

# Department of Insurance, Securities and Banking FY2018

## FY2018 Performance Accountability Report

The Performance Accountability Report (PAR) measures each agency's performance for the fiscal year against the agency's performance plan and includes major accomplishments, updates on initiatives, and key performance indicators (KPIs).

## 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 advisors, 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.

## FY18 Top Accomplishments

What is the accomplishment that your agency wants to highlight?	How did this accomplishment impact residents of DC?	How did this accomplishment impact your agency?
In FY 2018, the Department of Insurance, Securities and Banking successfully handled 743 consumer complaints, 99% of which were resolved within 45 days of receipt. Most notably, the Department successfully negotiated settlements totaling \$110,000 from the insurers of the owners of 4920 and 4922 Jay Street, NE. Initially both insurers refused to pay the claims because the insurers took the position that the claims were excluded from coverage pursuant to the earth movement exclusion in the policies. The Department disagreed, and was able to persuade the insurers to settle with the property owners. The Department also provided both homeowners with housing counseling and legal assistance in connection with the sale of their homes.	The Department's consumer protection activities resulted in the return of \$1,073,278 to District residents in FY 2018.	The Department met its goal of providing exceptional customer service to District residents, and places the Department at the forefront of consumer financial protection in the District.
In FY 2018, the Department of Insurance, Securities and Banking approved 2019 individual and small group health insurance rates for plans sold on DC Health Link. The rate review process resulted in decreases for most plans. There are two insurers offering plans in the individual market. CareFirst individual rates were reduced from 16.7% to 9.8% for PPO plans and increased from 9.5% to 10.6% for HMO plans. Kaiser individual HMO rates are unchanged at a 20% increase. For small employer plans there are four carriers. Aetna reduced rates from 23.8% to 9.5% for PPO plans and from 18.1% to 3.4% for HMO plans. CareFirst small group plans were reduced from 5.2% to 1.7% for PPO plans and 3.2% to 1.9% for HMO plans. The Kaiser small group review resulted in no change to its overall 0% filed increase. Finally, all of the United Healthcare plans (both PPO and HMO) were reduced from 17.9% to 9.8%.	The impact on residents and employees of small employers in the District will be a savings of almost \$16 million in health insurance premiums paid in 2019 savings is due to the decreases in rates as a result of DISB's actuarial review of the filings submitted by the four carriers in those markets.	This is an annual exercise for the Department, although the process has improved over the last three years. Department staff worked closely with outside actuaries, the HBX, the insurance carriers and the public. The Department held two public hearings to provide information to the public, and to receive feedback on the rates and their impact on District residents.
In FY 2018, the Department of Insurance, Securities and Banking completely overhauled its the non-depository financial institutions examination program.	The Department's new examination program expanded the scope and	The new examination procedures created

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The Department created new examination procedures, covering both District and federal fair lending and consumer protection laws. In addition, examination reports are more comprehensive. We also introduced a new ratings system. The new program meets the Conference of State Bank Supervisors' accreditation standards.	increased the depth of the examinations, which enables the Department to identify violations that we would have previously missed.	structure that was previously lacking. In addition, the examiners are being held to a higher standard, and that has produced positive effects in other divisions in the Banking Bureau, and provides improved consumer protection.

## 2018 Strategic Objectives

Objective Number	Strategic Objective
1	Provide high quality and efficient consumer protection services to District residents and businesses.
2	Provide high quality and cost effective regulation of financial services providers to ensure compliance with District laws.
3	Establish the District as a premier destination for financial services firms by coordinating with other agencies to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District.
4	Provide high quality services to financially empower residents and create pathways to the middle class.
5	Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs.
6	Create and maintain a highly efficient, transparent and responsive District government.**

## 2018 Key Performance Indicators

Measure	Freq	Target	Q1	Q2	Q3	Q4	FY2018	KPI Status	Explanation
<b>1 - Provide high quality and efficient consumer protection services to District residents and businesses. (3 Measures)</b>									
Percent of Insurance, Securities and Banking complaints scheduled to be closed within 45 days of receipt	Annually	95%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	98.7%	Met	
Percent increase in the number of fraud alerts from the previous fiscal year developed and available on the Department's website and other media	Annually	10%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	18%	Met	
Percent of scheduled captive financial analyses conducted during the fiscal year	Annually	100%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	100%	Met	
<b>2 - Provide high quality and cost effective regulation of financial services providers to ensure compliance with District laws. (3 Measures)</b>									

Measure	Freq	Target	Q1	Q2	Q3	Q4	FY2018	KPI Status	Explanation
Percent of scheduled non-depository financial institutions examined during the fiscal year	Annually	100%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	100%	Met	
Percent of scheduled domestic insurance companies examined during the fiscal year	Annually	100%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	100%	Met	
Percent of scheduled District-based investment firms examined during the fiscal year	Annually	100%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	100%	Met	
<b>3 - Establish the District as a premier destination for financial services firms by coordinating with other agencies to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District. (1 Measure)</b>									
Initiate and increase cyber fraud enforcement efforts	Quarterly	12	2	6	5	5	18	Met	
<b>4 - Provide high quality services to financially empower residents and create pathways to the middle class. (1 Measure)</b>									
Increase by 10 percent the number of new bank accounts opened through the Bank on DC program from the previous year	Quarterly	825	69	152	406	200	827	Met	
<b>5 - Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs. (2 Measures)</b>									
Percent of State Small Business Credit Initiative applications processed within 30 days of receipt	Quarterly	95%	No applicable incidents	No applicable incidents	100%	No applicable incidents	100%	Met	
Number of outreach events for small businesses, financial institutions or business organizations	Quarterly	5	5	6	8	12	31	Met	

\*\*We've revisited a project to standardize District wide measures for the Objective "Create and maintain a highly efficient, transparent and responsive District government." New measures will be tracked in FY18 and FY19 and published starting in the FY19 Performance Plan.

## 2018 Workload Measures

Measure	Freq	Q1	Q2	Q3	Q4	FY 2018
<b>1 - Consumer alerts (1 Measure)</b>						
Number of consumer guides and alerts issued	Quarterly	1	6	1	2	10

Measure	Freq	Q1	Q2	Q3	Q4	FY 2018
<b>1 - Outreach campaigns (2 Measures)</b>						
Number of residents who receive in-person fraud abuse prevention, financial literacy training and/or consumer protection information	Quarterly	3785	2250	5114	2728	13,877
The number of Hispanic residents who receive financial education offerings at outreach events	Quarterly	32	11	124	125	292
<b>2 - Domestic insurance company exams (1 Measure)</b>						
Number of domestic insurance company examinations completed during the fiscal year	Quarterly	0	3	1	2	6
<b>2 - Investment firm exams (1 Measure)</b>						
Number of District-based investment firm examinations completed during the fiscal year	Quarterly	3	7	3	6	19
<b>2 - Non-depository exams (1 Measure)</b>						
Number of non-depository financial institutions examinations completed during the fiscal year	Quarterly	29	32	35	32	128
<b>4 - Bank on DC program (1 Measure)</b>						
Number of Bank on DC or other Financially Fit DC events held	Quarterly	27	33	52	118	230
<b>4 - Consumer guides and alerts (1 Measure)</b>						
The number of fraud alerts issued	Quarterly	6	9	1	4	20
<b>4 - Financial Literacy for all Residents of the District. (1 Measure)</b>						
Number of events held where residents were provided with financial literacy training and/or consumer protection information	Quarterly	27	33	52	146	258
<b>4 - Financial services curriculum (2 Measures)</b>						
Number of consumers receiving financial literacy training and/or consumer protection information.	Quarterly	3785	2250	5114	2728	13,877
The number of regulatory enforcement cases initiated	Quarterly	12	4	0	4	20
<b>5 - SSBCI program partnerships (1 Measure)</b>						
Number of small business assistance clinics, seminars, or other events provided	Quarterly	1	2	8	5	16
<b>5 - SSBCI program promotion (1 Measure)</b>						
Number of jobs created or retained in the District with SSBCI funds.	Quarterly	0	0	0	0	0

2018 Strategic Initiatives

Title	Description	Complete to Date	Status Update	Explanation
<b>AGENCY MANAGEMENT (1 Strategic Initiative)</b>				
Financial Services Academy: Public-private partnership between DISB, the financial services industries and District universities and colleges.	In FY 18, DISB will increase participation in the Financial Services Academy by adding new financial services companies and universities and colleges to the program.	75-99%	Completed discussions with partners and have paths for participants.	While the Department has yet to get new academia partners for the banking and securities sector, the Department did expand the Financial Services Academy (Academy) in 2018. The Department selected three students from Gallaudet University's Risk Management Institute (RMI) for the 2018 program year. Two students completed the program. The students worked on projects involving current financial services trends such as cryptocurrency and voice-activated insurance services.
<b>BANKING EXAMS (1 Strategic Initiative)</b>				
Formalize and update both the non-depository and depository examination process	In FY 18, DISB will develop and standardize all examination processes and procedures including exam reports, exam workpapers, and risk scoping, and exam checklists	Complete	Complete	
<b>CONSUMER SERVICES (1 Strategic Initiative)</b>				
Market Conduct Unit	In FY18, DISB will establish a market conduct unit in the Consumer Protection Division, which will conduct examinations to determine compliance with the District's laws and regulations regarding activities in the marketplace.	Complete	The Department created the Market Conduct Unit in FY2018. The Examiners completed their examination of all areas targeted for review. The companies submitted completed responses to outstanding requests for information and Initial Summaries that were due on September 30. The Examiners are in the process of reviewing the companies' responses and supporting documentation and they are in the process of creating Final Exit Summaries. The Final Summaries of Findings will reflect the actual exceptions and concerns upon which the multi-state examination Draft Report will be based	
<b>DC MARKET OPERATIONS BANKING (1 Strategic Initiative)</b>				
Implement the District's Inclusive Growth Leadership Fund	In FY18, DISB will promulgate regulations and start accepting applications to implement the Inclusive Growth Leadership	Complete	Complete	

Title	Description	Complete to Date	Status Update	Explanation
	Fund. This new program will ensure that DC BizCAP funds are deployed in a manner that support the Mayor's Economic Strategy and commitment to inclusive prosperity.			
<b>PUBLIC AFFAIRS (2 Strategic initiatives)</b>				
Internet and social media surveillance initiative	In FY 18, DISB will complete implementation of this initiative to identify the variety of fraudulent schemes committed against District residents, monitor fraud trends, and uncover the identities of the perpetrators through collaboration with local, state, and federal regulatory and law enforcement authorities.	Complete	Through use of the covert laptops, we were able to investigate whether several suspicious and unlicensed companies were offering bitcoin ICOs within the District of Columbia. This revealed two companies that were willing to do business in the District.	
Financial Education Events: High School and Beyond	In FY18, DISB will Initiate a new financial education program for high school graduates and recent graduates, including their parents. DISB will conduct at least a total of four Financial Literacy Days, Financial Summits/Forums, Financial Services Clinics or Reality Fairs .	Complete	Conducted 1 Reality Fair Events at McKinley Tech High School, 1 McKinley Tech Employments Banking Fair, 1 Parent & Civic Engagement Summit and 6 Pathways for Young Adults Financial Services Clinics	