



FY12 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 industry operating in the District of Columbia for the protection of its residents 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 adviser 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 DIVISIONS

- Agency Management
- Banking Bureau
- Enforcement and Investigation Bureau
- Insurance Bureau
- Office of the Commissioner
- Office of Communications
- Risk Finance Bureau
- Securities Bureau



Agency Management

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

INITIATIVE 1.1: Affordable Health Care.

Develop a regulatory plan for small group health insurance products that will increase DC residents' access to health insurance.

INITIATIVE 1.2: Implement a regulatory plan for approving medical malpractice insurance premium rates that will quantify the additional premiums charged to physicians.

Conduct administrative hearings on all premium rate requests with a greater than 10% increase.

OBJECTIVE 2: Protect DC citizens from insurance, securities and banking fraud through prevention, detection and enforcement.

INITIATIVE 2.1: Improve investigation and enforcement actions of financial services violations by collaborating with DISB Bureaus, DC OAG and federal law enforcement agencies to protect residents from financial frauds.

Establish strong partnerships with DISB internal Bureaus, DC OAG, USAO, police and federal enforcement agencies to fight DC financial services fraud.

INITIATIVE 2.2: Upgrade current insurance agent enforcement process for resident and non-resident producers and brokers accused of violations.

Enhance regulatory oversight of licensing insurance brokers and producers.

INITIATIVE 2.3: Improve and centralize DISB's Financial Services Consumer complaint process.

Establish and implement process to oversee a new insurance, securities and banking through a compliance analysis and complaints response process.

INITIATIVE 2.4: Engage in comprehensive campaign to provide financial literacy to the residents of the District of Columbia to help prevent financial fraud.

Escalate robust outreach campaign to educate consumers regarding financial fraud.

OBJECTIVE 3: Improve consumer confidence in, and increase availability of, financial services to District residents.

INITIATIVE 3.1: Implement a regulatory process for the amended Mortgage Lenders and Brokers Process.

Regulatory oversight of licensing of mortgage lenders, brokers and loan originators.

INITIATIVE 3.2: Engage in Comprehensive Campaign to Provide Financial Literacy to District Residents.

Exhaust all modes of communication to assist residents with financial literacy. Increase



the amount of information directly available to DC residents from the DISB website.

INITIATIVE 3.3: Address increasing foreclosure rate to protect residents of the District of Columbia.

Help District residents mitigate foreclosure proceedings.

INITIATIVE 3.4: Perform an economic impact study of the Certified Capital Companies (CAPCOs) operating in the District.

Continued regulation of CAPCOs operating in the District, and retain consultants to conduct study for the period of 2004-2010.

INITIATIVE 3.5: Perform Scheduled Financial Examinations on Captive Insurance Companies Domiciled in the District of Columbia.

Through the regulatory oversight of captives operating in the District, financial examinations are conducted at least every 5 years or as needed.

INITIATIVE 3.6: Securities Notice Filings.

Process securities notice filings for securities firms operating in the District in a timely and efficient manner.

OBJECTIVE 4: Support Agency Bureaus Through Effective Management.

INITIATIVE 4.1: Coordinate Insurance, Securities, Banking and Enforcement Services and Functions Through the Compliance Analysis Division.

DISB is a conduit for financial-services industry issues and policy matters affecting District residents.

INITIATIVE 4.2: Agency Performance Management Workload Measure.

Ensures that the agency's Key Performance Indicators (KPIs) are tracked and reported timely to the City Administrator's Office (CAO). Oversee and resolve variances.



PROPOSED KEY PERFORMANCE INDICATORS — Agency Management

Measure	FY 11 YE Actual	FY 12 Target	FY 12 YTD	FY 13 Projection	FY 14 Projection	FY 15 Projection
# residents insured by high risk health insurance pool	1,996	0.00	2,112	2,200	N/A	N/A
# medical malpractice insurance premium rate filings > 10% increase reviewed	0.00	0.00	0.00	0.00	0.00	0.00
% written Insurance complaints resolved within 45 days of receipt	98.00%	95.00%	99.00%	95.00%	95.00%	95.00%
% of open investigative cases reviewed within 90 days for correctness and compliance to investigative procedures	100.00%	95.00%	100.00%	96%	97%	98%
# of Administrative Hearings Conducted Regarding Violations of Producer Licensing Laws	22	0	3	21	20	19
# of District Residents Receiving Financial Literacy Training and Information	1,746	800	137	900	1,000	1,100
% CAPCOs examined.	100.00%	100.00%	0.00	100.00%	100.00%	100.00%
% of DC Residents who participated in the Foreclosure Mediation Program	100.00%	85.00%	43.00%	25.00%	25.00%	25.00%
% of DC based investment firms examined annually	100.00%	95.00%	100.00%	100.00%	100.00%	100.00%
% of Banking Complaints Resolved within 45 days of Receipt	101.02%	95.00%	100.00%	85.00%	85.00%	85.00%
# of Captive Insurance Co. Applications processed within 30 Days of Receipt	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Scheduled Financial Examinations completed annually on Captive Insurance Cos.	100.00%	100.00%	0.00	100.00%	100.00%	100.00%
% of Security Notice Filings processed w/n 30 Days of Receipt	99.05%	85.00%	78.00%	80.00%	80.00%	80.00%



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 District consumers and businesses. This includes District chartered banks and other non-depository financial institutions that we license to operate in the District, 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 residents.

OBJECTIVE 1: Improve consumer confidence.

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

The new Foreclosure Mediation Program is based in the DISB BB. 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 potentially losing their homes to foreclosure. This initiative will be ongoing until demand for the service dictates otherwise. In FY 2012, a greater part of the BB's efforts will be focused on foreclosure mediation, pursuant to the "Saving District of Columbia Homes from Foreclosure Act of 2010". This bill 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 oversees the program and with designated staff, certified mediators, and the use of the services of HUD Certified Housing Counselors to assist District residents to explore available options to save their homes. The BB has added 3 additional FTEs to administer the program.

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



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 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. The BB plans to participate in four (4) multi state examinations in FY 2012.

PROPOSED KEY PERFORMANCE INDICATORS — Banking Bureau

Measure	FY 11 YE Actual	FY 12 Target	FY 12 YTD	FY 13 Projection	FY 14 Projection	FY 15 Projection
% of DC Residents who participated in the Foreclosure Mediation Program	100%	85%	43%	25.00%	25.00%	25.00%
% of written complaints resolved within 45 days of receipt	100%	85%	100%	85.00%	85.00%	85.00%



Enforcement and Investigations Bureau (EIB)

SUMMARY OF SERVICES

The Enforcement and Investigations Bureau (EIB) protects the District's residents from financial frauds by enforcing the financial services laws under the jurisdiction of DISB and ensures that all relevant consumer protection laws are strictly enforced. EIB investigates suspicious market activities and complaints in conjunction with the Compliance Analysis Division and works with the Consumer Advocate in Communications to provide consumer protection information and develop procedures for responding to specific consumer concerns about financial services activities. The EIB has two divisions: Investigations and Agent Enforcement /Compliance.

OBJECTIVE 1: Improve the DISB insurance, securities and banking consumer protection anti-fraud program.

INITIATIVE 1.1: Improve the EIB administrative and civil enforcement investigation programs by applying an increased enforcement focus to pursue administrative and civil remedies to compliment the criminal referral process.

In FY 2012, EIB will focus on collaborative efforts with the Department's Securities and Banking examiners to promptly identify cases of fraudulent behavior and suspected administrative, civil or criminal violations. EIB will review all complaints received by the Compliance Analysis Division for suspected fraud violations by agents, producers, brokers/dealers and lenders. EIB will conduct, upon red flag referral of a Bureau, undercover or "secret shopper" investigations. EIB will pursue new protocols with the DC OAG Civil Division to refer violations that meet the OAG threshold for action. EIB will develop new Investigation Division protocol for requested involvement in federal and local law enforcement investigations. EIB will review the current Insurance Fraud law and recommend changes to improve the regulation.

OBJECTIVE 2: Protect DC Residents from Fraudulent Insurance Producer activities.

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

EIB will improve its utilization of data search systems to identify District licensed producers that should have their license revoked. EIB will develop new partnerships with Virginia and Maryland insurance agent enforcement regulatory offices to assist in detection and enforcement actions. EIB, in FY 2012, plans to improve detection and enforcement actions in the area of fraudulent DC health care providers and DISB licensed insurance agents dealing with Medicaid products. EIB will collaborate with HHS OIG-CMS Program Integrity Group to better prevent, detect, investigate and prosecute insurance healthcare frauds in DC. As a CY 2012 initiative, information sharing meetings will be planned to pursue DC Medicaid and DISB health care fraud referrals. These investigations will focus on allegations of healthcare fraud against seniors. An improved agent investigation program will ensure DC resident and nonresident insurance producers



that have violated regulatory statutes are expeditiously investigated and administrative enforcement action taken to preclude them from defrauding District citizens.

PROPOSED KEY PERFORMANCE INDICATORS — Enforcement and Investigations Bureau

Measure	FY 11 YE Actual	FY 12 Target	FY 12 YTD	FY 13 Projection	FY 14 Projection	FY 15 Projection
% of open investigative cases reviewed within 90 days for correctness and compliance with investigative procedures	100.00%	90.00%	100.00%	96.00%	97.00%	98.00%
% of agent enforcement investigations completed within 60 days	0.00	85.00%	100.00%	86.00%	87.00%	88.00%
% of written complaints resolved within 45 days of receipt	98.00%	95.00%	99.00%	95.00%	95.00%	95.00%



Compliance Analysis Division (CAD)

SUMMARY OF SERVICES

The Compliance Analysis Division is focused on proactive application of consumer protection capabilities and review of financial services market activities. CAD works with Department bureaus to establish best practices criteria and to identify current and emerging financial services market issues and concerns that affect District consumers and businesses. CAD conducts research and analysis to determine the effectiveness of District insurance, securities, and banking statutes and regulations in protecting consumers and businesses. CAD has two units: Consumer Services and Market Research and Analysis.

OBJECTIVE 1: Improve the overall consumer protection capabilities of the Compliance Analysis Division.

INITIATIVE 3.1: Improve the DISB financial services consumer complaint process.

The Consumer Services unit of CAD responds to inquiries and complaints from consumers, investigates and establishes the facts underlying the complaint or inquiry, and, based on the facts, ensures that the consumer has received all the benefits to which they are entitled based on the laws of the District of Columbia and provisions of insurance contracts and securities and banking regulations. Continue the development of insurance, securities and banking merged complaints program. Expand the use of NAIC State Based Systems (SBS) for DISB Banking and Securities Complaints. During FY 2011, the Banking and Securities Bureaus began documenting complaints in FY 2011. Additional FY 2012 training for DISB complaint handlers will be accomplished to ensure they can manage insurance, securities and banking complaints. The interest of consumers will be served by analyzing complaint data to determine areas where a pattern of company activity exists that may be adverse to consumer's interest. CAD will develop a process and protocol for fining companies for erroneous claim determinations. DISB enforcement actions will be taken on behalf of District consumers for inadequate explanations of financial contracts and unaccounted for or unjustified delays in responding to consumers.

OBJECTIVE 2: Improve the DISB Consumer Advocate - Anti-fraud Program.

INITIATIVE 4.1: Engage in comprehensive campaign to provide information to DC residents through outreach programs to decrease vulnerability to fraud.

The Consumer Advocate will continue to increase its active participation in community-sponsored and city-wide sponsored events to reach residents. The Consumer Advocate will make information, services and resources available to military constituents, senior citizens, teens, families, domestic partners, singles and couples. Advocate will participate in the District of Columbia Financial Literacy Council in accordance with the Financial Literacy Council Establishment Act of 2008. Development and strategic alliances will be made with governmental, business, non-profit and community organizations to promote, influence and coordinate consumer protection and advocacy activities throughout the District of Columbia. Advocate will develop and present financial fraud prevention to support DISB outreach goals.



Insurance Bureau

SUMMARY OF SERVICES

The Insurance Bureau (IB) monitors the financial solvency of insurance companies operating in the District. 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 Department of Health and Human Services. During FY 2012, 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 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. During FY 2012, the IB will continue to increase staffing to support the health insurance rate review process and issue RFPs to engage consultants to review DC and other jurisdictions health insurance ratemaking laws and propose recommendations to incorporate best practices, purchase software to assist in rate reviews and develop a standardized filing template for use by all companies filing health insurance rates with the Department. Additionally, IB staff will work with the Insurance Subcommittee to implement the health insurance exchange in the District.

OBJECTIVE 2: Post consumer insurance information to DISB website.

INITIATIVE 2.1: Increase the amount of information about rate and form filings directly available on the DISB website.

Information about approved policy form and rate filings is currently available to the public through Freedom of Information Act (FOIA) requests. The IB believes that more consumers will make use of the information if it is made directly available from our website and will provide direct access to rate filings by the end of the third quarter of FY 2012. 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 FY 2012. The IB will also develop material to use at public meetings to promote the newly available information and direct DC residents about where to find the information and how to use it.

PROPOSED KEY PERFORMANCE INDICATORS — Insurance Bureau

Measure	FY 11 YE Actual	FY 12 Target	FY 12 YTD	FY 13 Projection	FY 14 Projection	FY 15 Projection
% of rate and form filings approved, accepted or rejected within 30 days of receipt	94.73%	87.50%	96.02%	90.00%	90.00%	90.00%



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.

Recent changes in federal legislation have expanded the regulatory responsibilities of DISB. Both the *Patient Protection and Affordable Care Act (PPACA)* and *Dodd–Frank Wall Street Reform and Consumer Protection Act* have imposed new requirements in insurance, securities, and banking markets. An integrated financial services regulatory authority is critical to meeting these new regulatory requirements and DISB has taken steps to accomplish this and continue to meet its responsibilities for consumer protection and economic development.

To provide the foundation for improving existing and developing new capabilities, DISB has been realigned with emphasis on Market Operations and Market Compliance. The purpose of the realignment is to meet the challenges posed by the rapid changes in the industry sectors DISB regulates. The financial markets will continue to be affected by recent federal legislation for healthcare and financial reform in the US as well as similar measures taken abroad. The convergence of financial products and services, for both individual and business consumers means the Department must focus its efforts on regulating markets, not just individual companies. By establishing Market Operations and Market Compliance responsibilities under Deputy Commissioners and creating cross-industry sector reporting and support functions within the overall organizational structure, DISB will be able to pursue key agency objectives as follows:

1. Enhance Consumer Protection - Strengthen consumer protection by emphasizing shared information within the agency and focusing on key market activities and practices in order to keep pace with market developments.

2. Foster Economic Development – By organizing as a financial services regulatory platform, DISB can identify areas of market activity that combine products and services across insurance, securities, and banking areas. By integrating the information gathered and developing legislation specific to market needs, DISB can enhance the District's attractiveness as a regulatory domicile.

3. Establish Subject Matter Expertise - DISB is in a unique position with access to federal regulatory agencies and national headquarters for industry groups that monitor and influence the market activities of their members. DISB can benefit from good relationships by establishing effective regulatory capabilities and forward-thinking legislation that meets both business and consumer needs.



DISB is structures to encourage and facilitate information sharing across task boundaries and increase depth of knowledge within the Department to allow for professional development. This approach will better enable DISB to accomplish the goals and objectives contained in its Mission Statement.



Office of Communications

SUMMARY OF SERVICES

The Office of Communications provides information to other government agencies and to the public about DISB initiatives, services, and capabilities. Its operations include the Consumer Advocate and the Public Information Office.

OBJECTIVE 1: Improve the DISB Anti-fraud Consumer Protection.

INITIATIVE 1.1: Engage in comprehensive campaign to provide information to DC residents through outreach programs and decrease vulnerability to fraud. Throughout FY 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 financial literacy and fraud information, services and resources readily available to military constituents, senior citizens, teens, families, domestic partners, singles and couples through a combination of activities. DISB plans to participate in financial literacy presentations, as well as fairs, expos and festivals with more indirect interaction. Through a combination of these activities, DISB is able to capture and tabulate the financial needs and gaps within the targeted community, which will be able to dictate future educational efforts. In FY 2012, DISB will refocus its presentation and outreach strategies by aligning more closely with nonprofits and other government agencies to work within their sphere of influence, which will greatly assist with reaching more residents in settings and situations where they are most comfortable.

During FY 2010, the agency incorporated the social networking tools Facebook, Twitter and to some extent, LinkedIn into its overall communications strategy. In FY 2012, the agency will continue to further explore ways of enhancing and expanding its use of social media and the Internet as whole, which will assist DISB with improving its customer service.

In FY 2011, DISB continued its work 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. In FY 2012, DISB plans to continue developing these new tools to the extent as possible 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.



OBJECTIVE 2: Increase the amount of consumer insurance information available on the DISB website.

INITIATIVE 2.1: Increase the amount of information about rate and form filings directly available on the DISB website.

Information about approved policy form and rate filings is currently available to the public through Freedom of Information Act requests. IB believes that more consumers will make use of the information if it is made directly available from our website. 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.

For FY 2012, the agency will continue to explore ways of expanding the health insurance rate review section to make it more consumer-friendly and easier to follow. Anticipated changes include explaining the rate review process, providing frequently asked questions, and more.

OBJECTIVE 3: Improve consumer confidence.

INITIATIVE 3.1: Engage in a comprehensive campaign to provide financial literacy and increase the amount of information available to DC residents through outreach programs.

In FY 2012, DISB will work closely with the HRIC, which will lead PPACA communications and community outreach activities. In FY 2012, DISB will meet with investment advisers and others impacted by Dodd-Frank. In FY 2012, DISB will continue its several investor education programs, for example the Elder Investment Fraud and Financial Exploitation Prevention Program to guide medical providers with identifying seniors with diminished capacity and to report it. DISB will continue to collaborate with the Investor Protection Trust on providing components of financial and investor education to key segments such as the military and seniors. DISB will continue to collaborate with other government agencies and nonprofits to implement activities that continue to protect investors and to avoid financial fraud.

In FY 2012, DISB plans to continue working with OCTO to prepare current website content for migration from the DSF platform to the Drupal system. Drupal will allow the agency to better group existing and planned content into a much improved layout that should decrease visitors' amount of time finding relevant information. It will also make it easier to add new sections of content. Layout strategies include reworking the home page, adding an introductory video on the agency and the District's financial marketplace, adding new graphics to break up text, and implement more technological features such as blogs, rebroadcasts of webinars, and podcasts. Until the new system is ready, the agency is moving ahead with streamlining text to reduce redundant information. Also, during FY 2012, DISB will review and rewrite content to make sure it is up-to-date and relevant. It is anticipated that topics relating to Dodd-Frank and credit and savings will be added to



the website; in addition financial-services tips based on various life stages will also be added. DISB will also explore the possibility of making the website smart phone and mobile-friendly as well explore the possibility of creating its own smart phone applications.

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

Measure	FY 11 YE Actual	FY 12 Target	FY 12 YTD	FY 13 Projection	FY 14 Projection	FY 15 Projection
# of District residents receiving financial literacy training and consumer protection information	1,746	800	137	900	1,000	1,100



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.

INITIATIVE 1.1: Evaluate and complete scheduled examinations of 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. RFB typically examines 8 to 12 insurance companies per year and carefully analyzes all active 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 fifty-seven (157) 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, Berkshire Hathaway, the Overseas Private Investment Corporation, and the New York/New Jersey Port Authority. Captive insurance companies have paid approximately \$9.4 million in tax and fees to the District since 2001. During FY 2012 and beyond, DISB plans to increase premium tax revenues for the District by increasing the number of captives domiciled in the District of Columbia. 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.

INITIATIVE 1.2: Perform an economic impact study of the Certified Capital Companies (CAPCO) program in the District.



The Risk Finance Bureau (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 \$30.7 million in 34 local businesses. 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; (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.

PROPOSED KEY PERFORMANCE INDICATORS — Risk Finance Bureau

Measure	FY 11 YE Actual	FY 12 Target	FY 12 YTD	FY 13 Projection	FY 14 Projection	FY 15 Projection
% of Captive Insurance Company applications processed within 30 days of receipt	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of scheduled financial examinations completed annually on Captive Insurance Companies	100.00%	100.00%	0.00	100.00%	100.00%	100.00%
% of CAPCOs examined annually	100.00%	100.00%	0.00	100.00%	100.00%	100.00%



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.

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.

Throughout FY 2012, the Securities Bureau in conjunction with the Consumer Advocate and Office of Communications 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

OBJECTIVE 2: Improve securities industry awareness and compliance with conduct and disclosure requirements to better serve District residents.

INITIATIVE 2.1: Conduct Examinations of newly licensed firms to ensure that they are conducting their businesses in compliance with applicable requirements; take measures to achieve compliance in instances of noncompliance. Conduct examination within 12 months of issuing license.

INITIATIVE 2.2: Review and process within 30 days of filing notice filings of offerings of Investment Company securities made to District residents.



PROPOSED KEY PERFORMANCE INDICATORS — Securities Bureau

Measure	FY 11 YE Actual	FY 12 Target	FY 12 YTD	FY 13 Projection	FY 14 Projection	FY 15 Projection
% of DC based investment firms examined for compliance within 12 months	100.00%	95.00%	100.00%	100.00%	100.00%	100.00%
% of securities notice filings processed within 30 days	99.05%	85.00%	78.00%	80.00%	80.00%	80.00%