

Department of Insurance, Securities and Banking FY2021

Agency Department of Insurance, Securities and Banking

Agency Code SRO

Fiscal Year 2021

Mission The mission of the Department of Insurance, Securities, and Banking (DISB) is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

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 advisors, investment advisor representatives, broker-dealers, broker-dealer agents, securities offerings, 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, appraisal management companies, student loan servicers, and consumer credit service organizations.

2021 Accomplishments

Accomplishment	Impact on Agency	Impact on Residents
Received NAIC 5-year renewal of DISB's accreditation	The renewal acknowledges and supports the good work of the financial surveillance staff of both the Insurance and Risk Finance Bureaus. It assures other states where our domestic insurers do business of the quality of our financial reviews, so they can rely on our work rather than duplicating the work which would add unnecessary burdens to our staff. It also keeps the District as part of the uniform state-based insurance regulatory scheme.	District residents benefitted from our accreditation renewal primarily by getting acknowledgement that the financial surveillance of our domestic insurers and risk retention groups, many of which predominantly serve District residents and businesses, is high quality which should give comfort that those insurers have sufficient resources to pay their claims. In addition, it was important to retain the existing DC-based insurers and risk retention groups and the jobs they bring to the District. It also maintains the District as a viable location for new insurers and risk retention groups to establish themselves
Launched DISB DEI Initiative and established working group subcommittees <ul style="list-style-type: none"> Developed and submitted draft DEI recommendations to Commissioner Woods Hosted three meetings with external stakeholders regarding DISB's DEI initiative 	The development and launch of DISB's Diversity, Equity, and Inclusion Initiative provided the agency with a framework to evaluate diversity, equity and inclusion issues in the financial services industry and make recommendations on policies and programs DISB can implement to effect change internally and externally as the local regulator of financial services.	The DISB DEI Initiative and policy and program recommendations submitted via the initiative aim to address economic barriers to opportunity and inequities in the financial services industry to ensure every resident has a fair shot in the District's financial services marketplace. Notably, the expansion of DISB's Financial Services Academy, which was recommended under the agency's DEI Initiative, expanded access to paid summer internship experiences for District youth interested in pursuing careers in the financial services industry.
Launched and expanded the Financial Services Academy	This accomplishment impacted the agency in multiple ways. The Financial Services Academy will be a year round program. While summer 2021 reflected the beginning of a new initiative of exposing more youth to the opportunity to work in the financial services and financial regulation space. Through the coming year, DISB will continue to be a catalyst to connect District residents and industry to sustainable engagement. Additionally, the work of this program will broadly coordinate with the agency's Diversity, Equity and Inclusion (DEI) efforts to encourage more minorities to consider financial services and regulation as a viable career options.	DISB had 29 young residents complete the summer 2021 cohort of the Financial Services Academy. The programs offered were the Bank on DC Young Money Managers Program, the DISB SYEP Insurance Internship Program and the DISB SYEP Securities Internship Program. Participants were a part of the Marion S. Berry Summer Youth Employment Program (MBSYEP) and consisted of youth ages 15 to 24. Participants gained valuable experience in the financial services industry, in financial regulation and in community engagement. These skills will be invaluable as the participants matriculate through high school and post-secondary education.

2021 Key Performance Indicators

Measure	Frequency	FY 2019 Actual	FY 2020 Actual	FY 2021 Target	FY 2021 Quarter 1	FY 2021 Quarter 2	FY 2021 Quarter 3	FY 2021 Quarter 4	FY 2021 Actual	Was 2021 KPI Met?	Explanation For Unmet KPI
1 - Provide high quality and efficient consumer protection services to District residents and businesses. (2 Measures)											
Percent of insurance, securities and banking complaints closed within 45 days of receipt	Quarterly	97%	97.2%	95%	95.2%	128.6%	99.3%	101.3%	104.4%	Met	
Percent increase in number of cyber fraud enforcement investigations initiated	Quarterly	47.8%	8%	12%	150%	-83.9%	-68.9%	-80%	-72.6%	Unmet	The cyber investigation goal for FY 20 was a total of 15. Because of the unexpected deluge of cyber fraud cases in FY 20 owing to the plethora of online COVID scams, our total numbers far-exceeded the FY 20 goal of 15 cyber investigations. We realized that the huge spike in FY 20 of cyber investigations was clearly a one-off situation. Therefore, when it came time to calculate our KPIs for FY 21 cyber investigation, we arrived at a more realistic total, namely 17. That number was consistent with the usual 12% increase over the previous year's goal of 15. Notwithstanding, for FY 21, we had a total of 31 cyber investigations which was 14 more than our goal that fiscal year (but fewer than the astounding total for FY 20). The number of COVID-related cyber frauds has been consistently decreasing since FY 20, thanks to the work of the different state and federal COVID-19 task forces and the resulting criminal and civil prosecutions.
2 - Establish the District as a premier destination for financial services firms to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District. (1 Measure)											
Number of District laws, regulations and policies reviewed for possible modernization	Quarterly	New in 2020	6	4	1	2	2	2	7	Met	
3 - Provide high quality services to financially empower residents and create pathways to the middle class. (1 Measure)											
Percent increase in number of Financially Fit DC events	Annually	New in 2020	16.5%	5%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	-13.1%	Unmet	In FY21, the number of Financially Fit events was impacted by the pandemic. We were implementing our use of virtual events and were not successful in scheduling the number of events early on that we would like to have scheduled. When we entered the numbers which gave us an incorrect percentage increase, and when we corrected the input we did not have a positive percentage increase.

Measure	Frequency	FY 2019 Actual	FY 2020 Actual	FY 2021 Target	FY 2021 Quarter 1	FY 2021 Quarter 2	FY 2021 Quarter 3	FY 2021 Quarter 4	FY 2021 Actual	Was 2021 KPI Met?	Explanation For Unmet KPI
4 - Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs. (2 Measures)											
Percent of State Small Business Credit Initiative applications processed within 30 days of receipt	Quarterly	100%	100%	100%	100%	100%	100%	100%	100%	Met	
Number of outreach events for small businesses, financial institutions, or business organizations	Quarterly	21	28	20	5	6	7	2	20	Met	

2021 Workload Measures

Measure	FY 2019 Actual	FY 2020 Actual	FY 2021 Quarter 1	FY 2021 Quarter 2	FY 2021 Quarter 3	FY 2021 Quarter 4	FY 2021 Actual
1 - Complaint Activity (1 Measure)							
Number of residents who receive in-person fraud abuse prevention, financial literacy training and/or consumer protection information	10,010	7602	1150	890	3980	7366	13,386
1 - Exams (1 Measure)							
Number of examinations of non-depository financial institutions, domestic insurance companies, and investment firms completed during the fiscal year	New in 2020	169	54	38	43	40	175
1 - Market and Internet surveillance (2 Measures)							
Number of fraud alerts issued	17	23	7	6	4	4	21
Number of cyber fraud enforcement cases initiated	New in 2020	113	5	5	14	7	31
2 - Legislative and Regulatory Review (1 Measure)							
Number of laws, regulations and policies reviewed	New in 2020	6	1	2	2	2	7
3 - Financially Fit DC program (2 Measures)							
Number Financially Fit DC events held	164	191	21	31	36	78	166
Number of new bank accounts opened	New in 2020	287	22	14	49	40	125
4 - DC BizCap (1 Measure)							
Number of outreach events for small businesses, financial institutions, or business organizations, including small business assistance clinics	New in 2020	19	41	12	7	6	66

2021 Operations

Operations Title	Operations Description	Type of Operations
1 - Provide high quality and efficient consumer protection services to District residents and businesses. (4 Activities)		
Market and Internet surveillance	Conduct market and Internet surveillance and investigations to curtail illegal cyber activity, including Internet-based investment scams and unregistered securities offerings	Daily Service
Complaint Activity	Review complaint activity to identify trends that are adverse to the interests of consumers	Daily Service
Exams	Conduct examinations of non-depository financial institutions, domestic insurance companies, and investment firms scheduled during the fiscal year	Daily Service
Regulatory Initiatives (Multiple offices: Securities/Banking)	Review, assess and update securities and banking regulations which would include the Investment Crowdfunding Regulations and Credit Union Regulatory program.	Key Project
2 - Establish the District as a premier destination for financial services firms to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District. (1 Activity)		
Legislative and Regulatory Review	Review District insurance, securities, and banking laws/regulations/policies and prepare recommendations for amendment or revision, as necessary to modernize the District's financial services regulatory regime	Daily Service
3 - Provide high quality services to financially empower residents and create pathways to the middle class. (5 Activities)		
Financially Fit DC program	Reduce the number of unbanked and underbanked residents in the District	Key Project
Financial Services Curriculum, Guides and Alerts and Financial Literacy	Deliver financial services curriculum that contains topics of interest and importance to all population segments in the District; provide District residents with information about financial products and services; and provide residents with information on financial services and engage in comprehensive efforts to provide financial literacy	Key Project
Financial Education and Empowerment	DISB will develop and implement four financial education and outreach programs, specifically in Wards 7 and 8 that will: increase awareness of DISB's services, and inform District residents and business owners about relevant topics in a variety of issues areas, including insurance and financial education, crowdfunding, and student loan debt management.	Daily Service

Operations Title	Operations Description	Type of Operations
Resiliency	DISB will develop a multi-agency resiliency virtual forum and podcast, in partnership with HSEMA, DC Water and DOEE to inform residents on cross cutting issues related to flooding and natural disasters.	Daily Service
Financial Education and Empowerment	DISB will develop and implement four financial education and outreach programs, specifically in Wards 7 and 8 that will: increase awareness of DISB's services, and inform District residents and business owners about relevant topics in a variety of issues areas, including insurance and financial education, crowdfunding, and student loan debt management.	Daily Service
4 - Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs. (1 Activity)		
DC BizCap	Administer DISB's DC BizCap program to provide financial support to District-based small businesses and entrepreneurs	Daily Service
5 - Create and maintain a highly efficient, transparent, and responsive District government. (1 Activity)		
Marketing and Promotion (Communications)	DISB will develop a new marketing strategy for the department which will include a new DISB Mobile App, a microsite webpage, and collateral material for consumer facing programs such as: DCBizCap, Captive Insurance, Regulatory Sandbox and Crowdfunding	Daily Service

2021 Strategic Initiatives

Strategic Initiative Title	Strategic Initiative Description	Completion to Date	Status Update	Explanation for Incomplete Initiative
Financial Education and Empowerment (1 Strategic Initiative)				
Financial Education and Empowerment	DISB will develop and implement four financial education and outreach programs, specifically in Wards 7 and 8 that will: increase awareness of DISB's services, and inform District residents and business owners about relevant topics in a variety of issues areas, including insurance and financial education, crowdfunding, and student loan debt management.	Complete	Complete	
Legislative and Regulatory Review (1 Strategic Initiative)				
Regulatory Initiatives (Multiple offices: Securities/Banking)	Review, assess and update securities and banking regulations which would include the Investment Crowdfunding Regulations and Credit Union Regulatory program.	50-74%	The legislation for the Regulatory Sandbox was introduced to the Council on April 26, 2021 and referred to the Committee on Business and Economic Development on May 4, 2021. The Committee has not scheduled a public hearing at this time. Our effort to update our banking codes and an internal review of our securities laws and regulations has not been completed because OCP has not awarded a contract to the identified vendor to do the work. DISB leadership is working with OCP leadership to resolve these issues.	Awaiting OCP award to vendor to do the research.
Marketing and Promotion (Communications) (1 Strategic Initiative)				
Marketing and Promotion (Communications)	DISB will develop a new marketing strategy for the department which will include a new DISB Mobile App, a microsite webpage, and collateral material for consumer facing programs such as: DCBizCap, Captive Insurance, Regulatory Sandbox and Crowdfunding.	25-49%	OCP cleared two of the submitted vendor proposals as eligible to complete the work of the RFP. On 9/22, DISB submitted additional background questions for more clarification from the two vendors on their cost proposals to OCP. DISB is in the process of determining if the RFP needs to be retracted and resubmitted due to the start of FY22 and no awarded contract. DISB leadership has reached out to OCP leadership and is seeking input from DM Babers. A contract for production of all new marketing materials and the production of a podcast for the Captives program was able to be awarded and completed in Q4.	The work could not be completed because OCP did not award a contract. DISB leadership and DM Babers have reached out to OCP leadership to get the contract issue resolved.
Regulatory Initiatives (Multiple offices: Securities/Banking) (1 Strategic Initiative)				
Diversity and Inclusion	DISB will develop an internal working group comprised of DISB staff and external advisory group of industry representatives and subject matter experts from consumer and other organizations to review diversity and inclusion practices in the District's financial services industries (insurance, securities and banking), encourage a commitment to diversity and inclusion, and assess and amend any policies, laws and regulations that unfairly discriminate against District residents.	Complete	The DC Department of Insurance, Securities and Banking (DISB) has established an External Working Group on Diversity, Equity and Inclusion to advise DISB leadership and staff on policies and programs that advance the agency's DEI mission.	
Resiliency (1 Strategic Initiative)				
Resiliency	DISB will develop a multi-agency resiliency virtual forum and podcast, in partnership with HSEMA, DC Water and DOEE to inform residents on cross cutting issues related to flooding and natural disasters.	Complete	DISB hosted the 4th of four multi-agency virtual Flood and Water Damage Forum on September 23rd, targeting Wards 2 and 3 to help residents prepare for extreme weather and bring awareness to programs, resources and DISB complaint process, available to assist them with preparing, mitigating and recovering from flood and water damage risks.	