

INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION
2014 ADOPTED BUDGET
DETAIL REVENUE AND EXPENSES

Description	2013					2014					%	Increase (Decrease) from 2013 Projected	%
	2012 Actual	2013 Budget	8/31/2013 Actual	12/31/2013 Projected	2013 Projected Variance	2014 Budget	2014 Staffing Requests	Total 2014 Budget	Increase (Decrease) from 2013 Budget				
Filing Fees	\$ 407,788	\$ 573,100	\$ 419,802	\$ 678,427	\$ 105,327	\$ 708,800		\$ 708,800	\$ 135,700	23.68%	\$ 30,373	4.48%	
Annual Registration Fees	707,695	800,625	699,940	733,690	(66,935)	830,125		830,125	29,500	3.68%	96,435	13.14%	
Interest Income	28	-	32	32	32	-		-	-	-	(32)	(100.00%)	
Total Revenues	1,115,511	1,373,725	1,119,774	1,412,149	38,424	1,538,925	-	1,538,925	165,200	12.03%	126,776	8.98%	
Salaries, Taxes, and Benefits (1)	420,198	484,814	297,307	472,718	(12,096)	631,929	-	631,929	147,115	30.34%	159,211	33.68%	
Professional Services (2)	828,805	866,071	511,309	777,319	(88,752)	820,867	-	820,867	(45,204)	(5.22%)	43,548	5.60%	
Travel (3)	58,918	114,034	38,452	64,179	(49,855)	130,893	-	130,893	16,859	14.78%	66,714	103.95%	
Rental and Maintenance (4)	5,223	6,456	3,188	5,017	(1,439)	8,469	-	8,469	2,013	31.18%	3,452	68.81%	
Depreciation (5)	1,766	1,764	1,178	1,766	2	441	-	441	(1,323)	(75.00%)	(1,325)	(75.03%)	
Interest Expense (6)	61,397	68,484	44,544	68,477	(7)	74,308	-	74,308	5,824	8.50%	5,831	8.52%	
Insurance Expense (7)	12,100	11,640	7,722	11,742	102	12,460	-	12,460	820	7.04%	718	6.11%	
Administrative Expenses (8)	20,385	22,121	12,479	19,605	(2,516)	24,382	-	24,382	2,261	10.22%	4,777	24.37%	
Meetings and General Training (9)	5,809	5,400	1,162	3,712	(1,688)	10,629	-	10,629	5,229	96.83%	6,917	186.34%	
Total Operating Expenses	1,414,601	1,580,785	917,341	1,424,535	(156,250)	1,714,378	-	1,714,378	133,593	8.45%	289,843	20.35%	
Revenues Over (Under) Expenses	\$ (299,090)	\$ (207,060)	\$ 202,433	\$ (12,386)	\$ 194,674	\$ (175,453)	\$ -	\$ (175,453)	\$ 31,607	(15.26%)	\$ (163,067)	1316.54%	

Estimated IIPRC Funding Analysis:

	2013	2014
Funds Remaining as of August 31, 2013 and January 1, 2014	\$ 325,258	\$ 54,648
Draws on NAIC Line of Credit	Budget Volume	Budget Volume
Total Funding Available	325,258	54,648
Balance sheet liabilities to satisfy from cash	(84,332)	-
Revenue Over/(Under) Expense	(214,819)	(175,453)
Adjustments for Non-Cash items:		
Insurance expense	4,020	12,460
Depreciation expense	588	441
Interest expense recorded monthly	23,933	74,308
IIPRC Funding Available at Year-End	\$ 54,648	\$ (33,596)

(1) The expenses included in this line are found on pages: E1: Salaries, E4: Payroll Taxes, E5: Employee Benefits, and E6: Employee Development.

(2) The expenses included in this line are found on page E7: Professional Services.

(3) The expenses included in this line are found on E8: Travel.

(4) The expenses included in this line are found on page E9: Occupancy and page E11: Equipment Rental and Maintenance.

(5) The expenses included in this line are found on page E12: Depreciation.

(6) The expenses included in this line are found on page E13: Interest Expense.

(7) The expenses included in this line are found on page E14: Insurance.

(8) The expenses included in this line are found on page E15: Office Services and E16: Other Expenses.

(9) The expenses included in this line are found on page E:10 Meetings.

2014 BUDGET ANALYSIS

BUDGET ITEM: Revenues

ITEM DESCRIPTION: Includes the revenues derived from (1) compact filings, (2) Annual Registration Fees, and (3) interest income.

Description	2012 Actual	2013 Budget	8/31/13 Actual	12/31/13 Projected	2014 Budget	Increase (Decrease) from 2013 Budget	Percentage
Filing Fees (1)	\$ 407,788	\$ 573,100	\$ 419,802	\$ 678,427	\$ 708,800	\$ 135,700	23.68%
Annual Registration Fees (2)	707,695	800,625	699,940	733,690	830,125	29,500	3.68%
Interest Income (3)	28	-	32	32	-	-	#DIV/0!
Total	\$ 1,115,511	\$ 1,373,725	\$ 1,119,774	\$ 1,412,149	\$ 1,538,925	\$ 165,200	12.03%

(1) The IIPRC charges a filing fee for all product filing submissions submitted across all product lines. The fee that is collected for each product filing submission is based on several factors. The first is whether or not the filing requires an actuarial review as determined by the submission requirements for the applicable Uniform Standards. The second factor is whether or not the filing company's premium volume is greater than \$50 million based on the Schedule T-Part 2 of the Annual Statement filed with the NAIC for the reporting year prior to the current annual registration period. The last factor is whether or not the filing company is a registered with the IIPRC as a Regional Filer per the definition of Regional Filer in the IIPRC Terms and Procedures for Product Filings. The charts below detail volume expected for each of the filing fee categories (fees for amended and other miscellaneous filing fees are not specifically listed).

	<u>Companies w/ More than \$50M Premium Volume</u>		<u>Companies w/ Less than \$50M Premium Volume</u>	
	Fee	Budget Volume	Fee	Budget Volume
<u>Submissions w/ Actuarial Review</u>	\$ 1,000	428	\$ 500	85
<u>Submissions w/o Actuarial Review</u>	\$ 500	320	\$ 250	44
<u>Regional Filer</u>				
<u>Submissions w/ Actuarial Review</u>	\$ 500	16	\$ 250	8
<u>Submissions w/o Actuarial</u>	\$ 250	17	\$ 125	8

(2) The IIPRC charges an annual registration fee for using the IIPRC as a means of self-generating revenue to fund its product operations. The amount of the annual registration fee is based on the aforementioned factors as with the filing fees. All Registration fees are prorated in half for registrations submitted on July 1 or after. The charts below detail volume expected for each of the filing fee categories.

	<u>Companies w/ More than \$50M Premium Volume</u>		<u>Companies w/ Less than \$50M Premium Volume</u>	
	Fee	Budget Volume	Fee	Budget Volume
<u>Annual Registration Fee Jan 1 or before</u>	\$ 5,000	142	\$ 2,500	22
<u>Annual Registration Fee July 1 or after</u>	\$ 2,500	15	\$ 1,250	4
<u>Regional Filer Fee Jan 1 or before</u>	\$ 2,500	5	\$ 1,250	3
<u>Regional Filer Fee July 1 or after</u>	\$ 1,250	1	\$ 625	1
<u>Update-Only Registration</u>	\$ 1,500	3	\$ 750	0

(3) Interest income is earned on IIPRC's account and is dependent upon cash flow from revenues and lines of credit. Significant declines in the overall financial markets have affected interest earned.

2014 BUDGET ANALYSIS

BUDGET ITEM: Salaries

ITEM DESCRIPTION: Includes salary and overtime for all IIPRC employees.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Salaries-Existing Employees (1)	\$ 336,352	\$ 390,000	\$ 227,165	\$ 375,938	\$ 490,000	\$ 100,000	25.64%
Salaries-New Employees	-	-	-	-	-	-	#DIV/0!
Turnover Factor (2)	-	(4,725)	-	-	(5,936)	(1,211)	25.63%
Overtime (3)	453	-	321	321	-	-	#DIV/0!
Total	\$ 336,805	\$ 385,275	\$ 227,486	\$ 376,259	\$ 484,064	\$ 98,789	25.64%

(1) During 2014, the IIPRC will have five full-time employees: Executive Director, Assistant Director, Senior Operations Manager, Administrative Coordinator, and Intake Coordinator. The 2014 budget includes an assumption of a combined 2.7% salary adjustment for cost-of-living and merit-based increases. The increase in 2014 is primarily attributed to the new position of Assistant Director which will be fully incurred in 2014 and the change from part-time to full-time of the Intake Coordinator.

(2) While the IIPRC does not anticipate turnover, the budget includes a turnover factor annually and for 2014, it is using a turnover percentage of 12% of salaries with an average vacancy duration of seven (7) weeks.

(3) The IIPRC has two non-exempt employee and does not anticipate scheduled overtime will be needed in 2014.

2014 BUDGET ANALYSIS

BUDGET ITEM: Payroll Taxes

ITEM DESCRIPTION: FICA, unemployment compensation, and FUTA costs incurred for all IIPRC employees and interns.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
FICA (1)	\$ 22,555	\$ 24,981	\$ 17,105	\$ 24,569	\$ 33,190	\$ 8,209	32.86%
FICA Turnover (2)	-	(303)	-	-	(402)	(99)	32.67%
Unemployment Compensation (3)	1,203	1,304	965	965	1,245	(59)	(4.52%)
Total	\$ 23,758	\$ 25,982	\$ 18,070	\$ 25,534	\$ 34,033	\$ 8,051	30.99%

(1) FICA is related to the projected FICA wage base and total salaries projected for the IIPRC employees. The increase in 2014 is primarily attributed to the new position of Assistant Director which will be fully incurred in 2014 and the change from part-time to full-time of the Intake Coordinator.

(2) The turnover factor that is applied to salaries is also applied to the taxes related to those salaries.

(3) Unemployment compensation has been budgeted on the first \$11,000 of each individual salary.

2014 BUDGET ANALYSIS

BUDGET ITEM: Employee Benefits

ITEM DESCRIPTION: Includes all pension, life and health insurance costs paid by IIPRC for its employees.

Description	2012		2013		8/31/13		12/31/13		2014		Increase (Decrease) from 2013 Budget	Percentage
	Actual	Budget	Actual	Budget	Actual	Projected	Budget	Budget				
Pension (1)	\$ 36,952	\$ 42,694	\$ 35,619	\$ 44,883	\$ 47,190	\$ 4,496					10.53%	
Health Benefits (2)	19,273	26,191	13,877	22,249	69,513	43,322					165.41%	
Group Life and Disability (3)	1,775	2,222	1,232	2,030	1,921	(301)					(13.55%)	
Employee Relations (4)	1,390	2,000	808	1,548	2,830	830					41.50%	
Total	\$ 59,390	\$ 73,107	\$ 51,536	\$ 70,710	\$ 121,454	\$ 48,347					66.13%	

(1) A 457 plan and 401(a) plan is in effect for IIPRC employees along with a supplemental retirement plan for the Executive Director. Five IIPRC employees are expected to be eligible for IIPRC matching contribution in 2014. The third-party plan management fee is estimated at \$240 for 2014.

(2) In order to leverage the cost-savings and broader coverage options offered through larger groups, the IIPRC utilizes the NAIC employee benefit plan types pursuant to the Services Agreement. The IIPRC covers a portion of its employees premiums as an employee benefit. The IIPRC expects that three employees will be added to the IIPRC's plan during 2014.

(3) In order to leverage the cost-savings and broader coverage options offered through larger groups, the IIPRC utilizes the NAIC employee benefit plan types pursuant to the Services Agreement. The IIPRC covers a portion of its employees premiums as an employee benefit. The IIPRC has budgeted for five full-time employees in 2014.

(4) The IIPRC budget includes minimal funding for employee and team recognition as well as related expenses associated with in-person team meetings.

2014 BUDGET ANALYSIS

BUDGET ITEM: Employee Development

ITEM DESCRIPTION: Includes fees for seminars, training courses and professional association memberships paid by IIPRC.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>Projected 12/31/13</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Professional Association Dues (1)	\$ 245	\$ 450	\$ 215	\$ 215	\$ 350	\$ (100)	(22.22%)
Education Reimbursements			-	-		-	#DIV/0!
Professional Training (2)	-	-	-	-	-	-	#DIV/0!
Total	\$ 245	\$ 450	\$ 215	\$ 215	\$ 350	\$ (100)	(22.22%)

(1) Professional association dues represent employees membership in various professional associations, such as bar association dues and the Association of Insurance Compliance Professionals (AICP) membership for IIPRC employees.

2014 BUDGET ANALYSIS

BUDGET ITEM: Professional Services

ITEM DESCRIPTION: Fees paid to outside resources for information systems, consulting service to process product filings, legal services consultants, and cash management and payroll services.

Description	2012 Actual	2013 Budget	8/31/13 Actual	12/31/13 Projected	2014 Budget	Increase (Decrease) from	Percentage
						2013 Budget	
Professional Services-Computer (1)	\$ 25,000	\$ 25,000	\$ 16,667	\$ 24,999	\$ 25,000	\$ -	0.00%
Other Professional Services (2)	788,944	793,051	484,252	728,022	750,222	(42,829)	(5.40%)
Prof Services-Marketing/Sales (3)	-	-	-	-	-	-	#DIV/0!
Legal (4)	10,442	40,000	7,954	19,954	40,000	-	0.00%
Computer Services (5)	4,419	8,020	2,436	4,344	5,645	(2,375)	(29.62%)
Total	\$ 828,805	\$ 866,071	\$ 511,309	\$ 777,319	\$ 820,867	\$ (45,204)	(5.22%)

(1) The IIPRC pays an annual license fees to SERFF in the amount of \$25,000 and is allotted 250 hours of SERFF development under the Services Agreement. In 2013, the IIPRC utilized the allotted hours to make enhancements to the Statement of Intent functionality within SERFF for IIPRC filings. In 2014, the IIPRC expects to utilize its hours to implement web-based public access to approved product filings.

(2) This line item includes the NAIC Services Agreement (\$125,000); Cash Management (\$3,600); Annual Audit fees (\$6,750); and Consultant fees (\$613,120). In 2014, the IIPRC Team will consist of six (6) consultants:; 1) three (3) Product Review Consultant; 2) two (2) Actuarial Consultants - one full-time and one part-time; and 3) one (1) Uniform Standards Development Consultant. The reduction in 2014 is related to an assessment of IIPRC resource needs resulting in the replacement of a consultant with a senior full-time employee.

(4) The IIPRC retains the outside counsel to advise on structural and related legal matters for the Commission. It is anticipated that the outside counsel retainer will continue in 2014 to advise on tax-exempt, organizational and general legal matters for the IIPRC.

(5) This line item reflects the monthly costs for processing IIPRC payroll. Also included in this line item are the expense related to the Consultants monthly internet services to connect to the SERFF filing platform and the IIPRC office. Also included are the expenses related to the cellular devices to include electronic mobile devices for the Executive Director, Assistant Director, and Senior Operations Manager.

2014 BUDGET ANALYSIS

BUDGET ITEM: Travel

ITEM DESCRIPTION: Includes airfares, hotels, meals, etc., incurred by IIPRC staff, consultants, members and regulators.

Description	2012 Actual	2013 Budget	8/31/13 Actual	12/31/13 Projected	2014 Budget	Increase (Decrease) from 2013 Budget	Percentage
Staff Travel (1)	\$ 18,216	\$ 24,458	\$ 15,880	\$ 22,580	\$ 34,243	\$ 9,785	40.01%
Marketing Travel (2)	12,518	34,650	5,796	11,996	30,150	(4,500)	(12.99%)
Non-Staff/Commissioner Travel (3)	28,184	54,926	16,776	29,603	66,500	11,574	21.07%
Total	\$ 58,918	\$ 114,034	\$ 38,452	\$ 64,179	\$ 130,893	\$ 16,859	14.78%

(1) This line item includes the costs associated with travel for the IIPRC employees. It is anticipated that four (4) IIPRC employees will travel over the course of the year for a total of 24 trips. Anticipated trips include the three (3) National Meetings which three employees will attend as well as any other necessary meetings in support of the IIPRC. The average cost for each trip is estimated at approximately \$1,450. The increase in the 2014 budget is due to the anticipated travel of one additional employee through the course of the year. Three employees are anticipated to travel as opposed to two.

(2) This line item includes the costs associated with travel for marketing/outreach by IIPRC staff, consultants and/or members. It is anticipated that there will be 20 trips made over the course of the year for marketing and outreach. It is also anticipated that the IIPRC will sponsor or exhibit at marketing events throughout the year. Included in this line item are the costs associated with marketing materials including "branding give-always". With the increase in webinars and other outreach, we have reduced the anticipated amount of trade show attendance for 2014.

(3) This line item includes the costs associated with both Commissioner and non-staff travel. The IIPRC reimburses members of the Legislative Committee (8) and members of the Consumer Advisory Committee (8) for their costs associated with attending the IIPRC meetings. The IIPRC reimburses the consultants for travel associated with attending the IIPRC Meetings (estimated at three (3) for three consultants). This line item also includes costs associated with Commissioner travel for IIPRC outreach and other business.

2014 BUDGET ANALYSIS

BUDGET ITEM: Occupancy

ITEM DESCRIPTION: Includes parking fees incurred for IIPRC staff.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Occupancy (1)	\$ 4,958	\$ 5,095	\$ 3,188	\$ 5,017	\$ 6,840	\$ 1,745	34.26%

(1) This line item includes monthly commuting benefits for the DC based IIPRC employees at a cost of \$300 per month for the full year. Also, included in this line is costs associated with parking for the three (3) Kansas City based employees. The increase in 2014 is related to parking expenses associated with the addition of one employee to the Kansas City office for the full year of 2014.

2014 BUDGET ANALYSIS

BUDGET ITEM: Meetings

ITEM DESCRIPTION: Includes hotel services, audio visual, and other costs incurred by IIPRC staff and Members for IIPRC meetings.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Meetings (1)	\$ 5,809	\$ 5,400	\$ 1,162	\$ 3,712	\$ 10,629	\$ 5,229	96.83%

(1) Costs associated with the three (3) IIPRC in-person meetings including costs for the audio visual, telecommunications equipment, technicians, food, and beverage for meeting attendees. The increase is due to anticipated increase in meetings costs associated with increased number of states and possibility of moving to paperless meetings.

2014 BUDGET ANALYSIS

BUDGET ITEM: Equipment Rental and Maintenance

ITEM DESCRIPTION: Rental and maintenance fees for hardware and software.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Equipment, Hardware and Software Maintenance (1)	\$ 265	\$ 1,361	\$ -	\$ -	\$ 1,629	\$ 268	19.66%
Total	\$ 265	\$ 1,361	\$ -	\$ -	\$ 1,629	\$ 268	19.66%

(1) The IIPRC has budgeted for monthly maintenance costs associated with the eleven (11) IIPRC Team members for access to Zero Client, which is aligned with NAIC's platform under the NAIC/IIPRC Services Agreement.

2014 BUDGET ANALYSIS

BUDGET ITEM: Depreciation

ITEM DESCRIPTION: Includes depreciation for all computer software owned as of August 31, 2013.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Depreciation (1)	\$ 1,766	\$ 1,764	\$ 1,178	\$ 1,766	\$ 441	\$ (1,323)	(75.00%)

(1) Depreciation is calculated on a straight-line basis over the useful life of the capital assets owned by IIPRC, which is five years for computer software licenses and four (4) years for computer hardware. There are no capital requests for 2014.

IIPRC Capital Assets Owned as of June 30, 2013:

<u>Asset Classification</u>	<u>Cost</u>	<u>Life-To-Date Depreciation</u>	<u>Net Book Value</u>
Computer Hardware:			
Desktop PC's	\$ 7,581	\$ 7,253	\$ 328
Laptop PC's	5,048	4,347	702
Printers/Peripherals	3,767	3,767	-
Computer Software:			
SERFF Software License	126,902	126,902	-
Total	\$ 143,298	\$ 142,269	\$ 1,030

2014 BUDGET ANALYSIS

BUDGET ITEM: Interest Expense

ITEM DESCRIPTION: Interest expense represents accrued interest payments on amounts owed to the NAIC.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>Projected 12/31/13</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Interest Expense (1)	\$ 61,397	\$ 68,484	\$ 44,544	\$ 68,477	\$ 74,308	\$ 5,824	8.50%

(1) The NAIC Executive (EX) Committee and Internal Administration (EX1) Subcommittee approved the restructure of the 2007, 2008, and 2009 notes payable into one note payable at the NAIC 2010 Spring National Meeting. The Management Committee of the IIPRC approved this restructure on April 26, 2010. The restructure terms include (1) rolling all debt into one note payable effective January 1, 2010, at the then current prime rate of 3.25% minus 1%; (2) accrual of interest on current debt and future borrowings from the NAIC at 2.25%; and (3) the deferral of principal and interest payments from the IIPRC until the year following the year in which the IIPRC achieves a profit of \$250,000 or an accumulated cash balance from operations of \$500,000 excluding funds from draws. The deferral of debt repayment reduced IIPRC draws on the \$850,000 line of credit approved for 2010 to \$450,000. Outstanding interest since the January 1, 2010 payment has been capitalized. In 2011, the IIPRC took a line of credit in the amount of \$400,000. In 2012, the IIPRC took a line of credit in the amount of \$250,000. In 2013, the NAIC authorized a line of credit in the amount of \$250,000. Based on current projections, the IIPRC does not anticipate needing to draw on the 2013 line of credit. The IIPRC will seek a line of credit in 2014 though expects to need a minimal amount, if any.

2014 BUDGET ANALYSIS

BUDGET ITEM: Insurance

ITEM DESCRIPTION: Includes expenses for all general business and liability insurance policies for IIPRC.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
General Business Insurance (1)	\$ 3,939	\$ 3,100	\$ 2,101	\$ 3,233	\$ 3,508	\$ 408	13.16%
Professional Liability Insurance-(2)	6,724	5,880	3,798	5,698	5,892	12	0.20%
Errors and Omissions (23)	1,437	2,660	1,823	2,811	3,060	400	15.04%
Total	\$ 12,100	\$ 11,640	\$ 7,722	\$ 11,742	\$ 12,460	\$ 820	7.04%

(1) General business insurance coverage and related premiums. The IIPRC experienced a decrease in premium at renewal associated with having to change carriers and is budgeting for a 5% increase at renewal in 2014.

(2) Comprehensive errors and omissions and director/officer coverage premiums. At renewal, the IIPRC enhanced its coverage causing an increase in premium and is budgeting for a 5% increase at renewal in 2014.

2014 BUDGET ANALYSIS

BUDGET ITEM: Office Services

ITEM DESCRIPTION: Includes conference calls, office supplies, non-capital equipment, and mail and printing services.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Telephone (1)	\$ 18,496	\$ 12,144	\$ 9,345	\$ 12,793	\$ 14,544	\$ 2,400	19.76%
Other Supplies (2)	530	3,200	1,308	1,428	500	(2,700)	(84.38%)
Non-Capital Equipment (3)	760	5,277	1,296	4,554	8,338	3,061	58.00%
Mail Services (4)	599	1,500	530	830	1,000	(500)	(33.33%)
Printing	-	-	-	-	-	-	#DIV/0!
Total	\$ 20,385	\$ 22,121	\$ 12,479	\$ 19,605	\$ 24,382	\$ 2,261	10.22%

(1) Telephone expenses for long distance for the DC office and conference calls for: the Commission; Management Committee; sub-committees; advisory committees for the IIPRC; and webinars for industry education. As more states join the Compact, we anticipate additional costs associated with conference calls.

(2) This line item reflects the cost of supplies for the IIPRC office including paper, toner and miscellaneous supplies. The decrease is based on historical usage.

(3) The IIPRC has budgeted for potential software and device upgrades during 2014. Also included in this line is a \$500 annual allotment per IIPRC Consultants to maintain the perimeters of the technology platform set forth in their contracts.

(4) This line item includes expenses to mail IIPRC correspondence via US Postal Service or FedEx/UPS services; the costs to mail the Annual Report to all Commissioners and Governors, as well as the members of the Legislative Committee and the two advisory committees.

2014 BUDGET ANALYSIS

BUDGET ITEM: Other Expenses

ITEM DESCRIPTION: Includes expenses incurred for reference materials, general training materials, and recruiting expenses.

<u>Description</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>8/31/13 Actual</u>	<u>12/31/13 Projected</u>	<u>2014 Budget</u>	<u>Increase (Decrease) from 2013 Budget</u>	<u>Percentage</u>
Reference Materials (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Training Expenses (2)	-	-	-	-	-	-	#DIV/0!
Recruiting Expense (3)	-	-	-	-	-	-	#DIV/0!
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!

(1) It is expected that the IIPRC Office will not purchase various reference materials for the Members as well as IIPRC Team Members.

(2) It is not anticipated that the IIPRC Office will offer any training materials to IIPRC Members, staff, or consultants.

(3) It is not anticipated that the IIPRC Office will incur any expenses associated with recruiting in 2014.

