



CHIEF FINANCIAL OFFICER  
JEFF ATWATER  
STATE OF FLORIDA

## LONG RANGE PROGRAM PLAN

Department of Financial Services

Tallahassee, Florida

September 30, 2013

Jerry L. McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

JoAnne Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Mike Hansen, Staff Director  
Senate Appropriations Committee  
201 Capitol  
Tallahassee, Florida 32399-1100

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Department of Financial Services is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2014-15 through Fiscal Year 2018-19. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.myfloridacfo.com/>.

Sincerely,

A handwritten signature in blue ink that reads "Ashley Mayer".

Ashley Mayer

AM/pc



# **Department of Financial Services**

## **Long Range Program Plan**

**Fiscal Years  
2014-15 through 2018-19**

***Jeff Atwater***  
***Chief Financial Officer***

# **AGENCY MISSION AND GOALS**

## **MISSION**

To safeguard the integrity of the transactions entrusted to the Department of Financial Services and to ensure that every program within the Department delivers value to the citizens of Florida by continually improving the efficiency and cost effectiveness of internal management processes and regularly validating the value equation with our customers.

## **VISION**

The Department of Financial Services will be recognized for its standards of professionalism, its ethical behavior, its unrelenting pursuit of fraud and abuse, and its commitment to the growth and expansion of Florida's economy. Specifically, the organization will encourage and support the professional development of its employees, conduct its relationships with internal and external stakeholders according to the strictest code of ethics, promote values of trust and honesty throughout the organization, aggressively identify and eliminate fraud, waste and abuse inside and outside of the agency, and eliminate any and all regulatory or procedural barriers to job creation and economic growth.

# GOALS

**1) FIGHT FRAUD, WASTE AND ABUSE**

**2) PROMOTE FINANCIAL ACCOUNTABILITY AND  
TRANSPARENCY**

**3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE**

**4) KEEP MONEY IN THE POCKETS OF FLORIDIANS**

**AGENCY OBJECTIVES, SERVICE OUTCOMES AND  
PERFORMANCE PROJECTIONS TABLES**

**1) FIGHT FRAUD, WASTE AND ABUSE**

**Objective 1A: Effectively manage regulatory activities.**

**Division of Accounting and Auditing:**

**Outcome 1A.1:** Number of agencies audited for contract/grant manager's performance.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
11	12	12	12	12	12

**Outcome 1A.2:** Number of contracts/grants reviewed in a twelve month period.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
1,100	2,200	2,200	2,200	2,200	2,200

**Division of State Fire Marshal:**

**Outcome 1A.3:** Percentage of Fire Code inspections completed within statutorily defined timeframes.

FY2006-07 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
100%	100%	100%	100%	100%	100%

**Division of Funeral, Cemetery and Consumer Services:**

**Outcome 1A.4:** Percentage of inspections that do not require quality control follow up.

FY2007-08 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
72.65%	95%	97%	97%	97%	98%

**Objective 1B: Conduct successful investigations.**

**Division of Accounting and Auditing:**

**Outcome 1B.1:** Percentage of investigations that result in action taken against the investigative target.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
50%	50%	50%	50%	50%	50%

**Division of State Fire Marshal:**

**Outcome 1B.2:** Percentage of arson cases cleared.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
20%	20%	20%	20%	20%	20%

**Outcome 1B.3:** Average turnaround time for the Bureau of Forensic Fire and Explosives Analysis

FY2008-09 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
8.25 days	10 days	10 days	10 days	10 days	10 days

**Division of Agent and Agency Services****Outcome 1B.4:** Percentage of licensees disciplined for a practice violation in the past twelve months.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
0.068%	0.068%	0.068%	0.068%	0.068%	0.068%

**Division of Insurance Fraud:****Outcome 1B.5:** Number of arrests.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
1,224	1,224	1,224	1,224	1,224	1,224

**Outcome 1B.6:** Number of cases presented for prosecution.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
1,260	1,260	1,260	1,260	1,260	1,260

**Division of Funeral, Cemetery and Consumer Services:****Outcome 1B.7:** Average age (days) of closed investigations.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
100	90	90	90	90	90

**Division of Public Assistance Fraud:****Outcome 1B.8:** Public Assistance dollars withheld as a result of investigation (in millions).

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
\$26.355	\$26.355	\$26.355	\$26.355	\$26.355	\$26.355

**Outcome 1B.9:** Dollar amount of loss due to fraud referred for Administrative Hearing (in millions).

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
\$2.852	\$2.852	\$2.852	\$2.852	\$2.852	\$2.852

**Outcome 1B.10:** Dollar amount of loss due to fraud referred to SAO for prosecution (in millions).

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
\$6.863	\$6.863	\$6.863	\$6.863	\$6.863	\$6.863

**Outcome 1B.11:** Number of investigations completed.

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
2,912	2,912	2,912	2,912	2,912	2,912

**Division of Workers' Compensation:****Outcome 1B.12:** Average number of employer investigations completed per investigator.

FY 2012-13 Baseline	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY2018-19
732	732	732	732	732	732

## 2) PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

### Objective 2A: Provide responsible stewardship of taxpayer dollars.

#### Division of Administration:

**Outcome 2A.1:** Percentage of DFS contracts sampled for review by the Division of Administration's Contract Administration Manager that meet the Division of Accounting and Auditing accountability standards.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
80%	84%	86%	88%	90%	90%

#### Division of Treasury:

**Outcome 2A.2:** Amount by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
.69%	.2%	.2%	.2%	.2%	.2%

**Outcome 2A.3:** Percentage of Qualified Public Depositories Analyses completed within 90 days.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
100%	100%	100%	100%	100%	100%

**Outcome 2A.4:** Percentage of Collateral Administrative Program transactions completed within three business days.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
97%	97%	97%	97%	97%	97%

**Outcome 2A.5:** Percentage of core accounting processes that meet established deadlines and standards for accuracy.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
97%	98%	98%	98%	98%	98%

#### Division of Risk Management:

**Outcome 2A.6:** Average operational cost per claim worked.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
\$2,016	\$2,158	\$2,220	\$2,285	\$2,355	\$2,428

#### Division of Rehabilitation and Liquidation:

**Outcome 2A.7:** Administrative costs as a percentage of total assets entrusted to the receiver.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
2%	2%	2%	2%	2%	2%

**Outcome 2A.8:** Administrative costs as a percentage of amounts to be distributed.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
25%	25%	25%	25%	25%	25%

**Outcome 2A.9:** Percentage of appraised value of assets liquidated for real property.

FY2007-08 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
90%	90%	90%	90%	90%	90%

**Outcome 2A.10:** Administrative costs as a percentage of the amounts recovered.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
15%	15%	15%	15%	15%	15%

**Division of Agent and Agency Services**

**Outcome 2A.11:** Cost of licensing operations per active license.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
\$4.83	\$4.83	\$4.83	\$4.83	\$4.83	\$4.83

**Outcome 2A.12:** Cost of investigations operations per completed investigation.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
\$1,470	\$1,470	\$1,470	\$1,470	\$1,470	\$1,470

**Division of Public Assistance Fraud:**

**Outcome 2A.13:** Return on investment.

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
600%	600%	600%	600%	600%	600%

**Objective 2B: Provide transparency through the effective use of technology.**

**Office of General Counsel, Public Records Office:**

**Outcome 2B.1:** Percentage of public records available by email or electronic media.

FY2010-11 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
70%	87.5%	90%	95%	95%	99%



### 3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

#### Objective 3A: Improve service to customers.

##### Division of Administration:

**Outcome 3A.1:** Percentage of Department employees responding to an annual survey who indicate overall satisfaction with the Division's service.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
90%	90%	90%	90%	90%	90%

**Outcome 3A.2:** Percentage of appointment packages processed within the five day time standard.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
97%	97.5%	98%	98.5%	98.5%	99%

**Outcome 3A.3:** Percentage of minority new hires.

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
54%	54.5%	55%	55.5%	56%	56.5%

##### Division of Legal Services:

**Outcome 3A.4:** Percentage of insurers receiving Legal Service of Process by electronic means.

FY2006-07 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
10%	100%	100%	100%	100%	100%

##### Division of Information Systems:

**Outcome 3A.5:** Percentage of internal customers who returned an Information System's customer service satisfaction rating of at least four (4) on a scale of one (1) to five (5) on surveys (with 5 being highest rating).

FY2008-09 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
95.03%	95.5%	96%	96%	96%	96%

##### Office of Insurance Consumer Advocate:

**Outcome 3A.6:** Percentage of referred cases responded to and/or transferred within 10 days of receipt.

FY2010-11 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
90%	90%	90%	90%	90%	90%

**Outcome 3A.7:** Percentage of rate filings subject to public hearing which were reviewed by our office.

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
95%	95%	95%	95%	95%	95%

**Division of Treasury:**

**Outcome 3A.8:** Percentage of state employees participating in the State Deferred Compensation Plan.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
41%	40%	40%	40%	40%	40%

**Division of State Fire Marshal:**

**Outcome 3A.9:** Percentage of students passing certification exam on first attempt.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
77%	77%	77%	77%	77%	77%

**Division of Risk Management:**

**Outcome 3A.10:** Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, Florida Administrative Code.

FY 2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
95%	95%	95%	95%	95%	95%

**Outcome 3A.11:** Percentage of tort liability claim files resolved prior to litigation.

FY 2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
81%	81%	81%	81%	81%	81%

**Outcome 3A.12:** Number of agency loss prevention staff trained during the fiscal year. (top 3 agencies)

FY 2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
80	80	80	80	80	80

**Division of Rehabilitation and Liquidation:**

**Outcome 3A.13:** Percentage of service requests, excluding Public Records Requests, closed within 30 days.

FY 2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
80%	80%	80%	80%	80%	80%

**Division of Agent and Agency Services:**

**Outcome 3A.14:** Average number of investigations per investigator.

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
71.3	71.3	71.3	71.3	71.3	71.3

**Outcome 3A.15:** Average number of applications processed per licensing FTE.

FY2013-14 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
2,647	2,647	2,647	2,647	2,647	2,647

**Division of Consumer Services:**

**Outcome 3A.16:** Percentage of consumer responses that rate the Division's services as good or excellent. (Survey results)

FY2010-11 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
75%	75%	75%	75%	75%	75%

**Outcome 3A.17:** Percentage of helpline call and service request audits that result in quality service (audit scores).

FY2007-08 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
80%	90%	90%	90%	90%	90%

**Outcome 3A.18:** Percentage of phone calls answered within four minutes.

FY2010-11 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
90%	80%	80%	80%	80%	80%

**Division of Funeral, Cemetery and Consumer Services:**

**Outcome 3A.19:** Percentage of deficiency letters sent out within five business days of receiving the application.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
88%	88%	88%	88%	88%	88%

**Division of Workers' Compensation:**

**Outcome 3A.20:** Percentage of overall Workers' Compensation accepted claims in electronic data interchange (EDI) form filings.

FY 2011-12 Baseline	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY2018-19
76%	79.5%	80%	80.5%	81%	81.5%

**Outcome 3A.21:** Percentage of disputed issues between carriers, employers and injured workers resolved during the informal dispute resolution process.

FY 2011-12 Baseline	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY2018-19
78.5%	85%	85%	85%	85%	85%

## 4) KEEP MONEY IN THE POCKETS OF FLORIDIANS

### Objective 4A: Foster economic prosperity.

#### Division of Accounting and Auditing: Bureau of Unclaimed Property

**Outcome 4A.1:** Number of new holders reporting unclaimed property during the fiscal year.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
1,813	2,000	2,000	2,000	2,000	2,000

**Outcome 4A.2:** Percentage of claims processed within 60 days of receipt.

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
65.6%	75%	75%	75%	75%	75%

#### Division of Insurance Fraud:

**Outcome 4A.3:** Amount of court ordered restitution (in millions).

FY2011-12 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
\$42.788	\$42.788	\$42.788	\$42.788	\$42.788	\$42.788

**Outcome 4A.4:** Court ordered restitution as a percentage of legislatively approved budget.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
70%	70%	70%	70%	70%	70%

**Outcome 4A.5:** Requested restitution as a percentage of legislatively approved budget.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
200%	200%	200%	200%	200%	200%

#### Division of Consumer Services:

**Outcome 4A.6:** Percentage of monetary eligible service requests that resulted in a recovery.

FY2012-13 Baseline	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
85%	85%	85%	85%	85%	85%

## **TRENDS AND CONDITIONS STATEMENT**

### ***ORGANIZATIONAL OVERVIEW***

*Article IV, Section 4(c), Florida Constitution States that, “ The Chief Financial Officer shall serve as the chief fiscal officer of the state, and shall settle and approve accounts against the state, and shall keep all state funds and securities.”*

The statewide elected Chief Financial Officer (CFO) heads the Department of Financial Services (referred to in this text as “DFS” or “Department”), which consists of fourteen divisions. The CFO is supported by the Office of Chief of Staff.

The CFO is also a member of the Financial Services Commission, along with the Governor, Attorney General, and Commissioner of Agriculture. The commission is the agency head for two offices receiving administrative and information systems support from the Department: the Office of Financial Regulation (OFR) and the Office of Insurance Regulation (OIR). These two offices develop their own long-range program plans separate from the Department.

***PRIMARY RESPONSIBILITIES***

<b>Programs and Statutes</b>	<b>Description</b>
<p><u>Office of the Chief Financial Officer and Administration</u></p>	<p>Serves DFS and its stakeholders with necessary support.</p> <ul style="list-style-type: none"> <li>➤ Division of Legal Services</li> <li>➤ Division of Information Systems</li> <li>➤ Division of Administration</li> <li>➤ Office of Inspector General</li> <li>➤ Office of Chief of Staff</li> <li>➤ Office of Insurance Consumer Advocate</li> </ul>
<p><u>Treasury (Division of Treasury)</u></p> <p>Chapters 17 and 280, Florida Statutes</p>	<p>Ensures that state monies, employee deferred compensation contributions, state and local governments' public funds on deposit in Florida banks and savings associations, and cash and other assets held for safekeeping by the CFO are adequately accounted for, completely invested, and protected. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ deposit security (collateral management)</li> <li>➤ funds management and investment</li> <li>➤ deferred compensation (supplemental retirement program)</li> </ul>
<p><u>Financial Accountability for Public Funds</u></p> <p><i>(Division of Accounting and Auditing)</i></p> <p>Chapters 17 and 717, Florida Statutes</p>	<p>Promotes financial accountability for public funds throughout state government and provides Florida's citizens with comprehensive information about how state funds are expended. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ providing the public with timely, accurate, and comprehensive information on the financial status of the state, its component units, and local governments</li> <li>➤ audit of disbursements and other financial transactions</li> <li>➤ state employee payroll services</li> <li>➤ recovery and return of unclaimed property</li> </ul>
<p><u>Fire Marshal</u></p> <p><i>(Division of State Fire Marshal)</i></p> <p>Chapter 633, Florida Statutes</p>	<p>Assures statewide fire safety. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ licensing and inspections</li> <li>➤ arson investigations</li> <li>➤ professional standards, training and state certification</li> <li>➤ forensic laboratory services</li> </ul>
<p><u>State Property and Casualty Claims</u></p> <p><i>(Division of Risk Management)</i></p> <p>Chapters 284, Florida Statutes</p>	<p>Ensures that state agencies are provided quality insurance coverage at reasonable rates. Provides to all state agencies:</p> <ul style="list-style-type: none"> <li>➤ self-insurance program with coverage for workers compensation, general liability, property insurance and others</li> <li>➤ claims handling services</li> <li>➤ technical assistance in loss prevention and managing risks</li> </ul>

<b>Programs and Statutes</b>	<b>Description</b>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Rehabilitation and Liquidation</i>)</p> <p>Chapter 631, Florida Statutes</p>	<p>Court-appointed receiver for insurers placed in receivership. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ rehabilitation – take actions necessary to correct the conditions that necessitated the receivership</li> <li>➤ liquidation – maximize the value of the assets of the liquidated company and distribute the assets equitably</li> </ul>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Agent and Agency Services</i>)</p> <p>Chapters 624, 626, 627, 632, 634, 635, 636, 641, 642, and 648, Florida Statutes</p>	<p>Protects the public by licensing individuals and entities and investigating alleged violations of law. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ licensing and appointment of individuals and entities authorized to transact insurance in Florida</li> <li>➤ investigating alleged violations of the Florida Insurance Code</li> </ul>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Insurance Fraud</i>)</p> <p>Section 626.989, Florida Statutes</p>	<p>Protects Florida citizens, businesses and consumers from persons who commit financial and insurance fraud. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ investigating suspected insurance and financial fraud</li> <li>➤ issuing public information announcements</li> <li>➤ training for insurers to help deter and combat fraud</li> </ul>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Consumer Services</i>)</p> <p>Section 20.121(2)(h), Florida Statutes</p>	<p>Provides education, information and assistance to consumers for all products or services regulated by DFS or the Financial Services Commission. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ providing information to consumers about insurance-related topics</li> <li>➤ serves as a mediator between consumers and insurance companies</li> </ul>
<p><u>Licensing and Consumer Protection</u> (<i>Division of Funeral, Cemetery and Consumer Services</i>)</p> <p>Chapter 497, Florida Statutes</p>	<p>Protects consumers from illegal practices in the death industry. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ licensing and regulation of death care businesses and professionals</li> <li>➤ investigations and mediation for customer complaints</li> <li>➤ continuing education</li> </ul>

<b>Programs and Statutes</b>	<b>Description</b>
<p><u>Licensing and Consumer Protection</u> <i>(Division of Public Assistance Fraud)</i></p> <p>Section 414.411, Florida Statutes</p>	<p>The mission of the Division of Public Assistance Fraud (PAF) is to investigate fraud and abuse in the Florida administered public assistance programs. The areas of investigative activity for the PAF unit include:</p> <ul style="list-style-type: none"> <li>➤ program recipient investigations (eligibility fraud)</li> <li>➤ trafficking investigations of SNAP EBT benefits (both program recipients and retail food stores)</li> <li>➤ day care services providers</li> <li>➤ DCF ACCESS Program employee fraud</li> <li>➤ prescription drug diversion</li> </ul>
<p><u>Workers' Compensation</u> <i>(Division of Workers Compensation)</i></p> <p>Section 20.121 and Chapter 440, Florida Statutes</p>	<p>Regulates employers, insurers, and health care providers; educates and informs all stakeholders of their rights and responsibilities; leveraging data to deliver exceptional value to our customers and stakeholders; and, holding parties accountable for meeting their obligations. Responsible for:</p> <ul style="list-style-type: none"> <li>➤ auditing insurers to ensure they provide prompt and accurate benefit payments to injured workers</li> <li>➤ ensuring that employers secure workers' compensation coverage</li> <li>➤ collecting trust fund assessments</li> <li>➤ assisting injured workers in obtaining benefits that are due</li> <li>➤ collecting proof of coverage, medical, and claims data</li> <li>➤ resolving reimbursement disputes between health care providers and insurers</li> </ul>



# **ADDRESSING AGENCY PRIORITIES**

## **1) FIGHT FRAUD, WASTE AND ABUSE**

### **OBJECTIVE 1A: Effectively manage regulatory activities.**

#### **DIVISION OF ACCOUNTING AND AUDITING**

**Bureau of Auditing.** This Bureau seeks to improve state agency compliance with disbursement standards by ensuring that agency contracts have sufficient requirements to support and document (1) the scope of work and measureable deliverables (2) remedies for non-performance (3) the statutory requirements in Ch. 215, 216, and 287 F.S., and (4) the federal grant reporting requirements from the Office of Management and Budget.

This Bureau is also responsible for performing expenditure reviews of the County Clerks of Circuit Court Offices, pursuant to Section 28.36(8).

**Bureaus of Financial Reporting, Auditing and State Payrolls** (Ch. 17, F.S.) The Division of Accounting and Auditing is responsible for the accounting, auditing and reporting of the state's and local government's financial information and the fiscal integrity of that information. State government decision makers and the public rely on the Division for understanding what the state is buying and whether it is receiving what it paid for.

The state's financial information system, the Florida Accounting Information Resource System (FLAIR) has hampered the state's efficiency and effectiveness; it is run on an outdated system, lacking the flexibility and capabilities of current technology. FLAIR caters to each individual agency need rather than operating in a standardized environment. The Division plans to assemble a workgroup for the purpose of reviewing and standardizing financial business processes as a prelude to the implementation of a successor financial and cash management system.

#### **DIVISION OF STATE FIRE MARSHAL**

**Bureau of Fire Prevention.** The Bureau of Fire Prevention administers the compliance and enforcement services of the Division under Section 633.085, F.S., as follows:

- establishing fire safety, and life safety codes and standards for statewide application
- reviewing construction documents and performing inspections of all state-owned and certain state-leased buildings
- inspection of high and low pressure boilers in places of public assembly, and
- licensure and regulation of fire equipment dealers, fire protection contractors, explosives and construction mining industries, and registration of fireworks manufacturers, wholesalers, retailers, and seasonal retailers.

Field inspections of state-owned buildings are conducted annually for compliance with the Florida Fire Prevention Code. In FY2012-2013, Fire Protection Specialists conducted over 16,000 High Hazard, Recurring, and Construction building inspections. Construction inspections including underground and above ground fire mains, installation and performance testing of fire protection systems, and fire rated construction assemblies are required for each new building.

Any reductions in revenue generated at the local level can be expected to have an impact on the State Fire Marshal's workload. If local governments determine they are unable to fully fund their own fire safety programs, including the area of kindergarten through 12<sup>th</sup> grade school inspections, the State Fire Marshal is statutorily required to assist with these inspections.

For the Boiler Safety Program, technology enhancements to its data management system have eased forms distribution and web access for the public as well as records access for field inspection staff. Additional enhancements are necessary to fully convert the boiler licensing program to an entirely automated web-based system. Scanning technology deployed in the Program has reduced storage space and may consequently reduce rent costs. Similar technology is being reviewed for use from other sections within the Bureau to reduce substantial storage space required by the Records Retention Schedules Program maintained by the Secretary of State. The boiler safety program has made a conservative effort to ensure deputy boiler inspectors conduct inspections on uninsured boilers throughout the state. Boiler insurance companies are required by section 554.109 (1), Florida Statutes to inspect boilers they insure. These efforts have significantly decreased the number of boilers tasked for state inspections. This effort has also freed up state resources to conduct code compliance activities and public outreach, among other activities.

All four functional areas of the Bureau; Plans Review, Inspection, Regulatory Licensing and Boilers, have benefited from an updated database to permit increased internal and external access, and significantly enhanced communications between the regional offices' staff and the Bureau. This solution is fully web-based and allows electronic access to inspection reports which minimizes the need for US Mail distribution but does not currently permit the receipt of fees which will add greater efficiency and customer service for all licensing applicants. Electronic transmission of construction documents is presently being explored and will significantly reduce the time required for decision making as well as improve access to data necessary for field review.

#### **OBJECTIVE 1B: Conduct successful investigations.**

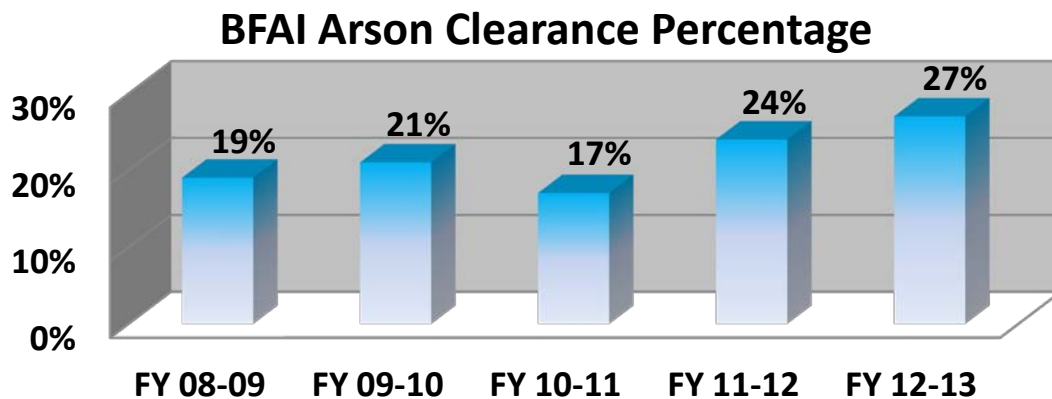
#### **DIVISION OF ACCOUNTING AND AUDITING**

*Office of Fiscal Integrity.* The Office utilizes enhanced internal controls in performing its responsibility to investigate and prevent fraud or abuse of state funds. The Office conducts preliminary investigations and when appropriate submits evidence to the State Attorney's Office for prosecution. Many of the investigations have led to the arrest and conviction of the principal party or parties involved.

#### **DIVISION OF STATE FIRE MARSHAL**

*Bureau of Fire and Arson Investigations.* The Bureau of Fire and Arson Investigations (BFAI) is the law enforcement bureau of the Division of State Fire Marshal. The Bureau is responsible for initial investigation of the origin and cause of fires and explosions, criminal investigative duties associated with fires or explosions and the reports relative to explosions or explosive devices and other law enforcement activities, as required by law (Chapters 633.112 and 552.113, F.S.). BFAI is also a member of the State Emergency Response Team; responding to natural and manmade disasters statewide (Chapter 252, F.S.). Additionally, BFAI is an active member of the seven Florida Regional Domestic Security Task Forces (Chapter 943.0312, F.S.).

The Bureau continues to maintain an arson arrest trend above the national average (*Figure 1-BFAI*). In part, this may be a result of detectives responding to fire scenes that have been preliminarily investigated by local fire personnel as a result of the implementation of Rule 69A-61.001, F.A.C. This rule requires the local fire department or law enforcement agency to conduct a preliminary fire cause investigation prior to requesting assistance from the State Fire Marshal. The Bureau now concentrates on solving the fires most likely caused by arson.



*Figure 1-BFAI*

Thirty-five to forty-five percent of the fires or explosions investigated by this agency are determined to be arson fires. Twenty-seven percent of these fire cases were successfully cleared. Many conditions have an impact on the crime of arson or explosions and their investigation:

***Economic*** - In times of economic uncertainty, local fire and police agencies employing fire investigative units seek ways to decrease spending by minimizing or eliminating specialized units. This trend is ongoing and affects many fire service agencies statewide. Small, medium and large fire service and law enforcement agencies have eliminated their arson investigation units and now refer these investigations to the Bureau.

***Technological*** - New materials and synthetics used in buildings and furnishings react with fire differently than traditional natural materials, requiring up-to-date research into determining fire cause and origin. The public sector, given its budget constraints, is less likely to have modern state-of-the-art technology available. This technology includes laboratories with the ability to re-create specific scenarios, fire modeling templates and information presentation technology for displaying evidence in trials.

***Terrorism*** – Terrorist activity continues to increase throughout the world. Fire and explosives are two of the weapons in the terrorist’s arsenal. These tools are used not only for the primary goal of inflicting human life and property loss against their enemies, but also to increase media exposure that brings attention to their extremist ideology. To increase the damage and subsequent media coverage, many times the terrorists will use a second explosive device that is timed to explode several minutes after the first explosion has detonated to intentionally, kill, maim and injure the initial explosion survivors as well as responding law enforcement, fire service and emergency medical personnel. The Bureau’s Explosive Ordnance Disposal (EOD) unit remains one of the busiest among other State Police EOD units. These callouts included: render safe operations of suspicious items, disposal of abandoned explosives and hazardous materials, dignitary protection, and other agency assistance. The unit members are also routinely required to provide bomb-related protection at

large spectator venues such as sporting events and other highly populated venues. The FBI and ATF have reported Florida as being in the nation's top 10 for explosive events.

The Florida Advisory Committee on Arson Prevention has reported that "arson for profit" is one of the fastest growing crimes in the country. Arson cases require extensive investigations, involving proof that the fire was intentionally set as well as tracking the fire setters and determining their motives.

***Bureau of Forensic Fire and Explosives Analysis.*** The Bureau of Forensic Fire and Explosives Analysis (BFFEA) is the only state crime laboratory performing forensic analysis of fire and explosion crime scene evidence. For the past five fiscal years the numbers of items submitted for processing have averaged 13,806. In the immediate past fiscal year, 2012 – 2013, the Bureau processed 13,740 items.

While the total number of items submitted and processed has remained relatively consistent over the past five fiscal years, an examination of each type of service request category shows changes in requests and submissions:

- The number of fire debris samples and their associated QA/QC initially indicated a slow drop over the past five fiscal years.
  - In FY 2008-2009 the number of fire debris samples and QA/QC samples were 4582 and 3918 respectively.
  - FY 2012-2013 saw a drop in fire debris samples to 3808 (down 774 samples or 16.9%).
  - Likewise there was a drop in associated QA/QC to 3255 in FY 2012-2013 (down 663 or 16.9%).
- The numbers of explosives/chemical analyses and digital image cases have shown an increase in requests over the same five years.
  - In FY 2008-2009 the number of explosive/chemical analyses was 1748 and by FY 2012-2013 it had increased to 3062 (up 1,314 or 75.2%).
  - The number of digital image case submissions rose from 2377 in FY 2008-2009 to 3269 in FY 2012-2013 (up 892 or 37.5%).

BFFEA is wholly dependent on its customers for the submissions it receives. The increase in the number of explosives/chemical analyses has been directly influenced by the number of requests to identify ignitable liquids and other hazardous chemicals (oxidizers, acids, bases, salts, etc...) from clandestine methamphetamine laboratories (Clan Labs). Clan Labs are dangerous not only for the presence of drugs and toxins, but for chemicals which make the scene a fire and explosion hazard. In FY 2012-2013 85.5% of the 3062 explosives/chemical analyses were directly related to Clan Lab investigations. Because we continue to be the only State of Florida forensic laboratory with the experience, instrumentation and accreditation to perform these analyses, we expect this trend to continue to increase.

Other potential trends are attributable to the economic problems experienced throughout the State. The five Sheriff's/Regional Laboratories (Broward Co., Indian River Co., Metro-Dade, Pinellas Co., and Palm Beach Co.) have either reduced their fire and or explosives services or are in the process of considering reduction or elimination of the various services. They are redirecting many of these to the appropriate State forensic laboratories.

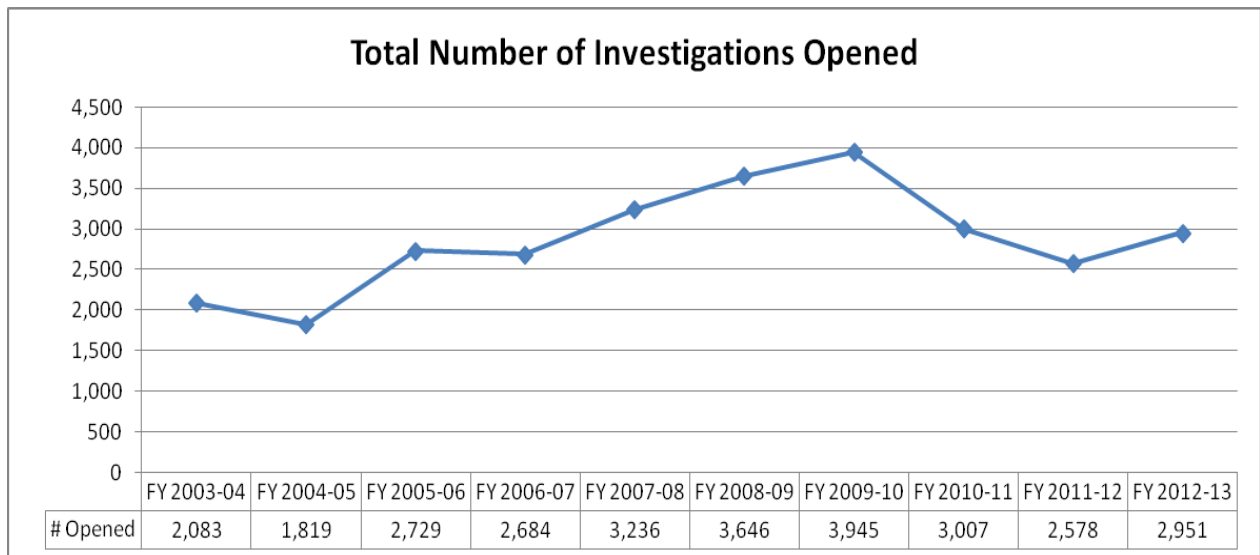
The economy is the source for additional potential adverse trends for BFFEA. The Bureau currently receives federal grant funds from the Paul Coverdell Forensic Science Improvement grant. For FY 2012-2013 these funds will allow up to \$12,000 in reimbursements to the Department for expenditures allowable through the grant (training, travel, supplies, and accreditation costs). This source of offset funding is not guaranteed to continue as there are discussions in Congress on the elimination or reduction of the available federal funds.

Even with limited staff and reductions in supplies and expenses, the Bureau’s ability to serve its customers by returning casework in a short turnaround period continues to be exceptional. This short turnaround period allows investigators to have forensic results while the case investigation is active. These results can help guide the investigation and lead to more effective questioning of suspects and witnesses. The average turnaround time for the period of FY 2008-2009 to FY 2012-2013 was 7.3 days. The average for FY 2012-2013 alone was 5.9 days or 1.4 days under the five year average.

Scientific, accreditation and forensic requirements for laboratories continually increase. These require upgrades and updates to laboratory processes, procedures, personnel, and equipment. Current requirements for maintenance of accreditation increase the number of audits, procedures, and controls over evidence. This increases the time that Bureau staff must spend performing these tasks and takes time away from their technical and analytical duties. The exact long term affects caused by increased accreditation and administrative requirements are unknown. Potentially, staff may be able to absorb these requirements without any difficulties; however, other forensic laboratories under similar circumstances have reported general increase in turnaround times.

**DIVISION OF AGENT AND AGENCY SERVICES**

**Bureau of Investigation.** In Fiscal Year 2012-13, the Bureau received complaints against individual licensees, insurance agencies and unlicensed persons that resulted in 2,951 opened investigations and 2,963 completed investigations. These investigations were conducted by 42 investigators located in Tallahassee and nine field offices throughout the state. Five hundred and thirty-eight investigations resulted in formal disciplinary action, such as license suspension, revocation, probation, restitution, and administrative fines and costs.



To further ensure compliance with Florida Laws and protect consumers, the Bureau is taking a pro-active investigative approach by data-mining criminal court records of licensees, increasing follow-up compliance investigations, and monitoring denials issued by the Bureau of Licensing. It is expected these efforts will result in a more secure insurance purchasing environment.

### **DIVISION OF INSURANCE FRAUD**

Section 626.989, Florida Statutes directs the Division of Insurance Fraud (DIF) to investigate and establish criminal cases against all persons and entities violating the state’s insurance fraud and workers’ compensation fraud statutes, insurance and workers’ compensation federal codes and other related statutes.

The Coalition Against Insurance Fraud (CAIF), a national alliance of consumer groups, insurance companies and government agencies, recognizes Florida’s Division of Insurance Fraud as a national leader in the fight against insurance fraud, continuously ranking in the top of all benchmark standards set by the CAIF. During Fiscal Year 2012-13, the Division of Insurance Fraud made 1,569 arrests (includes arrests in which the Division assisted other agencies); presented 1,670 cases for prosecution, and cleared 1,080 cases by convictions. The Division received 15,448 referrals during Fiscal Year 2012-13.

When taking into account court-ordered victim restitution, the Division generates restitution to insurance fraud victims in excess of its budget on an annual basis. For the Fiscal Year 2012-13, the Division’s budget was \$16.3 million. In contrast, the Division requested \$59 million and secured \$112.1 million in court ordered restitution, accounting for no less than \$6.87 in restitution dollars returned on every dollar spent funding the Division. There was continued success in securing restitution despite the concentration on working Personal Injury Protection (PIP) fraud cases. PIP fraud generally accounts for less available restitution than other forms of insurance fraud.

The Division has experienced continued growth in the number of insurance fraud related referrals over a ten year span; between Fiscal Year 2002-03 and 2012-13, referrals increased 167.2 percent (*Figure 1-DIF*).

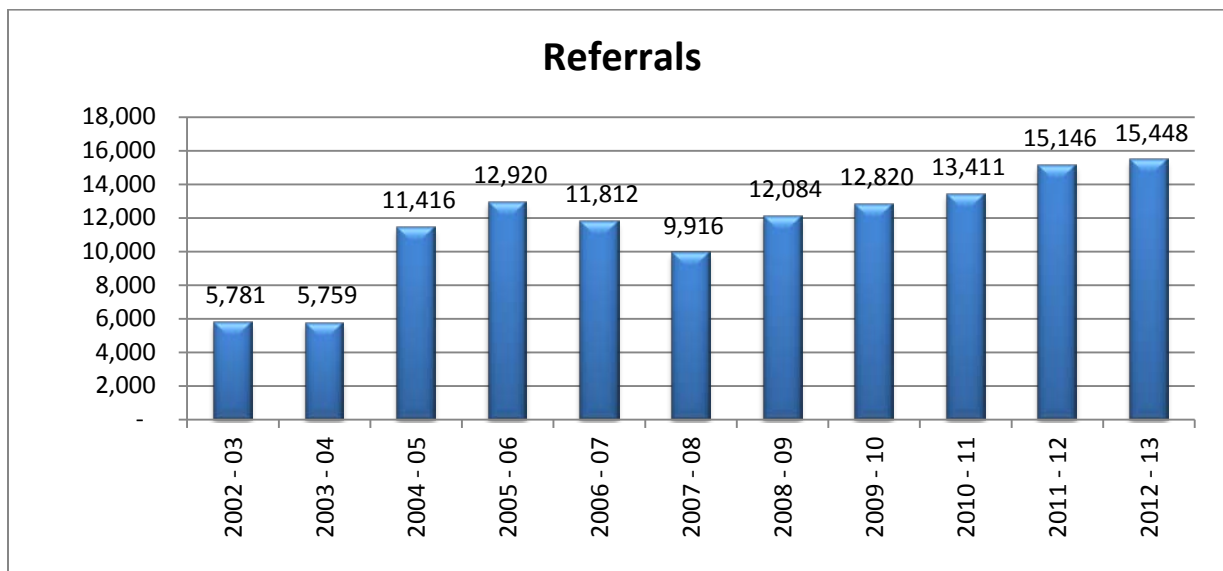


Figure 1-DIF. Number of reported insurance fraud referrals received between FY 2002-03 and FY 2012-13. The Division experienced a 167.2 percent increase during the ten year period: from 5,781 referrals received in FY 2002-03 to 15,448 received in FY 2012-13.

The Division continues to see increases in the number of convictions, which have increased by 135.8 percent over the past ten years (Figure 3-DIF). Legislation mandating prison terms for those convicted of certain insurance fraud related offenses is certainly a contributing factor, wherein defendants are increasingly willing to plea bargain.

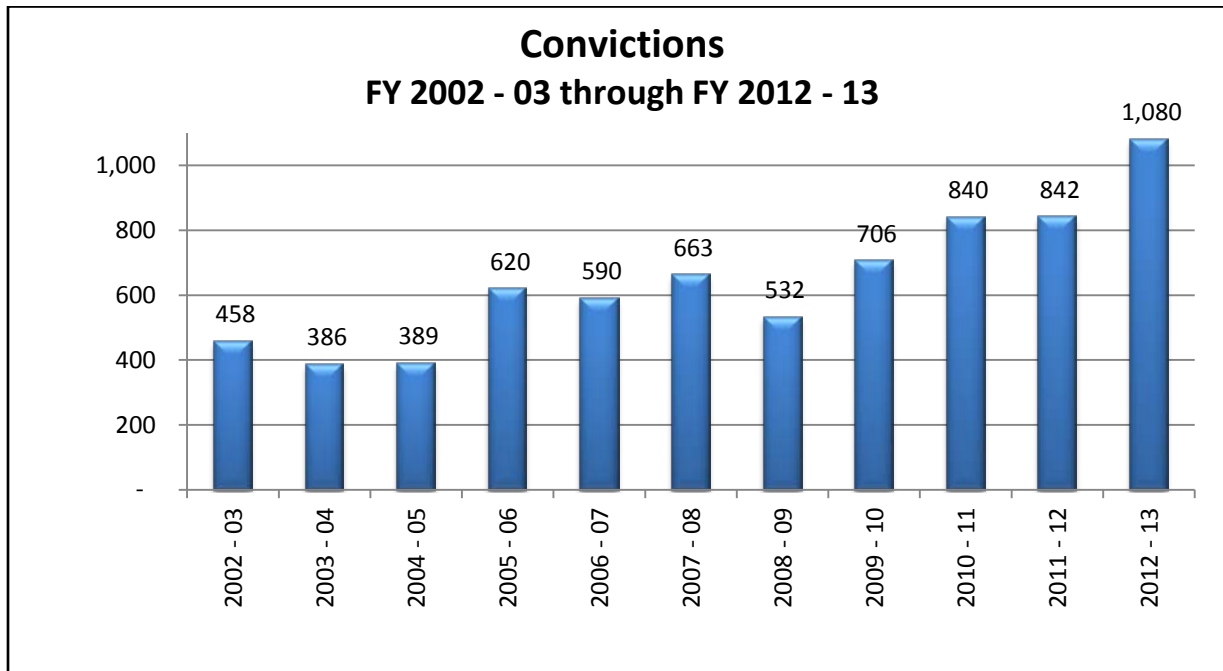
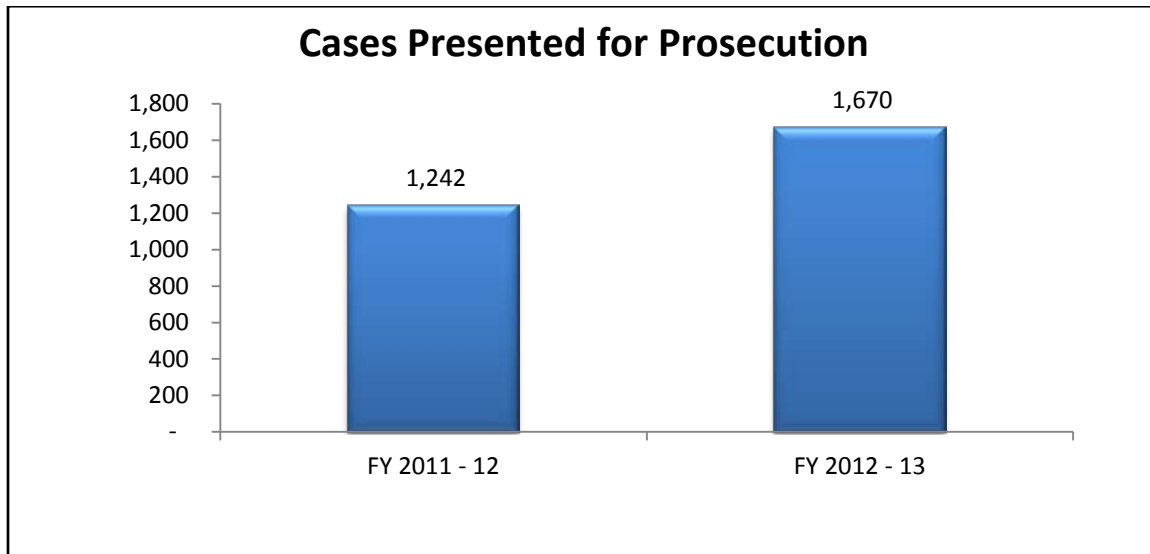


Figure 2-DIF. Convictions have increased by 135.8 percent over the past ten years.

Convictions usually lag behind arrests and because of the record breaking number of arrests in Fiscal Year 2012-13, a significant increase in convictions is expected for Fiscal Year 2013-14.

Cases presented for prosecution increased from 1,242 in Fiscal Year 2011-12 to 1,670 in Fiscal Year 2012-13, a 34.5 percent increase. It is significant to note that the arrest to presentation ratio was extremely high in Fiscal Year 2012-13. There were 1,569 arrests to 1,670 presentations or 93.9 percent, which reflects the increased quality of presentations that were made.

Fiscal Year



In Fiscal Year 2013-13, the Division averaged more arrests per detective than it ever has in its history. Physical and electronic surveillance, while more expensive than other investigatory methods, produces evidence that otherwise might not be attainable. Investigators working on staged auto accidents, workers' compensation premium fraud, money service businesses, clinic fraud, and other complex cases requiring tactical investigative strategies, use surveillance as a routine practice. Over 41 percent of the arrests made by Division detectives during Fiscal Year 2012-13 were the result of Personal Injury Protection (PIP) fraud cases. It appears the use of surveillance in such complex cases has contributed to the Division's success (*Figure 4-DIF*). PIP arrests increased 31.3 percent from 496 to 651 from Fiscal Year 2011-12 to Fiscal Year 2012-13.

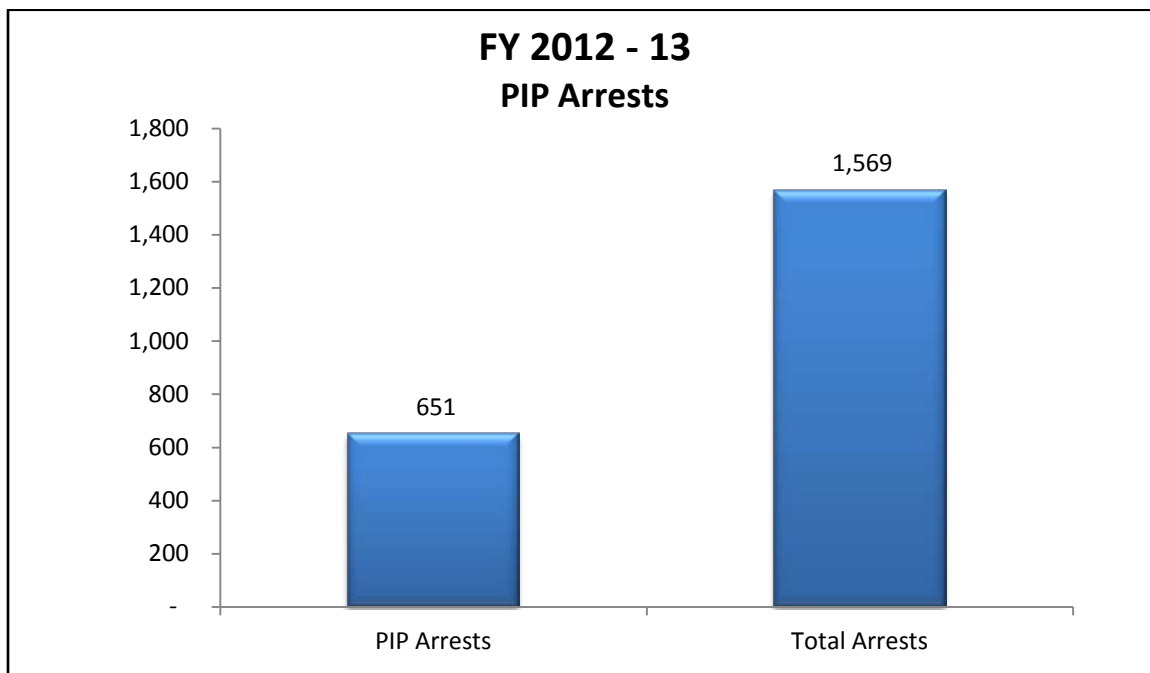


Figure 4-DIF. PIP arrests compared to all arrests for FY 2011-12.



The Division's PIP fraud investigative efforts are enhanced through active participation with Medical Fraud Task Forces. Members include National Insurance Crime Bureau (NICB) agents, local, state, and federal law enforcement officers, and members of the insurance industry. The continued support of the Division's Bureau of Crime Intelligence and Analytical Support contributed to even greater participation by the Division; Crime Intelligence Analyst Supervisors and Crime Intelligence Analysts from ten Division field offices across the state attend task force meetings regularly and contribute to joint task force initiatives.

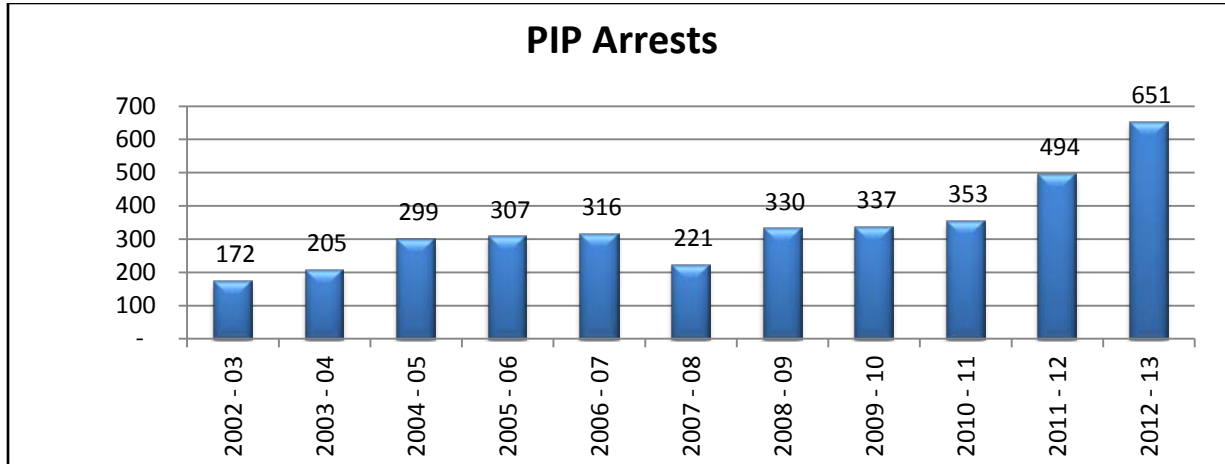


Figure 5-DIF. PIP Arrests increased 278 percent from FY 2002-03 to FY 2012-13

Workers' Compensation fraud continues to be a problem in Florida, accounting for 24.7 percent of the Division's arrests. The Division plays an active role in the Florida Workers' Compensation Task Force to stay abreast of emerging issues. This past fiscal year, the Bureau of Workers' Compensation Fraud has more arrests per detective than ever before.

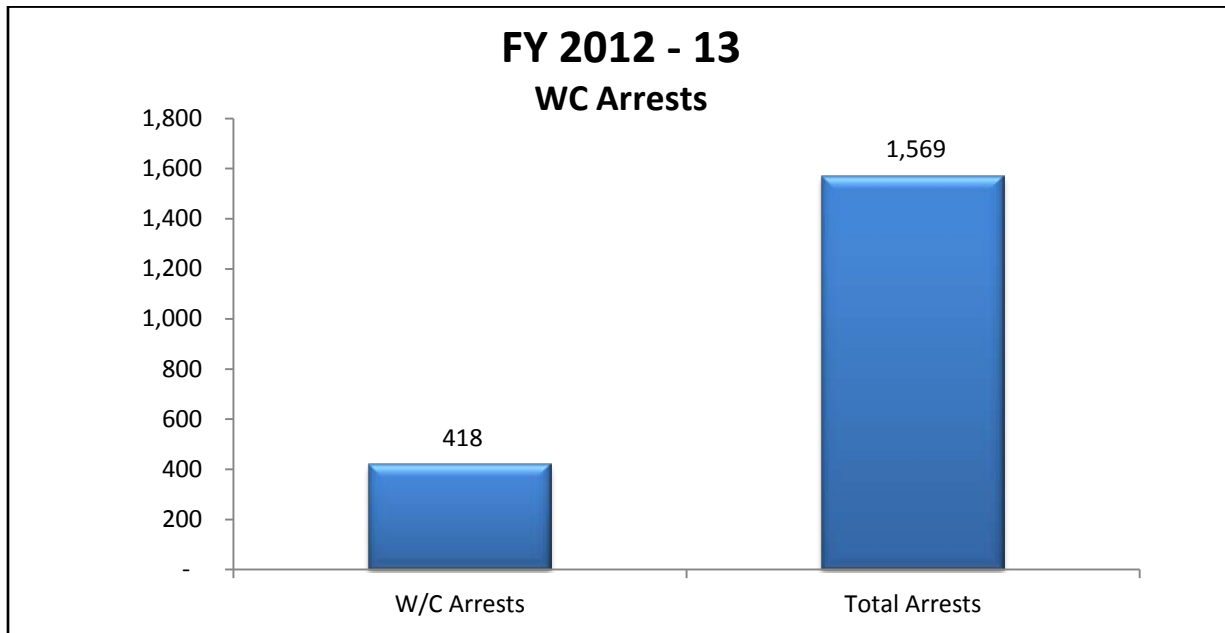


Figure 6-DIF. WC arrests compared to all arrests for FY 2012-13.

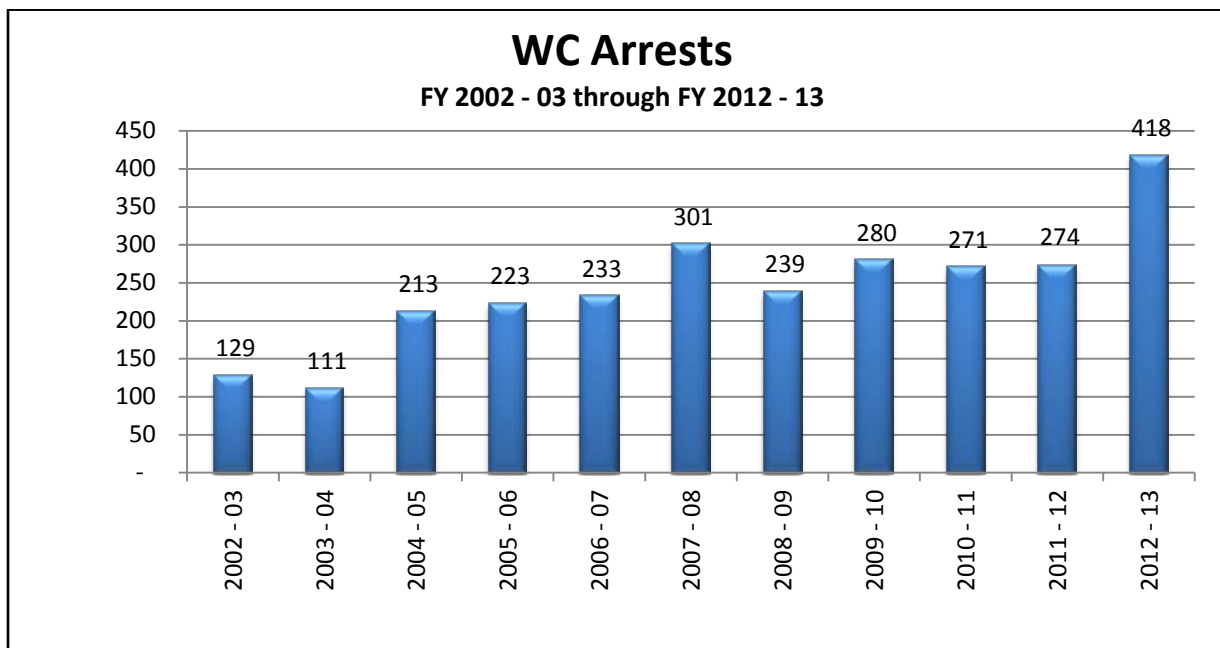


Figure 7-DIF. WC Arrests increased 224 percent from FY 2002-03 to FY 2012-13

Total arrests increased 150.6 percent over the last ten year period with Fiscal Year 2012-13 being a record setting year with 1,569 arrests. The increase in arrest productivity in Fiscal Year 2012-13 from the previous year can be attributed to new performance standards and higher levels of accountability.

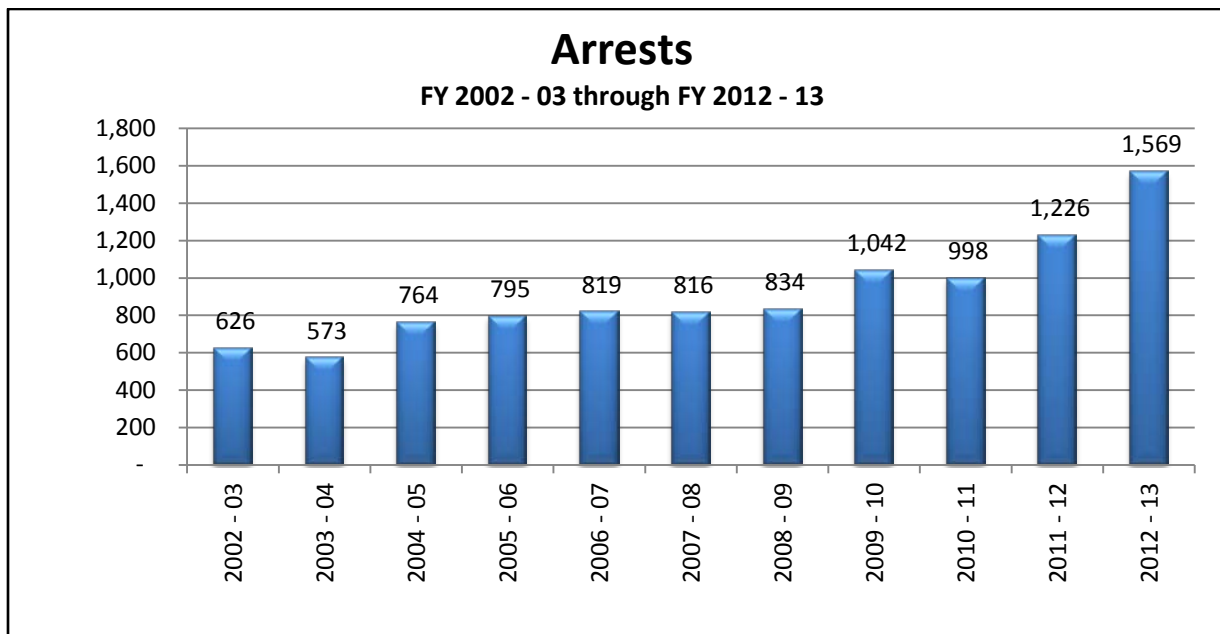


Figure 8-DIF. Arrests increased 150.6 percent from FY 2002-03 to FY 2012-13.

Fiscal Year 2012-13 was a very busy and productive year for the Division of Insurance Fraud. The Division exceeded all performance expectations for the agency in Fiscal Year 2012-13. Although referrals increased by 2 percent, the Division experienced a 28 percent increase in arrests.

The Division of Insurance Fraud continues to establish working relationships with sister law enforcement agencies. The rapport built with the Florida Highway Patrol and the Broward County Sheriff's Office is beginning to yield successful arrests of key players in entrenched organizations designed with the sole purpose of defrauding insurance companies as well as Florida residents. Communication has been opened and expanded to work with other county sheriff's offices, with the intent of having cooperative efforts in all 67 counties.

A concentrated effort is ongoing to work with prosecutors to educate and train in the fraud which is rapidly growing in money service businesses, personal injury protection insurance, and general insurance. In return the Division's sworn staff is learning how better to present their cases for more successful prosecutions. This creates a higher level of credibility between these segments of law enforcement. By cultivating relationships with other law enforcement agencies, and establishing a higher level of credibility with prosecutorial units within the court system, there will be substantial improvements and efforts made for greater, future successes in the fight against insurance fraud.

### **DIVISION OF FUNERAL, CEMETERY AND CONSUMER SERVICES**

The Division regulates approximately 9,500 death-care industry licensees of various types. Over a thousand new applications for licenses are received each year. Most of these applications require checking criminal and disciplinary history backgrounds. Many applications require assuring compliance with detailed educational, technical training, and internship requirements. Many license categories also require administration of a test for licensure, and an inspection of proposed facilities. Over 1,300 licensees must have their facilities inspected every year by Division staff. Over 500 licensees must maintain trust accounts regarding preneed sales and/or cemetery care and maintenance funds, and the Division is charged with conducting periodic examinations of these trusts and related records, to assure compliance with the law. Consumers and fellow licensees file complaints against licensees, and the Division is required to investigate complaints, and where appropriate, prepare and support legal proceedings against licensees, including emergency action when warranted. The Division is also charged with investigating and taking action against unlicensed activity.

### **DIVISION OF PUBLIC ASSISTANCE FRAUD**

The mission of the Division of Public Assistance Fraud (DPAF) is to investigate fraud and abuse in the state-administered public assistance programs. Florida Statute 414.411 provides the Department of Financial Services authority for DPAF to conduct these investigations. On the State level, DPAF partners with the Department of Children and Families, The Agency for Health Care Administration, the Department of Health, and the Department of Education's Office of Early Learning. On the Federal level DPAF partners with the Department of Agriculture's Food and Nutrition Service and the Social Security Administration. The Division of Public Assistance Fraud investigates fraud committed by recipients, employees administering a program, and merchants or contractors. Successful investigations are referred to the Office of the State Attorney for criminal prosecution or the Office of Hearing Appeals for administrative disqualification. Public assistance fraud is a third degree felony if the aggregate value of benefit dollars lost exceeds \$200 within a consecutive 12-month period. The areas of investigative activity for the DPAF unit include:

- Program recipient investigations (eligibility fraud)
- SNAP benefit trafficking investigations (recipient and retailer/merchants involved)

- Subsidized daycare fraud (recipient, program administrators and daycare providers)
- DCF employee fraud (committed against ACCESS programs)
- Under special agreement with the Social Security Administration, Social Security disability fraud investigations

**Trends:** Over the past year, identity theft involving EBT SNAP benefits has overshadowed much of the eligibility fraud. Often through social engineering, identity thieves have acquired enough demographic information to successfully redirect the mailing of an EBT card belonging to an actual recipient or acquire an EBT card through impersonation using a false identity. The benefits on those cards are routinely sold at stores or through social networking sites. Florida leads the nation in identity theft and the social services benefits are often at the forefront of the theft schemes. While DCF has implemented anti-fraud measures, a considerable number of diverted cards or cards created with false identities are in circulation.

**Conditions:** DCF has reduced and restructured its Benefit Recovery Unit. It has been reduced by 50%, losing 75 FTE in July 2013. This seriously threatens DPAF's ability to make marked increases in numbers of cases completed. The Benefit Recovery unit is responsible for determining the amount of benefits that were fraudulently issued to targets of our investigation. Without those computations, we cannot file cases with either the State Attorneys or Hearing Officers. Additionally, a reduced number of workers will also stifle the reporting process that Benefit Recovery creates resulting in DPAF investigations.

DPAF intends to address this problem by working with DCF to improve the referral process, eliminating referrals to DPAF that have little potential for success and by generating our own cases through data mining.

#### **DIVISION OF WORKERS' COMPENSATION**

The Bureau of Compliance Investigative Unit continues to leverage internal and external data sources to better identify suspected non-compliant employers. The Bureau is using internal policy cancellation data, Department of Revenue data, and building permit data to develop targeted referrals for its investigators. The Stop-Work Order results from these referrals have been very successful.

## **2) PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY**

### **OBJECTIVE 2A: Provide responsible stewardship of taxpayer dollars.**

#### **DIVISION OF ADMINISTRATION**

The Division of Administration provides administrative support to the Department, the Office of Insurance Regulation (OIR), and the Office of Financial Regulation (OFR). The Department, including both OIR and OFR, has 2,327.75 full time equivalent positions and has 155.75 temporary employees at the time of this report, depending upon budget and need. The Division of Administration operates with 105 of these positions. Additionally, for FY 2012, DFS/OFR/OIR has a total combined budget of \$235,984,936.00. DFS has 27 leases statewide for a total of 960,855 square feet and owns two facilities: State Fire Marshal Arson Lab and the Fire College.

The Department has been through a number of reorganizations and mergers in the recent past. In 2002, the Division of Workers' Compensation within the Department of Labor was moved to the Department of Insurance. In 2003, the Department of Insurance merged with the Department of Banking and Finance, to create the current Department of Financial Services. Business processes from three different entities were merged into one agency. The Department continually reviews its business processes in order to ensure efficient use of human, operational and financial resources.

***Bureau of Financial and Support Services.*** The Bureau of Financial and Support Services provides extensive training to staff on how to properly submit vouchers for payment and the importance of ensuring all vouchers are submitted to the Division of Accounting and Auditing for payment within 20 days of the transaction date. Year-end training is provided on an annual basis to all Divisions which include information on the importance of submitting invoices for payment in a prompt manner. Communication is forwarded to Division Directors for non-compliant invoices so as to ensure future invoices are submitted in a timely manner.

***Bureau of General Services.*** The Department has implemented improvements with three areas of emphasis in DFS procurement operations: equity, integrity and efficiency. These improvements are to promote fiscal accountability, appropriate planning and contract monitoring to result in improved contracts. A Contract Management Life Cycle and Procurement Guide handbook is available for anyone in the Department who manages contracts, procures or assists in procurement. The Department also implemented a resource with duties as the Contract Administration Manager who serves to perform quality assurance, monitoring activities, and mentoring throughout the procurement and contract life cycle with an intended outcome of executing and managing contracts that consistently meet accountability standards.

#### **DIVISION OF TREASURY**

***Investment Section:*** During the period July 1, 2012 through June 30, 2013, the Treasury distributed earnings for the period of \$342.5 million. These earnings were down from the previous year's distribution of \$436.8 million. The decrease was due to the current economic conditions and rise in interest rates in May and June of 2013.

While the earnings were down, the Treasury was still able to exceed its performance benchmark by .18% for the one year and .19% for the three year periods.

**Bureau of Funds Management.** During the period July 1, 2012, through June 30, 2013, Treasury’s core accounting processes included: apportioning interest, issuing Certificates of Deposit, submitting ratings agency data, bank reconciliations, and investment reconciliations. The Bureau of Funds Management scored an average of 100% in completing the core accounting processes within the timeframes established for performance measures. The performance measure score was an improvement compared to the previous year’s average score of 98%. The score increase was due to an increase in staff knowledge through training and experience.

**Bureau of Collateral Management.** During the period July 1, 2012, through June 30, 2013, Treasury’s Bureau of Collateral Management processed nearly 20,000 transactions involving collateral from a variety of regulated entities. Ninety-six percent (96%) of these transactions were completed within the 3 day performance standard. This performance was a slight decline from the year prior due to a transaction involving a large number of securities that was not completed within the 3 days. Regarding the Bureau’s 2<sup>nd</sup> performance measure of the percentage of qualified public depository financial analyses completed within 90 days, the Bureau scored 100% on this measure, matching its performance score of previous years.

**DIVISION OF RISK MANAGEMENT**

The Division is authorized to administer the State Risk Management Trust Fund (Ch. 284, F.S.) and to handle claims on behalf of state agencies for casualty and property lines of insurance coverage (*Table 1-RM*). The Division has 106 employees and is organized into three (3) bureaus under the Office of the Director. The Bureau of Risk Financing and Loss Prevention, the Bureau of State Employee Workers’ Compensation Claims, and the Bureau of State Liability and Property Claims administer the State Property and Casualty Claims Program. The program provides managerial and actuarial information on loss payments and makes timely payments to claimants and vendors. Claims are paid and payment information tracked using a risk management information system. An adjuster authorizes a claim related payment and the Division’s financial section processes the payment. Approximately 63,000 payments are made from the Division’s Revolving Fund each fiscal year.

Claim type	Number of claims reported FY 2012-13	Number of claims with payment FY 2012-13 (for claims reported in all years)	Total loss payments for FY 2012-13 (for claims reported in all years)
Workers’ Compensation	12,261	15,664	\$109,390,364
General and Auto Liability	1,840	952	\$8,662,158
Federal Civil Rights & Employment Discrimination	446	182	\$7,839,945
Property	134	54	\$1,194,622
<b>Total</b>	<b>14,681</b>	<b>16,852</b>	<b>\$127,087,089</b>

*Table 1-RM. Claims reported, claims with payment, and total loss payments by claim type for FY 2012-13. Claim data from STARS; loss payments from FLAIR fund balance report.*

The total loss payments for FY 2012-13 decreased slightly from the \$127,948,605 paid in FY 2011-12. Operational costs have increased by less than 1%, primarily in the areas of contracted services and legal services. While costs have increased, the number of workers’ compensation

claims and liability claims reported has declined. Reported workers' compensation claims decreased by 6.8%, and reported liability claims decreased by 6.3% from FY 2011-12. Federal civil rights claims and property claims are greatly impacted by external forces such as catastrophic natural events, legislation, and case law. As such, each can vary greatly from year to year. In FY 2012-13, reported federal civil rights claims decreased by 8.8%, while reported property claims increased by 211.6% due to several wind events and flooding events.

To better manage and safeguard state resources, the Division is implementing several initiatives in the areas of contract management, data collection, and claims management.

The Bureau of Risk Financing and Loss Prevention is building upon recent improvements in contract administration by unbundling current contracted services as well as consolidating contracts. Unbundled services will provide a more competitive environment for contract procurement. Contract consolidation will allow for greater contract management and reduce the total amount of administrative fees charged by the various contractors.

The State Property Claims Unit has begun an extensive data collection project that will collect not only more data, but more accurate data on insured state buildings and contents. The Division currently insures 21,155 locations, \$22 billion total insured value, throughout the State of Florida. Having accurate and complete data on all buildings and their contents will help the Division to properly manage this risk, assuring both building and contents are adequately insured and properly rated for insurance premium purposes. Further, the Division's excess insurance property broker has advised that more accurate and complete data might increase interest in our program from the excess insurance companies who write our excess insurance coverage, which could result in the potential for premium cost savings. In February, 2013 the Division realized a modest decrease in its premium rate. The reduced rate, when applied to the prior year's level of coverage, would have resulted in an excess insurance premium decrease of approximately \$18,057 from the previous year.

The Division is in the process of replacing its current Risk Management Information System (RMIS). The RMIS NextGen Project was initiated to ensure the Division continues to accomplish its mission of providing participating state agencies with quality technical assistance in managing risks and providing insurance coverage for workers' compensation, general liability, auto liability, federal civil rights and employment discrimination, and property liability. The Division utilizes this system to process and pay claims, calculate insurance premiums, maintain covered property and historical claims data used to project claim liabilities and future expenditures, as well as to maintain vendor files and other information necessary to comply with federal laws and IRS regulations.

## **DIVISION OF REHABILITATION AND LIQUIDATION**

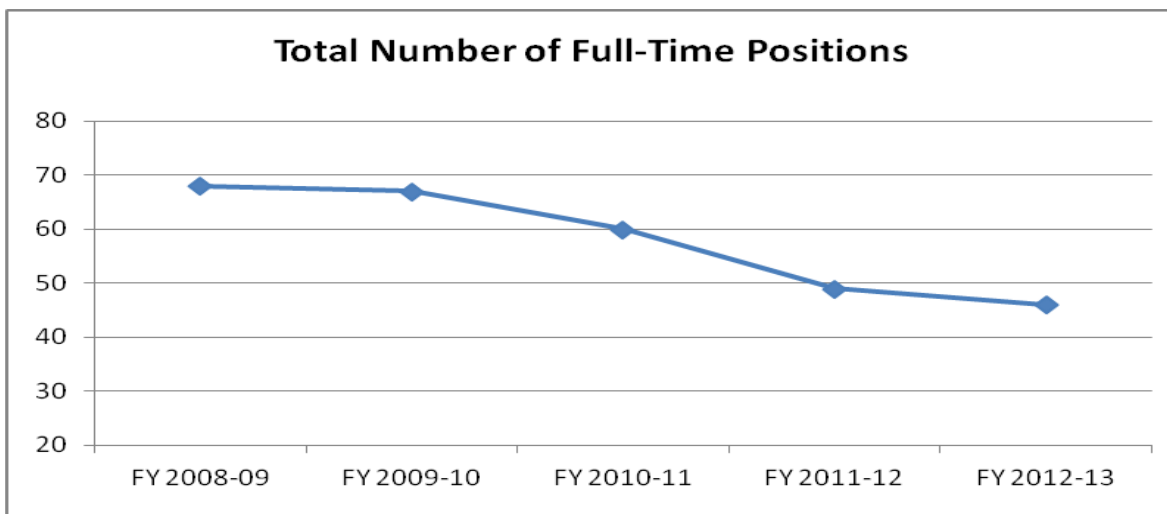
Pursuant to Chapter 631, F.S., the Department serves as the court-appointed receiver of financially impaired or insolvent insurance companies and to protect consumer interests. The Division of Rehabilitation & Liquidation works to improve all phases of its operation in an effort to manage receiverships in a manner that yields the maximum value to claimants and the public. Based on a fifteen-year average workload, approximately four insurers are placed in receivership each year, primarily in the areas of life, health, and property and casualty insurance. During FY2012-13, the Department became receiver of five insurers – two health insurance companies, one health maintenance organization, one unauthorized insurer and one title insurance company.

The domestic insurance market in Florida historically has challenged insurance and reinsurance underwriters in almost every segment of business. Florida faces unpredictable natural disasters in addition to volatile underwriting and market conditions. The Division gains insight into the future trends and conditions affecting receiverships by looking at the history of the insolvencies our insurance market has encountered. The number of insurers entering receivership in any one year depends on factors that are outside the Division's control, such as insufficient reserving, inadequate pricing, improper management and fraud, natural disasters, inadequate capitalization, asset devaluation, reinsurance availability and affordability, and inappropriate transactions with affiliates.

Based on trends across all industry segments, the Division expects that insurers will be placed in receivership at or near the same rate of four per year over the next five years. Absent a catastrophic event in the property insurance market, no major increase in the number of receiverships is expected.

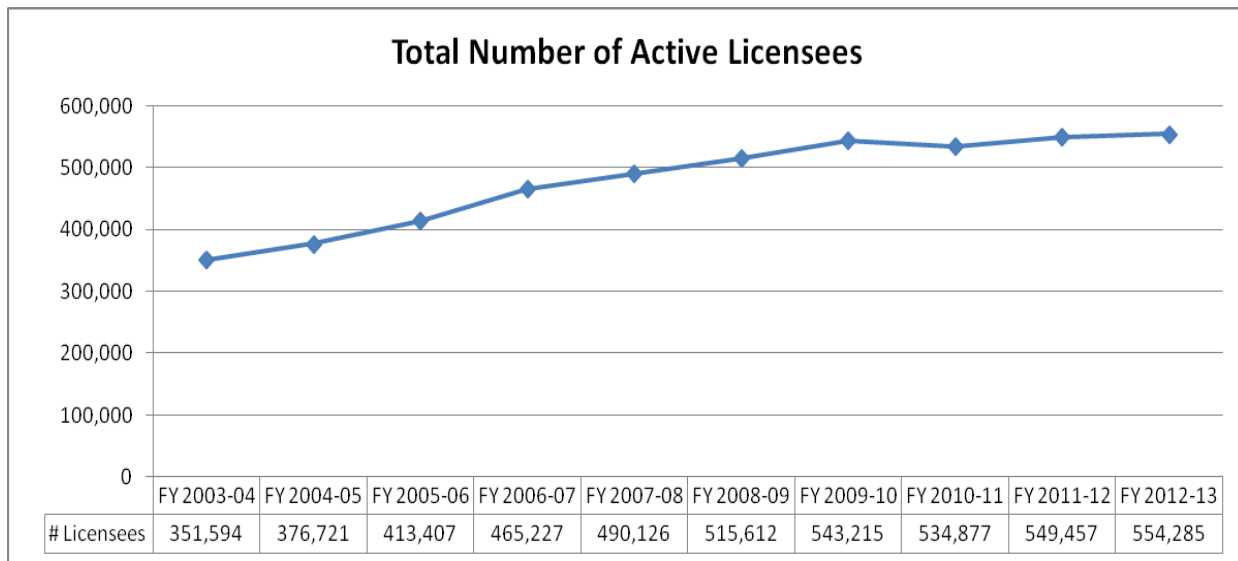
### **DIVISION OF AGENT AND AGENCY SERVICES**

***Bureau of Licensing.*** The Bureau continues to streamline its work through automation and process efficiencies, in an effort to accomplish “more with less.” As depicted in the graph below, the number of full-time positions since Fiscal Year 2008-09 has dropped from 68 to 46, a 32 percent reduction. Even with the reduction in staff, the Bureau has continued to reduce processing time with ever-increasing workloads, while maintaining a high level of quality.



In Fiscal Year 2012-13, the Bureau assisted and monitored 330,339 licensees with at least one active appointment and 223,946 licensees not required to be appointed or not holding an active appointment. The Bureau processed 121,043 new applications, and processed 1,668,055 appointment actions (new, renewals and terminations). There were 70,430 new licenses issued in Fiscal Year 2012-13, producing a total of 554,285 active licensees who hold a total of 736,066 licenses.





In Fiscal Year 2012-13, the federal PPACA legislation passed creating Navigators, who will help the public navigate the options available on the new healthcare exchanges. Florida passed legislation requiring Navigators to register with the Department and undergo a criminal background check. The Department is monitoring activities to ensure the appropriations earmarked are adequate to address the needs of this program.

There continues to be a threat of federal insurance regulation for non-resident insurance agents. Florida currently has the toughest licensing standards in the nation, which provides a high level of consumer protection. A bill currently in Congress, NARAB II (National Association of Registered Agents & Brokers), would provide for federal regulation of non-resident agents and would weaken consumer protection by allowing non-resident agents to sell insurance in Florida who do not meet Florida's tough standards for criminal or administrative history.

While the Bureau has worked hard to streamline and automate processes, there continues to be a focus on increasing customer satisfaction. Processing applications faster and more accurately typically satisfies the Bureau's customers; however, there are some barriers that affect customer satisfaction. Below are key barriers:

- Licensees and applicants are required to provide us with a valid email address. The Bureau emails most communications to customers, saving significant budget dollars and providing customers with information and notifications much quicker than mailing letters. However, because of Florida's public records laws, customers' email addresses are open to anyone who requests them. As a result, licensees and applicants are inundated with spam emails. Many call or email to express their dissatisfaction with the Department releasing their email address. This can also lead them to overlook the important emails we send them.
- The public also wants more information about licensees readily available online. Not only could the Bureau reduce workloads for filling public records requests, but also make available the regulatory history of licensees. While the fact that any disciplinary action (suspended, revoked, etc.) against a licensee is public record, the information is not available online and therefore a Florida insurance consumer may not know that their insurance agent was disciplined unless they specifically request that information via a public records request. The Bureau plans to make more public information available online during the next two fiscal years.

The Bureau is responsible for overseeing the examination process for insurance representative licensing. Twenty-two types of licenses require examination, and approximately 31,675 examinations were administered in Fiscal Year 2012-13. The Bureau also approves and monitors pre-licensing and continuing education providers, courses, and instructors. There were 383,414 individuals who completed pre-licensing and continuing education courses.

**OBJECTIVE 2B: Provide transparency through the effective use of technology.**

**OFFICE OF GENERAL COUNSEL**

**Public Records Unit:** Prior to September 2011, the Document Processing Section in the Division of Administration coordinated the process for responding to public record requests submitted to the Department. In September 2011, the Document Processing Section was recreated as the Public Records Office and was made a unit in the Office of the General Counsel. Now named the Public Records Unit (PRU), this unit coordinates multi-divisional requests, assists divisions to whom single-division requests are assigned, and works with divisions to establish response times to public record requests and performance measures based upon those response times.

Since public record requests may be received in any division, each division and unit in the Department has an employee assigned as Public Records Coordinator and an employee assigned as back-up coordinator. Division coordinators work under the procedures established by the PRU. Division coordinators track requests, provide requesters with invoices for copying costs and other statutorily-authorized fees, review and redact relevant records themselves or assign that function to other Division employees, and release records upon receipt of payment.

The Director of the PRU is an attorney who reports directly to the General Counsel. This change was made to provide greater oversight of the public records process, to improve Department compliance with public record requirements, and to provide detailed employee training in public records requirements. The PRU is also involved in various projects related to public records, such as the Florida Accountability Contract Tracking System or FACTS and the Instant Public Records project, that will improve overall agency transparency,.

As agencies and the public rely more on technology to conduct day-to-day business, the number of electronic records increases. With this shift, the public expects electronic records to be more readily available. The PRU is continually updating the Department's public records procedures to facilitate compiling, reviewing redacting and providing records in a paperless, electronic environment.

The PRU is working with DIS to improve the availability of public records on the Department's website, and to make information about public records and links for submitting public records requests easier to access on the website, making information about public records more visible to the public. A main public records request e-mail address was established and the PRU worked with DIS to make it easier to locate on the website. The PRU is now working with DIS and the individual divisions to identify the top ten requested records in each division and to determine which of those records it would be appropriate to post on the website. Once those records are identified and reviewed, the plan is to categorize them by type on an "Instant Public Records" page, and provide links directly to those records. This project should reduce the number of public record requests, make finding records easier for requesters, and reduce costs for the Department and requesters.

To ensure that all new Department employees are aware of public records laws and procedures, the Director of the PRU presents basic information regarding the public records law in Florida and its application to Department records at each New Employee Orientation. Further, the PRU intends to develop a convenient course that can be used to refresh all agency employees' knowledge about public records requirements and the Department's process for responding to public records requests. In addition, training regarding the use of electronic tools to review and redact public records has been added for public records coordinators and others who review and redact records. If employees are not properly trained in the use of electronic tools, exempt or confidential information that is embedded in electronic files may be released inadvertently. This training will include use of Word, Adobe Acrobat, Excel, Outlook, and pst files.

During the past two years, the PRU has worked with the Division of Information Systems (DIS) to review the Department's electronic public record request tracking system. In 2012, the PRU reviewed the Document Processing Request Tracking System (DPRTS) and decided that efficiency could be improved by utilizing a program that was already being used by other business units in the Department. In March 2013, the PRU and Division coordinators transitioned to Client Profiles as the electronic request tracking program. Client Profiles has helped improved tracking and reporting of public records activity. Upon its next upgrade in September 2013, Client Profiles will add useful functionality and be renamed Aderant Total Office (ATO).

The PRU is working in conjunction with the Division of Administration to develop performance measures for the public records process. While initial performance measures have been established, it is expected that the new electronic tracking system will allow the PRU to create, revise and monitor prudent timeframes and performance measures related to responses to public record requirements in a more reliable and efficient manner.

### **DIVISION OF INFORMATION SYSTEMS**

In June 2012 the Florida Accountability Contract Tracking System, FACTS was launched. The Division of Information Services (DIS) served in an information technology (IT) support capacity to implement this significant component of the statutorily mandated state government financial transparency initiative. In its IT support role DIS installed the IT infrastructure and developed the FACTS web application system. With FACTS, Floridians can scrutinize contract data for about 41,865 state contracts from more than 30 state agencies. This contract data resides on the IT infrastructure that DIS provided and is accessed using the centralized, on-line contract tracking system that DIS developed. As part of its development effort DIS realigned the look and feel of the other components of the financial transparency initiatives on the DFS website and expanded the contract search tool by integrating social media to improve the user interface to the data.

In August 2012 FACTS was enhanced to add images of the top five contracts from each state agency. DIS once again served to implement the required IT infrastructure and web application system modifications required to support this enhancement.

Further enhancements to FACTS are planned as part of Departments' larger goal of providing a system that increases efficiency and accountability in state contracting. DIS' infrastructure support team will continue to implement the required infrastructure for these enhancements and

DIS' application support team will develop the web application modifications. DIS' work will include implementing the IT support functions to provide grant agreements, audit findings, contract imaging for all agencies and the collection of ten years of historical contract data to meet statutorily mandated record retention requirements.

## **DIVISION OF ACCOUNTING AND AUDITING**

The Chief Financial Officer strives to improve accountability by providing transparency on government spending. The Department has unveiled several transparency websites this past year. The "Your Money Matters" website shows how a citizen's income is impacted by government's taxes and spending. The "Florida Accountability in Contracts Tracking System (FACTS)" website is a comprehensive online tool that offers greater visibility into the State's contracts, what entities are getting the State's business and the prices being charged for those services. The Department will continue to improve FACTS by expanding its functionality to include images of all contracts and information associated with the grant agreements. The Department is also developing a proposed uniform charts of accounts that will result in transparency into spending by state agencies, schools, colleges, universities, and local governments.

### 3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

#### OBJECTIVE 3A: Improve service to customers

##### DIVISION OF ADMINISTRATION

***Bureau of Human Resource Management.*** Human Resource Management (HR) provides leadership in a contemporary human resource program while continually striving to enhance services provided. HR administers a comprehensive program that includes recruitment, staffing, career enhancement, talent planning, classification and pay, attendance and leave, grievances and appeals, labor relations, Affirmative Action/EEO, records, payroll, benefits, Employee Assistance Program, employee relations, and performance reviews. Over the last fiscal year HR processed 938 hiring appointments, 3,824 classification or organization changes, 1,921 performance reviews, and 132 employee/labor relations cases. The Office currently employs 16 full-time employees. Learning and Development was moved under the Bureau of Human Resources Management in early 2011 and consists of 4 full-time employees.

HR recognizes that private sector employers utilize professional headhunters when recruiting for key positions and are able to offer more competitive benefit packages than State government, e.g. relocation costs paid by private sector employers. In addition, an increased number of private sector employers are funding workplace environment enhancements, e.g. daycare, health and fitness facilities, etc. This gives the private sector an edge in attracting and recruiting qualified minority candidates. HR acknowledges that the Department should identify functional areas and positions where enhanced recruitment efforts are needed. Moreover, it is necessary to identify subject matter experts to assist with recruiting efforts and define attributes of quality candidates while identifying sources of qualified candidates.

The Department views its Affirmative Action goals in terms of overall minority and female representation. We do not set aside a specific number of jobs for minorities and females; rather, we are seeking to reach or exceed the minority percentages reflected on the Florida Statewide Available Labor Market Analysis. The Department is committed to the policy of Equal Employment Opportunity and to our Affirmative Action efforts. In addition, an Equal Opportunity Report is published quarterly in an effort to be aware of our minority representation.

***Office of Learning & Development (L&D).*** Learning & Development provides training and development for improving employee competencies in four key areas: 1) Leadership, 2) Technology, 3) Value Creation, and 4) Personal Growth. Activities include:

- Design, development, delivery and evaluation of training courses;
- Facilitation;
- Classroom and meeting space reservations;
- Leadership development;
- New Employee Orientation;
- Administration of the Department's internship program;
- Administration of the Department's Davis Productivity Awards program;
- Maintenance of the Department's training intranet hub;
- Learning-oriented performance consulting and project management;
- Customized consulting services.

Learning events are conducted on a group or individual basis by classroom, online or distance delivery to maximize the assistance and promotion of job skills. All programs are designed and delivered to maximize the assistance and promotion of job skills. The Office also coordinated the use of training rooms for additional learning events, meetings and conferences delivered by non-L&D staff meetings for, and on behalf of the Department and other agencies serving over 6,000 attendees, including employees from other agencies. L&D currently employs 4 full-time employees.

The Department considers its full-time and temporary employees to be its most valuable resource. Even though the Department cannot compete with the private sector in certain areas of recruitment and retention, the Department can take proactive measures to help improve the quality and effectiveness of its workforce. These include developing an aggressive recruitment process that will seek out and attract quality candidates and providing a workplace environment that is conducive to retaining quality employees. With this in mind, the Department completed the fourth year for the CFO Leadership Academy. The CFO's Leadership Academy strives to be recognized as the benchmark internship program in Florida state government for identifying, recruiting and retaining new talent and building careers in public service. The Academy provides real-world work experience, professional development, and career opportunities in public service for Florida's best and brightest university students. Students receive substantive and challenging work assignments from their assigned mentor and have their work evaluated on a professional level. All students must maintain above a 3.0 GPA and be a junior, senior or a graduate student.

In addition, the Department completed a third year of its Leadership Excellence (LEX) leadership development curriculum which is a component of the Department's Professionalism, Excellence and Performance (PEP) Program. The program encourages candidates to participate in a four-tiered leadership development program designed to cultivate a diverse network of proven leaders and rising stars. The four tiers are: Emerging Leaders, Leadership Foundations, CFO Fellows and Executive. These programs will continue improving upon existing supervisory training. The goal of the comprehensive Professionalism, Excellence and Performance Program established in 2008, is to proactively address the quality and effectiveness of the Department's workforce.

## **DIVISION OF LEGAL SERVICES**

***Service of Process Office:*** Service of process on insurers has been historically done by hard copy, in duplicate to the Department's Service of Process Office, totaling five million pages per year. In the past two and one half (2.5) million pages per year were forwarded by postal mail from the Department. The Division scans its copy of the 2.5 million pages for records retention. Since we can scan the documents and serve electronically, the Division proposed and succeeded in passing a statutory amendment in the 2010 Legislative Session to change the statutory required submission to one copy of the process. This change should reduce by one half the number of pages submitted to the Division and also reduce the handling time associated with reviewing, managing, filing, shipping and storing the extra copy of documents.

The Division continues to provide more efficient service and reduce operational costs by electronically transmitting notification and availability of documents to the insurers. Electronic delivery of the process has reduced the number of copies to one set sent to the insurers and enables the Department to provide same day availability to insurers. Currently, the average time to set up and prepare to serve process by certified mail to the insurer is 24-48 hours, which

reduces by more than half the time required to effect service of process. The mail delivery time of 3-5 days has been eliminated. The Division met its goal of providing access of electronic notification and availability to at least 80% of all insurers served by July 1, 2013.

The service of process workload is predicted to continue rising and by reducing the volume of documents, handling time, postage and paper expense, the improvements should not only allow the Division to keep pace with the extra work, but assure that the insurers receive process in the most expedient and efficient manner possible. This will also benefit the plaintiffs, consumers and courts by allowing extra response or settlement time, prior to or in lieu of further litigation.

## **DIVISION OF INFORMATION SYSTEMS**

Since 2011 the Division of Information Systems (DIS) has been working a multi-year strategic plan to reduce costs and increase customer service to support the transformation of how the Department does business.

In Fiscal Year 2011-12 DIS rebuilt the server and network infrastructure for the Department, including upgrading and stabilizing the email, telephone and directory services.

In Fiscal Year 2012-13 DIS implemented an effective disaster recovery strategy to ensure business continuity, data integrity, and rapid recovery of all supported DFS applications and eliminated several redundant systems. DIS previously relied upon a disaster recovery contract with a high cost, off-site, out-of-state contractor that provided equipment in the event of a complete system failure due to natural or man-made disasters. Unfortunately, data was not able to be replicated on a continuous basis and DFS was at risk of losing up to 24 hours of transaction history should a disaster have occurred. DIS accomplished its strategic plan of effectively managing disaster recovery services using State of Florida resources by leveraging in-house technical expertise to provide business continuity services that will result in long-term savings compared to the existing approach.

In Fiscal Year 2013-14 DIS will continue to consolidate and reduce application redundancy to maximize efficiency and effectiveness while reducing costs. DIS is currently planning for the elimination of redundant systems and resources, streamlining business processes, and building a shared common vision among DFS business units. To provide the framework necessary to maximize efficiency, effectiveness and to cost reductions, DIS will focus on major IT applications that cross divisions. Initiatives include modernizing the division's document management systems, procuring a new Risk Management Information System, complying with activities pursuant to funds in Specific Appropriation 2,279 regarding the FLAIR Study, improving the customer experience and increasing processing time for the Unclaimed Property Management System, and continuing to eliminate redundant systems.

In Fiscal Year 2014-15, DIS plans to pursue a single licensing system feasibility study, implement a new Risk Management Information System, pursue a competitive solicitation based upon the results of the FLAIR Study, continue to modernize and improve FLAIR processes and documentation, modernize the Division of Treasury's Cash Management Application System, implement a licensee regulation module within the Division of Agents and Agency Services licensing system, introduce additional granularity into the existing disaster recovery services, continue to enhance the Unclaimed Property Management System, and proactively continue to improve the monitoring and availability of DIS services.

Through its efforts, DIS will contribute to DFS' mission by accomplishing the ultimate goal of increasing service to the Department while reducing costs to the state.

### **OFFICE OF INSURANCE CONSUMER ADVOCATE**

The Office of the Insurance Consumer Advocate (ICA) is responsible for finding solutions to insurance issues facing Floridians, calling attention to questionable insurance practices, promoting a viable insurance market responsive to the needs of Florida's diverse population and assuring that rates are fair and justified.

The ICA strives to maintain a balance between a viable, competitive insurance market with the fiscal capacity to fulfill obligations to policyholders and consumers' needs for accessible, affordable insurance products that protect their lives, their health and their property. Tapping into market reports, along with some 500,000 inquiries made annually to the Department of Financial Services statewide consumer helpline, the ICA is able to identify, firsthand, market trends affecting Floridians. The ICA also meets with various other agencies in order to identify market trends. This data empowers the ICA to seek early and proactive resolution of business practices that may adversely affect Floridians, as well as to assist in expansion of those beneficial to the consumer. Although the ICA will usually refer any inquiries that come into its office to the Division of Consumer Services, the Office will handle specific consumer inquiries that are time sensitive, very complicated or appear to be indicative of emerging trends. Florida law authorizes the ICA to represent consumer interests in regulatory proceedings regarding all insurance activities conducted under jurisdiction of the Department of Financial Services and the Office of Insurance Regulation. The ICA also examines rate and form filings to assure rate changes are justified and fairly apportioned and that policies clearly and accurately reflect coverage provided. Lastly, the ICA participates in proceedings affecting insurance consumers in the Florida Legislature.

### **DIVISION OF TREASURY**

***Bureau of Deferred Compensation.*** The Bureau provides enrollment information, education and guidance regarding the availability of the state employee deferred compensation plan, its available investment options and their corresponding performance. The deferred compensation program (section 457(b), Internal Revenue Service Code) provides a way for employees to supplement retirement savings income by contributing to a variety of investment and bank products on a tax-deferred basis. The Bureau's objective is to assist state employees in achieving financial security in their retirement years.

Three trends impacted the Florida's Deferred Compensation Program. First, as baby boomers hit retirement age and government downsizes its workforce, the number of participants has decreased. Recently, as participants leave employment due to retirement, they are approached by private investment firms to roll their deferred compensation assets out of the program to products offered by the firms. Second, when the economy trends downward, participants are likely to decrease or stop their deferrals as they experience an increase in living costs, loss of jobs or are just wary of investing. Lastly, participants are now required to contribute 3% of their salary to their state pension, they have experienced an increase in their medical insurance costs and the payroll tax reductions have expired. Because of the trends identified above, participant contributions and enrollments have declined 6.6% over the past two years.

To address these concerns, the Bureau of Deferred Compensation is stepping up its marketing and educational efforts. The Bureau has developed a new website offering an EZ enrollment



form which is easier to complete and allows online enrollment. An increase card for contributions or an EZ enrollment form will accompany the different mailers sent out from the Bureau. The Bureau's communications manager is increasing his outreach to the State agency human resource officers and Universities to encourage them to promote the deferred compensation program to all their employees.

Lastly, for the first time in seven years, state employees are being given a small pay increase. Communication pieces will be sent to employees to use this as an opportunity to join the program or increase their contributions. The promotion idea is a "Little Goes a Long Way".

The Bureau will continue to create, develop and implement strategies to encourage participants to increase their deferrals and for non-participants to enroll in order for employees to meet their financial retirement goals.

## **DIVISION OF STATE FIRE MARSHAL**

***Bureau of Fire Standards and Training (BFST)***. The Bureau is responsible for training and certification standards for all career and volunteer firefighters, fire inspectors, and fire instructors and to establish standardized curricula for use by certified fire training centers, colleges, and other agencies throughout the state. The Bureau issues Certificates of Competency, per the Florida Administrative Code (FAC), for fire officers, fire investigators, hazardous materials technicians, and other advanced and technical specialties. The Bureau conducts examinations for these certifications and certificates and maintains all required records. Additionally, the Bureau develops model curricula to be used by training centers and colleges and operates the Florida State Fire College, which enrolls roughly 6,000 students in 297 classes per year. The BFST provides regulatory authority and certification, renewals of certification, and testing for approximately 50,000 firefighters in over 625 fire/rescue departments in Florida. We also provide curriculum support, administrative and regulatory authority and certification testing for 38 certified fire training centers providing state certified training. The Bureau also administers the Fire Safety Inspector.

The Bureau operates the Florida State Fire College located near Ocala, providing extensive training for paid and volunteer firefighters (*Figure 1-BFST*). After experiencing a significant increase in the number of total exams administered over the past seven years, the number of total exams administered in 2011-2012 decreased. This is attributed to the reduction in the number of minimum standards exams administered. Also significant is an additional 18% increase in the number of retention examinations conducted in 2011-2012, an overall increase of 53% in two years. Retention exams are required of firefighters who have not been actively employed as a career or volunteer firefighter for a period of three years. This increase is attributed to the increasing number of firefighters who are not employed, but who wish to maintain their certification.

<b>Fiscal Year</b>	<b>Total Exams</b>	<b>Firefighter II Exams</b>	<b>Retention Exams</b>
2002-03	6447	3888	70
2003-04	7885	4623	97
2004-05	9765	5586	64
2005-06	8429*	3353*	92
2006-07	10,096	4840	111
2007-08	8,173	3381	126
2008-09	8824	3526	181
2009-10	8618	3270	159
2010-11	7112	2679	252
2011-12	5972	1952	297
2012-13	5675	1907	435

*Figure 1- Ten-year Trend for Examinations Conducted by BFST*

*Retention exams reflect persons who have reached the end of their three year certification window without being employed and are therefore retesting to maintain their certification.*

*\*During summer and fall 2005, the state and regional hurricane activity reduced BFST ability to deliver tests and training.*

#### *Health and Safety*

When the Department of Labor and Employment Security was dismantled in 2002, Florida's firefighters were left without health and safety administrative rules or an oversight body. The State Fire Marshal (SFM) addressed the void by utilizing two fulltime employees and developing emergency rules to establish itself as the regulatory authority. The Bureau of Fire Standards and Trainings Health and Safety Section is tasked with improving firefighter safety and health by reducing the incidence of firefighter accidents, occupational diseases, and fatalities. The Bureau's approach to accomplishing this is by working cooperatively with our firefighters, fire departments and insurance underwriters toward these common goals by providing guidance, resources, investigations and inspections.

The Bureau would like to accomplish more, specifically in the areas of inspection and accreditation. For example, firefighter line-of-duty deaths are anticipated to correlate with failure to follow best safety practices. However, the Bureau does not have the resources to collect and analyze the data needed to study preventive strategies.

\*\* This section has added three (3) OPS employees to assist with the workload.

#### *Accreditation*

Prior to 2010, the Bureau had six programs accredited by the National Board on Professional Firefighter Qualifications ("Pro Board") and, in some cases far exceeded their minimum requirements. As of August 2011, the Bureau has 28 programs accredited by the National Board on Professional Firefighter Qualifications. In addition, the Florida Live Fire Training Program is being recommended for accreditation as the first such training program in the nation.

## **DIVISION OF RISK MANAGEMENT**

With the rising cost of claims throughout all coverage lines, the Division began concentrating efforts in 2008 to focus attention and resources on preventing and reducing claim costs and frequency. Since that time, the Division expanded the safety program to a program focused on workplace safety, loss prevention, and claim-cost mitigation. The Loss Prevention Section consists of eight (8) positions that provide targeted training and consultation in the development and maintenance of comprehensive loss prevention programs to all state agencies, state-run universities, and other insured entities. Since 2009, claim frequency throughout all coverage lines has shown an average reduction of 4.9% annually. Statewide workplace accident and injury claims have decreased by an average of approximately 650 claims annually. The number of reported occupational injuries per 100 full-time employees is down from 7% in FY 2009-10 to 6% in FY 2012-13. This rate decrease has brought the State of Florida back in line with national public-sector claim rates.

The Division is addressing the needs of its insured entities on a variety of levels. Statewide loss prevention standards were written and adopted in 2010. The State Loss Prevention Standards were intended to provide a general foundation for agencies to utilize in the development or enhancement of their comprehensive loss prevention programs. Five (5) loss prevention employees are authorized by the US Department of Labor to train employees, agencies, and universities in all areas of general industry occupational safety subjects. In FY 2012-13 the agency review process was revamped and streamlined to provide results in a more timely manner, decreasing the average review duration from 150 days to 55 days per agency. All agencies reviewed as of June 30, 2013 have adopted recommendations provided by the Loss Prevention Section. Working with a small group of agency and university participants, the Loss Prevention Section has published return-to-work-program guidelines to assist in addressing two (2) of the largest cost drivers in workers' compensation claims: medical costs and indemnity benefits for time away from work.

## **DIVISION OF CONSUMER SERVICES**

The Division's mission is to proactively educate and assist Florida's insurance and financial consumers through responsive, professional, and innovative service.

During the past twelve months the Division assisted more than 600,000 Floridians. Assistance is provided primarily through the statewide consumer assistance toll free helpline and the Division's website, email, and direct mail correspondence. The Division also provides call center services to the divisions of Agent and Agency Services, Rehabilitation and Liquidation, and Insurance Fraud, as well as the Bureau of Unclaimed Property. Approximately 73 percent of the calls handled by Consumer Services are for other departmental divisions.

The Division of Consumer Services provides individualized service to each consumer calling into the Helpline. It has established a standard of answering incoming calls within four minutes or less to minimize consumer hold times. This standard is used to measure its quality of service to the consumer. Although the Division makes every effort to see that this measure is met, there are situations that may occur, such as a natural disaster, which could drive call volume up beyond the Division's ability to meet the standard.

Emphasis continues to be placed on the consumers and promoting the philosophy of quality service. Efforts continue in the refinement of initiatives to streamline consumer-based services

such as the Company Complaint Response System (CCRS) and Online Helpline. Although the system was installed in 2010, the Division continues to review and refine the CCRS process to improve lines of communication between the Division and the insurance companies. The overall goal is to provide prompt service so that information can be received from the company and provided to the consumer to quickly resolve insurance issues submitted to the Division. The Division's Online Helpline system allows consumers to file complaints through the Division's website. It was developed as a self-help process to allow consumers access, 24 hours a day, without calling the statewide helpline.

To provide consumers a forum to provide feedback on service quality, the Division developed a customer survey program. The first survey was developed in 2004. Since then, the process has been improved and streamlined resulting in an increase in the number of responses received from consumers. Over 12,600 surveys were distributed from July 2012 to June 2013, resulting in an overall customer satisfaction rate of 79.56 percent.

Consumer Services also advocates on behalf of its consumers. The Division is responsible for reporting potential regulatory violations to the appropriate authorities. From July 2012 to June 2013, the Division sent 886 regulatory referrals to the Divisions of Agent and Agency Services and Insurance Fraud, and the Office of Insurance Regulation.

Monitoring these regulatory referrals allows the Division to identify trends or potential problems regarding specific insurance companies, agents, or agencies. The Division is proactive in its commitment to consumers, using data analysis, consumer educational interaction, as well as, the promotion of policies and legislative actions to ensure Floridians receive the full benefit of their insurance contracts.

### **DIVISION OF FUNERAL, CEMETERY AND CONSUMER SERVICES**

When the Division was merged into the agency, it was estimated that 35 staff would be needed, and the legislature approved that number of FTE positions. However, due to funding limitations, the Division has never been able to fill more than 25 of those positions and due to budget reductions the Legislature in 2010 reduced allowed staffing to 23 FTEs.

Yearly, the Division staff members field hundreds of calls from consumers, licensees, public officials, media, and other agencies. The Division does not have staff members solely devoted to handling such calls. Rather, in addition to their daily workload, staff members handle these calls as they come into the Division. Because many of the calls involve consumer complaints related to a deceased family member or loved one, these calls often involve individuals who may be emotionally stressed or agitated due to the particular facts of their situation. Thus, staff members have to take special care to handle these calls in a manner that addresses consumer complaints in an appropriate and reasonable manner.

Unique in DFS, the Division does not make the final regulatory decisions in most cases. Instead, the Division does the ground work and presents the results and recommendations to the state Board of Funeral, Cemetery, and Consumer Services, for its decisions. Under the Chapter 497 regulatory scheme, the Division and the Board are partners in the regulatory process. The requirement that most applications for licensure go through the Board, combined with the fact that the Board meets once a month, presents a recurring challenge to the Division in dealing with applicants who want their license applications ruled on as quickly as possible.

## **DIVISION OF WORKERS' COMPENSATION**

The 2013 Legislative Session brought about more changes to the Workers' Compensation Law, effecting the Division of Workers' Compensation (DWC or Division). HB 553 was an administrative bill, supported by the Division, which made numerous statutory changes creating operational efficiencies and improving the ease of compliance for the benefit of employers, health care providers, and injured workers. The bill specifically:

- Eliminates the requirement that the DWC certify health care providers to treat workers' compensation patients. A health care provider will be allowed to treat a workers' compensation patient as long as it has a clear and active license from the Department of Health.
- Eliminates the requirement for the DWC to approve an advance payment of compensation to an injured worker if it is already agreed upon by the parties or approved by a judge of compensation claims.
- Repeals the requirement that collective bargaining agreements be filed with the DWC.
- Allows the DWC the discretion on whether to order and pay for an injured worker's vocational evaluation when one is not needed for the injured worker to participate in a training or educational program.
- Allows carriers and health care providers more time to use the DWC's administrative dispute resolution process for resolving medical bill reimbursement disputes.
- Increases the benefit amounts to injured workers who suffer catastrophic injuries.
- Eliminates a loophole in the successor entity stop-work order process by treating limited liability companies the same as corporations, partnerships, and sole proprietors.
- Permits out-of-state businesses to utilize the same web-based exemption application system as in-state businesses.

SB 662 revised the statutory amount for the reimbursement of repackaged drugs prescribed to workers' compensation patients. The new reimbursement amount should bring price stability and transparency to this controversial area of the law and, in the long run, reduce the number of reimbursement disputes filed by dispensing practitioners with the Division. Another 5 FTEs for this fiscal year were eliminated, bringing the total number of FTE reductions to 69 for the last 5 fiscal years.

During the 2012 Legislative Session, the DWC in coordination with the Division of Information Systems requested and was appropriated seven (7) programming consultant FTEs to support our proposed Information Technology self-sufficiency initiative. Under the current budget environment of indentifying value oriented processes and doing more with less, the Division recognized a more cost effective means of maintaining the Division's critical business systems and numerous applications that are the backbone of the Division's regulatory plan. The approved initiative allowed the Division to replace long-term expensive staff augmentation contracts with experienced internal programmer consultants to provide routine daily maintenance and necessary enhancements to its business systems and applications. The savings achieved under our self-sufficiency model are being reinvested in rewriting and updating the Division's critical systems and applications without requesting special appropriations to achieve system modernization.

The Division still has approximately 12,000 health care provider reimbursement disputes to be resolved. Most of the disputes involve practitioners who have dispensed repackaged drugs. Three (3) OPS and five (5) full-time and two (2) part-time FTE are assigned to handle the disputes. The number of determinations issued by Division are now coming close to equaling or

exceeding the number of disputes received on a monthly basis. However, the Division does plan to hire additional OPS in order to more quickly reduce the backlog of disputes.

The Division has analyzed and projected future Special Disability Trust Fund (SDTF) reimbursement requests along with payout patterns, and, based upon these results, has developed a financial model that will produce decreasing assessment rates until the SDTF obligations are exhausted. This glide path model brings greater assessment rate stability and mitigates assessment rate fluctuations. In addition, the Division is proposing a legislative change to the statutory assessment rate formula that will allow it to use the SDTF fund balance pay off the reimbursement requests that are awaiting payment, without impact the assessment rate.

## **4) KEEP MONEY IN THE POCKETS OF FLORIDIANS**

### **OBJECTIVE 4A: Foster economic prosperity.**

#### **DIVISION OF ACCOUNTING AND AUDITING**

**Bureau of Unclaimed Property:** Currently, the Chief Financial Officer holds unclaimed property accounts valued at more than \$1 billion, mostly from dormant accounts in financial institutions, insurance and utility companies, securities and trust holdings. In addition to money and securities, unclaimed property includes tangible property, such as watches, jewelry, coins, currency, stamps, historical items and other miscellaneous articles from abandoned safe deposit boxes. Proceeds from auctions and unclaimed financial assets are deposited into the State School Fund, where it is used for public education. The state provides this service at no cost to those who claim their property. No statute of limitations applies to claims and owners can claim their property at any time.

For businesses holding unclaimed property and for individuals who may have unclaimed property to claim, the Bureau seeks to increase public awareness of the law (Ch. 717, F.S.). Not all institutions required by statute to report unclaimed property do so. Also, many persons who are owners of unclaimed property either are not aware or are solicited unnecessarily by firms that charge a commission for retrieving the property. The Bureau continually works to improve efficiencies in receiving unclaimed property from holders, and in returning the funds to rightful owners.

#### **DIVISION OF INSURANCE FRAUD**

When taking into account court-ordered victim restitution, the Division generates restitution to insurance fraud victims in excess of its budget on an annual basis. For the Fiscal Year 2012-13, the Division's budget was \$16.3 million. In contrast, the Division requested \$59 million and secured \$112.1 million in court ordered restitution, accounting for no less than \$6.87 in restitution dollars returned on every dollar spent funding the Division. There was continued success in securing restitution despite the concentration on working Personal Injury Protection (PIP) fraud cases. PIP fraud generally accounts for less available restitution than other forms of insurance fraud.

#### **DIVISION OF CONSUMER SERVICES**

The Division of Consumer Services strives to educate and assist consumers with financial and insurance issues through its websites and initiatives. The Division focuses on educating consumers by developing consumer-oriented tools and resources that are available through the Consumer Services website, the OnGuard for Seniors website, and the Your Money Matters website. These websites were created to provide consumers with easily accessible educational information on a variety of insurance and financial topics. The Division provides this information using several creative venues within its purview to educate consumers of all ages.

The Division has developed an On-Demand educational video library that consumers can access through the websites to learn more about specific insurance and financial topics. The library includes 19 educational videos and promotes self-education by allowing consumers to watch short videos and presentations based on topics and issues addressed by the Division at any time that is convenient to them. The Division also publishes online educational brochures and guides

that can be accessed by the public and downloaded in part, or in full, based on the individual needs of the consumer.

Consumer Services also has developed an Insurance Library, established for public access to address issues or questions consumers may have regarding insurance. The library contains information on 26 lines of insurance and is continuously reviewed and updated to ensure legislative and industry changes are incorporated and kept up to date and accurate.



# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<b>DIVISION OF ADMINISTRATION</b>	
<ul style="list-style-type: none"> <li>• <b>Reduced the size of government, achieved savings.</b> DFS acquired a new division, the Division of Public Assistance Fraud, with 63 employees. Even with acquiring this new division, the CFO streamlined full-time Department positions.</li> </ul>	Savings to taxpayers of approximately \$3.8 million.
<ul style="list-style-type: none"> <li>• Renegotiated lease contracts and moved employees from privately leased space to state buildings.</li> </ul>	Savings of \$536,878.
<ul style="list-style-type: none"> <li>• The CFO implemented department-wide spending plans to tackle a \$1.4 million deficit in salaries.</li> </ul>	The deficit was turned around into a \$200,000 surplus.
<ul style="list-style-type: none"> <li>• In spite of budget reductions, and without increasing the total fiscal funds available for small and minority businesses, the CFO's overall spending with small businesses increased from \$9.2 million in FY 2010-11 to \$11.6 million in FY 2011-12.</li> </ul>	
<ul style="list-style-type: none"> <li>• The Division has loaded 103 newly executed agreements into FACTS.</li> </ul>	Continuing commitment to transparency in government.
<ul style="list-style-type: none"> <li>• The Division improved many business processes to increase efficiencies:                             <ul style="list-style-type: none"> <li>- The Scanning Area streamlined processes replacing a full-time position with an OPS position working 20 hours per week.</li> <li>- The Reconciliation Section streamlined duties and eliminated the need for one full-time position.</li> <li>- The Receipts Section successfully transitioned 8 divisions from RCP to CODA</li> <li>- Improved Mail Routes and saved over \$8,000 in postage for DFS, OIR &amp; OFR</li> <li>- Mapped the Classification, Separation, Fingerprint and FMLA process resulting in efficiencies.</li> <li>- Developed an electronic Sick Leave Transfer form which resulted in improved tracking</li> <li>- Participated in the development of a new employee evaluation system.</li> </ul> </li> </ul>	Good business fundamentals for improved efficiencies.
<ul style="list-style-type: none"> <li>• The Division continues to improve training and development in all programs/processes used by our employees.</li> </ul>	Better stewards of state dollars.
<ul style="list-style-type: none"> <li>• Centralized DFS publications and formatting. Continuing to shift to electronic reports online vs. paper.</li> </ul>	Greater use of publication resources.
<b>DIVISION OF LEGAL SERVICES</b>	
<ul style="list-style-type: none"> <li>• Within the last two years, the Service of Process Section has increased its production of service to insurers by over 80%. These accomplishments were achieved without increasing the paper and postage expense to the agency.</li> </ul>	The increase in production resulted in handling of 158,889 files in 2012; and depositing over \$2.2 million in revenue during calendar year 2012.
<ul style="list-style-type: none"> <li>• To reduce the impact of regulations on the business community, DFS has repealed 89 rules and amended 129 additional rules. To improve the agency contracting process, DFS has upgraded 12 contracting and solicitation templates, which make the Department's solicitations more uniform for vendors.</li> </ul>	
<ul style="list-style-type: none"> <li>• From 2011 to date, the Constitutional Law attorneys have assisted the General Counsel in finalizing landmark settlements with eight different insurance companies regarding their compliance with Florida Unclaimed property laws.</li> </ul>	
<ul style="list-style-type: none"> <li>• From 2011 to date, the Section has successfully upheld the constitutional authority of the CFO in the disbursement of funds from the State Treasury. To date, the Section has obtained nine writs of prohibition against orders</li> </ul>	

# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
of circuit judges that threatened to hold the CFO in contempt for failing to disburse funds as improperly demanded by a single unclaimed property locator.	
<b>DIVISION OF INFORMATION SYSTEMS</b>	
<ul style="list-style-type: none"> <li>• Improved services:                             <ul style="list-style-type: none"> <li>- Improved the DFS website for easier access to information;</li> <li>- Implemented PAF-AIM (Automated Investigative Management) System;</li> <li>- Deployed Wi-Fi statewide in DFS offices</li> </ul> </li> </ul>	Improved efficiency and increases customer satisfaction.
<ul style="list-style-type: none"> <li>• Upgraded Infrastructure to improve service. Some examples:                             <ul style="list-style-type: none"> <li>- Replaced obsolete DFS telephone system;</li> <li>- Redesigned a single streamlined network;</li> <li>- Improved network security;</li> <li>- Workers' Compensation FileNet Upgrade;</li> <li>- Implemented SMARSH – social media archiving tool</li> </ul> </li> </ul>	Reduced cost and increased efficiency of critical applications by modernizing software and hardware. Increases customer satisfaction.
<ul style="list-style-type: none"> <li>• Implemented Florida Accountability Contract Tracking System (FACTS) – <i>see details in Division of Accounting and Auditing.</i></li> </ul>	Promotes better contracting practices – increased value, integrity and accountability.
<ul style="list-style-type: none"> <li>• Transitioned the Public Records Office; consolidated the General Counsel's office and the Legal Services Division into a single system; implemented a back-up strategy to be more responsive to public records requests; and increased transparency to the public records process.</li> </ul>	Value added functionality for the users with no additional operational costs to DFS.
<ul style="list-style-type: none"> <li>• For the first time, DFS established a remote disaster recovery site outside of Tallahassee. Historically, a disaster affecting the data center would have resulted in 24 hours of lost data and all backup was only stored in Tallahassee. With the new disaster recovery site, a disaster would result in no more than one hour of lost data and the backup is continuously being copied to the new site in Winter Haven.</li> </ul>	Provides for a safe, viable and cost effective remote location for disaster recovery operations.
<b>OFFICE OF INSURANCE CONSUMER ADVOCATE</b>	
<ul style="list-style-type: none"> <li>• <b>PIP Working Group.</b> Assembled working group to identify and formalize needed reforms to PIP program.</li> </ul>	Reforms adopted into law
<ul style="list-style-type: none"> <li>• <b>Money Service Business Workers' Comp Fraud Work Group</b> This work group, convened by Florida's Chief Financial Officer Jeff Atwater, conducted research and held hearings to identify the loopholes that allow workers' compensation fraud in the construction industry and recommended revisions to the statutory framework to eliminate workers' compensation premium fraud.</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Homeowners Bill of Rights Working Group.</b> Assembled property insurance workgroup during Summer 2013 to identify statutory improvements for consumers</li> </ul>	
<b>DIVISION OF TREASURY</b>	
<ul style="list-style-type: none"> <li>• <b>Investments.</b> The Florida Treasury maintains an investment program of approximately \$12 billion in internal investments and \$7 billion in external investments.</li> </ul>	In 2011 and 2012, investments generated \$439.5 million and \$450 million respectively in investment earnings for the state, effectively reducing the burden on our state budget and taxpayers
<ul style="list-style-type: none"> <li>• <b>Chief Investment Officer.</b> Created this position to oversee the strategies and processes of the investment pool as a whole instead of at the portfolio level.</li> </ul>	Enhances the management of the pool by giving us a global view.

## DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<ul style="list-style-type: none"> <li>• <b>Comprehensive Investment Policy.</b> Combined numerous investment policies into one policy, removed inconsistencies.</li> </ul>	Provides better control over the Investment Pool's practices and procedures.
<ul style="list-style-type: none"> <li>• <b>Treasury Investment Committee.</b> The CFO modified the membership of the Treasury Investment Committee to include members outside the Department who have knowledge and experience in finance and investments. Prior to 2011, members were department employees or former employees.</li> </ul>	Adding members from outside the Department allows for more diverse input into making recommendations regarding investment policies.
<ul style="list-style-type: none"> <li>• <b>Collateral Management.</b> Currently making changes to Bureau of Collateral Management's website so that Florida's governmental units can file their public depositor annual reports online. This will allow the Bureau to devote more staff hours to an audit function in lieu of many hours of data entry associated with these reports.</li> </ul>	Will increase efficiency.
<ul style="list-style-type: none"> <li>• <b>Operations and Accounting.</b> Converted investment accounting function from a paper process to an electronic process. Utilized technology features to maximize efficiency and streamline processes.</li> </ul>	Streamlined process and reduced staff through efficiencies.
<ul style="list-style-type: none"> <li>• <b>Funds Management.</b> Replaced three separately developed receipt processing applications with a web-based application. Automated reconciliation and verification of deposits and receipts. Replaced user owned spreadsheets with automated reporting. Provided images of returned items that can be used to enhance Agency collection efforts.</li> </ul>	Eliminated duplicate data entry and streamlined workflow processes
<ul style="list-style-type: none"> <li>• <b>Deferred Compensation Program.</b> Created the EZ enrollment form; Automatic Increase Club; and Max Out Club. Also revamped website to make more user friendly.</li> </ul>	Serves as a savings tool for state employees to plan for their financial futures.
<b>DIVISION OF ACCOUNTING AND AUDITING</b>	
<ul style="list-style-type: none"> <li>• <b>Transparency -- Florida Accountability and Contract Tracking System (FACTS).</b> Launched in 2011, the Division of Accounting and Auditing with the Division of Information Systems implemented FACTS, making state contracting processes transparent through a centralized, statewide contract reporting system. FACTS tracks how our state does business and reports to taxpayers how their money is being spent.  In 2013, U.S. Public Interest Research Group (PIRG) gave Florida an "A-" up from a "D" in 2012, citing FACTS and significant improvement in transparency as primary factors in bringing Florida to 3<sup>rd</sup> place among the 50 states.</li> </ul>	This promotes better contracting practices – increased value, integrity and accountability.
<ul style="list-style-type: none"> <li>• <b>Electronic W-9 Form Application.</b> In 2012, the Bureau of Vendor Relations began requiring vendors to submit their W-9 Form through an online application. Data is securely captured and transmitted to the IRS for validation of the Taxpayer Identification Number and Business Name.</li> </ul>	Improves the accuracy of taxpayer information and Form 1099 reporting. This successful program reduced the number of forms needing correction from <u>1,049</u> in 2011 to <u>12</u> in 2012.
<ul style="list-style-type: none"> <li>• <b>Accountability of Taxpayer Monies – Bail Bonds</b> The Division is conducting a series of audits to ensure County Clerks of Courts are reporting bond judgments that they are not able to collect. The Division of Agent and Agency Services has put in place a new process for tracking bail bond judgments.</li> </ul>	DFS is responsible for regulating bail bond agents and holding them accountable when bond judgments are not paid.
<ul style="list-style-type: none"> <li>• <b>Unclaimed Property Online Holder Application.</b> In 2012, an online application was implemented to allow business entities (holders) to electronically deliver their annual unclaimed property filing, and associated remittance.</li> </ul>	Protects public resources and gets dollars back to citizens in a more timely and secure manner.

# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<ul style="list-style-type: none"> <li>• <b>Unclaimed Property Insurance Settlements.</b> Since 2011, in conjunction with the Office of Insurance Regulation, more than \$71 million in unclaimed life insurance benefits has been recovered, as a result of settlements reached with life insurance companies over the inappropriate use of the Social Security Death Master File.</li> </ul>	Protects public resources and gets dollars back into the pockets of citizens.
<ul style="list-style-type: none"> <li>• <b>Identify Theft.</b> CFO successfully promoted legislation in 2012 that prevents the release of Social Security Numbers to requestors of unclaimed property account information.</li> </ul>	Protects citizens.
<ul style="list-style-type: none"> <li>• <b>Hillsborough County Association for Retarded Citizens (HARC).</b> In 2013 an investigation was conducted of the HARC's Homelink Contract with the Agency for Persons with Disabilities. First case ever pursued by DFS under the Florida False Claims Act.</li> </ul>	Resulted in a settlement of \$310,000 due to false billings to the State for ineligible clients.
<b>DIVISION OF STATE FIRE MARSHAL</b>	
<ul style="list-style-type: none"> <li>• <b>Comprehensive Regulatory Reform for the Division of the State Fire Marshal.</b> Since 2011 the Division has conducted extensive reviews of regulatory functions/rules and also the Division's governing Statute 633. During the 2013 Legislative Session, the Division received passage of a complete rewrite of F.S. 633.</li> </ul>	Repealed outdated laws and rules, eased compliance, reduced fees and enhanced ethical standards for licensees and certificate holders.
<ul style="list-style-type: none"> <li>• Since 2011, the Bureau of Fire and Arson Investigations responded to 9297 fire incidents, of which 3,706 were determined to be incendiary fires resulting in 535 arson arrests. BFAI's clearance rate is 28.54%, exceeding the national clearance rate average of 18.43%.</li> </ul>	Demonstrates exceptional service and performance, ensuring those responsible for these violent and destructive acts are held responsible.
<ul style="list-style-type: none"> <li>• The Bureau of Forensic Fire Explosives &amp; Analysis achieved national and international accreditation. In FY 11/12, the Bureau analyzed and processed 15,325 cases with an average turnaround time of 7 days, and in FY 12/13 analyzed and processed 13,740 cases with an average turnaround time of less than 6 days.</li> </ul>	Accreditation provides an essential, external, independent review to ensure that forensic services meet or exceed accepted scientific standards, thus increasing the level of confidence for our customers. Expedient turnaround times allow for investigators to quickly conclude their investigations and determine if a crime has been committed and who is responsible.
<ul style="list-style-type: none"> <li>• Florida is now recognized as a national leader in training, education and fire service delivery. Since the CFO took office, the Division has enhanced the volunteer firefighter training program, adopted curricula for a Fire Code Administrator program (first in the nation) and partnered with several Florida public colleges to form a Fire Service Higher Education Consortium.</li> </ul>	Creates more opportunities for volunteer firefighters and provides higher education for Fire Service senior management.
<b>DIVISION OF RISK MANAGEMENT</b>	
<ul style="list-style-type: none"> <li>• Assisted state agencies and universities in returning injured workers to work and enhanced cost containment strategies in administering workers' compensation claims.</li> </ul>	Reduction in workers' compensation claims cost from over \$115 million in FY 10-11 to just over \$109 million in FY 12-13.
<ul style="list-style-type: none"> <li>• Collaborated with other state agencies to develop a comprehensive data base for state owned real estate and to increase the data on state buildings.</li> </ul>	Provided decision makers better data on which to base decisions regarding the use of state property, and provided reinsurers better data to use in offering coverage to the State Property Program.

## DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<ul style="list-style-type: none"> <li>Reengineered business processes so as to more efficiently and timely provide workers' compensation claim data electronically to the Division of Workers' Compensation.</li> </ul>	Reduced a backlog of approximately 4,000 claims to only a few, without additional resources. Process improvements in place to timely report future claims.
<ul style="list-style-type: none"> <li>Increased monitoring of workers' compensation "medical benefits only" claims.</li> </ul>	Better review of treatment and payments for medical care to ensure they are related to the workplace injury and are appropriate to the type of injury.
<ul style="list-style-type: none"> <li>Enhanced fraud detection and prevention efforts regarding the review and payment of claims.</li> </ul>	Increased the number of state agency and university staff and claim defense attorneys trained to look for signs of fraud, and strengthened internal controls to prevent potentially fraudulent payments.
<ul style="list-style-type: none"> <li>Improved the oversight of and assistance to loss prevention programs in state agencies and universities.</li> <li>Revamped the loss prevention training program to eliminate seminar attendance costs by implementing web based training</li> </ul>	Reduction in new workers' compensation claims from 14,444 in FY 10-11 to 12,285 in FY 12-13.  Saved an estimated \$50-75,000 in yearly travel costs.
<ul style="list-style-type: none"> <li>Awarded the 2011 Award for Innovative Risk Management by the State Risk and Insurance Management Association.</li> </ul>	DFS is recognized as a leader in using innovative approaches to manage risk in state programs.
<b>DIVISION OF REHABILITATION AND LIQUIDATION</b>	
<ul style="list-style-type: none"> <li>The CFO successfully sponsored legislation which created the first ever system for successfully rehabilitating or liquidating title insurance companies.</li> </ul>	Allows the Division to begin the process of liquidating a large title insurance company without cancelling consumers' existing title insurance policy.
<ul style="list-style-type: none"> <li>The Division of Rehabilitation &amp; Liquidation issued 9,995 checks to claimants and policyholders in over eight estates.</li> </ul>	The claims paid by the Division resulted in over \$23,000,000 being returned to the pockets of the citizens of the State of Florida.
<ul style="list-style-type: none"> <li>The Division of Rehabilitation &amp; Liquidation calculated and processed return premium in 3 estates in excess of \$7,400,000.</li> </ul>	Return premium dollars help policyholders affected by a liquidated company find replacement coverage.
<ul style="list-style-type: none"> <li>The Division of Rehabilitation &amp; Liquidation provided in excess of \$63,000,000 in early access dollars to meet claims payment needs.</li> </ul>	These proceeds directly affect the GA's ability to pay liquidated claims and manage the needs for additional assessments to solvent Florida insurance companies.
<ul style="list-style-type: none"> <li>The Division of Rehabilitation &amp; Liquidation completed the timely processing and provision of company loss claim data and images to guaranty associations in four companies placed into liquidation, allowing for prompt claims payments to policyholders. The estates were: National Group Insurance Company, Homewise Preferred Insurance Company, Homewise Insurance Company, and Southern Eagle Insurance Company.</li> </ul>	Approximately 12,000 policyholders were affected by these 4 receivership estates.
<b>DIVISION OF INSURANCE AGENT AND AGENCY SERVICES</b>	
<ul style="list-style-type: none"> <li><b>Comprehensive Regulatory Reform of the Division of Agents and Agency Services.</b> Legislation achieved during the 2012 Session collapsed 49 of the 137 insurance license types into 7 for ease of license applications, revised continuing education requirements to better tailor curriculum to agent needs, eliminating a duplicative and expensive surety</li> </ul>	

# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<p>bond requirement, changing report dates to increase consistency, and providing for increased electronic communications.</p>	
<ul style="list-style-type: none"> <li>• <b>Convicted Criminals/Insurance Licenses.</b> Successfully sought legislation to strengthen the laws regarding convicted criminals who seek insurance licenses.</li> </ul>	<p>This law has kept approximately 850 individuals and entities from gaining insurance licensure thereby protecting our citizens.</p>
<ul style="list-style-type: none"> <li>• <b>Securities Licensees.</b> Successfully sought legislation that allows DFS to take reciprocal action against dually licensed agents who hold a securities license and are barred or suspended for conduct under their securities license. Previously, DFS was very limited in its ability to take action against an insurance licensee for egregious conduct under a securities license.</li> </ul>	<p>Protects our citizens from unscrupulous individuals.</p>
<ul style="list-style-type: none"> <li>• <b>Outsourced Examination Registration.</b> The Division successfully negotiated a new contract with its testing vendor to outsource the examination registration.</li> </ul>	<p>Resulted in examination registration turn-around time of 1 day vs. 5-7 days; reduced exam costs to customers by 25% (estimated \$500,000 annually in pockets of customers), and saved @\$43,000 annually in state resources.</p>
<ul style="list-style-type: none"> <li>• <b>Outsourced Fingerprinting Process for Nonresident License Applicants.</b> The Division successfully negotiated a new contract with its fingerprinting vendor to outsource the process for nonresident applicants.</li> </ul>	<p>Reduced costs to customers by 10% (estimated \$20,000 annually in the pockets of customers), and saved @\$150,000 annually in state resources.</p>
<ul style="list-style-type: none"> <li>• <b>Improved Licensing Application Review.</b> The improved business process reduced the license application review timeline from 5-7 days to 1-2 days.</li> </ul>	<p>Significantly sped up the process for qualified license applicants seeking to begin work.</p>
<ul style="list-style-type: none"> <li>• <b>Improved Business Process for Reviewing Continuing Education Courses.</b> The improved business process for reviewing continuing education courses led to a better work product and reduced the processing timeline from 4-6 weeks to 1-2 weeks.</li> </ul>	<p>The improvement allows for more course options for agents and adjusters to add to their professional knowledge and meet their continuing education requirements.</p>
<ul style="list-style-type: none"> <li>• <b>Improved Process for Payments of Title Insurance Surcharge.</b> Beginning in January of 2013, title insurance agencies can pay their annual title insurance surcharge electronically.</li> </ul>	<p>Improves efficiency, and requires less staff time.</p>
<ul style="list-style-type: none"> <li>• <b>Call Center.</b> The Division worked with the Division of Consumer Services to transition the Agent and Agency Services licensing call center and its 10 employees to the Division of Consumer Services.</li> </ul>	<p>This effort consolidated duplicative services, improved efficiency, and enhanced customer service.</p>
<b>DIVISION OF INSURANCE FRAUD</b>	
<ul style="list-style-type: none"> <li>• The Division of Insurance Fraud has served as a national leader in the fight against insurance fraud, continuously ranking in the top five among all states in every key measurement of success established by the Coalition Against Insurance Fraud.</li> <li>• In 2013, the Legislature approved an additional 4 dedicated prosecutor positions along with 2 full-time support staff to assist in our efforts to fight fraud.</li> <li>• Fraud Arrests are up. The division, with the help of law enforcement partners increased fraud arrests by 46% since 2011, and 64% since 2010.</li> </ul>	<p>This Administration is committed to vigorously fight fraud.</p>
<ul style="list-style-type: none"> <li>• <b>Data Mining.</b> Acquired license from Raytheon Visual Analytics to enable DIF to query data never before viewable; offers predictive analytical tactics when coupled with external datasets.</li> </ul>	<p>The initiative has greatly improved the information in DIF's current case tracking system and improves the ability to generate statistical reports.</p>

# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<p><b>Personal Injury Protection (PIP) Fraud Reforms</b></p> <ul style="list-style-type: none"> <li>• <b>CFO promoted policy reforms to protect Florida drivers from escalating premiums.</b> CFO Atwater worked with state lawmakers to reform Florida’s PIP system.</li> <li>• The <b>Automobile Insurance Fraud Strike Force</b> was created to serve as a <b>Direct Support Organization (DSO)</b> that identifies available resources and channels those resources to areas aggressively fighting PIP fraud. The Strike Force will research emerging trends by fraudsters; collaborate with front line fighters of fraud including investigators, law enforcement and prosecutors; and monitor the impacts of the new PIP law approved by the 2012 Legislature.</li> </ul>	<p>Anticipated savings for consumers as a result of public policy reforms are expected to range from 14 to 25% (Pinnacle).</p>
<ul style="list-style-type: none"> <li>• <b>Insurance Regulatory Trust Fund.</b> In 2013, the Legislature approved the creation of the Insurance Regulatory Trust Fund to allow anyone to contribute by making a donation, gift or grant to aid the fight against insurance fraud.</li> </ul>	<p>The trust fund will be used by DIF to hire additional dedicated prosecutors, insurance fraud detectives, and fund anti-fraud programs around the state.</p>
<p><b>Workers’ Compensation Fraud Reforms</b></p> <ul style="list-style-type: none"> <li>• <b>During the 2012 Legislative Session, CFO took action to stop workers comp fraud schemes that undercut small businesses.</b> The CFO convened a special task force – Working Group on Role of Money Service Business in Facilitating Workers’ Compensation Fraud – to review the practices of bad actors in the check cashing services industry who were aiding in complex workers’ compensation premium fraud schemes.</li> </ul>	<p>Led to proposed legislation to create check cashing data base.</p>
<ul style="list-style-type: none"> <li>• <b>During the 2013 Legislative Session,</b> the CFO successfully pursued additional protections requiring money service businesses to submit additional information to the Office of Financial Regulation, including the payee’s workers’ compensation insurance policy number. OFR would then share this data with DFS to cross-match it with our Proof of Coverage database.</li> </ul>	<p>Enhances DFS’ ability to fight fraud, and ensures workers receive proper workers’ compensation insurance coverage.</p>
<p><b>Medicaid and Public Assistance Fraud Strike Force</b></p> <ul style="list-style-type: none"> <li>• <b>In 2010, the Legislature created the Medicaid and Public Assistance Fraud Strike Force</b> to increase the coordination and effectiveness of programs and initiatives that work to prevent, detect and prosecute Medicaid, as well as public assistance fraud. CFO Atwater serves as chair and AG Bondi serves as Vice Chair of the 11-member Strike Force. In 2013, the Legislature amended the law to allow designees to serve in the place of appointed members.</li> </ul> <p>Medicaid fraud can take many forms, but the most common involve providers billing for services never performed, upcoding of claims, overbilling for services, phony companies billing for phantom services, pharmacists billing for deceased patients and home health-care companies demanding payment for treating clients who were actually serviced in the hospital.</p> <p>Since Medicaid services are delivered or monitored by multiple agencies, there are many points where fraud is entering the system.</p> <p>The Strike Force is due to sunset in the summer of 2014.</p>	<p>Increased communication and partnerships with law enforcement, regulatory and prosecutorial communities, and a system for sharing information and coordinating efforts;</p> <p>Anti-fraud training;</p> <p>First mapping of Florida’s anti-fraud processes;</p> <p>First statistical study of fraud in Florida’s Food assistance program</p> <p><i>Florida’s Medicaid program is the fourth largest in the country and accounts for 25% of our budget. Medicaid fraud is a key factor in this growth, with an estimated \$2 billion annual cost to the state associated with fraud, waste and abuse.</i></p>

# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<b>DIVISION OF CONSUMER SERVICES</b>	
<p><b>Holocaust Survivors</b></p> <ul style="list-style-type: none"> <li>DFS partnered with financial institutions to waive fees on reparation payments. International wire fee transfers ranged from \$10-\$40 per transaction. The fee amounted to a 10% tax on each payment the survivor received.</li> <li>CFO successfully pursued legislation in 2013 to expand scope of assistance to Holocaust victims and their heirs. Currently DFS assists Holocaust victims in identifying and obtaining insurance claims. With the new law, DFS can assist in recovery of financial claims, assets, and property; education to mitigate the effects of nonpayment of claims or nonreturn of property; and assistance in gaining access to funding to address these issues.</li> </ul>	Relieves the financial burden on Holocaust victims, many who are elderly and rely on these payments.
<p><b>Protecting Florida's Seniors:</b></p> <ul style="list-style-type: none"> <li>In 2012, the CFO launched On Guard for Seniors, a website with information about annuities, reverse mortgages, long-term care, and identify theft to provide seniors information and alerts about possible scams.</li> <li>In 2013, the CFO launched Operation S.A.F.E. – Stop Adult Financial Exploitation. Created a website and held workshops throughout the state. Identified senior protection and advocacy partners to assist in promoting this initiative.</li> </ul>	Provides accessible information to Seniors empowers them, their families and caregivers with knowledge so as not to become victims of financial scams and fraud.
<p><b>Financial Literacy for Consumers</b></p> <ul style="list-style-type: none"> <li>CFO launched Your Money Matters financial literacy initiative. Target audiences include: small business owners, seniors, military, women and college-bound students.</li> </ul>	Empowers Floridians to be financially responsible and independent, and make better informed financial decisions.
<p><b>Medical Benefit Plan – Chemotherapy Treatment</b></p> <ul style="list-style-type: none"> <li>In 2013, the CFO promoted legislation that requires intravenous chemotherapy to be treated the same as oral chemotherapy under a group health insurance policy.</li> </ul>	Prior to this change, intravenous chemotherapy was billed under a medical benefit plan and subject to copayments, deductibles, and coinsurance.
<b>DIVISION OF FUNERAL, CEMETERY AND CONSUMER SERVICES</b>	
<ul style="list-style-type: none"> <li><b>Reduced Regulation.</b> Eliminated the requirement that licensees file bodies handled reports on a monthly basis. We now require the licensees to retain the reports and have them available for inspection or specific requests.</li> </ul>	Improves efficiency, and saves staff resources.
<ul style="list-style-type: none"> <li><b>Streamlined Licensing Process.</b> The Funeral and Cemetery Board approved the Division approving many categories of licenses for those applicants with a clean criminal history</li> </ul>	This streamlined process has allowed applicants to receive their licenses quickly so they can begin work in the profession.
<ul style="list-style-type: none"> <li><b>Increased Financial Oversight.</b> During 2012-2013, a team of specialists developed an examination procedure to conduct financial examinations of large national death-care companies that conduct business in Florida.</li> </ul> <p>Also in 2012-2013, a team developed an examination procedure to conduct financial examinations for those licensees in financial distress to obtain baseline data for trusting companies and other entities in determining liability exposure to the various trust funds.</p>	Protecting the public by increasing financial oversight.



# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<b>DIVISION OF PUBLIC ASSISTANCE FRAUD</b>	
<ul style="list-style-type: none"> <li><b>In January 2011, the Public Assistance Fraud Unit (PAF)</b> transferred to DFS from FDLE. Without an existing division, the organization was realigned and focused on a unified mission to restore its original purpose and prove its inherent value to the state of Florida. The transition to DFS improved PAF's cost-effectiveness.</li> </ul>	<p>The state's public assistance programs annually serve about 4.8 million Floridians by providing benefits for food, cash assistance, Medicaid, home health care, and grants to individuals and communities affected by natural disasters.</p>
<ul style="list-style-type: none"> <li><b>State Law Enforcement Bureau (SLEB).</b> The role of SLEB is to join local and state law enforcement agencies to investigate the illegal use of electronic Supplement Nutrition Assistance Program (SNAP) benefits by recipients and merchants. Under the current administration, the SLEB effort has flourished and resulted in two highly successful statewide conferences that achieved the results of increasing agency involvement with the SLEB program, educating state and local law enforcement personnel, and creating the national model that USDA regards as the standard for SLEB operations.</li> </ul>	<p>The success of SLEB has spawned funding through the Legislature for a specialized EBT Investigations Unit to pursue illegal use of the SNAP benefits by recipients and merchants.</p> <p>Florida is now the first state to implement customer authentication to verify a client's identity before an application is processed.</p>
<ul style="list-style-type: none"> <li><b>Statewide Fraud Rate Study.</b> At the direction of the Medicaid and Public Assistance Strike Force, PAF conducted detailed fraud reviews of public assistance case files selected at random by the Department of Children and Families. As a result of PAF's participation in the review, the state of Florida became one of the only states in the nation to accurately assess the rate of fraud that exists in public assistance cases.</li> </ul>	<p>The findings determined a 7.5% fraud rate in the public assistance rolls, greatly exceeding the rate normally reported by the federal government – providing a definitive baseline against which success in fraud reduction efforts can be effectively measured.</p>
<b>DIVISION OF WORKERS' COMPENSATION</b>	
<ul style="list-style-type: none"> <li><b>Comprehensive Regulatory Reform for the Division of Workers' Compensation:</b> Legislation achieved during the 2013 Session removed redundant, inefficient, or obsolete statutes, created operational efficiencies, and improved ease of compliance for all workers' compensation stakeholders.</li> </ul>	<p>Streamlines business processes.</p>
<ul style="list-style-type: none"> <li><b>Created the Bureau of Financial Accountability.</b> The Division merged the Assessments Unit, the Special Disability Trust Fund, the Financial Accountability Section within the Bureau of Compliance, and the Self-Insurance Section within the Bureau of Monitoring and Audit together to create the Bureau of Financial Accountability. This new Bureau places all the Division's core financial responsibilities into one functional unit.</li> </ul>	<p>Streamlines the process for monitoring and evaluating internal controls.</p>
<ul style="list-style-type: none"> <li><b>Reemployment Services Program.</b> This program was transferred from Department of Education to the Division:                             <ul style="list-style-type: none"> <li>- The Division implemented a computer system to scan all paper files received from DOE, so that is now paperless.</li> <li>- The Division developed an Injured Worker Portal to enable workers to electronically enter applications for services.</li> </ul> </li> </ul>	<p>Ensures injured workers are prepared to enter the workforce.</p>
<ul style="list-style-type: none"> <li><b>Automated Identification of Confidential Information.</b> The Medical Data Management team created automation of redacting confidential information from medical forms when complying with subpoena requests.</li> </ul>	<p>Reduced administrative costs and risks associated with an extremely burdensome manual examination process.</p>
<ul style="list-style-type: none"> <li>Launched online <b>Workers' Compensation Exemption Application and Payment System</b> in July, 2011.</li> </ul>	<p>Saves an estimated \$300,000 annually (reduction of 8 FTEs); reduced application processing time from 15 minutes to 4 minutes for the 80,000 exemptions filed every year, on average.</p>

# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<ul style="list-style-type: none"> <li>• <b>Renegotiated Operational Contract for Insurance Agents.</b></li> </ul>	Reduced exam costs for insurance agents by 23% and shortened registration time from 7 days to 1 day.
<ul style="list-style-type: none"> <li>• <b>Data Mining.</b> Utilized data from Department of Revenue unemployment tax filings to identify and target non-compliant employers.</li> </ul>	Increased efficiency of investigative efforts in excess of 200%
<ul style="list-style-type: none"> <li>• <b>Compliance Penalty Audit Process.</b> Process centralized, and an electronic investigative case filing system and penalty audit workflow automation were developed for increased efficiency and cost savings.</li> </ul>	Increased efficiency and cost savings.
<b>OFFICE OF THE GENERAL COUNSEL</b>	
<ul style="list-style-type: none"> <li>• Conducts regulatory review of each Division to: look for regulations that can be removed; identify business processes that can be improved; determine whether additional consumer protections are needed; and to identify efficiencies that can be gained. These reviews are conducted similar to a program audit.</li> </ul>	DFS has made substantial improvements and saved hundreds of thousands of dollars while improving consumer protections.
<ul style="list-style-type: none"> <li>• Created an Office of Public Records and upgraded the system to more quickly respond to public records requests. In addition, the office is in the process of pursuing more on-demand public records capacity by providing more records on-line. This office oversees public records responses department-wide. The department receives an average of 900 requests per month.</li> </ul>	Improved response time to public records requests.
<ul style="list-style-type: none"> <li>• Using existing resources expanded the duties of the Criminal Law Unit to include False Claims Act prosecutions. This had never been done by the Department before. These are cases in which, generally, a state contractor has fraudulently billed a state agency. These cases are complex and investigation intense in that they involve complicated financing and financial transaction schemes requiring extensive subpoenas and document review techniques.</li> </ul>	The first of these cases that has been completed is HARC. This case resulted in a substantial recovery for the Agency for Persons with Disabilities, and the shutting down of a business that had been operating to the detriment of people with disabilities.
<b>STATE BOARD OF ADMINISTRATION</b>	
<ul style="list-style-type: none"> <li>• In 2011, the CFO called for an external review of the SBA's risk management processes and financial controls. Conducted by Crowe Horwath.</li> </ul>	<p>Study resulted in 63 recommendations – 57 of which have been implemented, the remainder to be implemented by the end of 2013.</p> <p>The Trustees also approved a recommendation to increase the independence of the Chief Risk and Compliance Officer – direct access and reporting to the Trustees.</p>
<ul style="list-style-type: none"> <li>• The CFO has supported investment policies to enhance the performance of the FRS Pension Plan, increasing net asset value from \$124.2 billion to \$132.4 billion (as of 6/30/13) while making \$14.5 billion in distributions in the form of required benefit payments and transfers. This reflects a 7.41% investment return since January 2011.</li> </ul>	Enhancing the performance of the FRS assets under management gives our retirees peace of mind and ensures that the State of Florida will be able to meet its pension obligations.
<ul style="list-style-type: none"> <li>• Supported the purchase of \$2 billion in pre-event financing for the Florida Hurricane Catastrophe Fund.</li> </ul>	This financing will enable the Hurricane Catastrophe Fund to cover higher losses, diminishing the potential for post-event bonds and emergency assessments.

# DFS TASK FORCES, STUDIES & INITIATIVES

Jeff Atwater, CFO

INITIATIVE	VALUE
<b>DIVISION OF BOND FINANCE</b>	
<ul style="list-style-type: none"> <li>• The Division worked to refinance outstanding debt to lower interest rates resulting in debt savings of \$1.2 billion since January 2011 (as of 8/2013)</li> <li>• State debt has decreased by \$3.5 billion in just three years (July 2010-July 2013)</li> </ul>	<p>This fiscal discipline keeps money in the pockets of hardworking Floridians.</p>
<ul style="list-style-type: none"> <li>• The CFO supported a change to the debt policy statement to require certification from underwriters that they have policies and procedures in place to ensure that they are not engaging in any investment activities with Sudan or Iran.</li> </ul>	<p>This policy, in conjunction with our actions at the SBA to divest of any investments with Sudan or Iran, is one more step toward ensuring a nuclear-free Iran and a more peaceful Sudan.</p>



# Department of Financial Services

## Performance Measures and Standards – LRPP Exhibit II

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Executive Direction and Support Services	Code: 43010100

<b>Approved Performance Measures for FY 2013-14 (Words)</b>	<b>Approved Prior Year Standard FY 2012-13 (Numbers)</b>	<b>Prior Year Actual FY 2012-13 (Numbers)</b>	<b>Approved Standards for FY 2013-14 (Numbers)</b>	<b>Requested FY 2014-15 Standard (Numbers)</b>
Administrative costs as a percent of total agency costs	5.00%	4.20%	5.00%	5.00%
Administrative positions as a percent of total agency positions	6.00%	6.00%	6.00%	6.00%
Percentage of Department Employees Responding to an Annual Survey Who Indicate Overall Satisfaction with Division of Administration's Services	N/A	89.00%	90.00%	90.00%
Percentage of Appointment (hiring) Packages Processed Within the 5-Day Time Standard	N/A	90.00%	97.00%	97.00%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Legal Services	Code: 43010200

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Percent of closed files involving allegations of statutory violation that were successfully prosecuted	92%	99%	92%	92%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Information Technology	Code: 43010300

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Information technology costs as a percent of total agency cost	4.21%	6.06%	4.21%	4.21%
Information technology positions as a percent of total agency positions	3.33%	4.90%	3.33%	3.33%
<del>System design and programming hourly cost</del>	<del>\$60</del>	N/A	<del>\$60</del>	Request Deletion
Percent of scheduled hours computer and network are available	99.95%	99.96%	99.95%	99.95%
Percent of customers who returned a customer service satisfaction rating of at least four (4) on a scale of one (1) to five (5) on surveys	85%	Not calculated FY 2012-2013 - transitioned to new Remedy System	95%	95%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Consumer Advocate	Code: 43010400

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Percentage of referred cases responded to and/or transferred within 10 days of receipt.	90%	90%	90%	90%
Percentage of rate filings subject to public hearing which were reviewed by our office.	95%	95%	95%	95%



**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Office of Chief Financial Officer and Administration	Code: 43010000
Service/Budget Entity: Information Technology- <b>FLAIR Infrastructure</b>	Code: 43010500

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Percent of scheduled hours computer and network is available	99%	99.90%	99%	99%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Treasury	Code: 43100000
Service/Budget Entity: Deposit Security	Code: 43100200

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<del>Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit</del>	5,420	-N/A-	5,420	Request Deletion
Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analysis cycle.	100%	100%	100%	100%
Percentage of Collateral Administrative Program transactions completed within three business days.	97%	96%	97%	97%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Treasury	Code: 43100000
Service/Budget Entity: State Funds Management and Investment	Code: 43100300

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<del>Number of cash management consultation services</del>	<del>30</del>	<del>N/A</del>	<del>30</del>	<del>Request Deletion</del>
Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period.	0.2%	0.19%	0.2%	0.2%
Percentage of all agency Concentration Account and Credit Card Account deposit transactions to be matched and credited within 4 days of the bank deposit date.	98%	100%	98%	98%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Treasury	Code: 43100000
Service/Budget Entity: Supplemental Retirement Plan	Code: 43100400

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Percentage of state employees participation in the State Deferred Compensation Plan	40%	40%	40%	40%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Financial Accountability for Public Funds	Code: 43200000
Service/Budget Entity: State Financial Information and State Agency Accounting	Code: 43200100

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<del>Percentage of vendor payments issued via electronic funds transfer (EFT)- excluding one time payments</del>	<del>39%</del>	43%	<del>39%</del>	Request Deletion
<del>Percentage of payroll payments issued via electronic funds transfer (EFT)</del>	<del>95%</del>	96%	<del>95%</del>	Request Deletion
<del>Percentage of retirement payments issued via electronic funds transfer (EFT)</del>	<del>92%</del>	89%	<del>92%</del>	Request Deletion
Number of agencies audited for Contract/Grant Managers performance	12	5	12	12
<del>Number of Clerk of the Circuit Court Financial Reviews conducted</del>	<del>22</del>	23	<del>22</del>	Request Deletion
Percentage of Office of Fiscal Integrity investigations that result in action	50%	52%	50%	50%
Number of contracts reviewed	1,100	901	1,100	Adjust Standard 2,200
<del>Percentage of compliance with the Statewide Financial Statements Compliance- Checklist</del>	<del>90%</del>	97%	<del>90%</del>	Request Deletion
<del>Percentage of warrants outstanding at 3 months that are stale dated after 12- months</del>	<del>60%</del>	51%	<del>60%</del>	Request Deletion

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Financial Accountability for Public Funds	Code: 43200000
Service/Budget Entity: Recovery and Return of Unclaimed Property	Code: 43200200

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<del>Percentage of the total dollar amount of claims paid during the current fiscal year, compared to the prior year's receipts.</del>	55%	57%	55%	Request Deletion
<del>Percentage of the total number of claims paid to the owner in the fiscal year compared to the total number of accounts reported/received in the prior fiscal year. (Number of claims paid as a percent of all accounts.)</del>	22%	23%	22%	Request Deletion
Number / dollar value of owner accounts processed.	1 million / \$225 million	2,075,040 / \$356,878,882	1 million / \$225 million	1 million / \$225 million
Number of claims paid / dollar value of claims paid.	250,000 / \$150 million	324,865 / \$218,063,495	250,000 / \$150 million	250,000 / \$150 million
Percentage of claims processed within 60 days from date received (cumulative total).	60%	74%	60%	60%
Number of new holders reporting unclaimed property in the fiscal year.	2,000	1,839	2,000	2,000

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Compliance and Enforcement	Code: 43300200

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<del>Number of fire-related deaths occurring in state-owned properties required to be inspected</del>	<del>0</del>	<del>0</del>	<del>0</del>	Request Deletion
Percentage of mandated regulatory inspections completed	100%	100%	100%	100%
<del>Number of recurring inspections completed</del>	<del>7,200</del>	<del>6,892</del>	<del>7,200</del>	Request Deletion
<del>Number of high hazard inspections completed</del>	<del>7,200</del>	<del>7,405</del>	<del>7,200</del>	Request Deletion
<del>Number of construction inspections completed</del>	<del>1,500</del>	<del>1,695</del>	<del>1,500</del>	Request Deletion
Number of mandated regulatory inspections completed	605	1180	605	Adjust Standard 1,000
Percentage of fire code inspections completed within statutory defined timeframes	100%	97%	100%	100%
<del>Percentage of fire code plans reviews completed within statutory defined timeframes</del>	<del>100%</del>	<del>100%</del>	<del>100%</del>	Request Deletion
<del>Number of boiler inspections completed by department inspectors</del>	<del>1,700</del>	<del>1,276</del>	<del>4,200</del>	Request Deletion
<del>Number of construction plans reviewed</del>	<del>700</del>	<del>479</del>	<del>700</del>	Request Deletion
Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	8,000	6,279	8,000	8,000

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Fire and Arson Investigations	Code: 43300300

<b>Approved Performance Measures for FY 2013-14 (Words)</b>	<b>Approved Prior Year Standard FY 2012-13 (Numbers)</b>	<b>Prior Year Actual FY 2012-13 (Numbers)</b>	<b>Approved Standards for FY 2013-14 (Numbers)</b>	<b>Requested FY 2014-15 Standard (Numbers)</b>
Percentage of referrals declined by State Attorney's Office for prosecution	10%	7%	10%	10%
Percentage of arson cases cleared	20%	30%	20%	20%
Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	80%	78.3%	80%	80%
Percent of closed arson investigations for which an arrest was made in Florida	18%	32.6%	18%	18%



## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Professional Training and Standards	Code: 43300400

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<del>Percentage of above satisfactory ratings by supervisors of students' job performance from post-class evaluations of skills gained through training at the Florida State Fire College</del>	<del>80%</del>	<del>83.80%</del>	<del>80%</del>	<del>Request Deletion</del>
<del>Challenges to examination results and eligibility determination as a percentage of those eligible to challenge</del>	<del>less than 1%</del>	<del>2.70%</del>	<del>less than 1%</del>	<del>Request Deletion</del>
Number of students trained and classroom contact hours provided by the Florida State Fire College	5,500/175,000	6,268/188,553	5,500/175,000	5,500/175,000
<del>Number of examinations administered</del>	<del>6,000</del>	<del>4,886</del>	<del>6,000</del>	<del>Request Deletion</del>
Percentage of Fire College students passing certification exam on first attempt	75%	77.10%	75%	75%
<del>Percentage of Student Satisfactory Evaluations of the Florida State Fire College Facility and Services</del>	<del>85%</del>	<del>85%</del>	<del>85%</del>	<del>Request Deletion</del>
<del>Percentage of Students Rating Training Received at the Fire College Effective in Improving their Ability to Perform Assigned Duties</del>	<del>85%</del>	<del>75%</del>	<del>85%</del>	<del>Request Deletion</del>
Number of Florida State Fire College Certification Programs Submitted for National Accreditation or Re-accreditation	3	5	3	3

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Fire Marshal	Code: 43300000
Service/Budget Entity: Fire Marshal Administrative and Support Services	Code: 43300500

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Administrative costs as a percentage of program agency costs	5.70%	5.70%	5.70%	5.70%
Administrative positions as a percentage of total program positions	3.40%	3.40%	3.40%	3.40%
The number of items analyzed chemically plus the number of imaging items processed.	13,650	13,740	13,650	13,650
<del>To import 100% of incident data submitted by Florida fire departments within the calendar year.</del>	<del>100%</del>	<del>100%</del>	<del>100%</del>	<del>Request Deletion</del>

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: State Property and Casualty Claims	Code: 43400000
Service/Budget Entity: Self-Insured Claims Adjustment	Code: 43400100

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Average operational cost per claim worked	\$2,016	\$2,167	\$2,016	\$2,016
<del>Number of workers' compensation claims requiring some payment per 100 FTE-employees</del>	<del>5.7</del>	<del>N/A</del>	<del>5.7</del>	<del>Request Deletion</del>
Average cost of workers' compensation claims paid	\$6,500	\$6,217	\$6,500	\$6,500
Percentage of liability claims closed in relation to liability claims worked during the fiscal year	49%	50%	49%	49%
<del>State employees' workers' compensation benefit cost rate, as defined by indemnity and medical benefits, per \$100 of state employees' payroll as compared to prior years</del>	<del>\$1.45</del>	<del>N/A</del>	<del>\$1.45</del>	<del>Request Deletion</del>
Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, F.A.C.	95%	99%	95%	95%
<del>Average cost of tort liability claims paid</del>	<del>\$9,651</del>	<del>N/A</del>	<del>\$9,651</del>	<del>Request Deletion</del>
<del>Average cost of federal civil rights liability claims paid</del>	<del>\$44,226</del>	<del>N/A</del>	<del>\$44,226</del>	<del>Request Deletion</del>
<del>Average cost of property claims paid</del>	<del>\$9,000</del>	<del>N/A</del>	<del>\$9,000</del>	<del>Request Deletion</del>
<del>Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made</del>	<del>180</del>	<del>N/A</del>	<del>180</del>	<del>Request Deletion</del>
Number of workers' compensation claims worked	22,000	19,039	22,000	22,000
Number of liability claims worked	5,048	4,665	5,048	Adjust Standard 4,869
<del>Number of workers' compensation claims assigned for litigation during the current fiscal year</del>	<del>421</del>	<del>N/A</del>	<del>421</del>	<del>Request Deletion</del>
Number of state property loss/damage claims worked	120	284	120	120
<del>Overall average score on the annual loss prevention safety academy training survey</del>	<del>4.0</del>	<del>N/A</del>	<del>4.0</del>	<del>Request Deletion</del>
<b>New Measure:</b> Percentage of tort liability claim files resolved prior to litigation	<b>NA</b>	81%	<b>NA</b>	81%
<b>New Measure:</b> Number of agency loss prevention staff trained during the fiscal year (top 3 agencies)	<b>NA</b>	124	<b>NA</b>	80

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Insurance Company Rehabilitation and Liquidation	Code: 43500100

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<del>Percentage of companies with only class 3 or higher claims closed within 2 years after all asset collection activity, including litigation, is concluded and all objections have been resolved</del>	90.00%	N/A	90.00%	Request Deletion
New Measure: Percentage of service requests closed within 30 days	N/A	88.22%	N/A	80%
Percentage of appraised value of assets liquidated for real property	90.00%	99.87%	90.00%	90.00%
Percentage of appraised value of assets liquidated for personal property	75.00%	100.00%	75.00%	75.00%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Licensure, Sales Appointment and Oversight	Code: 43500200

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Cost of Licensing Operations per active license.	\$4.83	\$4.87	\$4.83	\$4.83
<span style="color: red;">Revise Measure:</span> Cost of Investigation Operations per <span style="color: red;">enforcement action</span> completed investigation.	\$95.00	\$101.01	\$95.00	Adjust Standard \$1,470
Percentage of licensees disciplined for a practice violation within the past 12 months	0.068%	0.083%	0.068%	Adjust Standard 0.07%
Average number of investigations per investigator	57	69.9	57	Adjust Standard 71.3
Average number of applications processed per licensing FTE	2,647	2,631.4	2,647	2,647

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Insurance Fraud	Code: 43500300

<b>Approved Performance Measures for FY 2013-14 (Words)</b>	<b>Approved Prior Year Standard FY 2012-13 (Numbers)</b>	<b>Prior Year Actual FY 2012-13 (Numbers)</b>	<b>Approved Standards for FY 2013-14 (Numbers)</b>	<b>Requested FY 2014-15 Standard (Numbers)</b>
Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators	75%	69%	75%	75%
Number of insurance fraud arrests (not including workers' compensation cases)	952	1,151	952	952
Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	276	418	276	276
Number of cases presented for prosecution	1,260	1,667	1,260	1,260
Court ordered restitution as a percentage of requested restitution.	70%	189%	70%	70%
Requested restitution as a percentage of annual appropriated budget.	200%	362%	200%	200%

**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Consumer Assistance	Code: 43500400

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Percentage of helpline call and service request audits that result in quality service	90%	91%	90%	90%
Percentage of consumers who rate the Division's services as good or excellent	75%	80%	75%	75%
Percentage of phone calls answered within four minutes	85%	60%	85%	85%

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Funeral and Cemetery Services	Code: 43500500

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
<b>New Measure:</b> Average time (days) to close an investigation.	N/A	N/A	N/A	90
<del>Percentage of establishments and cemeteries inspected per fiscal year</del> <b>To:</b> Percentage of funeral establishment inspections that do not require quality control follow up.	100%	99%	100%	Adjust Standard 98%
<b>New Measure:</b> Percentage of deficiency letters sent out within five days of receiving application	N/A	91%	N/A	88%
<b>Revise Measure:</b> Percentage of investigations submitted by Legal to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	90%	100%	90%	Adjust Standard 98%
<del>Percentage of financial examinations with deficit findings that resulted in deficits being corrected, initiation of an investigation or disciplinary action being taken against the licensee.</del>	95%	N/A	95%	Request Deletion
<del>Percentage of cemetery inspections with findings that resulted in improved care and maintenance and/or more accurate burial records, initiation of an investigation or disciplinary action being taken against the cemetery.</del>	95%	N/A	95%	Request Deletion
<del>Percentage of funeral establishment inspections with health and safety findings that resulted in corrective action, initiation of an investigation or disciplinary action being taken against the establishment.</del>	95%	N/A	95%	Request Deletion



**LRPP Exhibit II - Performance Measures and Standards**

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Licensing and Consumer Protection	Code: 43500000
Service/Budget Entity: Public Assistance Fraud	Code: 43500700

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget	300%	756%	300%	300%
Number of completed cases resulting in referral for disqualification or prosecution	2,400	2,912	2,400	Adjust Standard 3,000

## LRPP Exhibit II - Performance Measures and Standards

**Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER**

Program: Workers' Compensation	Code: 43600000
Service/Budget Entity: Workers' Compensation	Code: 43600100

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Percentage of first indemnity payments made timely	95%	94.9%	95%	95%
<del>Number of claim files reviewed annually</del>	<del>86,000</del>	<del>89,302</del>	<del>86,000</del>	Request Deletion
Number of employer investigations conducted	30,000	34,150	30,000	Adjust Standard 30,500
<del>Number of disputes resolved for injured workers by the Employee Assistance Office</del>	<del>1,500</del>	<del>1,410</del>	<del>1,500</del>	Request Deletion
Percentage of disputes resolved for injured workers by the Employee Assistance Office	75%	85.5%	75%	Adjust Standard 85%
<del>Number of reimbursement requests (SDF-2) audited</del>	<del>2,645</del>	<del>3,147</del>	<del>2,645</del>	Request Deletion
<del>Number of reimbursement requests (SDF-2) paid</del>	<del>1,560</del>	<del>1,781</del>	<del>1,560</del>	Request Deletion
Number of Petitions for Reimbursement Dispute Resolution resolved	6,190	7,754	6,190	Adjust Standard 6,203
<del>Percentage of insurance industry's overall compliance of filing Explanation of Bill-Review (EOBR)</del>	<del>78%</del>	<del>94%</del>	<del>78%</del>	Request Deletion
Percentage of overall accepted claims Electronic Data Interchange (EDI)	79%	76.4%	79%	79%
Average number of Workers' Compensation employer investigations completed monthly	57	61	57	Adjust Standard 61



# Department of Financial Services

## Assessment of Performance for Approved Performance Measures – LRPP Exhibit III

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Executive Direction and Support Services/43010100

**Measure:** Percentage of Appointment (hiring) Packages Processed Within the Five Day Time Standard

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
97%	90%	7%	7%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity               |
| <input type="checkbox"/> Competing Priorities         | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)             |

**Explanation:**

New staff requiring additional training.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Training | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel           | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Office of Chief Financial Officer and Administration  
**Service/Budget Entity:** Information Technology/43010300  
**Measure:** System design and programming hourly costs.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. DIS now relies on state employees and not on contractors and vendors. Request deletion of measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

**Service/Budget Entity:** Deposit Security/43100200

**Measure:** Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by Treasury but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Treasury

**Service/Budget Entity:** State Funds Management and Investment/43100300

**Measure:** Number of cash management consultation services.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by Treasury but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Percentage of vendor payments issued via electronic funds transfer (EFT) excluding one time payments.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure and has become obsolete due to the increased use of technology. Request deletion.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Percentage of payroll payments issued via electronic funds transfer (EFT).

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure and has become obsolete due to the increased use of technology. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Percentage of retirement payments issued via electronic funds transfer (EFT).

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure and has become obsolete due to the increased use of technology. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Number of agencies audited for Contract/Grant Managers Performance

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
12	5	7 Under	58% Under

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)             |

**Explanation:** There was a turnover in supervision along with time required for the new supervisor to get the process up and running.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

The new financial administrator has streamlined lined the process and is providing more monitoring review and feedback to the staff.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Number of Clerk of the Circuit Court Financial Reviews.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure and has become obsolete due to the increased use of technology. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Number of contracts reviewed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1,100	901	199 Under	18% Under

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** Previous estimate was based on resources being in place at the beginning of the fiscal year. Staff resources, FACTS and the Contract Audit System did not get up and running until October. The staff were also overcoming the learning curve as a result of the new processes.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Resources Unavailable                    | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** Resources were put in place in October instead of July.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Percentage of compliance with the Statewide Financial Statements Compliance Checklist.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure and has become obsolete due to the increased use of technology. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** State Financial Information and State Agency

**Accounting/43200100**

**Measure:** Percentage of warrants outstanding at 3 months that are stale dated after 12 months.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure and has become obsolete due to the increased use of technology. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Percentage of the total dollar amount of claims paid during the fiscal year compared to the prior year's receipts.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Percentage of the total number of claims paid to the owner in the fiscal year compared to the total number of accounts reported/received in the prior fiscal year.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Number / dollar value of owner accounts processed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1,000,000 / \$225 million	2,075,040 / \$356,878,882	1,075,040 Over / \$131,878,882 Over	207% / 159%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Increased efforts in holder outreach education and compliance (as well as audits), combined with an overall increase in general awareness of unclaimed property requirements have resulted in more accounts and more funds being reported/remitted. Technological advances (and federal laws) by holders of unclaimed property facilitates the reporting of more individual accounts when compared to manual processes used in the past. The special life insurance audits and settlements are also resulting in more accounts and funds being remitted.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Monitor for possible change/revision in the future.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Number of claims paid & dollar value of claims paid

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
250,000 / \$150 million	324,865 / \$218,063,495	74,865 Over / \$68,063,495 Over	130% / 145%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Increased numbers of accounts and dollars being received result in higher numbers of claims and higher dollar value of claims paid. The increased public awareness of the program achieved through earned media, as well as significant increases in national and local news coverage, and other outreach efforts have resulted in a higher volume of claims received and paid.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Monitor for possible changes/revision in the future.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Accountability for Public Funds

**Service/Budget Entity:** Recovery and Return of Unclaimed Property/43200200

**Measure:** Percent of claims processed within 60 days from date received (cumulative total)

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
60%	74%	14% Over	123%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity          |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training                  |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) Volume |

**Explanation:**

During the July to November peak period for claims processing, the Bureau was able to adequately address the increase in volume by requiring overtime and by the temporary assignment of additional staff to the claims process.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Monitor for possible changes/revision in the future.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of fire related deaths occurring in state owned properties.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of recurring inspections completed.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of high hazard inspections completed.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of construction inspections completed.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of mandated regulatory inspections completed

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
605	1180	+575	95%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** The variance in this measure is attributed to economic growth or decline by the number of licenses that are renewed or applied for.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Change standard to 1,000.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Percentage of fire code plans reviews completed within statutory defined timeframes.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of boiler inspections completed by department inspectors.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of construction plans reviewed.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Fire Marshal

**Service/Budget Entity:** Compliance and Enforcement/43300200

**Measure:** Number of entity requests for licenses, permits, and certifications processed within statutorily mandated time frames

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
8,000	6,328	-1672	-20.9%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input checked="" type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster                  |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Data for this measure is recorded as applicant detail and taken from each application received. The data is entered into the Regulatory Licensing System (RLS). Data produced provides the following detail:

- The number of applications received within a month.
- The number of licenses issued by the Regulatory Licensing Staff within a month.
- The number of renewals issued within a month.
- The number of denials issued within a month.

Moreover, data for this measure will fluctuate from fiscal year to fiscal year. Chapter 633, Florida Statutes, provides that the five classifications of fire protection system contractors shall be required to renew their licenses on a two year cycle. Fire Equipment Dealers and Permit holders renew their authorities on a two year cycle as well.

As the number of licenses processed varies from month to month, the measurement of licenses processed within the statutorily mandated time frame must be calculated by determining the number of licenses issued, denied, or renewed within a month as RLS does

not have the functionality to determine whether an application was processed within the statutorily mandated time frames.

**Management Efforts to Address Differences/Problems** (check all that apply):

Training

Technology

Personnel

Other (Identify)

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** Percent of referrals declined by State Attorney's for prosecution.

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10%	7%	-3%	3%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity               |
| <input type="checkbox"/> Competing Priorities        | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify)  |

**Explanation:** Increased supervisory attention to case preparation by detectives and training BFAI provided locally to Intake Assistant State Attorney's, increased the number of cases accepted for prosecution.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** N/A

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Supervisory diligence and supervisory assistance to detectives with case preparation increased the number of cases accepted for prosecution by State Attorneys.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** Percentage of arson cases cleared

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
20%	30%	+10%	10%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** .

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Supervisory diligence assisted detectives in clearing additional investigative cases. Supervisory attention to case management increased successful clearance rate.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire and Arson Investigations/43300300

**Measure:** Percent of closed arson investigations for which an arrest was made in Florida

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
18%	32.6%	+14.6%	14.6%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** During this time period more arson arrests were made by Bureau of Fire and Arson Investigations Detectives than the national average. The current national average is 18% and is the established performance standard set by Fire Investigative Agencies nationwide. During this time period, our agency significantly exceeded the national average.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Percentage of above satisfactory ratings by supervisors of students' job performance from post class evaluations of skills gained through training at the Florida Fire College.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Challenges to examination results and eligibility determination as a percent of those eligible to challenge.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Number of Students Trained and Classroom Contact Hours Provided by the Florida State Fire College

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5,500/175,000	8,152/223,424	+2,652/+48,424	48%/28%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input checked="" type="checkbox"/> Target Population Change                 | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** Includes numbers of military students completing specialized training. These students cannot be depended on as regular students as they are from out-of-state installations.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Number of examinations administered.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Percentage of Student Satisfactory Evaluations of the Florida State Fire College facility and service.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Professional Training and Standards/43300400

**Measure:** Number of Florida State Fire College Certification Programs Submitted for National Accreditation or Re-Accreditation

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3	5	+2	67%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** Outside agencies worked with the Bureau to obtain additional certifications in areas that are not offered as statewide programs.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Fire Marshal

**Service/Budget Entity:** Fire Marshal Administrative and Support Services/43300500

**Measure:** To import 100% incident data submitted by Florida Fire Departments within the calendar year.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Number of workers' compensation claims requiring some payment per 100 FTE.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Not under control of division and not accurate measure of division performance. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** State employees' workers' compensation benefit cost rate, as defined by indemnity and medical benefits, per \$100 of state employees' payroll as compared to prior years.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Not under control of division and not accurate measure of division performance. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Average cost of tort liability claims paid.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Not under control of division and not accurate measure of division performance. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Average cost of federal civil rights liability claims paid.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Not under control of division and not accurate measure of division performance. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Average cost of property claims paid.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Not under control of division and not accurate measure of division performance. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Number of workers' compensation claims worked.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
22,000	19,039	-2,961	-13.46%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** Performance is primarily based on claim frequency, which is beyond Division control and can be affected by external factors such as an agency's safety program. Workers' compensation claims, both new claims worked and prior claims requiring payment activity have been decreasing over the last few fiscal years. Although program staff are extremely limited in their ability to impact the outcome measure, this measure is valuable for assessing work load levels. Please note that a reduction in the number of claims worked is beneficial to the state's risk management program.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

The Division will monitor this output measure and may request the standard be modified.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Financial Services

**Program:** State Property and Casualty Claims Program

**Service/Budget Entity:** State Self-Insured Claims Adjustment

**Measure:** Number of liability claims worked.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input checked="" type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure            |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5,048	4,665	-383	-7.6%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

The number of claims worked is the sum of the number of claims on hand at the beginning of the fiscal year (backlog or pending) plus new claims received (entered) during the fiscal year. The Division has minimal control over how many claims it receives each year. We have more control over how many claims are in our backlog or pending count at the start of the fiscal year. The ability to close claims is mostly determined by the severity of the claims we receive which we cannot control.

The primary reason we did not meet this standard for FY 2012-13 was that we received 162 fewer claims during the fiscal year than we did in FY 2011-12. Further, we started FY 2012-13 with 61 fewer open claims than the start of FY 2011-12. These two factors explain 223 of the 383 claims difference between the approved standard and the actual performance results. Please note that a reduction in claims worked is beneficial to the state's risk management program.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

The number of claims worked is the sum of the number of claims on hand at the beginning of the fiscal year (pending) plus new claims received (entered) during the fiscal year. A key component of this measure is the number of new claims received. The Division has minimal control over the number of new claims received during a fiscal year. We can control to some



extent the number of pending claims at the start of the fiscal year but this is mostly determined by the severity of claims received which we cannot control.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

As noted above, the Division has minimal control over the two key components of this measure – the number of new claims received and the severity of these claims. However, the Division is striving to reduce the number of pending cases at the start of the fiscal year, which reduces the number of claims worked. **We are recommending the approved standard for this measure be decreased to 4,869 which is the average number of liability claims worked over the last 3 years.**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Number of workers' compensation claims assigned for litigation during the current fiscal year.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Not under control of division and not accurate measure of division performance. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Overall average score on the annual loss prevention safety academy training survey.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Company Rehabilitation and Liquidation/43500100

**Measure:** Percentage of companies with only class 3 or higher claims closed within two years after all collection activity, including litigation is concluded and all objections have been resolved.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Percentage of licensees disciplined for a practice violation in the previous twelve months

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
0.068%	0.083%	+0.015%	22%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** The Department cannot control how many licensees are disciplined to properly enforce the law; it can only do its best to deter them from breaking the law and take action against those who do. During the past fiscal year, new legislation was implemented capping the fees that public adjusters can charge. Because of this new legislation, there was an increase in the number of enforcement actions. This law has since been repealed.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** We will continue to communicate with our licensees by sending reminder notifications through email when new legislation is passed. We also publish a monthly newsletter which lists enforcement actions taken the previous month, and includes articles on trends as well as new requirements or legislation. We hope this will continue to educate and deter licensees from breaking the law. **Adjust standard to 0.07%.**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Licensure, Sales Appointment and Oversight/43500200

**Measure:** Average Number of Investigations per Investigator

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
57	69.9	+12.9	23%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)          |

**Explanation:** Due to positions being eliminated, the number of investigators has decreased each year for the past few years, resulting in each investigator having to complete more investigations.

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix the Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |  |

**Explanation:** During the last fiscal year, more investigations were opened than expected. Many of these investigations were not as complex as those in recent years, so the investigations were completed faster.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:** Since we exceeded the standard for the past year, we are requesting to change the standard to an average of 71.3 investigations completed per investigator.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Number of Insurance Fraud Arrests of insurance Fraud Arrests (Not including workers' compensation cases)

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
952	1151	199	20.9%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity                           |
| <input type="checkbox"/> Competing Priorities        | <input checked="" type="checkbox"/> Level of Training             |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) (Leadership) |

**Explanation:**

Different opportunities for training were provided, in addition to new leadership and direction at the top level of division management. The direction from new executive management stressed accountability and set high expectations while motivating field level managers to create an environment to help all front line detectives to be successful.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                         |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) (None) |

**Recommendations:** This was the first year for these newly adjusted standards and this was an exceptional year for success that may not be equaled again. Also, the top executive leadership has changed again. The division will closely monitor performance and if this level of performance becomes a trend, adjustments will be recommended.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Number of Workers' Compensation Insurance Fraud Arrests (Not including general fraud cases)

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
276	418	142	51.4%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity                           |
| <input type="checkbox"/> Competing Priorities        | <input checked="" type="checkbox"/> Level of Training             |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) (Leadership) |

**Explanation:**

Different opportunities for training were provided, in addition to new leadership and direction at the top level of division management. The direction from new executive management stressed accountability and set high expectations while motivating field level managers to create an environment to help all front line detectives to be successful.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                         |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) (None) |

**Recommendations:** This was the first year for these newly adjusted standards and this was an exceptional year for success that may not be equaled again. Also, the top executive leadership has changed again. The division will closely monitor performance and if this level of performance becomes a trend, adjustments will be recommended.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Court Ordered Restitution as a Percentage of Requested Restitution

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
70%	189%	119%	170%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity                           |
| <input type="checkbox"/> Competing Priorities        | <input checked="" type="checkbox"/> Level of Training             |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) (Leadership) |

**Explanation:**

Different opportunities for training were provided, in addition to new leadership and direction at the top level of division management. The direction from new executive management stressed accountability and set high expectations while motivating field level managers to create an environment to help all front line detectives to be successful.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                         |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) (None) |

**Recommendations:** This was the first year for these newly adjusted standards and this was an exceptional year for success that may not be equaled again. Also, the top executive leadership has changed again. The division will closely monitor performance and if this level of performance becomes a trend, adjustments will be recommended.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Requested Restitution as a Percentage of Annual Appropriated Budget

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
200%	362%	162%	81%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity                           |
| <input type="checkbox"/> Competing Priorities        | <input checked="" type="checkbox"/> Level of Training             |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) (Leadership) |

**Explanation:**

Different opportunities for training were provided, in addition to new leadership and direction at the top level of division management. The direction from new executive management stressed accountability and set high expectations while motivating field level managers to create an environment to help all front line detectives to be successful.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                         |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) (None) |

**Recommendations:** This was the first year for these newly adjusted standards and this was an exceptional year for success that may not be equaled again. Also, the top executive leadership has changed again. The division will closely monitor performance and if this level of performance becomes a trend, adjustments will be recommended.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of Consumers who Rate the Division's Services as Good or Excellent

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	79.56%	4.56 Over	+4.56%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This measure reflects the percentage of consumers who rate the Division's services as good or excellent using an online survey tool. The Division answers questions and responds to consumer requests for assistance and complaints regarding their insurance company. Often times consumers rate the Division's level of service based upon the resolution of their complaint, regardless of how well staff perform their duties.

Even though the Division exceeded the approved performance standards for FY 2012-2013, the actual performance results will always fluctuate due to the Division's inability to control the outcome of the consumer's complaint and the high probability of consumers to link the outcome of their complaint to the Division's level of quality service.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of Phone Calls Answered within Four Minutes

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
85%	60.25%	24.75 Under	-24.75%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input checked="" type="checkbox"/> Staff Capacity   |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

This measure reflects the percentage of phone calls answered within a four minute timeframe by Division Helpline Staff. The Division answers questions and assists consumers with insurance company complaints received through the Department's Consumer Helpline.

During FY 2012-13, only 60.25% of calls were answered within four minutes due to a reduction in staff positions during previous fiscal years as a result of budgetary reductions, high rate of employee turnover and an increase in call volumes. Even though the Division did not meet the approved performance standards for FY 2012-2013, the Division expects to meet if not exceed the standard during the upcoming fiscal year due to improved efficiencies the Division has implemented.

During July 2013, 93.93% of phone calls were answered within four minutes. The Division monitors this performance standard on a daily basis in an effort to identify additional efficiencies.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against the Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Training             | <input checked="" type="checkbox"/> Technology |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify)      |

**Recommendations:**

The Division continues to fill Helpline Specialists positions as vacancies occur in an effort to keep the Consumer Helpline fully staffed. In addition, efforts continue in the refinement of initiatives to streamline consumer-based services.

In addition, the Division has initiated a call back feature to allow consumers to receive a call back within a specified time period rather than remain on hold. Consumers who select this option do not lose their place in the queue. The Division is continuing to develop an Interactive Voice Response (IVR) System that will enable callers to utilize a self-service function to obtain the information they need without speaking with a specialist.

The Division has redesigned its website to make more information easily accessible for consumers, including the capability for consumers to file insurance complaints through the website.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of financial examinations with deficit findings that resulted in deficits being corrected, initiation of an investigation or disciplinary action being taken against the licensee.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of cemetery inspections with findings that resulted in improved care and maintenance and/or more accurate burial records, initiation of an investigation or disciplinary action being taken against the cemetery.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of funeral establishment inspections with health and safety findings that resulted in corrective action, initiation of an investigation or disciplinary action being taken against the establishment.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Public Assistance Fraud/43500700

**Measure:** Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
300%	756%	Over	152%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** PAF leadership shifted focus from working to complete an unsustainably high number of cases to working more complex cases that had potentially higher dollars of fraud.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Public Assistance Fraud/43500700

**Measure:** Number of completed cases resulting in referral for disqualification or prosecution.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
2400	2912	Over	21.3%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** PAF leadership shifted the focus from number of cases completed annually to a consistent case production monthly. Furthermore, the division shifted its efforts from administrative cases to criminal cases, which generally results in higher dollar cases being completed. Although fewer cases were completed relative to the previous fiscal year, the return on investment was higher in the last FY because of higher dollar cases being completed.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Request new standard of 3,000.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Workers' Compensation  
**Service/Budget Entity:** Workers' Compensation/43600100  
**Measure:** Number of claim files reviewed annually.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Workers' Compensation  
**Service/Budget Entity:** Workers' Compensation/43600100  
**Measure:** Number of employer investigations conducted

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
30,000	34,150	4,150	13.8%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** Process improvements and changes have reduced the paperwork and office time enabling the investigations staff to spend more time in the field conducting investigations.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Request to increase standard to 30,500.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of disputes resolved for injured workers by the Employee Assistance Office.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Percentage of disputes resolved for injured workers by the Employee Assistance Office

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
75%	85.5%	Over	10.5%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors                      | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities                   | <input type="checkbox"/> Level of Training |
| <input checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:** The Employee Assistance and Ombudsman Office (EAO) enhanced their computer system to effectively track disputed issues. The enhancement enabled EAO to capture specific data related to each dispute and its resolution. Last year we requested a change to 75% which was more realistic at that point in time. We are requesting a change to 85% to reflect a more accurate estimate based on results from this year.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Increase standard from 75% to 85%.



## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of reimbursement requests (SDF 2) audited.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure<br><input type="checkbox"/> Performance Assessment of <u>Output</u> Measure<br><input type="checkbox"/> Adjustment of GAA Performance Standards | <input type="checkbox"/> Revision of Measure<br><input checked="" type="checkbox"/> Deletion of Measure |
|---|---|

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Personnel Factors<br><input type="checkbox"/> Competing Priorities<br><input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Staff Capacity<br><input type="checkbox"/> Level of Training<br><input type="checkbox"/> Other (Identify) |
|---|--|

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable<br><input type="checkbox"/> Legal/Legislative Change<br><input type="checkbox"/> Target Population Change<br><input type="checkbox"/> This Program/Service Cannot Fix The Problem<br><input type="checkbox"/> Current Laws Are Working Against The Agency Mission | <input type="checkbox"/> Technological Problems<br><input type="checkbox"/> Natural Disaster<br><input type="checkbox"/> Other (Identify) |
|--|---|

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Training<br><input type="checkbox"/> Personnel | <input type="checkbox"/> Technology<br><input type="checkbox"/> Other (Identify) |
|---|--|

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of reimbursement requests (SDF 2) paid.

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Number of Petitions for Reimbursement Dispute Resolution resolved

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
6,190	7,754	1,564 (Over)	22.43% Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)          |

**Explanation:** The Office of Medical Services (OMS) added 5 employees who process Petitions for Reimbursement Dispute. These added employees resulted in more resolved matters than originally predicted.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:** N/A

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**Increase the performance standard to 6,203.** (Though 5 employees were added, OMS also lost 2 employees.)

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Percentage of insurance industry's overall compliance of filing Explanation of Bill Review (EOBR).

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure  | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards          |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

This measure will continue to be tracked by the division but is out-dated as a legislatively approved measure. Request deletion.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Percentage of overall Workers' Compensation accepted claims in electronic data interchange (EDI) form filings.

### Action:

- Performance Assessment of Outcome Measure       Revision of Measure  
 Performance Assessment of Output Measure       Deletion of Measure  
 Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
79%	76.4%	-2.6	-3.3%

### Factors Accounting for the Difference:

#### Internal Factors (check all that apply):

- Personnel Factors       Staff Capacity  
 Competing Priorities       Level of Training  
 Previous Estimate Incorrect       Other (Identify)

**Explanation:** Several new data edits were implemented for increase data quality, which resulted in a higher rejection rate by EDI by external customers. A large insurer switched from submitting their own EDI filings to using a vendor, and saw a tremendous decrease in their accepted EDI filings.

#### External Factors (check all that apply):

- Resources Unavailable       Technological Problems  
 Legal/Legislative Change       Natural Disaster  
 Target Population Change       Other (Identify)  
 This Program/Service Cannot Fix The Problem  
 Current Laws Are Working Against The Agency Mission

**Explanation:** The percentage of accepted claims via EDI filings is dependent upon the accuracy of a claim administrator's data. As the Division implements new internal edits to ensure quality data, this could cause a decrease in the number of accepted EDI filings by external customers. Also, a large insurer switched from submitting their own EDI filings to using a vendor, and saw a tremendous decrease in their accepted EDI filings.

#### Management Efforts to Address Differences/Problems (check all that apply):

- Training       Technology  
 Personnel       Other (Identify)

**Recommendations:** The Division continues to provide EDI Training and Triage assistance to help EDI submitters increase their percentage of accepted filings. The Division is also reaching out to the large insurer that has switched to an EDI vendor and significantly reduced their accepted percentage, to see if additional training can improve their acceptance percentage.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Average number workers' compensation employer investigations completed monthly

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
57	61	4	7%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:** **Process improvements and changes have reduced the paperwork and office time enabling the investigations staff to spend more time in the field conducting investigations.**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Request increase of standard to 61.



# Department of Financial Services

## Performance Measure Validity and Reliability—LRPP Exhibit IV

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Office of Chief Financial Officer and Administration

**Service/Budget Entity:** Legal Services/43010200

**Measure:** Percent of closed files involving allegations of statutory violation that were successfully prosecuted

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Legal Services receives a variety of requests for legal assistance, including responding to requests for legal counsel on issues of statutory interpretation, prosecuting licensees for statutory violations, rulemaking, and a variety of other areas.

At the time of assignment to an attorney for handling, each request for legal assistance, including all requests for assistance concerning suspected violations of statutory or rule requirements, is entered into the Legal tracking system (Client Profiles), a computer software system which tracks the case activities, progress and the ultimate disposition of all assignments.

The tracking system has a variety of data fields that enable management to identify the number of assignments made and the nature and final disposition of each assignment and to monitor the assigned attorney's handling of the assignment.

The tracking system is used to determine the current status of each assignment, and is capable of generating reports providing relevant information.

**Validity:** The Department of Financial Services is responsible for the administration and enforcement of the statutes and administrative rules within its areas of responsibility (Section 8 Article II, Section 4 Article IV and Section 15 Article V of the State Constitution; Titles VI, VII and VIII: Chapters 11, 17, 20, 27, 40, 48.151, 110, 112, 119, 120, 175, 185, 215, 216, 218, 219, 255, 270, 272, 280, 284, 287, 288, 440, 454, 494, 497, 516, 517, 520, 537, 559, 560, 607, 617, 620, 624-628, 630-634, 641, 642, 648, 651, 660, 665, 687, 716, 717, 768.28, 907 F.S.)

The percentage of statutory violations that result in discipline or corrective action will provide an indication of the effectiveness of the Department and of Legal Services in carrying out its statutory responsibilities.

**Reliability:** It is recognized that not all instances of statutory violation of laws and rules will result in corrective action or discipline. For example, a violation may have occurred, but insufficient facts are available to meet the legal burden of proof in establishing a violation. In other instances a violation may have occurred, but imposing discipline or



requiring corrective action may not be possible because witnesses are not available, the violation did not cause consumer harm or the cost of prosecution far outweighs the discipline.

However, it is anticipated that due to the large volume of violations referred to Legal Services each year, the number of cases where disciplinary or corrective action is unnecessary or unwarranted as a percentage of the total number of violations received will be relatively low. Consequently, the percentage of violations referred for legal assistance which result in the imposition of discipline or implementation of corrective action will provide a reliable indication as to the effectiveness of Legal Services.

With respect to the reliability of the data, at the time each assignment is closed, an individual other than the assigned attorney is responsible for completing the final disposition data fields. Consequently, the individual assigned cannot improperly affect the data, which indicates that a violation referred to Legal Services resulted in disciplinary or corrective action.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency  
Accounting/43200100

Measure: Number of contracts reviewed

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

The Bureau of Auditing will maintain an annual audit plan related to conducting audits of contracts. Progress will be monitored monthly, and the Bureau will provide monthly progress report to Division leadership.

### Validity:

Audits of agency contracts are one of the major components of the Bureau's strategic plan, designed to strengthen state contracting and management of state contracts. The Bureau's audits and reviews, along with increased training of state employees which manage contracts, provide the reasonable assurances that state funds are being efficiently spent.

The requested increase is consistent with the Bureau's audit plan, which outlines that, by lowering the dollar threshold for which contracts will be reviewed, and adding additional resources to the Bureau, a greater number of audits can occur.

### Reliability:

This measure is a straightforward measure, which reports the progress that DFS is making in assuring financial accountability for State funds.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Number of mandated regulatory inspections completed

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

Fire Protection Specialists work out of field offices around the state where they keep files on companies who are licensed as fire equipment dealers and companies that have permits to operate construction materials mining sites. The state statutes require these facilities to be inspected at regular intervals and before the issuance of an original license. The inspections are articulated in a number of categories: pre-license, annual and mobile. Fire Protection Specialists record the number of inspections completed in each day in the Bureau's licensing and inspection software. The Fire Protection Specialist Supervisor runs this report for each of the Fire Protection Specialists on a monthly basis, which constitutes the number of regulatory inspections completed.

### Validity:

The number of regulatory inspections completed accurately reflects the actual work accomplished by the FPS. This figure can then be used in helping determine workload, schedules and analysis of the efficiency of this section.

The number of regulatory inspections there will be at the beginning of a year is variable. The number of mandated regulatory inspections in the standard for this measure is based upon the total activity for the previous year, which could increase or be reduced based on licensing fluctuation within the industry. Regulatory inspections are conducted periodically upon renewal of certain industries' licenses and upon new applications for licensure.

### Reliability:

The numbers of inspections will fluctuate but the GAA Standard will always be based upon the total activity for the previous year, this should allow for consistency within the numbers.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Average operational cost per claim worked

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The procedure used to arrive at the percentage of operational costs in relation to program claims worked is to divide the operational costs by the total number of claims worked.

Program operating costs are recorded in the Florida Accounting Information Resource (FLAIR) Accounting System and reported on the Division's Monthly Fund Balance Report. Identified costs include:

#### Operational Categories

Salaries and benefits – 010000  
Other personal services – 030000  
Expenses – 040000  
Operating capital outlay – 060000  
Contracted Services – 100777  
Attorney General Fees & Expenses – 100904  
Contracted Legal Services – 100905  
Excess Insurance & Claim Service – 101221  
Risk Management Insurance – 103241  
Lease or Lease /Purchase of Equipment – 105281  
Transfer to DMS/HR Outsourcing – 107040

The source has been established statewide for fiscal year reporting and provides “on-line” data that can be used to calculate this and other measurements at month end for any measurement period.

In FY2010-2011 the Medical Case Management (MCM) Contracts were moved from Non-Operating to Operating, CAT 100777, with an initial budget of \$16.2 million. This was done by the Legislature as they wanted the Division's contracts to be re-aligned so that the MCM contracts would be paid from the same Operating Component in FLAIR, 100777, as other Division's and Agency's contracts. When this occurred, the Contracted Services Category increased from \$271,970 to \$16.2 million. The increase was strictly due to the Medical Case Management Contracts. In FY2011-2012, it was reduced \$1.0 million, from \$16.2 million to \$15.2 million and subsequently in FY 2012-2013 to \$14.2 million.

In FY2010-2011 Attorney Contracts moved from Non-Operating to Operating, Contracted Legal Services CAT 100905, with an initial budget of \$21.4 million. This was requested by the Legislature so our Division contracts would be re-aligned for Attorney Contracts to be paid from the Operating component. Attorney Contracts Category 100905 was therefore created specifically for the Attorney Contracts with an initial budget allocation of \$21.4 million. In FY2011-2012, the appropriation was reduced \$2.4 million, from \$21.4 million to \$19.0 million and subsequently in FY 2012-2013 to \$18.0 million. Additional categories added in FY2010-2011 to the Division's Operating cost were Attorney General Fees & Expenses for CAT 100904 (\$6,302,284), Excess Insurance & Claim Service CAT 101221 (\$13,700,000), and Risk Management Insurance CAT 103241 (\$102,380).

In FY2011-2012 and FY2012-2013, these categories remain appropriated in the Operating costs, resulting in a higher operational cost per claim worked. For FY2012-2013 (see table) total Operating costs are \$52,703,489 and are divided by the total number of claims worked (26,132), resulting in an average operational cost per claim of \$2,016.

**Validity:**

The comparison of work activity to operating expense for an organization and the specific components is a standard measurement that aids in identifying the utilization of resources in relation to the organizational workflow.

**Reliability:**

FLAIR is state of Florida's accounting system and is used by all state agencies. The selected budget criteria utilized to define the operation cost calculation relates specifically to those work functions that are within the scope of administering the State Property and Casualty Claims Program. The data collected within FLAIR is input by each state agency and all financial transactions are reviewed and audited by the Department of Financial Services. The posted data is verified by staff to the programs records and reconciled to the Chief Financial Officer's appropriation ledgers. Due to the universality of the source we cannot foresee a time when the measurement indicator could not be performed.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Number of liability claims worked

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

In accordance with Chapter 284, Part II, Florida Statutes, the State Property and Casualty Claims Program is given the responsibility of investigating, evaluating, and making appropriate disposition of civil negligence (general and auto liability), federal civil rights and employment claims and lawsuits filed against the state of Florida (its employees, agents and volunteers). This involves determining the state's legal liability and the amount of damages that should be paid as a result of the claim.

The original providers for data are the 'third party' persons who file claims against the state and in turn the 'data sources' are the claims that are received to 'work'. All measurements are reflected by fiscal year and there should be no instance when this data is not available.

Claims that are filed by the public at large are sorted and scanned when received, then routed to the appropriate administrator. The administrator reviews the claim(s) and determines the following: the claimant information, the appropriate agency the claim is filed against, the county of the claim, the allegation stated, the applicable coverage (general, auto liability, federal civil rights, etc.), the date of the occurrence and the date reported. The administrator also establishes a reserve and assigns the claim to staff. All codes are standardized in the claims administration system. Using a completed code sheet the administrative secretary enters the data in the computer and establishes a claim and a unique claim number. The claim is then given to the assigned specialist to begin the claim evaluation process.

Claims data entered into the claims administration system can be retrieved through menu searches, standard and special reports and customized queries.

### **Validity:**

**The Division is requesting the approved standard be reduced to the three (3) year average of 4,869.** This measurement establishes the number of claims worked for the fiscal year by taking the number of new claims reported during the fiscal year and adding the number of open, pending, and unresolved prior fiscal year cases that were open at the beginning of the fiscal year. Many external factors impacting this measure are beyond the Division's control. A three (3) year average takes those factors into account.

To determine the number of claims worked a query is used to extract the claim number(s) of claims open on the first day of the fiscal year and of claims received during the fiscal year. The procedures, database and codes used remain constant with no fluctuation and will not change in the near future.

**Reliability:**

All data pertaining to claims 'worked' is entered into the claims administration system database and can be displayed on a uniform computer screen designed specifically for liability claims. Procedures are in place for entry of the claims data into the system. Consequently, claims being worked by staff can be easily obtained from this database. The measurement will fluctuate depending on the number of current, pending claims open on the first day of the fiscal year and the number of new claims received during a fiscal year, however, the methodology of obtaining the measurement will remain constant.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** State Property and Casualty Claims

**Service/Budget Entity:** Self Insured Claims Adjustment/43400100

**Measure:** Percent of tort liability claim files resolved prior to litigation

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure examines tort claims that were received 4 years ago and are now closed. This measure is the percent of tort liability claim files received 4 years ago resolved by claims staff prior to litigation (no lawsuit ever filed prior to resolution). Studies have shown that claim costs increase exponentially after a lawsuit is filed. Therefore, a goal shared by most every claim adjusting organization is to resolve claims prior to litigation.

The working of a tort liability claim is initiated when a claim is received from either the injured party or their legal representative. When the claim is received it is sorted, date stamped, scanned and given to the appropriate administrator, who determines the appropriate claim codes for computer entry. These claim codes are standardized codes and include claimant information, location of the occurrence, cause of the claim, type of coverage and status. In addition, codes are selected denoting the date of the incident and date the report was received. The appropriate section administrative secretary assigns a unique claim number to the claim and enters the claim data into the Risk Management Information System (RMIS). The claim is then given to the assigned claims specialist to be worked. Data is entered into the database using a standardized screen format. As the claim is investigated, evaluated, settled, denied and/or closed the system data is updated.

A query performed in RMIS is able to extract the number of tort liability claim files received 4 years ago, the number now closed or resolved, the number of files that went into litigation or suit, and the percentage of this measure.

### **Validity:**

The Division is requesting the annual performance standard be set at 81% for tort liability claims files resolved prior to litigation. The standard was determined using the actual performance results for FY 2012-13.

Claims data entered into RMIS can be retrieved through menu searches, standard and special reports, and customized queries. The method used to collect and store the data will remain constant.

This measure charts the movement of claims from the beginning investigation to closure. Upon receipt of the claim, staff begins to investigate the facts surrounding the



occurrence to determine if there is legal liability on the part of the state, to evaluate the damages claimed by an injured party, and to make appropriate disposition of the claim by denying the claim or settling the claim.

This measure is the percent of tort liability claim files received 4 years ago that were resolved by claims staff prior to litigation or a lawsuit being filed. This is a measure tracked by most claim adjusting organizations to measure the effectiveness of claims adjusting staff in investigating, evaluating, and resolving (settling or denying) claims in a timely manner without litigation .

**Reliability:**

All data pertaining to tort liability claims is entered into RMIS and can be displayed on a uniform computer screen designed specifically for liability claims. Procedures are in place for entry of the claims data into the system. Consequently, data on claims being worked by staff can be easily obtained from this database. Data on the date a claim is received and closed and information on whether a lawsuit was filed is extremely accurate in RMIS. This measurement can fluctuate depending on both internal and external factors; however, the methodology of obtaining the measurement will remain constant. Factors include, but are not limited to, number and severity of claims received, staff available to handle claims, expertise of staff, legislative and case law changes.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Number of agency loss prevention staff trained during the fiscal year. (Top three (3) agencies).

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Division staff maintains activity logs tracking both the total number of agency and university loss prevention staff that received training and consultation services provided. Activity information is reported monthly to the Loss Prevention Section Administrator, who then compiles and reports this information to Division management monthly via a performance activity report.

Report data is further broken down to identify the activities provided to or attended by loss prevention staff at the three agencies with the highest total claim costs.

The measure counts all loss prevention personnel attending each training session and the number of completed consultations.

### **Validity:**

The Division is requesting the annual performance standard be set at 80 loss prevention staff trained for the top three (3) agencies. This standard was determined using the actual performance results for FY 2012-13.

This output provides the number of loss prevention staff receiving services in the areas of training and consultation. These services assist in the reduction of claims filed throughout all lines of coverage provided to state agencies.

Training is defined as any formal or informal training involving loss prevention, loss control, or any other type of industrial safety training that is meant to lower claim costs and/or frequency for the State of Florida.

Formal training announcements are distributed to all agencies regarding each training program that is offered. Agencies then register for classes and sign in at the beginning of each course. Sign-in sheets are retained indicating the names of the attendees from each agency. Informal training involves an invitation from an agency for specific safety training for only that agency. Sign-in sheets are retained indicating the names of the attendees from that agency. Training is offered through an online learning management system maintained by the Loss Prevention Section, as well as formal classroom sessions, and webinars.

Consultations are defined as any formal or informal contact involving agency or university loss prevention program staff. Issues discussed must pertain to loss control, loss prevention or other risk management and workplace safety issues.

**Reliability:**

Original agenda, sign-in sheets, and copies of resource materials are maintained in the Division's shared drive.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Company Rehabilitation and Liquidation/43500100

**Measure:** Percentage of Service Requests Closed Within 30 Days

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Pursuant to Chapter 631, Florida Statutes, the Division of Rehabilitation and Liquidation is responsible for marshaling the assets of insurance companies ordered into receivership by the Court. Impaired or insolvent insurance companies are placed in receivership for purposes of conservation, rehabilitation, or liquidation by an order of the Second Judicial Circuit Court in Leon County, Florida. The Department of Financial Services as the court-appointed receiver coordinates and directs the receivership process until entry of a discharge order by the Court.

Consumer inquiries regarding receiverships are received by phone and by email, through the use of a "contact us" form located on the Division's website, <http://www.myfloridacfo.com/division/receiver>. Inquiries received via phone are initially routed to the Department's Division of Consumer Services where they are initially handled by customer service representatives experienced in a variety of issues involving insurance companies and/or the Department. Consumer inquiries received via email or phone inquiries requiring further research or a more detailed response regarding a specific receivership are forwarded to the Division, where they are handled by the Division's consumer service representatives. On a monthly basis, a specialized aging report is prepared for the Division's management regarding the consumer inquiries closed within the month.

This performance measure is calculated using data contained in the monthly aging report. First, any service requests involving Public Records Requests are removed from the overall total of closed inquiries. Public Records Requests are handled/measured through separate processes. Next, the total number of non-Public Records Requests closed within the prior month are counted and divided by the total number of non-Public Records Requests closed within 30 days. The percentage is then recorded in monthly reports for the Division.

### **Validity:**

The validity of the measure is dependent on the accuracy of the monthly aging reports.

### **Reliability:**

The queries used to determine the aging of the individual service requests have been tested and are routinely used throughout the Department.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection/43500000

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Cost of Investigation Operations per Enforcement Action Completed Investigation

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure will look at the operational cost per completed investigation within the Bureau of Investigation. This will be a more accurate output measurement than the current measure.

1. We will start by pulling the overall operational expenses in the Bureau of Investigation during the current fiscal year.
2. Then divide the amount in Step 1 by the total number of completed investigations during the current fiscal year.

The overall operational expenses will come from the FLAIR system. The number of completed investigations will be pulled from the Bureau of Investigation case tracking database, BAITTS.

### **Validity:**

This measure will help monitor the effectiveness of our investigative operations to ensure we are maximizing efficiency and resources.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

The BAITTS system will be migrating into the ALIS database to allow the Division to track all licensee information in one application. No functionality will be lost with the migration, and all data currently in BAITTS will be transferred into ALIS. The new investigation section of ALIS has been thoroughly tested and is scheduled to launch this fall.

This measure will first look at the amount spent to date during the current fiscal year in the Bureau of Investigation. Because some invoices are received on an annual or quarterly basis, the operational cost per enforcement action will likely fluctuate throughout the year as expenses are paid. The operational cost per completed investigation for June, the last month of the fiscal year, will be the final amount for that fiscal year's report.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection/43500000

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Percent of licensees disciplined for a practice violation in the past 12 months

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The data sources and methodology for the measure has not changed. The requested revision is to change the standard for this measurement to 0.07%.

This measure will look at the number of licensees subject to a practice violation enforcement action in the previous 12 calendar months. A “practice violation” is any violation of the Florida Insurance Code resulting in harm or possible harm to others. An enforcement action is any formal disciplinary action against a Licensee, including Final Orders, Consent Orders and Settlement Stipulation.

1. We will start by pulling the number of licensees from ALIS.
2. We will then pull the number of practice related enforcements from BAITTS.
3. We will then divide the enforcements in Step 2 by the total number of licensees in Step 1.

### **Validity:**

This measure helps us gauge our effectiveness as regulators by showing how many individuals who were granted a license later used that license improperly in such a manner that harm was or could have been caused to Floridians. This also shows that our application screening process is working to keep dishonest individuals from entering the market.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection/43500000

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average number of investigations completed per investigator

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The data sources and methodology for the measure has not changed. The requested revision is to change the standard for this measurement to 71.3 investigations completed per investigator.

This measure will look at productivity within the Bureau of Investigation. An investigation results from the receipt of a complaint alleging a violation of law the division is statutorily obligated to open an investigation on every complaint received. Investigations are closed when all the necessary facts of the issue are gathered and it is determined that probable cause exists or does not exist to proceed with formal administrative action.

1. We will start by pulling the number of closed investigations during the fiscal year from BAITTS.
2. We will then pull the number budgeted investigators from the agency budget. Currently, all investigator positions are assigned to the Field Operations Section of the Bureau of Investigations and are classified as Insurance Analyst II or Government Analyst I.
3. We will then divide the number of investigations in Step 1 by the total number of investigators in step 2.

### **Validity:**

This measure will help monitor the efficiency of our investigative operations to ensure we are properly utilizing resources.

### **Reliability:**

All systems required to track this measure are deemed to be reliable.

## **LRPP EXHIBIT IV: Performance Measure Validity and Reliability**

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Insurance Fraud/43500300

**Measure:** Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** COPSavers reports, from the ACISS database, are the source for data on the current measures. The calculation is completed by dividing the number of insurance fraud cases opened into the number of insurance fraud cases presented for prosecution.

**Validity:** Actual input is made from the field staff on arrest, presentation, and restitution data. The detectives and their supervisors enter data into the ACISS database as arrests and presentations are being made and as restitution is being requested by the detective and awarded by the courts. This is the same methodology and has the same validity in the processes being used in the current measures.

**Reliability:** The reliability of this measure as to a true measure of the effectiveness of the Division of Insurance Fraud is the same data used nationally to compare all states, statistically. All states are listed by the Coalition Against Insurance Fraud. Florida continually ranks in the top five and is considered to be a national leader.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of Helpline Calls and Service Request Audits that Result in Quality Service

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure reflects the percent of activities performed by Division staff that result in quality service to insurance and financial services consumers. This measurement is important in determining the Division's overall quality of service. An internal audit program was established to promote self-regulation by reviewing and measuring the quality and quantity of work produced by Division staff. The audit program enables the Division to place more emphasis on accountability and to ensure all critical information is identified, collected, evaluated, analyzed and disseminated as required. Audits are conducted on requests for assistance and helpline calls. The audit includes such measures as the quality of information provided, the accuracy of the information, timeliness, and written and oral communication.

The standard for providing quality service was established by the Division Management Team and determined by reviewing the audit form and evaluating the minimum necessary actions needed to provide quality service. The number of calls and Service Requests resulting in quality service is determined by the number of helpline and Service Request audits that meet or exceed the Division standard. That number is then divided by the total number of audits conducted, resulting in the percentage of audits that result in quality service.

The audits are performed by Division Managers and Division Auditors. Audits are conducted on consumer helpline calls and consumer service requests. Audit reports are produced monthly and quarterly and shared with staff.

### **Validity:**

The audit process was developed by the Division Management Team and Division Auditors based upon the internal procedures designed to provide quality service to consumers. The percent of quality service provided is determined by the score on the audits.

### **Reliability:**

The documentation of this process includes audit reports which are stored on a database and backed up nightly. Auditors periodically evaluate fellow auditor results to assure audit consistency.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of Consumers who Rate the Division's Services as Good or Excellent

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure reflects the percent of consumers satisfied with the services provided by the Division when those consumers have asked the Department for assistance with an insurance or financial services issue.

Upon receipt of a request for assistance, the consumer's contact information and issue are entered into the Division's complaint tracking system. The affected regulated entity is contacted and the Division attempts to resolve the consumer's issue.

The complaint tracking system is queried each month to identify those consumers who have filed a request for assistance and provided an email address. Surveys are emailed within 30 days of resolution of the request for assistance.

Survey responses and statistical data are compiled and stored in the Division's database. Reports are generated to determine the consumer responses and the consumer's level of satisfaction. The percentage is determined by totaling the number of surveys returned in which consumers indicated they received service that was acceptable, good, or excellent, and dividing that number by the total number of surveys received.

This measure also reflects the percentage of consumers who are satisfied with the level of service provided over the helpline. Each month a random sample of helpline calls are audited to determine whether the information or service provided over the helpline is satisfactory. The percentage is determined by dividing the number of helpline calls audited that resulted in customer satisfaction, by the total number of helpline calls audited.

The helpline survey audit statistics are combined with service request survey statistics to provide an overall percentage of customers who were satisfied with the service provided by the Division.

### **Validity:**

A consumer satisfaction survey is emailed to individual consumers who request assistance from the Department and have their email address stored in the Division's complaint tracking system. Of the 12,600 surveys emailed in FY 2012-13, more than 30

percent were returned. In addition, a random sample of four (4) helpline calls per Insurance Specialist are audited each month to determine if quality service was provided. These results are entered and stored in a Division database. The percent of satisfaction of services provided is based on the response of the consumer. Individuals involved with the survey process are not involved with assisting the consumer resolve their issue.

**Reliability:**

The documentation of this process includes the consumer satisfaction surveys, helpline audits, and the database the survey and audit results are entered into. This database is backed up nightly.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Consumer Assistance/43500400

**Measure:** Percentage of Phone Calls Answered within Four Minutes

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This measure reflects the percentage of phone calls received through the Department's Consumer Helpline and answered within four minutes. This measure is important to determine the Division's response time as it relates to consumers contacting the Division via the Consumer Helpline. This measure also assists in determining the Division's overall level and quality of service. This measure is calculated by determining the total number of phone calls answered within four minutes divided by the total number of phone calls answered.

During FY 2012-2013, only 60.25% of calls were answered within four minutes due to a reduction in staff positions as a result of budgetary reductions, high employee turnover and an increase in call volume. However, the Division expects to meet or exceed the performance measure for FY 2013-2014. In July 2013, 93.93% of phone calls were answered within four minutes. The Division monitors this performance standard on a daily basis in an effort to identify additional efficiencies.

### **Validity:**

The CISCO Voice Over Internet Protocol (VOIP) telephone system automatically logs and stores data associated with each telephone call received through the Consumer Helpline. This data is stored, backed-up and archived in accordance with the Department's server and data management guidelines.

### **Reliability:**

All data is stored on a database and a back-up copy is created nightly.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Average time (days) to close an investigation.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The division must investigate all complaints directly or indirectly alleging violations of Chapter 497. Investigations involve licensed and unlicensed entities to determine compliance with the law. Pursuant to Section 497.002, F.S., the Legislature deems it necessary in the interest of public health and safety to provide for swift and effective discipline for those practitioners who violate the law.

This measure is derived from the Division's assignment tracking system, which calculates the average age of closed investigations, for the time period in question.

Each investigation is given an assignment tracking number. The division's assignment tracking system has a variety of data fields that enable management to identify the open date of an assignment, the completion of each assignment, and to monitor the assigned field investigator handling of the assignment.

### **Validity:**

The Division is responsible for the administration and enforcement of the Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession.

This measure provides an indication of how effective the Division is in responding to alleged violations of the law; thus, fulfilling its mission to protect the health, safety and welfare of the public, regarding deathcare services.

### **Reliability:**

Regarding the reliability of the data, an investigation is opened at the direction of the investigation manager, field supervisor or division management. Once opened, the investigator is assigned to field investigator, to conduct an investigation. Once the investigation is concluded, the field investigator submits a report to a supervisor for review. The supervisor or management staff enters the close date of an assignment. Consequently, this prevents the individual investigator assigned to a particular case from improperly changing the open or closed date field.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: ~~Percentage of establishments and cemeteries inspected per fiscal year.~~

To: Percentage of funeral establishment inspections that do not require quality control follow-up.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

By statute the division must annually inspect each licensed facility, including each licensed cemetery, centralized embalming facility, cinerator facility, direct disposal establishment and funeral establishment. Prior to licensure, each establishment must also be inspected to ensure compliance with the applicable statutes and rules.

In FY 12-13, the division completed 1,585 inspections, with a field staff of 11 investigators. In addition to completing inspections, field investigators are also conduct financial exams and investigations. Each inspection employs a detailed checklist. For example, the checklist for a funeral establishment inspection comprises over 128 check points, including confirmation that the funeral establishment is properly licensed, the preparation room is properly equipped, the establishment has a funeral director-in-charge, the establishment maintains a consumer complaint log, that deceased bodies are properly stored and maintained, and other requirements to ensure compliance with the law.

### **Validity:**

The division is responsible for the administration and enforcement of Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession. This measure monitors the cost effectiveness of division inspections. The division achieves cost effectiveness when it is not required to follow-up to complete tasks that should have been completed during the initial inspection. This measure is calculated by dividing the total number of inspections by the total number of inspections that require follow-up.

### **Reliability:**

Regarding the reliability of the data, an inspection assignment is opened at the direction of the Investigation manager, field supervisor or division management. The inspection is then assigned to a field investigator to complete the inspection. Once the inspection is completed, the field investigator submits the inspection report to the field supervisor. The field supervisor reviews the report to ensure that the inspection is complete. Based on that review, the supervisor may request the field investigator complete additional follow-up or if the inspection is complete with no findings, the supervisor then closes the

inspection file in the assignment tracking system. If an inspection report contains minor violations, the division will then issue a Notice of Noncompliance (NNC) or citation as deemed appropriate under the applicable statutes and rules. If the noted violations are not eligible for a NNC or citation, the supervisor will then forward the file to division management with a recommendation that administration action is taken. If warranted, division management forwards the file to the department's division of legal services for appropriate action. The several levels of review regarding the inspection process ensures the reliability of the inspection data.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Licensing and Consumer Protection

**Service/Budget Entity:** Funeral and Cemetery Services/43500500

**Measure:** Percentage of deficiency letters sent out within 5 business days of receiving the application.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The division's mission is to protect the health, safety and welfare of the public by licensing competent and trustworthy professionals and entities. Once a licensing application is received, that application has to be approved or denied by the Board of Funeral, Cemetery, and Consumer Services (Board) within 90 days from the date of a completed application. The Division processes applications and makes a recommendation of approval or denial to the Board. Notwithstanding the application processing times allowed under the law, applicants are eager to get licensed and begin earning an income under their license as soon as possible.

Within 30 days of a received application, the division must notify the applicant of any deficiencies. This measure tracks a critical step in how quickly the division reviews the application and sends the applicant a notice of deficiencies, which must be corrected before the application can be processed further. The applied 5-day baseline standard is based on information obtained for the period, July 1, 2009 to February 28, 2011.

**Validity:** The Division is responsible for the processing of licensing applications pursuant to Chapter 497, Florida Statutes and Rule 69K, Florida Administrative Code. The Division's licensing regulation includes the following professions and businesses: cemeteries (including mausoleums and columbariums), funeral directors, embalmers, apprentices and interns in the two preceding professions, funeral establishments, centralized embalming facilities, direct disposers, direct disposer establishments, preneed sales agents, monument builders and dealers, and burial rights brokers.

This measure is calculated by dividing the total number of applications, requiring deficiency letters, by the aggregate number of those applications in which the deficiency letters were sent within 5 business days of receipt.

**Reliability:** Regarding the reliability of the licensing data, licensing applications are processed using the division automated licensing information system (ALIS). Each licensee's profile in ALIS contains several searchable fields, including licensing history, documents, licensing status, and issuance date. The detailed licensing system helps ensure the integrity of the licensing data.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of investigations submitted **by Legal** to the probable cause panel in which the panel agrees with the Division's probable cause recommendation.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The division must investigate all complaints directly or indirectly alleging violations of Chapter 497. Investigations involve licensed and unlicensed entities to determine compliance with the law. Pursuant to Section 497.002, F.S., the Legislature deems it necessary in the interest of public health and safety to provide for swift and effective discipline for those practitioners who violate the law. Pursuant to Section 497.153(3)(e), F.S, the department can only file a formal administrative complaint against a licensee when directed to do so by a probable cause panel of the Board of Funeral, Cemetery and Consumer Services.

If the division determines that there reasonable cause to believe that a licensee is subject to disciplinary action under Chapter 497, the division submits the investigation report and findings to the department's division of legal services. If legal services agrees with the division's recommendation, the matter is then presented to a probable cause panel.

The probable cause panel is an independent panel not comprised of any department employees. Each panel is comprised of three members, who meet periodically to consider cases presented by the department. The determination as to whether probable cause exists must be made by a majority vote of the panel members. The panel members may vote to found probable cause or that no probable cause exists regarding the alleged violation(s). **Adjust standard to 98%.**

### **Validity:**

The division is responsible for the administration and enforcement of the Chapter 497, Florida Statutes, and Rule 69K, Florida Administrative Code, regarding regulation of the death care profession. The probable cause panel process is authorized by Section 497.153, F.S. and Rule 69K-14.006, F.A.C.

This measure monitors division effectiveness in identifying what cases to apply its most intensive investigative resources to, as measured by the percentage of cases rejected by the probable cause panel. The measure is calculated by dividing the total number of cases presented to the probable cause panel by the total number of those cases in which the panel agrees with the division's probable cause recommendation.

**Reliability:**

Regarding the reliability of the data, all investigations are tracked in the division's assignment tracking system. Once an investigation is forwarded to the department's legal services, legal services has its own legal tracking system that tracks the progress and ultimate disposition of each assignment. Each panel meeting is recorded and the results of the panel meeting are maintained in the division's official records. Ten days after the completion of a probable cause panel meeting, all the information presented to the panel members is subject to public disclosure. The multiple tracking processes of each assignment across two divisions and the transparency of the probable cause panel process (ten days after the panel meeting) ensures the reliability of the data.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Public Assistance Fraud/43500700

Measure: Number of completed cases resulting in referral for disqualification or prosecution

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:**

### **Restitution Returned to the State of Florida**

Data is gathered from DCF which reflects the amount of Court Ordered Restitution actually collected from public assistance recipients that have been investigated by the Division of Public assistance Fraud and referred for prosecution.

### **Benefits Withheld from Recipients Committing Fraud**

Data is gathered from the Social Security Administration reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefits programs based on investigations by the Division of Public Assistance Fraud.

Data is gathered from the Department of Children and Families reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

Data is gathered from the Office of Early Learning reflecting the dollar value of assistance benefits withheld from recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

### **Benefits received as a result of fraudulent acts by recipients**

Data is gathered from the Department of Health and the Agency for Health Care Administration reflecting the dollar value of assistance benefits wrongfully received by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

Data is gathered from the Department of Children and Families reflecting the dollar value of assistance benefits wrongfully received by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

Data is gathered from the Office of Early Learning reflecting the dollar value of assistance benefits wrongfully by recipients of State and Federal benefit programs based on investigations by the Division of Public Assistance Fraud.

**Validity:**

The Florida Public Assistance Programs involve a combination of Federal and State funds that are allocated to provide financial support to needy families. The Division of Public Assistance Fraud provides a benefit integrity support function to these agencies through an investigative process to fight fraud, waste, and abuse in the Florida Public Assistance Programs.

The values described above are program benefit dollars withheld and/or wrongfully received from the agencies by recipients who committed fraud. The amounts were independently calculated through an approved budgeting process and determined by each individual agency based on Federal Program Guidelines.

**Reliability:**

The data gathered to report this Performance Measure is documented within a Investigative Case Management Data System and extracted through custom reports created to provide specific data collected as part of the investigative process. These values are reported from each agency after the investigation results are provided to the agency giving them sufficient data to support the new findings and facts. Reports are generated and used for official purposes including administrative disqualification, and prosecution in Florida Courts. **Request new standard of 3,000.**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Number of Employer Investigations Conducted (Annually)

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The number of investigations conducted monthly is obtained from the Coverage and Compliance Automated System (CCAS). Investigators are required to enter every employer investigation conducted into the Daily Activity Report (DAR) in CCAS each day.

**Validity:** The Bureau has several monitoring tools to ensure the employer contact information provided in the DAR is accurate and valid. Lead Investigators conduct follow up phone calls to employers on a random sampling of investigations reported in CCAS for each Investigator. A minimum of 4 calls per quarter are made for every Investigator. The purpose of the call is to verify that the Investigator did make contact with the employer as reported and to ensure that the employer has no concerns regarding our contact. Lead Investigators also review 15 DAR entries per investigator, per quarter to insure that the entries appear to be valid, well documented employer investigations. Last, each Investigator's vehicle is equipped with a GPS system. Supervisors can monitor the Investigators location at any time. Reports can be generated to verify that the information entered into the DAR corresponds with the GPS tracking information daily.

**Reliability:** The number of investigations conducted is a consistent and stable measure of an Investigators performance. Investigators are required to report all activities daily. The number of investigations conducted is a performance measure for the Investigators that is monitored and reviewed monthly by their supervisor. An Investigator is required to make 55 employer investigations per month to attain a "3" performance rating. **Adjust standard to 30,500.**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Percentage of disputes resolved for injured workers by the Employee Assistance Office

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The percentage of disputes resolved is calculated by pulling data from the Integrated System. Both the Employee Helpline Team and the Ombudsman Team document their activity in the system. Part of that documentation includes a disposition code. The most predominate disposition code reflects that the activity was educational. In the instances where intervention is required to address a dispute or a perceived dispute, a disposition code of "resolved" or "unresolved" is used. The methodology used to establish the percent of resolved is: of the resolved and unresolved disposition codes, what percent is resolved. The number of resolved is the raw number of resolved disposition codes.

**Validity:** The Bureau has several monitoring tools to ensure the disposition codes relating to this measure are accurate and valid. Bureau management runs and reviews performance reports at the end of each month. This data is compared to previous months' results to ensure data is consistent. Direct supervisors conduct quality reviews of this coding on a monthly basis. The purpose of the reviews is to ensure consistent coding is being applied by all team members. Feedback is provided upon completion of the quality reviews.

**Reliability:** The percent of disputed issues resolved during the informal dispute resolution process is a consistent and stable measure of the bureau's performance. Employee Helpline Team and Ombudsman Team members are required to enter disposition codes for every claim for which assistance has been provided. Managers review the accuracy of this coding as part of their monthly performance reviews.

**We are requesting a change to 85% to reflect a more accurate estimate based on actual performance results from FY 2012/2013.** There are no changes to our Data Sources and Methodology, Validity and Reliability from the previous fiscal year.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Number of Petitions for Reimbursement Dispute Resolution resolved

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### Data Sources and Methodology:

The Office of Medical Services (OMS) added 5 employees who process Petitions for Reimbursement Dispute. These added employees resulted in more resolved matters than originally predicted. The average number of cases resolved per case manager in FY 2012-2013 as recorded in the ARAMIS database was projected forward for expected performance during FY 2013-2014. The estimated number of cases resolved for new case managers during FY 2013-2014 was added to the estimate.

**Validity:** The ARAMIS database has been shown to be accurate as a historical reference. Total case manager monthly performance was generally consistent during the FY used to produce the estimate and there are sufficient cases on file awaiting resolution to allow continued performance at known capacity. It is calculated that 7,754 petitions were resolved with 10 employees. This would make an average of 775.4 resolutions per employee. **Since OMS currently has 8 employees processing petitions, it is calculated that the performance measure should now be 6,203.**

**Reliability:** Using this methodology on prior year data has shown it to be a reasonable estimate of the number of resolutions issued during the next subsequent fiscal year. Since 10 employees averaged 775.4 resolved petitions each, 8 employees should still be able to maintain that average.  $775.4 * 8 = 6,203.2$ , or 8 employees should be able to resolve 6,203 petitions in FY 13-14.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Workers' Compensation

**Service/Budget Entity:** Workers' Compensation/43600100

**Measure:** Average number of WC employer Investigations completed monthly

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The number of investigations conducted monthly is obtained from the Coverage and Compliance Automated System (CCAS). Investigators are required to enter every employer investigation conducted into the Daily Activity Report (DAR) in CCAS each day.

**Validity:** The Bureau has several monitoring tools to ensure the employer contact information provided in the DAR is accurate and valid. Lead Investigators conduct follow up phone calls to employers on a random sampling of investigations reported in CCAS for each Investigator. A minimum of 4 calls per quarter are made for every Investigator. The purpose of the call is to verify that the Investigator did make contact with the employer as reported and to ensure that the employer has no concerns regarding our contact. Lead Investigators also review 15 DAR entries per investigator, per quarter to insure that the entries appear to be valid, well documented employer investigations. Last, each Investigator's vehicle is equipped with a GPS system. Supervisors can monitor the Investigators location at any time. Reports can be generated to verify that the information entered into the DAR corresponds with the GPS tracking information daily.

**Reliability:** The number of investigations conducted is a consistent and stable measure of an Investigators performance. Investigators are required to report all activities daily. The number of investigations conducted is a performance measure for the Investigators that is monitored and reviewed monthly by their supervisor. An Investigator is required to make 55 employer investigations per month to attain a "3" performance rating. **Adjust standard to 61.**





# Department of Financial Services

Associated Activity  
Contributing to Performance  
Measure – LRPP Exhibit V

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43010100 FY 2013-14 (Words)	Associated Activities Title
1	Administrative costs as a percentage of total agency costs	ACT 0010 Executive Direction ACT 0030 Legislative Affairs ACT 0040 External Affairs (Consumer Advocate) ACT 0050 Cabinet Affairs ACT 0060 Inspector General ACT 0070 Communications/Public Information ACT 0080 Director of Administration ACT 0090 Planning and Budgeting ACT 0100 Finance and Accounting ACT 0110 Personnel Svcs/Human Resources ACT 0120 Training ACT 0130 Mail Room
2	Administrative positions as a percentage of total agency positions	ACT 0010 Executive Direction ACT 0030 Legislative Affairs ACT 0040 External Affairs (Consumer Advocate) ACT 0050 Cabinet Affairs ACT 0060 Inspector General ACT 0070 Communications/Public Information ACT 0080 Director of Administration ACT 0090 Planning and Budgeting ACT 0100 Finance and Accounting ACT 0110 Personnel Svcs/Human Resources ACT 0120 Training ACT 0130 Mail Room
3	Percentage of Department employees responding to an annual survey who indicate overall satisfaction with the Division of Administration services	ACT 0080 Director of Administration
4	Percentage of appointment (hiring) packages processed within the five day time standard	ACT 0110 Personnel Svcs/Human Resources

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010200 FY 2013-14 (Words)	Associated Activities Title
5	Percentage of closed files involving allegations of statutory violation that were successfully prosecuted	ACT 0020 General Counsel <hr/> <hr/> <hr/>

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010300 FY 2013-14 (Words)	Associated Activities Title
6	Information technology costs as a percentage of total agency cost	ACT 0300 Information Technology - Executive Direction   
7	Information technology positions as a percentage of total agency positions	ACT 0300 Information Technology - Executive Direction   
8	<del>System design and programming hourly costs</del>	ACT 0320 Information Technology - Application Development/Support <del>Request Deletion of Measure</del>  
9	Percentage of scheduled hours computer and network is available	ACT 0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Customer Support  
10	Percentage of customers who returned a customer service satisfaction rating of at least four (4) on a scale of one (1) to five (5) on surveys	ACT 0300 Information Technology - Executive Direction ACT 0330 Information Technology - Computer Operations ACT 0340 Information Technology- Network Operations ACT 0350 Information Technology - Customer Support  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010400 FY 2013-14 (Words)	Associated Activities Title
11	Percentage of referred cases responded to and/or transferred within 10 days of receipt.	ACT 1040 Insurance Consumer Advocate   
12	Percentage of rate filings subject to public hearing which were reviewed by our office.	ACT 1040 Insurance Consumer Advocate   

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43010500 FY 2013-14 (Words)	Associated Activities Title
13	Percentage of scheduled hours computer and network is available.	ACT 0300 Information Technology - FLAIR

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100200 FY 2013-14 (Words)	Associated Activities Title
14	<del>Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit</del>	ACT 1210 Provide analysis on securities held for deposit and qulaified public depositories <del>Request Deletion of Measure</del>
15	Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analysis cycle	ACT 1210 Provide analysis on securities held for deposit and qulaified public depositories
16	Percentage of Collateral Administrative Program Transactions completed within three business days	ACT 1220 Process transactions, account changes and audit functions.

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100300 FY 2013-14 (Words)	Associated Activities Title
17	<del>Number of cash management consultation services</del>	Act 1320 Provide cash management services <del>Request Deletion of Measure</del>
18	Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period	ACT 1310 Investment of Public Funds
19	Percentage of core accounting processes that meet established deadlines and standards for accuracy	ACT 1330 Receive Funds, process payments of warrants and provide account and reconciliation services



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43100400 FY 2013-14 (Words)	Associated Activities Title
20	Percentage of state employees participation in the State Deferred Compensation Plan	ACT 1410 Administer the state supplemental deferred compensation plan

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43200100 FY 2013-14 (Words)	Associated Activities Title
21	<del>Percentage of vendor payments issued via electronic funds transfer (EFT) excluding one time payments</del>	ACT 2110 Accounting and Reporting of State Funds <del>Request Deletion of Measure</del>
22	<del>Percentage of payroll payments issued via electronic funds transfer (EFT).</del>	ACT 2150 Process State Employee Payroll <del>Request Deletion of Measure</del>
23	<del>Percentage of retirement payments issued via electronic funds transfer (EFT).</del>	ACT 2120 Migrate current Accounts Payable Procedures to Electronic Commerce <del>Request Deletion of Measure</del>
24	Number of agencies audited for Contract/Grant Managers Performance	ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement
25	<del>Number of Clerk of the Circuit Court Financial Reviews.</del>	ACT 2190 Article V-Clerk of the Courts <del>Request Deletion of Measure</del>
26	Percentage of Office of Fiscal Integrity investigations that result in action	ACT 2170 Conduct Fiscal Integrity Investigations
27	Number of contracts reviewed	ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement
28	<del>Percentage of compliance with the Statewide Financial Statements Compliance Checklist.</del>	ACT 2110 Accounting and Reporting of State Funds <del>Request Deletion of Measure</del>
29	<del>Percentage of warrants outstanding at 3 months that are stale-dated after 12 months.</del>	ACT 2110 Accounting and Reporting of State Funds <del>Request Deletion of Measure</del>

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43200200 FY 2013-14 (Words)	Associated Activities Title
30	Percentage of the total dollar amount of claims paid during the fiscal year compared to the prior year's receipts	ACT 2210 Collect Unclaimed Property
		ACT 2220 Process and Payment of Unclaimed Property
		Request Deletion of Measure
31	Percentage of the total number of claims paid to the owner in the fiscal year compared to the total number of accounts reported/received in the prior fiscal year. (Number of claims paid as a percent of all accounts)	ACT 2210 Collect Unclaimed Property
		ACT 2220 Process and Payment of Unclaimed Property
		Request Deletion of Measure
32	Number / dollar value of owner accounts processed	ACT 2220 Process and Payment of Unclaimed Property
33	Number of claims paid / dollar value of claims paid	ACT 2220 Process and Payment of Unclaimed Property
34	Percentage of claims processed within 60 days from date received (cumulative total)	ACT 2220 Process and Payment of Unclaimed Property
35	Number of new holders reporting unclaimed property in the fiscal year	ACT 2220 Process and Payment of Unclaimed Property
		ACT 2210 Collect Unclaimed Property

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43300200 FY 2013-14 (Words)	Associated Activities Title
36	<del>Number of fire-related deaths occurring in state-owned properties</del>	ACT 3220 Perform Fire Safety Inspections <del>Request Deletion of Measure</del>
37	Percentage of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
38	<del>Number of recurring inspections completed</del>	ACT 3220 Perform Fire Safety Inspections <del>Request Deletion of Measure</del>
39	<del>Number of high-hazard inspections completed</del>	ACT 3220 Perform Fire Safety Inspections <del>Request Deletion of Measure</del>
40	<del>Number of construction inspections completed</del>	ACT 3220 Perform Fire Safety Inspections <del>Request Deletion of Measure</del>
41	Number of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
42	Percentage of fire code inspections completed within statutory defined timeframes	ACT 3220 Perform Fire Safety Inspections
43	<del>Percentage of fire code plans reviews completed within statutory defined timeframes</del>	ACT 3230 Review construction plans for fire code compliance <del>Request Deletion of Measure</del>
44	<del>Number of boiler inspections completed by department inspectors</del>	ACT 3240 Perform boiler inspections <del>Request Deletion of Measure</del>
45	<del>Number of construction plans reviewed</del>	ACT 3230 Review construction plans for fire code compliance <del>Request Deletion of Measure</del>
46	Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames	ACT 3210 License the fire protection industry

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300300 FY 2013-14 (Words)	Associated Activities Title
47	Percentage of referrals declined by State Attorney's Office for prosecution	ACT 3310 Investigate Fires - accidental, arson and other
48	Percentage of arson cases cleared	ACT 3310 Investigate Fires - accidental, arson and other
49	Percentage of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or arrested or other reasons	ACT 3310 Investigate Fires - accidental, arson and other
50	Percentage of closed arson investigations for which an arrest was made in Florida	ACT 3310 Investigate Fires - accidental, arson and other

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43300400 FY 2013-14 (Words)	Associated Activities Title
51	<del>Percentage of above satisfactory ratings by supervisors of students' job performance from post-class evaluations of skills gained through training at the Florida State Fire College</del>	ACT 3410 Provide state, local, and business professional training & education <del>Request Deletion of Measure</del>
52	<del>Challenges to examination results and eligibility determination as a percent of those eligible to challenge</del>	ACT 3410 Provide state, local, and business professional training & education <del>Request Deletion of Measure</del>
53	Number of students trained and classroom contact hours provided by the Florida State Fire College	ACT 3410 Provide state, local, and business professional training & education
54	<del>Number of examinations administered</del>	ACT 3420 Provide state, local, and business professional standards, testing and statutory compliance <del>Request Deletion of Measure</del>
55	Percentage of Fire College students passing certification exam on first attempt	ACT 3410 Provide state, local, and business professional training & education
56	<del>Percentage of Student Satisfactory Evaluations of the Florida State Fire College facility and services.</del>	ACT 3410 Provide state, local, and business professional training & education <del>Request Deletion of Measure</del>
57	<del>Percentage of students who rate training received at the Florida State Fire College effective in improving their ability to perform assigned duties.</del>	ACT 3420 Provide state, local, and business professional standards, testing and statutory compliance <del>Request Deletion of Measure</del>
58	Number of Florida Certification Programs submitted for national accreditation or re-accreditation.	ACT 3410 Provide state, local, and business professional training & education

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43300500 FY 2013-14 (Words)	Associated Activities Title
59	Administrative costs as a percentage of program agency costs	ACT 0010 Executive Direction
60	Administrative positions as a percentage of total program positions	ACT 0010 Executive Direction
61	The number of items analyzed chemically plus the number of imaging items processed	ACT 3510 Provide forensic laboratory services
62	<del>To import 100% incident data submitted by Florida Fire Departments within the calendar year.</del>	ACT 3520 Fire Incident Reporting <del>Request Deletion of Measure</del>

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43400100 FY 2013-14 (Words)	Associated Activities Title
63	Average operational cost per claim worked	ACT 4110 Provide adjusting services on state workers' compensation ACT 4120 Provide adjusting services on state liability claims ACT 4130 Process property claims on state-owned buildings (structure & contents)
64	<del>Number of workers' compensation claims requiring some payment per 100 FTE</del>	ACT 4110 Provide adjusting services on state workers' compensation <del>Request Deletion of Measure</del>
65	Average cost of workers' compensation claims paid	ACT 4110 Provide adjusting services on state workers' compensation
66	Percentage of liability claims closed in relation to liability claims worked during the fiscal year	ACT 4120 Provide adjusting services on state liability claims
67	<del>State employees' workers' compensation benefit cost rate, as defined by indemnity and medical benefits, per \$100 of state employees' payroll as compared to prior years</del>	ACT 4110 Provide adjusting services on state workers' compensation <del>Request Deletion of Measure</del>
68	Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 4L-24.021, F.A.C.	ACT 4110 Provide adjusting services on state workers' compensation
69	<del>Average cost of tort liability claims paid</del>	ACT 4120 Provide adjusting services on state liability claims <del>Request Deletion of Measure</del>
70	<del>Average cost of federal civil rights liability claims paid</del>	ACT 4120 Provide adjusting services on state liability claims <del>Request Deletion of Measure</del>
71	<del>Average cost of property claims paid</del>	ACT 4130 Process property claims on state-owned buildings (structure & contents) <del>Request Deletion of Measure</del>
72	<del>Risk services training and consultation as measured by the number of training units (1 unit = 8 hours) provided and consultation contacts made</del>	ACT 4140 Provide risk services training and consultation <del>Request Deletion of Measure</del>
73	Number of workers' compensation claims worked	ACT 4110 Provide adjusting services on state workers' compensation
74	Number of liability claims worked	ACT 4120 Provide adjusting services on state liability claims
75	<del>Number of workers' compensation claims assigned for litigation during the current fiscal year.</del>	ACT 4110 Provide adjusting services on state workers' compensation <del>Request Deletion of Measure</del>
76	Number of state property loss/damage claims worked	ACT 4130 Process property claims on state-owned buildings (structure & contents)
77	<del>Overall average score on the annual loss prevention safety academy training survey</del>	ACT 4140 Provide risk services training and consultation <del>Request Deletion of Measure</del>



**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500100 FY 2013-14 (Words)	Associated Activities Title
78	<del>Percentage of companies with only class 3 or higher claims closed within two years after all asset collection activity, including litigation is concluded and all objections have been resolved.</del>	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies <del>Request Deletion of Measure</del>
79	Percentage of appraised value of assets liquidated for real property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
80	Percentage of appraised value of assets liquidated for personal property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500200 FY 2013-14 (Words)	Associated Activities Title
81	Cost of Licensing Operations per active license	ACT 5210 Review Applications for licensure (qualification) ACT 5240 Administration of education requirements (pre-licensing and continuing education)
82	Cost of Investigation Operations per enforcement action	ACT 5250 Investigate Agents & Agencies
83	Percentage of licensees disciplined for a practice violation in the past 12 months	ACT 5250 Investigate Agents & Agencies
84	Average number of investigations per investigator	ACT 5250 Investigate Agents & Agencies
85	Average number of applications processed per licensing FTE	ACT 5210 Review Applications for Licensure (qualification)

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500300 FY 2013-14 (Words)	Associated Activities Title
86	Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  
87	Number of insurance fraud arrests (not including workers' compensation cases)	ACT 5310 Investigate insurance fraud (general)  
88	Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	ACT 5320 Investigate workers' compensation insurance fraud  
89	Number of cases presented for prosecution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  
90	Court ordered restitution as a percentage of requested restitution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  
91	Requested restitution as a percentage of the annual appropriated budget	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud  

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500400 FY 2013-14 (Words)	Associated Activities Title
92	Percentage of helpline call and service audits that result in quality service.	ACT 5410 Respond to consumer requests for assistance ACT 5420 Provide consumer educational activities (?) ACT 5430 Answer consumer telephone calls
93	Percentage of consumers who rate the Division's service as good or excellent	ACT 5410 Respond to consumer requests for assistance   
94	Percentage of phone calls answered within four minutes.	ACT 5430 Answer consumer telephone calls   
95	Percentage of monetary eligible service requests that resulted in a recovery	ACT 5410 Respond to consumer requests for assistance   

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43500500 FY 2013-14 (Words)	Associated Activities Title
96	Percentage of investigations submitted to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
97	Percentage of establishments and cemeteries inspected per fiscal year.	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
98	<del>Percentage of financial examinations with deficit findings that resulted in deficits being corrected, initiation of an investigation of disciplinary action being taken against the licensee.</del>	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance <del>Request Deletion of Measure</del>
99	<del>Percentage of cemetery inspections with findings that resulted in improved care and maintenance and/or more accurate burial records, initiation of an investigation or disciplinary action being taken against the cemetery.</del>	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance <del>Request Deletion of Measure</del>
100	<del>Percentage of funeral establishment inspections with health and safety findings that resulted in corrective action, initiation of an investigation or disciplinary action being taken against the establishment.</del>	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance <del>Request Deletion of Measure</del>

**LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures**

Measure Number	Approved Performance Measures for 43500700 FY 2013-14 (Words)	Associated Activities Title
101	Dollar amount of benefits withheld, saved, and recouped as a percentage of Public Assistance Fraud annual budget	ACT 9060 AFDC/Wages/Employee Fraud ACT 9070 Public Assistance Fraud Investigations ACT 9080 Medicaid Fraud Investigations
102	Number of completed cases resulting in referral for disqualification or prosecution	ACT 9060 AFDC/Wages/Employee Fraud ACT 9070 Public Assistance Fraud Investigations ACT 9080 Medicaid Fraud Investigations

## LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

Measure Number	Approved Performance Measures for 43600100 FY 2013-14 (Words)	Associated Activities Title
103	Percent of first indemnity payments made timely	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
104	<del>Number of claim files reviewed annually</del>	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments <del>Request deletion of measure</del>
105	Number of employer investigations conducted	ACT 6120 Verify that employers comply with workers' compensation laws
106	<del>Number of disputes resolved for injured workers by the Employee Assistance Office</del>	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers <del>Request deletion of measure</del>
107	Percentage of disputes resolved for injured workers by the Employee Assistance Office	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers
108	<del>Number of reimbursement requests (SDF-2) audited</del>	ACT 6140 Provide reimbursement for workers' compensation claims paid by insurance carriers on employees hired with preexisting conditions <del>Request deletion of measure</del>
109	<del>Number of reimbursement requests (SDF-2) paid</del>	ACT 6140 Provide reimbursement for workers' compensation claims paid by insurance carriers on employees hired with preexisting conditions <del>Request deletion of measure</del>
110	Number of Petitions for Reimbursement Disput Resolution resolved	ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers
111	<del>Percentage of insurance industry's overall compliance of filing Explanation of Bill Review (EOBR)</del>	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments <del>Request deletion of measure</del>
112	Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
113	Average number of Workers' Compensation employer investigations completed monthly	ACT 6120 Verify that employers comply with workers' compensation laws

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2012-13			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		290,757,549		616,047	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		15,275,088		0	
FINAL BUDGET FOR AGENCY		306,032,637		616,047	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					616,047
Provide Analysis On Securities Held For Deposit And Qualified Public Depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.		6,818	53.84	367,071	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		57,958	17.40	1,008,731	
Investment Of Public Funds * Dollar Volume of Funds Invested		20,300,000,000	0.00	681,337	
Provide Cash Management Services * Number of cash management consultation services.		30	32,174.20	965,226	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		3,311,050	0.48	1,589,782	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		2,169,785	0.72	1,556,916	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System.		38,597	122.80	4,739,746	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		10,866,646	0.10	1,070,050	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		535,323	6.78	3,628,525	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		5	307,615.60	1,538,078	
Process State Employees Payroll * Payroll payments issued		3,103,502	0.77	2,388,251	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		8	22,300.88	178,407	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		10	90,166.80	901,668	
Article V - Clerk Of The Courts * N/A		23	43,852.83	1,008,615	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,075,040	1.25	2,596,160	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		324,865	8.27	2,686,683	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,328	81.92	518,373	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,992	249.33	3,987,286	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		479	1,108.54	530,990	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,276	433.69	553,392	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,041	4,255.13	12,938,849	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		188,553	45.32	8,545,060	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		4,886	857.10	4,187,786	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		13,742	74.16	1,019,073	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,409,043	0.15	371,895	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		19,039	1,436.24	27,344,496	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,665	2,341.70	10,924,037	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		284	6,793.88	1,929,461	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.		124	14,180.15	1,758,339	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		43	19,291.81	829,548	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		90,583	30.03	2,720,028	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		31,674	84.45	2,675,025	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,668,055	0.46	770,364	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		196,812	2.07	407,607	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,936	2,008.39	5,896,637	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,412	11,167.01	15,767,812	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		711	6,219.78	4,422,261	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		51,451	78.19	4,023,168	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		298,532	2.32	691,108	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		325,270	14.19	4,617,093	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,722	1,288.94	2,219,556	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		89,302	46.49	4,151,710	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		34,150	376.76	12,866,219	
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		997	4,670.93	4,656,918	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		3,181	396.37	1,260,858	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		113,735,517	0.01	651,561	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,146,469	0.70	3,606,682	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		7,747	184.56	1,429,807	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed		132	6,765.09	892,992	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		843	3,640.85	3,069,233	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		7,953	1,757.76	13,979,452	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		15,031	517.79	7,782,928	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		752	8,156.02	6,133,328	
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		24,636	96.12	2,367,981	
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * Number of domestic financial institutions examined to ensure safety and soundness.		223	55,147.28	12,297,843	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		29	25,920.03	751,681	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		170	18,124.77	3,081,211	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		236	11,024.86	2,601,867	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		322	16,907.67	5,444,271	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		51,741	43.88	2,270,594	
TOTAL				235,852,626	616,047
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS				1,297,569	
OTHER				34,596,541	
REVERSIONS				34,285,920	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				306,032,656	616,047

## SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.



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ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

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THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5)  
AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

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THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:  
(NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION  
TECHNOLOGY)

\*\*\* NO OPERATING CATEGORIES FOUND \*\*\*

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THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN  
SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL  
GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED  
IN SECTION II.)

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43010200	1602000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	290,812	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	582,274	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,338,899	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	749,688	
43200100	1601000000	ACT2020	CAPITAL COLLATERAL REGISTRY	1,715,722	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	13,599,739	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,761,055	
43500700	1205000000	ACT9060	AFDC/WAGES/EMPLOYEE FRAUD	929,953	
43500700	1205000000	ACT9070	PUBLIC ASSISTANCE FRAUD	1,859,856	
43500700	1205000000	ACT9080	MEDICAID FRAUD INVESTIGATIONS	929,904	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	588,639	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

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TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	306,032,637	616,047
TOTAL BUDGET FOR AGENCY (SECTION III):	306,032,656	616,047
	-----	-----
DIFFERENCE:	19-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

## **GLOSSARY OF TERMS AND ACRONYMS**

**Activity:** A unit of work which has identifiable starting and ending points, consumes resources, and produces outputs. Unit cost information is determined using the outputs of activities.

**Actual Expenditures:** Includes prior year actual disbursements, payables and encumbrances. Payables and encumbrances are certified forward at the end of the fiscal year. They may be disbursed between July 1 and September 30 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not shown in the year the funds are disbursed.

**Appropriation Category:** The lowest level line item of funding in the General Appropriations Act which represents a major expenditure classification of the budget entity. Within budget entities, these categories may include: salaries and benefits, other personal services (OPS), expenses, operating capital outlay, data processing services, fixed capital outlay, etc. These categories are defined within this glossary under individual listings. For a complete listing of all appropriation categories, please refer to the ACTR section in the LAS/PBS User's Manual for instructions on ordering a report.

**Baseline Data:** Indicators of a state agency's current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees.

**BFFEA: Bureau of Forensic Fire and Explosives Analysis**

**Budget Entity:** A unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. "Budget entity" and "service" have the same meaning.

**CAFR** – Comprehensive Annual Financial Report

**CIO** - Chief Information Officer

**CIP** - Capital Improvements Program Plan

**D3-A:** A legislative budget request (LBR) exhibit which presents a narrative explanation and justification for each issue for the requested years.

**Demand:** The number of output units which are eligible to benefit from a service or activity.

**DFS** – Department of Financial Services

**EOG** - Executive Office of the Governor

**Estimated Expenditures:** Includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills.

**FCO - Fixed Capital Outlay**

Fixed Capital Outlay: Real property (land, buildings including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.

**FLAIR - Florida Accounting Information Resource Subsystem**

Florida Advisory Committee on Arson Prevention (FACAP): A non-profit corporation, founded in 1975, made up of personnel from the Bureau of Fire and Arson Investigations, Division of State Fire Marshal; federal, county and city law enforcement officers throughout the state, fire service personnel, insurance representatives, private arson investigators, attorneys and others engaged, on a continuing basis, in eradicating arson in Florida.

**F.S. - Florida Statutes**

**GAA - General Appropriations Act**

**GR - General Revenue Fund**

High Hazard (building inspections): Any building or structure, containing combustible or explosive matter; where persons receive educational instruction; that is a non-private dwelling residence; or contains three or more floor levels.

Indicator: A single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word “measure.”

Information Technology Resources: Includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training.

Input: See Performance Measure.

Interagency Advisory Council on Loss Prevention: Representatives from state agencies meet quarterly to discuss safety problems within Florida state government, to attempt to find solutions for these problems, and, when possible, to assist in the implementation of the solutions.

**IOE - Itemization of Expenditure**

**IT - Information Technology**

Judicial Branch: All officers, employees, and offices of the Supreme Court, district courts of appeal, circuit courts, county courts, and the Judicial Qualifications Commission.

**LAN** - Local Area Network

**LAS/PBS** - Legislative Appropriations System/Planning and Budgeting Subsystem. The statewide appropriations and budgeting system owned and maintained by the Executive Office of the Governor.

**LBC** - Legislative Budget Commission: A standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature.

**LBR** - Legislative Budget Request: A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.

Life Safety Code: Also known as NFPA 101, it is a publication of the National Fire Protection Association (NFPA). In 1998, the Florida Legislature mandated that NFPA 101 and NFPA 1, the Uniform Fire Code, be adopted by the Florida State Fire Marshal as the base codes for the Florida Fire Prevention Code. With the adoption of the 2006 edition of the Life Safety Code along with the State Fire Marshal's adaptations for Florida, it will be entitled NFPA 101—2006 Florida Edition. The entire Florida Fire Prevention Code is scheduled to become effective on October 1, 2008, to match the planned effective date for the Florida Building Code.

**L.O.F.** - Laws of Florida

Loss Payment Revolving Fund: A fund maintained in a controlled disbursement/positive payment bank account for claim-related payments to claimants and vendors for casualty and property lines of coverage.

**LRPP** - Long-Range Program Plan

Long-Range Program Plan: A plan developed on an annual basis by each state agency that is policy based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.

**NASBO** - National Association of State Budget Officers

Narrative: Justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed.

National Fire Incident Reporting System: A national database that collects data nationwide on all fire incidences and provides reports to interested parties for development of local and national fire prevention policies.

National Fire Protection Association (NFPA): A private, non-profit corporation whose mission is “to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus, codes and standards, research, training, and education.” It has more than 81,000 U.S. and international members representing more than 80 national trade and professional organizations. NFPA drafts and publishes over 300 fire prevention codes and standards, and is an authoritative source on fire safety and public safety. Its codes and standards have been adopted by state and local governments, including the State of Florida.

Nonrecurring: Expenditure or revenue which is not expected to be needed or available after the current fiscal year.

**OPB** - Office of Policy and Budget, Executive Office of the Governor

Outcome: See Performance Measure.

Output: See Performance Measure.

Outsourcing: Means the process of contracting with a vendor(s) to provide a service or an activity. Management responsibility is transferred to the vendor for the delivery of resources and performance. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission.

**PAF** – Division of Public Assistance Fraud

Pass Through: Funds that the state distributes directly to other entities, e.g., local governments, without being managed by the agency distributing the funds. These funds flow through the agency’s budget; however, the agency has no discretion regarding how the funds are spent, and the activities (outputs) associated with the expenditure of funds are not measured at the state level. *NOTE: This definition of “pass through” applies ONLY for the purposes of long-range program planning.*

Performance Ledger: The official compilation of information about state agency performance-based programs and measures, including approved programs, approved outputs and outcomes, baseline data, approved standards for each performance measure and any approved adjustments thereto, as well as actual agency performance for each measure.

Performance Measure: A quantitative or qualitative indicator used to assess state agency performance.

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services.
- Outcome means an indicator of the actual impact or public benefit of a service.
- Output means the actual service or product delivered by a state agency.

Policy Area: A grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code.

Primary Service Outcome Measure: The service outcome measure which is approved as the performance measure which best reflects and measures the intended outcome of a service. Generally, there is only one primary service outcome measure for each agency service.

Privatization: Occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service.

Process Mapping: Process mapping creates a workflow diagram intended to help clarify the steps in a series of routine, repeated activities. Diagramming is used to understand inputs received, activities conducted and outputs sent to a customer. Process maps are used to identify gaps and duplications as well as measure tasks and activities.

Program: A set of services and activities undertaken in accordance with a plan of action organized to realize identifiable goals and objectives based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word "Program." In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. "Service" is a "budget entity" for purposes of the LRPP.

Program Purpose Statement: A brief description of approved program responsibility and policy goals. The purpose statement relates directly to the agency mission and reflects essential services of the program needed to accomplish the agency's mission.

Program Component: An aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting.

Qualified public depositories: Banks, savings banks, or savings associations that are organized and exist under the laws of the United States, the laws of this state or any other state or territory of the United States. They have their principal place of business or a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in Florida. Qualified public depositories have deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss. 1811 et seq. and have procedures and practices

for accurate identification, classification, reporting, and collateralization of public deposits. They meet all the requirements of Chapter 280, Florida Statutes. and have been designated by the Chief Financial Officer as a qualified public depository.

Records Retention Schedules: Retention schedules identify agency records and establish minimum periods of time for which the records must be retained based on the records' administrative, fiscal, legal, and historical values. The Department of State administers Florida's Records Management Program which requires an inventory of records maintained by an agency and the identification of existing retention schedules or the establishment of new retention schedules.

Recurring (building inspections): Any building or structure not under the High Hazard definition.

Regional Domestic Security Task Forces: Each task force consists of representatives from law enforcement, fire rescue, health and medical and emergency management/regulatory. Each component plays a vital role in efforts to prevent a terrorist attack and, if necessary, responds immediately to and coordinates efforts at disaster sites.

Reliability: The extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use.

Service: See Budget Entity.

Service of Process: All authorized insurers (insurance companies) registered to do business in the State of Florida are required to designate the Chief Financial Officer of Florida as their Registered Agent for Service of Process. These processes (Summons & Complaint or Subpoenas) may be delivered by personal service or mail.

Special Purpose Investment Account (SPIA): An optional investment program open to any entities established by the Florida Constitution or Florida Statutes. The Division of Treasury manages a fixed income investment operation for both general revenue and trust funds in the Treasury and funds of organizations participating in the Treasury SPIA.

Standard: The level of performance of an outcome or output.

Statement on Auditing Standards (SAS) No.70, Service Organizations: A service auditor's examination performed in accordance with SAS No. 70 (a recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA)) is widely recognized, because it represents that a service organization has been through an in-depth audit of its control objectives and control activities, which often include controls over information technology and related processes.

State Wide Cost Allocation Plan (SWCAP): The methodology used to allocate general and administrative costs to various programs, grants, contracts and agreements. The plan identifies costs associated with programs; describes the programs for which cost data is needed; includes the methodology for identifying program-specific costs; and displays the techniques used to



accumulate cost data. Florida's SWCAP requires that each state agency and the judicial branch include a prorated share of general and administrative costs, such as accounting, provided by central service agencies. For federal grants or contracts, these costs are reimbursable to the state pursuant to the provisions of U.S. Office of Management and Budget Circular A-87. DFS ensures that the SWCAP presents the most favorable allocation of central services costs allowable to the state by the federal government.

**SWOT** - Strengths, Weaknesses, Opportunities and Threats

**TCS** - Trends and Conditions Statement

**TF** - Trust Fund

**TRW** - Technology Review Workgroup

Unit Cost: The average total cost of producing a single unit of output – goods and services for a specific agency activity.

United States Fires Administration: Federal sub-agency that provides a clearing house for national fire issues and is the repository of the National Fire Incident Reporting System

Validity: The appropriateness of the measuring instrument in relation to the purpose for which it is being used.

**WAGES** - Work and Gain Economic Stability (Agency for Workforce Innovation)

**WAN** - Wide Area Network (Information Technology)



## OFFICE OF INSURANCE REGULATION

FINANCIAL SERVICES  
COMMISSION

RICK SCOTT  
GOVERNOR

JEFF ATWATER  
CHIEF FINANCIAL OFFICER

PAM BONDI  
ATTORNEY GENERAL

ADAM PUTNAM  
COMMISSIONER OF  
AGRICULTURE

KEVIN M. McCARTY  
COMMISSIONER

September 30, 2013

Jerry L. McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, Florida 32399-0001

Jo Ann Leznoff, Staff Director  
House Appropriations Committee  
221 Capitol  
Tallahassee, Florida 32399-1300

Mike Hanson, Staff Director  
Senate Budget Committee  
201 Capitol  
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Office of Insurance Regulation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2014-15 through Fiscal Year 2018-2019. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is [www.floir.com](http://www.floir.com). This submission has been approved by Kevin McCarty, Commissioner.

Should further information be required, please do not hesitate to contact me at (850) 413-5100.

Sincerely,

Audrey S. Brown  
Chief of Staff



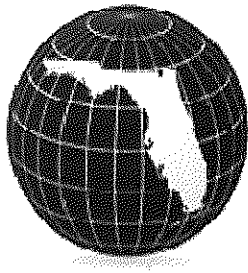
**FINANCIAL SERVICES COMMISSION**  
**OFFICE OF INSURANCE REGULATION**

**Long-Range Program Plan**

**Fiscal Years 2014-15 through 2018-19**

**September 2013**

***Kevin M. McCarty***  
***Commissioner***



## FLORIDA OFFICE OF INSURANCE REGULATION

### **MISSION, VISION, AND GOALS**

#### **Mission Statement**

To ensure that insurance companies licensed to do business in Florida are financially viable; operating within the laws and regulations governing the insurance industry; and offering insurance products at rates that are not excessive, inadequate, and which do not unfairly discriminate against the buying public.

#### **Vision**

The Florida Office of Insurance Regulation envisions a robust and competitive insurance market while maintaining protections for the insurance-buying public.

#### **Agency Goals**

- 1) Influence insurance markets where possible to make available insurance products that offer fair, understandable coverage and are not priced in a manner that is discriminatory, excessive or inadequate for the coverage provided.
- 2) Protect the public from illegal, unethical insurance practices.
- 3) Monitor the solvency of licensed insurance companies to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.
- 4) Expand and retain companies doing business in Florida and provide transparency of insurance related data.

## **AGENCY GOALS**

The Florida Office of Insurance Regulation (Office) has established the following goals as priorities. The paragraphs immediately following each goal describe the trends and conditions that identify Office priorities. Additionally, significant legislation and technology initiatives related to the goals are referenced.

**GOAL #1: Influence insurance markets where possible to make available insurance products that offer fair, understandable coverage and are not priced in a manner that is discriminatory, excessive or inadequate for the coverage provided.**

The business units within the Office that contribute to this goal are the Property & Casualty Product Review Unit (PCPR) and the Life and Health Product Review Unit (LHPR).

The Office is responsible for the review of form and rate filings submitted by insurers and other insurance-related entities. Form filings include policy forms (contracts), new products or changes to existing products. Rate filings are requests from the insurer to maintain, increase or decrease the rates of certain products. These policy forms and rates are reviewed by Office staff to determine their compliance with Florida Statutes (F.S.) and to ensure that the products are offered at a fair and adequate price and that they do not unfairly discriminate against the public. For Fiscal Year 2012-2013, the PCPR unit processed 9,367 form and rate filings in an average of 60 days. The LHPR unit processed 5,664 filings in an average of 25 days.

In 1995, the former Department of Insurance initiated a Filing and Compliance Symposium to provide a forum for insurance industry personnel to learn about the Office's electronic filing system (I-File), to be briefed on new legislation and current topics in the marketplace, and to discuss the basics about how companies can improve the quality of rate and form filings in order to facilitate more timely reviews and approvals. In June of 2012, the Office held a one-day industry conference called "Successful Strategies for Business Development." The Office briefed nearly 300 on-site participants, as well as over 850 participants online about new legislation and current topics in the marketplace. The conference also provided a forum to demonstrate how companies can improve the quality of rate and form filings to facilitate more timely reviews and approvals.

### **Significant Legislation – Life and Health**

#### **2013 Senate Bill 166 – Annuities**

The bill amends Section 627.4554, F.S., to incorporate into Florida law the most current version of the National Association of Insurance Commissioners (NAIC) model regulation on annuity protections (the 2010 NAIC Model), while maintaining most of the provisions adopted by Florida in 2008 and 2010. The 2010 NAIC Model, which has been enacted by 19 states, including California and New York, provides annuity protections for consumers of any age; insurer review of every annuity transaction; and clarifies that insurers are responsible

for compliance with annuity protection provisions, even when they contract with third parties.

**2013 House Bill 223 - Repeal of Health Insurance Provisions**

Authorizes posting of specified types of insurance policies and endorsements on the insurer's Internet website in lieu of mailing or delivering to the insured if the insurer complies with certain conditions.

**2013 House Bill 383 - Interstate Insurance Product Regulation Compact**

Creates the Interstate Insurance Product Regulation Compact and provides the responsibilities, venue, powers, organization, membership, voting, and bylaws of the commission. Designates the Insurance Commissioner as the representative of a member state and allows the Commissioner to designate a person to represent the State on the commission. Provides for management structure, committees, officers, and personnel for the commission. Provides rules and operating procedures, rulemaking functions, requirements and authorizes the Department of Financial Services to adopt rules. Requires the Office to prepare and submit a report by a certain date to the Legislature on the effect of the compact on consumer protections.

**2013 Senate Bill 648 - Health Insurance Marketing Materials**

Removes the requirement that small group policy carriers file disclosure forms and marketing materials with the Office; however, the insurer must retain records of signed disclosures. While the submission of marketing materials would no longer be required, the Office will have the authority to conduct market conduct reviews and/or investigations that will verify compliance with this section. Removes the requirement that long-term care advertising materials be filed with the Office for prior approval before being used. Long-term care carriers can begin using the materials as soon as they are filed with the Office.

**2013 House Bill 1157 - Health Flex Plans**

Amends Section 408.909, F.S., by revising the expiration date to extend the availability of health flex plans to low-income uninsured state residents.

**2013 Senate Bill 1159 - Health Care Facilities (Cancer drug parity)**

Requires that individual or group insurance policies and health maintenance contracts that provide coverage for cancer treatment medications provide coverage for orally administered cancer treatment medications on a basis no less favorable than that required by policy or contract for intravenously administered or injected cancer treatment medications. Also prohibits insurers and health maintenance organizations from engaging in specified actions to avoid compliance with this act.

**2013 Senate Bill 1842 - Health Insurance**

Describes the duties and responsibilities of the Office as defined in the Collaborative Arrangement with the Department of Health and Human Services, regarding the implementation and administration of the Patient Protection and Affordable Care Act (PPACA) in Florida. Provides that non-grandfathered major medical health plans for the individual and small group markets are not subject to rate review or approval by the Office for plan years 2014 and 2015. However,

insurers must still file rates and rate changes with the Office for informational purposes. Requires carriers to notify the Office by September 1, 2013 and policyholders upon renewal or first issuance after January 1, 2014 of the premium impacts resulting from PPACA. Provides that if, in the individual or small group market, a policy form covers both grandfathered and non-grandfathered health plans, the carrier may only non-renew coverage for non-grandfathered health plans. Provides that carriers are no longer required to renew a conversion policy if the person could be covered by Medicare or if other similar benefits are provided for or are available to the person under state or federal law. Carriers must provide a nonrenewal notice in writing to the policyholder at least 90 days before the policy renewal date. Amends Florida's Employee Health Care Access Act to include separate definitions of "small employer" for grandfathered and non-grandfathered health plans. A small employer carrier is not permitted to use gender as a rating factor for a non-grandfathered health plan.

### **Significant Legislation – Property and Casualty**

#### **2013 House Bill 341 – Uninsured Motorist Insurance Coverage**

- ⤴ Signed form by policyholder rejecting stacked coverage presumes election made "on behalf of all insured's".

#### **2013 Senate Bill 468 – Property and Casualty Insurance Rates and Fees**

- ⤴ Expands the kinds of commercial lines risks exempt from product rate filing and review by the Office, to include:
  - medical malpractice for a facility that is not a hospital, nursing home, or assisted living facility (examples of such facilities to which the exemption will apply: laboratories, imaging facilities, dialysis centers, drug and alcohol rehabilitation facilities and hospice facilities); and
  - medical malpractice for a health care practitioner that is not a licensed dentist, physician, osteopathic physician, chiropractic physician, or podiatric physician; or a licensed pharmacist or registered pharmacy technician (examples of such health care practitioners to whom the exemption will apply include: occupational and physical therapists, nurses, audiologists, social workers, counselors, physician assistants, pharmacists, medical testing technicians, and medical lab and pharmacy technicians).
- ⤴ Insurers will be exempt from the requirement to file rates, rating schedules, or rating manuals via the "file and use" method (at least 90 days prior to the proposed effective date) or the "use and file" method (within 30 days after the effective date of the filing) with the Office for these types of medical malpractice insurance.
- ⤴ Also under the bill, insurers will no longer be required to notify the Office of the total premium written during the prior year and will only be required to retain actuarial data in support of a rate filing for two years from the effective date of the filing.
- ⤴ The Office will be expressly authorized to recover the costs of the examination from the insurer.

### ***Property and Casualty Insurance Forms***

- ^ Insurers will be able to file property and casualty forms (other than workers' compensation and personal lines) on an informational basis, and begin using the forms immediately upon filing by certifying that the forms comply with Florida law. A form subsequently found to be non-compliant will be disapproved for use.

### **2013 House Bill 573 – Manufactured and Mobile Homes**

- ^ Citizens to offer reduced policy limits for minimum insured value of at least \$3,000.
- ^ Citizens must offer coverage for attached structures, screened enclosures and carports that are aluminum/aluminum framed or screened enclosures and carports that are not covered by the same or substantially the same materials as that of the primary dwelling; and patios that have a roof covering constructed of materials that are not the same or substantially the same materials as that of the primary dwelling.

### **2013 Senate Bill 662 – Workers' Compensation – Drug Repackaging**

- ^ Revises reimbursement formulas for prescription medications repackaged by treating provider.
- ^ Caps reimbursement rates for physicians dispensing repackaged or relabeled drugs to workers' compensation claimants at 112.5 percent of the average wholesale price (AWP), plus a dispensing fee of \$8.00. Prescription medications for workers' compensation claimants currently are reimbursed at the AWP (undefined in Florida Statutes), plus a dispensing fee of \$4.18. As a result, workers' compensation insurance costs are projected to decrease by 0.7 percent—approximately \$20 million. As provided in the bill, the "average wholesale price" is the number of units dispensed multiplied by the per unit AWP, which is set by the original manufacturer of the underlying drug dispensed based on the Medi-Span Master Drug Database as of the date of dispensing. The employer or carrier, or a third party acting on their behalf, will be exempt from the reimbursement schedule when they contract directly with a provider seeking reimbursement at a lower rate.
- ^ A dispensing practitioner will now be prohibited from possessing repackaged or relabeled medications unless payment has been made to the supplying manufacturer, wholesaler, distributor, or drug repackager within 60 days of the date the dispensing practitioner takes possession of the medication.

### **2013 Senate Bill 810 – Wrap-up Insurance Policies**

- ^ A wrap-up insurance policy is an insurance policy purchased by one party (e.g., the project owner or general contractor) to cover itself and all of its subordinate contractors and subcontractors for operations at a specific project site. They are most commonly used to provide workers' compensation and general liability coverage.
- ^ Under the bill, a wrap-up insurance policy for a nonpublic construction project will be able to have a workers' compensation deductible of \$100,000 or more if:
  - o the workers' compensation minimum standard premium calculated on the combined payrolls for all entities covered by the wrap-up policy exceeds \$500,000;



- the estimated cost of construction at each specified worksite is \$25 million or more;
- the insurer pays the first dollar of a workers' compensation claim without a deductible (as required for a large deductible policy);
- the reimbursement of the deductible by the insured does not affect the insurer's obligation to pay claims;
- the insurer complies with specified workers' compensation filing requirements; and
- the insurer has a program to have the first-named insured whether the owner, the general contractor, or a combination thereof, reimburse the insurer for losses paid within the deductible.

**2013 Senate Bill 1770 – Property Insurance – Citizens Property Insurance Corporation**

- ⤴ This comprehensive Citizens Property Insurance Corporation (Citizens) reform bill is designed to:
  - accelerate the depopulation of Citizens,
  - reduce the potential assessment burden, and
  - increase the accountability and integrity of the corporation by creating the Office of the Inspector General within Citizens and bringing Citizens under state laws governing state agency procurement of commodities and contractual services.
- ⤴ The bill reduces eligibility thresholds for personal lines residential coverage through Citizens from the current dwelling replacement cost of \$2 million to \$1 million, with further reductions of \$100,000 a year down to \$700,000 by January 1, 2017. The limit remains at \$1 million where the Office finds there is not a reasonable degree of competition. Citizens also will no longer be able to insure “major” structures (e.g., houses, mobile homes, apartment buildings, condominiums, motels, restaurants) commencing construction or substantial improvement on or after July 1, 2014, seaward of the coastal construction control line or in the Coastal Barrier Resources System.
- ⤴ Citizens will be precluded from renewing personal and commercial lines residential coverage if a private insurer offers comparable coverage for a premium equal to or less than Citizens. Agents will also be required to obtain an additional acknowledgement from Citizens applicants relating to potential surcharge liability. In addition, the Legislature requires Citizens to establish a clearinghouse program to place personal residential risks with private insurers. The Legislature further directs Citizens to develop appropriate procedures for diverting existing commercial residential policyholders into the private insurance market and submit these to the Legislature by January 1, 2014.
- ⤴ As part of the program, Citizens may require new and renewal applications to be submitted to the clearinghouse before the corporation can bind or renew coverage, during which time offers of coverage may be received from authorized insurers. The bill authorizes insurers taking policies out of Citizens to use Citizens policy forms or endorsements for three years without obtaining Office approval. Citizens is also exempted from statutory “exchange of business” restrictions to facilitate the operations of the clearinghouse.
- ⤴ Citizens will be required to prepare and post on its website an annual report of its statewide average and county-specific residential non-catastrophe loss

ratios. The statutorily required annual report of probable maximum loss for the Florida Hurricane Catastrophe Fund Finance Corporation (Cat Fund) and Citizens will no longer be submitted by the Office, but separately by the Cat Fund and Citizens directly to the Financial Services Commission.

### ***Florida Hurricane Catastrophe Fund***

- ⤴ The Cat Fund is renamed and its authority to offer additional reinsurance coverage to qualifying insurers is repealed.
- ⤴ The exemption from Cat Fund assessments for medical malpractice insurance is also extended for three years.
- ⤴ The bill adds a structural engineer to the Florida Commission on Hurricane Loss Projection Methodology and a consumer representative to the Citizens board. The Governor will make both appointments.

### ***Public Adjusters***

- ⤴ Public adjusters are required to communicate with insurers to resolve claims and may not acquire any interest in salvaged property, except with the written consent of the insured.
- ⤴ The 10 percent fee cap on public adjuster compensation for claims filed under a Citizens' policy is repealed.

### **2013 Senate Bill 1850 – Public Records/Citizens Clearinghouse**

- ⤴ This bill is linked to CS/SB 1770, 3rd Engrossed, which, in pertinent part, creates a clearinghouse program within Citizens. Under the clearinghouse program, all new and renewal applications, excluding commercial residential, must be submitted to the clearinghouse before the corporation can bind or renew coverage. Under this public records exemption, underwriting guidelines, manuals, rating information, and other underwriting criteria or instructions submitted by an insurer to the clearinghouse which are used to identify and select risks from the clearinghouse are made confidential and exempt from public records requirements. This exemption will be repealed on October 2, 2018, unless reenacted by the Legislature.

### **Technology Initiatives**

The Market Research and Technology Unit (MRTU) is responsible for developing and maintaining state of the art and efficient computer application systems that support the Office goals and strategic objectives.

Companies begin most filing processes on the Office's website via the I-Portal interface. Computer application systems designed to strengthen Goal #1 include:

- EDMS – The Electronic Document Management System for the Office is the computer platform for all industry form and rate filings and other data submissions. Beginning in Fiscal Year 2012-13, this system entered a rewrite phase with a new external search application released summer 2013. Upcoming changes in FY 2013-14 include a new internal search application, rewrite of the EDMS relational database structure,

rewrite of the administrative and security functions, and rewrite of the operational processes, including the EDMS workflow and user screens. The system allows the companies and analysts to trade documents and communicate through email in respect to the filings. Additionally, the filings and their component documents are indexed, validated, and tracked using this system. By allowing companies to submit filings in EDMS, form and rate filings are instantly available to the analysts and to the public. Certain specialized filings in EDMS are forwarded to other application systems where they receive further review and processing. Several in particular are:

1. Medicare Supplement (MediGap) - MediGap includes Rate Collection and Rate Management modules. When new rates are approved they are included on the Office's Medicare Supplement Consumer website.
  2. The Multi-State Review Program (MSRP) accepts annuity filings submitted into EDMS but allows four other states – California, Georgia, Nevada, and Texas – the ability to complete reviews and approvals. This provides more efficiency for companies placing product changes or new products on the market.
  3. The Property and Casualty Rate Collection Management System (P&C RCMS) is used to assess rates and rate changes across a variety of lines of business. This system makes use of EDMS data in order to provide quick and accurate information to rate analysts and actuaries.
  4. CHOICES – Sample automobile and homeowner rates are shown for top companies by Florida counties on the Office's website both for desktop viewing and for mobile devices. Data for this application is taken from the EDMS property & casualty rate filings. CHOICES keeps the public informed about insurance rates, and encourage comparison shopping by consumers to increase competition in the market.
  5. The Small Employer Rate Collection System (SERCS) operates similar to the Medigap system by processing small group rates and transfers sample rates to the SERCS website located at [www.floir.com](http://www.floir.com). The system is slated for rewrite as the data template was modified to align with the Federal Patient Protection and Affordable Care Act (PPACA) required templates.
- i-Portal/i-Fass – Two applications that enable form and rate filings are the Industry Portal (i-Portal) and the Internet Filing Assembly and Submission System (i-Fass). The systems work in harmony with i-File/IFWS to allow for efficient filings, decisions, and public viewing. IFWS – The Internet File Workflow System, the managed workflow of “i-File”, is the receiving database for all filings delivered to EDMS and works with i-Portal and i-Fass so that company filings are properly authenticated and received. A major change in Fiscal Year 2012-13 is the rearrangement of form submission requirements so that filing type and subtype are now selected before the line of business is chosen, allowing multiple filings under the previous process to be condensed into one filing. This saves time and effort by company filers and Office analysts.

- COREN – The major company information application used by the Office is the Company and Related Entities Navigator. This system utilizes the CORE database, which stores all Florida company and entity data. Currently over 4,000 active entities are maintained in COREN. In June 2012 the original COREN application was replaced with a new .Net application following an 18-month rewrite. New enhancements are being rolled out on a regular basis since February 2013.
- i-Apply/WECAA – i-Apply is the company application submission module of the Web-Enabled Company Admissions Application (WECAA). Beginning in mid-2011 the Office made a collective decision to invest in a detailed, orderly submission module versatile enough to handle the variety of insurance companies and other entities that request letters, permits, licenses, and certificates of authority to do business in the State of Florida. Since that time, i-Apply has undergone four of the five design phases, with the last scheduled to be deployed in August 2013. A special remaining phase to go beyond security requirements and encryption for personally-identifiable information is scheduled to be completed in FY 2013-14.
- Refs/FAME – Refs is the regulatory electronic filing system companies utilize when filing financial information; FAME serves as the internal financial review application. Beginning in 2012 the Office embarked on a rewrite of Refs to increase its efficiency, readability, and general user-friendliness. The Refs project was completed in the spring of 2013 when the FAME rewrite began. The FAME project has two phases: rewrite and enhancements. The initial phase is scheduled to be completed by the end of 2013 with the enhancement phase targeted for completion in 2014.

## **NAIC**

The National Association of Insurance Commissioners (NAIC), provides state insurance regulators with a forum to collaborate on national public policy issues that promote a competitive marketplace for insurers while maintaining important protections for consumers. The Office is an active participant in the NAIC with Commissioner McCarty currently serving as Immediate Past President. Commissioner McCarty is a member of the International Insurance Relations Leadership Group, which is responsible for strengthening the international insurance regulatory system and providing a forum for cooperative efforts between state insurance regulators, international regulators, and multi-national associations of regulators on issues of mutual interest.

Commissioner McCarty is also a member of the Government Relations Leadership Council, which monitors legislation that is introduced in Congress. In addition to Commissioner McCarty's leadership role, Florida chairs the Catastrophe Insurance Working Group, which among other charges, monitors and recommends measures to improve the availability and affordability of

insurance and reinsurance related to catastrophe perils for personal and commercial lines. Florida is a member of the NAIC's Senior Issues Task Force, which handles issues such as Medicare, Medicare Supplement insurance, and long-term care insurance that affect so many of Florida's senior population and has also been active in the areas of company solvency and financial oversight. In addition, Florida's active participation in national market conduct issues has resulted in millions of dollars being returned to consumers. Participation in NAIC activities has given Florida the ability to be a leader on many issues that are critical to the regulation of insurance and to better understand and influence insurance markets.

To reach Agency Goal #1, the Office will continue to develop systems to more accurately assess market trends, and will need to continue to participate actively in the national and global regulatory environments that control and shape the Florida marketplace. Some of the immediate issues facing insurance regulators are a new level of federal involvement in insurance regulation as well as the potential shift to consistent international accounting and reporting standards. Florida continues to provide leadership on these and other important issues with a focus on consumer protection.

**GOAL #2: Protect the public from illegal, unethical insurance practices.**

The Market Investigations Unit monitors the activities of the Florida insurance marketplace to detect and address unfair trade practices and other Insurance Code violations that pose a risk of harm to consumers.

Nationally, there has been a shift away from performing routine examinations of insurers at regular intervals. The current trend is to conduct target (issue specific) examinations or to collaborate with other regulatory jurisdictions utilizing multi-state examinations. Target examinations more efficiently address issues that may affect a large number of Floridians, while multi-state examinations more efficiently address issues that may affect consumers in numerous states. Florida continues to identify significant issues through market analysis, which is a review and analysis of information reported in financial statements, complaint data, through lawsuit activity and other data sources, to determine whether or not a particular practice may be adversely affecting consumers. This enables the Office to concentrate its efforts on those practices that have the most potential for public harm.

In the aftermath of the 2004-2005 hurricanes, the Market Investigations Unit focused on property insurance issues and the myriad of issues surrounding hurricane claim payments. While property insurance issues will remain important in the years to come, the Unit will also focus on issues affecting senior consumers. In particular, sales practices to senior consumers in the annuity marketplace have drawn attention in recent years and these practices warrant further review by regulators and the industry. In addition, the Unit will continue to focus on preventing the sale of unauthorized insurance products to consumers.

In the coming years, Market Investigations will continue to take a proactive approach and conduct numerous examinations in order to verify that data required to be submitted by insurance companies to the Office is timely and accurately reported. This is an important task as the Legislature and other policymakers rely on this data when making policy decisions.

Goals for the years 2014-2019 include refining processes and procedures in order to efficiently conduct investigations and examinations, timely report results, and takes appropriate administrative action to address violations of the Florida Insurance Code. During Fiscal Year 2012-2013, the Office collected \$7.8 million in fees, penalties and fines for violations of the insurance code.

Since the Cabinet Reorganization Act of 2002 and the creation of the Financial Services Commission, effective January 7, 2003, the Office has made significant efforts to provide restitution to Florida's policyholders. In Fiscal Year 2012-2013, the Office's Market Investigations unit efforts resulted in insurance company refunds exceeding \$7 million to Florida consumers.

**GOAL #3: Monitor the solvency of licensed insurance companies to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.**

The Office has the statutory responsibility to review the financial books and records of insurance companies and related entities to ensure that they are financially viable and operating within the laws of Florida.

The activity of reviewing financial statements is divided into two areas of expertise: the Life & Health Financial Oversight unit (LHFO), and the Property & Casualty Financial Oversight unit (PCFO). Each unit performs analyses of financial statements and on-site examinations of financial records for entities transacting insurance business in Florida.

Most insurance companies are not exclusively operating in Florida, but may operate or be domiciled in other states and do business in Florida. To effectively regulate the financial viability of entities transacting business in Florida, the Office must establish and maintain communication channels with other states, the NAIC, the industry, and consumers. The financial well being of the insurance industry remains an ever-changing landscape and continues to challenge the Office's responsibility for regulating the financial health of the industry in Florida.

The Office monitors the financial condition of all regulated entities through the use of internal financial analyses and on-site examinations. During the financial analysis and examination of regulated entities, a determination is made as to the quality of assets, adequacy of stated liabilities, and general operating results to determine if the financial condition of the company warrants continuation of its authority to transact business in Florida.

In 2007, Section 624.316, F.S. was amended to allow the Office to engage outside experts to conduct financial examinations and allow the Office to bill

insurers for the cost of the examinations. Without this ability, the Office would not have been able to complete statutorily required examinations and would have needed a substantial increase in resources. A combination of trained staff and outside experts has proven to work very effectively to accomplish the Office's mission in this area.

### **Property & Casualty**

The financial health of the Florida homeowner's insurance marketplace continues to face some serious challenges even without a major hurricane in the past several years.

Although property and casualty insurers are continuing to be negatively impacted in part because of their reduced yields on investments, increases in fraudulent claims, and a soft market, the financial profitability is improving. A significant number of insurers have withdrawn from the residential property market and others have significantly curtailed writing. Insurers face challenges from the economic environment.

In 2012, the Florida Legislature passed a number of bills that impact the Office. HB 1101 amends several provisions of the insurance code. One provision in particular relates to captive insurers. A captive insurance company is an insurance company formed to provide specific classes of insurance coverage to its parent organization or its affiliates, but not to the public as a whole. Hopefully, this provision will make Florida more attractive for investment by corporations that use captives to insure their risks. In addition, the Florida Legislature passed HB 119 in 2012 to reign in the cost of Personal Injury Protection (PIP) insurance by combating fraud and abuse in PIP.

The Florida domestic insurance industry supported changes included in SB 408 that became effective May 17, 2011, which increased surplus requirements for insurers transacting residential property insurance that are not a wholly owned subsidiary of an insurer domiciled in another state. Along with other pertinent parts, SB 408 authorizes the State Board of Administration and private market insurers to renegotiate the terms of a surplus note issued before January 1, 2011 pursuant to the Insurance Capital Build-Up Incentive Program, revises the notice of cancellation, nonrenewal or termination requirements for personal lines and commercial lines residential property insurance policies, places time limits for bringing a breach of contract property insurance action in court, and limits public adjuster fees related to reopened or supplemental claims to a maximum of 20 percent of the reopened or supplemental claim payment.

Florida hurricane risk is diversified through the use of reinsurance. Beginning in April of each year and continuing through July, the Office conducts a Reinsurance Data Call to determine whether insurers writing property risks in this state will be able to meet their policy obligations in the event of one or more catastrophic events during the hurricane season. The reinsurance markets have adequate capacity and the Florida insurers are well positioned for the storm season.

In addition, in 2010, the Office conducted an examination of sinkhole claims. The scope of the examination covered from 2006 to 2010 and related specifically to homeowner claims filed in Florida on properties located in Florida. These efforts are part of a continuing effort to improve the quantitative information available about the Florida property insurance market to enable better decisions by policyholders.

The Office remains committed to fostering and developing a robust competitive market for risk capital in Florida; and has initiated a systematic program to introduce a series of innovations that reflect recent developments in risk transfer and capital markets. The objective is to reduce the frictional cost to primary insurers of obtaining catastrophic risk finance, while at the same time ensuring that effective risk transfer using these mechanisms enhances the financial solvency of the primary insurers, for the benefit of Florida's property insurance policy holders. This is a long-term process. New markets and solvency frameworks take time to develop and expand. With continued effort and market acceptance, the end result will be a more stable insurance market in the state. Related objectives are as follows:

- ⋈ Adapt the financial solvency oversight framework to reflect developments in the market with respect to legitimate effective risk transfer; and
- ⋈ Working with the legislative and executive branches, aid in creating market opportunities and structures to attract catastrophic risk finance capital.

## **Life & Health**

### New Federal Health Insurance Law

The Patient Protection and Affordable Care Act (PPACA) was passed by the U.S. Congress and signed by the President in March 2010. This new law requires, among other things, that issuing carriers provide a rebate to consumers if the percentage of premiums expended for clinical services and activities that improve health care quality is less than 85 percent in the large group market and 80 percent in the small group and individual markets. Carriers were required to pay rebates to consumers for the first time in 2012.

Beginning on January 1, 2014, all new and renewed health insurance policies must contain coverage for what is called the "essential health benefits". For most policyholders, this will be a more comprehensive policy than what they currently have. In addition, all insurers must begin covering pre-existing conditions and all consumers have guaranteed issuance rights. There is also the potential for a new form of health care provider to emerge known as an Accountable Care Organization (ACO). ACOs are a recent form of managed care created by PPACA. An ACO is operated by medical groups that coordinate patient care and strive to save money by coordinating treatment. Although Florida does not have a specific licensing category for an ACO, these entities will be assuming insurance underwriting risk which typically requires a license and oversight by the Office.



### Health Flex Plans

Health Flex Plans (HFPs) are established in Section 408.909, F.S. with the intent to expand health care options for low-income uninsured state residents by encouraging health insurers, health maintenance organizations, health care provider sponsored organizations, local governments, health care districts or other public or private community-sponsored organizations to develop alternative approaches to traditional health insurance that emphasize coverage for basic and preventive health care services. The initial expiration date of the pilot program was July 2004; however, the 2013 Legislature deleted the sunset provision and made the program permanent. The future of health flex plans is uncertain after January 1, 2014, when the full federal health insurance reforms are expected to take effect and more comprehensive coverage will be required.

### Medicaid Reform

In 2011, the Florida Legislature created Part IV of Chapter 409, F.S., directing the Agency for Health Care Administration (AHCA) to create the Statewide Medicaid Managed Care program. The program has two key components: the Managed Medical Assistance program and the Long-Term Care Managed Care program. The program changes the dynamics of historical Medicaid and moves most all Florida Medicaid recipients into a managed care program. The law requires all recipients to be in a health maintenance organization, Provider Service Network, or insurer. Once this Statewide Medicaid Managed Care program is implemented, health carriers that obtain contracts from AHCA will see a substantial increase in enrollment. The Florida Long-Term Care Managed Care Program will be implemented on a regional basis. It is anticipated that the first region will begin enrollment on August 1, 2013 and the final region will begin enrollment on March 1, 2014. It is anticipated that the Florida Managed Medical Assistance Program will be available in certain counties beginning in the last quarter of 2013, and will be available in all counties by October 1, 2014.

### Continuing Care Retirement Communities (CCRC)

Continuing Care Retirement Communities (CCRC) present an ongoing issue of concern within the Office. Economic conditions have proven a challenge for many of these entities. Seniors often use the proceeds from the sale of their homes to pay the required entrance fee. The depressed market conditions have left many prospective residents unable to afford the entrance fee due to the decline in value or the inability to sell their home. As a result, most entities have experienced declining occupancy rates. Entities have been responding by lowering fees to make CCRCs more affordable. However, this has led to lower revenue for many of the entities.

### Medicare Supplement Insurance (Medigap)

Medicare Supplement Insurance (Medigap) is a health policy sold by private insurance companies to fill the "gaps" in the federal Medicare coverage. Medigap

policies help Florida's seniors pay some of the health care costs that traditional Medicare does not cover. There are more than 100 companies insuring over 674,000 Florida lives with Medigap coverage. These insurers generated nearly \$1.4 billion in taxable premium payments in 2009. By concept and design, currently issued Medigap policies are standardized for easy benefit comparison by the consumer. There are 10 standardized Medigap plans called "A" through "N." Each plan, A through N, has a different set of benefits. Plan A covers only a basic set of benefits, while the remainder of the plans build on each other and provide more comprehensive coverage.

Beginning in 2009, Florida law was expanded to provide an open enrollment opportunity for those persons eligible for Medicare by virtue of disability or having end-stage renal disease (ESRD). Until 2015, insurers shall review experience for this class of individuals separately from the rest of the pool. After that time, carriers must pool the under age 65 issues with the rest of its' Medigap business, but premiums for the disabled/ESRD will always be higher than the premiums for those 65 and older.

**GOAL #4: Expand and retain companies doing business in Florida and provide transparency of insurance-related data.**

The Office created the Business Development and Market Research unit (BDMR) in 2005. The unit is segregated into two sections; Business Development/Company Admissions Unit (BDCA), which is responsible for the retention and expansion of insurance companies in the Florida marketplace, and the Market Research and Technology Unit (MRTU) that serves as the information clearinghouse for the collection and dissemination of public data for the Office. The BDCA also manages the company application process, has a sub-unit dedicated solely to the review of all property and casualty applications and is responsible for the coordination of licensure approvals by the Commissioner.

The BDCA outreach program to the marketplace was developed and implemented within the existing resources of the Office, pursuant to Section 624.307(7), F.S.

**Business Development/Company Admissions (BDCA)**

The primary role of the Business Development and Company Admissions (BDCA) unit is to facilitate the regulatory process for the licensure of companies and to streamline the many steps companies must take to meet the requirements of the Florida Insurance Code. The goal is to retain companies, while attracting new insurers and products to increase competition that ultimately benefit Florida's consumers. This is important to assure Floridians that the insurance marketplace is at all times healthy, filled with choices, and that the competition afforded by new entrants, as well as new products, will ultimately benefits the insurance buying public. Another goal of the unit is to identify financially fit, highly rated companies not writing in Florida, and entice them to expand or domesticate to Florida.

Outreach conducted by BDCA relies heavily on electronic communications. This unit has also participated in various filing conferences/symposiums in an effort to promote the opportunities available to insurance companies in the Florida marketplace. In addition, the unit has a dedicated webpage on the Office's website and as such, continuously reviews and where necessary, modifies the available information to accommodate the ever-changing statutory and business requirements in Florida's insurance market. BDCA makes every effort to assist companies that have submitted applications for licenses or amendments to licenses throughout the process, ever mindful of speed to market.

The daily routine of the BDCA is to work closely with companies to help them achieve success with their application submissions. The application process, i-Apply, is electronic and has decreased the application processing time, thereby increasing speed to market of new insurance products for consumers and bringing enhanced competition to Florida's marketplace. The system does not reduce the scrutiny given to new insurance company applications, but enhances and organizes the information so that decisions may be made quickly and based on complete information.

During this past year, the Legislature, through HB 1101, modified Part V of Chapter 628, F.S. by redefining the term captive insurer, reducing the capital and surplus requirements, introducing different corporate formations, and allowing for a less burdensome licensure process. It also broadened the coverage of an industrial insured captive and eliminated the statutory deposit. Last year's legislation, HB 1101, combined with this legislation is intended to have a positive economic impact through job creation and also effectuate overall cost savings to participants. In addition, newly created Section 624.402(9), F.S., expands current exemption from the Certificate of Authority requirements, subject to certain conditions. Further, the Office's website was refined to facilitate licensure and provide prospective applicants with timely instructions for fulfilling these new requirements.

Since the creation of the Office in 2003, the number of entities regulated by the Office has increased from approximately 3,400 to over 4,100 (including surplus lines). In FY 2012-13, the insurance premium tax collected by the state of Florida was more than \$705 million according to the Department of Revenue.

### **Market Research & Technology**

The Market Research and Technology Unit (MRTU) serves as the data clearinghouse for the collection and dissemination of public insurance industry data. This unit is comprised of two areas that support the Office in the oversight and development of Florida's insurance markets.

The primary purpose of the MRTU is operational in nature. MRTU ensures efficiency and transparency in the collection and validation of data that is collected from regulated entities. This section provides the data to satisfy public record requests, legislatively mandated reports and internal business unit requests. The bulk of this data is administered through regularly-scheduled data calls (quarterly and annually) that are mostly statutorily-imposed; however, as this section's service capability has expanded, a growing number of

data collections have become ad-hoc in nature and directly support other units within OIR.

This responsibility requires working closely with the other two sections to ensure the proper collection of data in the most technologically efficient manner of assimilating the data using computer resources to satisfy these requests. Reports issued by this section are most often made available to the public on the Office website at [www.floir.com/Office/DataReports.aspx](http://www.floir.com/Office/DataReports.aspx) while record requests are disseminated through the Public Records Office.

Many of these web pages and databases continue to evolve over the years due to legislative changes and technology enhancements. Most notably, the development and use of the i-Portal and i-File systems is critical to company filings, as well as the Office's ability to meet its mission (refer to Agency Goal #1).

The Technology Unit is responsible for supporting the Office in the day-to-day maintenance of computer application resources by assisting internal users when computer problems or challenges are reported and external users when industry filers have technical issues that must be analyzed and solved. This unit also updates the Office's website at [www.floir.com](http://www.floir.com) and administers the SAS database used as a repository for most of the Office's data collection and analytical needs, including regular reporting of market statistics and internal work performance statistics.

The Technology Unit is also responsible for the design and development of computer applications and the design of data associated with those applications. In this role, this section works closely with external vendors and DFS/DIS to meet the needs of internal and external users. These needs are met by ensuring that systems are compatible and optimized in their given environment(s), system upgrades and enhancements are properly completed, and a vision for improvement through technology innovation is achieved.

Below is a list of significant technology initiatives, systems and data collections the MRTU administers and reports on each year:

#### **Data Collection and Analysis Modules (DCAM)**

The DCAM system is the data collection alternative to the industry portal ("i-Portal") and it administers both ad hoc and standardized data collection events including, but not limited to, informational documents, surveys, questionnaires, and numeric data. Some examples include:

##### Data Surveys

DCAM handled the Florida Legislature's Office of Program Policy Analysis and Government Accountability's (OPPAGA) Long-Term Care Partnership Survey, which has been used annually to facilitate the data collection for the Report on Life Insurance Limitations.

##### Catastrophe Data Collection

Each year DCAM is prepared to collect data for damage caused by a catastrophic event, such as a tropical storm or hurricane. In addition, in

August 2010, the Office activated DCAM to collect sinkhole claims data from insurance companies. This data collection concluded in the fall of 2010.

#### Other Miscellaneous Data Calls

Since the summer of 2010, DCAM has become the major data collection application within MRTU. The MRTU conducted ad hoc data calls for PIP auto claims. Four parts of the revised Annual Reinsurance Data Call were conducted in DCAM during the 2011 storm season and three parts returned in 2012 and 2013.

Additionally, MRTU's largest data activity, General Emergency Assessments Reporting for Florida's Hurricane Catastrophe Fund and Citizen's Property Insurance, was converted to a DCAM data activity in April 2011. Other data collection activities that have converted to DCAM since that time have included the Annual Property & Casualty Calendar Year Experience Reporting, the Accident & Health Gross Annual Premium and Enrollment (GAP) Reporting, and the Quarterly Accident & Health Premium and Enrollment and Managed Care (SMG) Reporting. New data collections added since spring 2012 include the annual Long-Term Care health survey, the quarterly Private Passenger Automobile Policy Count Reporting, and the annual Private Passenger Automobile Excessive Profits Reporting.

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Within DCAM both *ad hoc* and regular data activities have run more efficiently and have given MRTU much greater flexibility in the deployment, administration, and troubleshooting of each activity. Both the contractor hours required and the time-to-production required has diminished considerably using DCAM, thereby allowing the unit to realize cost savings while activating and administering a greater number of simultaneous data collection and reporting activities.

**Quarterly and Supplemental Reporting System Next Generation (QUASRng)**  
Section 624.424, F.S., directs the Office to quarterly collect data from companies writing personal and commercial residential policies. The Office publishes prepared reports on [www.flor.com](http://www.flor.com) by Policies in Force, Structure Exposure, Premiums Written, Non-renewed Policies, Canceled Policies and New Policies Written. A comprehensive database of all QUASRng data is also available through the Office's Website.

#### **Annual Report on Life Insurance Limitations Based on Travel to Foreign Countries**

Section 626.9541(1)(dd), F.S., defines the conditions under which the refusal to issue life insurance, the refusal to continue existing life insurance, or the limitation on the amount of life insurance based on past or future lawful travel constitutes an unfair trade practice. Based on the data call sent to insurers, this report includes, but is not limited to, the number of applications under which life insurance was denied, continuance was refused, or coverage was limited based on future travel plans, the number of insurers taking such action and the reason for taking such action.

**Accident and Health Gross Annual Premiums and Enrollment (GAP)**

Section 627.9175, F.S., states that each health insurer, prepaid limited health services organization, and health maintenance organization shall submit to the Office information concerning health and accident insurance coverage and medical plans being marketed and currently in force in Florida.

**Small Group: Accident and Health Quarterly Premiums and Enrollment; Managed Care; and Market Share Reports**

Pursuant to Section 627.6699, F.S., the Office collects data pertaining to:

- Small Employer Group Carrier estimates of earned premiums and membership enrollment.
- Managed Care financial and county enrollment data for (Health Maintenance Organizations/HMOs) and other managed care health insurers (group and individual).
- Summary data of Small Employer Group Health annualized premiums earned.

**Professional Liability Claims Reporting (PLCR) and Medical Malpractice Financial Information Closed Claim Database and Rate Filings Report**

Section 627.912, F.S., requires the Office to collect closed claims data from medical and legal professionals, as well as officers and directors. This data is utilized to comply with the requirements of Section 627.912(6) (b) &(c), F.S., which directs the Office to prepare an annual report detailing the medical malpractice insurance market in Florida. The report provides a review of the profitability and solvency characteristics of the medical malpractice insurers doing business in Florida, a review of rate filings received by the Office during the year, and a review of the characteristics of the medical malpractice closed claims required to be filed with the Office.

**Property and Casualty Calendar Year Experience Report (PCCY)**

Section 627.915(2), F.S., requires insurers transacting fire, homeowner's multiple peril, commercial multiple peril, medical malpractice, products liability, workers' compensation, private passenger automobile liability, commercial automobile liability, private passenger automobile physical damage, commercial automobile physical damage, officers' and directors' liability insurance, or other liability insurance to report its calendar year experience for Florida business only (e.g., this includes, but is not limited to, direct premiums written, direct premiums earned, direct losses paid, acquisition costs, general expenses, etc.).

**Automobile and Homeowners Rate Comparison System (CHOICES)**

Sample automobile and homeowner rates are shown for top companies by Florida county on the Office's website search engine known as "CHOICES". In 2011, the Office improved and implemented changes to the website.

Automobile rate CHOICES was added in summer 2012, followed by a mobile device version of both sets of rates soon thereafter. CHOICES is intended to keep the public informed about insurance rates, and encourage comparison shopping by consumers to increase competition in the market.

### **Small Employer Sample Rate Search (SESRS)**

In June 2006, the Office launched a website that provides Floridians the ability to compare and search the benefits and premiums for small employer health plans offered in the state. Small businesses can use the site to obtain a sample monthly cost to provide health insurance for their employees. The Small Employer Sample Rate Search (SESRS) website gives small employers the ability to view small group major medical health insurance rates for standard, basic and high deductible health plans currently available in the state. Small businesses can enter the number of employees in various categories and calculate an estimated monthly cost for their company.

In addition to searching for small group employer rates, the website has links for frequently asked questions on small employer health insurance, links to various health insurance consumer guides and information for consumers to request assistance for information on health insurance.

The website is slated for rewrite as the data used to power the website was modified to align with the Federal Patient Protection and Affordable Care Act (PPACA) required templates.

## AGENCY OBJECTIVES

**GOAL #1: Availability of insurance products that are not discriminatory, excessive or inadequately priced.**

OBJECTIVE 1A: Shorten the time it takes to make new products and services available.

OUTCOME: Percentage of rate and form reviews completed within 90 days.

Baseline Year 2003-2004	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
91%	92%	92%	92%	92%	92%

OBJECTIVE 1B: Shorten the time it takes to allow new companies to enter the market.

OUTCOME: Maximum number of days from date of applications for a new Certificate of Authority initially submitted to the Office to the date the Office approves or denies the application pursuant to 120.80(9), F.S.

Baseline Year 2003-2004	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
180	90	90	90	90	90

*NOTE: The statutory requirement is processing an application within 180 days of receipt by the Office; however, for FY 2007-08, the average number of days to process an application was 55.*

**GOAL #2: Protect the public from unethical insurance practices.**

OBJECTIVE 2A: Ensure that allegations of unethical or fraudulent practices are acted upon.

OUTCOME: Percentage of market-conduct examinations that result in corrective action.

Baseline Year 2003-2004	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
63%	75%	80%	80%	80%	80%

**GOAL #3: Financially viable companies.**

OBJECTIVE 3A: Review, monitor and respond quickly to correct companies that are not meeting the required financial standards.



OUTCOME: Percentage of companies meeting required financial standards.

Baseline Year 2003-2004	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2017-2018	FY 2017-2018
95%	96%	96%	96%	96%	96%

OBJECTIVE 3B: Timely review of company financial condition.

OUTCOME: Percentage of financial reviews completed within set standards.

Baseline Year 2003-2004	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
90%	98%	98%	98%	98%	98%

**GOAL #4: Expand and retain companies doing business in Florida and provide transparency of insurance-related data.**

OBJECTIVE 4A: Provide requested data to Cabinet, Legislature, state agencies and consumers in a timely manner.

OUTPUT 1: Number of legislative/public information requests completed.

OUTPUT 2: Number of project requests received.

OBJECTIVE 4B: Provide a user-friendly website with pertinent regulatory information.

OUTCOME: Number of website hits.

Baseline Year 2005-2006	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
303,610	1,050,000	1,102,500	1,157,625	1,215,506	1,250,000

OBJECTIVE 4C: Increase competition in the insurance market.

OUTCOME: Number of new applications filed with the Office.

Baseline Year 2005-2006	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
567	689	725	750	750	750

## SERVICE OUTCOMES WITH PERFORMANCE PROJECTION TABLES

### Program: Office of Insurance Regulation

#### 43900110 Compliance and Enforcement – Insurance.

Authority: Chapters 20, 112, 120, 440, 624, 625, 626, 627, 628, 629, 630, 631, 632, 634, 635, 636, 641, 642, 648, 651 and 817, F.S. and applicable rules of the Florida Administrative Code.

Description: This service protects the public through regulatory oversight of company solvency, policy forms and rates, and market investigations performance.

Service Outcome: Percent of reviews (financial, form & rate, market investigations) completed within set standards.

FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
98%	98%	98%	98%	98%

#### 43900120 Executive Direction and Support Services.

Authority: Chapters 20, 186, 215, 216, 282, 283, and 287, F.S. and applicable rules of the Florida Administrative Code.

Description: This service provides overall direction in carrying out the Office's statutory and administrative responsibilities. The Commissioner and support staff provide administrative support, leadership, direction and executive guidance in carrying out the Office's statutory responsibilities.

Service Outcome: Administrative costs as a percent of total program costs.

FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
Less than 12.6%	Less than 12.6%	Less than 12.6%	Less than 12.6%	Less than 12.6%

## **Trends and Conditions**

There are many issues affecting all aspects of the insurance marketplace in Florida. These include:

- Effects of the Federal Patient Protection and Affordable Care Act (PPACA)
- The fate of PIP and HB 119
- The effectiveness of the newly-created clearinghouse in reversing the growth of Citizens and restoring a more competitive property insurance marketplace.
- And finally, hurricane season and the possible impacts on the property marketplace.

In addition, there is a short list of other up and coming issues and activities at the international level.

### **The Effects of PPACA**

This is a time of transition for the industry and the Office as we work to understand, evaluate and respond to the various impacts of the Patient Protection and Affordable Care Act, also known as "PPACA." The Office has been actively engaged in sorting through the many issues presented by PPACA, answering questions posed by policymakers and the industry and working through challenges to minimize uncertainty and market disruptions.

One of the many recent examples where the Office has worked with industry to achieve a pragmatic and positive result has been in securing federal approval to continue to allow the use of our geographic rating territories based on the existing 67 county approach. This was a significant achievement which will promote market stability and minimize market disruption.

The Office has also been working with industry to make sure that the legislatively required notice of PPACA premium impacts is meaningful, reasonable and responsive. There was a tight statutory timeframe to develop this required notice through rulemaking and require the cooperation by insurers. That meant that the Office had only a few months to have the rule developed, adopted and approved by the Financial Services Commission in time for companies to start using it. The format of the premium notice was finalized and work-shopped at a hearing on June 20, 2013. The goal was to distribute the text of the proposed premium notice well in advance of the workshop and to solicit comments as quickly as possible, followed by a notice of proposed rulemaking that was brought to the Financial Services Commission at its meeting on June 25, 2013, with final FSC approval at a later date.

The implementation of legislation as significant and far reaching as PPACA presents huge challenges and fosters tremendous uncertainty. For instance, insurers and HMOs must modify current major medical health plans to comply with new federal benefits and rating requirements, and must make rate filings with HHS. The State of Florida has responded to this development by temporarily suspending rate approval by the Office for the next two years for

non-grandfathered individual and small group health plans. Rate filings must still be made with the Office for these products, but are not subject to Office approval.

Additionally, PPACA has dramatically altered the way in which carriers will address their federally compliant health plans by instituting a set of market-wide redistribution programs. These redistribution programs— (risk corridors, risk adjustment, and reinsurance) are untested and untried. Furthermore, these programs will leave potentially large receivables on an insurance company's books with no program in place to verify their accuracy.

The implementation of federally facilitated exchanges creates new challenges for effective consumer assistance and will increase the volume of consumer inquiries, complaints and concerns as new products emerge. Insurers will play a critical role in making sure consumers are provided with the information and service they need to make informed choices and understand the requirements of federal law.

As we move further into these uncharted waters and approach January 1, 2014—a key milestone of PPACA—many are concerned about the effect that increased costs and regulatory uncertainty and complexity will have on the broader economy: the new taxes and fees, higher health care costs for employers, penalties for noncompliance, etc., all occurring in the midst of an economic recovery. These concerns are justified and the consequences are likely to be dramatic.

### **The Fate of PIP and HB 119**

2013 was a busy year for PIP, one that has increased uncertainty in this perennially challenging area.

- The Circuit Court in Leon County has temporarily enjoined implementation of the 2012 PIP reform bill, HB119, in response to a challenge filed by chiropractors, massage therapists and others.
- The Senate Banking & Insurance Committee Chair drafted a proposed committee bill to repeal PIP and replace it with mandatory bodily injury coverage. At the Chair's request, the Office presented an analysis of the premium impact for different rating examples.
- The Office completed its expedited review of approximately 135 PIP filings under HB 119. The filings show the bill is having a positive effect on premium levels and has shifted the trajectory of PIP insurance rates in Florida.

The Office will continue to defend the PIP law in court and respond to legislative requests for data and analysis and policy options for alternatives such as mandatory bodily injury coverage. During this past session, the Office made requests of the industry for information necessary to complete rate comparisons and market share analyses. If this issue continues to heat up, the need to share information and exchange ideas will intensify.

### **Citizens: The Clearinghouse Effect**

Much attention was again focused on Citizens during the 2013 Session and its continuing growth at the expense of restoring a competitive private marketplace for property insurance. Fortunately, one measure which passed requires Citizens to establish a clearinghouse program to ensure that risks which have a qualified offer in the voluntary market are not eligible for and do not find their way into Citizens. Commissioner McCarty endorsed this initiative and believes it will help slow the flow of new business into Citizens. Only time will tell what affect the clearinghouse will have on the size of Citizens and how its operation will affect the private market. The clearinghouse should be up and running by January 1, 2014.

### **Hurricanes and the Property Insurance Market**

The 2013 Hurricane Season is forecasted by NOAA to be an active one, with as many as 20 named storms, with up to 11 of them being named as hurricanes. Fortunately, reinsurance prices are down and capacity is robust. Florida's domestics have access to billions of additional dollars in reinsurance and alternative risk transfer mechanisms to pay claims and protect Floridians. Even with this good news, the Office remains vigilant and continues to monitor the marketplace and assess the financial viability of Florida domestics.

In this regard, for the past few months, the Office has been conducting its annual Reinsurance Data Call, as well as employing a new monitoring tool - a Catastrophic Storm Stress Test of domestic property insurers, to evaluate the market's ability to absorb various storm scenarios.

When it comes to property insurance, good news has sometimes been in short supply. However, there are several positive trends. First, there are some early signs that we may have reached price equilibrium in Florida's property insurance market. Rates may be starting to stabilize. Second, Florida's domestic insurers have shown resilience. Even though they, like others, were negatively affected by the downturn in the financial markets and demand by rating agencies to increase the capital base for multiple storms, our domestic insurers are bouncing back and have returned to profitability.

### **The International Front**

Moving from Florida and looking to the international market, we see that uncertainty is not just an issue in the States, but also internationally. Insurance is much more interconnected and global. As a gateway for new capital, Florida's relationships with domestic and foreign companies, global reinsurers, and investor groups are critically important. For the past several years, Florida has played a key role in two separate initiatives to reduce regulatory uncertainty and ambiguity on both sides of the Atlantic. The first is the US-European Union (EU) Dialogue Project and the second is ComFrame.

The US-EU Dialogue Project began in January 2012, with the stated objective of "enhancing understanding and cooperation for the benefit of insurance consumers, business opportunity and effective supervision."

This effort has led to agreement on a five-year plan known as "The Way Forward." This plan makes solvency a top priority for 2013, with the goal of achieving greater coordination in monitoring solo entities and groups.

The plan also seeks to further reduce or possibly even eliminate reinsurance collateral requirements in the US and Europe. Moving to a risk-based determination for all reinsurers in relation to credit-for-reinsurance may ultimately contribute to lower reinsurance costs, a particularly good result for Florida companies and policyholders.

Dialogue is also occurring through the International Association of Insurance Supervisors (IAIS). In 2010, IAIS began developing a Common Framework, known as ComFrame, for the supervision of Internationally Active Insurance Groups (IAIG). The main objective is to establish a comprehensive framework for supervisors to address group-wide activities and risks, and foster global convergence.

Florida must be vigilant in protecting U.S. insurers from additional layers of regulation and impediments to a free market. We should continue to promote a framework where cooperation and collaboration thrives.

Finally, job creation is an important step in Florida's progress toward economic recovery. According to statistics by the Department of Economic Opportunity (DEO), the insurance industry continues to grow. This was evident in 2012 which reflected a job growth of 5,398 new jobs. This is also reflected in the oversight of insurance entities that the Office has. As of June 30, 2013, the Office has oversight of over 4,100 insurance and related entities, of which 146 are new entities since the prior fiscal year.

### **Other Issues**

***Viaticals study:*** The Legislature has directed the Office to conduct a study of the secondary life insurance market. The Legislature has requested a report by January 1, 2014.

***Insurer Solvency:*** Unfortunately, the insurer solvency legislation fell short of passage. The Office will seek sponsors to have this bill reintroduced and passed in the 2014 session.

## **GLOSSARY OF TERMS AND ACRONYMS**

Actual Expenditures - Includes prior year actual disbursements, payables and encumbrances. The payables and encumbrances are certified forward at the end of the fiscal year. They may be disbursed between July 1 and September 30 of the subsequent fiscal year. Certified forward amounts are included in the year in which the funds are committed and not shown in the year the funds are disbursed.

Ad Hoc - For a specific purpose, case or situation

Appropriation Category – The lowest level line item of funding in the General Appropriations Act, which represents a major expenditure classification of the budget entity. Within budget entities, these categories may include: salaries and benefits, other personal services (OPS), expenses, operating capital outlay, data processing services, fixed capital outlay, etc. These categories are defined within this glossary under individual listings. For a complete listing of all appropriation categories, please refer to the ACTR section in the LAS/PBS User's Manual for instructions on ordering a report.

Budget Entity - A unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. “Budget entity” and “service” have the same meaning.

CARFRA – Coordinating Advertising Rate and Form Review Authority

CCRC – Continuing Care Retirement Communities

Citizens - Citizens Property Insurance Corporation

COREN - Companies and Other Related Entities - Navigator

DCAM - Data Collection and Analysis Modules

EDMS - Electronic Document Management System

EOG - Executive Office of the Governor

ERISA – Employee Retirement Income Security Act

F.A.C. - Florida Administrative Code

FAME/REFS – Financial Analysis and Monitoring Electronic Data Management System/Regulatory Electronic Filing System

Fixed Capital Outlay (FCO) - Real property (land, buildings including appurtenances, fixtures and fixed equipment, structures, etc.), including additions, replacements, major repairs, and renovations to real property which materially extend its useful life or materially improve or change its functional use. Includes furniture and equipment necessary to furnish and operate a new or improved facility.

F.S. - Florida Statutes

FSC - Financial Services Commission. Pursuant to Section 20.121(3), Florida Statutes, the FSC "shall not be subject to control, supervision, or direction by the Department of Financial Services in any manner, including purchasing, transactions involving real or personal property, personnel, or budgetary matters." The FSC is comprised of the Governor and Florida Cabinet and contains the Office of Insurance Regulation and Office of Financial Regulation.

FTE - Full Time Equivalent

FY - Fiscal Year

GAA - General Appropriations Act

HMO - Health Maintenance Organization

IG - Inspector General

IT - Information Technology

Legislative Budget Commission (LBC) – A standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature.

Legislative Budget Request (LBR)- A request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform.

Long-Range Program Plan (LRPP) - A plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance.

LOF – Laws of Florida

LTC – Long-Term Care

Medigap – Medicare Supplement Insurance



MSRP – Multi-State Review Program

NAIC - National Association of Insurance Commissioners

OIR or Office – Office of Insurance Regulation

OPB - Office of Policy and Budget, Executive Office of the Governor

OPS - Other Personal Services

Performance Measure - A quantitative or qualitative indicator used to assess state agency performance.

- ⤴ Input means the quantities of resources used to produce goods or services and the demand for those goods and services.
- ⤴ Outcome means an indicator of the actual impact or public benefit of a service.
- ⤴ Output means the actual service or product delivered by a state agency.

PPACA (ACA) – The Patient Protection and Affordable Care Act

Program - A set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word “Program.” In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. “Service” is a “budget entity” for purposes of the LRPP.

Residual market premium - Insurance premium written by the insurer of last resort. In Florida, this would include Citizens Property Insurance Corp, the Florida Workers’ Compensation JUA and all other JUA residual market entities within the state.

Standard - The level of performance of an outcome or output.

TF - Trust Fund

TPA – Third Party Administrators

UCAA – Uniform Certification of Authority Application

**LRPP Exhibit II - Performance Measures and Standards**

43900000 Financial Services Commission
<b>43900110 Compliance and Enforcement - Insurance</b>

Approved Performance Measures for FY 2013-14 (Words)	Approved Prior Year Standard FY 2012-13 (Numbers)	Prior Year Actual FY 2012-13 (Numbers)	Approved Standards for FY 2013-14 (Numbers)	Requested FY 2014-15 Standard (Numbers)
Maximum number of days from date of application for a new certificate of authority initially submitted to the OIR approves or denies the applications pursuant to 120.80(9), F. S.	180 Days	225	180 Days	180 Days
Number of Applications Processed	328	488	328	328
Number of Rate and Form Reviews Processed	13,000	15,031	13,000	13,000
Percent of Rate and Form Reviews Completed in 90 Days	92%	99%	92%	92%
Number of Financial Reviews and Examinations Completed	10,000	7,953	10,000	10,000
% of Financial Analysis Reviews Completed Timely (within 90 days)	93%	99%	93%	93%
Number of Examinations and Investigations that are completed for licensed companies and unlicensed entities	760	843	760	760
Current Number of Licensed/Regulated Insurance Entities	3,500	4,144	3,500	3,500
Residual Market Premium as a percent of total premium for homeowner's (total), mobile home, dwelling fire insurance	22.50%	17.98%	22.50%	22.50%
Residual Market Premium as a percent of total premium for workers' compensation insurance	0.75%	0.85%	0.75%	0.75%
Residual Market Premium as a percent of total premium for automobile insurance	0.50%	2.67%	0.50%	0.50%
Average Risk Based Capital Percentage	5.00%	7.17%	5.00%	5.00%
% of Financial Exams completed within 18 months of exam date	98%	99%	98%	98%

**LRPP Exhibit II - Performance Measures and Standards**

<b>43900120 Executive Direction and Support Services</b>					
	<b>Approved Prior Year Standard FY 2012-13 (Numbers)</b>	<b>Prior Year Actual FY 2012-13 (Numbers)</b>	<b>Approved Standards for FY 2013-14 (Numbers)</b>	<b>Requested FY 2014-15 Standard (Numbers)</b>	
<b>Approved Performance Measures</b>					
Administrative costs as a percent of total agency costs	<12.6%	9.8%		<12.6%	<12.6%
Administrative costs as a percent of total agency positions	<12.6%	11.6%		<12.6%	<12.6%

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

**Service/Budget Entity:** Compliance and Enforcement

**Measure:** Maximum number of days from date of applications for a new certificate of authority initially submitted to the OIR to the date the OIR approves or denies the applications pursuant to 120.080(9), F.S.

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
180	225	45	25%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

OIR resources have been reduced by over 10%. However, only 1 application exceeded the standard.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input checked="" type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify)      |

**Recommendations:**

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Number of applications processed

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
328	488	160	49%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:** The Office does not control the number of new Certificate of Authority applications received from the insurance industry.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Number of rate and forms review completed

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure            |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
13,000	15,031	2,031	16%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

The number of rate and form reviews completed only provides a partial picture of the Office's performance. A timely review brings more products to the market for consumers and access to new rates for companies. The Office recommends adding the language "percent of rate and forms filings completed within 90 days".

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

**Service/Budget Entity:** Compliance and Enforcement

**Measure:** Number of financial review and examinations completed

**Action:**

- |   |   |
|---|---|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input checked="" type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure            |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
10,000	7,953	(2,047)	(26%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

Office resources have been reduced from 315 FTE to 283 FTE.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input checked="" type="checkbox"/> Legal/Legislative Change                 | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

Laws have been amended over the years to allow more time between examinations; therefore some exams are done every 3-5 years or on an as-needed basis.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

**Service/Budget Entity:** Compliance and Enforcement

**Measure:** Number of examinations and investigations that are completed for licensed companies and unlicensed entities

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
760	843	83	11%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**



**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Current number of licensed/regulated insurance entities

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                    |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3,500	4,144	644	18%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

This number does not include surplus lines.

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

**Service/Budget Entity:** Compliance and Enforcement

**Measure:** Residual market premium as a percent of total premium for homeowner's, mobile home, dwelling fire insurance

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
22.50%	17.98%	(4.52%)	(20%)

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity              |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training           |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

**Explanation:**

**External Factors** (check all that apply):

- |   |   |
|---|---|
| <input type="checkbox"/> Resources Unavailable                                  | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                               | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                               | <input type="checkbox"/> Other (Identify)       |
| <input checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |   |

**Explanation:**

The Office does not control the number of policies in the residual marketplace.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Request deletion. This measure does not show any level of performance by the Office staff.

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

**Service/Budget Entity:** Compliance and Enforcement

**Measure:** Residual market premium as a percent of total premium for workers' compensation insurance

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
0.75%	0.85%	0.10%	13%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |   |   |
|---|---|
| <input type="checkbox"/> Resources Unavailable                                  | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                               | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                               | <input type="checkbox"/> Other (Identify)       |
| <input checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |   |

**Explanation:**

The Office does not control the number of policies in the residual marketplace.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Request deletion. This measure does not show any level of performance by the Office staff.

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation

**Program:** Financial Services Commission

**Service/Budget Entity:** Compliance and Enforcement

**Measure:** Residual market premium as a percent of total premium for automobile insurance

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
0.50%	2.67%	2.17%	434%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |   |   |
|---|---|
| <input type="checkbox"/> Resources Unavailable                                  | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                               | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                               | <input type="checkbox"/> Other (Identify)       |
| <input checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |   |

**Explanation:**

The Office does not control the number of policies in the residual marketplace.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Request deletion. This measure does not show any level of performance by the Office staff.

**LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT**

**Department:** Office of Insurance Regulation  
**Program:** Financial Services Commission  
**Service/Budget Entity:** Compliance and Enforcement  
**Measure:** Average Risk Based Capital percentage

**Action:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure            |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |   |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
5%	7.17%	2.17%	43%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Request deletion. This measure does not show any level of performance by the Office staff.

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures		
Measure Number	Approved Performance Measures for FY 2013-14 (Words)	Associated Activities Title
1	Maximum number of days from date of applications for a new certificate of authority initially submitted to the OIR to the date OIR approves or denies the application pursuant to 120.80(9), F.S.	Approve and license entities to conduct insurance business
2	Number of applications processed	Approve and license entities to conduct insurance business
3	Number of rate and forms review completed	Review and approve rate and form filings
4	Percent of rate and forms filings completed within 90 days	Review and approve rate and form filings
5	Number of financial review and examinations completed	Conduct financial reviews and examinations
6	Percent of financial analysis reviews completed timely (within 90 days)	Conduct financial reviews and examinations
7	Number of examinations and investigations that are completed for licensed companies and unlicensed entities	Conduct and direct market examinations
8	Current number of licensed/regulating insurance entities	Approve and license entities to conduct insurance business
9	Residual market premium as a percent of total premium for insured homeowner's (total), mobile home, dwelling fire insurance	Review and approve rate and form filings
10	Residual market premium as a percent of total premium for workers' compensation insurance	Review and approve rate and form filings
11	Residual market premium as a percent of total premium for automobile insurance	Review and approve rate and form filings
12	Average risk based capital percentage	Conduct financial reviews and examinations
13	Percent of financial exams completed within 18 months of exam date	Conduct financial reviews and examinations
14	Administrative costs as a percent of total agency costs	N/A
15	Administrative positions as a percent of total agency positions	N/A

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2012-13			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		290,757,549		616,047	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		15,275,088		0	
FINAL BUDGET FOR AGENCY		306,032,637		616,047	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					616,047
Provide Analysis On Securities Held For Deposit And Qualified Public Depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.		6,818	53.84	367,071	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		57,958	17.40	1,008,731	
Investment Of Public Funds * Dollar Volume of Funds Invested		20,300,000,000	0.00	681,337	
Provide Cash Management Services * Number of cash management consultation services.		30	32,174.20	965,226	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		3,311,050	0.48	1,589,782	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		2,169,785	0.72	1,556,916	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System.		38,597	122.80	4,739,746	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		10,866,646	0.10	1,070,050	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		535,323	6.78	3,628,525	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		5	307,615.60	1,538,078	
Process State Employees Payroll * Payroll payments issued		3,103,502	0.77	2,388,251	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		8	22,300.88	178,407	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		10	90,166.80	901,668	
Article V - Clerk Of The Courts * N/A		23	43,852.83	1,008,615	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,075,040	1.25	2,596,160	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		324,865	8.27	2,686,683	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,328	81.92	518,373	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,992	249.33	3,987,286	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		479	1,108.54	530,990	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,276	433.69	553,392	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,041	4,255.13	12,938,849	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		188,553	45.32	8,545,060	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		4,886	857.10	4,187,786	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		13,742	74.16	1,019,073	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,409,043	0.15	371,895	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		19,039	1,436.24	27,344,496	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,665	2,341.70	10,924,037	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		284	6,793.88	1,929,461	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.		124	14,180.15	1,758,339	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		43	19,291.81	829,548	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		90,583	30.03	2,720,028	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		31,674	84.45	2,675,025	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,668,055	0.46	770,364	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		196,812	2.07	407,607	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,936	2,008.39	5,896,637	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,412	11,167.01	15,767,812	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		711	6,219.78	4,422,261	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		51,451	78.19	4,023,168	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		298,532	2.32	691,108	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		325,270	14.19	4,617,093	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,722	1,288.94	2,219,556	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		89,302	46.49	4,151,710	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		34,150	376.76	12,866,219	
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		997	4,670.93	4,656,918	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		3,181	396.37	1,260,858	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		113,735,517	0.01	651,561	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,146,469	0.70	3,606,682	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		7,747	184.56	1,429,807	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed		132	6,765.09	892,992	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		843	3,640.85	3,069,233	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		7,953	1,757.76	13,979,452	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		15,031	517.79	7,782,928	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		752	8,156.02	6,133,328	
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		24,636	96.12	2,367,981	
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * Number of domestic financial institutions examined to ensure safety and soundness.		223	55,147.28	12,297,843	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		29	25,920.03	751,681	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		170	18,124.77	3,081,211	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		236	11,024.86	2,601,867	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		322	16,907.67	5,444,271	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		51,741	43.88	2,270,594	
TOTAL				235,852,626	616,047
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS				1,297,569	
OTHER				34,596,541	
REVERSIONS				34,285,920	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				306,032,656	616,047

## SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

-----  
ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

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THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5)  
AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

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THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:  
(NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION  
TECHNOLOGY)

\*\*\* NO OPERATING CATEGORIES FOUND \*\*\*

-----  
THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN  
SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL  
GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED  
IN SECTION II.)

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43010200	1602000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	290,812	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	582,274	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,338,899	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	749,688	
43200100	1601000000	ACT2020	CAPITAL COLLATERAL REGISTRY	1,715,722	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	13,599,739	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,761,055	
43500700	1205000000	ACT9060	AFDC/WAGES/EMPLOYEE FRAUD	929,953	
43500700	1205000000	ACT9070	PUBLIC ASSISTANCE FRAUD	1,859,856	
43500700	1205000000	ACT9080	MEDICAID FRAUD INVESTIGATIONS	929,904	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	588,639	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

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TOTALS FROM SECTION I AND SECTIONS II + III:



DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	306,032,637	616,047
TOTAL BUDGET FOR AGENCY (SECTION III):	306,032,656	616,047
	-----	-----
DIFFERENCE:	19-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

## Office of the Commissioner

### **Kevin M. McCarty Commissioner of Insurance Regulation**

Phone 850-413-5914  
Fax 850-488-3334  
Email Address [Kevin.McCarty@flor.com](mailto:Kevin.McCarty@flor.com)



Kevin McCarty began his career in public service in 1988 becoming an expert in workers' compensation issues with the Department of Labor & Employment Security. His experience gained him a position with the Florida Department of Insurance in 1991. In 1992, McCarty became a point-man to implement strategies to improve the private marketplace following the devastation of Hurricane Andrew.

The Governor and Florida Cabinet announced McCarty as the first appointed insurance commissioner in January 2003.

Throughout his career, McCarty has cited three main principles that have guided his vision of government's role in society: 1.) Government should serve and ultimately be accountable to the people; 2.) Government should be transparent in its operations, and treat its clients fairly and equitably; and 3.) Government should promote a vibrant, competitive marketplace while protecting those unable to protect themselves.

McCarty has cemented his reputation as an innovator utilizing technology to improve the regulatory process, with the electronic rate and form filing and application processes, increasing speed to market for insurers and reducing administrative costs for insurers. He is a fierce defender of seniors and historically discriminated minorities and a national leader on national catastrophe strategy.

He continues to focus on stabilizing the Florida property insurance market, reforming Florida personal injury protection (PIP) law, and protecting Florida's consumers.

McCarty's work within the National Association of Insurance Commissioners (NAIC) ensures Florida consumers and insurers have a voice on national insurance issues. He was the President of the NAIC for 2012. McCarty chairs the Professional Health Insurance Advisors (EX) Take force, Catastrophe Insurance (C) Working Group, and serves on numerous other NAIC committees and working groups. McCarty has previously chaired a number of substantive committees including the Financial Condition (E) Committee and the Property & Casualty (C) Committee, and has coordinated Florida's NAIC Financial Accreditation.

He has elevated Florida's international presence by serving as a United States' representative on the [International Association of Insurance Supervisors](#)' (IAIS) Executive and Technical Committees, as well as the Joint Forum, a key group of leading international regulators from the insurance, banking and securities sectors.

McCarty has been privileged to testify before the United States Congress on matters relating to almost every sector of the insurance industry.

McCarty and the Office received the 2010 Esprit de Corps Award for outstanding service to the NAIC. He was selected for the Spirit of Independence Award in 2011 from the National Association of Health Underwriters for his work to preserve the role of health insurance agents in light of federal health care reforms.

McCarty received his bachelor's degree and Juris Doctorate from the University of Florida.

### **Overview of Office of the Commissioner**

The Commissioner of Florida's Office of Insurance Regulation provides the Office's policy and executive leadership. In this capacity, the Commissioner supervises two Deputy Commissioners, the Chief of Staff, General Counsel and the Inspector General.

The Commissioner serves as a member of the National Association of Insurance Commissioners (NAIC), the national organization of insurance regulators from all 50 states, the District of Columbia and the five U.S. territories. The NAIC provides states with a forum for the development of uniform policy where appropriate. Participation at the NAIC affords the Office the opportunity to take part in resolving major insurance issues and contribute to the development of national policies.

The Commissioner is responsible for formulating and submitting strategic goals of the Office to the Financial Services Commission. This includes an annual submission of Performance Measures to ensure accountability, measures which are approved by and reported to the FSC.

All functions within the Commissioner's Office are divided into one of two program areas: Executive Direction and Support, and Compliance and Enforcement.

Executive Direction and Support includes the Commissioner's Office, the Office of General Counsel/Legal Services, and the Office of the Inspector General (OIG).

Compliance and Enforcement consists of the Office of the Chief of Staff, Insurer Regulation Offices of Deputy Commissioner for Life and Health Insurance, Deputy Commissioner for Property and Casualty Insurance, and Market Research.

## *Fiscal Year 2013-2014 -OIR Budget Overview*

Appropriation Category	2012-2013 Funding	2013-2014 Funding	Difference Over/(Under)
<b>Positions</b>	283	288	+ 5
<b>Salaries and Benefits</b>	\$17,585,162	\$18,259,213	\$674,051
<b>Other Personal Services</b>	\$125,000	\$375,000	\$250,000
<i>Includes \$250,000 Non-Recurring</i>			
<b>Expenses</b>	\$2,745,917	\$2,512,782	(\$233,135)
<b>Operating Capital Outlay</b>	\$2,000	\$35,000	\$33,000
<b>SPECIAL CATEGORIES</b>			
<b>Contracted Services</b>	\$805,726	\$805,726	
<b>Financial Examination Contracts</b>	\$4,926,763	\$4,926,763	
<i>Budget Authority for financial examinations of Property &amp; Casualty and Life &amp; Health insurance companies. Insurance companies reimburse the Insurance Regulatory Trust Fund for the examination costs.</i>			
<b>Florida Public Hurricane Model</b>	\$588,639	\$588,639	
<b>Florida Public Hurricane Model Enhancements)</b>	\$0	\$1,543,300	\$1,543,300
<i>Non-Recurring Funding for Storm Surge Enhancements</i>			
<b>Risk Management Insurance</b>	\$262,960	\$262,960	
<b>Lease or Lease-Purchase of Equipment</b>	\$27,403	\$27,403	
<b>Transfer to DMS - HR Services</b>	\$99,553	\$101,323	\$1,770
<b>TOTAL</b>	<b>\$27,169,123</b>	<b>\$29,438,109</b>	
<b><i>Disclaimer:</i></b> The Appropriations above represent funds allocated to the Office of Insurance Regulation as approved by the Legislature for the annual fiscal period beginning July 1, 2013 and ending June 30, 2014. The Office is entirely funded by the Insurance Regulatory Trust Fund.			



# FLORIDA OFFICE OF FINANCIAL REGULATION

www.FLOFR.com

**DREW J. BREAKSPEAR**  
COMMISSIONER

## LONG RANGE PROGRAM PLAN

September 30, 2013

Jerry L McDaniel, Director  
Office of Policy and Budget  
Executive Office of the Governor  
1701 Capitol  
Tallahassee, FL 32399-0001

JoAnn Leznoff, Staff Director  
House Appropriations Committee  
201 Capitol  
Tallahassee, FL 32399-1300

Mike Hansen, Staff Director  
Senate Budget Committee  
201 Capitol  
Tallahassee, FL 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Office of Financial Regulation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2014-15 through Fiscal Year 2018-19. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://floridafiscalportal.state.fl.us/Agencies.aspx?FY=2015&EXID=150&DisplayAgy=Y>. This submission has been approved by Drew J. Breakspear, Commissioner of the Florida Office of Financial Regulation.

Sincerely,

J. Ross Nobles  
Chief Financial Officer  
Office of Financial Regulation



## FLORIDA OFFICE OF FINANCIAL REGULATION

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**DREW J. BREAKSPEAR**  
COMMISSIONER

# Long Range Program Plan

**Fiscal Years 2014-15 to 2018-19**

**September 30, 2013**

# OFFICE OF FINANCIAL REGULATION LONG RANGE PROGRAM PLAN

## Table of Contents

<b>Mission &amp; Goals</b>	<b>1</b>
<b>Agency Service Outcomes</b>	<b>2</b>
<b>Linkage to Governor’s Priorities</b>	<b>9</b>
<b>Trends and Conditions</b>	<b>10</b>
Florida’s Economy	10
Division of Financial Institutions	12
Division of Consumer Finance	17
Division of Securities	27
Bureau of Financial Investigations	33
<b>Exhibit II – Performance Measures and Standards</b>	<b>36</b>
<b>Exhibit III – Performance Measure Assessment</b>	<b>40</b>
<b>Exhibit IV – Performance Measure Validity and Reliability</b>	<b>53</b>
<b>Exhibit V – Identification of Associated Activities</b>	<b>78</b>
<b>Exhibit VI – Unit Cost</b>	<b>82</b>
<b>Glossary of Terms and Acronyms</b>	<b>86</b>

## **MISSION AND GOALS**

**To protect the citizens of Florida, promote a safe and sound financial marketplace, and contribute to the growth of Florida's economy with smart, efficient and effective regulation of the financial services industry.**

**GOAL #1: Excellence in all OFR does.**

**GOAL #2: Enforce compliance with State laws related to the financial industry.**

**GOAL #3: Examine regulated companies and Individuals**

**GOAL #4: Register or charter institutions, companies, and individuals**



# AGENCY SERVICE OUTCOMES

**GOAL #1: Excellence in all OFR does**

**OBJECTIVE 1A:** Improve metrics to measure agency results

**OUTCOME 1A-1:** Review all existing performance measures annually to ensure they are meaningful and “results” oriented rather than process driven

Baseline Year 2012-13	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 1B:** Develop an atmosphere of continuous improvement

**OUTCOME 1B-1:** Review all existing performance measures annually to ensure they are meaningful and “results” oriented rather than process driven

Baseline Year 2012-13	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 1C:** Ensure customer satisfaction in the Division of Financial Institutions by surveying financial institutions

**OUTCOME 1C-1:** Percentage of financial institution surveys completed that rate the professionalism and responsiveness to management’s request and concerns of the Division's examiners as excellent

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
97%	90%	90%	90%	90%	90%

**OUTCOME 1C-2:** Percentage of financial institution surveys completed that rate the overall professionalism, responsiveness, staffing level and training of the Division's examiners, as compared to federal examiners, as excellent

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
89%	90%	90%	90%	90%	90%

**OUTCOME 1C-3:** Percentage of financial institution surveys completed that rate the ability of the Division's examiners to logically and clearly discuss all material supervisory concerns, findings, and recommendations with management prior to the conclusion of the on-site examination as excellent

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
89%	90%	90%	90%	90%	90%

**OBJECTIVE 1D:** Provide quick, responsive service to applicants

**OUTCOME 1D-1:** Decrease the average number of days to review a Consumer Finance license application

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
25	14	14	13	13	12

**OUTCOME 1D-2:** Provide prompt resolution of registration matters by decreasing the number of broker dealer agent applications that are pending

Baseline Year 2011-12	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
270	233	221	210	210	210

**OUTCOME 1D-3:** Provide prompt resolution of registration matters by decreasing the number of days to process broker dealer agent applications

Baseline Year 2011-12	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
45	30	30	30	30	30

**OBJECTIVE 1E:** Provide excellent regulatory service to the stakeholders of the Division of Securities by ensuring prompt regulatory action

**OUTCOME 1E-1:** Take prompt action against those who violate the Securities law and undermine the public trust by increasing the number of enforcement actions

Baseline Year 2011-12	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
45	60	70	70	70	70

**OUTCOME 1E-2:** Take prompt action against those who violate the Securities law and undermine the public trust by increasing the amount of fines received

Baseline Year 2011-12	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
\$750,000	\$836,920	\$836,920	\$836,920	\$836,920	\$836,920

**OUTCOME 1E-3:** Prompt action against those who violate the law and undermine the public trust by increasing the number of meaningful sanctions imposed

Baseline Year 2011-12	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
22	45	50	50	50	50

**GOAL #2: Enforce compliance with State laws related to the financial industry**

**OBJECTIVE 2A:** Help Florida investors protect themselves by conducting examinations, investigations and enforcement cases pursuant to the Florida Securities & Investor Protection Act

**OUTCOME 2A-1:** The number of Securities examinations, investigations and enforcement cases resulting in the imposition of meaningful sanctions

Baseline Year 2009-10	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
22	45	50	50	50	50

**OUTCOME 2A-2:** The number of active, major Securities enforcement cases

Baseline Year 2009-10	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
25	25	25	25	25	25

**OBJECTIVE 2B:** Increase percentage of financial investigations completed that result in administrative, civil and/or criminal action against individuals or entities that conduct fraudulent or illegal financial services activities

**OUTCOME 2B-1:** Percentage of investigations accepted by prosecutors or OFR legal counsel for enforcement action that result in action being taken

Baseline Year 2007-08	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
80%	84%	85%	86%	87%	88%

**OBJECTIVE 2C:** Improve efficiency of Consumer Finance examination program by decreasing the time to refer a priority examination to Legal Services

**OUTCOME 2C-1:** Average number of days to refer a Finance priority examination to Legal Services

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
43	38	36	36	36	36

**OBJECTIVE 2D:** Improve investigative efficiency by reducing the time required to prepare a legally sufficient case for potential enforcement action

**OUTCOME 2D-1:** Percentage of priority investigations accepted by prosecutors or OFR legal counsel for enforcement action within 12 months of case opening

Baseline Year 2009-10	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
60%	64%	65%	66%	67%	68%

**GOAL #3: Examine regulated companies and individuals**

**OBJECTIVE 3A:** Examine all state financial institutions within statutory timeframes

**OUTCOME 3A-1:** Percentage of state financial institutions examined within the last 18 and 36 months

Baseline Year Fiscal Year 2002-03	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
50%/100%	100%/100%	100%/100%	100%/100%	100%/100%	100%/100%

**OBJECTIVE 3B:** Provide fair, balanced and responsive service to Division of Financial Institutions' customers, the state chartered or licensed financial institutions

**OUTCOME 3B-1:** Percentage of financial institution surveys giving OFR's financial institution examination program a rating of 2 or better (1 highest, 5 lowest)

Baseline Year Fiscal Year 2002-03	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
77%	75%	75%	75%	75%	75%

**OBJECTIVE 3C:** Promote the Dual Banking System in Florida

**OUTCOME 3C-1:** Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better (1 highest, 5 lowest)

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
94%	85%	85%	85%	85%	85%

**OBJECTIVE 3D:** Examine companies and individuals regulated under the Florida Securities & Investor Protection Act to more effectively protect Florida investors

**OUTCOME 3D-1:** The number of complex Securities examinations completed

Baseline Year 2009-10	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
41	60	60	60	60	60

**OBJECTIVE 3E:** Improve service to Division of Consumer Finance consumers by providing an easy to use method of filing information with the agency

**OUTCOME 3E-1:** Total number of consumer complaints received by Finance staff

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
3500	3600	3650	3650	3650	3650

**OBJECTIVE 3F:** Examine all money services businesses (MSBs) within statutory timeframes

**OUTCOME 3F-1:** Percentage of statutorily required examinations completed

Baseline Year 2009-10	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 3G:** Improve the efficiency of the Finance examination process by reducing the number of days to complete a priority examination

**OUTCOME 3G-1:** Average number of days to complete a Finance priority examination

Baseline Year 2010-11	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
65	58	56	56	56	56

**OBJECTIVE 3H:** Improve efficiency of MSB examination program by providing examination results to licensed MSBs in a timely manner

**OUTCOME 3H-1:** Percentage of licensed check cashers and foreign currency exchangers receiving an examination report within 60 days of the conclusion of the onsite examination

Baseline Year 2009-10	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
75%	75%	75%	75%	75%	75%

**OUTCOME 3H-2:** Percentage of licensed money transmitters and payment instrument sellers receiving an examination report within 90 days of the conclusion of the onsite examination

Baseline Year 2009-10	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
90%	90%	90%	90%	90%	90%

**GOAL #4: Register or charter institutions, companies and individuals**

**OBJECTIVE 4A:** Provide fair, balanced and responsive licensing and chartering service to our customers, the state chartered or licensed financial institutions and applicants for new charters

**OUTCOME 4A-1:** Percentage of all applications, except applications for new charters, statutorily complete that are processed within 60 days and within 90 days

Baseline Year Fiscal Year 2002-03	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
67%/100%	67%/100%	67%/100%	67%/100%	67%/100%	67%/100%

**OUTCOME 4A-2:** Percentage of new banks opened in Florida during the fiscal year who chose a state charter

Baseline Year Fiscal Year 2002-03	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
67%	67%	67%	67%	67%	67%

**OBJECTIVE 4B:** Improve service to Securities applicants and registrants by processing submissions in a timely manner

**OUTCOME 4B-1:** Percentage of Securities registration applications processed within the Administrative Procedures Act

Baseline Year Fiscal Year 2007-08	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
100%	100%	100%	100%	100%	100%

**OBJECTIVE 4C:** Improve service to Consumer Finance applicants and registrants by processing submissions in a timely manner

**OUTCOME 4C-1:** Percentage of Consumer Finance license applications processed within Administrative Procedures Act requirements

Baseline Year Fiscal Year 2008-09	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	FY 2018-19 Projected
100%	100%	100%	100%	100%	100%

## **LINKAGE TO GOVERNOR'S PRIORITIES**

The Office of Financial Regulation has closely linked its Legislative Budget Request to the second and third of three priorities identified by Governor Scott:

1. Economic Development and Job Creation
2. Maintaining Affordable Cost of Living in Florida

This will be accomplished through promotion of a safe and sound marketplace and growth of Florida's economy with smart, efficient and effective regulation of the financial services industry. The remaining priority deals with education, which is not within the Office's jurisdiction.



# TRENDS AND CONDITIONS

## Florida's Economy

The OFR regulates a remarkably dynamic financial industry that is challenged by economic conditions.

Many economic indicators continue to show distress:

- Existing home prices have been essentially flat since February 2009 but there is now a definite upward drift within the last six months.
- The median price for a single-family residence has been below the national average since 2008 and is now 16.1% below the national average, but has increased by 4 percentage points
- In July 2013, Florida was #1 in the number of foreclosures filings and rate in the nation.

However, there are also positive signs of recovery:

- Population growth is recovering
- State Gross Domestic Product grew but lost ground in the first quarter 2013
- Florida's personal income grew
- Unemployment is improving
- Florida housing is generally improving<sup>1</sup>

**Population growth** is Florida's primary engine of economic growth, fueling both employment and income growth.<sup>2</sup> The population growth hovered between 2.0% and 2.6% from the mid-1990s to 2006, before slowing and crossing into negative territory in 2009. Population growth is expected to remain relatively flat, averaging 1.2% between 2012 and 2015. However, growth is expected to recover in the future – averaging 1.4% between 2020 and 2025 with 85% of the growth coming from net migration. Through 2030, Florida's population is forecast to grow by almost 5.1 million, with 64.4% of the gains in the age 60 and over age group. This rate is different from the past; Florida's long term growth rate between 1970 and 1995 was over 3%.<sup>3</sup>

Florida's **State Gross Domestic Product** (GDP: all goods and services produced or exchanged in a state) outperformed the nation as a whole in nine of the past 11 years. For 2007 and 2008, Florida fell well below the national level (4.8% U.S. versus 2.8% Florida

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<sup>1</sup> *Florida: An Economic Overview*, The Florida Legislature, Office of Economic and Demographic Research, August 21, 2013. Available on line at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_8-21-13.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_8-21-13.pdf)

<sup>2</sup> *Florida: An Economic Overview*, The Florida Legislature, Office of Economic and Demographic Research, August 16, 2012. Available on line at:

[http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_8-16-12.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_8-16-12.pdf)

<sup>3</sup> *Florida: An Economic Overview*, The Florida Legislature, Legislative Office of Economic and Demographic Research, June 23, 2011. Available online at: [http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview\\_6-23-11.pdf](http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_6-23-11.pdf)

and 3.3% U.S. versus 0.3% Florida respectively).<sup>4</sup> Florida's growth turned positive in 2010 with a gain of 1.4%.<sup>5</sup>

**Personal income growth** is also used to gauge the health of an individual state. It is primarily related to changes in salaries and wages and the quarterly figures are particularly good for measuring short-term movements in the economy. Florida has exhibited positive quarterly growth in personal income since the fourth quarter of 2009. While Florida's personal income grew 3.2% in calendar year 2012, it still lagged behind the national rate of 3.5%.<sup>6</sup>

The **unemployment** rate in Florida is improving, falling to 7.1% in June 2013 from 11.5% in July 2010. Florida is below the national rate of 7.4%.<sup>7</sup> Florida's job growth during the two years since the official end of the Great Recession of 2007-2009 has been weak when compared to recoveries after the last two recessions (July 1990-March 1991 and March 2001-November 2001). In those recoveries, job gains accelerated in the third year. According to the Florida Council of Economic Advisors at Florida TaxWatch, while job growth is predicted to pick up during future periods, it is unlikely to advance as strongly as in the past two recessions. They predict that the collapse of the housing sector has left such a large surplus of homes either on the market or waiting for foreclosure that "it will be years before prices start to rise and construction returns to normal." In addition, there is a transition towards a smaller share of jobs in government as jobs move the private sector.<sup>8</sup>

Florida's growth rates are slowly returning to more typical levels; however, drags on growth rates are more persistent than in past recessions. The turnaround in Florida housing will be led by low home prices that begin to attract buyers and clear the inventory, long-run sustainable demand caused by population growth and Florida's unique demographics and the aging of the baby-boom generation.<sup>9</sup>

The state and national economies remain in a state of flux, and Florida's improvement is highly dependent on the national one. For Florida, the major downside risk is the possibility of another U.S. or global recession. The upside possibilities include a strong resurgence of retirees moving to Florida, a better-than-expected global recovery and an increased flow of firms moving to Florida. Tourism will likely be the strongest sector to improve. However, that is also dependent on national economic growth and rising incomes overseas.<sup>10</sup>

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<sup>4</sup> *Florida: An Economic Overview*, The Florida Legislature, Legislative Office of Economic and Demographic Research, July 23, 2010. Available online at: [http://edr.state.fl.us/recentpresentations/Fl%20Economic%20Overview\\_7-23-10.pdf](http://edr.state.fl.us/recentpresentations/Fl%20Economic%20Overview_7-23-10.pdf)

<sup>5</sup> *Florida: An Economic Overview*, July 23, 2010

<sup>6</sup> *Florida: An Economic Overview*, August 21, 2013

<sup>7</sup> *Florida: An Economic Overview*, August 21, 2013

<sup>8</sup> *Economic Perspective*, From the Florida Council of Economic Advisors at Florida TaxWatch, August 2011

<sup>9</sup> *Florida: An Economic Overview*, June 23, 2011

<sup>10</sup> *Florida: An Economic Overview*, August 21, 2013

## Division of Financial Institutions

### Economic Trends and the Impact on State-Chartered Financial Institutions

From 1996 to 2009, Florida led the nation in the number of new banks opened. Since 2010 to 2013, no new bank charters have been issued by the Office of Financial Regulation, but there has been an increase in mergers and acquisitions, due to the depletion of financial institutions' capital levels during the Great Recession. The state anticipates little or no new bank application activity, until further economic recovery.

In 2012, Florida's growth rate increased by 3.2% over 2011, and is only slightly lower than the national rate of 3.5%. Florida's population in 2010 was 18,801,332 and is forecasted to grow to 23,601,072 by 2030. The continued population growth in Florida will ultimately fuel both employment and income growth, which will help stabilize the economy. Florida's State Gross Domestic Product (GDP) is ranked 14<sup>th</sup> in the nation, showing a positive trend. Florida's economy is gradually improving, although it will take more time to see a full recovery.

The United States' economy is still rebounding from the Great Recession, which was the longest economic contraction, since the Great Depression. Worse than expected employment figures and economic weakness, particularly in the credit and residential real estate sectors, fueled the recession. Mortgage difficulties spread to the financial markets. Commercial real estate and credit card defaults affected the financial institution industry. Now the economy is showing a steady growth and an ongoing recovery in housing, personal wealth, and consumer confidence. With these economic conditions improving both on a national and state level, our financial institutions will become more profitable and ultimately increase their capital levels for operating in a safe and sound manner.

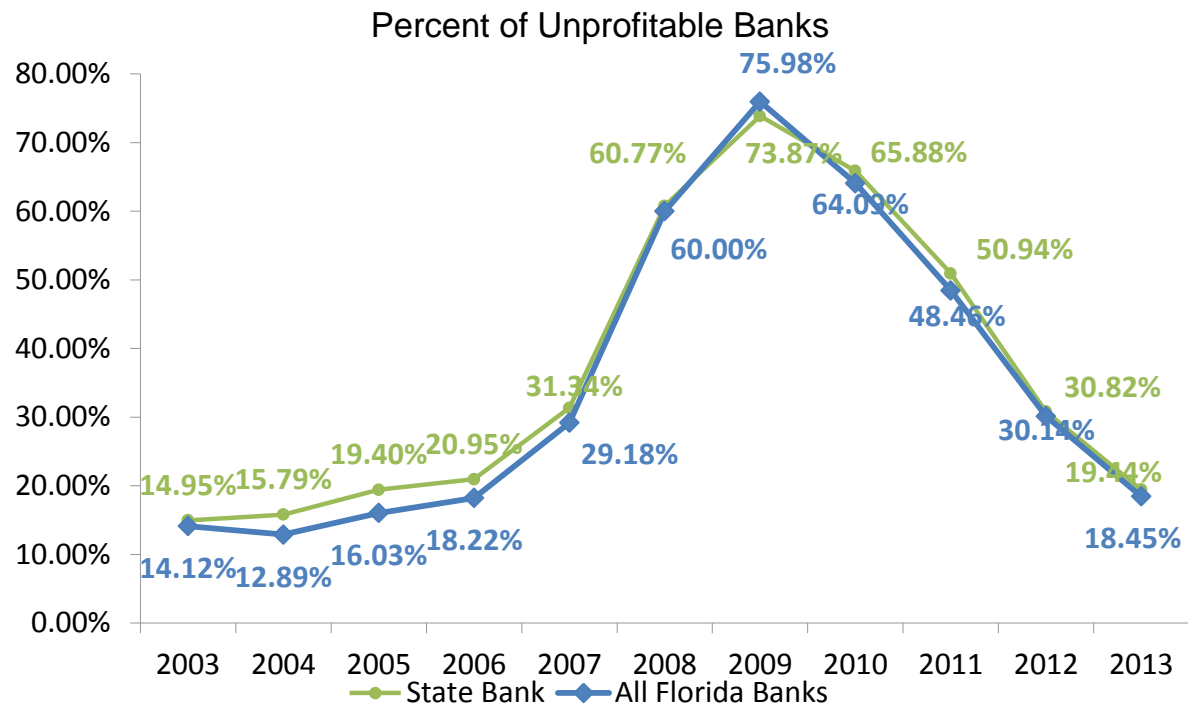
Again, the financial institution industry in Florida has been dramatically impacted during this economic recession. Unemployment in Florida exceeded the national average and will take longer to recover, since approximately 553,000 jobs were lost during the peak of the recession. Home values declined dramatically throughout the state. As a variety of adjustable rate mortgage loans reset, many homeowners were "underwater" (loan balance exceeded appraised home value) and were not able to refinance to lower fixed rate loans. Homeowners have lost their homes to foreclosure in record numbers in Florida. Florida posted the nation's highest state foreclosure rate in the first half of 2013. As reported, 1.74 percent of housing units had a foreclosure filing (one in every 58) during the six month period, which is nearly three times the national average. As of June 2013, five Florida cities placed among the top 20 metro foreclosure rates in the country.<sup>11</sup>

The overall impact of the continuing high levels of foreclosures to state financial institutions has been a big factor in delinquent or non-performing loans, resulting in the depletion of equity capital and unprecedented loss of income.

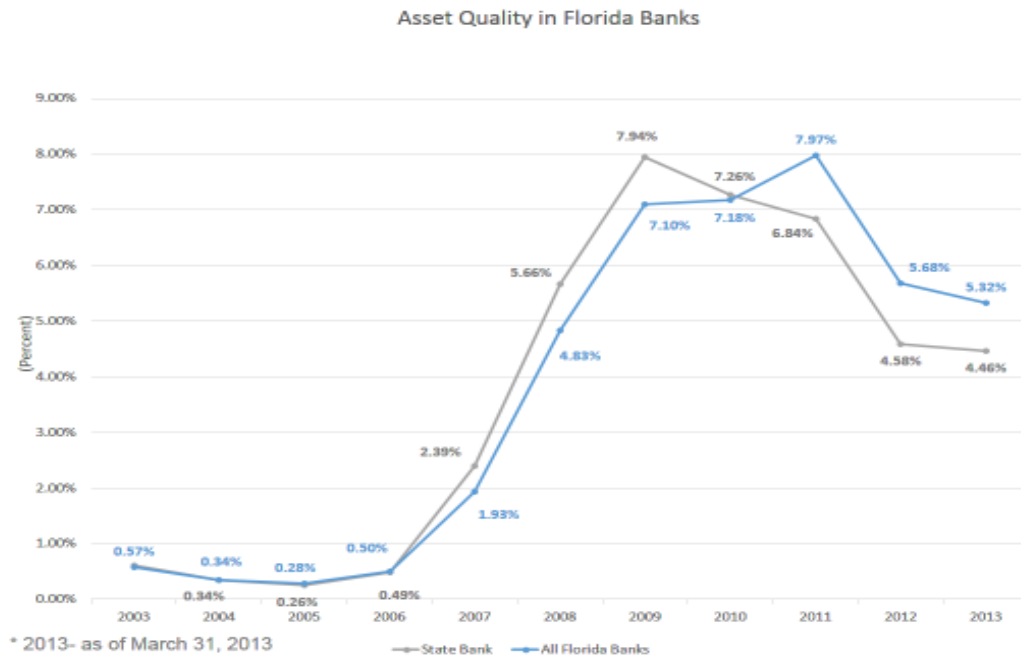
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<sup>11</sup> RealtyTrac: U.S. Foreclosure Activity Decreases 14 Percent in June to Lowest Level Since December 2006 Despite 34 Percent Jump In Judicial Scheduled Foreclosure Auctions  
<http://www.realtytrac.com/content/foreclosure-market-report/midyear-2013-us-foreclosure-market-report-7794>

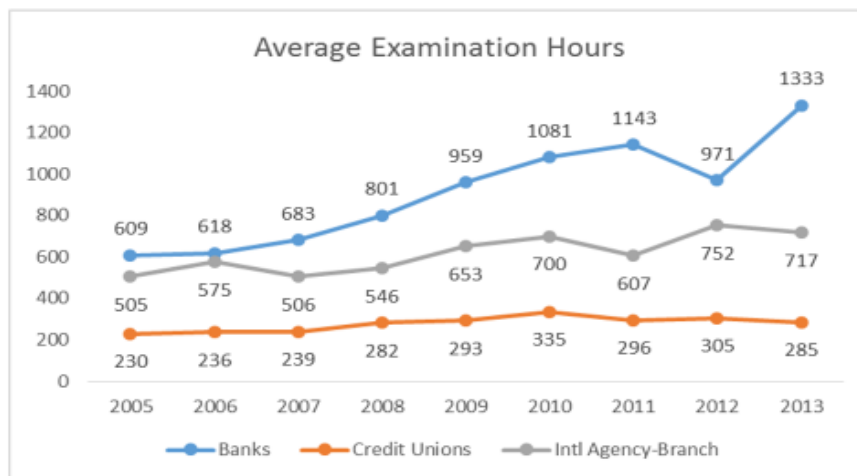
Although economic issues continue in Florida, the Division of Financial Institutions (DFI) is seeing signs of a slight improvement in the overall condition of state financial institutions. Improvement is evident in several key industry trends. For example, the percentage of unprofitable banks has decreased significantly from its peak in 2009.



Although asset quality in state banks still reflects significantly high levels of delinquent loans, improvement was noted over the peak level seen in 2011.



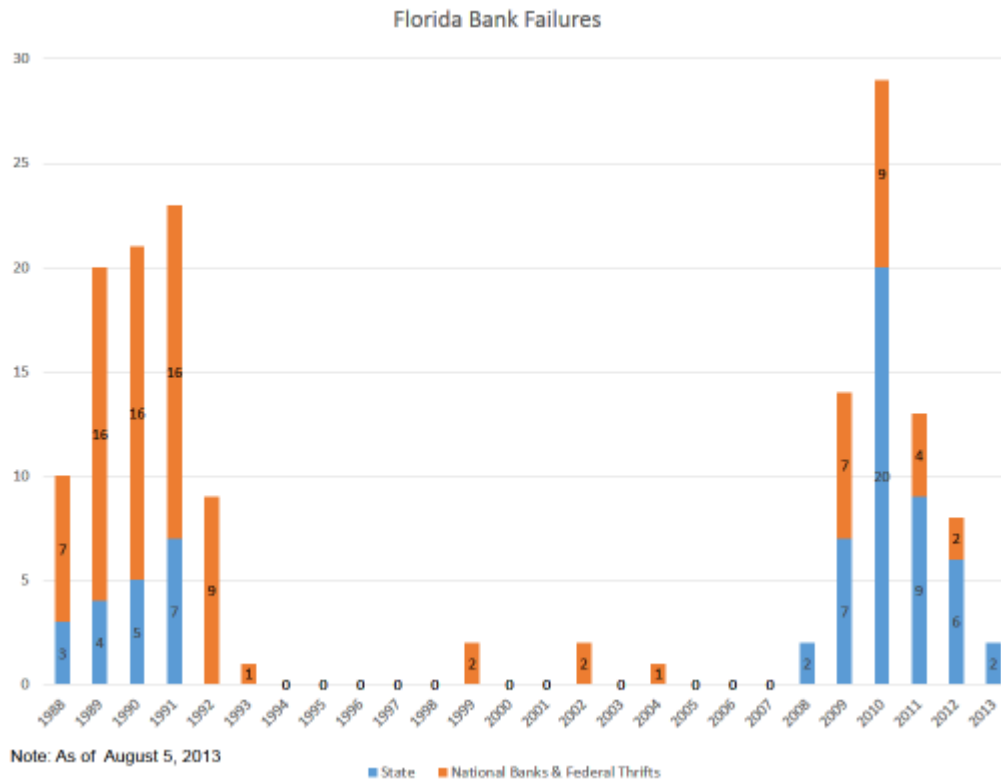
The ongoing economic recession has impacted DFI's workload significantly since the downturn began. Examinations of troubled institutions must be performed more frequently than is required by the statutes. In addition, examinations are more complex and require more time to complete. Examination review in headquarters is also more time consuming because it is critical that the most appropriate corrective action is implemented on a troubled financial institution. These factors have impacted the average length of time required to complete an examination.



The ultimate outcome of the deterioration in Florida's financial institutions industry beginning in 2009 through 2012 reflects the increase in the number of financial institution

failures, particularly commercial banks. Calendar year 2010 was the peak year of failures in Florida with 29 state and national financial institutions lost to insolvency. While the number of failures seen in Florida has continued to decline, some Florida's financial institutions remain under considerable stress.

The chart below indicates the number of financial institution failures by calendar year in Florida through August 5, 2013:



### Financial Institution Regulation in the United States

All states in the United States operate under a dual-banking system. The term “dual banking system” refers to the dual state-national chartering and regulatory programs established in the United States for commercial banks and credit unions. It is a unique regulatory system that embodies the principle of checks-and-balances on power. The dual banking system provides financial institutions a choice in state or federal chartering, reduces the potential for preferential or unwise actions, and promotes creativity.

The “state” component of the dual banking system allows for local oversight, bringing financial institution regulation closer to the citizens, their communities, and legislative leaders. Laws and regulations can be tailored to meet the particular needs of the communities, providing a more responsive financial system.

State-chartered banks are generally community banks that provide individuals and local businesses with the competitive financial services they need. The accessibility and responsiveness of state regulators, who have a unique interest in and understanding of the

needs of the citizens in the state in which they live and work, is not typically matched at the federal level.

#### Florida Administrative Rules and Florida Statutes

The Division is currently in the process of cleaning up its Florida Administrative Rules and reviewing Florida Statutes for revisions.

#### FLAIR Organization Codes

As of June 30, 2013, the Division set-up Organizational Codes to capture expenditures and revenues by regional offices. This will greatly enhance the ability to analyze the Division's budget and provide accurate reports to the legislature.

#### Examination Regulatory Process Improvement Committee (ERPIC)

The ERPIC was created to summarize the lessons learned in the regulatory oversight of financial institutions during the economic recession. These lessons provide for more risk-focused regulation and additional proactive offsite monitoring by DFI staff. The emphasis is on identification of problem areas and institutions at earlier stages to initiate improvement before substantial deterioration occurs.

## **Division of Consumer Finance**

The Division of Consumer Finance (“Finance”) regulates a number of non-depository financial services industries through authority granted under Chapters 494, 516, 520, 537, 559, and 560, Florida Statutes. These financial services industries include: mortgage loan origination, brokering, and servicing; consumer finance lending; retail and installment financing; title loan lending, collection agencies; and, money services businesses including payday lending. As of June 30, 2013 the division was staffed with 87 FTEs.

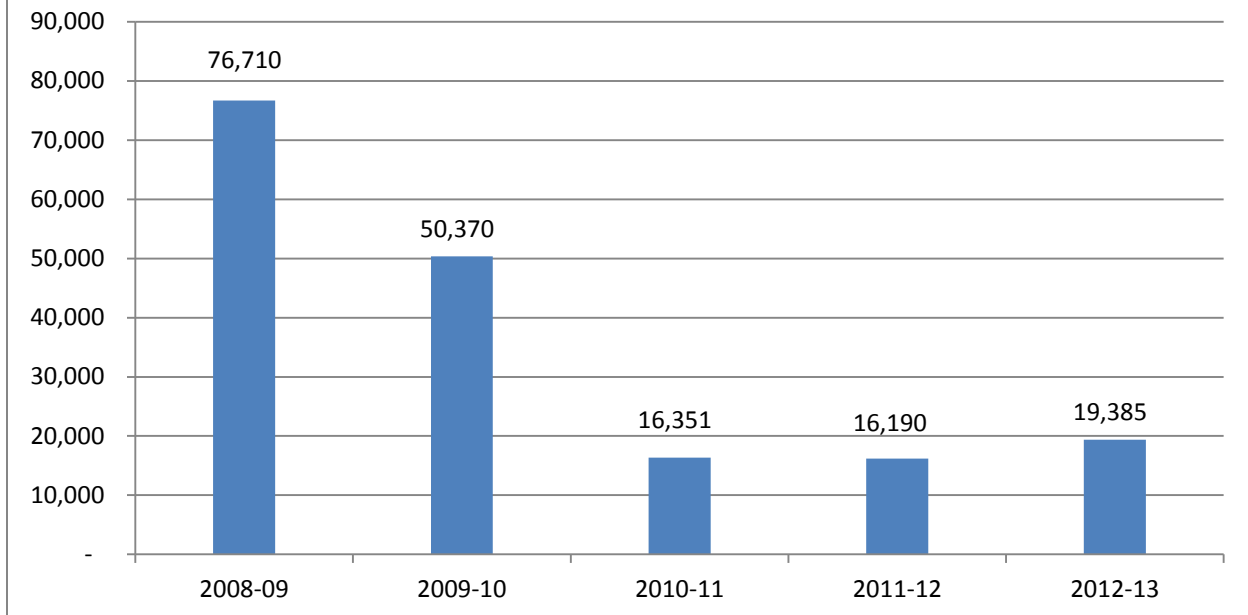
Florida’s economic conditions over the past several years caused financial distress to most of the industries regulated by Consumer Finance and consequently had negatively impacted the division’s revenues. However, as the economy has reversed course and started to improve the licensure base and revenues are now showing a positive trend. At the end of Fiscal Year 2011-12 the division had 68,672 licensed entities and locations. At the end of Fiscal Year 2012-13 the division had 79,675 which is an increase of 11,003 or 16%. This increase in licensure base results in a direct increase in revenues as licensing and renewal fees are the primary source of the division’s revenue.

In addition to the positive licensing and revenue trends the Division experienced a significant reorganization of its enforcement units. Effective July 1, 2013, both the Bureau of Money Transmitters and Bureau of Finance Regulation were combined into one bureau, the Bureau of Enforcement. Coupled with the reorganization and extensive reduction in staffing (reduction of 33 FTEs or 28%), the Bureau suffered significant turnover and loss of institutional knowledge. Following the reorganization and turnover the Bureau focused on recruiting and hiring new staff. In addition, the Bureau embarked on a training initiative to increase the knowledge and skill level of all examiners. The majority of the current Fiscal Year has been spent on hiring and training staff and as a result performance has suffered. The Bureau and Division is now focusing on improving performance and quality of examinations. The Bureau and Division continue to seek new and improved ways to monitor performance and quality in order to gain new and better process efficiencies and effectiveness.

Notwithstanding the organizational and staffing changes, the Office through the Division and Bureau has been focusing on improving relationships with not only state and federal regulators and prosecutorial agencies, but also with law enforcement units. As the federal regulatory framework continues to experience significant changes through agencies such as the Consumer Financial Protection Bureau the Division and Bureau seek to play a greater role in shaping the regulatory frameworks impacting the industries it regulates.

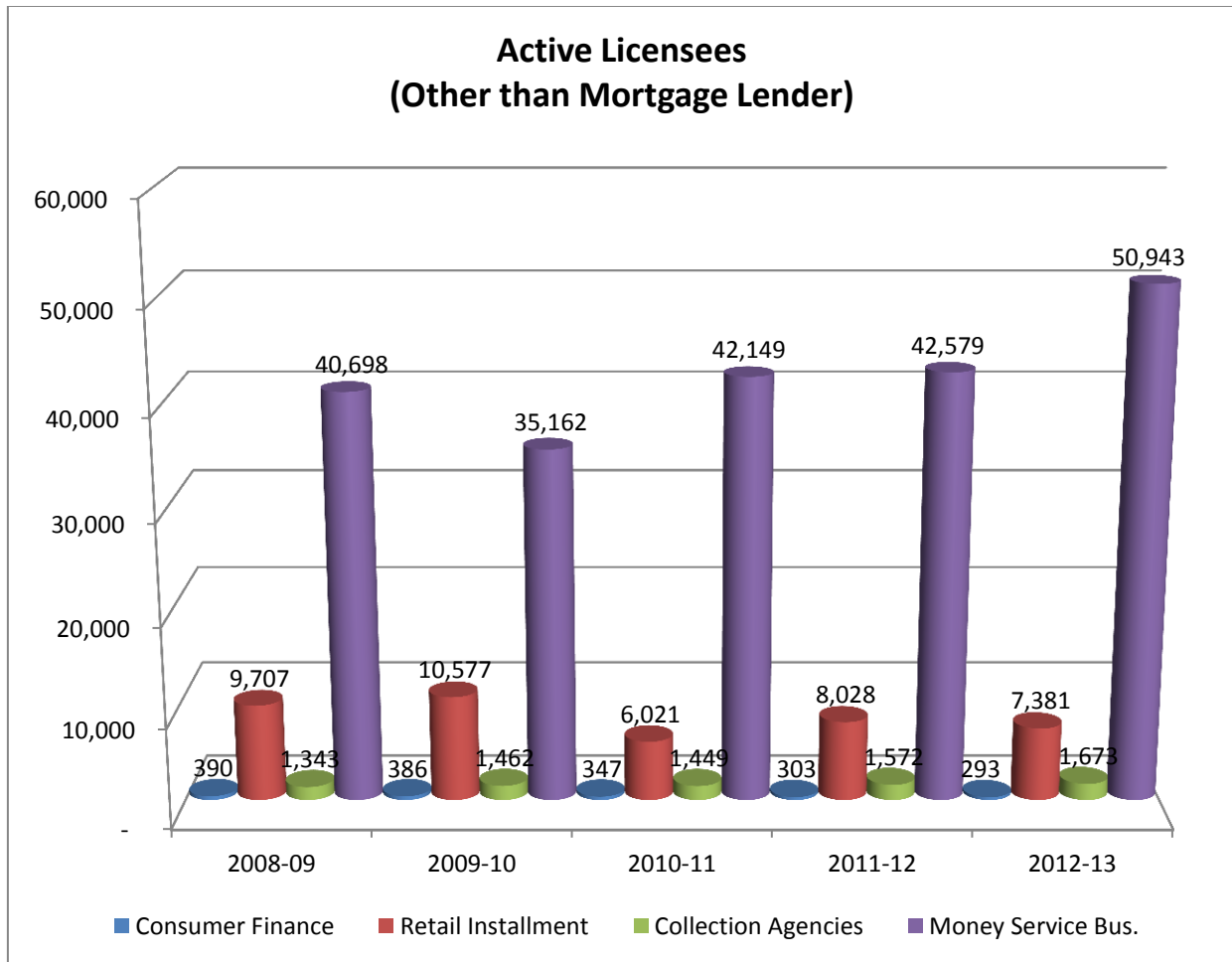


### Mortgage Lending Licensees (including mortgage firms, branches and individuals)



In an effort to streamline renewals for mortgage licensees, the office has implemented changes in the Nationwide Mortgage Licensing System (NMLS) so that licensees must complete continuing education and other requirements prior to requesting renewal of their licenses. The upturn in the economy and streamlined renewal process contributed to a 20% increase in mortgage licensees from FY 2011-12.

As of June 30, 2013, The Office had 16,092 loan originators, 2,304 mortgage companies and 1,404 mortgage branches licensed. Florida is ranked second in the number of loan originators and mortgage companies, and is in the top ten in the number of branches licensed.



The Money Services Business (MSB) industry has remained relatively stable over the past two years with a noticeable increase in the total number of active licenses. Over the past year the number of licensees has increased 20% in FY 2012-13. Emerging products and services being brought to market by the MSB industry continue to provide new avenues for growth. These emerging products and services include payment processors, internet transmissions, internet payment systems, digital currency providers, mobile payments, micro payments and stored value cards.

#### Bureau of Enforcement

The Bureau of Enforcement regulates the non-depository financial service industries under Chapter 494 (Loan Originators and Mortgage Lenders), Chapter 516 (Consumer Finance), Chapter 520 (Retail Installment Sales), Chapter 537 (Title Loans), Chapter 559 (Consumer and Commercial Collections), and Chapter 560 (Money Services Businesses) striving to protect consumers from unfair, fraudulent and deceptive financial activities. The bureau is authorized to conduct examinations, investigate consumer complaints, and impose administrative sanctions when appropriate. The bureau staff works cooperatively with other regulatory agencies in Florida and throughout the country to effectively regulate companies and individuals, and also conduct consumer and industry education programs.

The mission of the bureau is to help safeguard consumers from illegal or improper activities by focusing on fraudulent, unfair, or deceptive activities. These types of activities are found during the review and investigation of consumer complaints received throughout the year. While not all complaints contain such activities, complaints are one of the leading indicators for staff to determine if further examination or investigation is necessary. During the Fiscal Year 2012-13, the bureau closed more than 3,600 consumer complaints. This is a 15% reduction in the volume of complaints from Fiscal Year 2011-12 (4,100). The largest volumes of complaints received are related to mortgage loan modifications and consumer collection issues.

Consumers seeking assistance on modifications on their delinquent loans are the subject matter of the highest volume of complaints received by the Bureau. This trend is expected to continue as the industry and economy move out of the real estate crisis. The typical complaint from the consumer is an allegation of not being able to qualify for a federal loan modification or the lack of response from their servicer.

Consumer and commercial collection issues are the second highest volume of complaints. As financial markets tighten and foreclosures continue to rise, debt collection tactics have become increasingly aggressive. Collection agency complaints were largely outside the bureau's authority to address due to statutory limitations until October 1, 2010. Amendments to the collection laws now provide meaningful enforcement authority over the collection industry, and the bureau is addressing unlawful activity in order to reduce consumer abuses. The Bureau has and is focusing enforcement activity in this area with the intent to address unlawful activity and consumer abuses.

### Bureau of Enforcement Initiatives

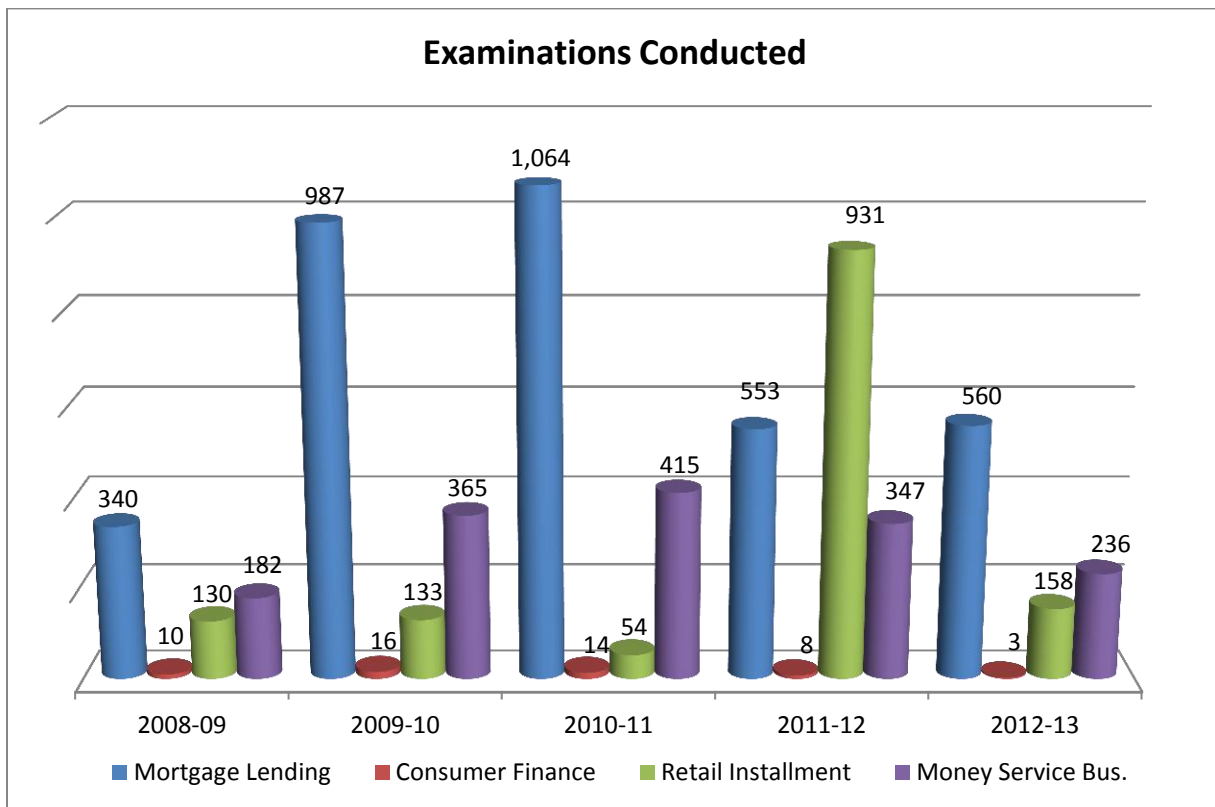
The Bureau will focus its resources on enforcement matters that have the greatest overall impact in protecting the citizens of Florida.

The volume of complaints investigated by Enforcement has continued to remain at high levels, and previously led to the introduction of a Case Priority System for enforcement examinations. The Enforcement staff works closely with agency attorneys to focus its resources on enforcement matters that have the greatest overall impact on protecting Floridians based on the case priority evaluation. The "priority" may be short term, or last for a year or more. Priority status is accorded to investigations and examinations that display one or more of the following criteria:

- The subject matter is an OFR or current division priority
- Egregiousness of conduct, including the length of time the conduct has occurred and whether recidivism was involved
- The impact or potential impact to Florida citizens (large number of victims, high dollar losses, or vulnerability of victims)
- Involvement of licensees or registrants
- Alleged illegal act is ongoing

Based on the Case Priority evaluation reviews, examinations in the coming fiscal year will be focused on money services businesses, collection agencies, reverse mortgage lenders,

and mortgage servicers and lenders. Case priority guidelines provide for examinations that are issue specific.



As a result of the Case Priority System, Enforcement has taken a more proactive approach which has resulted in a total of 786 administrative actions. Once issues are identified, managers work with agency attorneys to develop guidelines for the examinations. Examinations are then conducted in select regions to validate the process, and upon satisfactory review by management and legal staff, examinations will begin state-wide or in the appropriate regions. An additional benefit of the Case Priority System is that staff attorneys work with examiners at the onset to identify the types and quantity of evidence necessary to prosecute the matter. This results in more cases meeting the burden of proof, and timely resolution by agency attorneys.

The Office is a member of the Multi-State Mortgage Committee (MMC), formed by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) under the Nationwide Cooperative Protocol and Agreement for Mortgage Supervision. The MMC serves as a coordinator and facilitator for examination of entities licensed in multiple jurisdictions. Since the inception of the MMC in 2009, Enforcement has participated in multiple multistate examinations; one as lead state, and the remainder as a concurrent state. The Office participated in the nationwide servicing settlement with the big 5 financial institutions due to its participation in the multi-state examination of GMAC Mortgage, a subsidiary of Ally Financial. The resulting settlement implemented the first nationwide servicing standards and significant restitution to the consumers of Florida. The Office is finalizing another large multistate settlement with a large servicer resulting in additional significant restitution to the consumers of Florida.

The Office is expected to participate in three multistate examinations of reverse mortgage entities and a mortgage servicing entity in the coming Fiscal Year.

CSBS/AARMR has implemented an electronic method to transfer examination data from licensees to regulators. The process in the future will become central to the multi-state examination process. The electronic examination method has been field tested, and is under review by other participating states and the bureau management. The Bureau will begin to use this electronic method to analyze entire loan portfolios of mortgage lenders in the coming months resulting in better compliance by the mortgage industry.

Enforcement maintains staff in four regional offices and Tallahassee. Management continues to refine its processes to minimize costs and maximize the effectiveness of its resources in an effort to continue to effectively regulate the non-depository lending and collection industries within its purview. During the past fiscal year, Enforcement's actions resulted in 786 final orders, 11 license revocations and more than \$1 million in fines assessed.

Under Chapter 560, Florida Statutes, Enforcement regulates money services businesses (MSBs), which include check cashers, money transmitters, payment instrument issuers, foreign currency exchangers and deferred presentment providers (payday lenders) by examining these entities for compliance with applicable statutes and rules. The staff conducted 236 examinations during Fiscal Year 2012-13 , with total fines assessed of \$541,000 .

Florida Statutes require examinations to be conducted at least once every five years for every licensee. The entities classified as MSBs are diverse, ranging from single store check cashing firms to multinational Fortune 500 companies. As of June 30, 2013, there were over 1,200 licensed entities conducting business at more than 49,000 locations across Florida.

The MSB industry has introduced a number of new financial products and services over the past decade including internet transmissions, internet payment systems, digital currency providers, mobile payments, micro payments, and stored value cards. While the traditional check cashing and funds transmission business models have experienced significant challenges over the past three years, the emerging products have continued to build momentum managing to grow, even in a down economy.

Passage of the Dodd-Frank act will have a substantial impact to the regulation of MSBs. The legislation provides supervisory authority to the newly created Consumer Financial Protection Bureau (CFPB). This new agency will be the first federal agency to have direct supervisory authority over the MSB industry. While the effects on state regulation will not be known for some time, it is clear that there will be federal regulators involved in this area of regulation going forward. Deferred Presentment (a/k/a payday lending) appears to be an initial focus of the new agency and its rulemaking efforts. The Office has taken a proactive approach by meeting with the Director and other officials of the CFPB on multiple occasions to build a familiar and cooperative relationship with the new federal regulator. These meetings have resulted in a better interaction and cooperation on examinations of the mortgage servicers and consumer collection agencies.

## MSB Regulatory Initiatives

As part of an ongoing effort to leverage available internal resources, OFR is conducting examinations of large national and regional money transmitters with other state regulatory agencies as part of the MSB Multi-State Joint Examination Initiative. The examination of these entities is a complex and resource intensive undertaking. It is estimated the leveraging of multiple states to complete this work will reduce the costs of these examinations by as much as 75%.

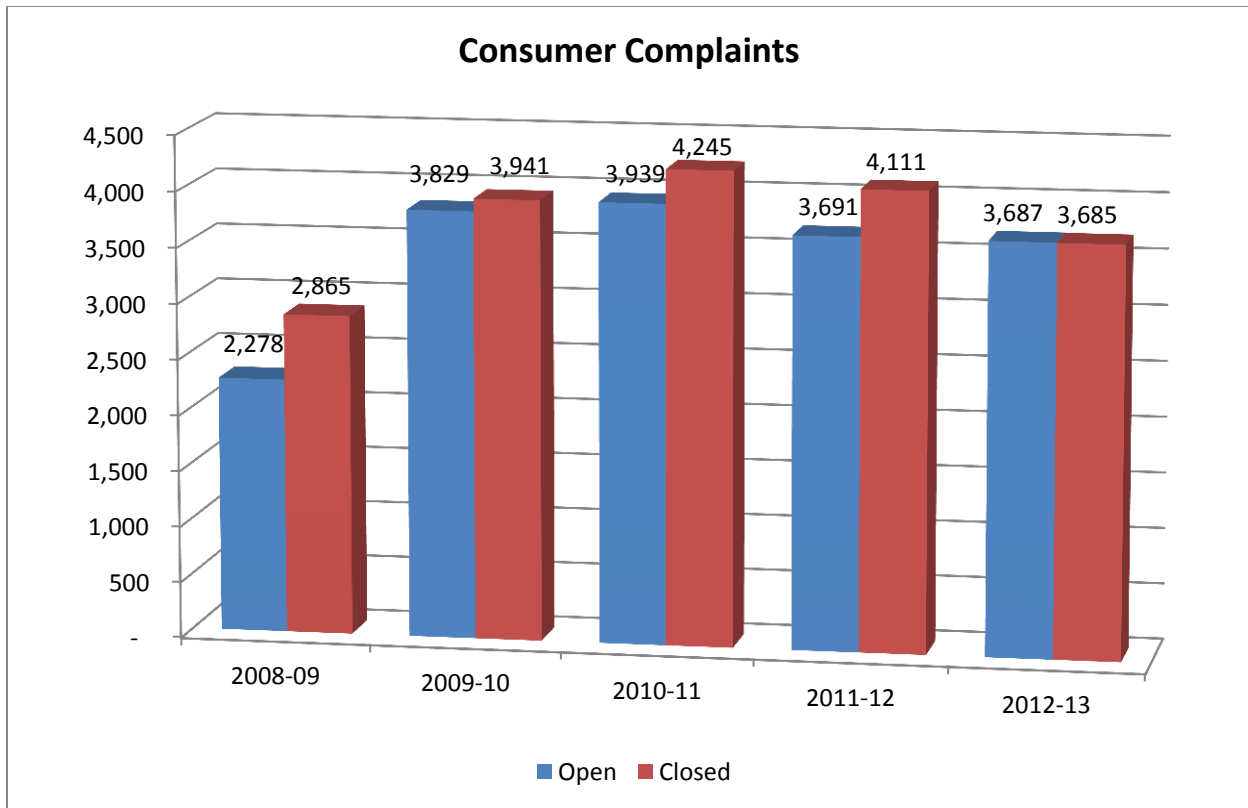
OFR has formed a working partnership with members of the Department of Financial Services (DFS) Division of Insurance Fraud (DIF) to coordinate efforts to halt the efforts of criminal enterprises conducting worker's compensation fraud. The partnership has resulted in multiple arrests across the state with seizures of cash, equipment, and records from Orlando to Miami.

OFR has formed another working partnership with members of the Internal Revenue Service to coordinate efforts to halt the cashing of fraudulent income tax refund checks. The Office has been a leader among the states in this kind of partnership with resulting legal actions, arrests and convictions of individuals and check cashiers from Jacksonville to Miami.

## Consumer Complaints

Today, the Internet and media sources provide greater access to financial information for consumers, in addition to providing significant potential for fraudulent activities. Consumers file complaints with Enforcement through OFR's website ([www.flofr.com](http://www.flofr.com)) or in writing. Complaints are processed by a core group of three staff members who provide assistance to consumers or referrals to appropriate agencies. Initial assessment of the complaints identifies priority issues to be referred to the regional staff to initiate an examination to stop the abusive practices or where suspected violations may be evident.

During Fiscal Year 2012-13, Enforcement completed more than 3,683 complaint investigations. It was noted that the number of consumer complaints received against a consumer collection agency exceeded the number of consumer complaints received against the mortgage lending industry (1,332 vs. 1,248) for the first time since the Office was created in 2003. Of the mortgage-related complaint investigations that were completed, 597 dealt with loan modifications. These numbers are a reflection of the current economic trends with a large number of foreclosures in Florida, as well as large amounts of unpaid debt incurred by consumers.



The current market conditions of tight consumer credit and high unemployment has caused the volume of consumer complaints received to remain at a high volume for the last three fiscal years. Over 1,800 of the complaints received were related to mortgage industry. These consumer complaints consist of issues relating to loan modifications being handled by third party companies, loan modifications being handled by the consumer’s loan servicer, and general servicing issues such as forced placed insurance and misapplication of mortgage payments. These complaints mirror what is being reported in the news on a weekly basis regarding the foreclosure process on homes by large corporate servicers.

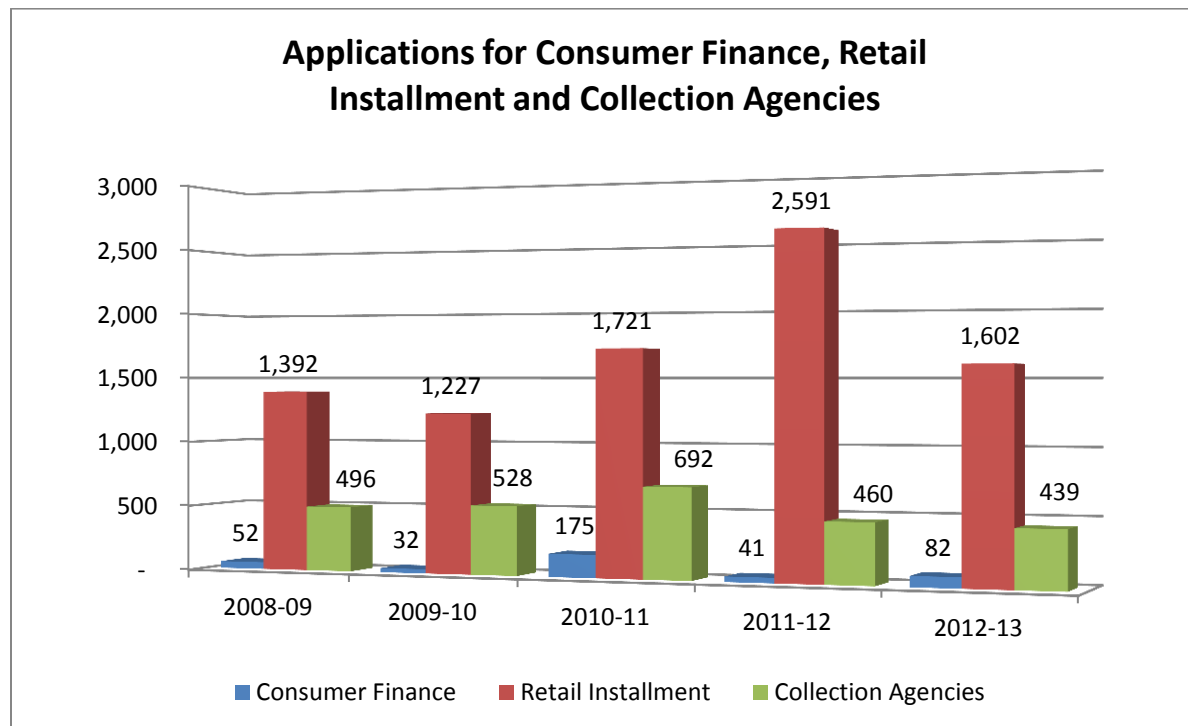
Just as the current market conditions have contributed to adverse outcomes for homeowners, the same market conditions have contributed to borrowers becoming delinquent on the payment of other debts. This has resulted in an increase in the number of debt collection calls made to borrowers and an increase in the number of consumer collection complaints. Complaints about the collection of consumer debts now account for the second largest volume of consumer complaints with 1,184 investigated during the past fiscal year. These consumer complaints consist of issues related to the validation of debt and harassment tactics by the debt collectors.

### Bureau of Registration

The Bureau of Registration (Registration) processes all license, compliance and renewal filings for 19 different license types and ensures that only individuals and businesses that meet the standards for licensure are allowed to conduct business in Florida. Registration

received over 25,080 applications for licensure during Fiscal Year 2012-13, approved 24,145 new licenses, denied 487 applications and revoked 4 licenses.

Registration is required to review and process all license applications in accordance with the Administrative Procedures Act, Chapter 120, Florida Statutes (APA). The APA mandates that Registration review all license applications within 30 days of receipt and notify the applicant of any deficiencies in the application. Once an applicant satisfies all statutory requirements to obtain a license, a final determination to approve or deny the application must be made within 90 days. During Fiscal Year 2012-13, Registration processed 100% of license applications in compliance with the APA.



Each statute requires licensees to submit timely and accurate amendments with regulatory, criminal, civil or financial disclosures so OFR can ensure licensees continue to meet minimum standards for licensure.

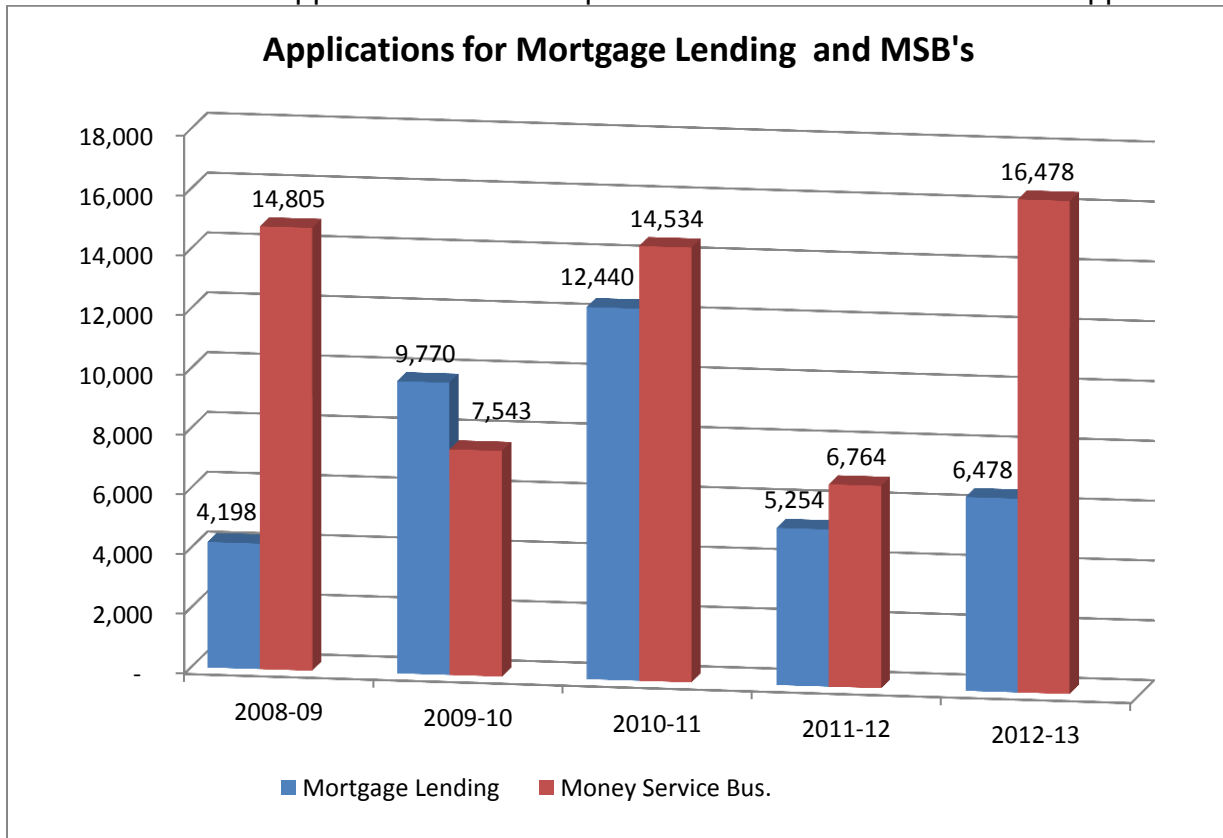
Although economic conditions coupled with increased regulatory requirements impacting the mortgage industry caused drastic decreases in the number of license applications, the effort required to process and review applications has increased.

Registration began participating in the Nationwide Mortgage Licensing System (NMLS) on October 1, 2010. All mortgage license applications, amendments and renewal filings must be filed through NMLS and processed in the Regulatory Enforcement and Licensing (REAL) System by OFR. The NMLS is used nationally by all states and facilitates information sharing with other regulators.

Beginning in 2011, mortgage industry licensees were required to file renewal requests annually through NMLS. Registration is required to conduct a follow up review of criminal



background and credit report information for individual loan originators and control persons of companies once a year. Failure by the licensee to continue meet minimum standards for licensure will result in the denial of the renewal request. Registration continues to work to streamline processes and procedures to facilitate timely processing of both initial and renewal filings. In FY 2012-13 the bureau approved over 14,900 renewal applications; denied 18 renewal applications and accepted the withdrawal of 64 renewal applications.



## Division of Securities

The mission of the Office's Division of Securities (Securities) is investor protection. The division administers and enforces compliance with Chapter 517, Florida Statutes, the Florida Securities and Investor Protection Act (Act). The Act is designed to help protect the investing public from unlawful securities activity while promoting the sound growth and development of Florida's economy.

The division accomplishes its mission through its Bureau of Registrations (Registrations) by registering securities and investment advisory firms and their employees to conduct business in, to or from the state of Florida. The Bureau of Enforcement (Enforcement) receives and processes consumer complaints regarding securities industry activities and participants. Enforcement conducts compliance and enforcement examinations and investigations of securities and investment advisory firms and their employees and develops enforcement actions brought by OFR for violations of the securities laws. Both bureaus engage in outreach to consumers and selected groups, such as seniors, the securities industry and the Florida Bar.

### Enforcement

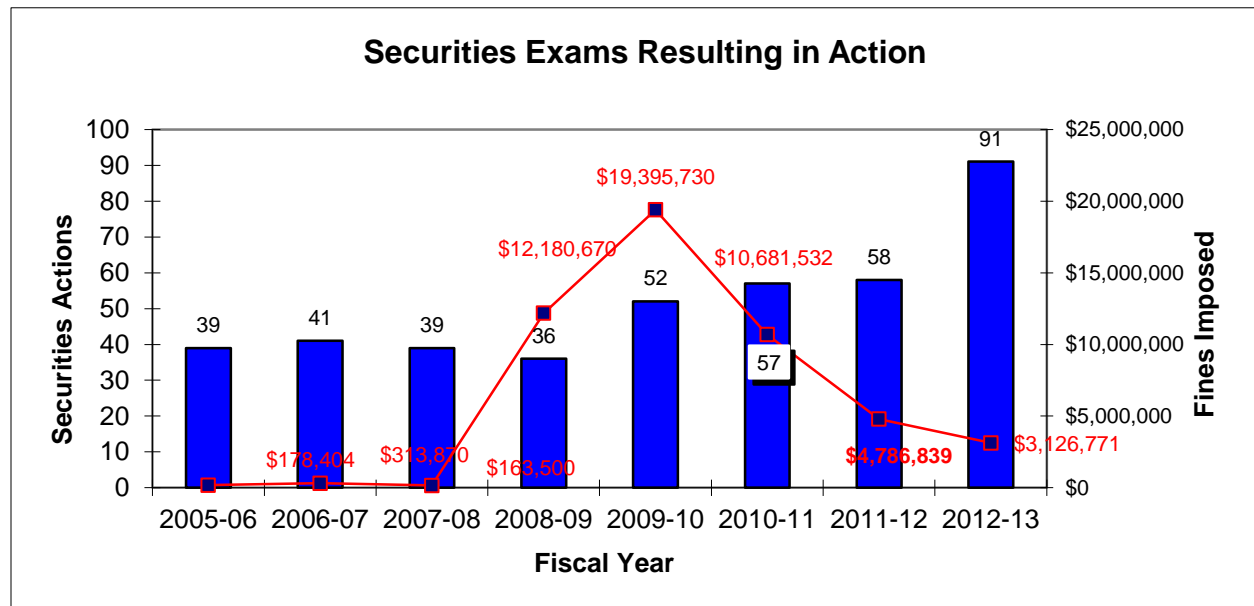
The Commissioner of OFR has broad authority to enforce the Act. Registrations recommends to the Commissioner whether to deny, suspend, revoke or restrict the registrations of firms and persons that apply for registration, or are currently registered under the Act. Through cases developed by Enforcement, the Commissioner may seek administrative remedies in the Division of Administrative Hearings or civil remedies in court including cease and desist orders, civil penalties, fines, restitution, disgorgement, rescission, freezing of assets or appointment of a receiver.

Enforcement works with OFR's Bureau of Financial Investigations regarding matters warranting criminal prosecution.

Civil, administrative or criminal violations of the Act can take many forms, but the most serious violations involve fraudulent conduct. Fraudulent conduct involves material misrepresentations or omissions by the perpetrator to prospective or actual investors which frequently result in substantial losses of money or property by the victims. In the securities realm, this often involves one or more sales practice abuses.

Registrations and Enforcement maintain close relationships with other states and Canadian securities regulators through the North American Securities Administrators Association (NASAA), the organization of U.S. state and Canadian provincial and territorial securities regulators; the U.S. Securities and Exchange Commission (SEC); self-regulatory organizations (SROs), e.g., the Financial Industry Regulatory Authority (FINRA), which regulates its securities broker dealer industry members; and state and local prosecutors and law enforcement. These relationships result in case referrals, joint investigations and enforcement cases, which allow for leveraging of resources, taking advantage of the experience and expertise of each entity, and the ability to prosecute larger, multi-jurisdictional cases. Referrals of matters to OFR affecting Florida investors also result from these close relationships.

Securities staff jointly investigates cases with the Office of the Attorney General pursuant to section 517.191, Florida Statutes, which provides the Attorney General with the authority to investigate and bring actions under the anti-fraud provisions of the Act. The division and the Attorney General are currently jointly investigating and prosecuting cases.



### Complaints

For Fiscal Year 2012-13, Enforcement received 269 complaints, 30% of which involved fraudulent or unregistered activities. OFR encourages Florida investors and consumers to file complaints electronically through OFR’s website, [www.flofr.com](http://www.flofr.com), by calling 850-410-9500 or by writing OFR. OFR reviews all complaints received and determines whether there are violations of the Act which warrant taking action.

### Examinations

Enforcement conducts routine (risk-based) and for cause (enforcement) examinations of dealers, investment advisers and their associated persons located in Florida, to determine whether any person has violated or is about to violate the securities Act, or to aid in the enforcement of the securities law and rules. Enforcement does not require “cause” or grounds for legal action to examine a dealer or investment adviser, so firms registered with the division may be subject to an unannounced examination.

Risk-based examinations typically target registered firms and individuals whose disciplinary history shows a pattern of conduct warranting further examination.

Enforcement examinations involve more complex examinations than risk-based examinations. Enforcement examinations are commenced when: (1) there appears to be significant securities law violations (i.e., fraud or abusive sales practices) or significant investor losses; (2) the examinations are complex, require significant time and are resource

intensive; or (3) there is a concern that customers have been, or will be, harmed, and regulatory or enforcement action may be appropriate.

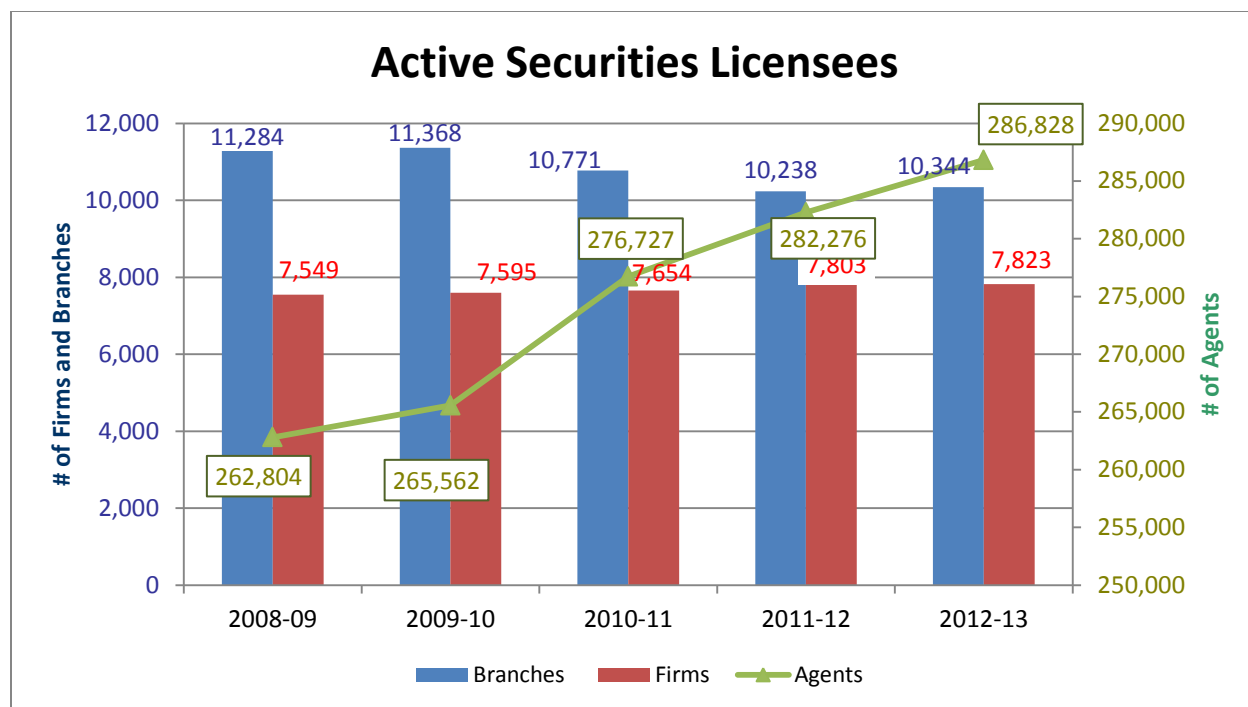
### Early Detection Initiative

In addition to the Division's traditional approach to securities enforcement through risk-based examinations, enforcement examinations and customer complaints, the Division has employed a pro-active approach to securities examinations through an early surveillance program for identifying illegal securities activity. In cooperation with the Bureau of Financial Investigations, the Division has developed a plan which incorporates surveillance of the internet, advertisements and media coverage to facilitate this objective.

### Registration

As of June 30, 2013, there were 7,823 dealer and investment adviser firms, 10,344 branches and 286,828 individual associated persons actively registered with OFR. Florida ranks third in the nation in the number of registered dealers, investment advisers and their registered associated persons, and fourth in the number of registered branch offices. Registrations is responsible for the review of 13 different application types including dealers, investment advisers, branches and their employees, and with monitoring the activities of existing registrants.

By registering dealers (firms that buy and sell securities) and their sales persons (commonly known as stockbrokers, agents or associated persons), and by registering investment advisers (firms that manage money for a flat fee or a fee based on a percentage of the assets under management) and their employees (commonly known as investment adviser representatives, agents or associated persons) who conduct business in Florida, Registrations ensures that only applicants that meet the registration requirements set by the Act and the rules are allowed to conduct business in Florida. In instances where the qualifications are not met, denial of the application for registration, or restriction of the applicants' business activities upon registration, may be required, thus helping protect consumers.



Dealers, investment advisers, their associated persons and their branch offices applying for registration are reviewed for any prior securities law violations and, once registered, are continually monitored for any actions in violation of the Act. Registrations analysts check the disciplinary history (including any criminal history) for the firms and individual applicants, and the educational and employment background for the individual applicants employed by the dealers and investment advisers.

With respect to firms and individuals already registered, Registrations identifies problems that require remedial or regulatory action. Regulatory action can include revocation, suspension or restriction of the right to do business in, to, or from Florida, which also protects consumers.

Applicants must disclose disciplinary events at the time of the initial application and registrants have a duty to report any updated disciplinary matters in a timely fashion. Registrations received more than 20,000 disciplinary updates on registrants in Fiscal Year 2012-13. All disciplinary updates are carefully reviewed to determine if there are legal grounds to take regulatory action.

Registrations participates in the Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) systems, which are national databases of dealers and investment advisers and their associated persons. CRD and IARD are jointly administered by NASAA and FINRA on behalf of OFR and the other state securities regulators. OFR registers securities dealers and associated persons conducting business in, to or from Florida, and FINRA registers its member dealers through the CRD. OFR registers smaller investment advisers and associated persons of all investment advisers conducting business in Florida and the SEC registers larger investment adviser firms through the IARD.

## Investment Adviser Oversight

The division is the sole regulator of approximately 1400 investment adviser firms conducting business in, to or from Florida. Investment advisers with up to \$100 million in assets under management register with state regulatory agencies; those over the \$100 million threshold register with the U.S. Securities and Exchange Commission. Registrations has staff that are dedicated to registering investment adviser firms and their associated persons as well as processing branch office notice filings. As part of the registration process, the Division uses a pre-registration conference with applicants to discuss requirements to maintain their registrations and record keeping and compliance requirements after they become registered. The conference provides an opportunity for open dialogue between the industry and the Division and apprises firms of their compliance responsibilities. The Division also sends a guide to newly registered investment advisers to assist them in understanding their compliance obligations. The Bureau of Enforcement has bolstered its examination program of state registered advisers and has undertaken an initiative to examine all registered investments advisory firms on a five year cycle. Examinations will be assertive with a mindset of correcting deficiencies and business practices where the need exists.

## Current Legislation

Legislation enacted by the 2013 Florida Legislature revises the procedures and requirements for submitting fingerprints as part of an application to Securities. Beginning October 1, 2013, applicants requiring a criminal background check will submit their fingerprints at one of the Florida Department of Law Enforcement approved live-scan vendor locations. OFR will no longer process fingerprint cards or criminal background check fees.

Other legislation provides for a branch office notice filing with OFR in lieu of registration. Currently, Securities registers, reviews and approves all broker dealer and investment adviser branch office locations in Florida. Effective October 1, 2013, branch offices will notice-file with OFR and the branch office will be effective upon receipt of the Form BR and filing fee. OFR will continue to review the filings for correctness, and any deficiencies will be documented in writing to the dealer or investment adviser. If the dealer or investment adviser fails to correct all deficiencies within 30 days, the branch office filing shall be summarily suspended and a fine of up to \$10,000 will be imposed. If the dealer or investment adviser fails to correct all deficiencies within ninety days of the summary suspension, the branch office filing shall be revoked.

## Staff Training

OFR conducts mission critical training for the Securities staff and provides opportunities for staff to participate in training sponsored by NASAA. The Division has a need to compress the amount of time it takes to fully train an examiner and is using existing resources to hire a full-time trainer. This position will develop a formal training curriculum and a structured content delivery process that leverages technology and meets the Division's needs. This effort will include initial training for new staff as well as continuing training for intermediate

and veteran staff. To supplement the efforts of the trainer, Enforcement will also seek to annually conduct a statewide training program for all enforcement and legal staff in which industry and other agencies, such as NASAA, FINRA and the SEC, will provide training.

### Public Outreach

The Division of Securities engages in outreach to educate the public so they can protect themselves from fraud and other abuses perpetrated by unscrupulous firms and individuals. OFR encourages members of the public to contact Securities for assistance if they are approached by someone attempting to sell them securities or seeking to advise them about managing their money. If they have already lost their money or an investment as a result of fraudulent conduct by someone in the securities arena, they are encouraged to contact Securities to file a complaint.

### Legal and Compliance Outreach

Securities Regulation provides legal and compliance outreach to the securities industry and bar association. This encourages compliance with the Act by educating the securities industry and bar about the Act's requirements and the division's processes. This outreach is also a valuable source of securities industry input which sometimes leads to modification of industry or OFR processes for the mutual benefit of all stakeholders. Members of the securities industry and bar also refer problematic matters to the division.

Future outreach will be broadened to further sensitize local law enforcement personnel to securities issues and fraud. Since local law enforcement personnel typically do not handle securities fraud cases, awareness of how OFR can assist them will result in joint cooperation on matters, or referral of the matters to OFR's Division of Securities.

## **Bureau of Financial Investigations**

Most investigations originate from consumer complaints, referrals from other agencies, and coordination with law enforcement. The Bureau of Financial Investigations (BFI) also works with staff from the Divisions of Securities, Consumer Finance and Financial Institutions to enforce the securities, consumer finance and banking laws.

### Mortgage Fraud

With Florida's real estate market rebounding and mortgage lending changing from a refinance-dominated market to a purchase-dominated market, loan origination mortgage fraud is expected to increase. Taken as a whole, loans made to purchase property can be expected to contain more fraud than loans made to refinance a property. BFI also notes that Interthinx's Mortgage Fraud Index has been trending upward and identifies Florida as being the third in terms of fraud indicators, behind California and Nevada.

BFI expects that property valuation fraud will increase. This fraud is perpetrated by manipulating property values to create "equity" which is then extracted from loan proceeds by various means. BFI also anticipates an increase in employment/income fraud, which occurs when an applicant's income is misrepresented in order to meet underwriting guidelines for a loan.

With the real estate market continuing to improve in Florida, BFI expects it will begin to receive complaints and actionable intelligence that will increase the rate of mortgage fraud investigations being opened.

### Advance Fee for Loan Fraud

High unemployment and tightened credit markets continue to create an environment where opportunities for advance fee frauds flourish. These cases are challenging for BFI as the "lender" taking the advance fee is typically not located in Florida and the victims' funds are often wired outside the United States. BFI has also noted that many of the victims pay the upfront fees in cash transmitted by pre-paid stored value cards or via a money transfer service. These payment methods make it difficult to follow the money and identify the perpetrators of the crimes.

BFI continues to successfully investigate cases in which large dollar amounts of fees were collected to purportedly fund commercial ventures.

### Check Cashier Investigations

Check cashing businesses are common venues for individuals seeking an anonymous way to cash large numbers of checks to facilitate various money-laundering schemes. The criminals engaged in these activities believe check-cashing businesses are less likely than banks to ask questions, less likely to "know their customers" and less likely to file currency transaction reports. Law Enforcement is aware of numerous examples of check cashers who appear to be actively aligned with these criminals and who take a "cut" of the illegal proceeds when they cash the checks.



OFR recently completed a Memorandum of Understanding with the Division of Insurance Fraud to share resources and information to battle worker's compensation fraud and BFI has taken steps to proactively identify and investigate checks cashers that may be facilitating illegal activity. BFI, along with the Division of Consumer Finance, has also formally assigned staff to the Division of Insurance Fraud's Worker's Compensation Fraud Task Force in South Florida. BFI investigators analyze information, conduct interviews and assist with search warrants. BFI and Consumer Finance have also been sharing information on a case by case basis with the IRS regarding the cashing of fraudulently obtained U.S. Treasury checks.

Based upon current caseload and anticipated trends, it is anticipated that approximately 25%-33% of investigative resources will be dedicated to consumer finance cases such as these over the next fiscal year.

### Securities Fraud

BFI is concerned that historically low interest rates will tempt investors to chase higher yields by investing in unregistered, non-traditional investment opportunities that are often fraudulent. Allegations of fraud involving unregistered securities continue to be prevalent and new Ponzi schemes are being uncovered.

BFI is also aware of a number of unregistered "boiler rooms" operating primarily in South Florida. Boiler rooms selling precious metals and other fraudulent investments are easy to set up and equally easy to move once identified. As these fraudulent schemes often victimize out-of-state or international investors, some local prosecutors may be less inclined to accept these cases. BFI continues to work closely with other regulators and state and federal law enforcement in an attempt to rein in this illegal activity.

In July 2013, the SEC adopted some of its long-awaited rules required under the 2012 Jumpstart Our Business Startups (JOBS) Act. The new rules permit general solicitations in certain private placements. Historically, many of the investment fraud cases investigated by BFI involve the sale of private placement offerings. With this potential liberalization of the offering process come concerns about the potential for fraud. BFI will monitor the impact these SEC rules will have on Florida citizens.

It is estimated that in the upcoming year, approximately 67% to 75% of investigative resources will be dedicated to securities fraud investigations.

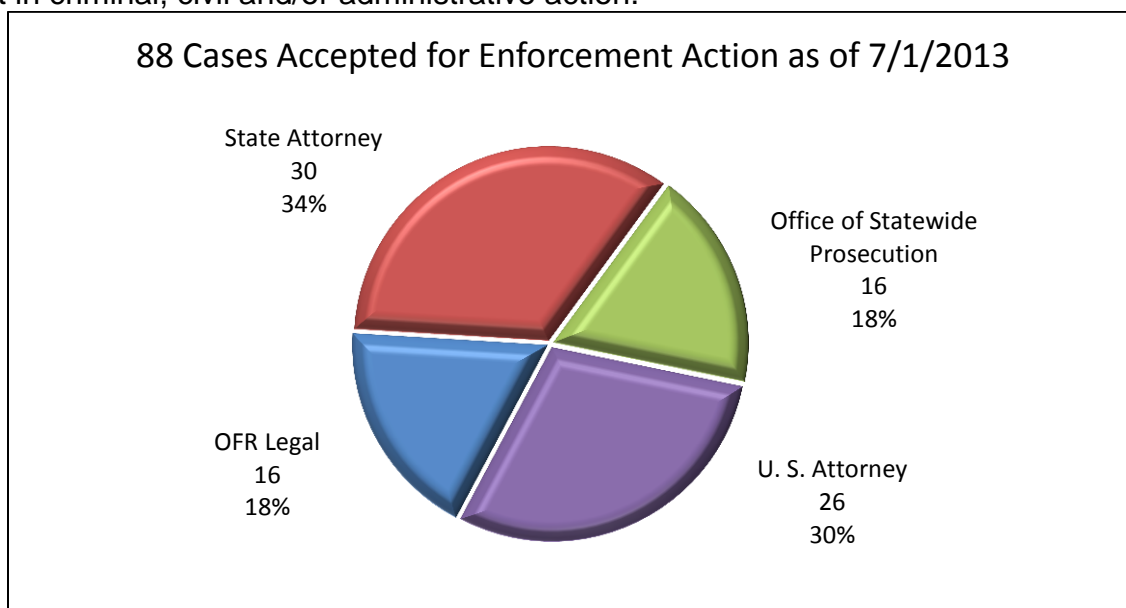
### Florida Fusion Center

OFR has become a member of the Florida Fusion Center that is run by the Florida Department of Law Enforcement (FDLE). The Florida Fusion Center is an intelligence and information sharing platform through which 28 member agencies pool resources, expertise, and/or information to better identify, detect, prevent, apprehend and respond to criminal and terrorist threats. A BFI investigator has been assigned to work as an intelligence liaison officer to the Florida Fusion Center.

## Caseload

As of July 2013, BFI had 185 open cases. These investigations involve approximately 5,194 consumers and more than \$700 million dollars. The average investigator's caseload is comprised of approximately nine cases.

When an investigator substantiates a violation(s), the case is presented for criminal prosecution and/or to OFR attorneys for administrative or civil enforcement action. Historically, approximately 80% of investigations referred to prosecutors or OFR attorneys result in criminal, civil and/or administrative action.



During Fiscal Year 2012-13, BFI closed 170 cases. 90 of those cases were formal investigations, including 46 investigations where enforcement action was taken. These cases resulted in 10 administrative actions, one civil action and 35 criminal actions. As a result of investigative work performed by the Bureau, 71 criminal defendants were sentenced to a total of 239 years of imprisonment and 294 years of probation.

## Challenges

The Bureau is actively seeking out ways to become more efficient and effective. The Bureau's goal is to increase its ability to detect criminal activity while it is ongoing, as opposed to detecting the conduct through customer complaints filed with OFR. The Bureau also desires to become faster at gathering and analyzing evidence such that the time it takes to present a case for enforcement action is decreased. To accomplish these goals, the Bureau is attempting to build better relationships with industry, other regulatory agencies, law enforcement and prosecutorial agencies. The Bureau has also hired a forensic accountant and a criminal analyst to gather and analyze information. Lastly, the Bureau has invested money in a sophisticated software package that promises to reduce the time it takes to analyze bank records. The challenge this year will be to integrate these efforts and resources into the Bureau's existing operations and to position the Bureau such that it can respond to frauds before they become mature.

# **Performance Measures and Standards – LRPP Exhibit II**

## LRPP Exhibit II - Performance Measures and Standards

Department: Department of Financial Services		Department No.: 43		
<b>Program: Financial Services Commission - Office of Financial Regulation</b>		Code: 4384		
<b>Service/Budget Entity: Safety and Soundness of State Banking System</b>		Code: 43900530		
<b>Approved Performance Measures for FY 2013-14</b>	<b>Approved Prior Year Standard FY 2012-13</b>	<b>Prior Year Actual FY 2012-13</b>	<b>Approved Standards for FY 2013-14</b>	<b>Requested FY 2014-15 Standard</b>
Percentage of new Florida financial institutions that seek state charters	67%	N/A	67%	67%
Percentage of surveys returned that rate the Division's examination program as satisfactory or above	84%	84%	75%	75%
Percentage of all applications, except new charter application, deemed statutorily complete that are processed within 60 days, and with 90 days	67%/100%	75%/100%	67%/100%	67%/100%
Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better	85%	91%	85%	85%

Department: Department of Financial Services		Department No.: 43		
<b>Program: Financial Services Commission - Office of Financial Regulation</b>		Code: 4384		
<b>Service/Budget Entity: Financial Investigations</b>		Code: 43900540		
<b>Approved Performance Measures for FY 2013-14 (Words)</b>	<b>Approved Prior Year Standard FY 2012-13</b>	<b>Prior Year Actual FY 2012-13</b>	<b>Approved Standards for FY 2013-14</b>	<b>Requested FY 2014-15 Standard</b>
Percentage of investigations accepted by prosecutor or OFR Legal Counsel for enforcement that result in action being taken	80%	98%	80%	80%
Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action with 12 months of case opening	60%	63%	60%	60%
Number of financial investigations closed	175	170	175	175

Department: Department of Financial Services		Department No.: 43		
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<b>Program: Financial Services Commission - Office of Financial Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Executive Direction</b>	Code: 43900550			
<b>Approved Performance Measures for FY 2013-14 (Words)</b>	<b>Approved Prior Year Standard FY 2012-13</b>	<b>Prior Year Actual FY 2012-13</b>	<b>Approved Standards for FY 2013-14</b>	<b>Requested FY 2014-15 Standard</b>
Program administrative costs (excluding Office of Legal Services) as a percentage of total program costs	less than 3%	3.58%	less than 3%	less than 5%
Program administration costs (including Office of Legal Services) as a percentage of total program costs	less than 10%	5.33%	less than 10%	less than 10%
Program administration positions (including Office of Legal Services) as a percentage of total program positions.	less than 10%	5.04%	less than 10%	less than 10%
Program administrative positions (excluding Office of Legal Services) as a percentage of total program positions	less than 3%	3.64%	less than 3%	less than 5%

Department: Department of Financial Services		Department No.: 43		
<b>Program: Financial Services Commission - Office of Financial Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Financial Regulation</b>	Code: 43900560			
<b>Approved Performance Measures for FY 2013-14 (Words)</b>	<b>Approved Prior Year Standard FY 2012-13</b>	<b>Prior Year Actual FY 2012-13</b>	<b>Approved Standards for FY 2013-14</b>	<b>Requested FY 2014-15 Standard</b>
Primary Service Outcome - Percentage of license applications processed within Administrative Procedure Act requirements	100%	100.00%	100%	100%
Average number of days to refer a priority examination to Legal Services	43	108	43	43
Average number of days to conclude a priority examination	65	267	65	65
Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination	75%	80%	75%	75%
Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination	90%	67%	90%	90%

Department: Department of Financial Services

Department No.: 43

<b>Program: Financial Services Commission - Securities Regulation</b>	Code: 4384			
<b>Service/Budget Entity: Securities Regulation</b>	Code: 43900570			
Approved Performance Measures for FY 2013-14 (Words)	Approved <b>Prior Year Standard FY 2012-13</b> (Numbers)	<b>Prior Year Actual FY 2012-13</b> (Numbers)	<b>Approved Standards for FY 2013-14</b> (Numbers)	<b>Requested FY 2014-15 Standard</b> (Numbers)
<b>Primary Service Outcome</b> - Number of examinations, investigations and enforcement cases resulting in imposition of substantial sanctions	40	71	40	45
Number of active major enforcement cases	40	19	40	25
Number of complex securities examinations completed	55	93	55	60
<b>Primary Service Outcome</b> - Percentage of license applications processed within Administrative Procedure Act requirements	100%	100%	100%	100%

# **Assessment of Performance for Approved Performance Measures – LRPP Exhibit III**

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530-Safety and Soundness of the State Banking System

**Measure:** Primary Service Outcome - Percentage of new Florida financial institutions that seek state charters

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
67%	NA	NA	NA

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Resources Unavailable                                  | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                               | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                               | <input checked="" type="checkbox"/> Other (Identify) |
| <input checked="" type="checkbox"/> This Program/Service Cannot Fix The Problem |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission    |  |

**Explanation:** No new banks were opened in Florida in FY 12-13. De novo activity has come to a halt due to the depressed economic conditions in Florida and the United States. Activity is not expected to resume until an economic recovery is underway.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |   |
|------------------------------------|---|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**





## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Primary Service Outcome - Program administrative costs (excluding Office of Legal Services) as a percentage of total program costs

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
Less than 3%	3.58%	+0.58%	+19.2%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Actual Administrative Operating Expenditures in Executive Direction (less the REAL System & General Counsel's Office) for the 16 Administrative Personnel were \$1,619,299, out of total OFR Operating Expenditures were \$30,375,838. As several positions were vacant in Executive Direction for several months (to include the Commissioner's position), the expenditure reflects decreased salary & benefits expenditures and expense expenditures due to lack of travel. This measure is too low for the expenditures required to run the Executive Direction.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Management recommends that the Performance Standard be adjusted to "less than 5%" to reflect a more accurate & attainable measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administrative positions (excluding Office of Legal Services) as a percentage of total program positions

**Action:**

- |   |  |
|---|--|
| <input type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure           | <input type="checkbox"/> Revision of Measure |
| <input checked="" type="checkbox"/> Performance Assessment of <u>Output</u> Measure | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards         |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
Less than 3%	3.64%	+0.64%	+ 21.38%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Personnel Factors           | <input type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities        | <input type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify)  |

**Explanation:**

**External Factors** (check all that apply):

- |  |  |
|--|--|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems      |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster            |
| <input type="checkbox"/> Target Population Change                            | <input checked="" type="checkbox"/> Other (Identify) |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |  |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |  |

**Explanation:**

Effective July 2012, all remaining attorneys and legal staff (a total of 16 Personnel) were repositioned into the Divisions and no longer report to the General Counsel's office. This left the General Counsel, the Assistant General Counsel, a Senior Attorney, the Agency Clerk, and an Administrative Assistant in the Legal Office within Executive Direction. At this time, total FTEs for Executive Direction decreased from 34 FTEs to 18 FTEs.

**Management Efforts to Address Differences/Problems** (check all that apply):

- |                                    |  |
|------------------------------------|--|
| <input type="checkbox"/> Training  | <input type="checkbox"/> Technology                  |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

**Recommendations:**

Management recommends that the Performance Standard be adjusted to "less than 5%" to reflect a more accurate & attainable measure.

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Financial Regulation

**Program:** Financial Service Commission, Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation

**Measure:** Average number of days to conclude a priority examination

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
43 days	108 days	+65 days	+151%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)             |

**Explanation:**

Beginning FY 2012-13 both the Bureau of Money Transmitters and the Bureau of Finance Regulation were merged into one bureau, the Bureau of Enforcement (Enforcement). Subsequent to this extensive reorganization, Enforcement experienced significant turnover and institutional knowledge was lost. Enforcement focused on recruiting and hiring staff members to fill vacant positions. In addition, Enforcement focused on training existing and new examiners to conduct Money Services Business examinations. Furthermore, the Division experienced a shortage in attorneys resulting in a delay in prosecuting Enforcement's cases. The combination of reorganization and staffing shortage contributed to the Bureau not meeting this measure.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Bureau has initiated intensive training to ensure that every examiner is capable of performing all examination types that fall within the purview of the consolidated Bureau. In addition, the Bureau has revised its' focus and procedures to

ensure it is able to meet statutory examination requirements, address issues that pose a significant harm to Florida consumers, and meet performance expectations, using available resources. Florida Statute requires that the Bureau conduct examinations of every licensed Money Services Business at least once every five years (§560.109(1), F.S.). Statutes also require that the Bureau investigate consumer complaints it receives involving any person that collected a debt (§559.725, F.S.). These examinations and investigations shall form the Bureau's primary case work. In addition, the Bureau may conduct examinations related to priority matters, as identified by the Bureau from time to time, in response to information or intelligence suggesting significant harm to the public. The Bureau shall continue to refer possible criminal activity it discovers to law enforcement, and may assist law enforcement to the extent resources permit. Lastly the Office reassigned 5 new positions to the Division of Consumer Finance in an effort to redirect critically needed resources where appropriate.

*Office of Policy and Budget – July 2013*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Financial Regulation  
**Program:** Financial Service Commission, Office of Financial Regulation  
**Service/Budget Entity:** 43900560 – Finance Regulation  
**Measure:** Average number of days to conclude a priority examination

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
65 days	267 days	+202 days	+311%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)             |

**Explanation:**

Beginning FY 2012-13 both the Bureau of Money Transmitters and the Bureau of Finance Regulation were merged into one bureau, the Bureau of Enforcement (Enforcement). Subsequent to this extensive reorganization, Enforcement experienced significant turnover and institutional knowledge was lost. Enforcement focused on recruiting and hiring staff members to fill vacant positions. In addition, Enforcement focused on training existing and new examiners to conduct Money Services Business examinations. Furthermore, the Division experienced a shortage in attorneys resulting in a delay in prosecuting Enforcement's cases. The combination of reorganization and staffing shortage contributed to the Bureau not meeting this measure.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:** The Bureau has initiated intensive training to ensure that every examiner is capable of performing all examination types that fall within the purview of the consolidated Bureau. In addition, the Bureau has revised its' focus and procedures to ensure it is able to meet statutory examination requirements, address issues that pose a significant harm to Florida consumers, and meet performance expectations, using available resources. Florida Statute requires that the Bureau conduct examinations of every licensed Money Services Business at least once every five years (§560.109(1), F.S.). Statutes also require that the Bureau investigate consumer complaints it receives involving any person that collected a debt (§559.725, F.S.). These examinations and investigations shall form the Bureau's primary case work. In addition, the Bureau may conduct examinations related to priority matters, as identified by the Bureau from time to time, in response to information or intelligence suggesting significant harm to the public. The Bureau shall continue to refer possible criminal activity it discovers to law enforcement, and may assist law enforcement to the extent resources permit. Lastly the Office reassigned 5 new positions to the Division of Consumer Finance in an effort to redirect critically needed resources where appropriate.

*Office of Policy and Budget – July 2013*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Office of Financial Regulation

**Program:** Financial Service Commission, Office of Financial Regulation

**Service/Budget Entity:** 43900560 – Finance Regulation

**Measure:** Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards                     |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	67%	-23%	-26%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity    |
| <input type="checkbox"/> Competing Priorities         | <input checked="" type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)             |

**Explanation:**

Beginning FY 2012-13 both the Bureau of Money Transmitters and the Bureau of Finance Regulation were merged into one bureau, the Bureau of Enforcement (Enforcement). Subsequent to this extensive reorganization, Enforcement experienced significant turnover and institutional knowledge was lost. Enforcement focused on recruiting and hiring staff members to fill vacant positions. In addition, Enforcement focused on training existing and new examiners to conduct Money Services Business examinations. Furthermore, the Division experienced a shortage in attorneys resulting in a delay in prosecuting Enforcement's cases. The combination of reorganization and staffing shortage contributed to the Bureau not meeting this measure.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Explanation:** The Bureau has initiated training to ensure that every examiner is capable of performing examinations that fall within the purview of the consolidated Bureau.



**Recommendations:** The Bureau has initiated intensive training to ensure that every examiner is capable of performing all examination types that fall within the purview of the consolidated Bureau. In addition, the Bureau has revised its' focus and procedures to ensure it is able to meet statutory examination requirements, address issues that pose a significant harm to Florida consumers, and meet performance expectations, using available resources. Florida Statute requires that the Bureau conduct examinations of every licensed Money Services Business at least once every five years (§560.109(1), F.S.). Statutes also require that the Bureau investigate consumer complaints it receives involving any person that collected a debt (§559.725, F.S.). These examinations and investigations shall form the Bureau's primary case work. In addition, the Bureau may conduct examinations related to priority matters, as identified by the Bureau from time to time, in response to information or intelligence suggesting significant harm to the public. The Bureau shall continue to refer possible criminal activity it discovers to law enforcement, and may assist law enforcement to the extent resources permit. Lastly the Office reassigned 5 new positions to the Division of Consumer Finance in an effort to redirect critically needed resources where appropriate.

*Office of Policy and Budget – July 2013*

## LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

**Department:** Department of Financial Services  
**Program:** Financial Services Commission – Office of Financial Regulation  
**Service/Budget Entity:** 43900570 – Securities Regulation  
**Measure:** Number of active major enforcement cases

**Action:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input type="checkbox"/> Revision of Measure |
| <input type="checkbox"/> Performance Assessment of <u>Output</u> Measure             | <input type="checkbox"/> Deletion of Measure |
| <input checked="" type="checkbox"/> Adjustment of GAA Performance Standards          |  |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
40	19	-21	-52.5%

**Factors Accounting for the Difference:**

**Internal Factors** (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Personnel Factors | <input checked="" type="checkbox"/> Staff Capacity |
| <input type="checkbox"/> Competing Priorities         | <input type="checkbox"/> Level of Training         |
| <input type="checkbox"/> Previous Estimate Incorrect  | <input type="checkbox"/> Other (Identify)          |

**Explanation:**

Subsequent to an extensive reorganization of the Office during last fiscal year, Securities Regulation experienced significant staff turnover. Consequently, institutional knowledge was lost. During FY 2012-13, Securities Regulation recruited and hired staff members to fill vacant positions. In order to be successful in meeting the approved standard, Securities Regulation must have well trained examiners that can identify and assess matters involving significant complexity. As Securities Regulation was understaffed for a portion of the FY and new staffing was inexperienced, the performance result of active major enforcement cases was less than the expected goal.

**External Factors** (check all that apply):

- |  |   |
|--|---|
| <input type="checkbox"/> Resources Unavailable                               | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change                            | <input type="checkbox"/> Natural Disaster       |
| <input type="checkbox"/> Target Population Change                            | <input type="checkbox"/> Other (Identify)       |
| <input type="checkbox"/> This Program/Service Cannot Fix The Problem         |   |
| <input type="checkbox"/> Current Laws Are Working Against The Agency Mission |   |

**Explanation:**

**Management Efforts to Address Differences/Problems** (check all that apply):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Training  | <input type="checkbox"/> Technology       |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

**Recommendations:**

Securities Regulation recognizes that there will be a need for training as well as a time of organic growth among our newly hired staff. In an effort to successfully reach the Office's goal, respectfully requests a change to the performance standard from 40 to 25 active enforcement cases. Securities Regulation is dedicated to providing training opportunities for existing staff as well as for the development of new staff so that the expected results can be achieved.

*Office of Policy and Budget – July 2013*

# **Performance Measure Validity and Reliability – LRPP Exhibit IV**

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530 Safety & Soundness of State Banking System

**Measure:** Percentage of new Florida financial institutions that seek state charters

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Organizers of new financial institutions have the option of being chartered and regulated by the state or federal government. Many factors influence the decision to seek a state or national/federal charter, including the cost of regulation, accessibility of regulators, authorized powers, competitive opportunities, and economic conditions. The value of the state charter can be measured, to an extent, by the percentage of organizers that seek a state charter in lieu of a national charter. The Federal Deposit Insurance Corporation (FDIC) maintains a database of all active and inactive FDIC insured financial institutions (both state and national/federal charters) including domestic banks.

**Validity:** The dual banking system affords financial institutions the option of being chartered and regulated by the state or federal government. For state regulation to have value, it must demonstrate that such regulation is a viable alternative for individuals seeking to organize new financial institutions in Florida. The proportion of organizers seeking state charters rather than national charters is a valid indicator of the value of the state charter. Given unprecedented levels of market concentration and out-of-state control of deposit market share in Florida, new market entry is essential to maintain competitiveness and mitigate potential oligarchic behavior. The measure demonstrates the relative value of the dual banking system in Florida and supports OFR's mission to provide a high quality, cost efficient state regulatory system.

**Reliability:** OFR and the FDIC maintain databases that include information concerning each new bank opened. The databases are updated on a continuous basis. Back-up documentation is maintained by OFR to ensure the data is verifiable. Efforts have been made to assure data is promptly and correctly entered into DOGI database, so that such data is deemed to be "audit-proof."

*Office of Policy and Budget – July 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530 Safety & Soundness of State Banking System

**Measure:** Percentage of all applications, except new charter applications, deemed statutorily complete that are processed within 60 days, and within 90 days.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Under Florida's Administrative Procedures Act (APA) statutory time frames, OFR has ninety days within which to issue final agency action on most domestic applications, other than new charter applications, received. The time frame begins when an application is deemed by OFR to be complete with respect to statutory requirements and ends when a final decision is rendered on the application.

The data for this measure is maintained in OFR's Database of General Information (DOGI) and back-up documentation is maintained to validate the information. Only applications for which a decision was rendered during the relevant time frames will be used in the calculation. The measure will be calculated by determining all applications that were acted on (decision) during the relevant time period. The measure will be calculated as follows:

- a. Determine number of days required to process each application (Date of Notice of Intent - Date application deemed complete)
- b.  $\% = (\text{Number of applications processed within standard timeframes}) / (\text{Total number of applications processed})$

OFR has established a standard for domestic application processing (60 days) that is less than the statutory minimum for these types of applications.

**Validity:** The measure is a valid indicator of the amount of time required to process applications and to determine whether OFR has met its statutory requirements. Timely processing of applications also reduces unnecessary regulatory burden on applicants. The measure is an appropriate indicator of how long it takes to issue a final agency action for an application and supports OFR's mission to carry out Florida's banking laws efficiently and effectively.

**Reliability:** All dates and other information needed to calculate these measures are maintained in DOGI. OFR maintains back-up documents to validate entries in the database. Efforts have been made to assure data is promptly and correctly entered into DOGI, so that such data is deemed to be "audit-proof."

*Office of Policy and Budget – July 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530 Safety & Soundness of State Banking System

**Measure:** Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** State financial institutions are the sources of data. OFR has developed an examination survey that is sent to all state financial institutions annually. The survey solicits a variety of comments on the safety and soundness examination process, examination team, and examination report. The survey also elicits a response from financial institutions regarding the contribution of the State examination process in promoting safe and sound institutions.

The measure will be calculated as follows:

- a. Determine the total number of responses to section 4, question 4 of the survey
- b. sort all responses in ascending order
- c. Determine the number of responses that rated OFR as “2” or better
- d.  $\% = (\text{Number of responses that rated OFR as “2” or better}) / (\text{Total number of responses})$

**Validity:** The survey results provide OFR with an objective evaluation of the quality of the product it provides (financial institution regulation) by the customers. This type of measure is broadly used throughout the business industry as a form of quality control.

The measure provides OFR with direct feedback from its customers, the state financial institutions, and is used to evaluate the product provided. Survey results provide OFR with a perspective from the “outside” which can be used to improve the processes.

**Reliability:** All survey information needed to calculate this measure is maintained in Excel spreadsheets. OFR maintains back-up documents to validate entries in the spreadsheets. Efforts have been made to assure data is promptly and correctly entered into an Excel spreadsheet and tabulated so that such data is deemed to be “audit-proof.”

*Office of Policy and Budget – July 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900530 Safety & Soundness of State Banking System

**Measure:** Percentage of surveys returned that rate the Division's examination program as satisfactory or above

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** State financial institutions are the sources of data. OFR has developed an examination questionnaire that is sent to all state financial institutions annually. The questionnaire solicits comments on the safety and soundness examination process, examination team, and examination report. The survey also elicits a response to the exhaustiveness and efficiency of state examinations compared with those conducted by federal regulators. This output will be calculated by averaging all responses to sections 1, 2, and 3 of the questionnaire. These sections relate to the examination process, team and report.

**Validity:** The survey results provide OFR with an objective evaluation of the quality of the product it provides (financial institution regulation) by the customers. This type of measure is broadly used throughout the business industry as a form of quality control. The measure provides OFR with direct feedback from its customers, the state financial institutions, and is used to evaluate the product provided. Survey results provide OFR with a perspective from the “outside” which can be used to improve the processes.

**Reliability:** All survey information needed to calculate this measure is maintained in Excel spreadsheets. OFR maintains back-up documents to validate entries in the spreadsheets. Efforts have been made to assure data is promptly and correctly entered into an Excel spreadsheet and tabulated so that such data is deemed to be “audit-proof.”

*Office of Policy and Budget – July 2013*



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Office of Financial Regulation**

**Program: Financial Services Commission/Office of Financial Regulation**

**Service/Budget Entity: 43900540 Financial Investigations**

**Measure: Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken.**

**Action** (check one):

- Requesting revision to approved performance measure
- Change in data sources or measurement methodologies
- Requesting new measure
- Backup for performance measure

### **Data Sources and Methodology:**

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

When violations of law and/or administrative rules have been documented by evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR Legal Counsel. Criminal cases are frequently presented to the State Attorney's Office, the Office of Statewide Prosecution, and the United States Attorney's Office. Below are the REAL activity codes used to track cases accepted for prosecution:

- Case Accepted for Civil Action
- Case Accepted by Legal
- Case Accepted by OSWP
- Case Accepted by SAO
- Case Accepted by USAO

When an action is taken on cases accepted for enforcement, the investigator assigned will record the action in REAL.

Below are the REAL disposition codes used to track actions:

- Administrative Action Taken
- Civil Action
- Civil and Administrative Action
- Criminal Action
- Criminal and Civil Action
- Criminal, Civil & Administrative Action
- Criminal and Administrative Action
- Criminal Action – Fugitive

An investigation is closed when the investigator assigned, and the reviewing authority, deem all matters complete. The investigation is not closed until the final disposition of the administrative, civil or criminal case. REAL is updated and reviewed for completeness. With proper documentation made to the file, the matter is closed.

There are occasions where, due to circumstances outside the control of the Bureau and no matter how strong the investigative case is, the prosecutor is unable to file an enforcement action. Examples include:

- 1) Death of the offender or sole victim/key witness
- 2) Victim(s) refused to cooperate in the prosecution
- 3) Extradition of an offender was denied
- 4) Prosecution was declined for a reason other than lack of evidence, e.g., does not meet prosecutorial guidelines or priorities.

These cases will be closed with a disposition of “Exceptional Clearance” and will not be used when calculating this

**Calculation of Outcome Measure:** Cases closed as Exceptional Clearance are eliminated from the data pool for both the numerator and denominator. The percentage of investigative cases accepted for prosecution that result in enforcement action will be determined by: dividing 1) the total number of closed cases that result in action, by 2) the number of closed investigative cases that were accepted for prosecution during the review period.

**Data Source:** The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into this database as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data. Cases closed as Exceptional Clearance are removed from the data set prior to calculating the result.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted into alleged or suspected violations that fall under the jurisdiction of the Office.

The acceptance of an investigation for prosecution measures OFR's ability to conduct quality financial investigations which identify and sufficiently documents fraudulent activity under OFR jurisdiction and the Bureau's support to the prosecution.

Due to the circumstances surrounding cases that are closed with a disposition of Exceptional Clearance, the Bureau believes it is not appropriate to include these cases when calculating this outcome.

This Outcome measures ability to efficiently conduct quality financial investigations that are accepted by prosecutors for enforcement action and the Bureau's commitment to assist the prosecutors obtain a successful action.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for

investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on a quarterly and annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

Ultimately, the decision to file administrative, civil or criminal action is outside the control of the Bureau and is impacted by the priorities and resources of the prosecutor. Many enforcement actions resulting from investigations conducted by the Bureau are complex and resource intensive. When presenting investigations for potential prosecution, the Bureau is committed to provide continued investigative resources or litigation support as needed.

*Office of Policy and Budget – July, 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Office of Financial Regulation**

**Program: Financial Services Commission/Office of Financial Regulation**

**Service/Budget Entity: 43900540 Financial Investigations**

**Measure: Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening**

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

An investigation is the gathering of pertinent evidence to identify noncompliance or prove/disprove allegations and violations of the law and regulations within the jurisdiction of the Office of Financial Regulation.

Investigation Start Date – An investigation is commenced when there is information/evidence of possible violations of Florida Statutes or Rules. When it is determined that an investigation is warranted, the case is entered into REAL and assigned to an Investigator. At this point, a case priority is assigned. Factors used in making the priority determination include:

- 1) The egregiousness of conduct, including the length of time conduct occurred and whether recidivists were involved.
- 2) Whether the impact or potential impact to Florida Citizens is significant (i.e. due to the large number of victims, high dollar losses, or vulnerability of victims.
- 3) Whether the persons involved in the conduct are licensees or registrants
- 4) Whether the alleged illegal conduct is on-going
- 5) Whether the subject matter is an OFR/Division priority.

The codes established in REAL to track case priority are 1, 2 or 3 (1 being the highest). An Investigation will be deemed a "Priority" if the code is a 1 or 2.

When violations of law and/or administrative rules have been documented with evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR Legal Counsel. Criminal cases are frequently presented to the State Attorney's Offices, the Office of Statewide Prosecution, and the United States Attorney's Office. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed. Below are the REAL activity codes used to track cases accepted for prosecution:

Case Accepted for Civil Action  
Case Accepted by Legal  
Case Accepted by OSWP  
Case Accepted by SAO  
Case Accepted by USAO

The Bureau uses the REAL codes 1) Entered Date and 2) Activity Date to determine the number of months from case opening to case acceptance for prosecution.

**Calculation of Outcome Measure:** The percentage of priority investigations accepted by prosecutor or OFR Legal Counsel for enforcement action within 12 months of case opening will be calculated by: 1) The number of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement within 12 months divided by 2) The total number of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement during the review period.

**Data Source:** The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into these databases as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted of alleged or suspected violations that fall under the jurisdiction of the Office.

The acceptance of an investigation for prosecution measures our ability to conduct quality investigations which identifies and sufficiently documents fraudulent activity under OFR jurisdiction. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed, to facilitate a successful prosecution and enforcement result.

This Outcome measures our ability to conduct quality financial investigations, and have the investigation accepted for enforcement in a timely manner.

**Reliability:** Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on a quarterly and annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

*Office of Policy and Budget – July, 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Department of Financial Services**

**Program: Financial Services Commission/Office of Financial Regulation**

**Service/Budget Entity: 43900540 Financial Investigations**

**Measure: Number of Financial Investigations Closed**

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

An investigation is the gathering of pertinent evidence undertaken to identify noncompliance or prove/disprove allegations and violations of the law and regulations within the jurisdiction of the Office of Financial Regulation.

Investigation Start Date – An investigation is commenced when there is information/evidence of possible violations of Florida Statutes or Rules. When it is determined that an investigation is warranted, the case is assigned to an Investigator.

An Investigation is Closed when the investigator assigned, and the reviewing authority, deem all matters complete. In cases where the Office is directly involved with the prosecution, the matter is not closed until final disposition of the administrative, civil or criminal case. The database record is updated and reviewed for completeness. With proper documentation made to the file the matter is closed.

Calculation of Output Measure: The number of cases closed will be determined by counting the number of investigations whose status changed to closed during the review period.

**Data Source:** The date is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into these databases as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data.

**Validity:** The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted of alleged or suspected violations that fall under the jurisdiction of the Office of Financial

Regulation. The results of these investigations will be used to determine the Bureau of Financial Investigations Performance Outcomes.

**Reliability:** Date inconsistencies can occur from input errors. To enhance database accuracy and integrity, the Bureau Quality Assurance Gridlines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on a quarterly and annual basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

*Office of Policy and Budget – July, 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Office of Financial Regulation**

**Program: Financial Services Commission/Office of Financial Regulation**

**Service/Budget Entity: 43900550 Executive Direction**

**Measure: Program administration costs (including Office of Legal Services) as a percentage of total program costs**

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Data is maintained in FLAIR, the statewide financial accounting system, reflecting the expenditures of Office of Financial Regulation as a whole and of the budget entity for Executive Direction. Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total expenditures for Executive Direction (less expenditures for the REAL System) are divided by the expenditures for OFR as a whole.

### **Validity:**

The measure assesses the percentage of the OFR budget that is expended for program administration to demonstrate effective use of the state dollars used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of cost of administrative programs.

### **Reliability:**

FLAIR is the statewide accounting system used by all agencies to capture information on receipts and expenditures.

*Office of Policy and Budget – July, 2013*



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Office of Financial Regulation

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administration positions (including Office of Legal Services) as a percent of total program positions

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total number of Full Time Equivalents (FTEs) for Executive Direction is divided by the number of FTEs for OFR as a whole.

### **Validity:**

The measure assesses the percentage of the OFR staffing that is dedicated to program administration to demonstrate effective use of the state resources used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of size of administrative programs.

### **Reliability:**

*Office of Policy and Budget – July, 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Office of Financial Regulation

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administration costs (excluding Office of Legal Services) as a percentage of total program costs

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Data is maintained in FLAIR, the statewide financial accounting system, reflecting the expenditures of Office of Financial Regulation as a whole and of the budget entity for Executive Direction. Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. Based on organization codes contained in FLAIR, the expenditures for the Office of Legal Services and the REAL System are subtracted from the expenditures for Executive Direction. The result is then divided by the expenditures for OFR as a whole.

### **Validity:**

The measure assesses the percentage of the OFR budget that is expended for program administration to demonstrate effective use of the state dollars used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of cost of administrative programs. Because the vast majority of the work done by the Office of Legal Services is directly related to the regulatory activities of the Office, rather than to administrative functions of the Office, this measure more accurately reflects the program administrative costs.

### **Reliability:**

FLAIR is the statewide accounting system used by all agencies to capture receipts and expenditures. Expenditures in FLAIR are captured at the Budget Entity

*Office of Policy and Budget – July, 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Office of Financial Regulation

**Program:** Financial Services Commission/Office of Financial Regulation

**Service/Budget Entity:** 43900550 Executive Direction

**Measure:** Program administration positions (excluding Office of Legal Services) as a percent of total program positions

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

Executive Direction includes the Office of Commissioner, Office of Inspector General and the Office of Legal Services. The total number of Full Time Equivalent (FTEs) for the Office of Legal Services is subtracted from the FTEs for Executive Direction. The result is then divided by the number of FTEs for OFR as a whole.

### **Validity:**

The measure assesses the percentage of the OFR staffing that is dedicated to program administration to demonstrate effective use of the state resources used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of size of administrative programs. Because the vast majority of the work done by the Office of Legal Services is directly related to the regulatory activities of the Office, rather than to administrative functions of the Office, this measure more accurately reflects the program administrative positions and associated costs.

### **Reliability:**

*Office of Policy and Budget – July, 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** Percentage of license applications processed within Administrative Procedures Act requirements

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure reflects the percentage of applications where the Office processed applications for licensure within the timeframes required by the Administrative Procedures Act (APA, Section 120.60, Florida Statutes. The APA requires state agencies that process applications for licensure to notify applicants of any deficiencies in the application within 30 days of receipt of the application. If the agency has complied with this requirement and the applicant does not complete the application within the time frame prescribed in the deficiency letter, the agency may technically deny the application for failure to complete the application. In the event the agency does not issue a deficiency letter within the 30 days, the agency cannot technically deny the application and must consider the application complete upon receipt. Furthermore, the APA requires that the agency approve or deny any application within 90 days of completion of the application. The percentage will be computed by dividing the total number of applications processed within the APA guidelines during the year by the total number of applications processed during the year.

**Validity:** This measure helps to ensure the timely processing of all applications and compliance with state law. This furthers the agency's mission to support the industries regulated and consumers by providing a timely service to these entities and individuals.

**Reliability:** Data will be captured and reported quarterly. The Division tracks applications in the REAL System.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** Average number of days to refer a priority examination to Legal Services

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The data for this measure is maintained in OFR's REAL (Regulatory, Enforcement, and Licensing) System. This measure will assess the average number of days elapsed from the date the priority examination case was opened to the date the priority examination is referred to Legal Services for an administrative action. First, the examinations that are considered priority by issue will be identify which were referred for the relevant period. Second, the "activity date" of the examination will be used as the date for the referral of the examination to Legal Services. Third, the date "opened" will be used as the date the examination is started. The difference (activity date minus opened) is the processing or examination number of days until it was referred. The number of examinations and the number of days will then be averaged to determine the measure.

**Validity:** This measure will address OFR's efficiency in timely handling a priority examination from start of the examination process to the referral for administrative action. A priority examination is based on an issue that is identified by the Agency as a priority. Priorities are set due to the scope of OFR's enforcement jurisdiction in the financial arena and limited resources. The Office has determined that it will focus its resources on enforcement matters that will have the greatest overall impact in protecting Florida's citizens. An example of an OFR priority is companies performing loan modifications without a current license which is required to conduct business. These unlicensed companies are frequently taking upfront fees from homeowners in distressed properties with promises of reduced payments, interest rates, or reductions in the mortgage loan balances. These companies frequently make either token or no efforts to fulfill their promises to the consumers thus causing additional harm to consumers who are already in dire straits. A timely administrative action can result in a cease and desist issued to the company, administrative fines, refunds of upfront fees, or the handing over of files to a licensed entity.

**Reliability:** All dates and other information required to determine this measure is maintained in the REAL system. This system data is backed up on a pre-determined basis so that this data will be available in event of system failure. Efforts are made to assure date is promptly and correctly entered into REAL.

*Office of Policy and Budget – July 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** Average number of days to conclude a priority examination

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** The data for this measure is maintained in OFR's REAL (Regulatory, Enforcement, and Licensing) System. This measure will assess the average number of days elapsed from the date the priority examination case was opened to the date the priority examination was closed. First, the examinations that are considered priority by issue will be identified which are closed for the relevant period. Second, the "date closed" of the examination will be used as the date for the conclusion of the examination when no additional staff resources will be expended on the case. Third, the date "opened" will be used as the date the examination is started. The difference (date closed minus opened) is the processing or examination number of days. The number of examinations and the number of days will then be averaged to determine the measure.

**Validity:** This measure will address OFR's efficiency in timely handling a priority examination from start of the examination process to the conclusion. A priority examination is based on an issue that is identified by the Agency as a priority. Priorities are set due to the scope of OFR's enforcement jurisdiction in the financial arena and limited resources. The Office has determined that it will focus its resources on enforcement matters that will have the greatest overall impact in protecting Florida's citizens. An example of an OFR priority is companies performing loan modifications without a current required license. These unlicensed companies are frequently requiring upfront fees from homeowners in distressed properties with promises of reduced payments, interest rates, or reductions in the mortgage loan balances. These companies frequently make either token or no efforts to fulfill their promises to the consumers thus causing additional harm to consumers who are already in dire straits.

**Reliability:** All dates and other information required to determine this measure is maintained in the REAL system. The system data is backed up on a pre-determined basis so that this data will be available in event of system failure. Efforts are made to assure date is promptly and correctly entered into REAL.

*Office of Policy and Budget – July 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Each examination of a Part III licensee will be completed in a timely manner. This measure will determine the number of days between the last day of field work on the examination and the date the final examination report is issued. The date will be the closed date of the “Activity End Date” activity and the closed date of the “Report Submitted/Issued” activity. This measure will only include examinations that are coded as routine. Examinations conducted “for cause” which may result in protracted legal or criminal proceedings will not be included in this measure. For purposes of this measure the determination of whether an examination is “routine” or “RBT High Priority” may be made until field work has commenced.

**Validity:** This measure will determine the efficiency of the examination process in completing all work assigned in a timely manner. Providing the licensees with feedback that is timely will contribute to the long term compliance rates of the industry as a whole. The sooner the licensee receives the examination findings the sooner the licensee can implement the necessary policy and procedural changes to put the entity back into compliance.

**Reliability:** Data will be captured and reported quarterly. The year-end number will be computed based on year-to-date total of actions. The Division tracks applications in the REAL System.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900560 Finance Regulation

**Measure:** Percentage of money transmitter/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination.

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** Each examination of a Part II licensee will be completed in a timely manner. This measure will determine the number of days between the last day of field work on the examination and the date the final examination report is issued. The date will be the closed date of the “Activity End Date” activity and the closed date of the “Report Submitted/Issued” activity. This measure will only include examinations that are coded as routine. Examinations conducted “RBT High Priority” which may result in protracted legal or criminal proceedings will not be included in this measure. For purposes of this measure the determination of whether an examination is “routine” or “RBT High Priority” may be made until field work has commenced.

**Validity:** This measure will determine the efficiency of the examination process in completing all work assigned in a timely manner. Providing the licensees with feedback that is timely will contribute to the long term compliance rates of the industry as a whole. The sooner the licensee receives the examination findings the sooner the licensee can implement the necessary policy and procedural changes to put the entity back into compliance.

**Reliability:** Data will be captured and reported quarterly. The year-end number will be computed based on year-to-date total of actions. The Division tracks applications in the REAL System.



## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** Percentage of license applications processed within Administrative Procedures Act requirements

**Action:**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure reflects the percentage of applications where the Office processed applications for licensure within the timeframes required by the Administrative Procedures Act (APA, Section 120.60, Florida Statutes. The APA requires state agencies that process applications for licensure to notify applicants of any deficiencies in the application within 30 days of receipt of the application. If the agency has complied with this requirement and the applicant does not complete the application within the time frame prescribed in the deficiency letter, the agency may technically deny the application for failure to complete the application. In the event the agency does not issue a deficiency letter within the 30 days, the agency cannot technically deny the application and must consider the application complete upon receipt. Furthermore, the APA requires that the agency approve or deny any application within 90 days of completion of the application. The percentage will be computed by dividing the total number of applications processed within the APA guidelines during the year by the total number of applications processed during the year.

**Validity:** This measure helps to ensure the timely processing of all applications and compliance with state law. This furthers the agency's mission to support the industries regulated and consumers by providing a timely service to these entities and individuals.

**Reliability:** Data will be captured and reported quarterly. The Division tracks applications in the REAL System.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** The number of examinations, investigations and enforcement cases resulting in the imposition of substantial sanctions

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure will report the number of examinations, investigations and enforcement cases resulting in the imposition of substantial sanctions.

A substantial sanction for a dealer is some combination of: 1) a fine or civil penalty of \$50,000 or more; 2) restitution to investors of \$50,000 or more; 3) Revocation, bar, denial or suspension of registration/license; or 4) civil or criminal remedies.

A substantial sanction for an investment adviser is: 1) a fine or civil penalty of \$25,000 or more; 2) restitution to investors of \$50,000 or more; 3) revocation, bar, denial or suspension of registration/license; or 4) civil or criminal remedies.

A substantial sanction for an individual is: 1) a fine or civil penalty of \$20,000 or more; 2) restitution to investors of \$20,000 or more; 3) revocation, bar, denial or suspension of registration/license; or 4) civil or criminal remedies.

**Validity:** The division has determined that it will focus its resources on enforcement matters that will have the greatest overall impact in protecting Florida's citizens. Therefore, the division is choosing to focus on cases that will result in substantial sanctions or substantial recovery of investor funds. This prioritization will enable the division to better utilize the time and talents of designated staff to accomplish the agency's mission of carrying out the securities laws of the state effectively and to provide regulation of business that promotes the sound growth and development of Florida's economy.

**Reliability:** Information will be retrieved from the agency's Registration Enforcement and Licensing (REAL) system using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL. REAL is the primary source for the capturing, computing and reporting of the performance measures.

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department:** Department of Financial Services

**Program:** Financial Services Commission – Office of Financial Regulation

**Service/Budget Entity:** 43900570 Securities Regulation

**Measure:** The number of active major enforcement cases

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

**Data Sources and Methodology:** This measure will report on the number of active, major enforcement cases. Major cases must contain one or more of the following: a) the egregiousness of conduct or impact to Florida residents was significant. Examples of significant egregious conduct might include cases with more than 25 victims; losses greater than \$50,000; conduct that continued for longer than 3 months or conduct that hurt particularly vulnerable victims; b) the alleged illegal conduct involved recidivists; or c) the alleged illegal conduct was systemic and/or on-going. Systemic conduct could be manifested by such things as unlawful conduct throughout a firm or an industry-wide practice.

Major cases are designated in REAL with a Priority Code of “1”.

**Validity:** The division has determined that it will focus its resources on cases that will have the greatest overall impact in protecting Florida’s citizens. Therefore the Division will pursue cases involving egregious conduct that impacts significant numbers of investors, vulnerable investors, targets recidivists, or addresses a systemic or ongoing sales practice abuse. The focus on working active major cases will help to insure that the division routinely completes examinations and investigations that result in substantial sanctions or return of funds to victims.

**Reliability:** Information will be retrieved from the agency’s Registration Enforcement and Licensing (REAL) system using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL. REAL is the primary source for the capturing, computing and reporting of the performance measures.

*Office of Policy and Budget – July 2013*

## LRPP EXHIBIT IV: Performance Measure Validity and Reliability

**Department: Department of Financial Services**

**Program: Financial Services Commission – Office of Financial Regulation**

**Service/Budget Entity: 43900570 Securities Regulation**

**Measure: The number of complex securities examinations completed**

**Action** (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

### **Data Sources and Methodology:**

This number will report the number of complex examinations completed. Complex examinations involve potential violations of the securities laws and regulations relating to supervision, fraud, sales practices or sales of unregistered, non-exempt securities.

Sales practices for dealers include, but are not limited to, selling away, unapproved outside business activity, unauthorized trading, improper advertising, excessive trading, and unsuitable recommendations.

Sales practices for investment advisers include, but are not limited to, improper performance reporting, excessive fee deductions, custody violations, unsuitable recommendations, and improper advertising.

Complex examinations are risk-based and enforcement examinations in which at least 60 hours have been logged and involve the following issue codes in the agency's REAL system: 1035 – 1035 Exchange, AML – Anti Money Laundering, BRKP – Breakpoints, CCMP – Customer Complaints, CPUB – Communications with the Public, CONF – Conflicts of Interest, CUST – Investment Advisory Custody, EXTR – Excessive Trading, FMAN – Fraud Manipulation, FMAP – Fraud Misappropriation, FMAR – Fraud Markups, FMRP – Fraud Misrepresentation, FOMS – Fraud Omission, IARS – IA/IA Agent Risk Score, OBA – Outside Business Activity, RBEX – Risk Based Targeting Exam, SAWY – Selling Away, SUIT - Suitability, SUPR - Supervision, SWTC – Improper Switching, UNAT – Unauthorized Trades, USEC – Unregistered Security.

**Validity:** Complex examinations and investigations typically involve fraud or sales practice abuses. The division believes resources should be focused on these types of cases.

**Reliability:** Information will be retrieved from the agency's Registration Enforcement and Licensing (REAL) system using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL. REAL is the primary source for the capturing, computing and reporting of the performance measures.

*Office of Policy and Budget – July 2013*

**Associated Activity Contributing to  
Performance Measures – LRPP Exhibit V**

**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900530 Safety and Soundness**

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2012-13</b>		<b>Associated Activities Title</b>
1	Percentage of new Florida financial institutions that seek state charters		Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
2	Percentage of all applications, except new charter applications, deemed statutorily complete that are processed within 60 days, and within 90 days.		Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
3	Percentage of state financial institutions completing surveys that rate the contribution of the State examination process to promoting safe and sound institutions as 2 or better		Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness
4	Percentage of surveys returned that rate the Division's examination program as satisfactory or above		Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness

**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900540 Financial Investigations**

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2011-12</b>		<b>Associated Activities Title</b>
1	Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken		Conduct financial investigations into allegations of fraudulent activity
2	Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening		Conduct financial investigations into allegations of fraudulent activity

**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900560 Finance Regulation**

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2012-13</b>	<b>Associated Activities Title</b>
1	Average number of days to refer a priority examination to Legal Services	Regulate enforcement activities of non-depository Firms, Branches and Individuals to ensure Regulatory Compliance
2	Average number of days to conclude a priority examination.	Regulate enforcement activities of non-depository Firms, Branches and Individuals to ensure Regulatory Compliance
3	Percentage of check casher/foreign currency exchangers receiving an examination report within 60 days after the conclusion of their onsite examination	Regulate money services businesses including check casher and foreign currency exchange firms, branches and individual locations
4	Percentage of money transmitters/payment instrument issuers receiving an examination report within 90 days after the conclusion of their onsite examination	Regulate money services businesses including payment instrument issuer and money transmitter firms, branches and individual locations
5	Percentage of license applications processed within Administrative Procedure Act requirements.	Regulate Non-depository Firms, Branches and Individuals to ensure Regulatory Compliance

**LRPP Exhibit V: Identification of Associated Activity Contributing to  
Performance Measures  
43900570 Securities Regulation**

<b>Measure Number</b>	<b>Approved Performance Measures for FY 2012-13</b>	<b>Associated Activities Title</b>
1	The number of examinations, investigations and enforcement cases resulting in the imposition of substantial sanctions	Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
2	The number of active, major enforcement cases	Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance

3	The number of complex securities examinations completed.		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
4	Percentage of license applications processed within Administrative Procedure Act requirements		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance

*Office of Policy and Budget – July 2013*



## LRPP Exhibit VI: Unit Cost

The LRPP Instructions require that Exhibit VI be submitted at the department level so OFR's unit cost data is rolled up into the Department of Financial Services' Exhibit VI.

Listed below is the data for OFR measures that are rolled up into the DFS measures.

Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * <b>Examinations of non-depository financial service companies to determine compliance with regulations.</b>	752	8,156.02	6,133,328
Evaluate And Process Applications For Licensure As A Financial Services Entity. * <b>Applications processed or evaluated for licensure or registration as a non-depository financial services entity.</b>	24,636	96.12	2,367,981
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * <b>Number of domestic financial institutions examined to ensure safety and soundness.</b>	223	55,147.28	12,297,843
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * <b>Number of international financial institutions examined to ensure safety and soundness.</b>	29	25,920.03	751,681
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * <b>Number of financial investigations into allegations of fraudulent activity.</b>	170	18,124.77	3,081,211
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * <b>Examinations of money services businesses conducted to determine compliance with regulations.</b>	236	11,024.86	2,601,867
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * <b>Conducted examinations and investigations, handle complaints related to securities firms, branch offices, and their employees.</b>	236	16,907.67	5,444,271
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/or Individual. * <b>Substantively review and act upon securities applications for registration of firms, branch offices associated person and securities offerings.</b>	51,741	43.88	2,270,594

The complete exhibit, including all of DFS and the audit report, may be found on the following pages.

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2012-13			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		290,757,549		616,047	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		15,275,088		0	
FINAL BUDGET FOR AGENCY		306,032,637		616,047	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					616,047
Provide Analysis On Securities Held For Deposit And Qualified Public Depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.		6,818	53.84	367,071	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		57,958	17.40	1,008,731	
Investment Of Public Funds * Dollar Volume of Funds Invested		20,300,000,000	0.00	681,337	
Provide Cash Management Services * Number of cash management consultation services.		30	32,174.20	965,226	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		3,311,050	0.48	1,589,782	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		2,169,785	0.72	1,556,916	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System.		38,597	122.80	4,739,746	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		10,866,646	0.10	1,070,050	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		535,323	6.78	3,628,525	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		5	307,615.60	1,538,078	
Process State Employees Payroll * Payroll payments issued		3,103,502	0.77	2,388,251	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		8	22,300.88	178,407	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		10	90,166.80	901,668	
Article V - Clerk Of The Courts * N/A		23	43,852.83	1,008,615	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,075,040	1.25	2,596,160	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		324,865	8.27	2,686,683	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,328	81.92	518,373	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		15,992	249.33	3,987,286	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		479	1,108.54	530,990	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,276	433.69	553,392	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,041	4,255.13	12,938,849	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		188,553	45.32	8,545,060	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		4,886	857.10	4,187,786	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		13,742	74.16	1,019,073	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,409,043	0.15	371,895	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		19,039	1,436.24	27,344,496	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		4,665	2,341.70	10,924,037	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		284	6,793.88	1,929,461	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.		124	14,180.15	1,758,339	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		43	19,291.81	829,548	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		90,583	30.03	2,720,028	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		31,674	84.45	2,675,025	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,668,055	0.46	770,364	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		196,812	2.07	407,607	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,936	2,008.39	5,896,637	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,412	11,167.01	15,767,812	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		711	6,219.78	4,422,261	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		51,451	78.19	4,023,168	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		298,532	2.32	691,108	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		325,270	14.19	4,617,093	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,722	1,288.94	2,219,556	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		89,302	46.49	4,151,710	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		34,150	376.76	12,866,219	
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		997	4,670.93	4,656,918	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		3,181	396.37	1,260,858	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		113,735,517	0.01	651,561	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,146,469	0.70	3,606,682	
Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually		7,747	184.56	1,429,807	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed		132	6,765.09	892,992	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		843	3,640.85	3,069,233	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		7,953	1,757.76	13,979,452	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		15,031	517.79	7,782,928	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		752	8,156.02	6,133,328	
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		24,636	96.12	2,367,981	
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * Number of domestic financial institutions examined to ensure safety and soundness.		223	55,147.28	12,297,843	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		29	25,920.03	751,681	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		170	18,124.77	3,081,211	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		236	11,024.86	2,601,867	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches.		322	16,907.67	5,444,271	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		51,741	43.88	2,270,594	
TOTAL				235,852,626	616,047
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS				1,297,569	
OTHER				34,596,541	
REVERSIONS				34,285,920	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				306,032,656	616,047

## SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

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ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

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THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

\*\*\* NO ACTIVITIES FOUND \*\*\*

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THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:  
(NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION TECHNOLOGY)

\*\*\* NO OPERATING CATEGORIES FOUND \*\*\*

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THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED IN SECTION II.)

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43010200	1602000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	290,812	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	582,274	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,338,899	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	749,688	
43200100	1601000000	ACT2020	CAPITAL COLLATERAL REGISTRY	1,715,722	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	13,599,739	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,761,055	
43500700	1205000000	ACT9060	AFDC/WAGES/EMPLOYEE FRAUD	929,953	
43500700	1205000000	ACT9070	PUBLIC ASSISTANCE FRAUD	1,859,856	
43500700	1205000000	ACT9080	MEDICAID FRAUD INVESTIGATIONS	929,904	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	588,639	
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000	

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TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	306,032,637	616,047
TOTAL BUDGET FOR AGENCY (SECTION III):	306,032,656	616,047
	-----	-----
DIFFERENCE:	19-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

## **Glossary of Terms and Acronyms**

AARMR – American Association of Residential Mortgage Regulators – a non-profit association of state regulators of mortgage lenders and mortgage brokers. This organization, in conjunction with the Conference of State Bank Supervisors (CSBS), owns and manages the Nationwide Mortgage Licensing System (NMLS)

AARP – American Association of Retired Persons – a non-governmental organization

Activity – a set of transactions within a budget entity that translates inputs into outputs using resources in response to a business requirement. Sequences of activities in logical combinations form services. Unit cost information is determined using the outputs of activities

AFM – Area Financial Manager

AML – Anti-money laundering

APA – Administrative Procedures Act, Chapter 120, Florida Statutes

Baseline data – indicators of a state agency’s current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees

BFI – Bureau of Financial Investigations, a criminal justice agency housed within the Office of Financial Regulation

BR – Board Resolution of a financial institution

BRR – Bureau of Regulatory Review-Finance

BSA – Bank Secrecy Act of 1970 – requires financial institutions to keep records of cash purchases of negotiable instruments and file reports of such cash purchases of more than \$10,000 daily to detect and prevent money laundering

Budget entity – a unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. “Budget entity” and “service” have the same meaning

C&D – Cease and Desist Order – formal enforcement order issued after notice and opportunity for hearing, requiring a person to terminate unlawful practices

CFE – Certified Fraud Examiner – designation given by the Association of Certified Fraud Examiners which denotes proven expertise in fraud prevention, detection and deterrence

CFPB – Consumer Financial Protection Bureau established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 – a federal agency which will hold

primary responsibility for enforcing federal laws and regulating consumer protection in the United States

CFTC – Commodities Futures Trading Commission – independent agency of the United States government that regulates futures and option markets

Check casher – a person who receives compensation for exchanging currency for payment instruments

CFO – Chief Financial Officer

CL – Commitment Letter

CRD – Central Registration Depository – computerized database that provides information on securities dealers, sales representatives, and supervisory personnel. This national database is compiled from application forms, exchange-developed tests, reported enforcement actions, and related information. The Financial Industry Regulatory Authority (FINRA) owns the CRD system and its facilities, operating them on behalf of state and federal regulators and other users

CSBS – Conference of State Bank Supervisors – national organization of state banking regulators. This organization, in conjunction with the American Association of Residential Mortgage Regulators (AARMR), owns and manages the Nationwide Mortgage Licensing System (NMLS)

**Consumer finance company** – **company that** loans to consumers in an amount less than \$25,000 with maximum interest rates between 18% and 30% per annum

Correspondent mortgage lender – company permitted to broker and make mortgage loans, and service loans for others for a limited time period. They are authorized to originate mortgage loans and close loans in their name, and may broker mortgage loans to other lenders

Consumer collection agency – **company that collects or attempts** to collect consumer debts, which are owed or due to another person. They may also collect third party commercial debts as long as less than one-half of the collection revenue is from the collection of commercial claims

Commercial collection agency – company that collects or solicits collections on commercial claims owed or due to another person

De novo bank – a newly chartered bank

DFI – Division of Financial Institutions within the Office of Financial Regulation

DFS – Department of Financial Services – provides administrative and information systems support to the Office of Financial Regulation

Dodd-Frank Act – Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

DOGI – Division of Financial Institutions' Database of General Information

DOR – Document of Resolution

DPP – Deferred Presentment Provider – an entity that engages in deferred presentment transactions (commonly referred to as payday loans) and is registered under Part II or Part III of the Money Transmitter Code and has filed a declaration of intent with the Office

EOG – Executive Office of the Governor

Estimated Expenditures – includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills

FAC – Florida Administrative Code

Fannie Mae – Federal Nation Mortgage Association – a government sponsored enterprise founded in 1938 (publicly traded company since 1968) to expand the secondary mortgage market

FDIC – Federal Deposit Insurance Corporation – independent deposit insurance agency created by Congress in 1933 to maintain stability and public confidence in the nation's banking system

FHFA – Federal Housing Finance Agency – the regulator and conservator of Fannie Mae (Federal Nation Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation) and the regulator of the 12 Federal Home Loan Banks

FINRA – Financial Industry Regulatory Authority, formerly known as the National Association of Securities Dealers (NASD) – a Self Regulatory Organization (SRO) of broker/dealers. All securities firms, stockbrokers, and registered representatives doing business with the American public must register with FINRA

Freddie Mac – Federal Home Loan Mortgage Corporation – public government sponsored enterprise created in 1970 to expand the secondary market for mortgages

FS – Florida Statutes

FSAIF – Florida Seniors Against Investment Fraud – made possible in part from a grant by the Investment Protection Trust. This is a statewide outreach program, developed by Seniors vs. Crime and the Florida Office of Financial Regulation, created to help Florida's seniors avoid becoming the victims of financial fraud. The program's primary goals are to educate Florida seniors over the age of 50 about investment fraud and to help Florida seniors avoid being victimized

FSC – Financial Services Commission – composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture

FSOC – Financial Stability Oversight Council – created under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to identify and respond to emerging risks throughout the financial system

FTC – Federal Trade Commission – independent agency of the United States government established in 1914 to promote consumer protection and eliminate and prevent harmful anti-competitive business practices

FTE – Full Time Equivalent

FY – Fiscal Year

GAA – General Appropriations Act

GAO – Government Accountability Office – the audit, evaluation and investigative arm of the US Congress

GDP – Gross Domestic Product – all goods and services produced or exchanged

GR – General Revenue Fund

HOPE NOW Alliance – an alliance of housing counselors, mortgage servicers, investors, and other mortgage market participants to maximize outreach to efforts to at-risk homeowners and help them stay in their homes

HUD – Federal Department of Housing and Urban Development

IA – Investment adviser – individual or firm who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities

IARD – Investment Adviser Registration Depository – computerized database which provides information on investment adviser firms, investment adviser representatives, and supervisory personnel. This national database is owned by the [FINRA](#) and its facilities are operated on behalf of state and federal regulators and other users

IG – Inspector General

Indicator – a single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word “measure”

Information technology resources – includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training



Input – see Performance measure

Investment advisers – individuals who give advice about securities including stocks, bonds, mutual funds, and annuities. They may use a variety of titles including investment manager, investment counsel, asset manager, wealth manager, and portfolio manager. They provide ongoing management of investments based on the client's objectives, typically with the client giving discretionary authority to make decisions without having to get prior approval for each transaction. Generally, an investment adviser's compensation is considered to be a "fee"

IPT – Investor Protection Trust – a nonprofit organization devoted to investor education. Its primary mission is to provide independent, objective information needed by consumers to make informed investment decisions and serves as an independent source of non-commercial investor education materials

IT – Information Technology

LBC – Legislative Budget Commission – a standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature

LBR – Legislative Budget Request – a request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform

Loan modification – a permanent change in one or more of the mortgagor's loan terms

Loan originator – an individual who, directly or indirectly, solicits or offers to solicit a mortgage loan, accepts or offers to accept an application for a mortgage loan, negotiates or offers to negotiate the terms or conditions of a new or existing mortgage loan on behalf of a borrower or lender, processes a mortgage loan application, or negotiates or offers to negotiate the sale of an existing mortgage loan to a non-institutional investor for compensation or gain

Loan servicing – the collection for an investor of periodic payments of principal, interest, taxes and insurance in accordance with the terms of a note or mortgage

LUA – Letter of Understanding and Agreement

LRPP – Long-Range Program Plan – a plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and

proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance

Money transmitter – a person who sends funds, either by wire, facsimile, electronic transfer, courier or other means

Mortgage broker – a person conducting loan originator activities through one or more licensed loan originators employed by the mortgage broker or as independent contractors to the mortgage broker

Mortgage brokerage business – a company that arranges mortgage loans for a borrower, accepts loan applications, and negotiates terms and conditions of a mortgage loan on behalf of a lender on real estate located in Florida. A mortgage broker business may only use licensed mortgage brokers to solicit or negotiate loans on its behalf

Mortgage lender – a company that brokers, makes, and services loans for others on Florida real estate. They function similarly to a correspondent mortgage lender, however, they may sell loans to non-institutional investors and service loans indefinitely for consumers

MOU – Memorandum of Understanding

MSB – money services business – any person located or doing business in the State who acts as a payment instrument seller, foreign currency exchanger, check casher or money transmitter

Narrative – justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed

NASAA – North American Securities Administrators Association – the organization of US state and Canadian provincial and territorial securities regulators

NASCUS – National Association of Credit Union Supervisors – an association of professional regulators made up of the 47 state governmental agencies that charter, regulate and examine state-chartered credit unions

NASD – National Association of Securities Dealers – now known as the Financial Industry Regulatory Association (FINRA)

NCUA – National Credit Union Association – independent federal agency that regulates, charters and supervises federal credit unions. NCUA operates and manages the National Credit Union Share Insurance Fund

NMLS – Nationwide Mortgage Licensing System – national mortgage licensing system being developed by the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). Use of the system is

required under federal law and is intended to provide uniform license applications and reporting requirements for State licensed loan originators; provide a comprehensive licensing and supervisory database; improve the flow of information to and between regulators; provide increased accountability and tracking of loan originators; enhance consumer protection; and support anti-fraud measures

Non-recurring – expenditure or revenue which is not expected to be needed or available after the current fiscal year

NSMIA – National Securities Market Improvement Act of 1996

OCC – Office of Comptroller of the Currency – charters, regulates and supervises all national banks and federal savings associations, as well as branches and agencies of foreign banks

OCO – Operating Capital Outlay

OIR – Office of Insurance Regulation

OFR – Office of Financial Regulation

OPB – Office of Policy and Budget, Executive Office of the Governor

OPS – Other Personal Services

OTS – Office of Thrift Supervision – now part of the Office of Comptroller of the Currency

Outcome – see Performance measure

Output – see Performance measure

Outsourcing – describes situations where the state retains responsibility for the service, but contracts outside of state government for its delivery. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission

Payment instrument seller – a company qualified to do business in this state that sells or issues checks, drafts, warrants, money orders, traveler's checks, electronic instruments, other instruments, payment of money of monetary value whether or not negotiable

Payday lenders – common name for companies registered as Deferred Presentment Providers under Part IV of Chapter 560, Florida Statutes

Performance measure – a quantitative or qualitative indicator used to assess state agency performance

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services

- Outcome means an indicator of the actual impact or public benefit of a service
- Output means the actual service or product delivered by a state agency

Policy area – is a grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code

Privatization – occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service

Program – a set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word “Program.” In some instances a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. “Service” is a “budget entity” for purposes of the LRPP

Program component – an aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting

REAL System – Regulatory Enforcement and Licensing System – a comprehensive system which provides OFR with an integrated financial regulatory management system by combining core processes for fiscal, licensing, investigations, examination, legal and complaint functions – initial funding for the project was granted in Fiscal Year 2006-07 and the System was completed in January 2009 on time and within budget

Reliability – the extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use

S.A.F.E. Mortgage Licensing Act – Secure and Fair Enforcement in Mortgage Licensing Act of 2008 – major federal housing reform legislation (Public Law 110-289) designed to prevent foreclosures, stabilize the declining housing market, and reform the government-sponsored enterprises Fannie Mae and Freddie Mac

SBA – State Board of Administration – manages the pension funds for current and retired Florida employees, as well as school districts and state and local government entities. The SBA is governed by the Board of Trustees, made up of the governor, chief financial officer and attorney general

SEC – United States Securities and Exchange Commission – federal agency which holds primary responsibility for enforcing the federal securities laws and regulating the securities industry, the nation’s stock and options exchanges, and other electronic securities markets in the United States

Service – see Budget Entity

SRO – self regulatory organization – an organization that exercises some degree of regulatory authority over an industry or profession

Standard – the level of performance of an outcome or output

SWOT – Strengths, Weaknesses, Opportunities and Threats

TCS – Trends and Conditions Statement

TF – Trust Fund

Unit cost – the average total cost of producing a single unit of output – goods and services for a specific agency activity

USA PATRIOT Act – Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act

Validity – the appropriateness of the measuring instrument in relation to the purpose for which it is being used

WA – Written Agreement