



## **FY 2011 PERFORMANCE PLAN**

### **Department of Insurance, Securities, and Banking**

#### **MISSION**

The mission of the Department of Insurance, Securities, and Banking (DISB) is twofold: 1) to provide thorough, efficient, and prompt regulatory supervision of the financial services operating in the District of Columbia for the protection of the residents in the District of Columbia and 2) to create conditions that will attract and retain financial services firms to the District of Columbia.

#### **SUMMARY OF SERVICES**

DISB regulates the following financial services entities: (1) insurance companies, insurance producers, health maintenance organizations, captive insurance companies and risk retention groups; (2) investment advisers, investment advisor representatives, broker-dealers, broker-dealer agents, securities offerings and issuers and agents of issuers and (3) District and state-chartered banks, mortgage lenders and brokers, mortgage loan originators, check cashers, money transmitters, consumer-sales-finance companies, money lenders, and consumer-credit-service organizations.

#### **PERFORMANCE PLAN OVERVIEW**

DISB provides consumer protection and education services to District residents with respect to the financial services provided in the District. Throughout the FY 2010 Performance Plan specific objectives are shared by more than one bureau; however, the initiatives are distinctive. In addition, administrative oversight and support from the Office of the Commissioner (Director) is the platform of support for all bureaus. The common objectives reflect the centralized mission to work as a team to advocate for the residents in the District of Columbia.

#### **PERFORMANCE PLAN BUREAUS**

- Insurance Bureau
- Banking Bureau
- Securities Bureau
- Enforcement and Investigation Bureau
- Risk Finance Bureau
- Office of the Commissioner (Director)



## AGENCY WORKLOAD MEASURES

Measure	FY2008 Actual	FY2009 Actual	FY2010 YTD
# of residents without health insurance <sup>1</sup>	56,000	57,200	TBD
# of administrative hearings conducted regarding violations of producer licensing laws	17	21	0
# of insurance producer licenses issued	12,805	11,340	8,762
District of Columbia foreclosure rate <sup>2</sup>	2.23	2.91	TBD

### *Insurance Bureau*

#### **SUMMARY OF SERVICES**

The Insurance Bureau (IB) monitors the financial solvency of insurance companies operating in the District of Columbia (DC). In addition, the Insurance Bureau issues licenses to insurance companies, insurance producers and related entities, resolves consumers complaints, approves rates and policy forms of insurance products marketed in the District, and monitors underwriting, policy holder services, claims, marketing, producer licensing and the complaint handling processes of licensed insurers.

#### **OBJECTIVE 1: Increase the affordability and availability of health insurance coverage.**

##### **INITIATIVE 1.1: Implement components of the Federal Health Care Reform Law in the District and utilize federal resources made available through the law.**

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, and the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152 (collectively, “Federal Health Care Reform Acts”). The Federal Health Care Reform Acts requirements are phased in over several years and their implementation will require significant effort on the part of DISB, including proposing legislation and regulations and providing information to the US Department of Health and Human Services. By 2014, this will dramatically alter the way health insurance is provided in the District of Columbia. The Healthcare Reform Law will enhance information about consistency among health insurance plans to provide DC residents with an ability to make an informed choice about the health insurance plan that best suits their needs.

During FY 2011, one focus for the IB will be to enhance the health insurance premium rate review process. This will provide more resources to do a robust and thorough review of all rate filings received in the Department to make sure the rates

<sup>1</sup> This figure is provided by the Kaiser Family Foundation which compiles data received from the U.S. Census Bureau. This information is updated annually in September. Information noted above is current as of July 2010.

<sup>2</sup> The District’s foreclosure rate is taken from the calendar year-end report of the Mortgage Bankers Survey 2008 and 2009.



charged to DC residents are appropriate for the benefits provided. There will also be opportunities for public input on rate filings prior to their approval by the Department. In the first quarter of FY 2011, the Department will increase the number of staff reviewing rate filings, purchase software to evaluate the filings, and begin conducting analysis of rate filings and insurer financial information. In the second quarter of FY2011 the IB will introduce a web site to provide enhanced information to consumers. By the end of FY2011, the IB will develop legislative and regulatory proposals to enhance our oversight of health insurance rates.

In addition, IB must develop standards for calculating minimum medical loss ratios (“MLR”) and for determining rebates for plans that do not meet the MLR requirements. Plans are required to meet federal MLR requirements and pay rebates starting in calendar year 2011. The DISB has the ability to develop more stringent requirements than the federal requirements.

**OBJECTIVE 2: Increase the amount of consumer insurance information available on the DISB web site.**

**INITIATIVE 2.1: Increase the amount of information about rate and form filings directly available on our web site to better inform and educate District residents.**

Information about approved policy form and rate filings is currently available to the public through Freedom of Information Act (FOIA) requests. Most requests for information come from businesses reselling the information. The IB believes that more consumers will make use of the information if it is made directly available from our web site and will provide direct access to rate filings by the end of the third quarter

of FY2011. After making the rate and form filing information public, the Insurance Bureau will work to provide consumer-friendly summaries of rate filings available because the rate filings themselves are technical actuarial documents. The first line for summary information will be health insurance, with a target date of the end of FY2011.

In addition, the IB will increase the number and utility of Frequently Asked Questions (“FAQs”) pertaining to Insurance Bureau operations and services available on DISB Internet Website. FAQs are an easy and effective way to provide useful information to consumers through our web site. The Insurance Bureau has some FAQs on the web site, but we will implement a process for identifying additional content for the FAQs by the end of first quarter FY2011.



## PROPOSED KEY PERFORMANCE INDICATORS – Insurance Bureau

Measure	FY2009 Actual	FY2010 Target	FY 2010 YTD	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
% of written Insurance complaints resolved within 45 days of receipt <sup>2</sup>	90.71%	85%	96%	90%	95%	95%
% of rate and form filings approved, accepted or rejected within 30days of receipt. <sup>3</sup>	95.45%	95%	92%	95%	95%	95%

### *Banking Bureau*

#### **SUMMARY OF SERVICES**

The Banking Bureau (BB) regulates the activities of financial institutions within the District of Columbia to protect consumers from unfair practices, promote economic development, and provide a fair financial market that benefits DC consumers and businesses. This includes District chartered banks and other non-depository financial institutions that we license to operate in the District of Columbia, such as mortgage lenders, brokers, loan originators, money transmitters, check cashers, money lenders and consumer credit service organizations.

The BB conducts timely financial examinations of both depository and non-depository institutions, resolves citizen complaints, and licenses individuals and institutions that provide banking and other financial services for District of Columbia residents.

#### **OBJECTIVE 1: Improve consumer confidence in, and increase the availability of, financial services to District residents.**

##### **INITIATIVE 1.1: Establish a regulatory process to implement and oversee the New Foreclosure Mediation Program.**

DISB’s foreclosure mitigation efforts during FY 2010 have helped 97% of homeowners who sought help from DISB to avoid foreclosure of their homes. The new Foreclosure Mediation Program will be based in the DISB BB and in conjunction with our foreclosure mitigation efforts, we will provide additional solutions to the increasing number of distressed District homeowners who find themselves in the unfortunate situation of losing their homes to foreclosure. This initiative will be ongoing until demand for the service dictates otherwise.

In the latter part of FY 2010 through FY 2011, a greater part of the BB’s efforts will be focused on foreclosure mediation, pursuant to the “Saving District of Columbia Homes

<sup>2</sup> There are no industry standards for this measure. These standards are set by state regulators. The state of VA standard is 90% within 30 days. The state of MD standard is 98% within 30 days.

<sup>3</sup> There are no industry standards for this measure. These standards are set by state regulators. The state of MD standard is 98% within 30 days.



from Foreclosure Act of 2010". This bill, which is expected to become law by the end of calendar year 2010, requires mandatory mediation between the lender and homeowner prior to foreclosure. It requires DISB to adopt implementing rules to oversee the mediation process, including the designation of a Mediation Administrator, establishment of procedures, creation of a fee schedule, determination of timelines for the required mediation hearings, creation of a database for record keeping and tracking of mediation results.

The BB Mediation Administrator will oversee the program and with designated staff, certified mediators, and the use of the services of HUD Certified Housing Counselors will assist District residents to explore available options to save their homes. Additional staff of two (2) FTEs will be required to implement and staff the new operation.

**INITIATIVE 1.2: Create new procedures for processing and ongoing management of the Nationwide Mortgage Licensing System (NMLS).**

In 2009 and FY 2010, the DISB BB prepared to join the NMLS. MOUs, enabling legislation and rules were drafted to comply with the Federal SAFE Act and to enhance our consumer protection efforts. Technology was upgraded, staff was trained and finally on August 3, 2009, the District of Columbia joined other states and transitioned onto the NMLS.

To date, the BB has successfully transitioned its 474 existing mortgage lenders and mortgage brokers onto the NMLS system and processed 1,882 new mortgage loan originator applications in addition to 251 new company and branch applications. The BB must now prepare for the first renewal cycle of these licenses, beginning in the first quarter of FY 2011.

In order to comply with the new legislation and regulations that had been drafted in accordance with the SAFE Act and to enhance our consumer protection efforts, the DISB BB worked tirelessly during FY2010 to create and implement new procedures for licensing mortgage loan originators, testing and education, criminal background checks and miscellaneous tools for confirmation of financial solvency (such as financial statement review and credit report processing). These new procedures enable the BB to identify and eliminate unscrupulous elements from licensure and protect District residents from fraudulent and abusive practices. The BB's Licensing Database is also undergoing an upgrade to enable information to interface with the NMLS and to facilitate the processing of other non depository licenses.

**INITIATIVE 1.3: Increase Banking Bureau participation in Multi-state examinations, particularly as they relate to mortgage lending activity.**

In addition to our commitment to license all DISB mortgage lenders, brokers and loan originators through the Nationwide Mortgage Licensing System, the DISB BB plans to increase participation in the NMLS Multi-state Examination Program, coordinated by the NMLS Multi-state Mortgage Committee. Increasing the number of multi-state examinations in which we participate, will enable DISB to identify problem mortgage



lenders, brokers and loan originators who may have been previously targeted by other state regulators for civil and/or criminal enforcement actions. This will also enable our staff to learn new techniques that can be used in future examinations, and enhance DISB’s consumer protection efforts. In FY 2010, DISB participated in four (4) multi state examinations. This number will be increased by fifty percent (50%) subject to multi state examination opportunities and the Bureau’s staffing resources.

**PROPOSED KEY PERFORMANCE INDICATORS – Banking Bureau**

Measure	FY 2009 Actual	FY 2010 Target	FY2010 YTD	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
% of DC Residents in foreclosure who participated in the DISB Mortgage Foreclosure Mediation and Mitigation Program.	87%	85%	97%	85%	87%	90%
% of written Banking complaints resolved within 45 days of receipt <sup>4</sup>	99.4%	85%	98%	85%	87%	90%

***Securities Bureau***

**SUMMARY OF SERVICES**

The Securities Bureau (SB) seeks to protect investors and potential investors in the District against prohibited practices by firms and individuals in the securities industry and companies and individuals that make offerings of investments in the District. The Securities Bureau regulates the securities industry operating in the District of Columbia by administering and enforcing applicable laws and regulations. The SB licenses broker-dealers and their agents, investment advisers and their representatives, and the agents of companies that make securities offerings. By licensing the securities financial providers the Securities Bureau seeks to ensure that the people who provide investment services and investment advice are qualified. The SB examines licensed firms, seeking to ensure that they are in compliance with all applicable rules of fair and honest treatment. The Bureau also reviews securities offerings within its jurisdiction, seeking to ensure that potential investors are provided with adequate disclosure to enable them to make informed investment decisions. The SB also engages in Investor Education activities to equip investors to evaluate investment opportunities and financial professionals and to avoid fraudulent investment schemes. Additionally, the SB provides public information regarding the licensing status and disciplinary history of securities firms and their representatives.

**OBJECTIVE 1: Improve consumer confidence in, and increase the availability of, financial services to District residents.**

<sup>4</sup> The Conference of State Bank Supervisors (CSBS) standard for this measure is 45 days. The state of MD standard is 60 days for mortgage related complaints and 90 days for all other complaints.



**INITIATIVE 1.1: Engage in a comprehensive campaign to provide financial literacy and increase the amount of information available to DC residents through outreach programs.**

In FY 2010 to date, DISB has met once with members of the Financial Literacy Council. This year, DISB has conducted a series of Town Hall meetings, with presentations by the major operating bureaus in Wards 3, 4, 7 and 8.

In FY11, Additional Town Hall meetings will take place during Calendar 2010 for residents of Wards 1, 2, 5 and 6. The purpose of these meetings is to provide residents with an overview of the functions and consumer protection services that are performed by DISB. And give residents an opportunity to meet the senior managers of the DISB financial services bureaus and ask them questions about how they can assist the residents.

Throughout FY 2011, the Securities Bureau will continue to provide financial literacy and awareness information that focuses on the securities investment financial needs of the individual, based on the individual’s life stage, for example at community outreach events and Town Hall meetings as noted above, and on the DISB website. DISB aims to raise public awareness of investor’s rights and help District residents by providing them with information about investment professionals, financial planning resources, and defensive measures against investment fraud. This initiative will be conducted on an ongoing basis throughout the city

**PROPOSED KEY PERFORMANCE INDICATORS – Securities Bureau**

<b>Measure</b>	<b>FY2009 Actual</b>	<b>FY2010 Target</b>	<b>FY2010 YTD</b>	<b>FY 2011 Projection</b>	<b>FY 2012 Projection</b>	<b>FY 2013 Projection</b>
% of DC-based investment firms examined for compliance within 12 months <sup>5</sup>	26%	20%	23%	25%	20%	20%
% of Securities notice filings processed within 30 days <sup>6</sup>	Not Available	85%	53%	90%	95%	95%
# of District residents receiving financial literacy training and consumer protection information	1117	600	831	700	800	900

***Enforcement and Investigation Bureau***

**SUMMARY OF SERVICES**

The Enforcement and Investigations Bureau (EIB) plans and directs well-designed antifraud programs to detect, investigate, and conduct enforcement activities on behalf of the residents and businesses in the District of Columbia. The EIB also provides mandated antifraud regulatory

<sup>5</sup> The Securities Exchange Commission (SEC) attempts to examine 10% of their registrants yearly this equals to 10 examinations a year cycle. Examination standards for local counterparts are not formalized and are however limited due to personnel resources.

<sup>6</sup> Ibid.



and compliance guidance, training, data analysis to licensed financial service entities.

**OBJECTIVE 1: Improve the DISB insurance, securities and banking antifraud program through prevention, detection and enforcement activities.**

**INITIATIVE 1.1: Improve investigations of District and Federal financial services criminal law violations by collaborating with federal law enforcement and nonprofit antifraud organizations to protect DC citizens from financial frauds.**

Insurance, securities and banking frauds and scams continue to cost DC residents through a loss of income and higher insurance rates. The DISB Enforcement and Investigations Bureau continues to establish and develop strong formal partnerships with the Metropolitan Police Department (MPD) and federal enforcement agencies in order to maximize inter-agency cooperation in the fight against financial services fraud. Throughout FY 2011, DISB will collaborate with the National Coalition Against Insurance Fraud and National Insurance Crime Bureau to acquire outreach materials printed in other languages alerting citizens to financial frauds.

Mortgage and Reverse Mortgage Fraud taskforce activities are expected to increase in FY 2011 and result in more referrals for investigation from FY 2010. Participation in these FBI task forces will also allow DISB additional information on DC mortgage frauds that are only available through federal law enforcement channels. To expand District residents understanding of financial frauds, DISB will continue to sponsor an Annual “Financial Fraud Awareness Day” with a focus on arming District residents, especially senior residents, with information to help them protect their real estate investments, paychecks, savings, pensions and retirement funds against scams and fraud. This initiative will help District residents, particularly seniors, by strengthening the merits of an investigation to foster prosecutions in the District in collaboration with the US Attorney’s Office and the District of Columbia Office of Attorney General. This is an infinite and perpetual ongoing initiative to protect DC residents through a robust fraud detection, investigation and prosecution civilly or criminally against those that would defraud DC residents, eventually punishing and/or removing the offenders from the community.

**OBJECTIVE 2: Protect DC Residents from Insurance Producer violations and improve the DISB Insurance Enforcement Program.**

**INITIATIVE 2.1: Improve the current insurance agent investigation and enforcement referral Program.**

The EIB Agent Enforcement and Compliance Division will ensure that the National Association of Insurance Commissioners (NAIC) producer enforcement systems are used to detect and identify DISB licensed agents committing fraudulent acts. EIB will improve its utilization of open public background search resources and Federal financial services





data base systems to identify District licensed producers that should have their license revoked.. The EIB will establish and develop new formal partnerships with Virginia and Maryland regulatory offices dealing with agent enforcement to assist in detection and enforcement actions. EIB plans for an enforcement exchange meeting with Virginia and Maryland Insurance Departments Agent Enforcement Units in 4<sup>th</sup> Quarter FY 2011. The exchange meeting purpose is to plan new multi jurisdictional areas of cooperation such as information and red flag exchanges, an alert bulletin program and investigation cooperation opportunities. Any improvements the three jurisdictions can make to improve detection of violators will help stop the activities of agents who move across state boundaries.

In FY 2011, the EIB Agent Enforcement and Compliance Division will conduct investigations on complaints not only received from the operational bureaus complaint units but also from the Centers for Medicare and Medicaid Services (CMS) , Program Integrity Division of the Bureau of Health and Human Services. These investigations will focus on allegations of healthcare fraud against seniors. EIB expects the referrals from CMS will increase the number of cases opened by the Agent Enforcement and Compliance Division by 10%. An improved agent investigation program will ensure DC resident and nonresident insurance producers that have violated regulatory statutes are expeditiously investigated to preclude them from defrauding District citizens.

In FY 2009, DISB instituted improvements to the workflow and adjudication processes and provided a more robust public disclosure of regulatory actions to the media to expose fraudulent producers and insurers. In FY 2010, DISB enhanced our services to District residents by extending consumer regulatory oversight guidelines to include insurers, title companies and private mortgage providers. For FY 2011, DISB will implement more formal methodologies for identifying and addressing systematic and individual problems encountered by DC residents from regulated entities in the District. Additionally, in FY 2011, EIB will assist the Banking Bureau by conducting undercover compliance investigations on Money Services Businesses to determine regulatory compliance. Proactive investigations will help DISB protect District residents from predatory business practices.

**OBJECTIVE 3: Improve the DISB Antifraud Consumer Protection mission by creating new initiatives in financial literacy and outreach.**

**INITIATIVE 3.1: Engage in comprehensive campaign to provide information and literature on financial fraud and increase the amount of information available to DC residents through outreach programs and decrease vulnerability to fraud.**

Throughout FY 2011 and 2012, DISB will continue to increase its active participation in community-sponsored and city-wide sponsored events to reach residents wherever they might be. To do this, DISB will make information, services and resources available to military constituents, senior citizens, teens, families, domestic partners, singles and couples.



In FY 2009, DISB participated in 78 community outreach programs, and in FY 2010 year-to-date DISB has participated in 63 outreach programs. And in FY 2011, DISB anticipates to participate in 80 community outreach programs.

During FY 2010, the agency incorporated the social networking tools Facebook, Twitter and to some extent, LinkedIn into its overall communications strategy. These have been successful in their abilities to retarget the information, announce upcoming events on the web, respond quickly to residents’ confusion and misunderstandings. In FY11 the agency will continue to explore ways to enhance and expand its use of social media networks .

In FY2010, DISB began working with OCTO to create a target audience-based website that is more versatile, relevant and comprehensive for all visitors. The new website will also make it possible for many non-English speakers to get access to the information in their native languages. After the new site has been created and launched, DISB plans to start adding other interactive tools such as videoconferencing and podcasts to transmit its consumer information in a more diverse manner to the public in FY2011.

In FY2012, DISB plans to continue developing these new tools and adapt them to further enhance the agency’s website and make it more user-friendly. The agency will also explore new methods to ensure that the website remains relevant and able to comprehensively transmit the agency consumer education and protection information to the public at large.

**PROPOSED KEY PERFORMANCE INDICATORS- Enforcement and Investigations Bureau**

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Measure	FY2009 Actual	FY2010 Target	FY2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
% of open investigative cases reviewed within 90 days for correctness and compliance with investigative procedures <sup>8</sup>	100%	85%	100%	90%	90%	95%
# of District residents receiving financial literacy training and consumer protection information <sup>9</sup>	1117	600	831	700	800	900

<sup>7</sup> There are no industry standards for the EIB performance measures. The National Association of Insurance Commissioners (NAIC) State Fraud Bureau counterparts were polled and there is no public entity that sets investigation standards in these areas except DISB. Also, DISB is the only jurisdiction that sets performance standards for financial literacy training for their residents.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.



Measure	FY2009 Actual	FY2010 Target	FY2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
# of proactive undercover investigations of financial services entities to ensure regulatory compliance <sup>10</sup>	0	0		4	8	8

### ***Risk Finance Bureau***

#### **SUMMARY OF SERVICES**

The Risk Finance Bureau (RFB) maintains regulatory oversight of captive insurers and certified capital companies that operate in the District of Columbia. In addition to regulating CAPCOs and captive insurers, the Bureau is responsible for marketing the District as an attractive jurisdiction for the formation of new captive insurance companies. The Bureau exhibits and disseminates information about the advantages of forming captives in the District at several insurance conferences on an annual basis. These efforts have resulted in the formation of over one hundred captive insurers in the District. A few of the notable captives are owned by Fortune 500 Companies, major associations, and national religious organizations. The primary purpose of the marketing efforts is to increase the tax revenue for the City and create economic opportunities for District-based businesses such as banks, law firms and accounting firms.

**OBJECTIVE 1: Improve consumer confidence in, and increase the availability of, financial services to District residents.**

**INITIATIVE 1.1: Perform a comprehensive economic impact study of the Certified Capital Companies (CAPCO) program in the District, which will include assessing the economic activity of the businesses that have received funding from the CAPCOs. The comprehensive annual impact study will determine the economic impact of the CAPCO program on the District's economy.**

The RFB regulates three CAPCOs operating in the District. In 2004 the CAPCOs received \$50 million from insurance companies licensed in the District. In exchange for funding the CAPCOs, the insurers were given \$50 million in tax credits to be applied against the insurers' premium tax obligations to the District. The CAPCOs are required to invest the \$50 million in eligible District-based businesses to promote economic development in the City. To date, the CAPCOs have invested approximately \$27 million in 31 local businesses. Businesses that have received CAPCO funds vary in size from one employee to as many as 75. Companies that have received CAPCO funds represent a variety of industries, including residential and commercial construction and renovation, performing arts, software development, consulting, real estate, retail, food service, alternative energy, and financial services.

To be eligible to receive CAPCO funding, the business must meet the following criteria: (1) the business must be headquartered and have its principal operations in the District;

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<sup>10</sup>Ibid.



(2) the funding received by the business must be used to support its operations in the District; (3) at least 25% of its employees must be residents of the District; (4) at least 75% of its employees must work in the District; and (5) the business must be a “small business” as defined by the U.S. Small Business Administration. Physicians, accountants and lawyers, franchise operators, and businesses engaged in the insurance industry are ineligible to participate in the CAPCO program. In addition to satisfying the aforementioned criteria, the owner of the business must convince a representative of the CAPCO that the business has a strong management team and a solid business plan. The CAPCO has exclusive authority to decide if a business receives funding from the CAPCO.

The District Government does not determine which businesses receive CAPCO funding. The CAPCOs provide loans and equity investments to District businesses, which hire District residents and create economic activity in the District by purchasing goods and services from DC businesses and professional firms. These businesses also create new tax revenue for the District. In FY11, DISB will perform a comprehensive economic impact study of the Certified Capital Companies (CAPCO) program in the District, to determine the economic impact of the CAPCO program on the District’s economy. This is an ongoing initiative and the first economic impact study will be completed by the end of FY 2011, and updated each year through December 31, 2014.

**INITIATIVE 1.2: Evaluate and complete financial examinations on captive insurance companies domiciled in the District of Columbia and market the District as a competitor in attracting and retaining Captive insurers.**

The financial examination process is an important activity and one of the primary methods DISB uses to determine whether insurers are in compliance with the District’s solvency laws and regulations. DISB’s ultimate goal is to ensure that all insurers licensed in the District remain solvent so they can meet their financial obligations to policyholders, many of whom are District residents. Each insurer licensed by the RFB is required to be examined at least once every five years. The RFB has the authority to conduct unscheduled examinations more often if necessary. We examine approximately 12 insurance companies per year and carefully analyze insurers’ financial statements, on an annual or quarterly basis (depending on the type of company) during the period between financial examinations.

The RFB has licensed one hundred thirty-one (131) captive insurance companies since 2001, and has gained the District a national reputation of being one of the top jurisdictions in the U.S. for the formation and operation of these specialized insurance entities. Notable companies include General Motors, Subaru, Dow Corning, AARP, Goldman Sachs, the United Methodist Church, MedStar Health, the Overseas Private Investment Corporation, and the New York/New Jersey Port Authority. Captive insurance companies have paid approximately \$7.6 million in tax and fees to the District since 2001. During FY 2010 through FY 2011 and beyond, DISB plans to increase premium tax revenues for the District by increasing the number of captives domiciled in



the District of Columbia. During FY 2011 and beyond, it is important for DISB to ensure that captive insurers operating in the District remain financially solvent so these firms will continue to operate profitably, pay policyholder claims and generate tax revenue for the District. Moreover, effective regulation of these companies will demonstrate to other businesses that the District is an excellent jurisdiction for the formation and operation of other captive insurers.

**PROPOSED KEY PERFORMANCE INDICATORS – Risk Finance Bureau**

Measure	FY 2009 Actual	FY 2010 Target	FY20 10 YTD	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
% of CAPCOs examined annually	100%	100%	100%	100%	100%	100%
% of Captive Insurance Company applications processed within 30 days of receipt <sup>11</sup>	100%	100%	100%	100%	100%	100%
% of financial examinations completed annually on Captive Insurance Companies	100%	100%	100%	100%	100%	100%

*Office of the Commissioner*

**SUMMARY OF SERVICES**

The Office of the Commissioner is responsible for the overall leadership, management, and administration of the Department of Insurance Securities and Banking’s (DISB) financial and personnel resources. Critical objectives include the development and implementation of policies, programs and plans that uphold the laws of the District of Columbia, promote and maintain widespread consumer protection, and ensure efficient and effective regulation of the financial industry. In addition, DISB’s goal is to provide consistent and accurate information for the protection of the customers and consumers of all financial services operating in the District of Columbia.

**OBJECTIVE 1: Support Agency Bureaus through effective management.**

**INITIATIVE 1.1: Coordinate Agency services to maximize Consumer Protection Department focus**

The Office of the Commissioner works to support Agency Bureaus by effectively managing and directing the Bureaus in their work to meet the changing needs of the District’s communities by: soliciting and evaluating information concerning various types of consumer-related issues; providing analysis, research and investigation

<sup>11</sup> The captive insurance industry regulatory standard is 100%. The standards are set forth in DC Law – Official Code §31-3931.14 and the National Association of Insurance Commissioners.



of consumer/industry related issues, develop supportive mechanisms and publications that address consumer concerns.

In FY 2010 through FY 2011, DISB will continue to serve as a major conduit for financial-services industry issues, policy matters and consumer protection initiatives affecting all resident-consumers in the District of Columbia. For example, providing financial literacy training and education to protect residents from financial scams and frauds is an agency-wide measure that DISB takes very seriously and this measure will be further developed and illustrated in the operational bureaus.

#### **PROPOSED KEY PERFORMANCE INDICATORS – Office of the Commissioner**

<b>Measure</b>	<b>FY2009 Actual</b>	<b>FY2010 Target</b>	<b>FY2010 YTD</b>	<b>FY2011 Projection</b>	<b>FY2012 Projection</b>	<b>FY2013 Projection</b>
# of customers receiving financial literacy training and consumer protection information*	1117	600	831	700	800	900
% of subgrantee's budget spent on programmatic costs <sup>12</sup>	Not Available	Not Available	Not Available	65%	65%	65%
% of scheduled monitoring reports as defined in agency monitoring plan completed for each grant award <sup>13</sup>	Not Available	Not Available	Not Available	100%	100%	100%

<sup>12</sup> The Wise Giving Alliance of the Better Business Bureau identifies 65% to be an industry standard for this measure <http://www.bbb.org/us/Charity-Standards/>. This metric measures all subgrantees' programmatic costs as a percentage of their overall costs.

<sup>13</sup> Pursuant to 11.4 of the Grants Manual and Source Book all District agencies must complete monitoring reports. All District agencies should be in compliance with this standard. The standard is 100%.