

IDAHO DEPARTMENT OF INSURANCE

FY 2012 - FY 2015

FOUR YEAR STRATEGIC PLAN

July 1, 2011

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I. INTRODUCTION

The Department of Insurance is a state agency created to regulate the business of insurance in Idaho. State regulation of Idaho's insurance business began in 1901, and in 1961 the present Department of Insurance was created. When the Executive branch of state government was reorganized in 1974, the Department of Insurance became one of twenty major departments of the Executive branch. The director of the department is appointed by the governor and is subject to confirmation by the state senate.

The first, and perhaps the most significant, part of the strategic plan is our Mission Statement, which identifies what we do and why we do it. Our Vision Statement is a description of how we see the future. Our Values describe how we deal with the people of the state and with each other.

The department's Goals are the general ends toward which we direct our efforts. They set forth broad outcomes desired for each of the department's core regulatory divisions. The Objectives and Strategies describe how the department will reach a particular goal. Performance Measures and Benchmarks are intended to gauge progress toward achieving goals. The Performance Measures and Benchmarks used in this plan were determined by assuming that existing staffing and funding levels continue throughout the term of the plan. Output Measures are used to quantify the services we provide.

II. MISSION STATEMENT

The mission of the Department of Insurance is to equitably, effectively and efficiently administer the Idaho Insurance Code and the International Fire Code.

The department fulfills its mission and duties through two divisions: the Insurance Division and the State Fire Marshal's Office. The Insurance Division consists of two regulatory bureaus and two sections overseen by a deputy director. Support services are provided by an administrative group reporting to the Director. The responsibilities can be summarized as follows:

- **Administration:** The Director is responsible for the overall policy direction and management of the Department of Insurance. The Director's administration group includes the deputy director, fiscal management section, information technology, public information and the human resource functions for the Department of Insurance. Administration provides oversight and support to the Insurance Division and the State Fire Marshal.
- **Insurance Division:**
 - **Company Activities Bureau:** This bureau monitors the financial condition of all insurance entities conducting business in the state of Idaho to assure that each complies with Idaho law and that the financial obligations of the company to its policyholders will be met. The bureau reviews all applications of insurers and qualifying self-funded healthcare plans seeking to do business in this state to determine eligibility for a certificate of authority to transact insurance or eligibility for registration as a self-funded healthcare plan in Idaho. The bureau also reviews insurance policy rates and forms, licenses producers and third party administrators, collects and audits insurance premium tax returns, regulates title and bail agencies and performs market conduct analyses and examinations of insurers and self-funded plans doing business in Idaho.
 - **Consumer Services Bureau:** This bureau analyzes consumer and industry complaints and provides assistance to consumers and the insurance industry on matters involving insurance contracts and potential violations of the insurance code. This bureau is also responsible for investigating criminal and civil violations of insurance laws, and referring cases involving criminal violations to the Attorney General or appropriate county prosecutor. Also within this bureau is Idaho's Senior Health Insurance Benefits Advisors (SHIBA) program which provides information, counseling and assistance on health insurance matters to Idaho's senior citizens through a network of over 80 senior citizen volunteers and a toll-free phone number.
- **State Fire Marshal:** The State Fire Marshal's Office participates in and coordinates an integrated statewide system designed to protect human life from fire and explosions through fire prevention, investigation and public education activities. The program involves fire prevention activities, fire/arson investigations, code enforcement and the operation of the Idaho Fire Incident Reporting System. The State Fire Marshal's Office provides assistance to local fire agencies throughout the state.

III. VISION STATEMENT

We are committed to creating a regulatory environment in Idaho that is efficient, fair and effective. Our objective is an insurance market that encourages competition and job growth by making Idaho an attractive place in which to do business, while maintaining public confidence in the industry by providing effective protections to the insurance-buying public. While some groups within the insurance industry and the federal government continue to push federal insurance regulation, we believe the state-based regulatory system provides the most efficient and effective means of regulating the industry and responding to consumer needs. State-based insurance regulation has a long track record of protecting consumers while meeting the unique needs and challenges of the various state markets. Therefore, the department will continue to work with other state insurance regulators to demonstrate the viability and effectiveness of state-based insurance regulation by promoting greater uniformity and efficiency in insurance regulation at the national level while making certain the unique needs of this state are also addressed.

The State Fire Marshal's Office will continue in its role as an essential resource for local governmental units by providing training and assistance when requested. The State Fire Marshal's Office will also continue to take a proactive approach to fire prevention by improving and expanding the scope of its public outreach and fire prevention education programs.

IV. VALUES

In all areas of our work, the citizens of Idaho come first. Customer service to the public and to the industry members we regulate is a priority. We have a duty to the citizens to be responsive to their needs and look for ways to improve and expand the services we offer. We also have a duty to manage our resources in an effective and efficient manner.

The department is committed to providing an atmosphere that is rewarding to the people who work here. We are a team. Each member of the team is equally valued and respected and the department supports and encourages professional development of all its employees. All have an equal opportunity to be heard and to succeed. The actions and conduct of team leaders should inspire respect and admiration from the internal staff and all public sectors.

The insurance industry is complex and dynamic. To meet the challenges of regulating this industry, the department is committed to investing in the technological tools and training necessary to allow staff to achieve the goal of efficient, fair and effective regulation.

V. KEY EXTERNAL FACTORS

- Moves by the federal government to limit or eliminate the authority of states to regulate the business of insurance within their borders including the enactment of the Patient Protection and Affordable Care Act of 2010.
- The increasing population of the state which requires more resources to be allocated to insurance fraud, arson, fire prevention and direct consumer services.
- The changing demographics of Idaho's population including an increasing number of senior citizens needing assistance in choosing appropriate health care plans and insurance services.
- The spiraling cost of health care which impacts the availability, affordability and quality of health insurance and managed care plans available in Idaho.
- Responding to continued growth within the industry with available resources.
- The ability of the state to offer a compensation package to compete with the insurance industry in attracting and retaining persons with the necessary background, education and skills to effectively fulfill the regulatory duties of the department.
- Increasing demands for local fire related services will increase the demands for services such as training, fire investigations and inspections provided to local entities by the State Fire Marshal.
- National regulatory initiatives aimed at increasing uniformity in state regulation that require changes to Idaho laws or investments in technology and staffing to complete.
- The impact on the insurance market from natural disasters and acts of terrorism.
- Legislative changes and court rulings.

VI. GOALS, OBJECTIVES, STRATEGIES AND MEASURES

A. COMPANY ACTIVITIES BUREAU

GOAL: TO EFFICIENTLY ENSURE THAT INSURERS DOING BUSINESS IN IDAHO ARE FINANCIALLY SOUND AND IN COMPLIANCE WITH IDAHO LAW.

Objective 1: *Monitor the financial condition of domestic, foreign and alien insurers.*

Strategies:

- Communicate with insurers to ensure a more complete understanding of analysis and examination objectives and standards.
- Provide high quality, timely and comprehensive analysis and examinations of the financial condition and market practices of all domestic insurers, registered self-funded plans and selected foreign and alien insurers.
- Effectively use intra-departmental resources and resources available through the National Association of Insurance Commissioners (NAIC) to enhance the effectiveness and quality of examinations and analyses while reducing costs to the state and regulated entities.
- Maintain open and regular communication with insurers in order to quickly identify changes in financial position or operational practices that may negatively impact the financial health of insurance companies or prove to be detrimental to the policyholders and creditors.

Performance Measures and Benchmarks:

- Maintain accreditation by the National Association of Insurance Commissioners by:
 - Complying with national standards established for timeliness and quality of financial analyses.
 - Complying with national standards established for risk-focused financial examinations.
 - Successfully completing NAIC five-year accreditation reviews.
- Complete all financial examinations within 18 months of the “as of” date.

Output Measures:

- The number of analyses completed.
- The number of examinations completed.

Company Activities Bureau cont'd

Objective 2: To process admission applications in an effective and timely manner in order to admit financially sound insurers and other related entities that will offer quality insurance products and services to Idaho residents.

Strategies:

- Encourage use of the Uniform Certificate of Authority application process.
- Monitor and update Idaho's state specific admission procedures to ensure relevancy while still maintaining standards and requirements required by Idaho law.
- Place a high priority on the approval of applications from entities that are financially sound and have a track record of service to customers.
- Evaluate an applicant's financial soundness and the products and services offered on a stand-alone basis.
- Proactively prepare for adoption of NAIC accreditation standards.

Performance Measures and Benchmarks:

- Approve or deny all applications within 30 days after an application is deemed complete and all admission requirements have been met.
- Monitor new admissions with respect to solvency and market conduct to make certain the department's admissions screening is successful. No newly licensed companies should be the subject of regulatory actions within one year of admission.

Output Measures:

- The percentage of applications approved or denied within 30 days after a complete application has been received.
- The number of companies subject to regulatory action within one year of admission.

Company Activities Bureau cont'd

Objective 3: To efficiently license qualified persons as insurance producers.

Strategies:

- Ensure uniform and efficient licensing standards, policies and processes.
- Continue to move to an electronic, paperless licensing environment.
- Monitor and improve opportunities for continuing education.
- Maintain an adequate number of trained, professional staff members to complete licensing and monitor compliance with appropriate regulations.

Performance Measures and Benchmarks:

- 90% of license processing will be completed in 5 business days or less.
- Increase the percentage of licenses, renewals, appointments, and other licensing transactions processed electronically to at least 95%.
- Increase the types of approved continuing education course categories by 1%.
- Increase continuing education course availability by 10%.

Output Measures:

- The number of producer license applications, renewals and appointments filed, and the percentage filed and processed electronically.
- The number of producer licenses approved, denied or revoked, and the percentage of licenses processed within 5 business days or less.
- The number and types of continuing education courses for which approval is sought.
- The number of continuing education courses analyzed and approved.

Company Activities Bureau cont'd

Objective 4: To maintain a “file and use” system for insurance policy rates and forms that will effectively monitor compliance with state laws while not unduly delaying the introduction of new products to the marketplace.

Strategies:

- Establish and maintain appropriate priorities for the review of policy forms.
- Coordinate form review with information and consumer problems identified by other department sections.
- Provide a timely analysis of the effect of new policy forms on consumers and on the financial condition and probable market conduct of domestic, foreign and alien insurers.
- Require revisions of forms and rates when necessary to meet statutory requirements.
- Review health insurance rate filings.

Performance Measures and Benchmarks:

- Review all priority form filings within 8 days of filing.

Output Measures:

- The number of rates and forms filed.
- The number of rates and forms reviewed.
- The percentage of priority form filings reviewed within 8 days of filing.

Company Activities Bureau cont'd

Objective 5: To enforce compliance with state premium tax requirements by efficiently collecting and accounting for premium taxes and auditing tax and fee returns.

Strategies:

- Monitor the process for auditing returns to develop efficient and accurate processes for determining that premium taxes are being accurately accounted for and properly paid.
- Simplify and automate the process where possible.
- Provide accurate revenue and data reports when requested by the Division of Financial Management, other public entities or the Idaho Legislature.

Performance Measures and Benchmarks:

- Complete the prior year's premium tax audit and have all refunds processed and issued by the close of the fiscal year (June 30).
- Perform desk audit for accuracy of 100% of all premium tax returns filed.

Output Measures:

- Total number of returns filed and the percentage of returns audited.
- The number of errors identified/corrections made.
- Amount of premium tax collected.

Company Activities Bureau cont'd

Objective 6: To enforce compliance with state laws and rules by overseeing title and bail agent operations.

Strategies:

- Maintain open and regular communication with title and bail agents.
- Investigate potential violations of the insurance code by title and bail agents.
- Conduct examinations of title and bail agents to assure compliance with Idaho laws.

Performance Measures and Benchmarks:

- Complete examination of title agency every five years and examine bail agent operations as needed.
- Refer violation of insurance code by title and bail agents for administrative action.

Output Measures:

- The number of title agencies examined and the percentage of examinations that were completed within five years or less.
- The number of bail agent examinations completed.
- Number of completed investigations and legal referrals.

Company Activities Bureau cont'd

Objective 7: To monitor the market conduct and compliance with Idaho laws of companies writing business in Idaho

Strategies:

- Review company activities in the marketplace on an annual or more frequent basis.
- Use available resources to enhance the quality and efficiency of market analysis.
- Participate in statutory examination fieldwork with regard to market conduct.

Performance Measures and Benchmarks:

- Identify companies who may be of concern in the marketplace.
- Perform 15 Level 1 analyses each year.
- Participate in statutory examination fieldwork with regard to market conduct.

Output Measures:

- Total number of Level 1 analyses performed annually.
- The number of examinations completed.

B. CONSUMER SERVICES BUREAU

GOAL: TO PROTECT THE PUBLIC FROM UNFAIR AND ILLEGAL PRACTICES INVOLVING INSURANCE BY PROVIDING COUNSELING AND ASSISTANCE TO INSURANCE CONSUMERS AND INVESTIGATING ALLEGATIONS OF INSURANCE CODE VIOLATIONS.

Consumer Services Bureau cont'd

Objective 1: To provide an effective forum for the analysis and resolution of consumer and industry inquiries and complaints.

Strategies:

- Maintain an adequate number of well-trained staff able to effectively respond to inquiries and assist consumers in resolving controversies with their insurers.
- Assist insurers and producers in resolving intra-industry disputes.
- Provide education and information to consumers and the insurance industry through classes, written materials and electronic media.
- Make the services of the DOI accessible to all Idaho consumers through branch offices, online access and a toll-free phone line.

Performance Measures and Benchmarks:

- Respond to 800 inquiries per month.
- Respond to approximately 850 consumer complaints per year.
- Investigate and resolve at least 90% of all complaints within 80 days.
- Close 80% of new complaints opened during the year.
- Recover \$2.5 million per year for consumers resulting from complaints.

Output Measures:

- The number of inquiries received and the number of responses.
- The number of consumer complaints opened and the number of cases resolved.
- The percentage of complaints resolved within 80 days of opening.
- The dollar value and percentage of complaints for which recoveries are received on closed consumer complaints.

Consumer Services Bureau cont'd

Objective 2: To provide educational opportunities to all Idahoans and the insurance community.

Strategies:

- Offer outreach opportunities using tools such as “GoToMeetings.com” or other non-traditional meeting methods to reach the less populated areas of Idaho.
- Access industry associations as a resource for outreach opportunities.
- Provide education and information to consumers and the insurance industry through classes, written materials and electronic media.
- Identify opportunities to publicize the services available to consumers through the Idaho Department of Insurance.
- Coordinate with the department’s Public Information Officer to develop communication strategies such as news releases, flyers and online notices.

Performance Measures and Benchmarks:

- Complete at least 40 outreach opportunities per year including presentations to Idaho consumers with opportunities spread throughout the state.
- Reach 600 participants through outreach efforts including insurance industry and the public.
- Conduct 6 law presentations per year with a goal of 50 participants in each class.
- 90% of law class evaluations will be rated as “satisfactory” or better.

Output Measures:

- The number of outreach activities per year and the number of participants per outreach event.
- The number of insurance presentations per year and the number of participants per presentation.
- The number of law classes taught to the insurance industry per year and the total number of participants.
- The results of evaluations completed by law class participants.

Consumer Services Bureau cont'd

Objective 3: To provide personalized counseling services to Medicare beneficiaries with emphasis on low income and diverse populations.

Strategies:

- Recruit and provide training to volunteers to provide one-on-one counseling services.
- Certify and monitor volunteers using quality assurance tools developed by the SHIBA program.
- Assist Medicare beneficiaries to identify, understand and enroll in appropriate programs and plans.
- Increase Idaho senior citizens' awareness of Department of Insurance services and Medicare programs through outreach to beneficiaries and networking with partners.
- Use Centers for Medicare and Medicaid Services tools to identify unmet needs by geographical area.
- Provide publications and informational materials to the public.
- Partner with public and private efforts targeted at helping Medicare beneficiaries learn about and access program benefits and services.

Performance Measures and Benchmarks:

- Provide one-on-one counseling to 10,500 of Idaho's beneficiaries (10% of Medicare Population).
- Provide client contact to 23,000 of Idaho's beneficiaries.
- Provide one-on-one counseling to 8,400 low income (150% of Federal Poverty Level) beneficiaries (15% of Medicare Low Income population).
- Increase the number of individuals attending events to 30,000 (10% over previous year).
- Increase the number of public and media events to 1000 (10% over previous year).
- Maintain the number of recruited volunteers at 200 and maintain the numbers of volunteer hours at 12,000.

Output Measures:

- The number of one-on-one counseling sessions.
- The number of client contacts.
- The number of client contacts under 150% of the Federal Poverty Level.
- The total number of public and media events.
- The number of clients reached through media events or outreach efforts.
- The number of volunteers and the number of hours counseling.

Consumer Services Bureau cont'd

Objective 4: To reduce costs and losses to the public and the insurance industry arising from insurance fraud.

Strategies:

- Investigate alleged violations of the Idaho Insurance Code.
- Monitor the extent and severity of insurance fraud in Idaho.
- Create procedures for industry identification and reporting of insurance fraud.
- Work with state, county and local law enforcement agencies to create a unified system for investigating, prosecuting and reducing insurance fraud.
- Increase public awareness of insurance fraud and its impact on premiums, insurers and consumers.
- Develop insurance fraud investigation and prosecution strategies in conjunction with the Office of the Attorney General.

Performance Measures and Benchmarks:

- Obtain at least 12 insurance fraud criminal prosecutions annually.
- Provide at least 6 public education or outreach programs annually.
- Provide 2 training programs on insurance fraud for law enforcement personnel throughout the state.

Output measures:

- Number of cases referred to the department for investigation.
- Number of reported cases investigated.
- Number of cases referred for prosecution.
- Number of presentations given to the industry, public and law enforcement agencies by investigations staff.

C. STATE FIRE MARSHAL

GOAL: TO PROTECT THE PEOPLE OF IDAHO FROM LOSS OF HUMAN LIFE AND PROPERTY DUE TO FIRE.

Objective 1: To provide a statewide program for fire prevention.

Strategies:

- Assist other units of government upon request by inspecting buildings and building plans for compliance with the Fire Code.
- Assist local fire departments upon request with prevention, investigation and public education efforts.
- Provide training in fire prevention techniques and Fire Code requirements upon request.
- Review plans of state buildings as required by Idaho Code.
- Provide technical plan review assistance to local fire agencies upon request.
- Coordinate/facilitate fire prevention programs on a statewide basis.

Performance Measures and Benchmarks:

- Respond to requests for services from local agencies within 24 hours.
- Schedule training classes within 48 hours of request.
- Review and comment on plans submitted for state buildings within 2 weeks.
- Provide technical assistance to local fire agency when requested and complete plan reviews within 2 weeks.

Output Measures:

- Number of inspections and plans reviews requested and completed.
- Number of plans submitted for state buildings and percentage reviewed and commented upon within 2 weeks.
- Number of assistance requests handled and the percentage of responses within 24 hours.
- Number of training classes requested.
- Number of training classes provided and percentage scheduled within 48 hours of request.
- Number of local plan assistance requests.
- Number of local plan reviews requested and percentage reviewed and commented upon within 2 weeks.

State Fire Marshal Office cont'd

Objective 2: *To investigate fires and assist in the prosecution of arson claims at the request of local units of government.*

Strategies:

- Ensure State Fire Marshal's Office investigators receive adequate training and resources to competently carry out their responsibilities in determining the cause and origin of fires.
- Maintain sufficient staffing to handle requests for investigations coming from any part of the state at any time of the day or night.
- At the request of other agencies, provide training in fire investigation techniques.
- Assist the Attorney General's Office and local prosecutors in handling arson and insurance fraud cases.

Performance Measures and Benchmarks:

- Respond to all requests for fire investigation assistance within 4 hours.
- Respond to requests for insurance fraud investigation assistance within 24 hours.
- Schedule training classes within 48 hours of request.

Output Measures:

- Number of investigations requested and completed.
- Number of requests for fire investigation assistance received and percentage of responses made within 4 hours.
- Number of requests for insurance fraud investigation assistance and percentage of responses made within 24 hours.
- Number of training classes requested and number of classes provided.
- Percentage of training classes scheduled within 48 hours of request.

VII. PROGRAM EVALUATION

This strategic plan is designed as a living document. The department assumes that circumstances will change during the term of this plan and that operational improvements within the department will create a need for revised objectives, strategies, measures and benchmarks. As a result, the department intends to periodically re-evaluate the plan.

The need for a strategic vision of the insurance industry and its effect on consumers that is as accurate and comprehensive as possible is critical. Therefore, the department will continue to communicate regularly with consumers, industry representatives and members of the legislature as a means of assuring that the department's strategic vision statement remains accurate and that the department's goals and objectives are perceived as being equitably, effectively and efficiently executed.