of \$4.4M is necessary to smooth the transition.

We have also requested three full time employees and anticipate the savings an employee for the Office of Value-Based Health Care Delivery could save us in contractual costs could fund all three of the new roles over time. Our position for BERG is a role that would help us come closer to national accreditation standards for insurer financial regulation, and our Market Conduct FTE request would serve to address our growing Health Insurance Marketplace and its' compliance and consumer assistance needs.

Thank you for your time.

Sincerely,

A handwritten signature in blue ink that reads "Trinidad Navarro". The signature is written in a cursive style.

Trinidad Navarro
Insurance Commissioner