

Department of Insurance, Securities and Banking FY2016

Agency Department of Insurance, Securities and Banking

Mission The mission of the Department of Insurance, Securities and Banking is twofold: 1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia, and 2) develop and improve market conditions to attract and retain financial services firms to the District of Columbia.

Summary of Services DISB regulates several 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.

2016 Objectives

FY16 Objectives

Objective Number	Objective Description
Banking Bureau (2 Objectives)	
1	Improve customer service to licensed entities by promptly reviewing license applications and responding to inquiries.
2	Encourage the expansion of banking and non-depository services available to District of Columbia residents and businesses, and increase the availability of capital to small businesses.
Compliance Analysis Division (1 Objective)	
1	Enhance Consumer Protection.
Enforcement and Consumer Protection Division (2 Objectives)	
1	Enhance ECPD'S enforcement and anti-fraud programs.
2	Protect the residents of the District of Columbia from financial fraud.
Insurance Bureau (2 Objectives)	
1	Improve the insurance market in the District by ensuring that plans available for sale in the District provide appropriate benefits, reasonable prices, and transparency to enable District residents to make informed choices about their insurance. (Age-Friendly DC Goal: Domain #8).
2	Successfully maintain accreditation of our financial solvency review of insurance companies by the National Association of Insurance Commissioners (NAIC).
Market Examination Division (1 Objective)	
1	Enhance Consumer Protection.
Office of the Commissioner (including Agency Management and Communications) (1 Objective)	
1	Provide oversight and support for Agency's operating bureaus and divisions to enhance consumer financial education in the District.
Risk Finance Bureau (2 Objectives)	
1	Maintain the District's competitiveness among jurisdictions that license and regulate captive insurance companies.

2 Ensure the solvency of captive insurers domiciled in the District.

Securities Bureau (1 Objective)

1 Facilitate Capital Formation.

2016 Key Performance Indicators

Measure	Division	Frequency of Reporting	FY 2013	FY 2014	FY 2015	FY 2015 Target	FY 2016 Target
1 - Enhance Consumer Protection. (6 Measures)							
Identify licensee trends that are adverse to consumer interests and obtain voluntary corrective action by licensee or require corrective action plan.		Quarterly					3
Conduct trend analyses of other states and NAIC and DISB complaint activity and collaborate with PIO to develop consumer guides and informative articles.		Quarterly					5
Percentage of District-based investment firm examinations completed during the examination cycle.		Quarterly	100	100			100
Percentage of domestic insurance company financial examinations completed during the examination cycle.		Annually		90			100
Percentage of Mortgage Lenders, Brokers, and Money Services Businesses examined during the examination cycle.		Quarterly	100	14			100
Percentage of Insurance, Securities and Banking Complaints Resolved within 45 days of receipt		Quarterly		98	99	95	95
1 - Enhance ECPD'S enforcement and anti-fraud programs. (2 Measures)							
Increase by 10% the number of regulatory cases initiated from the previous fiscal year.		Annually					10
Increase by 10% the number of scam/fraud alerts from the previous fiscal year.		Annually					10
1 - Facilitate Capital Formation. (1 Measure)							
Percentage of corporation finance filings processed within 30 days of receipt.		Quarterly	99	98			90
1 - Improve customer service to licensed entities by promptly reviewing license applications and responding to inquiries. (1 Measure)							
Percentage of Mortgage Lender and Broker licenses and requests approved or declined within 45 days.		Quarterly					95

1 - Improve the insurance market in the District by ensuring that plans available for sale in the District provide appropriate benefits, reasonable prices, and transparency to enable District residents to make informed choices about their insurance. (Age-Friendly DC Goal: Domain #8). (2 Measures)							
Percentage of rate filings approved, accepted or rejected within 30 days of receipt.		Quarterly	97	93			90
Number of notices issued related to prescription drugs, mental health, and other health insurance topics during the fiscal year.		Quarterly					10
1 - Maintain the District's competitiveness among jurisdictions that license and regulate captive insurance companies. (2 Measures)							
Percentage of captive insurance company applications processed within 45 days of receipt.		Quarterly	100	100			100
Percentage of captive insurance company business plans processed within 45 days of receipt.		Quarterly					95
1 - Provide oversight and support for Agency's operating bureaus and divisions to enhance consumer financial education in the District. (2 Measures)							
Number of consumers receiving fraud abuse prevention, financial literacy training and consumer protection information.		Quarterly	2,317	3,209	7,925	2,000	3000
Establish a Senior Citizen Financial Literacy and Financial Fraud Abuse Prevention Program by end of the fiscal year.		Annually					1
2 - Encourage the expansion of banking and non-depository services available to District of Columbia residents and businesses, and increase the availability of capital to small businesses. (2 Measures)							
Percentage of SSBCI funds loaned or invested with CBEs or in low income census tracts or Great Street corridors.		Quarterly					25
Number of business plan competitions held in the District annually.		Quarterly					1
2 - Ensure the solvency of captive insurers domiciled in the District. (1 Measure)							
Percentage of financial analyses completed on captive risk retention groups.		Quarterly	100	100			100
2 - Protect the residents of the District of Columbia from financial fraud. (1 Measure)							
Percentage of acknowledgement letters issued to complainant within two business days of receiving a enforcement referral.		Quarterly					95
2 - Successfully maintain accreditation of our financial solvency review of insurance companies by the National Association of Insurance Commissioners (NAIC). (1 Measure)							

Percentage of National Association of Insurance Commissioner accreditation recommendations adopted during the fiscal year.	Annually						100
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2016 Workload Measures

Measure	Frequency of Reporting	FY 2013	FY 2014	FY 2015
Workload Measure (2 Measures)				
Number of consumers receiving financial literacy training and consumer protection information.	Quarterly	2,317	3,209	7,925
Number of accounts opened through Bank on DC.	Quarterly	662	991	993

2016 Initiatives

Objective Number	Objective Title	Initiative Number	Initiative Title	Initiative Description
Banking Bureau - 1 (1 Initiative)				
1	Improve customer service to licensed entities by promptly reviewing license applications and inquiries.	1.1	Administer the licensing of non-depository financial institutions in accordance with Title 26 of the DC Code, the S.A.F.E. Act and the requirements of the Nationwide Mortgage Licensing System.	DISB currently licenses more than 3,000 individuals and non-depository financial institutions, including mortgage companies, money transmitters, check cashers, money lenders, retail sellers and sales finance companies. Beginning September 3, 2014, DISB required that all non-depository licensees in the District submit their license applications through the Nationwide Mortgage Licensing System (NMLS). This transfer was completed through legislation that included a two-year sunset provision. In FY16, the Banking Bureau intends to draft permanent legislation that will include the requirements of the NMLS expansion as well as the addition of two new licensing categories: debt collectors and third party servicers to provide additional protection to consumers.
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Banking Bureau - 2 (2 Initiatives)				

2	Encourage the expansion of banking and non-depository services available to District of Columbia residents and businesses, and increase the availability of capital to small businesses.	2.1	Administer, manage, and market the District State Small Business Credit Initiative.	DISB administers a small business access to capital program known as the State Small Business Credit Initiative (SSBCI). DISB has received approximately \$8.6 million from the U.S Treasury Department that has been used to provide funding to District-based businesses who qualify. Funds received from the SSBCI program are not grants; instead program funds are used to assist borrowers who are creditworthy, but lack sufficient collateral to satisfy a bank's lending requirements. In FY16, the Banking Bureau plans to continue marketing the SSBCI programs in a manner that creates jobs for District residents, invests in low income census tracts and Great Streets corridors and diversifies the tax base of the District of Columbia. The Department is working to receive the third tranche of funds (\$4.3M) from the U.S. Treasury prior to the end of FY16.
2	Encourage the expansion of banking and non-depository services available to District of Columbia residents and businesses, and increase the availability of capital to small businesses.	2.2	Increase employment and entrepreneurial enterprises in the District.	To support the Mayor's goal of increasing employment and entrepreneurial enterprises, DISB proposes to create an annual small business plan competition designed to showcase the District as a model city for social and urban innovation and entrepreneurship. The competition will seek to support District entrepreneurs and attract entrepreneurs with emerging and innovative companies to the District. DISB intends to partner with a commercial bank or venture capital fund, which will provide half of the funding. The DISB will fund the other half using funds from the State Small Business Credit Initiative Program, which is authorized to make debt and equity investments in District businesses. The competition may be further refined in a manner that increases certain types of jobs for District residents, enhances investments in low-income census tracts, or in businesses located on Great Streets corridors.

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Compliance Analysis Division - 1 (2 Initiatives)

1	Enhance Consumer Protection.	1.1	Research and analyze trends occurring in the financial services markets and recommend best practices, enforcement actions and guidance, legislation, and regulations to prevent and correct licensee violations.	Consumers rely on the Compliance Analysis Division (CAD) to ensure that companies DISB licenses fulfill their legal obligations to consumers and comply with District law. The CAD develops proactive capabilities to monitor market activities and develops guidelines and recommendations that lead to best practices within industry sectors. The CAD will research unethical, unprincipled or unresponsive business practices and make recommendations on how to provide incentives to reduce undesirable business practices. The CAD will seek to identify financial products and services that fall into regulatory gaps and propose legislative and regulatory remedies to address market transaction problems. The CAD will review complaint ratios, licensee complaint handling procedures for response to consumer concerns and internal company policies regarding the handling of consumer concerns. The CAD will also identify issues of concern to consumers and assist in developing consumer guides on those issues. The purpose of this initiative is to identify company activity that adversely affects consumer interests, and require a plan from the companies describing the steps they will take to discontinue or modify that activity.
1	Enhance Consumer Protection.	1.2	Implement a rulemaking to provide protection to consumers when a homeowner insurance provider limits or restricts coverage in renewal policies extending the term of a policy beyond its policy period.	At the end of a policy period an insurer may send a renewal policy to a policyholder with material changes that limit or restrict coverage that was available in the previously delivered policy. Consumers often do not open renewal letters at the beginning of a new policy period and are not aware of the changes in their coverage until they make a claim and discover that they have a higher out of pocket cost than anticipated. DISB will implement a rulemaking to address this issue.

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Enforcement and Consumer Protection Division - 1 (2 Initiatives)				
1	Enhance ECPD'S enforcement and anti-fraud programs.	1.1	Increase by 10% over the prior fiscal year the total number of regulatory enforcement cases initiated by engaging in networking and surveillance activities to detect violations of District laws and regulations.	ECPD's Investigation and Compliance Sections employs a balanced approach to investigate allegations of financial services fraud, as well as regulatory violations by financial businesses in the District to protect its residents. ECPD will closely work with financial regulators at the federal and local level, as well as with District and federal law enforcement agencies to identify and prosecute criminal actors. ECPD will continue its work of ensuring that financial firms that conduct unregulated business in the District are presented for enforcement under DISB's administrative process.

1	Enhance ECPD'S enforcement and anti-fraud programs.	1.2	Increase by 10% over the prior fiscal year the number of fraud alerts prepared from the previous fiscal year on the DISB website and other media.	ECPD will alert consumers to potential fraudulent scams for their personal safety and financial welfare. These alerts will educate District residents on the type of financial threats operating in the metropolitan area and how to avoid them, as well as provide consumers with the opportunity to verify with DISB the legitimacy of any financial transaction they plan to conduct.
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Enforcement and Consumer Protection Division - 2 (1 Initiative)

2	Protect the residents of the District of Columbia from financial fraud.	2.1	Improve ECPD'S response to financial fraud victims in the District of Columbia by promptly responding to all financial fraud issues reported by the general public, and keeping them informed of the progress of the investigation.	ECPD investigators will promptly telephone, visit or otherwise electronically contact each complainant, and keep them apprised of the progress of the investigation of their complaint. Improved communication will enhance the residents' interaction with DISB. ECPD management will carefully supervise the division's investigators to ensure that all matters are appropriately and thoroughly investigated with the goal of resolving complaints in a timely manner, and keeping the complainant informed.
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Insurance Bureau - 1 (2 Initiatives)

1	Improve the health insurance market in the District by ensuring that plans available for sale in the District provide appropriate benefits, reasonable prices, and transparency to enable District residents to make informed choices about their health care. (Age-Friendly DC Goal: Domain #8).	1.1	Develop a new and improved Affordable Care Act (ACA) rate review process to review health insurance rate filings to determine compliance with the ACA. The new process will enable the Department to review rate filings more efficiently and accurately.	DISB staff reviews all health insurance rates to ensure compliance with District of Columbia laws and regulations, as well as the requirements of the Affordable Care Act (Obamacare). Previously each health insurance carrier developed their own method and format for filing rates with DISB. This has made it difficult to develop a consistent review methodology and compare rates and assumptions between carriers. DISB staff will work with the health insurance carriers in the ACA market in the District through joint and individual conference calls and meetings to develop more specific and detailed filing requirements. The results of this work will be included in a revision to the ACA Carrier Reference Manual, which is used by health insurance carriers in the preparation of their rate filings with the DISB.
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1	Improve the health insurance market in the District by ensuring that plans available for sale in the District provide appropriate benefits, reasonable prices, and transparency to enable District residents to make informed choices about their health care. (Age-Friendly DC Goal: Domain #8).	1.2	Audit Qualified Health Plans offered for sale on DC Health Link.	DISB will monitor Qualified Health Plans' (QHPs') compliance with District and federal law. The DISB will monitor plan coverage and benefit design for discriminatory practices in the areas of prescription drug coverage, mental health parity, and other areas.
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Insurance Bureau - 2 (1 Initiative)

2	Successfully maintain accreditation of our financial solvency review of insurance companies by the National Association of Insurance Commissioners (NAIC).	2.1	National Association of Insurance Commissioners Accreditation Recommendations.	DISB will review the NAIC accreditation review team's findings and recommendations, and fully implement all relevant recommendations into DISB's financial examination and analysis processes.
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Market Examination Division - 1 (1 Initiative)

1	Enhance Consumer Protection.	1.1	Conduct examinations of all regulated entities and persons as required by applicable District laws and regulations.	The MED will conduct financial and compliance examinations of all regulated entities and persons operating in the District to protect consumers of financial services products by ensuring compliance with all applicable District and federal insurance, securities and banking laws and regulations, and all applicable federal laws.
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Office of the Commissioner (including Agency Management and Communications) - 1 (2 Initiatives)

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1	Provide oversight and support for Agency's operating bureaus and divisions to enhance consumer financial education in the District.	1.1	Engage in comprehensive efforts to provide financial literacy to the residents of the District.	DISB will engage in various efforts to enhance the financial fitness of residents. By enhancing the financial education of residents, DISB is supporting the Administration's efforts to promote education and financial wellness for residents and families as a pathway to the middle class. These efforts will include outreach campaigns that will help them make informed choices about financial service offerings. The education effort will cover a range of topics from basic information through steps that can be taken to avoid financial fraud. The subject matter will be tailored to the audience and will include in person presentations as well as online information and print material. DISB will continue to promote its Speakers Bureau with experts on consumer finance topics to speak at community events; publish financial capability resources and consumer guides on financial services topics; and will partner with other District agencies and public and private organizations to expand its financial education efforts.
1	Provide oversight and support for Agency's operating bureaus and divisions to enhance consumer financial education in the District.	1.2	Establish a Senior Citizen Financial Literacy and Financial Fraud Abuse Prevention Program	To support the Mayor's goal of establishing the District as a World Class Age-Friendly City, DISB will create the DISB Elder Financial Education and Financial Fraud Abuse Prevention Program (Program). The Program will increase the level of financial fitness of District seniors to reduce their vulnerability to financial fraud and other abuses, and assist them in purchasing financial services products. DISB will conduct outreach and educational programs in all eight wards of the City covering such topics as reverse mortgages, long-term care insurance, life insurance, annuities, and investment products. DISB also will increase its enforcement efforts in this area to ensure that persons and firms that prey on District seniors will be aggressively pursued and prosecuted.
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Risk Finance Bureau - 1 (2 Initiatives)

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1	Maintain the District's competitiveness among jurisdictions that license and regulate captive insurance companies.	1.1	Process captive insurance company applications within 45 days of receipt.	There is stiff competition among jurisdictions (in the US and offshore) that license and regulate captive insurers. Captive insurers are generally licensed and regulated in one jurisdiction, unlike commercial insurers which must be licensed in each jurisdiction where it sells insurance. To maintain its reputation as a first-class captive domicile, the District must be responsive to the needs of the captive insurance industry by processing applications in a timely manner, while maintaining high standards for regulation.
1	Maintain the District's competitiveness among jurisdictions that license and regulate captive insurance companies.	1.2	Process captive insurance company business plan changes within 45 days of receipt.	There is stiff competition among jurisdictions (in the US and offshore) that license and regulate captive insurers. Captive insurers are generally licensed and regulated in one jurisdiction, unlike commercial insurers which must be licensed in each jurisdiction where it sells insurance. To maintain its reputation as a first-class captive domicile, the District must be responsive to the needs of the captive insurance industry by processing business plan changes in a timely manner, while maintaining high standards for regulation.

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Risk Finance Bureau - 2 (1 Initiative)

2	Ensure the solvency of captive insurers domiciled in the District.	2.1	Complete financial analyses on captive risk retention groups domiciled in the District of Columbia.	The financial analysis processes is an important activity and the primary method 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. The financial analysis of captive risk retention groups is particularly important because other jurisdictions where the companies sell insurance rely on DISB to function as the regulator of these companies. Captive insurance companies have paid over \$11 million in taxes and fees to the District since 2001.
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Securities Bureau - 1 (1 Initiative)

1	Facilitate Capital Formation.	1.1	Facilitate Capital Formation by District entrepreneurs and small business owners by streamlining the review of corporate finance filings to ensure compliance with District law and regulations.	DISB adopted regulations that established a new exemption from the registration requirement applicable to securities offerings in the District pursuant to Section 301 of the Securities Act. DISB will review requirements for exempt reporting investment advisers and other license categories to ensure DISB's corporation finance filings process is reasonable and efficient.
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