



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

LONG-RANGE PROGRAM PLAN

Department of Financial Services

Tallahassee, Florida

September 30, 2016

Cynthia Kelly, Director
Office of Policy and Budget
Executive Office of the Governor
1701 Capitol
Tallahassee, Florida 32399-0001

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House Appropriations Committee
221 Capitol
Tallahassee, Florida 32399-1300

Cindy Kynoch, Staff Director
Senate Committee on Appropriations
201 Capitol
Tallahassee, Florida 32399-1300

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 2017-18 through Fiscal Year 2021-22. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://www.myfloridacfo.com/>. This submission has been approved by Jeff Atwater, Chief Financial Officer.



Robert C. Kneip
Chief of Staff

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AFFIRMATIVE ACTION • EQUAL OPPORTUNITY EMPLOYER



Department of Financial Services

Long-Range Program Plan

**Fiscal Years
2017-18 through 2021-22**

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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 11 | 8 | 8 | 8 | 8 | 8 |

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

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 |

Division of State Fire Marshal:

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

| FY2006-07 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 72.65% | 97% | 97% | 98% | 98% | 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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 50% | 50% | 50% | 50% | 50% | 50% |

Division of State Fire Marshal:

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

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 20% | 20% | 20% | 20% | 20% | 20% |

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

| FY2008-09 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 8.25 days | 10 days | 10 days | 10 days | 10 days | 10 days |

Division of Insurance Fraud:**Outcome 1B.4:** Number of arrests.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 1,224 | 1,224 | 1,224 | 1,224 | 1,224 | 1,224 |

Outcome 1B.5: Number of presentations submitted for prosecution.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 1,260 | 1,320 | 1,320 | 1,320 | 1,320 | 1,320 |

Division of Funeral, Cemetery and Consumer Services:**Outcome 1B.6:** Average age (days) of closed investigations.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 65 | 50 | 50 | 50 | 50 | 50 |

Division of Public Assistance Fraud:**Outcome 1B.7:** Public Assistance dollars withheld as a result of investigation (in millions).

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| \$26.355 | \$26.355 | \$26.355 | \$26.355 | \$26.355 | \$26.355 |

Outcome 1B.8: Dollar amount of loss due to fraud referred for Administrative Hearing (in millions).

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| \$2.852 | \$2.852 | \$2.852 | \$2.852 | \$2.852 | \$2.852 |

Outcome 1B.9: Dollar amount of loss due to fraud referred to SAO for prosecution (in millions).

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| \$6.863 | \$6.863 | \$6.863 | \$6.863 | \$6.863 | \$6.863 |

Outcome 1B.10: Number of investigations completed.

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 2,912 | 2,912 | 2,912 | 2,912 | 2,912 | 2,912 |

Division of Workers' Compensation:**Outcome 1B.11:** Average number of Workers' Compensation employer investigations completed per investigator.

| FY 2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 732 | 480 | 480 | 480 | 480 | 480 |

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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 80% | 88% | 90% | 90% | 95% | 95% |

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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |

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

| FY2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 100% | 100% | 100% | 100% | 100% | 100% |

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

| FY2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 98% | 98% | 98% | 98% | 98% | 98% |

Division of Risk Management:

Outcome 2A.6: Average Loss Adjustment Expense per claim worked.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| \$2,016 | \$1,850 | \$1,850 | \$1,850 | \$1,850 | \$1,850 |

Division of Rehabilitation and Liquidation:

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

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 2% | 2% | 2% | 2% | 2% | 2% |

Outcome 2A.8: Distributions, including early access, as a percentage of cash and cash equivalents.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 25% | 25% | 25% | 25% | 25% | 25% |

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

| FY2007-08 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 90% | 90% | 90% | 90% | 90% | 90% |

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

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| \$4.83 | \$3.25 | \$3.25 | \$3.25 | \$3.25 | \$3.25 |

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

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| \$1,470 | \$1,275 | \$1,275 | \$1,275 | \$1,275 | \$1,275 |

Division of Public Assistance Fraud:

Outcome 2A.13: Return on investment.

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 600% | 600% | 600% | 600% | 600% | 600% |

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

Division of Legal Services, Public Records Unit:

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

| FY2010-11 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 70% | 95% | 95% | 99% | 100% | 100% |

3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

Objective 3A: Improve service to customers.

Division of Administration:

Outcome 3A.1: Percentage of appointment packages processed within the five day time standard.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 97% | 97% | 97% | 97% | 97% | 97% |

Outcome 3A.2: Percentage of minority new hires.

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 54% | 55.5% | 56% | 56.5% | 56.5% | 56.5% |

Division of Legal Services:

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

| FY2006-07 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 10% | 100% | 100% | 100% | 100% | 100% |

Division of Information Systems:

Outcome 3A.4: 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 | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 95% | 95% | 95% | 95% | 95% | 95% |

Office of Insurance Consumer Advocate:

Outcome 3A.5: Percentage of referred cases responded to and/or transferred within three (3) days of receipt.

| FY2010-11 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 90% | 90% | 90% | 90% | 90% | 90% |

Outcome 3A.6: Percentage of rate filings subject to public hearing which were reviewed by our office.

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 95% | 95% | 95% | 95% | 95% | 95% |

Division of Treasury:

Outcome 3A.7: Percentage of state employees participating in the State Deferred Compensation Plan.

| FY2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 40% | 40% | 40% | 40% | 40% | 40% |

Division of State Fire Marshal:**Outcome 3A.8:** Percentage of students passing certification exam on first attempt.

| FY2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 77% | 77% | 77% | 77% | 77% | 77% |

Division of Risk Management:**Outcome 3A.9:** Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, Florida Administrative Code.

| FY 2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 95% | 95% | 95% | 95% | 95% | 95% |

Outcome 3A.10: Percentage of tort liability claim files resolved prior to litigation.

| FY 2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 81% | 81% | 81% | 81% | 81% | 81% |

Outcome 3A.11: Number of agency loss prevention staff trained during the fiscal year. (top 3 agencies)

| FY 2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 80 | 80 | 80 | 80 | 80 | 80 |

Division of Rehabilitation and Liquidation:**Outcome 3A.12:** Percentage of service requests, excluding Public Records Requests, closed within 30 days.

| FY 2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 80% | 90% | 90% | 90% | 90% | 90% |

Division of Agent and Agency Services:**Outcome 3A.13:** Average number of investigations completed per investigator.

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 71.3 | 88 | 88 | 88 | 88 | 88 |

Outcome 3A.14: Average number of applications processed per licensing FTE.

| FY2013-14 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 2,647 | 3,450 | 3,450 | 3,450 | 3,450 | 3,450 |

Division of Consumer Services:**Outcome 3A.15:** Percentage of consumer survey responses that rate the Division's services as very good or excellent.

| FY2010-11 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 75% | 78% | 78% | 78% | 78% | 78% |

Outcome 3A.16: Percentage of helpline call and service request audits that result in quality service (audit scores).

| FY2007-08 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 80% | 95% | 95% | 95% | 95% | 95% |

Outcome 3A.17: Percentage of answered phone calls that are answered within four minutes.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 80% | 80% | 80% | 80% | 80% | 80% |

Division of Funeral, Cemetery and Consumer Services:

Outcome 3A.18: Percentage of deficiency letters sent out within five business days of receiving the application.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 88% | 88% | 88% | 88% | 88% | 88% |

Division of Workers' Compensation:

Outcome 3A.19: Percentage of overall Workers' Compensation accepted claims in electronic data interchange (EDI) form filings.

| FY 2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 76% | 80.5% | 81% | 81.5% | 81.5% | 81.5% |

Outcome 3A.20: Percentage of disputed issues between carriers, employers and injured workers resolved during the informal dispute resolution process.

| FY 2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| 78.5% | 86% | 86% | 86% | 86% | 86% |

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: Percentage of claims processed within 60 days of receipt.

| FY2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 65.6% | 60% | 60% | 60% | 60% | 60% |

Division of Insurance Fraud:

Outcome 4A.2: Amount of court ordered restitution (in millions).

| FY2011-12 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| \$42.788 | \$42.788 | \$42.788 | \$42.788 | \$42.788 | \$42.788 |

Outcome 4A.3: Court ordered restitution as a percentage of legislatively approved budget.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 70% | 70% | 70% | 70% | 70% | 70% |

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

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 200% | 200% | 200% | 200% | 200% | 200% |

Division of Consumer Services:

Outcome 4A.5: Percentage of monetary eligible service requests that resulted in a recovery.

| FY2012-13 Baseline | FY2017-18 | FY2018-19 | FY2019-20 | FY2020-21 | FY2021-22 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| 85% | 85% | 85% | 85% | 85% | 85% |

TRENDS AND CONDITIONS STATEMENT

ORGANIZATIONAL OVERVIEW

Article IV, Section 4(a)(c), Florida Constitution states that, “The Chief Financial Officer shall serve as a member of the Florida Cabinet and 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.”

Florida voters amended Florida’s Constitution in 1998 reducing the size of the Florida Cabinet from six members to three. Effective January 2003, the Offices of the Secretary of State and Commissioner of Education were removed from the Florida Cabinet, and the Offices of the Treasurer and Comptroller were combined. The Department of Insurance and the Department of Banking and Finance merged, forming a new agency: the Department of Financial Services. This Department is headed by the Chief Financial Officer.

A constitutional officer of Florida, as well as a member of the Cabinet, the Chief Financial Officer (CFO) serves as the State’s financial watchdog and is responsible for the management and policies of the Department of Financial Services, including but not limited to monitoring state investments and spending, as well as keeping track of the more than \$90 billion that comes into and goes out of state government each year. Within the organization, the Office of Chief of Staff, the Office of Insurance Consumer Advocate, and the Office of Inspector General report directly to the Chief Financial Officer.

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

| Programs and Statutes | Description |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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"> ➤ Division of Legal Services ➤ Division of Information Systems ➤ Division of Administration ➤ Office of Inspector General ➤ Office of Chief of Staff ➤ Office of Insurance Consumer Advocate |
| <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"> ➤ deposit security (collateral management) ➤ funds management and investment ➤ deferred compensation (supplemental retirement program) |
| <p><u>Financial Accountability for Public Funds (Division of Accounting and Auditing)</u></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"> ➤ providing the public with timely, accurate, and comprehensive information on the financial status of the state, its component units, and local governments ➤ audit of disbursements and other financial transactions ➤ state employee payroll services ➤ recovery and return of unclaimed property |
| <p><u>Fire Marshal (Division of State Fire Marshal)</u></p> <p>Chapter 633, Florida Statutes</p> | <p>Assures statewide fire safety. Responsible for:</p> <ul style="list-style-type: none"> ➤ licensing and inspections ➤ arson investigations ➤ professional standards, training and state certification ➤ forensic laboratory services |
| <p><u>State Property and Casualty Claims (Division of Risk Management)</u></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"> ➤ self-insurance program with coverage for workers compensation, general liability, property insurance and others ➤ claims handling services ➤ technical assistance in loss prevention and managing risks |

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

| Programs and Statutes | Description |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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"> ➤ program recipient investigations (eligibility fraud) ➤ trafficking investigations of SNAP EBT benefits (both program recipients and retail food stores) ➤ day care services providers ➤ DCF ACCESS Program employee fraud ➤ prescription drug diversion |
| <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"> ➤ auditing insurers to ensure they provide prompt and accurate benefit payments to injured workers ➤ ensuring that employers secure workers' compensation coverage ➤ collecting trust fund assessments ➤ assisting injured workers in obtaining benefits ➤ collecting proof of coverage, medical, and claims data ➤ resolving reimbursement disputes between health care providers and insurers |

ADDRESSING AGENCY PRIORITIES

1) FIGHT FRAUD, WASTE AND ABUSE

OBJECTIVE 1A: Effectively manage regulatory activities.

DIVISION OF ACCOUNTING AND AUDITING

Bureau of Auditing. The Bureau of Auditing seeks to improve state agency compliance with disbursement standards by ensuring that an agency's contracts have sufficient requirements to support and document that their agreements have (1) identified the scope of work and measureable deliverables; (2) remedies for non-performance; (3) the statutory requirements in Chapters 215, 216, and 287 F.S.; and when applicable, (4) the federal grant reporting requirements from the Office of Management and Budget.

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 633.218, 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 FY201-16, Fire Protection Specialists conducted over 16,684 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 12th 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 of Fiscal Integrity (OFI) detects and investigates the intentional misuse or misappropriation of state funds. OFI is a Criminal Justice Agency with subpoena authority and specializes in the investigation of complex state contract fraud, misuse of state purchasing cards, and various other related schemes. OFI also conducts joint investigations with local, state, and federal law enforcement and prosecutorial agencies. Upon successful conclusion of its investigations, referrals for prosecution are made to State Attorneys, the Statewide Prosecutor or the US Attorney's Office. Many of its 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.

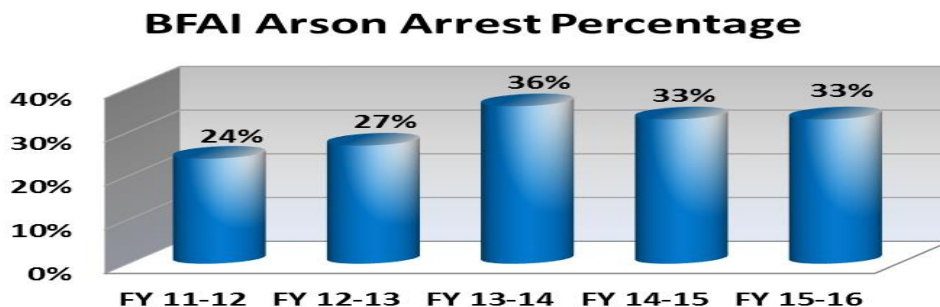


Figure 1-BFAI

Thirty-five to forty-five percent of the fires or explosions investigated by this agency are determined to be arson fires. Thirty-five 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 10,462. In the immediate past fiscal year, 2015–16 the Bureau processed 10,223 service requests.

The total number of items submitted and processed has dropped each fiscal year since FY 2011-2012. 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 2015-2016 the drop off was greater than the prior year with 721 fewer service requests (10.1% drop).

- The numbers of explosives/chemical analyses and digital image cases have shown a more significant decrease in requests over the same five years.
 - In FY 2011-12 the number of explosive/chemical analyses was 3,645 and by FY 2015-16 it had decreased to 739 (down 79.7%).
 - The key reasons are that methamphetamine from foreign sources have flooded the country with a very low price and that those still making methamphetamine use a “one-pot” reaction that can be performed anywhere, even in a car driving down the road.
 - There have been fewer clandestine laboratories raided where chemicals other than those in a reaction mix are available for submission.
 - The numbers of explosives and other unknown chemicals analyses have decreased over that time period as well but not at the rate for chemicals found in clandestine methamphetamine laboratories.
- The number of digital image case submissions went from 3,070 in FY 2014-15 to 2,835 in FY 2015-16 (down 7.7%).

BFFEA is wholly dependent on its customers for the submissions it receives. The decrease in the number of explosives/chemical analyses has been directly influenced by the change in processing methods by clandestine methamphetamine laboratories.

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 2016-17 these funds will allow close to \$19,752 in reimbursements to the Department for expenditures allowable through the grant (supplies and accreditation costs). This source of offset funding is not guaranteed to continue as there are discussions in Congress on the elimination or further reduction of the available federal funds. If no major changes occur we have been advised that our share of these funds for FY 16-17 may be over \$17,000. These funds have been used to pay for staff training at professional meetings, proficiency testing, and some supplies.

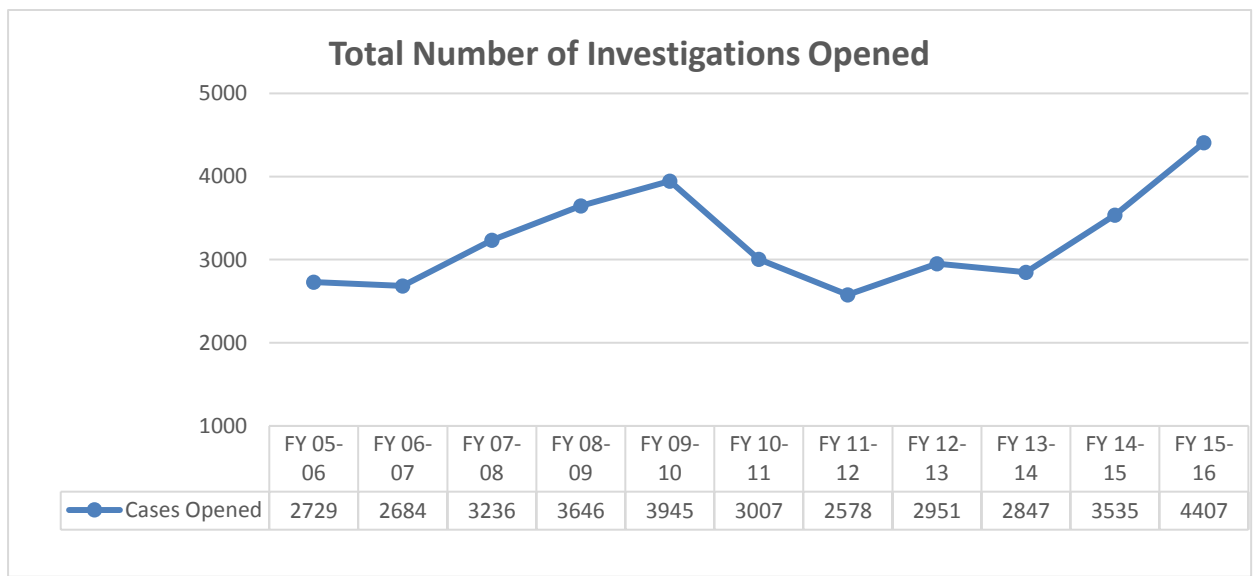
Even with limited staff and reductions in supplies and expenses, the Bureau’s ability to serve its customers by returning casework in a short turnaround period continues to be lower than most forensic laboratories. In a 2010 report to the Connecticut legislature, a national survey determined that for “trace” evidence (of which fire debris and explosives analyses are a type) the average turnaround exceeded 50 days. Our 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 2010-11 was 6.2 days. The average for FY 2015-16 increased to 8.0 days. This is a direct effect of the loss of an analyst to another laboratory for increased pay and the retirement of another senior analyst and forensic technologist. This cut our analytical staff by 50% while the positions were vacant and new analysts were hired and trained. The training of any new analysts also reduces the availability of the remaining analytical staff as they must devote time to training. One position was filled and began independent casework in January 2016 while the other analyst position was filled and is currently

in training. The Forensic Technologist position in was changed to an Administrative Assistant position and filled in 2015.

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 2015-2016, the Bureau received complaints against individual licensees, insurance agencies and unlicensed persons that resulted in 4,407 opened investigations and 4,501 completed investigations. These investigations were conducted by 36 investigators, three fewer than last year, located in Tallahassee and nine field offices throughout the state. 470 investigations resulted in formal disciplinary action, such as license suspension, revocation, probation, restitution, and administrative fines and costs. The Bureau also was responsible for securing \$1,318,373.23 in restitution while conducting these investigations.



To further ensure compliance with Florida Laws and protect consumers, the Bureau continues taking a pro-active investigative approach by data-mining criminal court records and disciplinary actions of licensees. Of the investigations opened during FY 2015-2016, more than half were initiated by the bureau utilizing technology and access to valuable databases. These pro-active procedures enabled us to uncover more misconduct by licensees rather than relying on them to self-report. The Bureau also referred 122 completed cases to the Division of Fraud for criminal prosecution. It is expected these efforts will continue to ensure 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 2015-16, the Division of Insurance Fraud made 1,172 arrests (includes arrests in which the division assisted other agencies); presented 1,361 cases for prosecution, and cleared 1,033 cases by convictions. The division received 16,981 referrals during Fiscal Year 2015-16.

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 2015-16, the division's budget was \$19.7 million. In contrast, the division requested \$39.3 million and secured \$19.8 million in court ordered restitution, accounting for no less than \$1.00 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, identity theft, and working without insurance coverage cases. These cases generally account 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 2006-07 and 2015-16, referrals increased 43.7 percent.

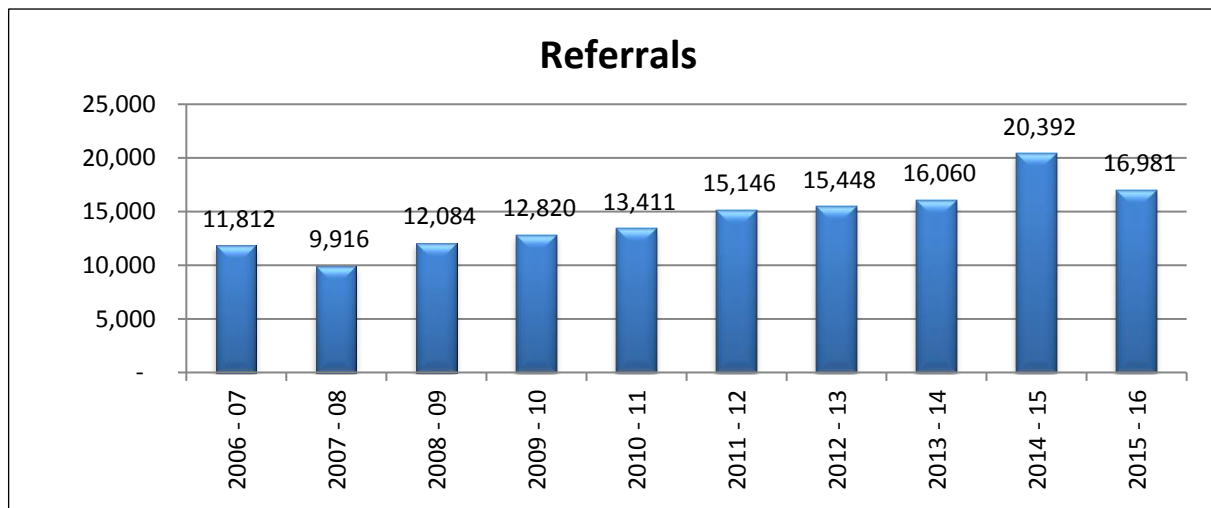


Figure 1-DIF. Number of reported insurance fraud referrals received between FY 2006-07 and FY 2015-16. The division experienced a 43.8 percent increase during the ten-year period: from 11,812 referrals received in FY 2006-07 to 16,981 received in FY 2015-16.

The division continues to see gains in the number of convictions, which have increased by 75.1 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. The existence and effectiveness of our dedicated prosecutor program has also been a vital factor regarding convictions and division court ordered restitution figures.

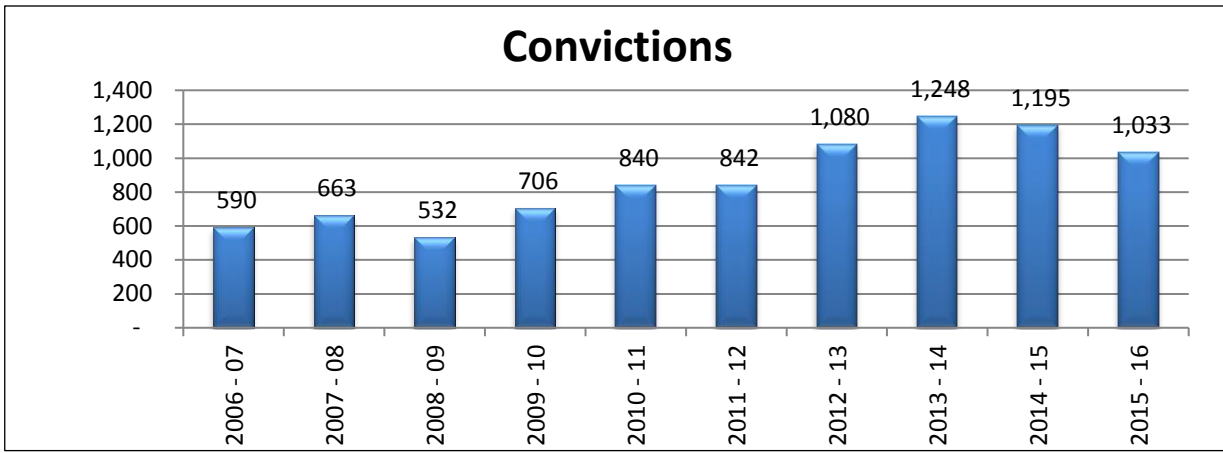
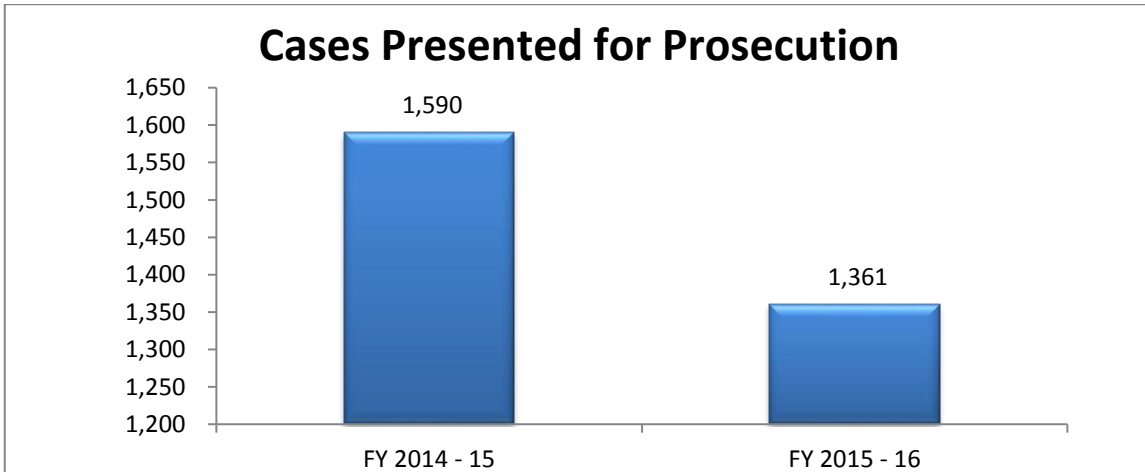


Figure 2-DIF. Convictions have increased by 75.1 percent over the past ten years.

Cases presented for prosecution decreased from 1,590 in Fiscal Year 2014-15 to 1,361 in Fiscal Year 2015-16. This was largely due to a decrease in referrals.



In Fiscal Year 2015-16, the division averaged 11.57 arrests per detective. Physical and electronic surveillance; increased undercover operations; and coordinated efforts with federal, state, and local partnerships produce 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.

A little over thirty-one percent of the arrests made by division detectives during Fiscal Year 2015-16 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).

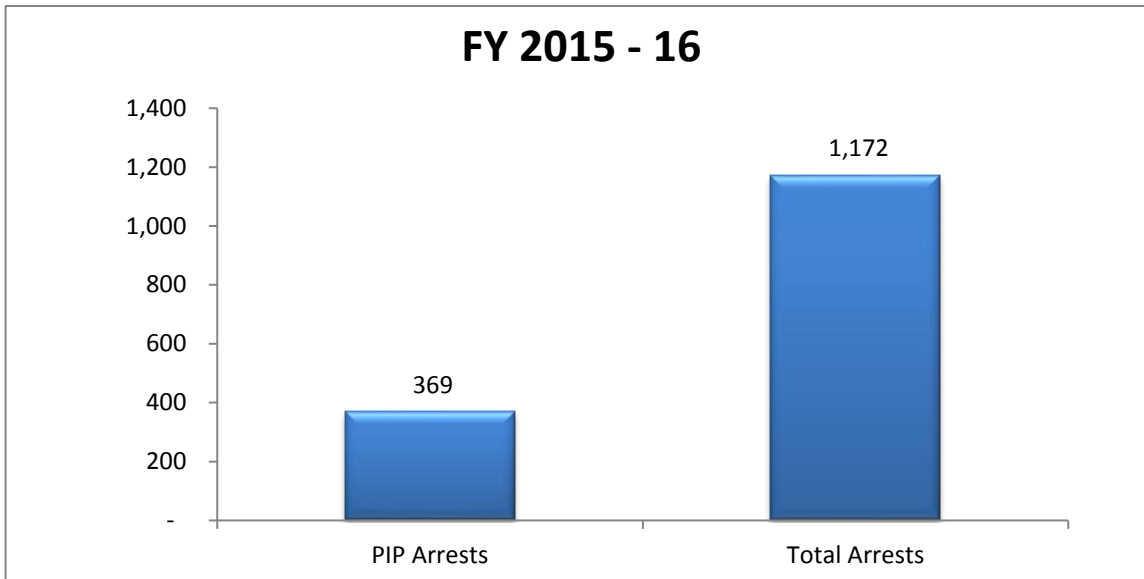


Figure 4-DIF. PIP arrests compared to all arrests for FY 2015-16

The division's PIP fraud investigative efforts are enhanced through active participation with Medical Fraud Task Forces. Members include National Insurance Crime Bureau (NICB), local, state, and federal law enforcement officers, prosecutors, and members of the insurance industry.

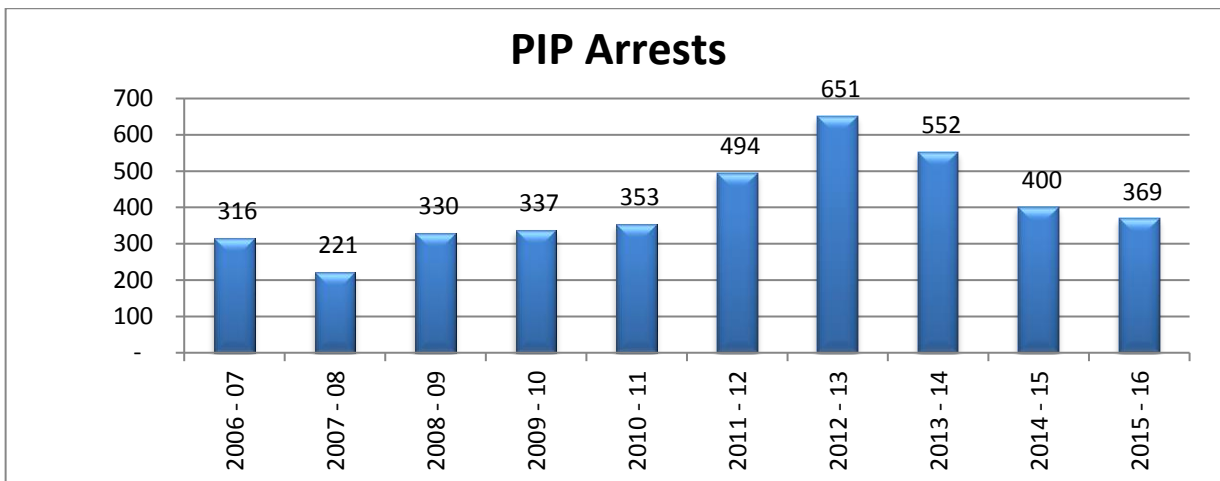


Figure 5-DIF. PIP Arrests increased 16.77 percent from FY 2006-07 to FY 2015-16

Workers' Compensation fraud continues to be a problem in Florida, accounting for 38.2 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.

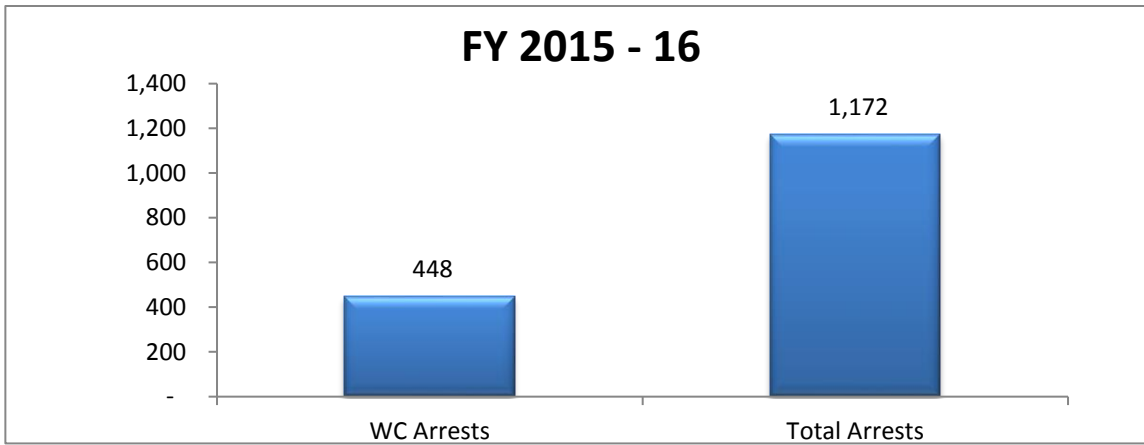


Figure 6-DIF. WC arrests compared to all arrests for FY 2015-16.

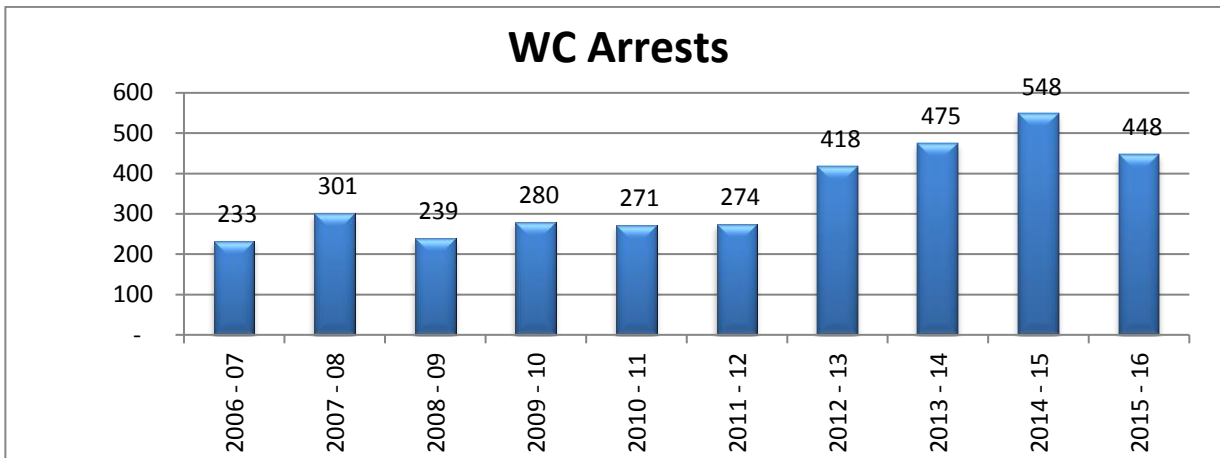


Figure 7-DIF. WC Arrests increased 92.3 percent from FY 2006-07 to FY 2015-16

Total arrests increased 43.1 percent over the last ten-year period with Fiscal Year 2015-16 having 1,172 arrests.

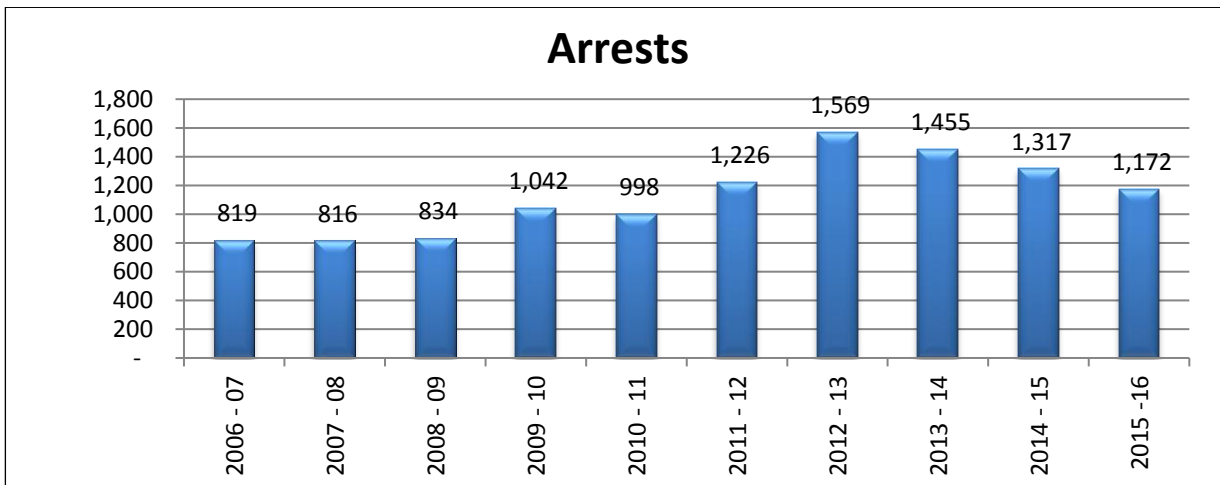


Figure 8-DIF. Arrests increased 43.1 percent from FY 2006-07 to FY 2015-16.

Fiscal Year 2015-16 was a very busy and productive year for the Division of Insurance Fraud. The division had a significant increase in application fraud and healthcare fraud 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 County Sheriff's Offices 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 is opened and expanded to work with all county sheriff's offices, with the intent of having cooperative efforts in all 67 counties. Great strides have been made with local regulatory agencies, sheriff's offices, and police departments reference local contractor sweeps across the state in effort to better protect consumers and ensure compliance requirements.

A concentrated effort is ongoing to work with prosecutors to educate and train in the fraud which is rapidly growing in many areas of insurance particularly in workers' compensation. 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. Together, with the cultivating of relationships with other law enforcement agencies, and establishing a higher level of credibility with prosecutorial units within the court system, these efforts will result in greater, future successes in the fight against insurance fraud.

DIVISION OF FUNERAL, CEMETERY AND CONSUMER SERVICES

The Division regulates approximately 10,000 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 1,100 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, the Department of Agriculture's Office of Inspector General, 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 Appeal Hearings 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, a second degree felony if the aggregate value

exceeds \$20,000 but less than \$100,000 and a first degree felony if the value totals \$100,000 or more. The areas of investigative activity for the DPAF unit include:

- Program recipient investigations (eligibility fraud)
- SNAP benefit trafficking investigations (recipient and retailer/merchants involved)
- School Readiness program and Voluntary Pre-K program 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 that include state-administered food stamp and Medicaid benefits

Trends: Over the past year, DPAF continued to emphasize criminal investigations and use its OPS members to data mine unreported employment to complete administrative referrals to DCF for disqualification. That focus paid off with over \$20.7 million in fraud uncovered through investigations. The percent of criminal cases referred for prosecution exceeded 63% of all cases completed over the past year, significantly higher than previous years and accounted for \$16.4 million of the \$20.7 million total. DPAF continued to emphasize programs with limited funding such as subsidized daycare. However, growing concern over SNAP trafficking cases continued to pull our focus toward that problem. With nearly 1.8 million SNAP households in Florida, even the USDA-published standard of 1.3% of households trafficking means over 23,000 households are potential traffickers. Trafficking will continue to require more effort.

Conditions: Florida has the third largest population of public assistance recipients in the nation behind California and Texas. Unlike other states, Florida has not replaced welfare fraud investigators eliminated during lean budget years. In June 2016, the number of SNAP households totaled 1,747,684; a 14.3% decrease from June 2015 (2,040,236). Most of this decrease was caused by a policy waiver expiring, requiring Able Bodied Adults Without Dependents (ABAWD) to seek employment or otherwise be removed from SNAP after 90 days. That policy implemented in January 1, 2016 caused a precipitous drop in the rolls that has stabilized and begun to increase slightly in June. Notwithstanding a published rate in Florida of unemployment below 5 percent, 3.3 million people (over 17 percent) are still receiving SNAP benefits. Florida's fraud rate was determined to be 7.5% by an independent study conducted in FY 2012-13. That rate applied to the number of SNAP households alone equals 131,076 households statistically committing fraud. With only 44 Financial Crime Investigators authorized for DPAF, the ratio of households with fraud in their case to investigators is 2,979:1; the equivalent of 49.6 years of cases for each investigator to investigate. That is simply the SNAP program and does not take into consideration SNAP trafficking, nor includes School Readiness investigations or occasional DCF employee fraud investigations.

Five additional investigative staff was made available in the last legislative session but is far below what is needed to adequately address the various programs that DPAF has the unique skills and authority to investigate. Until more resources are made available, the Division will only be able to chip away at the problem of fraud in these programs. DPAF continues to seek ways to leverage automation to maximize its efforts with existing staff.

In FY 2015-16, the Division also experienced a significant number of departures in addition to the normal retirements. Over 24% of the investigative staff left or changed positions. That created an impact to the quantity of cases produced; the loss of experienced investigative staff

and vacancies caused the 4.1% reduction. That reduction in the number of investigative cases should be reversed with new staff being hired, trained and oriented to the Division's mission and the complexities of public assistance fraud investigations. However, the fewer cases completed did not translate into fewer dollars of fraud. Through better case selection and continuing to focus on criminal cases, the amount of fraud referred for prosecution or recovery through administrative hearings increased significantly last year by 55.8%.

The Division will continue to pursue criminal cases of fraud in public assistance programs and is exploring ways to extend its focus into other programs such as public housing and reemployment assistance fraud – two programs that are often intertwined with the investigations it currently conducts. Bringing DPAF's investigative talents to those programs would be beneficial to the taxpayers and programs themselves. Additional resources in terms of funding and FTE would assist or be needed to make that a reality and DPAF is seeking methods to do just that.

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

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 2,596.5 full time equivalent positions and has 245 temporary employees at the time of this report, depending upon budget and need. The Division of Administration operates with 58 of these positions. Additionally, for FY 2016-2017, DFS/OFR/OIR has a total combined budget of \$343,908,417. DFS has 32 leases statewide for a total of 774,958 square feet and owns two facilities: the State Fire Marshal's Fire College, and the Bureau of Forensic Services' Arson Lab.

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. Also in 2003, the Division of Public Assistance Fraud within the Department of Law Enforcement was moved to the Department. In 2016, the Florida Legislature passed Senate Bill 908, which gave the department the authority to consolidate its law enforcement positions into a single division. The department continually reviews its business processes in order to ensure efficient use of human, operational and financial resources.

Division of Administration: 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, 2015, through June 30, 2016, the Treasury distributed earnings for the period of \$364 million. These earnings were up from the previous year's distribution of \$333.5 million. The increase was due to the improved economic conditions and increasing balances in the Treasury.

The Treasury was able to exceed its performance benchmark by .18% and .13% for the one and three year periods, respectively.

Bureau of Funds Management During the period July 1, 2015, through June 30, 2016, 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 consistent with the previous year's average score of 100%. The score is a reflection of staff knowledge through training and experience.

Bureau of Collateral Management. During the period July 1, 2015, through June 30, 2016, Treasury's Bureau of Collateral Management processed over 22,000 transactions involving collateral from a variety of regulated entities. Ninety-nine percent (99%) of these transactions were completed within the three (3) day performance standard. This performance was slightly above the desired standard of 97%.

The percentage of qualified public depository financial analyses completed within 90 days was 100%. This matched the performance score of previous years.

DIVISION OF ACCOUNTING AND AUDITING

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 financial information to understand how the state uses its financial resources, what the state is buying and whether it is receiving what it paid for.

The state's enterprise financial information system, the Florida Accounting Information Resource System (FLAIR) impedes its financial efficiency and effectiveness; it is run on an outdated system, lacking the flexibility and capabilities of current technology. FLAIR caters to individual agency needs rather than operating in a standardized environment. The Division is partnering with Florida PALM to standardize financial business processes as a prelude to the implementation of a successor financial and cash management system.

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 116 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 the Division's Insurance Management System (IMS). An adjuster authorizes a claim related payment and the Division's financial section processes the payment. For FY 2015-16, the Division produced approximately 75,000 checks.

| Claim type | Number of claims reported FY 2015-16 | Number of claims with payment FY 2015-16 (for claims reported in all years) | Total loss payments for FY 2015-16 (for claims reported in all years) |
|--------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Workers' Compensation | 12,326 | 16,499 | \$110,002,021 |
| General and Auto Liability | 2,436 | 1,820 | \$9,320,988 |
| Federal Civil Rights & Employment Discrimination | 369 | 1,046 | \$7,210,452 |
| Property | 127 | 37 | \$3,539,015 |
| Total | 15,258 | 19,402 | \$130,072,476 |

Table 1-RM. Claims reported, claims with payment, and total loss payments by claim type for FY 2015-16. Claim data from IMS; loss payments from FLAIR fund balance report.

The total loss payments for FY 2015-16 increased 5.8% or \$7,073,749 from the \$122,998,727 paid in FY 2014-15. Workers' Compensation loss payments increased by \$3,480,563, \$1.8M of which is the result of increased claim settlements completed during FY 2015-16. Federal civil rights claims and property claims are greatly impacted by external forces such as legislation, case law, and catastrophic natural events. As such, each can vary greatly from year to year. In FY 2015-16, total loss payments for federal civil rights claims increased 11.2% or \$726,628 and total property loss payments increased 112.3% or \$1,872,171 due the payment of significant windstorm and fire loss events during the fiscal year.

Operational costs have increased by 9.5% from \$59,978,418 in FY 2014-15 to \$65,657,337 in FY 2015-16 for a difference of \$5,678,919. The net increase was primarily in the areas of contracted medical services, contracted legal services, and the purchase of excess property insurance. The bulk of the increase was in the contracted medical services category. An increase of \$2.5M is being driven by increases in pharmaceutical costs and the number of claimants receiving pharmacy benefit management services. In FY 2015-16, the Division received additional funding of \$989K within the Excess Insurance and Claims Services category to purchase excess property insurance that would meet a 1 in 20 year-event.

The number of claims reported for FY 2015-16 increased 8.1% or 1,140 claims from the 14,118 claims reported for FY 2014-15. The bulk of the increase occurred on the General and Auto Liability lines of coverage. Reported claims for these two lines of coverage increased by 60.1% or 695 claims. This increase is due in large part to a one-time release of property damage liability claims from the Florida Department of Transportation (DOT). For FY 2015-16, DOT reported general and auto liability claims increased by 142.9% or 506 claims. Reported claims for workers' compensation increased 3.6% or 428 claims.

To better manage and safeguard state resources, the Division has implemented 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. During FY 2013-14, the Bureau re-procured its medical bill review services in

September 2013 and its medical case management services in January 2014. These re-procurements allowed medical bill review services that had been provided by three contractors and medical case management services that had been provided by two contractors to be consolidated into one contract for each service. The unbundling of the services through separate contracts has proven to be beneficial in terms of better internal control regarding medical bill review and administrative oversight of service provisions and charges. The Division continued to improve on contract administration during FY 2015-16 by submitting a legislative budget request to provide spending authority to consolidate all workers' compensation medical case management services under a single contractor and by creating a separate unit to oversee the Division's medical service contracts. The legislative budget request was approved and the Division is in the process of consolidating medical case management services under a single contractor during FY 2016-17. A reorganization request has been submitted for the Medical Services Contracts Section and it is anticipated that approval for the reorganization request will be received in FY 2016-17.

The State Property Claims Unit's completion of an extensive data collection project provided more accurate data on insured state buildings and contents for the renewal of the excess property insurance this year. With updated data in 25 key fields on over 20,000 insured property locations for 48 insured state agencies, the result was a purchase of excess property insurance under better terms and more coverage. For the coverage period February 2016 through February 2017, the Division was able to purchase excess property insurance for 20,223 locations, \$22.6 billion in total insured value, at a level of coverage that if combined with the program's self-insured retentions, are almost sufficient to meet a 1 in 20-year event. The coverage above the State's \$40 million self-insurance retention for named wind and flood perils was increased from \$54 million to \$85 million.

The Division completed implementation of a new Insurance Management System (IMS). The IMS 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. Initial implementation was completed February 2015, with final implementation being completed in June 2016.

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 and Liquidation administers the various receiverships on behalf of the Department. The Division 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 FY2015-16, the Department was appointed as the ancillary receiver of one insurer – a property and casualty insurance company domiciled in the Commonwealth of Puerto Rico. The Department completed its duties and this ancillary receivership was also closed during the fiscal year.

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 rate of three 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.” 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 2015-2016, the Bureau assisted and monitored an average of 383,179 licensees with at least one active appointment and 233,471 licensees not required to be appointed or not holding an active appointment. The Bureau processed 104,708 new applications, and processed 1,866,313 appointment actions (new, renewals and terminations). There were 100,227 new licenses issued in Fiscal Year 2015-2016, producing a total of 606,464 active licensees who hold a total of 780,070 licenses.

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 recently passed in Congress, NARAB II (National Association of Registered Agents & Brokers), will provide for federal regulation of non-resident agents and depending on how it's implemented could 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. There are thirteen licensing examinations, and approximately 41,359 examinations were administered in Fiscal Year 2015-2016. The Bureau also approves and monitors pre-licensing and continuing education providers, courses, and instructors. There were 375,807 individuals who completed pre-licensing and continuing education courses.

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

DIVISION OF LEGAL SERVICES

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 re-created as the Public Records Office and made a unit within the Office of the General Counsel. Personnel within the Public Records Unit (PRU) coordinate multi-divisional requests, assign single division/office requests, update the Department public records manual (Manual), provide public records training to Department employees, and work with divisions and offices to establish public records performance measures for public records request processing times.

Public record requests may be received in any division or office in the Department, so each division/office in the Department has an employee assigned as its Public Records Coordinator and another employee assigned as back-up coordinator. The coordinators process requests in accordance with the Manual. The coordinators track requests, provide requestors with invoices for copying costs and other statutorily-authorized fees, review and redact responsive records themselves or assign that function to other division or office personnel, and release responsive records upon receipt of payment.

The number of electronic records maintained by the Department has increased over time as agencies and the public rely more on technology to conduct day-to-day business. Consequently, the public also expects the Department to produce electronic records responsive to requests more quickly. PRU personnel are continually updating the Department's public records procedures to facilitate the compilation, review, redaction, and provision of records in a paperless, electronic environment.

PRU personnel also work frequently with Division of Information Systems (DIS) personnel to improve the availability of public records on the Department's website and make information about public records and links for submitting public records requests easier to access. The PRU and DIS are working with the divisions and offices to identify the top ten requested records in each division and to determine which of those records can be posted on the website. Once these records are identified, the records will be categorized by type on an "Instant Public Records" page and obtainable through links directly to the records. It is anticipated that this project will reduce the number of public record requests, help the public find and access Department records, and reduce costs for the Department and the public.

To ensure that all new Department employees are aware of public records laws and Department procedures pertinent to the production of records, 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. To further enhance employee training the PRU will develop an on-line course to refresh all agency employees' knowledge about public records requirements and the Department's process for responding to public record requests. PRU personnel ensure that the coordinators are trained, including providing quarterly training on a range of topics covering specific aspects of public records production and changes in public record law. Data security and the use of electronic tools to review and redact public records has been added to the training. This training includes the use of various electronic programs, such as Word, Adobe Acrobat, Excel, and Outlook.

DIVISION OF INFORMATION SYSTEMS

Since the year following establishment of the Florida Accountability Contract Tracking System, FACTS in June 2012, the Department continues to receive an A rating from the Public Interest Research Group annual report on the transparency of the 50 U.S. states. Florida ranked seventh with a score of 96 (out of 100) in their 2016 report. The Division of Information Services (DIS) provided information technology (IT) infrastructure and development for FACTS, which Floridians can scrutinize contract data for from more than 30 state agencies, images of the top five contracts from each state agency, data on purchase orders and grants. In its 2016 report, PIRG made special mention of DFS' success at achieving contractual efficiencies of \$40 million since 2013/14 through the increased completion that comes with transparency. In its 2016 report, PIRG made special mention of DFS' success at achieving contractual efficiencies of \$40 million since 2013/14 through the increased completion that comes with this transparency.

Payments to vendors, which are not a part of FACTS, were also made available to the public in 2015 under the DFS transparency initiative. With this data, citizens can review the amounts that the State paid to businesses and which state agencies requested those payments.

In addition to continuing support and enhancements to FACTS, DIS will be expanding transparency in the upcoming years. More accounting data from the FLAIR is slated for public availability with the ultimate goal of making all accounting records available that are subject to the CFO's purview and public records law.

Means of accessing this data will improve as well through conformance with established standards for public sector data access. These standards include use of tools (like Application Program Interfaces) which will enable real time use of the data through citizen and corporate software on an ad hoc basis (without changing data in the state system), rather than downloading data to keep it synchronized.

DIVISION OF ACCOUNTING AND AUDITING

The Chief Financial Officer strives to improve accountability by providing transparency on government spending. The Department has established several transparency applications on its website. The "Your Money Matters" application provides a variety of financial tools and resource guides for individuals and businesses. The "Florida Accountability in Contracts Tracking System (FACTS)" application is a comprehensive online tool that offers visibility into the State's contracts, which entities the State has entered into agreement with for goods and services and the prices being charged for those goods and services. The Department has expanded the FACTS functionality to include images of all contracts and information associated with the grant agreements. The Department implemented a standardized statewide expenditure object code list and intends to implement a standardized statewide revenue object code list to improve statewide transparency reporting.

3) IMPROVE EFFICIENCY AND CUSTOMER DRIVEN VALUE

OBJECTIVE 3A: Improve service to customers

DIVISION OF ADMINISTRATION

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 the services provided by HR. HR administers a comprehensive program that includes recruitment, staffing, career enhancement, talent planning, classification and pay, learning and development, 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 1,106 hiring appointments, 3,346 classification or organization changes, 2,004 performance reviews, and 104 employee/labor relations cases. The office currently employs 15 full-time employees. The Office of Learning and Development was moved under the Bureau of Human Resources Management in early 2011 and consists of 3 full-time employees.

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.

Division of Administration: Office of Learning & Development. Learning & Development (L&D) 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 and proctoring sessions conducted by outside entities;
- Classroom and meeting space reservations;
- Leadership development;
- New Employee Orientation;
- Administration of the Department's volunteer program;
- Administration of the Department's Prudential 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 delivered learning events, meetings, and conferences for more than 4,000 attendees during last fiscal year, including employees from other agencies.

The department considers its 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 a seventh year of its Leadership Excellence (LEX) leadership development curriculum. The program encourages candidates to participate in a three-tiered leadership development program designed to cultivate a diverse network of proven leaders and rising stars. The three tiers are: Emerging Leaders, Leadership Foundations, and Executive Fellows. These programs will continue improving upon existing supervisory training.

DIVISION OF LEGAL SERVICES

Service of Process Office: Historically, service of process on insurance companies has been perfected by the service of documents in hard copy format, in duplicate, to the Department's Service of Process Office (SOP), totaling five million pages per year. In the past, the Department forwarded two and one half (2.5) million pages per year to the insurance companies by postal mail, and SOP has scanned a copy of those millions of pages in compliance with records retention requirements. In the 2010 Legislative Session, the Division proposed and supported the passage of legislation to require that only one copy of the process should be submitted to the Department. This statutory change reduced the number of pages submitted to the Division for service by half and also reduced the handling time associated with Department review, management, filing, shipping, and storing of the extra document copy.

The Division continues to provide more efficient service and reduce operational costs by electronically transmitting the process notification and service documents to insurers. Transmitting the service documents to the insurers electronically has enabled the Department to make the documents available to the insurers on the same day. Currently, the average time to set up and prepare to serve process by certified mail to an insurer is 24-48 hours, so the electronic transmittal of documents reduces the time required to effect service of process by more than half. Additionally, the mail delivery time of 3-5 days has been eliminated. The Division met its goal of providing electronic notification and the transmittal of documents to at least 80% of all insurers served by July 1, 2013, and is currently serving over 99% of the service documents electronically.

Legislation was passed to authorize the Department to create a new web portal for plaintiffs and attorneys to submit legal process documents and pay service fees electronically to the Department for service to the insurers. Parties who opt to use the new portal will eliminate printing costs, shipping costs, mail time, and will be able to retrieve their proof of service electronically immediately after the documents are served. The use of the new web portal will also further reduce the Division's budget for printing, scanning, postage, mail handling, check handling, and service package preparation.

The number of services received by the Department, and the associated SOP workload, is projected to continue to rise. Reducing the volume of hard copy documents received by the Department will result in a reduction in handling time, postage, and paper expense. The use of technology has allowed the Division to keep pace with the extra work while ensuring that the insurers receive process in the most expedient and efficient manner possible, which benefits plaintiffs, consumers, and the courts.

DIVISION OF INFORMATION SYSTEMS

Information Technology Optimization Analysis

In addition to delivering services like desktop and mobile computing, telecommunications and hardware platform support, DIS supports an estimated 321 customer software applications, some

of which are over 30 years old. The substantial size of DIS' service obligations evolved from a series of reorganizations, market and statutory changes throughout DFS' long history. While these services fulfill a variety of business need for DIS customers, there are redundancies and opportunities to optimize them.

Through metadata collection and analysis, DIS intends to replicate the success it achieved with its document management systems. Over Fiscal Years 2013 through 2015, DIS consolidated three separate document management systems into one to bring greater efficiency, up-to-date technology and a more stable/robust support environment to seven customer divisions.

DIS's more recent effort in 2015/16 began by examining its lists of software application for accuracy and relevance. This scrutiny led to the termination of 35 of these applications (thus leaving 286 in the inventory) after determining they were no longer necessary or could be displaced with some simple changes. Another 325 application "components" were also identified as distinct parts of these applications. While these will also become a part of the DIS inventory of applications, they will be clearly classified to prevent confusion arising from assuming they are complete applications by themselves and to possibly make them eligible for shared use between applications.

The termination of the 35 applications is consistent with the primary purpose of the optimization analyses. However, further efficiencies will require more comprehensive metadata about its portfolio of customer applications and IT services, integration between those data sources along with an understanding of pertinent customer expectations in sufficient detail to perform methodical analysis to determine if they could be better offered through new technologies (like thin client) or business models (like cloud services), could better share resources (like databases) or if they are even necessary at all.

With this information, DIS can target appropriate applications and services for elimination, consolidation, and modernization, and make improvements to processes and infrastructure. This analysis will include an evaluation of future customer needs, functional and similarities between applications, data dependencies, technology dependencies, current and future capacity requirements, obsolescence and viability conditions. The metadata necessary to the analysis will be collected through concurrent initiatives to inventory and categorize DIS systems. Some of the contents and mechanisms for establishing that inventory is described below.

Functionality Inventory: The new application inventory is a good start, but DIS must expand it with more data about these application, like categories of the purpose of these applications, assessment of their necessity and how they could change to meet business requirements. To these ends, DFS intends to enhance its Application and resource inventories with more information about their functionalities. Such information will include more detailed categorization by functionality type (case tracking, licensing, regulations, etc.), identification of data requirements and technical dependencies.

Service Management Software: DIS uses a services management software suite to manage, track and rout customer request and system maintenance tickets. But by enhancing the software configuration with automated application discovery to identify associated components and dependencies, the system can build and sustain an up-to-date inventory of hardware, software and network components. With the inventory in place, it can then monitor performance to find existing trouble spots faster, sometimes before they occur, and integrate these findings with tickets to save steps, improve accuracy and provide long term resource tracking. It will also minimize change risks by empowering DIS Change Advisory Board with trusted dependency

data to evaluate change impact, restore service interruptions faster with more reliable resource tracking.

Combining this inventory with performance monitoring provided by the service management software and other tools, DIS will have access to up-to-date reports on how resources are used. This will allow better optimization, postponement of upgrades and greater shared use (i.e. “multi-tenant” applications on common hardware). Finally, these tools will identify the relationships between systems, i.e. by showing which pieces of hardware support particular applications, which applications share databases and/or software code, etc.

This information will highlight opportunities to eliminate redundancy and reuse of resources.

Resource Cost Assessment: As a technology service provider to the rest of the department, DIS effectively pools information technology resources. These resources are committed to the priorities of DIS’ customers, the costs of which are currently assessed at a broad level. DIS has developed a comprehensive resource allocation algorithm that will use the inventory data mentioned above, staff time reporting, system metering and expenditures to identify costs at a more detailed level as such data is categorized by cost categories. This information will provide management with better information for targeting systems and comparing options (including cloud computing and commercial off-the-shelf applications).

Florida PALM Support

The Florida PALM project is a large-scale example of application streamlining and modernization. DIS will have a continuing role in supporting the Florida PALM project throughout development and after it becomes a production system. This also means continuing to provide support of FLAIR (representing almost half of the DIS budget), the legacy system it is replacing and helping to transfer FLAIR functionality and data to the new system.

Systems Security

As the world has become more interconnected, security threats to private and public sector data are growing and breaches are more common. DIS understands that its customer data is of no less interest to potential intruders, their means of intruding are constantly changing and all IT resources using Internet technologies have vulnerabilities. Thus, DIS has ongoing initiatives to adapt and harden security through both technical changes to IT environments and security policies followed by customers and staff. While these initiatives are varied, they are all geared towards a) reducing the number of places where data could be exposed and b) reducing the number of ways to intrude (i.e. “attack vectors”).

Customer Satisfaction

Listed among DIS’ Performance Measures are goals attached to survey results reflecting a positive view of DIS services. Over the last year, DIS implemented two such surveys;

- 1) DIS customer users of the Microsoft Office Suite were surveyed on the results of a major upgrade from old versions of the software. The old software was housed on each PC while the new version is “cloud based”, i.e. housed on the Internet where it is periodically loaded, along with files, the user PCs. This major change in the way almost all DIS customer staff perform their daily work was a major change that went well according to the surveys (84.5% giving the effort a score greater than 4 on a scale from 1-5).
- 2) Leaders in sixteen DFS customers’ groups (e.g. DFS divisions) were surveyed on their general satisfaction with DIS services.

DIS is now in the process of making surveys a part of the daily routine between DIS and its customers by imbedding survey queries into trouble ticket closure emails.

Up-Time Performance

The criteria for general IT operations and the operational improvements described here will continue to use measures for up-time performance for its servers, mainframe and network (which now stand, on average at 99.6% or above).

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 Program, 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.

Four trends impacted 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 other products. 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 wary of investing. Third, participants have been required to contribute 3% of their salary to their state pension since 2011, they have experienced an increase in their medical insurance costs, and the payroll tax reductions have expired. Lastly, the majority of state employees have not had salary increases

since 2006. Because of the trends identified above, participant contributions have declined over the past 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 simpler to complete and allows online enrollment and contribution increases. An increase card for contributions or an EZ enrollment form will accompany the different mailers sent 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.

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 achieve 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, Certificates of Completion, and 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 7,000 students in 352 classes per year. The BFST provides regulatory authority and certification, renewals of certification, and testing for approximately 60,000 firefighters through 5,653 fire service training providers in Florida. We also provide curriculum support, administrative and regulatory authority and certification testing for 40 certified fire training centers which provide firefighter minimum standards 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. The Fire College delivers approximately 300 class offerings annually on campus or at other locations throughout the state.

In FY 2015-16, the Fire College delivered training to 7,298 students both on campus and at other locations. The Bureau measures student outcomes by recording feedback from supervisors of students who have taken classes at the Fire College. The most recent year found that over 74% of supervisors rated the educational experience of their personnel to be above a satisfactory rating.

The following table summarizes the total number of class offerings, student contact hours, and number of students trained over the past five fiscal years through the Florida State Fire College.

| | Number of Class Offerings | Number of Student Contact Hours | Number of Students Trained |
|------------------------------|---------------------------|---------------------------------|----------------------------|
| FY10-11 | 368 | 281,488 | 9085 |
| FY11-12 | 352 | 261,035 | 8562 |
| FY12-13 | 365 | 226,267 | 8152 |
| FY13-14 | 289 | 173,508 | 6786 |
| FY14-15 | 325 | 203,841 | 8349 |
| FY15-16 | 216 | 144,054 | 717 |
| Total Since Jan. 2011 | 1915 | 1,290,193 | 41,651 |

Health and Safety

The Bureau is responsible to manage the Florida Firefighters Occupational Safety and Health Act. The Bureau of Fire Standards and Training 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 other stakeholders by providing guidance, resources, and education to reduce the incidence of firefighter accidents, diseases, and fatalities. The Bureau conducts firefighter safety assessments, investigations and inspections to meet this goal.

The Bureau is involved in firefighter safety initiatives, including participation in firefighter safety studies to identify causes of accidents and injuries. Research includes correlating firefighter line-of-duty deaths with failure to follow best safety practices. The Bureau participates in this study with the goal to use outcome data to study preventive strategies.

Accreditation

As of October 2015, the Bureau was successful in achieving international accreditation in 46 different certification levels. This accomplishment was an increase from the previous number of 35 achieved during the previous accreditation process. ProBoard is a third-party international accrediting body recognized as being a leader in the accreditation of certifications for emergency services providers. In addition to increasing the number of certification levels, the site team for ProBoard identified 14 best practices the Bureau is currently performing that they wish to share with other training / certification providers. The Bureau is scheduled for its reaccreditation visit in the fall of 2020. The Bureau also anticipates earning international accreditation status in the summer of 2016 from the International Fire Services Accreditation Congress.

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 six (6) 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. For FY 2015-16, the number of paid/reserve occupational injuries (workers’ compensation claims) per 100 full-time employees is 3.61, which is based on 197,188 workers’ compensation full-time employees and 7,114 claims paid/reserve for the fiscal year.

Statewide loss prevention standards originally adopted in 2010 were extensively reviewed for revision and redeveloped as Agency Risk Management Program Evaluation Guidelines. These guidelines are designed to function as a model of best practices for the effective implementation of agency risk management programs as well as to act as an assessment tool in the Division's evaluation of agency programs under Section 284.50, Florida Statutes. The revision of the guidelines mirrors the expanded scope of the agency program evaluations from the safety program and workers' compensation line of coverage to the broader risk management program, including the areas of employment discrimination/federal civil rights and general/automobile liability. Working with the Interagency Advisory Council on Loss Prevention, the Division continued to address the needs of its insured entities by encouraging agency input and feedback into the guidelines.

The Division completed implementation of a new Insurance Management System (IMS) in FY 2015-16. A goal of the project was to ensure the Division continues to accomplish its mission of providing participating state agencies with quality technical assistance in managing risks. In support of that mission, the Division is working to improve data sharing and to provide portal access to its customers. Improved data sharing will allow a more seamless transfer of data between the division, contractors, and customers. The addition of portal access will provide Division customers with the ability to manage and maintain their data within the IMS and provide access to the customer's certificates of insurance.

Additional improvements in service to customers will come from Division initiatives such as increased on-line training, increased use of data mining and analytics (internal & external), and increased consultations to assist our customers in making decisions regarding their claims and loss prevention programs.

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 12 months the Division assisted more than 702,000 Floridians. Assistance is provided primarily through the statewide toll-free Helpline and the Division's website, email and direct mail correspondence. Approximately 77% of the calls received through the statewide, toll-free consumer helpline are insurance-related. The Division also provides call center services to the Divisions of Agent and Agency Services, Unclaimed Property, Rehabilitation and Liquidation, and Investigative and Forensic Services.

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 and risk of abandoned calls. This standard is used to measure its quality of service to the consumer. The Division continues to explore and implement new call center technology and functionality to improve its quality of service and the customer experience.

As emphasis continues to be placed on 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. The Division continues to review and refine the CCRS process to improve and streamline 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 an online portal on the Division's website.

The Division is also exploring additional opportunities to broaden the amount of information that is available to consumers by creating a Consumer Complaint Information Module on the Division's Website. The module will allow consumers to review actual insurance complaints filed with the Division and the resolution of the complaints, including monetary recovery amounts and the company's response. Consumers will also be able to obtain complaint data for all insurance companies by insurance type. The Division's website will also be updated to provide consumer-friendly information on complex insurance and financial topics that impact consumers, including, but not limited to, educational videos, tip sheets, checklists and informational guides and brochures. It is the Division's goal that this information will further empower and assist consumers in making informed insurance and financial decisions

The Division is responsible for reporting potential regulatory violations to the appropriate regulators. From July 2015 to June 2016, the Division sent more than 1,900 regulatory referrals to the Divisions of Agent and Agency Services and Investigative and Forensic Services, and to the Office of Insurance Regulation.

Monitoring these regulatory referrals allows the Division to identify trends or potential issues 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.

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, Florida Statutes, 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 DWC will continue to leverage data and technology to improve our service to our stakeholders. Here are just several examples of this initiative.

- In the next several months, the DWC will have developed a web-based tool that employers and agents can use to see which carriers are actively writing policies for their specific operations.
- In the next 12-24 months, DWC investigators will email a carrier about what they observed at a jobsite when they come across an employer who secured coverage with that carrier. The information provided to the carrier will assist it in receiving the right amount of premium for its exposure.
- A new product was recently developed jointly by our Bureau of Monitoring Audit, Bureau of Financial Accountability, Bureau of Employee Assistance and Ombudsman Office, and the Bureau of Data Quality and Collection. The Insurer Regulatory Report is given to executives of insurance companies several weeks prior to us conducting an audit of their respective claims-handling practices. The report further engages and informs regulated entities about their claims-handling practices. Carriers can use the information to identify key processes, policies, or practices that are instrumental in maintaining or improving their performance levels. Performance data is shown by individual carrier and by the industry average, so the individual can see if it is performing better or worse than the industry average. In addition, the report contains sections on “Where Your Assessment Dollars Go”, which displays a breakdown of the dollars collected by the Workers’ Compensation Administration Trust Fund and where those dollars go, results from the Injured Workers Survey of lost-claimants conducted by the Bureau of Employee Assistance Office that includes information about their perceptions of their medical treatment, and Division News and Tools contains rulemaking updates and other ways to engage with the Division and its staff.

For insurers and health care providers, the Division in conjunction with the Three-Member Panel, will continue to identify and make significant reimbursement policy changes to achieve cost containment and appropriate payments to providers, while promoting access to care for injured workers.

The DWC also plans to play an active role during the upcoming 2017 Legislative Session. The Legislature will be tackling workers’ compensation reform in response to two Supreme Court Decisions that have increased costs to the system.

- The Florida Supreme Court’s opinion in the case of *Castellanos vs. Next Door Company, et al.*, declared Section 440.34, Florida Statutes, unconstitutional. The impact of the decision is the elimination of the statutory caps on claimant attorney fees and a return to hourly fees. According to NCCI, the first-year rate impact for *Castellanos* is **+15%.**
- The Florida Supreme Court’s opinion in the case of *Bradley Westphal vs. City of St. Petersburg, etc, et al*, declared the 104-week limitation on temporary total disability benefits established in Section 440.15(2)(a), Florida Statutes, unconstitutional. The impact of the decision is a combined 260-week limitation on temporary disability benefits (temporary total disability and/or temporary partial disability). According to NCCI, the impact of Westphal will be an increase in overall Florida workers’ compensation system costs of **+2.2%.**

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.) and the existence of claimable accounts. Not all institutions required by statute to report unclaimed property do so. 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 2015-16, the division's budget was \$19.7 million. In contrast the division requested \$39.3 million and secured \$19.8 million in court ordered restitution, accounting for no less than \$1.00 in restitution dollars ordered on every dollar spent funding the division. There was continued success in securing restitution despite the concentration on working Personal Injury Protection (PIP) fraud, identity theft, and working without insurance coverage cases. These cases generally account 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, the Your Money Matters website, and the Operation S.A.F.E. (Stop Adult Financial Exploitation) 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 is also responsible for providing and offering financial education to ensure consumers have the information and resources they need to establish a stable financial future. During the previous 12 months, the Division launched Your L.I.F.E. (Learn Individual Financial Empowerment), an online campaign that provides financial resources to survivors of domestic violence, their friends and family members, which includes tip sheets and a comprehensive Resource Guide detailing the basic financial literacy needed to gain financial independence. The My Money Program was also created for individuals with developmental disabilities, their parents, guardians, caregivers, and support providers with the goal of teaching important

financial skills in a fun and interactive format. The My Money Program makes financial education accessible and helps empower every Floridian to work towards financial independence.

The Division also launched Serve, Save, Succeed, a component of the Financial Frontlines website, which serves as a resource and community forum for current and former military service members and their families on financial-related topics. The information on the site addresses key financial topics for military personnel such as saving and budgeting; transitioning and adjusting to civilian life; disability challenges, the availability and quality of health care; unemployment and homelessness. To promote financial literacy and financial preparedness, the Division also hosted the Learn to Save Challenge, an innovative financial literacy contest for middle and high school students to promote financial literacy and illustrate the importance of saving, budgeting and banking.

Through the Division's Operation S.A.F.E. Program, Florida's seniors are provided with the information they need to make informed financial decisions and to protect themselves from financial fraud, scams and identity theft. One hundred twenty-five Be Scam Smart Workshops have been held statewide and more than 87,500 seniors have been educated on how to protect themselves from becoming a victim of financial exploitation through Operation S.A.F.E. and the Division's other senior outreach initiatives since May, 2012.

The Division is also currently developing new financial literacy and educational programs for middle and high school students and youth age 10 and under.

The Division has developed an On-Demand educational video library that consumers can access through the website to learn more about specific insurance and financial topics. The library includes 28 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.

TASK FORCES, STUDIES AND INITIATIVES

FIGHT FRAUD, WASTE AND ABUSE

- **Property and Casualty Insurance Fraud Task Force.** The Property and Casualty Task Force was created by the Florida Department of Financial Services in 2010. The mission of the Task Force is to reduce, deter or eliminate Property and Casualty Insurance Fraud, including but not limited to homeowners, apartment, rental dwelling, condominium, boat, commercial, personal articles and church insurance. Comprised of approximately 270 members including regulators, law enforcement, risk management, and others concerned about fraud in the industry, the Task Force provides awareness related to Property and Casualty Insurance Fraud and helps enact rule changes to pursue criminal fraud.

Workers' Compensation Fraud Task Force. Created in 1992 by the then Florida Department of Insurance (now the Florida Department of Financial Services) with the mission of reviewing industry standards, processes, procedures, laws, administrative rules, and regulations for the purpose of making recommendations for the prevention, investigation, and prosecution of various types of workers' compensation insurance fraud. The original task force started with approximately 10 to 15 members from the insurance industry, employers, Division of Insurance Fraud personnel and interested citizens.

The membership is currently at 181 and consists of representatives from insurance carriers and their Special Investigative Units, employers, Division of Insurance Fraud (DIF) personnel, Division of Workers' Compensation, Bureau of Compliance personnel, Professional Employee Organizations (PEO), union representatives (Carpenters and Steel Workers), workers' compensation insurance adjusters, the Florida Workers' Compensation Joint Underwriters Association (FWCJUA), the National Council on Compensation Insurance (NCCI) and attorneys. All members have some interaction or connection with and to the insurance industry.

PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

Florida PALM Project. The State of Florida's current accounting and cash management systems FLAIR and CMS have been performing the State's accounting and financial management functions for over thirty years. Although they have been maintained and modified over the years to accommodate state and federal mandates, the systems are becoming increasingly unable to meet the State's changing and growing needs.

A 2013 study affirmed our concerns and recommended replacing these systems (FLAIR and CMS) with a single, integrated Financial Management Solution. In 2014, the Legislature wisely appropriated funds to ensure there are dedicated staff and a comprehensive plan in place to manage this complex system transition. This effort, known as *Florida PALM* (for Planning, Accounting, and Ledger Management), is in its third year of execution and has defined the major functional requirements of the system in preparation for the release of an ITN to select a software and system integrator.

The goals of implementing Florida PALM in the State of Florida are to:

- Reduce the state's risk exposure by harnessing modern financial management technology built on the premises of scalability, flexibility, and maintainability

- Improve state and agency specific decision making by capturing a consistent and an expandable set of data
- Improve the state's financial management capabilities to enable more accurate oversight of budget and cash demands today and in the future
- Improve productivity, reduce operational complexity and increase internal controls by enabling standardization and automation of business processes within and between DFS and agencies

In Fiscal Year 2015-2016, Florida PALM accomplished the following:

- Finalized and implemented the Florida PALM Project Management Plan;
- Proactively implemented revised governance structure to align with FY 2016/17 Implementing Bill which established the Florida PALM Executive Steering Committee;
- Coordinated with all 34 agencies using FLAIR and CMS to develop standardized future financial management Business Process Models;
- Developed, distributed, and reviewed functional and technical Business Requirements for Florida PALM with State Agencies;
- Secured Independent Verification and Validation services and improved Project operations based on assessment observations; and
- Collaborated with the Agency for State Technology for project management oversight and technical support

Florida Accountability and Contract Tracking System (FACTS)., Section 215.985, Florida Statutes directs the Chief Financial Officer to provide public access to a state contract management system that provides information and documentation relating to contracts procured by governmental entities. Access to contract information is provided through a transparency website – called the Florida Accountability Contract Tracking System or ‘FACTS,’ a comprehensive online tool that offers Floridians greater visibility into how their government is doing business.

Launched in 2012, 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, now available on the [Transparency Florida](#) website, tracks how our state does business and reports to taxpayers how their money is being spent. In Fiscal Year 2015-16, a total of 85,304 state contracts and 56,635 contract images were available online.

In 2015, the U.S. Public Interest Research Group (PIRG) ranked Florida third in the nation for transparency. PIRG’s *2015 Following the Money* Report gave Florida an “A”, up from a “D” in 2012, citing FACTS and significant improvement in transparency as primary factors in ranking Florida at its highest ever score. PIRG’s annual rating continues to recognize Florida as a national leader in transparency and is affirmation of the strides taken to make transparency and government accountability a standard in Florida.

Contract Reviews within State Agencies. Because many of the deficiencies in agency contract and grant agreements stem from poor contract management and a lack of effective monitoring, the Bureau of Auditing within the Department’s Division of Accounting and

Auditing visits agencies and reviews contracts, as well as the contract manager's files. The Bureau audits contracts and grants valued at \$750,000 or more. The Bureau's review includes identifying if agreements include a scope of work that clearly establishes the tasks that must be completed, has quantifiable, measurable, and verifiable deliverables, and specifies financial consequences for noncompliance. In addition to reviewing the contract document, the Bureau evaluates the contract management function to determine if the agency is monitoring the contractor's performance and validating the actual delivery of goods and services. These audits result in written reports to the agency, with the agency providing a corrective action plan to address any deficiencies noted during the review.

An audit of state contracts during Fiscal Year 2013-14 found that 42 percent of state contracts had one or more deficiencies. However, the recent audit of Fiscal Year 2015-16 contracts found that the number of deficient contracts declined to 35 percent, a 20 percentage point improvement within three fiscal years.

These improvements follow reforms to audit state contracts, train state agencies how to write stronger contracts with clear deliverables, and make the contracts available online for taxpayers to read and scrutinize. Since 2011, the Department of Financial Services has trained more than 12,000 contract managers while also providing assistance in the drafting of state contracts. The Department's Division of Accounting and Auditing has also implemented several new processes to review and audit contract and grant agreements, as well as review the files of agencies' contract managers.

REDUCE REGULATORY BURDENS

Operational Reviews. The Office of the General Counsel conducts operational reviews to assess the management and operations of the divisions and offices within the Department's regulatory framework. The desired outcome of these reviews is to recommend changes that will result in decreased waste, reduced risks, and increased transparency. The following objectives have been established for the scope of the operational reviews and may be revised based on identified risks associated with the division or office under review: evaluate the mission, vision, and stated objectives for consistency with statutory authority and obligations; determine compliance with laws, rules, guidelines, policies, and procedures; determine efficiency and effectiveness of operations in meeting stated objectives and statutory obligations; and follow up on findings and corrective actions identified in prior audits or reviews.

Operation Dispatch. The Department of Financial Services announced the "Operation Dispatch" initiative in May of 2015. Operation Dispatch streamlines the process for military firefighters to become certified in Florida by granting credit for military fire-service training, reducing unnecessary hurdles for those who have honorably served our country as firefighters to transition into careers as Florida-certified firefighters. Designed to attract military service members and veterans to Florida, Operation Dispatch cuts out redundant training so military-trained firefighters take 40 hours of training specific to Florida standards.

In an attempt to assist the veterans with the transitional training, a restructuring of the method of delivery was made. Essentials of Firefighter text and workbooks are made available to the candidates of this program once the registration into the 40-hour program is complete. This provides a means for the candidates to study the material that they will be tested on for Firefighter I and II examination prior to attending the class. Feedback from students that completed the program previously indicated that it is challenging to learn all the written material and learn the necessary skills in 40 hours and pass the State exam.

In preparation for the practical examination, a video of the practical skills is available for the candidates to review. The video enables the candidates to review required skills for fire ground operations and essential verbal safety commands that are required when performing these tasks. With the delivery of the written text, workbook and the video, students are better prepared and have a better understanding to the requirements when they participate in this training.

Through partnerships forged with the Florida Departments of Veterans' and Military Affairs, Operation Dispatch reduces the costs associated with the Florida-specific training and testing to military firefighters. The program also allows participants to take the certification exam in a timelier fashion than the regularly-scheduled quarterly administrations, which upon successful completion helps newly-certified firefighters enter Florida's workforce faster.

HELP CONSUMERS

Financial Literacy for Consumers. The Department provides several initiatives to help empower Floridians to be financially responsible and independent and make better informed financial decisions. The Department offers a variety of resources and interactive tools on its website to help students, seniors, veterans and families manage their finances responsibly and plan for their futures.

As part of these efforts during Fiscal Year 2015-2016:

- CFO Atwater launched **Your L.I.F.E. (Learn Individual Financial Empowerment)**, an online financial education initiative that provides financial resources to survivors of domestic violence and friends and families, including tip sheets and a comprehensive Resource Guide detailing the basic financial literacy needed to gain financial independence.
- CFO Atwater created **My Money**, a financial literacy program for individuals with developmental disabilities that includes educational lessons and important resources for family members and caregivers. The program allows individuals to learn and practice financial skills at their own pace, using interactive games, activities and educational videos. The My Money Program, not only makes financial education accessible, it also provides comprehensive information and resources to empower every Floridian with the knowledge to work towards financial independence.
- CFO Atwater hosted the **Learn to Save Challenge**, an innovative financial literacy contest for middle and high school students. Middle school students were challenged to design a drawing that promotes financial literacy and illustrates the importance of saving, budgeting and/or banking while high school students were challenged to develop a creative video to be used as a Public Service Announcement to promote financial literacy and financial preparedness.
- CFO Atwater created 11 educational videos to inform Floridians on various financial and insurance topics in hopes that Floridians will be informed consumers and make sound financial decisions

Operation S.A.F.E. – Stop Adult Financial Exploitation. As part of the Department's ongoing "On Guard for Seniors" program, the Department's Division of Consumer Services hosts Operation S.A.F.E. workshops to educate Florida seniors about financial planning and protection. Since 2011, the Department has hosted 125 English and Spanish Operation S.A.F.E.

workshops throughout Florida and educated more than 92,000 seniors through its various senior outreach initiatives.

Office of Insurance Consumer Advocate (ICA)

The ICA is statutorily appointed to the following:

- **Subscriber Assistance Panel (SAP)** — The Subscriber Assistance Panel (SAP) is a statutory body administered by the Agency for Health Care Administration (AHCA) to informally hear and recommend findings in matters of dispute between an HMO subscriber and his/her HMO health plan. The SAP was created in section 408.7056, Florida Statutes.
- **Florida Workers' Compensation Joint Underwriting Association (FWCJUA)** — Created in section 627.311(4), Florida Statutes, the FWCJUA provides workers' compensation and employers' liability insurance to applicants who are required by law to maintain workers' compensation and employers' liability insurance but who are unable to purchase this insurance through the admitted voluntary market.
- **Florida Surplus Lines Service Office (FSLSO)** — Created in section 626.921, Florida Statutes, the FSLSO is a self-regulating organization whose purpose is promoting a stable, efficient and financially strong surplus lines insurance market in Florida.
- **Florida Commission on Hurricane Loss Projection Methodology (FCHLPM)** — Created in section 627.0628, Florida Statutes, the FCHLPM is a board of experts who provide the most actuarially sophisticated guidelines and standards for the projection of hurricane losses.
- **Florida Workers' Compensation Insurance Guaranty Association (FWCIGA)** — Created in section 631.911, Florida Statutes, the FWCIGA provides a source of funds for insureds whose insurance companies become insolvent.
- **Florida Workers' Compensation Appeals Board (Appeals Board)** — Created in section 627.291(2), Florida Statutes, the Appeals Board provides individuals an independent review of the employers' classification code assigned to them by an insurance company for the purpose of establishing their workers' compensation rate.



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 |

| Approved Performance Measures for FY 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Administrative costs as a percent of total agency costs | 5.00% | 4.68% | 5.00% | 5.00% |
| Administrative positions as a percent of total agency positions | 6.00% | 6.30% | 6.00% | 6.00% |
| Percentage of Appointment (hiring) Packages processed within the 5-day time standard | 97.00% | 91.09% | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Percent of closed files involving allegations of statutory violation that were successfully prosecuted | 92% | 100% | 92% | 92% |
| | | | | |
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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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Percent of scheduled hours computer and network are available | 99.95% | 99.60% | 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 | 95% | 84.5% | 95% | 95% |
| Establish a comprehensive functional inventory of Department software applications. | 69 | 321 | 69 | 69 |

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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Revise Measure: Percentage of referred cases responded to and/or transferred within 10 three (3) days of receipt. | 90% | 90% | 90% | 90% |
| Percentage of rate filings subject to public hearing which were reviewed by our office. | 95% | 100% | 95% | 95% |
| | | | | |
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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- FLAIR Infrastructure | Code: 43010500 |

| Approved Performance Measures for FY 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|--------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Percent of scheduled hours computer and network is available | 99% | 99.95% | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| 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% | 99% | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period. | 0.2% | 0.13% | 0.2% | 0.2% |
| Percentage of core accounting processes that meet established deadlines and standards for accuracy. | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Percentage of state employees participation in the State Deferred Compensation Plan | 40.0% | 40.0% | 40.0% | 40.0% |
| | | | | |
| | | | | |

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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Number of agencies audited for Contract/Grant Managers performance | 8 | 9 | 8 | 8 |
| Percentage of Office of Fiscal Integrity investigations that result in action | 50% | 79% | 50% | 50% |
| Number of contracts reviewed | 1,100 | 1,260 | 1,100 | 1,100 |
| New Measure: Percentage of accounts collected annually from CFOs contracted collection agents. | N/A | N/A | N/A | 5% |

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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------------------|
| Revise Measure: Number / dollar value of owner accounts processed. Number of reported accounts uploaded into UPMIS and the reported dollar value | 1 million / \$225 million | 3 million / \$454.5 million | 1 million / \$225 million | Adjust Standard 1.8 million / \$325 million |
| Revise Measure: Number of claims paid / dollar value of claims paid. Number of claims paid and total dollar amount of claim payments | 250,000 / \$150 million | 454,386 / \$264.5 million | 250,000 / \$150 million | Adjust Standard 370,000 / \$240 million |
| Percentage of claims processed within 60 days from date received (cumulative total). | 60% | 97% | 60% | 60% |
| Number of new holders reporting unclaimed property in the fiscal year | 2,000 | 2,933 | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------|
| Percentage of mandated regulatory inspections completed | 100% | 100% | 100% | 100% |
| Number of regulatory inspections completed | 1,000 | 1,319 | 1,000 | 1,000 |
| Percentage of fire code inspections completed within statutory defined timeframes | 100% | 100% | 100% | 100% |
| Number of entity requests for licenses, permits and certifications processed within statutorily mandated time frames | 8,000 | 8,009 | 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 |

| Approved Performance Measures for FY 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Percentage of referrals declined by State Attorney's Office for prosecution | 10% | 7.5% | 10% | 10% |
| Percentage of arson cases cleared | 20% | 30.0% | 20% | 20% |
| Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons | 80% | 76.5% | 80% | 80% |
| Percent of closed arson investigations for which an arrest was made in Florida | 18% | 33.5% | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Number of students trained and classroom contact hours provided by the Florida State Fire College | 5,500/175,000 | 3,910/144,594 | 5,500/175,000 | 5,500/175,000 |
| Percentage of Fire College students passing certification exam on first attempt | 75% | 89% | 75% | 75% |
| Number of Florida State Fire College Certification Programs submitted for national accreditation or re-accreditation | 3 | 46 | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 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 | 10,222 | 13,650 | 13,650 |
| | | | | |

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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Average loss adjustment expense per claim worked | \$1,850 | \$2,428 | \$1,850 | \$1,850 |
| Average cost of workers' compensation claims paid | \$6,500 | \$7,411 | \$6,500 | \$6,500 |
| Percentage of liability claims closed in relation to liability claims worked during the fiscal year | 49% | 62.0% | 49% | 49% |
| Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C. | 95% | 97% | 95% | 95% |
| Number of workers' compensation claims worked | 22,000 | 22,343 | 22,000 | 22,000 |
| Number of liability claims worked | 4,250 | 4,555 | 4,250 | 4,250 |
| Number of state property loss/damage claims worked | 120 | 149 | 120 | 120 |
| Percentage of tort liability claim files resolved within four (4) years without litigation | 81% | 79% | 81% | 81% |
| Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies) | 80 | 80 | 80 | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Percentage of appraised value of assets liquidated for real property | 90.00% | 98.76% | 90.00% | 90.00% |
| Request Deletion: Percentage of appraised value of assets liquidated for personal property | 75.00% | 100.00% | 75.00% | Request Deletion Adjust Standard |
| Percentage of service requests closed within 30 days | 80.00% | 97.02% | 80.00% | 90% |
| New Measure: Percentage of non-claimant related invoices paid within 40 days | N/A | 97.50% | N/A | 96.00% |

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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|-----------------------------------------------|
| Cost of Licensing Operations per active license. | \$3.25 | \$3.06 | \$3.25 | \$3.25 |
| Average Direct Cost of Investigation Operations per completed investigation. | \$1,275 | \$974.54 | \$1,275 | \$1,275 |
| Average number of investigations completed per investigator | 88.0 | 112.2 | 88.0 | 88.0 |
| Average number of applications processed per licensing FTE | 3,450 | 3,161.8 | 3,450 | 3,450 |
| | | | | |

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 |

| Approved Performance Measures for FY 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Percentage of opened insurance fraud cases presented for prosecution by law enforcement investigators | 75% | 55% | 75% | 75% |
| Number of insurance fraud arrests (not including workers' compensation cases) | 795 | 724 | 795 | 795 |
| Number of worker's compensation insurance fraud arrests (not including general fraud investigations) | 429 | 448 | 429 | 429 |
| Number of cases presented for prosecution | 1,320 | 1,361 | 1,320 | 1,320 |
| Court ordered restitution as a percentage of requested restitution. | 70% | 50% | 70% | 70% |
| Requested restitution as a percentage of annual appropriated budget. | 200% | 199% | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Percentage of helpline call and service request audits that result in quality service | 92% | 95% | 92% | Adjust Standard 95% |
| Percentage of consumer survey responses that rate the Division's services as very good or excellent | 78% | 79% | 78% | 78% |
| Percentage of answered phone calls that are answered within four minutes | 80% | 75% | 80% | 80% |
| Percentage of monetary eligible service requests that result in a recovery | 85% | 85% | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Request Deletion: Percentage of investigations submitted by legal to probable cause panel in which the panel agrees with the Division's probable cause recommendation. | 98% | 97.14% | 98% | Request deletion |
| Percentage of funeral establishment inspections that do not require quality control follow-up | 98% | 99% | 98% | 98% |
| Average time (days) to close an investigation | 65 | 32 | 65 | 65 |
| Percentage of deficiency letters sent out within 5 business days of receiving the application | 88% | 85% | 88% | 88% |
| | | | | |

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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------|
| Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget | 300% | 1091% | 300% | 300% |
| Number of completed cases resulting in referral for disqualification or prosecution | 3,000 | 2,107 | 3,000 | 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 2016-17 (Words) | Approved Prior Year Standard FY 2015-16 (Numbers) | Prior Year Actual FY 2015-16 (Numbers) | Approved Standards for FY 2016-17 (Numbers) | Requested FY 2017-18 Standard (Numbers) |
|---------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Percentage of first indemnity payments made timely | 95% | 95.0% | 95% | 95% |
| Number of employer investigations conducted | 32,000 | 33,681 | 32,000 | 32,000 |
| Percentage of disputes resolved for injured workers by the Employee Assistance Office | 90% | 91% | 90% | 90% |
| Number of Petitions for Reimbursement Dispute Resolution resolved | 10,500 | 18,133 | 10,500 | Adjust Standard 3,000 |
| Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings | 79% | 79% | 79% | 79% |
| Delete Measure: Average number of Workers' Compensation employer investigations completed monthly | 61 | 64 | 61 | Delete Measure |
| | | | | |



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: Administrative costs as a percentage of total agency costs

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 5.0% | 4.68% | (0.32%) | 6.4% |

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:

Key vacancies during FY15/16 caused administrative costs to be lower than anticipated.

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 checked="" 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: 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% | 91.09% | (5.91%) | 6.48% |

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:

Turnover during FY15/16

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:

Recruit and retain critical staff in Human Resources

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Legal Services/43010200

Measure: Percentage of closed files involving allegations of statutory violation that were successfully prosecuted

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 92% | 99.67% | Over 7.67% | 8.33% |

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 division has performed above our projection and has raised the standard at least once. We strive to reach 100% in handling the cases included in this performance measure. Although staff turnover has recently stabilized, the division cannot anticipate future turnover and workloads. Thus, raising the approved standard at this time would be premature.

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: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: 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

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 95% | 84.5% | 10.5 | 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:

The survey used for this measure was a follow-up to the implementation of Microsoft Office 365 on all of the user devices supported by DIS. So rather than providing a general assessment of user satisfaction, the survey considered the challenges of implementing a substantial upgrade affecting a broad ranges of office automation demands over a broad base of customers.

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: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Establish a comprehensive functional inventory of Department software applications.

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 69 | 321 | 252 | 360% |

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: DIS' Bureau of Enterprise Applications (BEA) approach to achieving this measure was to first establish an accurate, yet basic inventory for all DIS applications (rather than a "comprehensive" inventory of 69 applications per the measure). From this effort, BEA established a definitive count of applications supported by DIS (321), a count of modules within them (325) and was able to identify 35 applications that could be shut down.

As a result, DIS exceeded this measure in two ways, but fell short in one other. By gathering data on all its applications (rather than just 69), it exceeded the measure by 360%. And by identifying 35 for termination, DIS realized the ultimate purpose of the effort which was to target applications for consolidation/elimination.

However, realizing similar benefits in the future will require gathering data that is both more focused and broader regarding these application and IT services. This is described in Exhibit IV.

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: See Exhibit IV.

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 8 | 9 | +1 | 12.5% |

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 type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation: The Bureau focused on filling vacant positions. With the higher rate of filled positions, they were able to audit an additional agency.

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: Financial Accountability for Public Funds

Service/Budget Entity: State Financial Information and State Agency Accounting/43200100

Measure: Percentage of Office of Fiscal Integrity investigations that result in action

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 50% | 79% | +29% | 58% |

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: Several long-term cases were concluded in the courts.

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: 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 | 1,260 | +160 | 14.5% |

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 type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation: The Bureau focused on filling vacant positions. With the higher rate of filled positions, they were able to review additional contracts.

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: 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 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 |
|---------------------------|-----------------------------|---------------------------------------|-----------------------|
| 1 Million / \$225 Million | 3 Million / \$454.5 Million | 2 Million Over / \$299.5 Million Over | 200% Over / 102% Over |

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 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 continue in 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 type="checkbox"/> Other (Identify) |

Recommendations:

Revise the standards.

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:

- 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 |
|-----------------------------|------------------------------|--------------------------------------|------------------------|
| 250, 000 / \$150 Million | 454,386 / \$264.5 Million | 204,386 Over / 114.5 Million Over | 82% Over / 76% Over |

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation:

Increased numbers of accounts and dollars being received result in higher numbers of claims and higher dollar value of claims paid. The new electronic claims process along with 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"/> Personnel | <input type="checkbox"/> Technology <input checked="" type="checkbox"/> Other (Identify) |
|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|

Recommendations:

Revision of the standard.

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 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% | 97% | 37% Over | 62% Over |

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:

The Claims Section operated with a full staff for a majority of the year with very little turnover. This in conjunction with a moderate level of growth in the number of claims impacted the Division in exceeding the approved 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 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 Division deployed an online electronic claims process for its UPMIS database in September 2015, which impacted the Division in exceeding the approved standard.

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:

Continue monitoring for projected increase in claims received.

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 new holders reporting unclaimed property in the fiscal year

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 2,000 | 2,933 | 933 Over | 47% Over |

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 new holders reporting/remitting unclaimed property.

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 change/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 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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 1,000 | 1,319 | 319 | 31.9% |

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 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 and increase in 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:

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% | 7.5% | +2.5% | 25% |

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 and presentations 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% | 30.0% | +10% | +50% |

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: N/A

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 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% | 33.5% | +15.5% | 86.1% |

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.

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: The current national average is 18% and is the established performance standard set by Fire Investigative Agencies nationwide. During this time period our agency exceeded the national average.

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 | 3,910/144,594 | -1590/-30,406 | -28.9%/-17.4% |

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 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: Percentage of Fire College Students Passing Certification Exam on first attempt

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% | 89.0% | +14.0% | 18.7% |

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 type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

Quality of instructors and instruction.

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: 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 | 46 | +43 | +1,433% |

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:

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. Reaccreditation is completed at five (5) year intervals. In intervening years, we expect to achieve three as a norm, but in the fifth year the large numbers occur as that would be the normal reaccreditation cycle for most BFST 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: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Average Cost of Workers' Compensation Claims Paid

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| \$6,500 | \$7,411 | \$911 | 14.0% |

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 calculates the average cost of claims after four (4) years of claim development. For the first two (2) years of the four (4) year development period, the contracted medical case management vendor maintained an increased physician fee reimbursement model on the theory that expedited medical treatment would result in overall lower claim costs. This model does not appear to have achieved the anticipated cost savings contributing to the increase in average costs. Other factors include additional claim development associated with the former medical case management vendor.

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:

One major factor in the cost of workers' compensation claims is the inflationary price of drugs. For calendar year 2015, the average wholesale cost of prescriptions filled increased by 3.3%. Coupled with that increase in drug costs is a 5.6% increase in the number of injured workers receiving pharmacy benefits services.

There are 15 open claims in this development period that are driving up the total claim payment amount. These claims each have an average cost per claim of almost \$500K, with one claim reaching a total claim payment amount of \$1.7M. If these claims were removed from the equation, the average cost reduces down to \$6,554.

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

Training

Technology

Personnel

Other (Identify)

Recommendations:

A new medical case management vendor was procured in 2013 with services implemented January 1, 2014. The new medical case manager authorizes and processed medical service payments in accordance the medical services reimbursement fee schedule maintained by the Division of Workers' Compensation.

With continued increases in workers' compensation costs, particularly in the area of pharmacy benefits, the Division will continue to monitor the situation to determine if future adjustments to the measure are required.

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: Percentage of liability claims closed in relation to liability claims worked during the fiscal year

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 49% | 62% | 13% | 26.5% |

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 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 release of a large volume of property damage liability claims held by the Florida Department of Transportation (DOT) increased in the number of liability claims worked and closed during FY 2015-16. DOT has installed a new claims management system that should avoid a backlog of claims pending submission to the Division of Risk Management.

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

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

Recommendations:

The Division met with the DOT. DOT procedures have been implemented to address the timely submission of liability claims and prevent future backlogs. Division personnel now have direct access to and have been trained on the new DOT claims management system.

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 liability 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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 4,250 | 4,555 | 305 | 7.2% |

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 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. This is a measure of the amount of work performed or workload. The Division of Risk Management has no control over how many claims are received each fiscal year. While there is more control exercised over how many claims are in the backlog or pending count at the start of the fiscal year, the ability to close claims is mostly determined by the severity of the claim received. Due to a lack of control over these two factors, it is difficult to project results for 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 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:

A one-time release of a large volume of property damage liability claims held by the Florida Department of Transportation (DOT) impacted the number of liability claims worked during FY 2015-16. DOT has installed a new claims management system that should avoid a future backlog of claim submissions to the Division of Risk Management.

Without the claims from this back-log, the number of liability claims worked during FY 2015-16 would have been reduced, bringing the number of liability claims worked in-line with the approved standard of 4,250.

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

Training

Technology

Personnel

Other (Identify)

Recommendations:

As noted above, a lack of control over two major factors in this measure make it difficult to project results.

The Division strives to reduce the number of pending claims on hand at the beginning of each fiscal year. This measure provides valuable information to management about the amount of worked performed.

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 state property loss/damage 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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 120 | 149 | 29 | 24.2% |

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 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. This is a measure of the amount of work performed or workload. The Division of Risk Management has no control over how many claims are received each fiscal year. While there is more control exercised over how many claims are in the backlog or pending count at the start of the fiscal year, the ability to close claims is mostly determined by the severity of the claim received. Due to a lack of control over these two factors, it is difficult to project results for 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 checked="" 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:

Three windstorm events occurred between February 24, 2016 and June 6, 2016 that resulted in a total of 98 claims. The claims from these three events represent 65.8% of the total worked property claims for FY 2015-16.

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: Insurance Company Rehabilitation and Liquidation /43500100

Measure: Percentage of appraised value of assets liquidated for real property

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% | 98.76% | OVER 8.76% | 9.63% |

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 Division has performed above our approved standard for this measure. The validity of the measure is strongly dependent on the accuracy of the appraisal and market conditions upon sale. This may result in a significantly higher or lower sale price than the appraisal.

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: Insurance Company Rehabilitation and Liquidation /43500100

Measure: Percentage of appraised value of assets liquidated for personal property

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 75% | 100% | OVER 25% | 33.33% |

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 Division has performed above our approved standard for this measure. The validity of the measure is strongly dependent on the accuracy of the appraisal and market conditions upon sale. This may result in a significantly higher or lower sale price than the appraisal. These inventories typically include personal computers (hardware and software) and other office equipment that rapidly depreciate or become obsolete due to changes in technology. Due to the long periods of time between the appraisal and the sale of the inventories these factors may result in inventories being sold for less or more than the appraised value.

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 has sold the majority, if not all, of the personal property owned by the companies currently in receivership. Further, the past few years have seen a slight decline in the number of insurance entities entering receivership. For these reasons, the Division anticipates an associated reduction in the amount of personal property requiring liquidation in the next years. As a result, this performance measure is no longer viewed as an accurate measure of the Division's performance in successfully fulfilling its responsibilities.

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 service requests closed within 30 days

Action:

- | | |
|--------------------------------------------------------------------------------------|---------------------------------------------------------|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" 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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 80% | 97.02% | OVER 17.02% | 21.28% |

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 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 Division has performed above our approved standard for this measure. The Division strives to consistently reach and even exceed the standard for this performance measure.

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:

Historical analysis shows that the Division has consistently exceeded the 80% standard over the past few years. For this reason, the Division is requesting that the standard be increased to 90%.

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: Cost of Licensing Operations per active license

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| \$3.25 | \$3.06 | -\$0.19 | -5.9% |

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 checked="" type="checkbox"/> Other (Identify) |

Explanation:

The Division has implemented enhancements to our licensing system that has allowed us to automate processes and further reduce costs.

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:

The number of active licenses continues to steadily increase.

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 should continue to review processes to ensure we are operating effectively and efficiently. We will continue to monitor this measure to determine whether the Standard should be adjusted.

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 Direct Cost of Investigation Operations per completed investigation

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| \$1,275 | \$974.54 | -\$300.46 | -23.5% |

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 type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

The Bureau of Investigations has streamlined processes allowing investigators to complete more investigations than prior fiscal years.

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 Bureau of Investigations is receiving less complaints alleging violations that affecting the public. This allowed investigators to focus more heavily on administrative violations, which take less time to complete.

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

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

Recommendations:

The Bureau is implementing a new investigation tracking system which could temporarily increase costs and reduce outputs as investigators receive training and become familiar with the new system. We will continue to monitor staff performance and the types of allegations received to determine whether adjustments to the standard are needed in the future.

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 completed per investigator

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 88.0 | 112.2 | +24.2 | 27.5% |

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 type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

During Fiscal Year 2015-2016, the Bureau of Investigations lost one investigator position due to division restructuring, which required investigators to complete more investigations than previous years.

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:

The Bureau of Investigations is receiving less complaints alleging gross misconduct by our licensees. This allowed investigators to focus more heavily on administrative violations, which take less time to complete.

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 monitor staff performance and the types of allegations received to determine whether adjustments to the standard are needed in the future. The Bureau is implementing a new investigation tracking system which could temporarily reduce outputs as investigators receive training and become familiar with the new system.

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 applications processed per licensing FTE

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 3,450 | 3,161.8 | -288.2 | -8.35% |

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:

The number of applications received during the 2015-2016 Fiscal Year decreased by nearly 10%, so there were not as many applications that needed to be processed. The decrease allowed staff to be more involved in developing and testing system enhancements that helped reduce our overall costs per active license.

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

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

Recommendations:

Division restructuring removed one FTE position from the Bureau for Fiscal Year 2016-2017. We will continue to monitor this to determine if adjustments to the Standard are needed in the future.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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:

- | | |
|--------------------------------------------------------------------------------------|----------------------------------------------|
| <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% | 55% | (20%) | 26% |

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:

High turnover and vacancy rates.

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:

Salary competition with other law enforcement agencies.

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:

Diligently fill vacancies and work to maintain full staffing levels.

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 (not including workers' compensation arrests)

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 795 | 724 | (71) | 8.9% |

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 checked="" type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation:

Difficulty in projecting crime trends and determining the length of time necessary to close a case with an arrest.

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:

Careful monitoring will be continued to determine if additional adjustments are needed.

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% | 50% | (20%) | 28.6% |

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 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:

Restitution is subject to court awards. Cases may be several years old by the time they are resolved in the judicial system. Court ordered restitution as compared to requested restitution in the same year may not be legitimately related making projections very difficult.

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 continually monitor developing trends and adjust if the actual results compared with the approved standards continue to be considerably different.

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 helpline call and service request audits that result in quality service

Action:

- | | |
|--------------------------------------------------------------------------------------|---------------------------------------------------------|
| <input checked="" type="checkbox"/> Performance Assessment of <u>Outcome</u> Measure | <input checked="" 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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 92% | 95% | 3 Over | +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 type="checkbox"/> Other (Identify) |

Explanation:

The Division utilizes an internal audit program to review helpline calls and service requests for level of service and consumer advocacy. The results of the audits are reviewed to monitor staff performance and identify training needs. The Division continuously provides staff training on law changes and other trends within the insurance industry to ensure staff are prepared to provide a high level of service. Since FY 2014-2015, the continuous training has resulted in an average of 95% of helpline calls and service request audits resulting in quality service and the Division expects that trend to continue.

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:

Request to adjust standard to 95%.

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 answered phone calls that are 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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 80% | 75% | 5% Under | -6% |

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:

During the first 5 months of FY 2015-2016, the Division experienced a 19% turnover rate amongst its call center staff which directly impacted the Division's level of responsiveness and resulted in only 63% of the Division's calls being answered within 4 minutes. As vacant call center positions were filled over the remaining 7 months, the percentage of calls answered within 4 minutes increased to an average of 85%. In spite of the upward trend, the Division's turnover adversely impacted the percentage of calls answered within 4 minutes and the Division's ability to raise the annual average to 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 type="checkbox"/> Technology |
| <input checked="" type="checkbox"/> Personnel | <input type="checkbox"/> Other (Identify) |

Recommendations:

The Division will continue its efforts to recruit and retain qualified call center staff to reduce turnover and maintain a consistent level of staffing.

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 investigations submitted by legal to probable cause panel in which the panel agrees with the Division's probable cause recommendation

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 98% | 97.14% | under | .86% |

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 Probable Cause Panel did not agree with the Division of Legal Services in one instance.

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:

The Division recommends that this performance measure be deleted. The expectation is not valid for the Division of Funeral, Cemetery, and Consumer Services. It is not the Division that makes the recommendations to the Probable Cause Panel.

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: Average time (days) to close an investigation

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 65 days | 32 | Under | 49% |

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- | | |
|----------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Personnel Factors | <input type="checkbox"/> Staff Capacity |
| <input checked="" 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 days utilized to close an investigation are monitored and calculated on a monthly basis. The performance measure is currently set at 65 days. The average number of days to close an investigation during the 2015-2016 fiscal year was 32. That has been the approximate median for the last several years. The measure as currently set is not realistic and does not provide a useful 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 type="checkbox"/> Training | <input type="checkbox"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Other (Identify) |

Recommendations:

In the next several months the Division will be establishing new protocol for investigations resulting in a more detailed work product. Because of this additional detail, investigations may take longer to close than has been the practice. However, it is fair to assume that the Division would still strive to lower the number of days necessary to close an investigation. Until the new protocol is in place we will leave the current measure and standard in place.

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% | 1,091% | 791 | 264% |

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: Increased emphasis on investigating cases for criminal 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 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: The number of resources available compared to relatively stagnant size of the target population is woefully inadequate.

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 continue to emphasize cases for criminal prosecution over shorter-term cases for administrative disqualification.

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 3,000 | 2,107 | (893) | -29.8% |

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: Renewed focus on criminal cases, significant turnover and new, untrained personnel contributed to the underperformance.

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: Significant efforts are being expended to select candidates that will succeed and get them trained and producing as quickly as possible.

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 32,000 | 33,681 | +1,681 | +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 type="checkbox"/> Previous Estimate Incorrect | <input type="checkbox"/> Other (Identify) |

Explanation: Process improvements have created efficiencies and Compliance processes have allowed the investigators additional time to work 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:

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 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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 10,500 | 18,133 | 7,633 | 42% |

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: Although we resolved more petitions than the approved standard, this was a result of a backlog of dispensed medication related petitions (13,064) which were resolved. For fiscal year 15/16, we utilized several OPS positions and made a few changes in our career service personnel. During fiscal year 15/16, we continued to enhance the ARAMIS.net system to help reduce the time to resolve petitions, and we continue to anticipate a positive impact from its use.

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:

None. Increase is expected.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Average number of Workers' Compensation employer investigations completed monthly

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 |
|-------------------|----------------------------|-------------------------|-----------------------|
| 61 | 64 | +3 | +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 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:

Measure is redundant since we have another measure of employer investigations. We recommend deletion of this measure.



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: Executive Direction and Support Services/43010100

Measure: Administrative costs as a percentage of total agency costs

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

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

Measure: Administrative positions as a percentage of total agency positions

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

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 (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Percentage of closed files involving allegations of statutory violation that were successfully prosecuted

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Percentage of scheduled hours computer and network is available

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: 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

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology/43010300

Measure: Establish a comprehensive functional inventory of Department software applications.

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 effort to fulfil this measure started with establishing an accurate, yet basic inventory for all DIS applications. From this effort, a definitive count of applications supported by DIS (321) was made along with a count of modules within them (325).

A notable result from the process of gathering such data was the identification of 35 applications that could be shut down. In doing so, DIS realized the ultimate purpose of the effort to target applications for consolidation/elimination.

However, achieving further efficiencies and deduplication will require a more focused approach with a broadened set of inventory data.

Data sources will include:

Basic metadata pertaining to applications (such as its purpose, operating system, customer name, etc.) representing the core of the inventory. Some of which has been collected which led to the elimination of 35 applications.

The metadata from system management software that automatically collects data on IT assets, applications, pertinent activities (like changes and trouble) and the relations between them. Development of the SMS, as described in the prior year (and current year) Trends and Condition Statement, has been an ongoing effort.

Concerns and requests of customer Subject Matter Experts (SMEs) to determine if their requirements are being met and what is missing.

Customer future requirements as described by customer leadership.

The technical capabilities and limitations as described by software developers, database administrators and systems support staff.

DIS management IT strategies and policies.

Resource capacity planning tools (to determine how assets can be optimized and what changes are possible).

This expanded inventory data will become the basis for analysis and discussion regarding future opportunities to change, consolidate, modernize, decommission, or continuation of applications and IT systems.

Validity:

From this expanded inventory data, DIS intends to perform more in-depth annual analysis of both the applications it supports as well as DIS IT services. The analysis will extend to actual assessment of the redundancy, viability, modernity, necessity of them and optimal delivery strategies which is part-and-parcel to the core mission of DIS.

Reliability:

Each inventory record, printed as forms and reports containing metadata and narrative, will be tangible depictions of this measure. Because those forms and reports will contain descriptions of customer needs, IT strategies, categories of functions and resources regarding these applications and IT services, they will be the basis for analysis that will improve DIS services and operations.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Consumer Advocate/43010400

Measure: Percentage of referred cases responded to and/or transferred within **10 three (3)** days of receipt.

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 the Insurance Consumer Advocate (OICA) is requesting the measurement be changed from ten (10) days to three (3) days for cases to be responded to and/or transferred from date receipt. This change is being requested because three days is more in line with the OICA's objective of providing efficient and customer driven value to the consumers of Florida.

The OICA uses a MS Access database to keep track of consumer cases referred to the OICA. The database includes the date a case was received, the date the consumer was initially responded to by the OICA, and other information regarding the case and consumer. The date received and the initial response date are used in determining how many days it takes the OICA to respond to and/or transfer a case by taking the date the OICA responded to the consumer and/or transferred the case and comparing it to the date the case was received. This gives the calculation for how many days it took the OICA to respond to the consumer and/or transfer the case. Once the number of days are determined, the total number of cases for the fiscal year are counted. The percentage for the measure is then calculated by dividing the number of cases that were responded to and/or transferred within the specified number of days by the total number of cases received during the fiscal year.

$$= \frac{\text{\# of cases responded to/transferred within 3 days}}{\text{Total \# of cases received during fiscal year}}$$

Validity:

The OICA is committed to assisting consumers in matters affecting insurance issues and strives to provide excellent service to the consumers of Florida. To achieve this, the OICA feels that cases should be responded to and/or transferred within three (3) days of receipt and not ten (10) days of receipt. The timing of when the OICA responds to cases is an appropriate measure of the OICAs efficiency and commitment to serving the consumers of Florida. The measure standard has been met or exceeded each year since its inception.

Reliability:

OICA staff enter the information and dates for cases referred to the OICA as the cases are received, assigned and worked. This ensures for accurate and up-to-date information in the password protected database.

The database assigns each case a numeric Correspondence ID, which is unique to each correspondence. The Correspondence ID would allow any deleted records to be identifiable, as the Correspondence ID is assigned in numerical order. Additionally, when the time between the date received and the date responded is calculated, the dates are checked for input errors. The fields in the database are setup as date fields, which require the information to be entered in a date format, further mitigating input errors.

All six ICA staff members have access to the database, which is password protected. However, while all ICA employees can enter information and cases into the database, these duties are predominantly only performed by three ICA employees (Government Analyst II, Senior Management Analyst II, and Financial Administrator). Reports are run by the Senior Management Analyst II and the Financial Administrator. The Senior Management Analyst II executes a monthly report of the information in the database, and a yearly report is performed by the Financial Administrator. The monthly report performed by the Senior Management Analyst II includes all new entries since the prior monthly report and is given to the supervisor for review.

For FY 14/15, 88% of consumer correspondences were completed in 3 days or less, and using the data from FY 15/16, 73% of consumer correspondences were completed in 3 days or less, however, the dates used to calculate this were the date the case was closed and not the date of initial response by the OICA (as reflected in the LRPP measure). For FY 16/17, the ability to enter the initial date of response has been added to the database and discussion with staff ensured that consumers were almost always responded to within 3 days or less, however, it may take longer than 3 days to fully complete a consumer's case (i.e. gather information, contact companies/individuals, etc.).

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Consumer Advocate/43010400

Measure: Percentage of rate filings subject to public hearing which were reviewed by our office

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

Service/Budget Entity: Information Technology-FLAIR Infrastructure/43010500

Measure: Percentage of scheduled hours computer and network is available

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

Service/Budget Entity: Deposit Security/43100200

Measure: Percentage of analyses of the Qualified Public Depositories completed within 90 days of the start of the analysis cycle

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

Service/Budget Entity: Deposit Security/43100200

Measure: Percentage of Collateral Administrative Program Transactions completed within three business days

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

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

Measure: Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

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

Measure: Percentage of core accounting processes that meet established deadlines and standards for accuracy

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Treasury

Service/Budget Entity: Supplemental Retirement Plan/43100400

Measure: Percentage of state employee's participation in the State Deferred Compensation Plan

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology

Validity:

Reliability:

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 Agencies audited for Contract/Grant Manager Performance

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Percentage of Office of Fiscal Integrity investigations that result in action

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Percentage of accounts collected annually from CFO's contracted collection agents.

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 Reporting (BFR) is responsible for oversight of the State's debt collection efforts outlined in Section 17.20, Florida Statutes. BFR manages contracts with multiple debt collection agencies, and is responsible for contractor monitoring.

State agencies submit delinquent accounts to these debt collection agencies as required by Section 17.20, Florida Statutes. The collection agencies are required to meet minimum activity levels, including phone calls and letters to the debtors, and are required to provide monthly reports on the accounts placed, their activities, and the resulting collections. State Agencies must submit annual debt collection reports as required by section 17.20, Florida Statutes.

The proposed measure is a collection percentage comparing the total amount collected to the total amount referred for the period. The numerator is the total amount collected by and received from collection agencies during the measurement period. The denominator is the total amount of all delinquent accounts receivable referred to collection agencies. The amounts collected include all collections regardless of whether the debt was partially or completely paid off.

Validity:

The Bureau manages the debt collection efforts and serves as a liaison between the collection agencies and State agencies to fulfill the CFO's statutory responsibilities. The proposed measure captures the activity level of the debt collection program, and includes the results of the efforts of the collection agencies, the State agencies, and the Bureau in its oversight role. The Bureau monitors the collection agencies to ensure that minimum activity levels are met, which will likely result in higher collections. If the Bureau's process and oversight are not efficient and effective, the number of accounts and the quality of the information of delinquent accounts that are placed with collection agencies would be negatively impacted, which will also affect the amount of potential collections. Monthly reports from each collection agency are compiled by BFR to create a database of collections. This file is updated each month to aggregate the yearly collections for all vendors.

Annually, by October 1st, pursuant to 17.20, F.S., state agencies must report their debt collection and write-off information for the preceding fiscal year to the Department. This agency data is used to create a master file of agency inventory and activity for the year.

Reliability:

The data is unbiased as it is provided by external sources and is maintained in a BFR database. For data validity, the information is compared to the annual 17.20 report from state agencies. The target (5%) is based on a three-year average.

The two sets of data (agency files and collector files) are then audited against each other. These reconciliation activities are performed by staff and reviewed by management.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

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~~ to: Number of reported accounts uploaded into UPMIS and the reported dollar value

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: Unclaimed property is a financial asset that is unknown or lost, or has been left inactive, unclaimed or abandoned by its owner. Unclaimed property also includes contents from abandoned safe deposit boxes in financial institutions. Unclaimed property assets are held by business or government entities (holders) for a set period of time, as provided under Ch. 717, F.S. If the holder is unable to locate and re-establish contact with the owner, each financial asset account is reported and remitted as unclaimed property to the Division of Unclaimed Property (UP). The Division loads reported accounts into the Unclaimed Property Management Information System (UPMIS) with all of the owner and account information, including the owner name, last known address, social security number, dollar value and the names of any beneficiaries or joint owners. Data for this measure, including the number of new accounts added, as well as the actual dollar value of all new accounts added, is obtained directly from UPMIS. This measure does not include the dollar value of abandoned safe deposit box contents as that type of account has no reported monetary value.

Validity: The measure reflects the number of accounts and the value of unclaimed property that was reported and remitted to the program and uploaded to UPMIS. The property is reported directly from holders as well as through Unclaimed Property staff audits and contracted audits. The current values for this measure have been exceeded for several years. UP is requesting to update the measure for a more accurate picture of the programs performance.

The percentage of the measure exceeded for fiscal years 11/12 through 14/15 were analyzed. Fiscal year 15/16 was not included due to the unusually large (and potentially anomalous) increase in accounts/value processed. The average percentage of accounts uploaded is 216% of the current measure. The average percentage of the value of the accounts uploaded is 138% of the current measure. Based on this data, the Division would like to increase the measure values from 1 million accounts uploaded and \$225,000,000.00 value to 1.8 million accounts uploaded and \$325,000,000.00 value.

Reliability: Data for this measure is obtained directly from UPMIS from the reports submitted by holders and provides the number of reported accounts uploaded into UPMIS and the reported dollar value of the property. The Unclaimed Property program educates holders regarding their responsibilities to comply with unclaimed property laws. This has resulted in continued growth in the number of entities reporting and remitting unclaimed property.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

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 to: Number of claims paid and total dollar amount of claim payments.

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:

Unclaimed Property (UP) is responsible for the recovery and return of unclaimed property under Ch. 717 F.S. This includes the review, approval, and denial of claims submitted for unclaimed property. The data for this measure is obtained directly from the program's Unclaimed Property Management Information System (UPMIS).

The last 5 fiscal year totals for the number and value of claims paid was analyzed. Average totals and increases were calculated to provide the revised measure values. The data and calculations used are available for review.

Validity:

The measure reflects the volume and value of unclaimed property returned to citizens by the program. The current values for this measure have been exceeded for several years. UP is requesting to update the measure for a more accurate picture of the programs performance.

The percentage of the measure exceeded for fiscal years 11/12 through 15/16 were analyzed. The average percentage of claims paid is 144% of the current measure with an average of 359,507 claims paid. The average percentage of the value of the claims paid is 156% of the current measure with an average value of \$234,181,091.60. Based on this data, the Division would like to increase the measure values from 250,000 claims paid and \$150,000,000.00 total claim payments to 370,000 claims paid and \$240,000,000.00 total claim payments.

Reliability:

The data for this measure is obtained directly from UPMIS and provides the number of claims approved for payment and the total dollar amount of claim payments for a specified period of time. The Department's Unclaimed Property program proactively reaches out and notifies owners of their unclaimed property as well as encourages the public to search the Unclaimed Property database on a regular basis for any funds that may belong to them. The program has experienced continued growth in the number of claims paid and the value of the property returned to owners.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

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

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

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Accountability for Public Funds

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

Measure: Number of new holders reporting unclaimed property in the fiscal year

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Percentage of mandated regulatory inspections completed

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Percentage of fire code inspections completed within statutory defined timeframes

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 entity requests for licenses, permits and certifications processed within statutorily mandated time frames

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of referrals declined by State Attorney's Office for prosecution

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of arson cases cleared

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

Measure: Percentage of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or arrested or other reasons

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Fire and Arson Investigations/43300300

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

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

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 (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Percentage of Fire College students passing certification exam on first attempt

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Professional Training and Standards/43300400

Measure: Number of Florida Certification Programs submitted for national accreditation or re-accreditation.

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

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

Measure: Administrative costs as a percentage of program agency costs

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

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

Measure: Administrative positions as a percentage of total program positions

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Fire Marshal

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

Measure: The number of items analyzed chemically plus the number of imaging items processed

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Average loss adjustment expense per claim worked

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Average cost of workers' compensation claims paid

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Percentage of liability claims closed in relation to liability claims worked during the fiscal year

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C.

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 workers' compensation claims worked

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 state property loss/damage claims worked

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Percentage of tort liability claim files resolved within four (4) years without litigation

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 training and consultation events conducted during the fiscal year (top three (3) agencies)

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 appraised value of assets liquidated for real property

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 appraised value of assets liquidated for personal property

Action (check one): **N/A-Request Deletion**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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, 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 "Court"). The Florida Department of Financial Services is the court appointed receiver of the insurance entities which are ordered into receivership. The Division of Rehabilitation and Liquidation ("Division") administers the receiverships on behalf of the Department, coordinating and directing the receivership processes from the entry of the initial receivership order until a discharge order is entered by the Court.

Consumer inquiries regarding receiverships are received by both phone and by email.

1) Phone Inquiries Received by Department's Division of Consumer Services: Generally, consumers who call in with inquiries use a 1-800 phone number which is dedicated for receivership related calls. Inquiries received via this toll-free phone number are directly routed to the Department's Division of Consumer Services where the calls are initially handled by customer service representatives experienced in a variety of issues involving insurance companies and/or the services provided by the Department. Consumer phone inquiries which require further research or a more detailed response regarding a specific receivership are forwarded to the Division through the use of a specialized, dedicated software application (currently ServicePoint). The inquiries are then processed by the Division's consumer service representatives in accordance with approved policies and procedures.

2) Phone Inquiries Received Directly by Division: Infrequently, phone inquiries are directly received by Division consumer service representatives. This occurs when a consumer uses a phone number to reach the Division other than the dedicated toll-free phone number (e.g., a consumer calls a Division consumer service representative on the employee's direct phone number). The Division consumer service representative receiving such calls enters the call information into ServicePoint. The Division's consumer service representatives then process the inquiries in accordance with approved policies and procedures.

3) Email inquiries: Email inquiries are frequently received via the "contact us" form located on the Division's website at <http://www.myfloridacfo.com/division/receiver>. The Division's consumer service representatives review the email inquiries on a daily basis and enter them into ServicePoint. The Division's consumer service representatives then process the inquiries in accordance with approved policies and procedures.

Regardless of the original source of the consumer inquiry – whether from phone or email – all consumer inquiries which are entered into ServicePoint are known as "service requests." When a service request is resolved (e.g., through response to the inquiring consumer), the

ServicePoint entry is marked “closed” by the Division’s consumer service representative. This performance measure reflects the number of service requests received by the Division which are closed within 30 days. The performance measure does not include Public Records Requests; Public Records Requests are handled/measured through separate processes and a separate software application.

During this past fiscal year, the Department automated the procedures for preparing the aging and other data reports which provide the components of this performance measure. Beginning in February 2016, these automated reports replaced the complicated and time consuming manual process which was previously used for preparing these reports. The performance measure is derived from information obtained from two automated reports extracted from data maintained in ServicePoint. The locked down data regarding service requests in ServicePoint is accessed using locked down queries in Report Generator (a separate web-based report functionality). Report Generator pulls the requested data from ServicePoint and exports it into a Microsoft Excel spreadsheet.

The elements of the performance measure regarding service requests are calculated using results obtained from the following two automated queries:

1) “Closed Not Public Records” – This query pulls information from ServicePoint regarding the service requests which have been closed within a specified time period. For purposes of this performance measure, the time period selected in the Report Generator is 30 days prior to the end of the month for which the report is created. The query does not include Public Records Requests. The query only includes service requests which are handled by the Division.

2) “New Rehab Handled SRs” – This query pulls information from ServicePoint regarding the service requests handled and closed by the Division within a specified time period. The query includes: a) all service requests received via phone inquiry which were forwarded from the Department’s Division of Consumer Services, b) all service requests received via phone directly by Division consumer service representatives and c) all email inquiries input into ServicePoint by the Division’s consumer service representatives. The query is based upon a specified time period. For purposes of this performance measure, the time period selected in the Report Generator is the first day of the month to the last day of the month for which the report is created (e.g., June 1st – June 31st). The query does not include Public Records Requests. The query only includes service requests which are handled and closed by the Division.

This performance measure reflects the percentage of service requests received by the Division which are closed within 30 days. The performance measure is calculated using the automated results of the above referenced queries. The total number of service requests closed within 30 days is divided by the total number of service requests handled/closed by the Division within the prior month. The resulting percentage is then recorded in monthly reports for the Division.

The Division has consistently exceeded the 80% standard over the past few years, averaging 94% since FY2011-12. For this reason, the Division is requesting that the standard for this performance measure be increased to 90%.

Validity:

The measure is an essential aspect of performance as it directly relates to the mission, goals, and objectives of the Department. Specifically, the measure is designed to ensure that the receivership related consumer services program administered by the Division delivers value to the public, including receivership claimants and Florida citizens, by continually critiquing its own performance in order to ultimately improve the efficiency and cost effectiveness of the program.

The measure and underlying data are unbiased, focusing solely on the length of time it takes for a service request to be closed and not on inquiry content or any impressions of the consumer services representative(s) processing the inquiry and/or inputting the request into ServicePoint, the Department's consumer services' software application. Additionally, the measure is correctly defined, the data elements are consistent with the definition of the measure, and the data elements are automatically generated using the process above described.

Reliability:

The queries used to determine the receipt and aging of the individual service requests have been tested and are routinely used throughout the Department. Additionally, there are a number of controls as part of the Division's processing of consumer inquiries. The Division uses customizable software (i.e., ServicePoint) that is also used by the Department's Division of Consumer Services. The Division's procedures require that the email inquiries be checked daily and that the inquiries be entered into ServicePoint. The procedure also requires the staff to "close" the email inquiry within the web and enter the service request number assigned by ServicePoint. This would seem to provide a control for Division management to determine whether the email inquiries are timely entered into ServicePoint. ServicePoint automatically generates a receipt date in the system that cannot be altered or changed (unless the request is reopened) and there is an audit trail for each request which shows when the request was initially received and when it was resolved/closed. Requests are sent from the Department's Division of Consumer Services to the Division via ServicePoint to an inbox in ServicePoint; the inbox can be monitored or viewed by a number of employees within the section. Further, all data maintained in ServicePoint is stored, backed-up and archived in accordance with the Department's server and data management guidelines.

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 non-claimant invoices paid within 40 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, 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 "Court"). The Florida Department of Financial Services is the court appointed receiver of the insurance entities which are ordered into receivership. The Division of Rehabilitation and Liquidation ("Division") administers the receiverships on behalf of the Department, coordinating and directing the receivership processes from the entry of the initial receivership order until a discharge order is entered by the Court. Some of the Division's duties include: marshalling/liquidating assets, paying vendors, and, as funds permit, paying claims that are filed in the receivership proceeding.

This performance measure does not address the payment of invoices received as part of or in support of claims filed by insurance company policyholders or creditors in a receivership proceeding. The payment of claims is separately addressed through a statutory claims filing and evaluation process resulting in possible distribution from a receivership estate under the priority scheme set out in section 631.271, Florida Statutes. This performance measure solely addresses the Division's processes that result in the payment of invoices received from the Division's vendors and other suppliers of goods or services that are not related to filed claims (i.e., the "non-claimant" related invoices).

In accordance with the applicable terms of section 215.422, Florida Statutes, the Division strives to pay non-claimant related invoices within 40 days after receipt of the invoice and receipt, inspection, and approval of the goods and services supplied by the vendor. Payment within 40 days thereby avoids the interest charges/payments to the vendors that would otherwise be required under section 215.422(3)(b), Florida Statutes. The Division has established a goal of paying 96% or more of its vendor invoices within the 40-day time period.

This performance measure reflects the percentage of the non-claimant related invoices that are paid within 40 days. The measure is calculated based upon the time lapsed from receipt of a "clean" invoice to the date that the payment check is issued on the invoice. A "clean" invoice is defined as an invoice that conforms to the requirements of the Division's Billing Guidelines and Division Policies. The Division's vendors are provided notice of these Billing Guidelines and Policies when entering into a contract with the Division. The invoice is generally considered "clean," and thereby acceptable, when:

- the invoice contains the correct rate;
- the invoice is mathematically accurate;
- the goods are received or services satisfactorily performed; and

- the Division has all the necessary receipts and/or supporting documents to pay the invoice in its entirety.

When the Division needs to adjust or disallow any portion of the invoice, the Division notifies the vendor and the receipt date for the invoice is changed to reflect the date upon which the invoice is corrected and is considered clean/acceptable.

Calculation of the payment time is performed monthly by the Division's Accounting Manager. The method for calculating the total time lapsed from receipt of a clean invoice to its payment involves the following steps:

- 1) Data regarding each vendor invoice paid within the applicable month is exported from the Division's Accounting Information System into a Microsoft Excel spreadsheet. The exported data includes the date upon which the clean invoice was received and the date upon which final payment on the invoice was issued. As explained above, the data does not include claimant related invoices.
- 2) For each invoice entry, a formula within the Excel spreadsheet calculates the total number of calendar days from the clean-invoice receipt date to the check/payment issuance date.
- 3) The percentage of invoices processed and paid within a 40-day time period is calculated by dividing the number of invoices paid within 40 days by the total number of invoices paid during the month. The resulting percentage is then recorded in monthly reports for the Division's management.

The monthly downloaded data and spreadsheet calculations are stored in the Division's electronic filing system. These reports are available for all Division staff to review.

Validity:

The measure is an essential aspect of performance as it directly relates to the mission, goals, and objectives of the Department. Specifically, the measure is designed to promote financial accountability and transparency and is in accordance with the prompt payment provisions established by section 215.422, Florida Statutes. The establishment of a performance measure relating to this payment process better enables the Division to critique its performance in order to ultimately improve efficiency and cost effectiveness.

The measure and underlying data are unbiased, focusing solely on the length of time it takes to issue payment on a non-claimant related invoice and not on invoice content or any impressions of Division staff in processing the invoices. Additionally, the measure is correctly defined, the data elements are consistent with the definition of the measure, and the data elements are automatically calculated using the process above described.

Reliability:

Invoice processing and payment information is maintained in the Division's Accounting Information System. The Division's Accounting Section employs separation of responsibility in each phase of invoice processing. Invoices are received by the Accounting Section's Accounts Payable Unit for the first phase of processing and entry. The contract/purchase manager (usually a non-Accounting Section employee) approves the invoice's rates, added expenses, and the stated deliverables, services, and or delivery of goods in accordance with the terms of the purchase or contract, as applicable. The Accounting Section's Accounts Payable Unit then reviews the invoice for mathematical accuracy, adequacy of attached supporting documentation, appropriate approvals, and compliance with the relevant purchase terms, as well as compliance with the Division's Billing Guidelines and/or Division Policies. A final review is performed by at least two Accounting employees separate from the Accounts Payable Unit staff who entered and processed the invoice. An invoice exceeding \$25,000 also requires the approval of the Division Director, Assistant Division Director, or a Deputy Receiver. Thereafter, the invoice is scheduled for issuance of a check/payment by a designated member of the

Accounting Section's Accounts Payable Unit. All data maintained in the Division's Accounting Information System is stored, backed-up and archived in accordance with the Department's server and data management guidelines.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Cost of Licensing Operations per active license

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average Direct Cost of Investigation Operations per completed investigation

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average number of investigations completed per investigator

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Licensure, Sales Appointment and Oversight/43500200

Measure: Average number of applications processed per licensing FTE

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Number of insurance fraud arrests (not including workers' compensation arrests)

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Number of workers' compensation insurance fraud arrests (not including general fraud arrests)

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Number of presentations submitted for prosecution

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity

Reliability:

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: Court ordered restitution as a percentage of requested restitution

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Requested restitution as a percentage of the annual appropriated budget

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 call 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 helpline calls and service request audits that result in quality service to insurance and financial services consumers and is important in determining the Division's overall level of service.

The Division utilizes an internal audit program to review and measure the quality 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. Random audits are conducted on service requests and helpline calls. Service requests are electronic files that are created within ServicePoint which is the Division's consumer information database. Service requests are established to assist insurance consumers resolve a complaint or dispute with their insurance company. Service request files include all relevant information regarding the consumer and the consumer's concerns or complaint, including, the consumer's name and contact information; the name of the insurance company, policy number and/or claim number; a summary of the consumer's complaint or dispute; all correspondence with the insurance company and the insurance company's response to the consumer's complaint. Helpline calls are those calls that are received via the Division's Insurance Consumer Helpline, the Agent & Agency Line, the Unclaimed Property Line, the Alternative Dispute Resolution Line and the Rehab & Liquidation Line. The audit program evaluates the quality of information provided to the insurance company and the consumer; the accuracy of the information provided; timeliness, accurate documentation of the file and written and oral communication.

Audits of three service requests and six helpline calls for each Insurance Specialist are conducted monthly. The audits are performed by a select group of auditors that are comprised of Helpline Unit Managers, Unit Team Leads, Insurance Liaisons and Division Trainers. All of the auditors have extensive insurance knowledge and experience, are familiar with the Division's established policies and procedures and are in leadership roles within the Division. The Division's Audit Coordinator is responsible for managing and overseeing the Division's audit program. The Audit Coordinator creates, updates and maintains the audit form and questions, the audit guidelines, the audit database and generates a query to identify all eligible service requests for audit and then randomly assigns service requests to the auditors. Service requests that are eligible for audit are those that were closed within the preceding 30 days. For example, service requests that are closed during May are eligible for audit during June. To ensure the file is no longer active and to ensure the audit is based upon the entire body of work on the file, only service requests that are closed are audited. Auditors randomly select live helpline calls to audit. There are a specific set of audit questions for the service request audit and the helpline audit. Both sets of questions focus on the quality of information provided to the insurance company

and the consumer; the accuracy of the information provided; timeliness, accurate documentation of the information received and provided and written and oral communication. Each question is assigned a score. The scores are determined based upon the level of importance of that specific area and its impact on the level of quality service. For example, on a helpline audit, questions associated with understanding the consumer's concern and providing accurate information are assigned a higher score than questions associated with whether the Specialist identified the relevant agency or section/unit during the greeting of the call. The maximum score that can be achieved on both audits is 100. The threshold score that must be achieved to indicate quality service was provided through a helpline call is 90 and for a service request, it is 85.

The standard for providing quality service was established by the Division Management Team and determined by reviewing the relevant audit form and evaluating the minimum necessary actions needed to provide quality service. During FY 2014-2015, 95% of the audits conducted on service requests and helpline calls indicated quality service was provided. During FY 2015-2016, the trend increased slightly to 96%. To align with the upward trend over the prior two fiscal years, the Division proposes to increase this measure from 92% to 95%.

Attached is the Helpline Audit Form, the Helpline Audit Guidelines, the Service Request Audit Form, the Service Request Audit Guidelines and the Helpline and Service Request Audit Data for FY 2015-2016.

Validity: The number of helpline audits resulting in quality service is determined by the number of helpline audit scores that meet or exceed 90. That number is then divided by the total number of helpline audits conducted, resulting in the percentage of helpline audits that result in quality service. Similarly, the number of service request audits resulting in quality service is determined by the number of service request audit scores that meet or exceed 85. That number is then divided by the total number of service request audits conducted, resulting in the percentage of service request audits that result in quality service.

To determine the percentage of helpline and service request audits that result in quality service, the total number of helpline and service request audits whose scores indicate quality service was provided is divided by the total number of helpline and service request audits that are conducted.

Reliability: The helpline and service request audit forms are maintained in a Microsoft Access database. Each auditor is assigned their own individual Microsoft Access Audit database for the completion and submission of their audits. Once an audit has been submitted by the auditor, the auditor does not have the capability to alter the audit. All audit changes that are required after the submission of an audit, must be communicated to and updated by the Audit Coordinator.

The data tables contained within each individual Microsoft Access Audit database are linked to the Master Microsoft Access Audit Database. Only the Audit Coordinator and two Report Analysts have access to the Master Microsoft Access Audit Database. The master database and the data tables contained therein are used to generate audit reports for the calculation of this performance measure. The data tables in the individual audit databases and the master database are backed up daily.

The Division recognizes that some questions on the audit forms are subjective and can introduce some level of bias; however, the Division recently conducted a comprehensive review of the audit questions in an effort to reduce subjectivity and establish clearly defined questions and audit guidelines. The revised audit forms and questions will become effective on October 1, 2016.

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 consumer survey responses that rate the Division's services as very good or excellent

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 answered phone calls that are answered within four minutes

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 monetary eligible service requests that resulted in a recovery

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 probable cause panel in which the panel agrees with the Division's probable cause recommendation

Action (check one): **N/A-Request Deletion**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 funeral establishment inspections that do not require quality control follow-up

Action (check one): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): **N/A**

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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: Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 first indemnity payments made timely

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 completed

Action (check one): N/A

- Requesting revision to approved performance measure
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 ARAMIS database Tracking module is used to determine the number of Petitions for Resolution of Reimbursement Dispute cases resolved. The term "resolved" means a closure finding (determinations, dismissals, and referrals) was issued by the case manager settling the reimbursement dispute between the health care provider and insurer for services rendered to the injured worker. We query the ARAMIS database for all petitions closed within the reporting month regardless of "Date Received". The "Closed" field represents dates the Medical Services Section issued a closure finding on the petition case.

The Medical Services Section utilized several OPS positions and made a few changes in our career service personnel during the Fiscal Year (FY) 2015-2016. These employees surpassed the expected increase in production. The average number of cases resolved per case manager in FY 2014-2015, as recorded in the ARAMIS database, was projected forward for expected performance during 2015-2016. The estimated number of cases resolved for new case managers during FY 2015-2016 will not be added to the estimate based on the amount of backlog reimbursement disputes that were resolved. However, the average number of cases resolved during the past three months (May – July 2016) was added to the estimate.

Validity:

The ARAMIS database has been shown to be accurate as a historical reference. The total case manager monthly performance was greatly consistent in the past. It is calculated that 420 petitions were resolved per employee per year with a total of 7 employees. It is predicted that no additional positions will be filled. It is also predicted that 3,000 petitions can be resolved by FY 2016-2017.

Reliability: The methodology of using the ARAMIS database has shown to be a reasonable estimate of resolutions issued. All petitions are docketed/logged. Reports are generated from ARAMIS using a built-in query tool. Separation of duties exists between receipt and logging of petitions, dispute resolution by analysts, and quality review by supervisory staff. Quality assurance reviews are performed on random petitions and human error corrected as it is detected. Since seven employees averaged 420 resolved petitions, we can expect the same level of production rounded up to the nearest hundred. $7 \times 420 = 2,940$ rounded up to 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: Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

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 Workers' Compensation Employer Investigations completed monthly

Action (check one): **N/A Request Deletion**

- Requesting revision to approved performance measure
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:



Department of Financial Services

Associated Activities 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 2015-16 (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 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 2015-16 (Words) | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 4 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | 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 |
| 6 | 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 |
| 7 | Establish a comprehensive functional inventory of Department software applications | ACT 0320 Information Technology - Application Development/Support 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 2015-16 (Words) | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------|--------------------------------------|
| 8 | Percentage of referred cases responded to and/or transferred within 10 days of receipt. | ACT 0040 Insurance Consumer Advocate |
| 9 | Percentage of rate filings subject to public hearing which were reviewed by our office. | ACT 0040 Insurance Consumer Advocate |

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

| Measure Number | Approved Performance Measures for 43010500 FY 2015-16 (Words) | Associated Activities Title |
|-----------------------|------------------------------------------------------------------------------|-----------------------------------------|
| 10 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| 11 | 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 ACT 0010 Executive Direction |
| 12 | Percentage of Collateral Administrative Program Transactions completed within three business days | ACT 1220 Process transactions, account changes and audit functions. ACT 0010 Executive Direction |

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

| Measure Number | Approved Performance Measures for 43100300 FY 2015-16 (Words) | Associated Activities Title |
|----------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 13 | Percentage by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three year period | ACT 1310 Investment of Public Funds |
| 14 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| 15 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| 16 | Number of agencies audited for Contract/Grant Managers Performance | ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement ACT 2110 Accounting and Reporting of State Funds |
| 17 | Percentage of Office of Fiscal Integrity investigations that result in action | ACT 2170 Conduct Fiscal Integrity Investigations |
| 18 | Number of contracts reviewed | ACT 2140 Conduct Contract/Grant Reviews and Post-Audit of Contract/Grant Disbursement ACT 2110 Accounting and Reporting of State Funds |

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

| Measure Number | Approved Performance Measures for 43200200 FY 2015-16 (Words) | Associated Activities Title |
|----------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 19 | Number / dollar value of owner accounts processed | ACT 2220 Process and Payment of Unclaimed Property |
| 20 | Number of claims paid / dollar value of claims paid | ACT 2220 Process and Payment of Unclaimed Property |
| 21 | Percentage of claims processed within 60 days from date received (cumulative total) | ACT 2220 Process and Payment of Unclaimed Property |
| 22 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 23 | Percentage of mandated regulatory inspections completed | ACT 3220 Perform Fire Safety Inspections |
| 24 | Number of mandated regulatory inspections completed | ACT 3220 Perform Fire Safety Inspections |
| 25 | Percentage of fire code inspections completed within statutory defined timeframes | ACT 3220 Perform Fire Safety Inspections |
| 26 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 27 | Percentage of referrals declined by State Attorney's Office for prosecution | ACT 3310 Investigate Fires - accidental, arson and other |
| 28 | Percentage of arson cases cleared | ACT 3310 Investigate Fires - accidental, arson and other |
| 29 | 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 |
| 30 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 | 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 |
| 32 | Percentage of Fire College students passing certification exam on first attempt | ACT 3410 Provide state, local, and business professional training & education ACT 3420 Provide state, local, and business professional standards, testing and statutory compliance |
| 33 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|------------------------------------------------------------------------------------|-----------------------------------------------|
| 34 | Administrative costs as a percentage of program agency costs | ACT 0010 Executive Direction |
| 35 | Administrative positions as a percentage of total program positions | ACT 0010 Executive Direction |
| 36 | The number of items analyzed chemically plus the number of imaging items processed | ACT 3510 Provide forensic laboratory services |

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

| Measure Number | Approved Performance Measures for 43400100 FY 2015-16 (Words) | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 37 | Average Loss Adjustment Expense 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) |
| 38 | Average cost of workers' compensation claims paid | ACT 4110 Provide adjusting services on state workers' compensation |
| 39 | Percentage of liability claims closed in relation to liability claims worked during the fiscal year | ACT 4120 Provide adjusting services on state liability claims |
| 40 | Percentage of indemnity and medical payments made in a timely manner in compliance with DFS Rule 69L-24.006, F.A.C. | ACT 4110 Provide adjusting services on state workers' compensation |
| 41 | Number of workers' compensation claims worked | ACT 4110 Provide adjusting services on state workers' compensation |
| 42 | Number of liability claims worked | ACT 4120 Provide adjusting services on state liability claims |
| 43 | Number of state property loss/damage claims worked | ACT 4130 Process property claims on state-owned buildings (structure & contents) |
| 44 | Percentage of tort liability claim files resolved within four (4) years without litigation | ACT 4120 Provide adjusting services on state liability claims |
| 45 | Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies) | ACT 4140 Provide loss prevention training and consultation |

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

| Measure Number | Approved Performance Measures for 43500100 FY 2015-16 (Words) | Associated Activities Title |
|----------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 46 | Percentage of appraised value of assets liquidated for real property | ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies |
| 47 | Percentage of appraised value of assets liquidated for personal property | ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies Request Deletion |
| 48 | Percentage of service requests closed within 30 days | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 49 | 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) ACT 5220 Administer Examinations and Issue Licenses |
| 50 | Average Direct Cost of Investigation Operations per completed investigation | ACT 5250 Investigate Agents & Agencies |
| 51 | Average number of investigations completed per investigator | ACT 5250 Investigate Agents & Agencies |
| 52 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| 53 | 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 |
| 54 | Number of insurance fraud arrests (not including workers' compensation cases) | ACT 5310 Investigate insurance fraud (general) |
| 55 | Number of worker's compensation insurance fraud arrests (not including general fraud investigations) | ACT 5320 Investigate workers' compensation insurance fraud |
| 56 | Number of presentations submitted for prosecution | ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud |
| 57 | Court ordered restitution as a percentage of requested restitution | ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud |
| 58 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 59 | 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 |
| 60 | Percentage of consumer survey responses that rate the Division's services as very good or excellent | ACT 5410 Respond to consumer requests for assistance |
| 61 | Percentage of answered phone calls that are answered within four minutes. | ACT 5430 Answer consumer telephone calls |
| 62 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 63 | 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 Request Deletion |
| 64 | Percentage of funeral establishment inspections that do not require quality control follow-up | ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance |
| 65 | Average time (days) to close an investigation | ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance |
| 66 | Percentage of deficiency letters sent out within five (5) business days of receiving the application | ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance |

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

| Measure Number | Approved Performance Measures for 43500700 FY 2015-16 (Words) | Associated Activities Title |
|----------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 67 | 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 |
| 68 | 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 2015-16 (Words) | Associated Activities Title |
|----------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 69 | Percentage of first indemnity payments made timely | ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments |
| 70 | Number of employer investigations conducted | ACT 6120 Verify that employers comply with workers' compensation laws |
| 71 | 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 |
| 72 | Number of Petitions for Reimbursement Disput Resolution resolved | ACT 6130 Facilitate the informal resolution of disputes with injured workers, employers and insurance carriers ACT 6140 Provide reimbursement for workers' compensation claims paid by insurance carriers on employees hired with preexisting conditions |
| 73 | Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings | ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments |
| 74 | Average number of Workers' Compensation employer investigations completed monthly | ACT 6120 Verify that employers comply with workers' compensation laws Request Deletion |

| FINANCIAL SERVICES, DEPARTMENT OF | | FISCAL YEAR 2015-16 | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------------|----------------------|------------------------------|---------|
| SECTION I: BUDGET | | OPERATING | FIXED CAPITAL OUTLAY | | |
| TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT | | 328,307,961 | 385,000 | | |
| ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.) | | 4,832,474 | 0 | | |
| FINAL BUDGET FOR AGENCY | | 333,140,435 | 385,000 | | |
| SECTION II: ACTIVITIES * MEASURES | | Number of Units | (1) Unit Cost | (2) Expenditures (Allocated) | (3) FCO |
| Executive Direction, Administrative Support and Information Technology (2) | | | | | 385,000 |
| 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. | | 7,086 | 55.04 | 389,991 | |
| Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts. | | 65,972 | 15.89 | 1,048,385 | |
| Investment Of Public Funds * Dollar Volume of Funds Invested | | 24,400,000,000 | 0.00 | 769,791 | |
| Provide Cash Management Services * Number of cash management consultation services. | | 53 | 21,672.15 | 1,148,624 | |
| Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced. | | 2,600,000 | 0.68 | 1,774,712 | |
| Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office. | | 1,691,776 | 1.10 | 1,864,753 | |
| Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System. | | 34,034 | 136.36 | 4,640,780 | |
| Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state. | | 8,959,340 | 0.12 | 1,095,539 | |
| Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements | | 308,000 | 14.54 | 4,479,393 | |
| Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements | | 9 | 263,207.44 | 2,368,867 | |
| Process State Employees Payroll * Payroll payments issued | | 2,976,337 | 0.83 | 2,462,993 | |
| Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes | | 11 | 17,112.27 | 188,235 | |
| Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse. | | 10 | 94,162.70 | 941,627 | |
| Collect Unclaimed Property * Accounts reported by holders of unclaimed property. | | 3,031,237 | 0.98 | 2,984,265 | |
| Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property. | | 454,386 | 7.21 | 3,275,388 | |
| License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames. | | 8,003 | 69.58 | 556,847 | |
| Perform Fire Safety Inspections * Number of inspections of fire code compliance completed. | | 16,001 | 258.91 | 4,142,874 | |
| Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed. | | 437 | 1,219.72 | 533,018 | |
| Perform Boiler Inspections * Number of boiler inspections completed by department inspectors. | | 1,326 | 459.00 | 608,638 | |
| Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss. | | 2,296 | 6,430.51 | 14,764,460 | |
| Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College. | | 143,781 | 14.68 | 2,111,180 | |
| Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered. | | 9,450 | 105.51 | 997,050 | |
| Provide Forensic Laboratory Services * Number of evidence items and photographic images processed. | | 10,222 | 122.41 | 1,251,249 | |
| Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System. | | 3,424,215 | 0.13 | 460,298 | |
| Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked. | | 22,343 | 1,666.12 | 37,226,229 | |
| Provide Adjusting Services On State Liability Claims * Number of liability claims worked. | | 4,555 | 3,420.11 | 15,578,586 | |
| Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked. | | 149 | 18,153.39 | 2,704,855 | |
| Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year. | | 80 | 30,739.89 | 2,459,191 | |
| Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year. | | 32 | 16,031.28 | 513,001 | |
| Review Applications For Licensure (qualifications) * Number of applications for licensure processed. | | 104,708 | 26.87 | 2,813,667 | |
| Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized. | | 41,359 | 39.43 | 1,630,941 | |
| Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed. | | 1,866,313 | 0.40 | 749,267 | |
| Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements. | | 218,532 | 1.90 | 414,339 | |
| Investigate Agents And Agencies * Number of agent and agency investigations completed. | | 4,501 | 1,378.93 | 6,206,581 | |
| Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation). | | 1,239 | 14,636.53 | 18,134,662 | |
| Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations). | | 760 | 6,677.86 | 5,075,174 | |
| Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled. | | 60,889 | 73.24 | 4,459,799 | |
| Provide Consumer Education Activities * Number of visits to the Consumer Services website. | | 307,319 | 2.24 | 687,021 | |
| Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline. | | 303,596 | 16.48 | 5,004,357 | |
| Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed. | | 1,655 | 1,453.03 | 2,404,765 | |
| Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually. | | 90,431 | 49.23 | 4,452,156 | |
| Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted. | | 33,681 | 426.04 | 14,349,470 | |
| 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. | | 1,042 | 4,823.19 | 5,025,761 | |
| Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited. | | 2,164 | 637.40 | 1,379,325 | |
| Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected. | | 121,985,956 | 0.01 | 706,715 | |
| Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases. | | 5,671,663 | 0.68 | 3,850,527 | |
| Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually | | 18,133 | 85.63 | 1,652,550 | |
| Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted. | | 3,811 | 1,668.23 | 6,357,616 | |
| Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed | | 142 | 6,792.41 | 964,542 | |
| Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities | | 452 | 7,217.37 | 3,262,249 | |
| Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed. | | 7,450 | 2,323.87 | 17,312,858 | |
| Review And Approve Rate And Form Filings. * Number of rate and forms review completed. | | 14,094 | 609.29 | 8,587,365 | |
| Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations. | | 410 | 11,799.05 | 4,837,612 | |
| 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. | | 23,251 | 88.12 | 2,048,791 | |
| 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. | | 101 | 116,755.44 | 11,792,299 | |
| Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness. | | 11 | 72,824.73 | 801,072 | |
| Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity. | | 143 | 24,563.84 | 3,512,629 | |
| Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations. | | 313 | 18,352.88 | 5,744,453 | |
| Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches. | | 285 | 20,817.47 | 5,932,979 | |
| 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. | | 34 | 77,685.82 | 2,641,316 | |
| TOTAL | | | | 266,033,757 | 385,000 |
| SECTION III: RECONCILIATION TO BUDGET | | | | | |
| PASS THROUGHS | | | | | |
| TRANSFER - STATE AGENCIES | | | | | |
| AID TO LOCAL GOVERNMENTS | | | | | |
| PAYMENT OF PENSIONS, BENEFITS AND CLAIMS | | | | | |
| OTHER | | | | 38,847,456 | |
| REVERSIONS | | | | 28,259,206 | |
| TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4) | | | | 333,140,419 | 385,000 |

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:

THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

*** NO ACTIVITIES FOUND ***

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 |
|----------|------------|---------|-----------------------------------|--------------|-----|
| 43500400 | 1205000000 | ACT1020 | HOLOCAUST VICTIMS ASSISTANCE | 299,410 | |
| 43010400 | 1602000000 | ACT1040 | INSURANCE CONSUMER ADVOCATE | 648,841 | |
| 43010500 | 1603000000 | ACT1050 | INFORMATION TECHNOLOGY - FLAIR | 10,959,193 | |
| 43200100 | 1601000000 | ACT2010 | PASS THROUGH FROM PRISON INDUSTRY | 1,236,635 | |
| 43200100 | 1601000000 | ACT2180 | FLORIDA ACCOUNTING INFORMATION | 7,557,986 | |
| 43200100 | 1601000000 | ACT2190 | ARTICLE V - CLERK OF THE COURTS | 160,076 | |
| 43200100 | 1601000000 | ACT2195 | PASS THROUGH FLORIDA CLERKS OF | 1,286,885 | |
| 43300500 | 1202000000 | ACT3530 | PASS THROUGH - TRANSFER TO | 965,000 | |
| 43400100 | 1601000000 | ACT4150 | PURCHASE OF EXCESS INSURANCE | 11,236,098 | |
| 43600100 | 1102020000 | ACT6010 | TRANSFER TO 1ST DISTRICT COURT OF | 1,859,815 | |
| 43900110 | 1204000000 | ACT9150 | HURRICANE RATE/RISK MODEL | 2,387,517 | |
| 43600100 | 1102020000 | ACT9940 | TRANSFER TO THE UNIVERSITY OF | 250,000 | |

TOTALS FROM SECTION I AND SECTIONS II + III:

| DEPARTMENT: 43 | EXPENDITURES | FCO |
|----------------------------------------|--------------|---------|
| FINAL BUDGET FOR AGENCY (SECTION I): | 333,140,435 | 385,000 |
| TOTAL BUDGET FOR AGENCY (SECTION III): | 333,140,419 | 385,000 |
| | ----- | ----- |
| DIFFERENCE: | 16 | |
| (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.

FACTS - Florida Accountability Contract Tracking System

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

DAVID ALTMAIER
COMMISSIONER

September 30, 2016

Cynthia Kelly, 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

Cyndy Kynoch, Staff Director
Senate Committee on Appropriations
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 2017-18 through Fiscal Year 2021-22. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is www.floir.com. This submission of our LRPP has been approved by me.

Sincerely,

A handwritten signature in blue ink that reads "David Altmaier".
David Altmaier



Florida Office of Insurance Regulation

Long-Range Program Plan

Fiscal Years 2017-2018 through 2021-22



David Altmaier
Insurance Commissioner

September 30, 2016



David Altmaier
Insurance Commissioner
Office of Insurance Regulation

David Altmaier was appointed as Florida's Insurance Commissioner on April 29, 2016 by the Financial Services Commission. He leads a 292-member team at the Office of Insurance Regulation (Office) overseeing a complex insurance marketplace in a state with one of the highest catastrophe exposures for hurricanes.

Commissioner Altmaier began his public service career with the Office in 2008, serving in various roles within the property and casualty business unit. These included Chief Analyst, Director of Property & Casualty Financial Oversight and Deputy Commissioner of Property and Casualty Insurance, which had the responsibility for the daily activities of the Property & Casualty Product Review and Financial Oversight business units.

In his role as Commissioner, David serves on high profile boards and committees focusing on issues important to Florida's consumers and industry stakeholders.

Commissioner Altmaier is well respected for his participation with the National Association of Insurance Commissioners (NAIC), where is a member of several committees and currently serves as chair of the Capital Adequacy Task Force, Creditor-Placed Insurance Model Act Review Working Group, and Group Capital Calculation Working Group. He has also earned the NAIC's Professional Insurance Regulation designation.

Prior to joining the Office, he worked as a Florida licensed 2-20 and 2-14 insurance agent and high school math teacher.

Commissioner Altmaier graduated from Western Kentucky University in 2004 with a bachelor's degree in Mathematics.

Office Mission, Vision, and Goals

Mission

Promote a stable and competitive insurance market for consumers.

Vision

The Florida Office of Insurance Regulation envisions a robust and competitive insurance market while maintaining protections for the insurance-buying public.

Goals

1. Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage that is priced in a manner that is adequate, but not excessive or unfairly discriminatory.
2. Protect the public from illegal, unethical insurance products and practices.
3. Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.
4. Operate in an efficient, effective and transparent manner.

Goals, Objectives, Service Outcomes and Performance Projection Tables

**Program: Office of Insurance Regulation
43900110 Compliance and Enforcement**

GOAL #1:

Promote insurance markets that offer products to meet the needs of Floridians with fair, understandable coverage priced in a manner that is adequate, but not excessive or unfairly discriminatory.

OBJECTIVE 1.A.: Process product filings expeditiously.

- 1) **OUTCOME 1.A.1.:** Percentage of life and health form and rate filing reviews completed within 45 days.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 90% | 90% | 90% | 90% | 90% | 90% |

- 2) **OUTCOME 1.A.2.:** Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews completed within 90 days.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 90% | 90% | 90% | 90% | 90% | 90% |

OBJECTIVE 1.B.: Enable new companies to enter the market expeditiously.

- 3) **OUTCOME 1.B.1:** Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 98% | 98% | 98% | 98% | 98% | 98% |

- 4) **OUTCOME 1.B.2:** Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.

| <u>Baseline</u> <u>FY 2015-16</u> | <u>FY</u> <u>2016-17</u> | <u>FY</u> <u>2017-18</u> | <u>FY</u> <u>2018-19</u> | <u>FY</u> <u>2019-20</u> | <u>FY</u> <u>2020-21</u> |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 98% | 98% | 98% | 98% | 98% | 98% |

GOAL #2:

Protect the public from illegal, unethical insurance products and practices.

OBJECTIVE 2.A.: To act upon allegations of unethical or illegal products or practices.

- 5) **OUTCOME 2.A.1.:** Percentage of market conduct examinations with violations in which the Office takes enforcement action.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 85% | 85% | 85% | 85% | 85% | 85% |

GOAL #3:

Monitor the financial condition of licensed insurance companies and take action to address financial issues as early as reasonably possible to prevent unnecessary harm to consumers.

OBJECTIVE 3.A.: Conduct financial examinations of domestic companies in a timely manner.

- 6) **OUTCOME 3.A.1.:** Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 98% | 98% | 98% | 98% | 98% | 98% |

OBJECTIVE 3.B.: Conduct financial analyses of companies in a timely manner.

- 7) **OUTCOME 3.B.1.:** Percentage of priority Financial Analyses completed within 60 days.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 98% | 98% | 98% | 98% | 98% | 98% |

- 8) **OUTCOME 3.B.2.:** Percentage of non-priority Financial Analyses completed within 90 days.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 95% | 95% | 95% | 95% | 95% | 95% |

**Program: Office of Insurance Regulation
43900120 Executive Direction and Support Services**

GOAL #4:

Operate in an efficient, effective and transparent manner.

OBJECTIVE 4.A.: Maximize administrative efficiency and productivity for the benefit of insurance consumers and companies.

9) **OUTCOME 4.A.1.:** Administrative costs as a percentage of total agency costs.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 10% | 10% | 10% | 10% | 10% | 10% |

10) **OUTCOME 4.A.2.:** Administrative positions as a percentage of total agency positions.

| Baseline FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| 10% | 10% | 10% | 10% | 10% | 10% |

Office Budget FY 2016-17

| Table 1. Appropriations Overview Fiscal Year 2016-17: Office of Insurance Regulation (Office) | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|--------------------|
| Positions | FY 2015-16 | FY 2016-17 | Change |
| Full-time equivalent (FTE) positions | 292 | 292 | 0 |
| Funding (By Budget Category) | FY 2015-16 | FY 2016-17 | Change |
| Salaries and Benefits | \$19,993,117 | \$19,959,767 | (\$33,350) |
| Other Personal Services | \$265,169 | \$290,169 | \$25,000 |
| Expenses | \$2,559,164 | 2,481,072 | (\$78,092) |
| Operating Capital Outlay | \$35,000 | \$98,000 | \$63,000 |
| Contracted Services | \$1,430,726 | \$1,430,726 | \$0 |
| Financial Examination Contracts* | \$4,926,763 | \$4,926,763 | \$0 |
| Florida Public Hurricane Loss Model (Maintenance)* | \$632,639 | \$632,639 | \$0 |
| Florida Public Hurricane Loss Model (Enhancements) ** | \$1,700,000 | \$850,000 | (\$850,000) |
| Lease or Lease-Purchase of Equipment | \$27,403 | \$27,403 | \$0 |
| Risk Management Insurance | \$181,293 | \$112,446 | (\$68,847) |
| DMS Human Resources Contract | \$97,841 | \$97,856 | \$15 |
| TOTAL | \$31,849,115 | \$30,906,841 | (\$942,274) |
| <p>*Budget authority for financial examinations of Property and Casualty, and Life and Health insurance companies. Insurance companies reimburse the Insurance Regulatory Trust Fund for the examination costs. The Trust Fund acts as a pass through. The transaction is revenue neutral.</p> <p>**Funds are nonrecurring and disbursed directly to Florida International University (FIU).</p> | | | |

Linkage to Governor's Priorities

Economic Development and Job Creation

1. Focus on Job Growth and Retention. Through consistent leadership, regulatory innovation and stakeholder outreach, the Office fosters an insurance environment conducive to business expansion and job growth. Over 212,000 Floridians are now employed in the insurance sector, more than any state other than California.¹

2. Reduce Taxes. The Office does not have taxing authority. However, the Office has helped reduce both the likelihood and amount of any future assessments levied against Floridians to pay the claims of Citizens Property Insurance Corporation (Citizens) policyholders. It has done so through the rate and take-out approval process. During FY 2015-16, the Office approved an additional 1,163,641 policies for take-out. Private insurers assumed 190,472 policies.² As of June 30, 2016, Citizens' policy count dropped to 489,138.

The Office receives no state general revenue dollars. It keeps its cost of regulation low relative to other states. The Office is exclusively funded from the Insurance Regulatory Trust Fund.

3. Regulatory Reform. In FY 2015-16, the Financial Services Commission (FSC) repealed three rules proposed for repeal by the Office. The Office implemented many other innovations such as allowing insurers to consolidate certain filings, and focusing Office review of amended forms on the specific change proposed rather than re-reviewing an entire form.

Maintaining Affordable Cost of Living in Florida

1. Accountability Budgeting. Through performance based budgeting, the Office carefully monitors both expenditures and outcomes, and makes adjustments as appropriate to accomplish the mission of the Office as efficiently as possible. The Office maintains low administrative expenses and closely monitors staff productivity by tracking workload and processing times.

2. Reduce Government Spending. Office productivity savings resulted from the efforts of a property & casualty business unit team of employees who helped to resolve limitations experienced by users of the Quarterly & Supplemental Reporting (QUASR) system. It resulted in expanded features and improved efficiencies allowing users to file information more easily with the Office. The actions of this team saved the state and taxpayers approximately \$30,000.

3. Reduce Taxes. See "Reduce Taxes under Economic Development and Job Creation, Section A.2.," above.

Trends and Conditions

Primary Statutory Responsibilities of the Office

The following are the primary statutory responsibilities of the Office:

- Attract companies and capital to the Florida insurance market.
- License insurance companies and insurance-related entities.
- Monitor the financial condition of insurers and require corrective actions when necessary.
- Enforce insurer and insurance-related entity compliance with statutory market conduct requirements.
- Collect and analyze insurance market data for use by the Office, policymakers, companies, the general public, and issue reports.

1. Status of Key Statutory Responsibilities

The Office budget for FY 2016-17 is \$30.9 million, with 292 full-time equivalent positions. It is funded entirely through the Insurance Regulatory Trust Fund and receives no state general revenue funds. In FY 2015-16, the Office spent over 95 percent of every dollar received on regulatory responsibilities. Administrative costs accounted for less than five percent of the funds spent by the Office.

a. Certificates of authority (COA)

The Office is actively engaged in licensing insurance companies and certain other insurance related entities through the certificate of authority application process. Florida law requires the Office to approve or deny a complete application for a new certificate of authority for an insurance company within 180 days of receipt. With other entities receiving a new certificate of authority, the Office must approve or deny the new certificate of authority within 90 days, except continuing care retirement communities, which are approved or denied within 45 days. Amendments to existing certificates of authority for insurance companies must be approved or denied within 90 days.³ In FY 2015-16, the Office processed 100 percent of new COA applications within 90 days.

b. Form and rate review

The Office reviews form and rate filings for compliance with Florida law. The statutorily required timeframes for Office review of forms and rates vary by line and product type. The speed at which new products make it to market depends in large part on the complexity of the filing and the quality and completeness of the company submission. As with applications, rate and form filings are filed electronically.

As a result of Office innovations, insurers now have additional options for getting products to market more expeditiously. Insurers submitting forms for property and casualty commercial products, excluding workers' compensation, may take products to market immediately upon certifying that submitted forms comply with current law, rather than having to first obtain

Office approval. Companies may also choose to combine multiple sub-types of insurance into a single filing, rather than having to file each sub-type of insurance separately. In FY 2015-16, the Office processed 99.8 percent of life and health, and property and casualty, rate and form filings within statutory timeframes.

c. Financial oversight

The Office monitors the financial condition of regulated insurance entities through financial examinations and financial analyses. By examining the financial books and records of insurance companies and related entities, the Office evaluates the quality of assets, adequacy of stated liabilities, and general operating results.

The Office is statutorily required to conduct a financial examination of each domestic insurer at least once every five years. All new domestic insurers are required by law to be examined each of the first 3 years. Examinations must be concluded within 18 months of the “as of” examination date pursuant to NAIC accreditation standards. When circumstances warrant heightened scrutiny, the Office performs targeted reviews of specific companies. The Office also participates in multi-state financial examinations coordinated by the NAIC.

Financial analyses are conducted on either a monthly, quarterly and/or annual basis. Under NAIC accreditation standards, the Office must complete the review of a priority company (those with a major or serious violation or problem) within 60 days, and a non-priority company (those with minor or no violations) within 90 days. In FY 2015-16, the Office completed 100 percent of the 53 financial examinations and 99.9 percent of the 7,397 financial analyses within NAIC timeframes.

d. Market conduct examinations and investigations

Through market conduct examinations and investigations, the Office monitors insurance company products and practices for compliance with the Florida Insurance Code. Consistent with the trend nationally, the Office emphasizes issue-specific, complaint-driven (“target”) examinations and collaborative multi-state examinations, rather than routine examinations performed at regular intervals. Issues identified include policy form deficiencies; claims communication response times; proper claims investigation; cancellation and nonrenewal notices; failure to pay interest on overdue claims and monitor a third-party administrator; unfavorable claims settlements; and internal coding errors.

Florida is also one of five managing lead states engaged in the nationwide examinations of the claims settlement practices of life insurance and annuity companies. In Fiscal Year 2015-16, the Office recovered \$108.7 million on behalf of Florida consumers and helped reform claims settlement practices used by life insurance companies.

The Office also uses market analyses to identify significant issues adversely affecting consumers. These consist of a review and analysis of information reported in financial statements, in complaint data, lawsuit activity and other available data sources. This monitoring role also includes identifying unlicensed entities transacting insurance illegally.

e. Attract companies and capital to the Florida insurance market

In FY 2015-16, an additional 119 insurance and insurance-related entities entered the Florida market and 246 new lines of business.⁴ While some, such as donor annuities, are largely unregulated entities with little economic or regulatory impact, twenty were newly licensed property and casualty insurers and two were newly licensed life and health insurers.

| <u>New Insurance Entities in Florida - Fiscal Year 2015-16</u> | |
|-----------------------------------------------------------------------------------------------|---------------------------|
| Authority Category | Number of Entities |
| <u>Property & Casualty</u> | 20 |
| Great Midwest Insurance Company | |
| Mid-Continent Assurance Company | |
| Forestry Mutual Insurance Company | |
| Berkshire Hathaway Direct Insurance Company | |
| Memic Casualty Company | |
| Prime Property & Casualty Insurance, Inc. | |
| Seaview Insurance Company | |
| Union Insurance Company | |
| Utica First Insurance Company | |
| Proselect Insurance Company | |
| Synergy Insurance Company | |
| ADM Insurance Company | |
| Allmerica Financial Alliance Insurance Company | |
| Typtap Insurance Company | |
| US Coastal Property & Casualty Insurance Company | |
| American Mining Insurance Company | |
| American Millennium Insurance Company | |
| Texas Medical Insurance Company | |
| Admiral Indemnity Company | |
| Tri-State Insurance Company of Minnesota | |
| | |
| <u>Life & Health</u> | 2 |
| Harken Health Insurance Company | |
| Shenandoah Life Insurance Company | |
| | |
| <u>Health</u> | 4 |
| Eden Health Plans, Inc. | |
| Health First Administrative Plans, Inc. | |
| Health First Government Plans, Inc. | |
| Sunshine Health Community Solutions, Inc. | |
| | |
| <u>Other Entities *</u> | 93 |
| <i>*Includes Donor Annuities, Risk Groups, Surplus Lines, & other Specialty Companies</i> | |
| TOTAL | 119 |

f. Data collection and analyses

The Office engaged in extensive data collection and analyses in FY 2015-16 related to:

- Catastrophe stress testing reporting for selected domestic insurers
- Continuing Care Retirement Community Refund form
- Health and accident insurance, specific to plans and coverages
- Health care balance billing claims survey
- Managed care specific to HMO and certain life and health insurers' financial and county enrollment data, both group and individual
- Major medical and other accident and health enrollment and premium reporting
- Major medical and Medicare Advantage premium and enrollment on the county level
- Market Conduct Rescinded Policy reporting
- Personal Lines Residential Property water and roof claims data call
- Private passenger automobile insurance, specific to excess profits and policy count reporting
- Professional liability claims reporting
- Property and casualty annual calendar year experience (financial) reporting
- Property and casualty insurance (residential policy data)
- Property and casualty reinsurance data call (three separate parts)
- Regulatory Life Settlement Agreements reporting to the States
- Small employer insurance, specific to insurer estimates of earned premiums and membership
- Title agency data call
- Title underwriter data call
- Unfair discrimination based on travel annual life insurance survey

The Office completed numerous statutorily required reports in FY 2015-16. See section H.2., of this Long-Range Program Plan for a complete list of reports.

2. Technology in Carrying Out Statutory Responsibilities

The Office has one of the most sophisticated regulatory technology systems in the country, featuring comprehensive electronic insurance company form, rate and data filing systems. This system, along with the data it produces and makes accessible to the public, plays a major role in advancing Office goals and objectives and achieving performance outcomes. The following achievements were noted during FY2015-16:

- An ambitious "Umbrella Project" was initiated with the vision of consolidating and standardizing many key Office applications into a single system for the purpose of improving security and usability by replacing older systems with modern programming languages running on modern code platforms, simplifying the account management and

filing creation and submission process for industry filers, and providing interoperability of system functions and features.

- Created a method for companies to remove their own trade secret protections from Federal Affordable Care Act filings after rates were declared thereby nullifying trade secret protection.
- Created a method for companies to copy aspects of previously closed filings for use in the construction of current filings to streamline the filing process.
- Developed Life and Health Market Overview Reports beginning with CY2014. These reports emphasize how the facilities of SAS technologies and Microsoft Excel® can present customized views of data collected by the Office from industry and from the NAIC database. These reports are being published to the floir.com website.
- Established system to measure and manage the Office's work performance guidelines. Reports were provided quarterly to the Governor and Cabinet.
- Designed and developed an application dashboard for Office staff to see all up-to-the-moment aspects of a Company's filing and reporting position.
- Enabled Company Admissions application process for Florida self-insured plans (SIPs) using the iApply website.

In the next fiscal year, the focus will be on completing the first objectives of the Umbrella Project so that industry form, rate and data filings can be submitted through a modern and convenient system by the end of 2017.

3. Market Conditions in Florida

The insurance industry is a vital part of Florida's economy. It employs over 212,000 Floridians. As of June 30, 2016, the Office had oversight of 4,345 entities in Florida.⁵ The Florida homeowners' insurance market is the largest in the nation based on premium volume.

Market conditions in Florida can be assessed against a variety of criteria, including market entry (new entities), market concentration/competition, premium volume, premium rates, company financial condition, and size of residual markets.

a. Market entry (new entities and new lines of business for existing entities)

See section A.1.e., above.

b. Market concentration

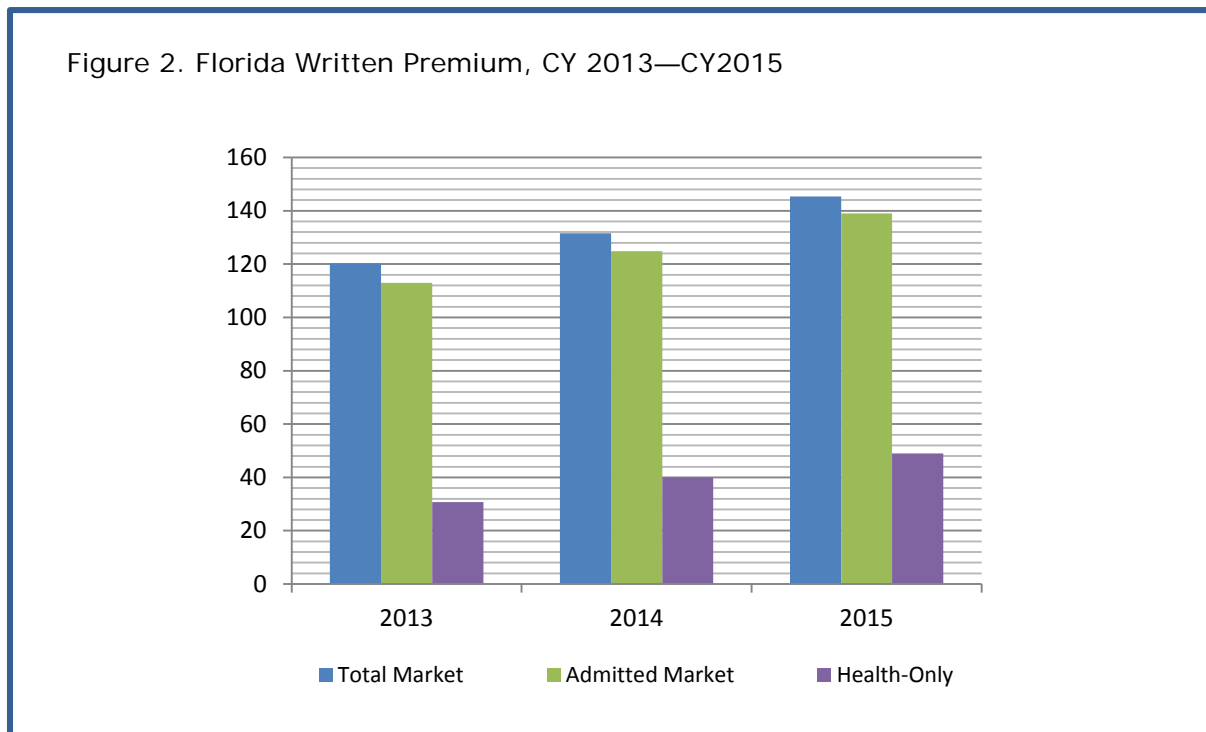
Florida insurance markets are generally competitive, although market concentration varies considerably from one line to another, as shown in Table 2 on the next page.

| Line of Business | Top Writer | Top 5 Writers | Top 10 Writers |
|------------------------|------------|---------------|----------------|
| Accident and Health | 14.2 | 46.8 | 63.1 |
| Commercial Multi-Peril | 13.9 | 31.7 | 44.7 |
| Homeowners Multi-Peril | 8.5 | 30.0 | 45.9 |
| Life | 6.8 | 24.1 | 38.3 |
| Medical Malpractice | 21.1 | 49.3 | 61.2 |
| Private Passenger Auto | 16.4 | 48.0 | 64.3 |
| Title | 32.1 | 83.3 | 97.4 |
| Workers Compensation | 9.4 | 28.9 | 41.9 |

c. Premium volume⁷

As shown in Figure 2, Florida is experiencing steady premium growth. Among all writers, total written premium expanded from \$120.3 billion at year-end 2013 to \$145.3 billion in year-end 2015, a strong 20.8 percent increase. A \$13.7 billion jump in written premium from 2014 to 2015 accounted for most of the growth. This increase primarily resulted from a 22.6 percent (\$9.0 billion) surge in premium written by health-only companies. Florida-admitted insurers wrote \$139.0 billion in premiums in 2015, a \$14.2 billion increase from the \$124.8 billion written in 2014.

During this period, Florida ranked 10th globally in total direct written premium.⁸



d. Premium rates

Rate trends vary across insurance lines. On the one hand, health insurance rates continue to increase as a result of the Patient Protection and Affordable Care Act (PPACA). Filed rates in the individual market for the 2016 plan year were 9.5 percent higher than rates for the 2015 plan year.⁹ Rates for individual major medical plans will increase an average of 19% percent beginning January 1, 2017. Some of this cost may be offset for individuals eligible for a premium subsidy and purchasing coverage through the federally facilitated marketplace.

Property insurance rates were trending lower for hurricane risk, but higher for non-catastrophe losses such as water claims. More commonly known as "Assignment of Benefits (AOB)", this issue was highlighted by Citizens Property Insurance Corporation through its annual rate filing in which it was characterized as a pervasive issue in the tri-county area of South Florida (Broward, Palm Beach, and Miami-Dade) and other areas of the State. For the benefit of gathering more information to provide to the Financial Services Commission, legislators and other stakeholders, the Office conducted a data call to collect claims information from the top 25 property & casualty insurers operating in the state. The results of the data call showed the frequency and severity of water loss claims was increasing and has impacted other insurers.

A soft reinsurance market was favorable for insurers in certain segments of the market. Many companies are using the savings to purchase increased reinsurance coverage, reduce rates, or some combination of the two.

Workers' compensation rates are also down an average of 60 percent since 2003. In 2016, employers in the aggregate enjoyed additional premium savings of approximately \$124 million. However, court decisions during 2016 are impacting rates for Workers' Compensation.

Private passenger automobile insurance premiums benefited from lower Personal Injury Protection (PIP) rates following the implementation of HB 119, the 2012 PIP reform law. On average, an Office study showed PIP rates decreased 13.6 percent in the two years after the law was implemented; however, some losses that previously would have been covered under PIP migrated to other coverages (e.g., Bodily Injury, Medical Payments and Uninsured Motorists). Overall, all auto insurance rates decreased 0.1 percent post-HB 119. As of early 2016, this trend is reversing and auto insurance coverages are beginning to see incremental rate increases.

In order to address this issue, the Office contracted with Pinnacle Actuarial Resources to prepare a comprehensive study of the personal auto market to determine the estimated impacts if the personal injury protection coverage requirements as provided in the Florida Motor Vehicle No-Fault Law were repealed and replaced with varying levels of bodily injury and/or medical payments coverage.

e. Financial condition

Health insurers and HMOs, as well as some life insurers, face a more challenging financial environment than their counterparts in the property and casualty sector. Of particular concern to the Office is the financial condition of HMOs. Many are under significant stress. Much of this is due to a combination of changes to the Medicare and Medicaid programs and cases of extremely rapid enrollment growth as a result of the PPACA.

In the property insurance sector, Florida domestics are stable and competitive. Comparing the results from year-end 2015 to year-end 2014, gross written premium rose 5 percent and policyholder surplus increased 4 percent.¹⁰ Surplus is up 47 percent since 2011.¹¹ Florida's domestic property insurers are well-positioned to satisfy the demand from continued population growth.

f. Residual markets¹²

Small residual markets are generally associated with healthy voluntary markets. The overwhelming majority of premium written in Florida is written by private insurers in the voluntary market. With the exception of the property insurance market, residual markets remain small in Florida.

4. New Laws

a. Federal

1) Patient Protection and Affordable Care Act.¹³ While the PPACA became law in 2010 and, therefore, is not a new law, the regulations spawned by the act continue to evolve and shape the requirements of the Act through annual agency rulemaking, guidance and Frequently Asked Questions.

b. Florida

For a comprehensive list of legislation that passed during the 2016 Session affecting various types of insurance products and lines, see the Office's "2016 Legislative Summary" at: <http://www.floir.com/siteDocuments/2016LegSummary.pdf>.

What Led the Office to Select its Priorities?

The priorities of the Office are a result of market conditions and are selected from the statutory responsibilities assigned by the Legislature, and consistent with the performance measures adopted by the FSC.

How Does the Office Plan to Address the Priorities over the Next Five-Year Period?

The Office will address stated priorities and pursue its mission by:

- Attracting more companies and capital to the Florida insurance market.
- Expeditiously licensing insurance companies and insurance-related entities.
- Promptly reviewing forms and rates for insurers and insurance-related entities.
- Thoroughly monitoring and analyzing the financial condition of insurers and requiring corrective action when appropriate.
- Judiciously enforcing insurer and insurance-related entity compliance with statutory market conduct requirements.
- Efficiently collecting and analyzing insurance market data for use by the Office, policymakers, companies and the general public.
- Actively participating in regulatory policy formulation and standard-setting affecting Florida markets, companies and policyholders.

Justification of Revised or Proposed New Programs and/or Services

The Office is not recommending any new programs or services.

Justification of the Final Projection for each Outcome (Include an Impact Statement Relating to Demand and Fiscal Implications)

The final projection for each outcome is based on historical experience, trend, and resources, and reflects the relative priorities of the Office as established by the Legislature, the FSC, and the Insurance Commissioner. Demand is expressed through workload which is described under each goal contained in this Long Range Program Plan. The Office continues to focus on productivity enhancements in an effort to achieve goals consistent with the stated mission.

List of Potential Policy Changes Affecting the Office Budget Request or Governor's Recommended Budget

None anticipated

List of Changes Requiring Legislative Action, including the Elimination of Programs, Services and/or Activities

None

List of all Task Forces and Studies in Progress

1. Commissions, Boards and Task Forces - The Office is involved with numerous insurance–related commissions, boards and task forces, including the following:

a. Life and health

- Agency for Healthcare Administration (AHCA) Medicaid Reform Low Income Pool Council
- Birth-Related Neurological Injury Compensation Association
- Children's Medical Services Network – Advisory Council
- Continuing Care Advisory Council
- Cover Florida Health Care
- Florida Employee Long-Term Care Plan
- Florida Health Choices Board
- Florida Health Maintenance Organization Consumer Assistance Plan
- Florida Healthy Kids
- Florida Health Insurance Advisory Board
- Medicaid Reform Technical Advisory Board
- State Consumer Health Information and Policy Advisory Council

b. Property and casualty

- Citizens Market Accountability Advisory Committee
- Citizens Property Insurance Corporation
- Florida Automobile Joint Underwriting Association
- Florida Commission on Hurricane Loss Projection Methodology
- Florida Energy and Climate Commission
- Florida Workers' Compensation Joint Underwriting Association
- Florida Hurricane Catastrophe Fund
- Florida Medical Malpractice Joint Underwriting Association
- Florida Patient's Compensation Fund
- Florida Surplus Lines Service Office
- National Council on Compensation Insurance (NCCI) Appeal Board

2. Studies and Reports

a. Annual reports

- Accident and Health Gross Annual Premium Report
- Cover Florida Health Access Program Report
- Florida Office of Insurance Regulation Fast Facts Report
- Florida Property and Casualty Insurance Experience
- “Freedom to Travel”/Life Insurance Travel Underwriting Company Report
- Health Flex Program Evaluation (Joint Report with Agency for Health Care Administration)
- Health Insurance Rate Changes
- Legislative Budget Request

- Long Range Program Plan
- Medical Malpractice Liability Claims—Annual Summary
- Office of Insurance Regulation Annual Report
- Officers and Directors Liability Claims—Annual Summary
- Summary of Small Employer Group Health Annualized Premiums Earned Report
- Workers’ Compensation—Marketplace Availability and Affordability

b. Biennial – triennial – quadrennial reports

- Agency Rules Report (Identifies Rules Filed for Adoption and Repeal)
- Citizens Market Conduct Examination—Plan of Operation and Internal Operations Compliance
- Financial Services Commission—Independent Actuarial Peer Review of Workers’ Compensation Rating Organization
- Neurological Injury Compensation Association Actuarial Investigation
- Restrictions on the Employment of Ex-offenders
- Title Insurance—Premium Review
- Workers’ Compensation Three Member Panel—Methods to Improve the Workers’ Compensation Health Care Delivery System (the Office provides data and support to the Department of Financial Services to complete recommendations)

c. Other reports

- Managed Care Summary Report (quarterly)

In addition, reports detailing Office activities and achievements were submitted to the Governor and the entire FSC on a weekly, monthly, quarterly and annual basis.

Glossary

- 1. Actual Expenditures:** Includes prior year actual disbursements, payables and encumbrances. The payables and encumbrances are certified forward at the end of the fiscal year and 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 in the year funds are disbursed.
- 2. Appropriation Category:** The lowest level line item of funding in the General Appropriations Act, representing a major expenditure classification of the budget entity. Within budget entities, categories may include salaries and benefits, other personal services, expenses, operating capital outlay, data processing services, fixed capital outlay, and others.
- 3. Budget Entity:** A unit or function at the lowest level to which funds are specifically appropriated. “Budget entity” and “service” have the same meaning.
- 4. Fixed Capital Outlay:** Real property, 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.
- 5. Financial Services Commission:** Pursuant to Section 20.121(3), Florida Statutes, the FSC is composed of the Governor and Cabinet and appoints the Directors of the Office of Insurance Regulation and Office of Financial Regulation, and makes rules.
- 6. Legislative Budget Request:** A request to the Legislature, filed pursuant to s. 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.
- 7. 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.
- 8. 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.

9. 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). Programs are identified in the General Appropriations Act.

10. Standard: The level of performance of an outcome or output.

Footnotes

¹ The cited jobs number is from regional data published by the U.S. Department of Commerce, Bureau of Economic Analysis, under “Private nonfarm employment: insurance carriers and related activities” for Florida for 2015. It can be found at:

<http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4#reqid=70&step=1&isuri=1>.

² Florida Office of Insurance Regulation, Citizens Take-Out Spreadsheet, Total Policies Approved and Assumed 2016 and Total Policies Approved and Assumed 2015.

³ Section 120.60(1), F.S.

⁴ Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on September 19, 2016 retrieval.

⁵ Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on July 8, 2016 retrieval.

⁶ Compiled by the Florida Office of Insurance Regulation from NAIC CY 2015 company-reported premium data.

⁷ Premium data based on May 16, 2016, retrievals from NAIC and Office FAME data reported for Calendar Year 2015.

⁸ National Association of Insurance Commissioners, 2015 Premium Volume -- Worldwide (An Alternative Look), 2016.

⁹ The average rate change is based upon rate filings submitted to the Florida Office of Insurance Regulation.

¹⁰ Information contained in the NAIC Financial Data Repository.

¹¹ Calculated from information contained in the NAIC Financial Data Repository.

¹² For purposes of this report, “Residual market premium” means insurance premium written by the insurer of last resort. In Florida, this would include, among others, Citizens, the Florida Life and Health Insurance Guaranty Association, and the Florida Workers’ Compensation Joint Underwriting Association.

¹³ Public Law 111–148; 124 STAT. 119 (March 23, 2010).



Florida Office of Insurance Regulation

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LRPP Exhibit II - Performance Measures and Standards

| 43900000 Financial Services Commission | | | | |
|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------|
| Office of Insurance Regulation | | | | |
| Approved Performance Measures for Fiscal Year 2016-17 | Approved Prior Year Standard FY 2015-16 (Number) | Prior Year Actual FY 2015-16 (Number) | Proposed Revised Standards for FY 2016-17 (Number) | Requested FY 2017-18 Standard (Number) |
| 43900110 Compliance and Enforcement | | | | |
| Percentage of life and health form and rate filing reviews completed within 45 days. | 90% | 99.9% | 90% | 90% |
| Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days. | 90% | 99.8% | 90% | 90% |
| Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes. | 98% | 100% | 98% | 98% |
| Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days. | 98% | 100% | 98% | 98% |
| Percentage of market conduct examinations with violations in which the Office takes enforcement action. | 85% | 100% | 85% | 85% |
| Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date. | 98% | 100% | 98% | 98% |
| Percentage of priority Financial Analyses completed within 60 days. | 98% | 100% | 98% | 98% |
| Percentage of non-priority Financial Analyses completed within 90 days. | 95% | 99.9% | 95% | 95% |
| 43900120 Executive Direction and Support Services | | | | |
| Administrative costs as a percentage of total agency costs. | 10% | 4.6% | 10% | 10% |
| Administrative positions as a percentage of total agency positions. | 10% | 5.2% | 10% | 10% |

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Compliance and Enforcement

Measure: Percentage of life and health form and rate filing reviews completed within 45 days.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 90% | 99.9% | 9.9% | N/A |

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 a 45-day timeframe for Office completion of life and health form and rate filings.. The superior performance reflects Office innovations and staff productivity. Several review teams from within the Office received state productivity awards. .

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: Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 90% | 99.8% | 9.8% | N/A |

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 a 45-day timeframe for Office completion of property and casualty form filings and 90 days for property and casualty rate filings. The superior performance reflects Office innovations and staff productivity.

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: Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 98% | 100% | 2% | N/A |

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 sets forth the statutory timeframe as the standard for the Office when processing complete certificates of authority.

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: Applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 Days.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 98% | 100% | 2% | N/A |

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 accelerates the timeframe for the Office to process a new certificate of authority from the statutorily required 180 days to 90 days.

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: Percentage of market conduct examinations with violations in which the Office takes enforcement action.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 85% | 100% | 15% | N/A |

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 gauges the extent to which the Office requires company remediation of violations identified in a market conduct examination.

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: Percentage of Financial Examinations of domestic insurers completed within 18 months of the “as of” exam date.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 98% | 100% | 2% | N/A |

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 sets forth the timeframe for the Office to complete financial examinations. This timeframe is consistent with NAIC accreditation standards.

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: Percentage of priority Financial Analyses completed within 60 days.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 98% | 100% | 2% | N/A |

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 sets forth the timeframe for the Office to complete priority financial analyses. The shorter timeframe reflects the priority status and is consistent with NAIC accreditation standards.

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: Percentage of non-priority Financial Analyses completed within 90 days.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 95% | 99.9% | 4.9% | N/A |

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 sets forth the timeframe for the Office to complete nonpriority financial analyses. It assigns a lower priority to analyses where there are minor or no violations. The longer timeframe reflects the lower priority status and is consistent with NAIC accreditation standards.

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: Executive Direction and Support Services

Measure: Administrative costs as a percentage of total agency costs.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 10% | 4.6% | (5.4%) | (5.4%) |

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 type="checkbox"/> Level of Training |
| <input type="checkbox"/> Previous Estimate Incorrect | <input checked="" type="checkbox"/> Other (Identify) |

Explanation:

Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative costs.

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: Executive Direction and Support Services

Measure: Administrative positions as a percentage of total agency positions.

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 | |

| Current Approved Standard | Actual Performance Results | Difference (Over/Under) | Percentage Difference |
|---------------------------|----------------------------|-------------------------|-----------------------|
| 10% | 5.2% | (4.8%) | (4.8%) |

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 checked="" type="checkbox"/> Other (Identify) |

Explanation:

Increased Office efficiencies and legislative budget reductions in administrative positions have contributed to lower administrative costs. .

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 IV: Performance Measure Validity and Reliability

Department: Office of Insurance Regulation

Program: Financial Services Commission

Budget Entity: Compliance and Enforcement

Measures:

- 1) Percentage of life and health form and rate filing reviews completed within 45 days.
- 2) Percentage of property and casualty form filing reviews completed within 45 days and rate filing reviews completed within 90 days.
- 3) Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes.
- 4) Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days.
- 5) Percentage of market conduct examinations with violations in which the Office takes enforcement action.
- 6) Percentage of Financial Examinations of domestic insurers completed within 18 months of the 'as of' exam date.
- 7) Percentage of priority Financial Analyses completed within 60 days.
- 8) Percentage of non-priority Financial Analyses completed 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.

N/A

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Office of Insurance Regulation

Program: Financial Services Commission

Service/Budget Entity: Executive Direction and Support Services

Measures:

- 9) Administrative costs as a percentage of total agency costs.
- 10) Administrative positions as a percentage of total agency positions.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

N/A

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

| Measure Number | Approved Performance Measures for Fiscal Year 2016-2017 | Associated Activities Title |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 1 | Percentage of life and health form and rate filing reviews completed within 45 days. | Review and approve rate and form filings. |
| 2 | Percentage of property and casualty form filing reviews completed within 45 days, and rate filing reviews completed within 90 days. | Review and approve rate and form filings. |
| 3 | Percentage of complete applications for a new certificate of authority processed within statutorily required timeframes. | Approve and license entities to conduct insurance business. |
| 4 | Percentage of applications for a new certificate of authority for Life & Health and Property & Casualty processed within 90 days. | Approve and license entities to conduct insurance business. |
| 5 | Percentage of market conduct examinations with violations in which the Office takes enforcement action. | Conduct and direct market conduct examinations. |
| 6 | Percentage of Financial Examinations of domestic insurers completed within 18 months of the "as of" exam date. | Conduct financial reviews and examinations. |
| 7 | Percentage of priority Financial Analyses completed within 60 days. | Conduct financial reviews and examinations. |
| 8 | Percentage of non-priority Financial Analyses completed within 90 days. | Conduct financial reviews and examinations. |
| 9 | Administrative costs as a percentage of total agency costs. | Operate agency in an efficient manner. |
| 10 | Administrative positions as a percentage of total agency positions. | Operate agency in an efficient manner. |
| | | |



FLORIDA OFFICE OF FINANCIAL REGULATION

www.FLOFR.com

DREW J. BREAKSPEAR
COMMISSIONER

Long Range Program Plan

September 30, 2016

Cynthia Kelly, 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

Cindy Kynoch, Staff Director
Senate Committee on Appropriations
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 2017-18 through Fiscal Year 2021-22. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <http://floridafiscalportal.state.fl.us/Home.aspx>. 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

www.FLOFR.com

DREW J. BREAKSPEAR
COMMISSIONER

Office of Financial Regulation Long Range Program Plan

Fiscal Years 2017-18 to 2021-22

September 30, 2016

OFFICE OF FINANCIAL REGULATION LONG RANGE PROGRAM PLAN

Table of Contents

| | |
|------------------------------------------------------------------|-----------|
| Transmittal Letter | ii |
| Mission & Goal | 1 |
| Agency Service Outcomes | 2 |
| Linkage to Governor's Priorities | 5 |
| Trends and Conditions | 6 |
| Florida's Economy | 6 |
| Executive Direction | 9 |
| Division of Financial Institutions | 12 |
| Division of Consumer Finance | 22 |
| Division of Securities | 27 |
| Bureau of Financial Investigations | 32 |
| Exhibit II – Performance Measures and Standards | 39 |
| Exhibit III – Performance Measure Assessment | 42 |
| Exhibit IV – Performance Measure Validity and Reliability | 48 |
| Exhibit V – Identification of Associated Activities | 66 |
| Exhibit VI – Unit Cost | 69 |
| Glossary of Terms and Acronyms | 72 |

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: Improving taxpayer value

GOAL #2: Delivering value to businesses

GOAL #3: Promoting a safe and sound financial marketplace

GOAL #4: Improving customer service

AGENCY SERVICE OUTCOMES

PRIORITY #1: Improving taxpayer value

OBJECTIVE 1A: Improve metrics to measure agency results to foster an atmosphere of continuous improvement

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 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 100% | 100% | 100% | 100% | 100% | 100% |

PRIORITY #2: Delivering value to businesses

OBJECTIVE 2A: Improve service to Securities applicants and registrants by processing submissions in a timely manner

OUTCOME 2A-1: Percentage of Securities registration applications processed within the Administrative Procedures Act

| Baseline Year 2007-08 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 100% | 100% | 100% | 100% | 100% | 100% |

OBJECTIVE 2B: Improve service to Finance applicants and registrants by processing submissions in a timely manner

OUTCOME 2B-1: Percentage of Finance license applications processed within the Administrative Procedures Act

| Baseline Year 2008-09 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 100% | 100% | 100% | 100% | 100% | 100% |

OBJECTIVE 2C: Provide fair, balanced and responsive service to Division of Financial Institutions' customers, the state chartered or licensed financial institution.

OUTCOME 2C-1: Percentage of financial institutions rating OFR high-performing.

| Baseline Year 2002-03 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 77% | 97% | 97% | 97% | 97% | 97% |

PRIORITY #3: Promoting a safe and sound financial marketplace

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 as required by S. 655.045, F.S.

| Baseline Year 2002-03 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 50%/100% | 100%/100% | 100%/100% | 100%/100% | 100%/100% | 100%/100% |

OBJECTIVE 3B: Examine all money services businesses within statutory timeframes

OUTCOME 3B-1: Percentage of money services businesses examined as required by S. 560.109, F.S.

| Baseline Year 2015-16 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 100% | 100% | 100% | 100% | 100% | 100% |

OBJECTIVE 3C: Examine companies and individuals regulated under the Florida Securities & Investor Protection Act to more effectively protect Florida investors

OUTCOME 3C-1: The number of complex Securities examinations completed

| Baseline Year 2009-10 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 41 | 100 | 105 | 110 | 115 | 120 |

OBJECTIVE 3D: Ensure effectiveness of financial investigations through consistent application of administrative, civil and/or criminal enforcement action against individuals or entities that conduct fraudulent or illegal financial services activities

OUTCOME 3D-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 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 80% | 85% | 85% | 85% | 85% | 85% |

OBJECTIVE 3E: Improve investigative efficiency by reducing the time required to prepare a legally sufficient case for potential enforcement action

OUTCOME 3E-1: Percentage of priority investigations accepted by prosecutors or OFR legal counsel for enforcement action with 12 months of case opening

| Baseline Year 2009-10 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 60% | 67% | 69% | 70% | 72% | 73% |

PRIORITY #4: Improving Customer Service

OBJECTIVE 4A: Improve customer service provided by the Division of Securities by reducing the overall call wait time

OUTCOME 4A-1: Reduce the average time it takes from receipt of an incoming call until the call is answered

| Baseline Year 2014-15 | FY 2017-18 Projected | FY 2018-19 Projected | FY 2019-20 Projected | FY 2020-21 Projected | FY 2021-22 Projected |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2:33 minutes | 1:45 minutes | 1:40 minutes | 1:35 minutes | 1:30 minutes | 1:30 |

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. Public Safety

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 Florida Office of Financial Regulation (OFR) regulates a remarkably dynamic financial industry that is affected by diverse economic conditions. Florida's economy is recovering and continuing to show progress.

Many economic indicators are showing positive signs of recovery:

- Population growth is recovering.
- State Gross Domestic Product grew with real growth gain of 3.1%, above the national average of 2.4% for the third year in a row.
- Florida's personal income grew at 5.2%, above the national average of 4.4%.
- Unemployment continues to improve.
- Low gas prices are a boon.
- Consumer Sentiment remains high at 90.0, well above the average of 85.4.¹

However, there are also signs of slow improvement:

- Existing home sales have been essentially flat since February 2009 through 2011 and while there was strong growth in the last two years, growth in 2014 was only 1.6% above prior year but 2015 was well above 2014 by 20%. However, 2016 has not matched 2015 with only 14.5% growth.²
- The median price for a single-family residence in Florida has been below the national average since 2008, but has now climbed to only 10% below the national average.³
- In 2015, Florida was #2 in the nation in foreclosure rate, was in the Top 5 each month, and had 3 of the top 5 highest metro area rates of foreclosure in the nation.⁴
- Florida homeownership is at its lowest rate, 64.8%, since 1989, 64.4%.⁵
- Access to residential credit affected by student debt and recently acquired auto loans.⁶

¹Florida: An Economic Overview, The Florida Legislature, Office of Economic and Demographic Research, August 24, 2016. Available on line at:

http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_8-24-16.pdf

²Florida: An Economic Overview, August 24, 2016.

³Florida: An Economic Overview, August 24, 2016.

⁴Florida: An Economic Overview, August 24, 2016.

⁵Florida: An Economic Overview, August 24, 2016.

⁶Florida: An Economic Overview, August 24, 2016.

Population growth is Florida's primary engine of economic growth, fueling both employment and income growth.⁷ 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 1.58% between 2015 and 2016. However, growth is expected to recover in the future – averaging 1.52% between 2015 and 2020 with 92.9% of the growth coming from net migration. Through 2030, Florida's population is forecast to grow by almost 5.2 million, with 55.8% 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%.⁸

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 and 3.3% U.S. versus 0.3% Florida, respectively).⁹ Florida's growth turned positive in 2010 with a gain of 1.4%.¹⁰ Florida's GDP showed a real growth gain of 3.1% for calendar year 2015, which was above the national average of 2.4%.¹¹

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. In calendar year 2015, Florida's personal income grew 5.2%, surpassing the national average of 4.4%.¹²

The **unemployment** rate in Florida is improving, falling to 6.2% in July 2014 from 11.5% in July 2010. Currently at 4.7%, Florida is slightly below the national rate of 4.9%.¹³ 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 to the private sector.¹⁴

⁷ *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

⁸ *Florida: An Economic Overview*, August 24, 2016.

⁹ *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

¹⁰ *Florida: An Economic Overview*, July 23, 2010.

¹¹ *Florida: An Economic Overview*, August 24, 2016.

¹² *Florida: An Economic Overview*, August 24, 2016.

¹³ *Florida: An Economic Overview*, August 24, 2016.

¹⁴ *Economic Perspective*, From the Florida Council of Economic Advisors at Florida TaxWatch, August 2011

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.¹⁵

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.¹⁶

¹⁵ *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

¹⁶ *Florida: An Economic Overview*, August 21, 2013.

Executive Direction

The OFR is responsible for licensing, chartering, examining, and regulating depository and non-depository financial institutions and financial service companies, including state chartered banks, credit unions, trust companies, loan originators, mortgage lenders, securities dealers, investment advisors, consumer collection agencies and money transmitters throughout the State of Florida and, as of July 2016, has over 430,000 licensees. Executive Direction for the OFR includes the Commissioner's Office, the Office of General Counsel, the Office of the Inspector General, and other support staff. It provides direction, executive guidance, legal and administrative support to carry out the OFR's statutory and administrative responsibilities. Executive Direction is currently engaged in two major initiatives to improve the overall effectiveness and efficiency of the OFR's operations.

Regulatory, Enforcement, And Licensing (REAL) System

In 2008, the OFR consolidated more than 20 legacy information technology systems and paper-based business processes within the Division of Securities Regulation and Division of Consumer Finance into its Regulatory Enforcement and Licensing (REAL) System, an integrated financial regulatory management system. The Division of Financial Institutions was not integrated into REAL at that time and, to this day, is still using multiple non-interconnected Access databases, spreadsheets, and manual processes to regulate over 206 financial institutions and approximately \$106 billion in assets.

The REAL System is critical to OFR-wide operations, and combines core processes for licensing, investigation, examination, legal and complaint functions. In addition, it provides imaging, workflow and document management components to ensure more efficient and effective OFR-wide business operations. Citizens benefit from the system by obtaining complete and accurate information about licensed entities with which to conduct business.

The REAL System was implemented through a system integration and maintenance contract with Accenture, LLP, and was built using Versa Regulation (VR) software, a configurable, Commercial Off-the-Shelf (COTS) product owned and licensed by Iron Data Solution, LLC. Under the implementation contract with Accenture, LLP, the OFR's custom portal was also developed, which provides self-service processing to the general public and to licensees.

In 2011, the OFR entered into a new REAL operations and maintenance contract with Accenture, LLP to continue the ongoing support of the VR software component and custom online portal. This contract is in its final renewal, and will end on June 30, 2017. Continuation of these support services through a new contract is critical to the ongoing operations of the system, and the current business functions performed by the OFR. The OFR does not have the technical resources nor expertise required to support its REAL System, and must obtain these services through a new contract.

The OFR submitted a legislative budget request in September 2015 for the 2016 Legislative Session requesting funding for the re-procurement of the operations and maintenance support services contract. In addition, the OFR also requested funding to leverage the re-procurement by also migrating the Division of Financial Institutions into REAL and facilitating the replacement of the custom portal with a COTS package that will seamlessly integrate into REAL.

The Legislature and Governor granted the OFR's requested funding for the three REAL initiatives in the 2016 General Appropriations Act, effective July 1, 2016: Operations and maintenance re-procurement was funded at \$1.87 million, Division of Financial Institutions migration into REAL was funded at \$3.1 million, and portal replacement was funded at \$3.86 million. In July 2016, the OFR began its competitive re-procurement of the operations and maintenance support services contract, to be effective on July 1, 2017, and procurement of vendor services for Division of Financial Institutions migration into REAL and portal replacement.

Employee Turnover and Retention Efforts

The OFR has experienced staff vacancy and spikes of employee turnover. OFR employees work in highly-specialized areas, which require certain technical skillsets, industry knowledge and significant training. Discussions with senior management and agency vacancy report data reflect an ongoing challenge to hire, train, and retain highly-qualified staff.

While turnover is not unique in state government, it threatens OFR's institutional knowledge, work production and job satisfaction of the remaining employees. Likewise, long-term employees that leave the agency deplete institutional knowledge and contribute to higher demands being placed on newer employees.

In late 2015, the OFR initiated steps to explore staff turnover and retention through data collection and analysis. Rather than relying on anecdotal information, the OFR began new approaches to compile and collect information.

- (1) Employee Engagement Survey. The OFR developed the first-ever employee engagement survey in late 2015. The survey was designed to measure the level of employee engagement and understand how OFR employees feel on-the-job. The survey was conducted by program area and was concluded in March of 2016. The OFR intends to conduct another employee survey during the 2nd quarter of FY 2016-17.
- (2) Employee Exit Interviews. The OFR developed and formalized an employee exit interview program. The program was designed to conduct interviews with outgoing staff members. The interview is conducted in the form of a voluntary questionnaire and a one-on-one interview. This is an on-going initiative and we will continue to refine the questions asked to solicit additional information regarding employee satisfaction and/or reasons for leaving the agency.
- (3) Management/leadership training program. The OFR hosted a state-wide managers meeting to bring supervisors together to participate in a manager training and

development program. Items discussed include leadership, challenges, and solutions development.

- (4) Manager Orientation. Managers are critical to the employee retention efforts of the OFR. The September manager training was a first step. An additional step to both manager and employee retention is manager orientation. The vision for this initiative is to bring regional office managers to headquarters during the first 30 days of employment. This provides the new manager the opportunity to meet the headquarters leadership team, learn the values and culture of the program, learn about the expected performance metrics, and helps the new manager develop a sense of being part of the team.
- (5) Employee On-Boarding Activities. This is a phased initiative with 3 components defined at present.
 - a) Updating the welcome letter to new employees.
 - b) Creating a New Employee Guide to OFR. This includes a welcome letter from the Commissioner, an overview of the OFR, including an organizational chart complete with pictures, regional office locations, and key employee policies and guidelines. Along with the New Employee Guide the employee will be provided a folder with important policies and procedures, employee forms needing immediate signature and other guidance helpful to new hires.
 - c) Delivering OFR specific “new employee orientation”. The OFR receives its administrative services support from the Department of Financial Services. The OFR is preparing its own mini-orientation program that will follow the DFS presentation.

Division of Financial Institutions

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, diversity, and growth.

The “state” component of the dual banking system allows for local oversight, bringing financial institution regulation closer to the citizens, their communities, and state 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.

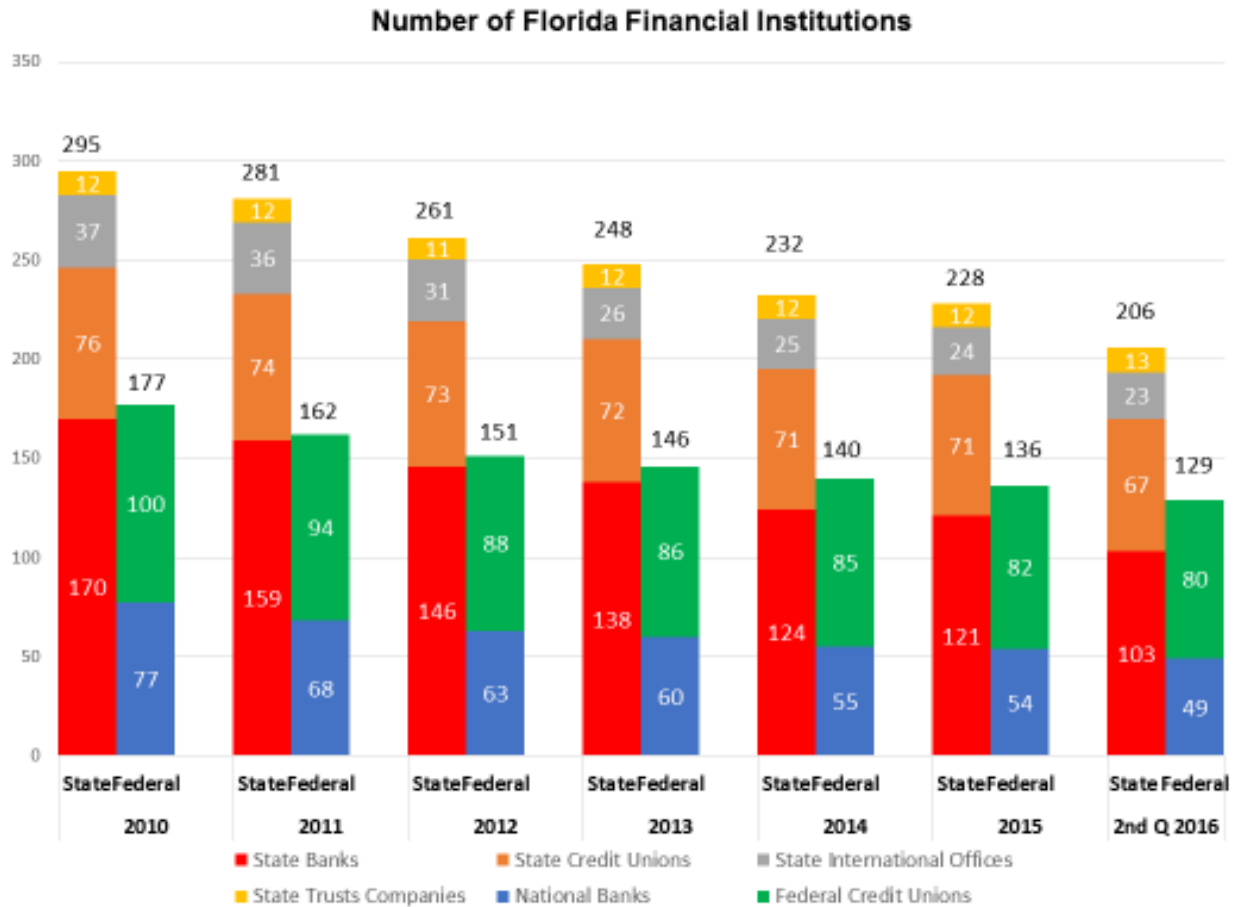
Economic Trends and the Impact on Florida State-Chartered Financial Institutions

From 1996 to 2009, Florida led the nation in the number of new banks opened, however since 2010, only three (3) new bank charters have been issued nationwide; none of which have been issued by the OFR.

Merger and acquisition (M&A) and consolidation activity has increased over these last few years, brought about by the depletion of capital levels during this most recent economic downturn (Great Recession). These reduced capital levels to a large part are attributed to a decline in portfolio quality and consequently have contributed to reduced valuation multiples in some institutions. These reduced valuation multiples make them desirable acquisition candidates by larger and well capitalized institutions, both within and often times outside of Florida with substantial acquisition seen by nationally chartered institutions as well as Arkansas, Georgia, New Jersey, and Louisiana state chartered banks.

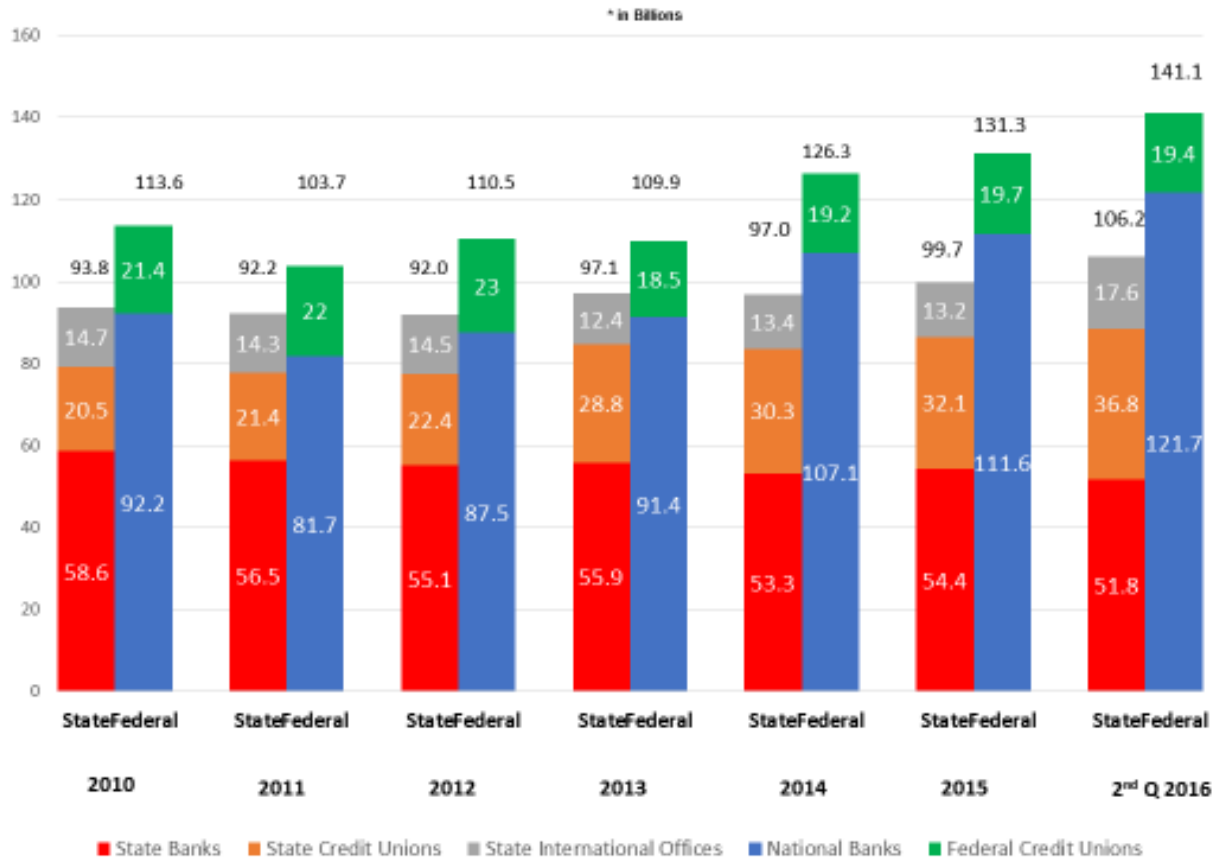
As institutions continue to build and reconstruct their portfolios, they look to build alliances with other institutions and the alliances forged during this process could likely lead to an increase in the number of mergers and acquisitions in years to come. Until further economic recovery is realized and valuation multiples levels increase, the state anticipates little or no de novo bank application activity.

In 2010, there were 472 financial institutions in Florida of which 295 (63%) were Florida State Chartered by OFR. As of the second quarter of 2016, there were 334 financial institutions remaining, a reduction of 138 (-29%) of which 206 (62%) were Florida State Chartered by OFR.



While the number of financial institutions have declined since 2010, institutional assets have grown from \$207.4 Billion to \$247.3 Billion, an increase of \$39.9 Billion (19%). The disparity between the number of financial institutions and the total assets is due in part to consolidation among Florida financial institutions. The balance of the disparity is attributed to a cleansing of balance sheets and a general strengthening of portfolio quality primarily in credit unions where only five (5) state charters have been lost, yet credit union assets have grown from \$20.5 Billion to \$36.8 Billion (80%).

Assets* of Florida Financial Institutions

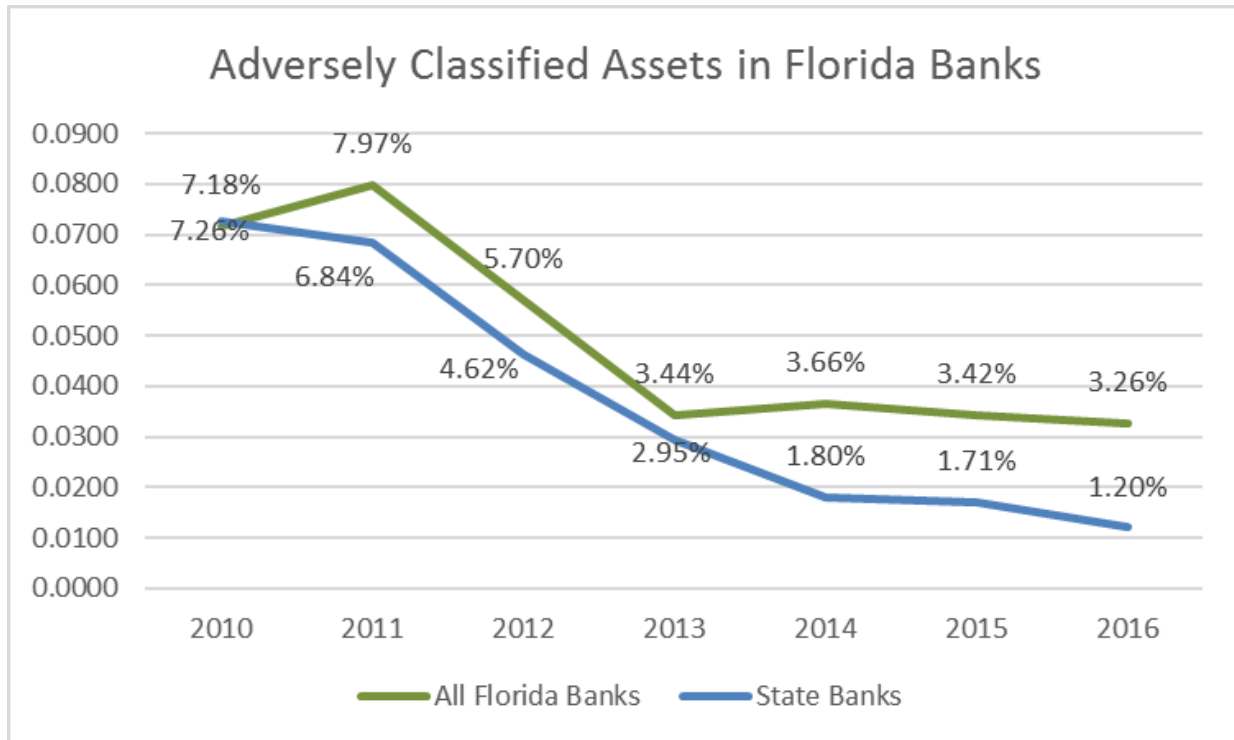


Florida's GDP outpaced the national GDP growth once again in 2015 and was rated fifth in the nation. Continued population growth in Florida will serve to fuel both employment and income growth which should serve to stabilize the economy in 2016. Overall, Florida's economy is steadily improving, but is still on the mend and is expected to take a few more years to fully recover.

The financial institution industry in Florida was dramatically impacted during the economic recession. Unemployment in Florida exceeded the national average and will take longer to recover (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 in a position where loan balances exceeded appraised home values. Consequently, record numbers of Florida homeowners were unable to refinance to lower fixed rate loan products and were either foreclosed upon, or simply walked away from their homes dropping devalued assets onto the already unstable balance sheets of many financial institutions. Although, the foreclosure crisis is now past its peak, Florida's backlog of foreclosure litigation and foreclosed properties remains relatively high and continues to hamper the state economy. The overall impact of the continuing high levels of foreclosures to state financial institutions has been a big factor in high levels of delinquent or non-performing loans,

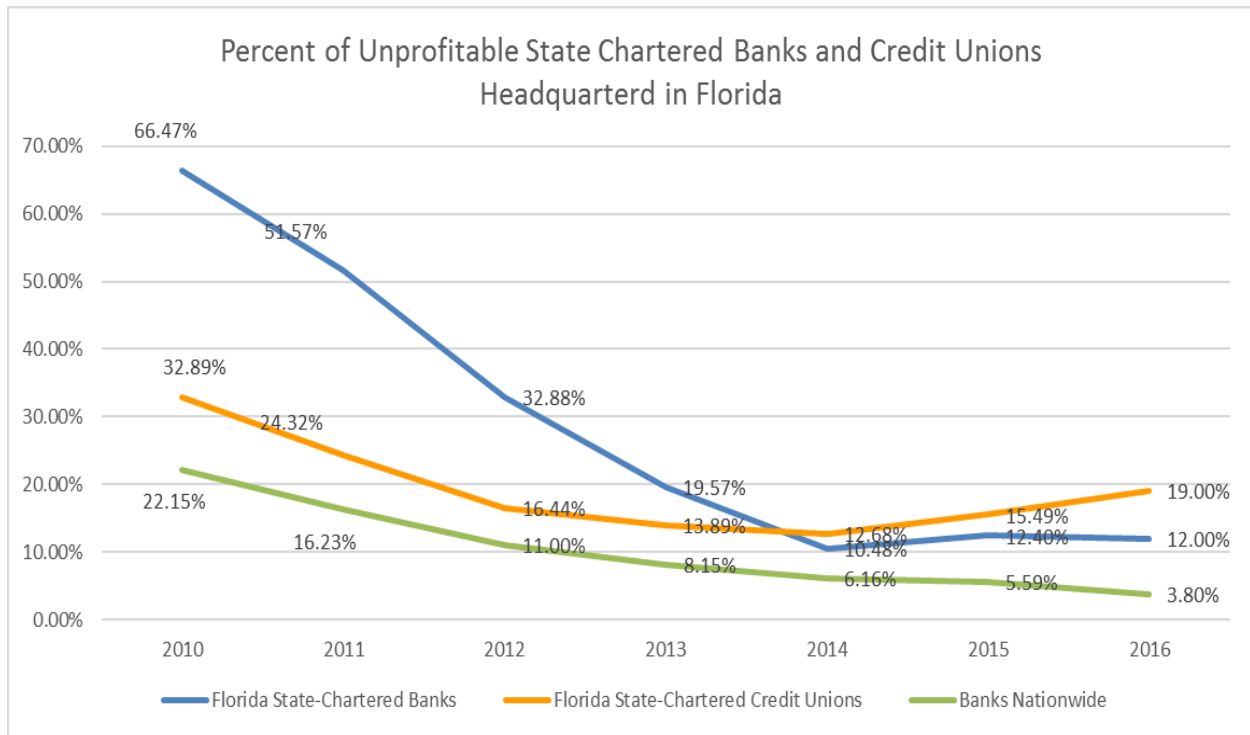
resulting in the depletion of equity capital and unprecedented loss of income and earnings.

Trends of Adversely Classified Assets have steadily declined since 2011 from nearly 8% to 3.2% with financial institutions having already taken what appears to be the majority of write downs. Tighter controls over lending and a lower tolerance for risk appear to be the general practice at financial institutions as balance sheets continue to strengthen and portfolio values slowly increase in most areas throughout the state.

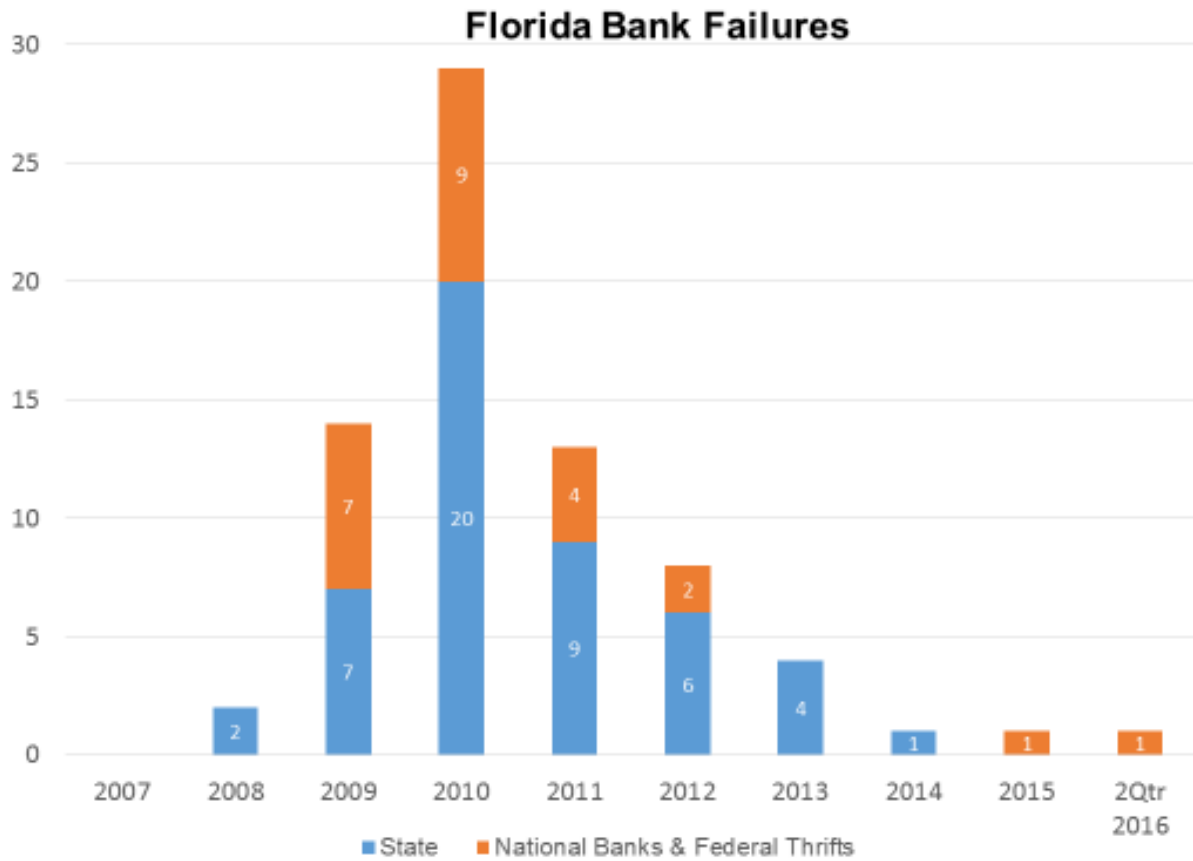


The economy is steadily recovering in housing, personal wealth, and consumer confidence. Trends appear to be geographically impacted with earlier and faster growth in the southeast, central, and northeast regions of the state and later and slower growth in the southwest and northwest regions. With economic conditions improving both on a national and state level, and write-downs already incurred on their balance sheets, our financial institutions are now becoming more profitable and are reporting increases in their capital and earnings levels.

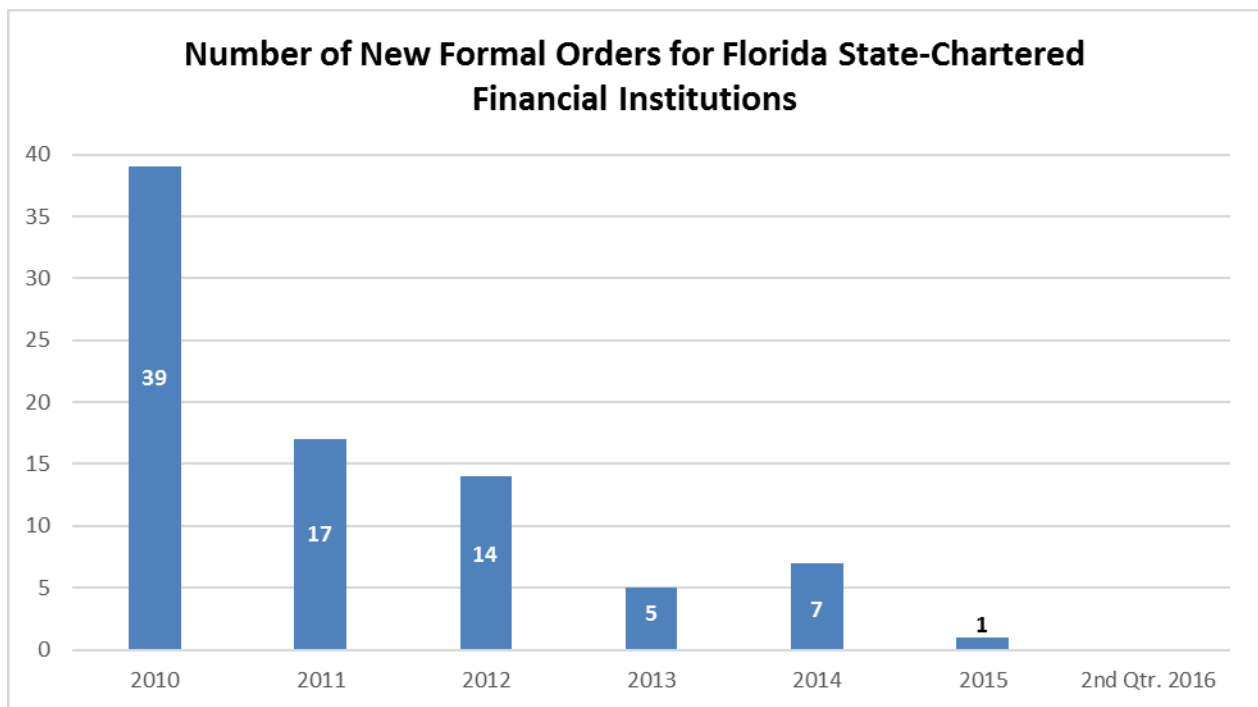
The Division of Financial Institutions (DFI) sees signs of improvement in the overall condition of state-chartered financial institutions. Unprofitable state-chartered banks in Florida have decreased significantly from their peak in 2009 of 73.9% to 12% through the second quarter of 2016. State-chartered credit unions improve as well seeing 32.9% of credit unions unprofitable in 2010 but reduced to 19% through the second quarter of 2016.



Florida’s institutions are now operating in a more safe and sound manner with less institutional failures. Florida experienced one of the highest annual failure rates in the nation during the Great Recession reaching a peak in 2010 with 29 institutions lost to insolvency. Since then, the number of annual failures seen in Florida has declined dramatically to one (1), and continues to decline although some financial institutions remain under considerable stress.



Another positive sign is the decreasing number of formal enforcement actions (Orders) issued to state-chartered institutions which are found, as a result of examination, to be operating in an unsafe and unsound manner. These Orders represent Consent Orders and Cease and Desist (C&D) Orders and result in more restrictive bank operating practices and more frequent visitations and examinations by OFR. In 2010, there were 39 formal Orders issued (21 Consent and 18 C&D). Since then, there has been a significant downward trend with formal orders with seven (7) Orders issued in 2014 (7 Consent and 0 C&D), and none issued through the second quarter of 2016.



Improving Taxpayer Value

The Division strives to protect tax payers by conducting both periodic and risk-based examinations of state-chartered financial institutions in search of safe and sound operating procedures and detecting, identifying, investigating and prosecuting violations of the financial institutions codes.

DFI receives and processes complaints in a timely and responsive manner. The primary responsibility of the Division in the complaint process is to facilitate the resolution of complaints by referring them to the appropriate agency and ensuring that consumers receive the best service from decision makers which have jurisdictional power over a particular financial institution. Complaints have decreased from 1,287 in 2010 to 673 (-48%) in FY2015-2016. Processing time on complaints has also decreased since 2010 with complaints against non-state-chartered financial institutions going from 4.4 days to 0.2 days and complaints against state-chartered financial institutions going from 26.1 days to 22.4 days.

In an effort to improve tax payer value and improve its value to business, the DFI intends to consolidate multiple technology platforms into the Regulatory Enforcement and Licensing System over the 2016-17 and 2017-18 fiscal years. This migration will help improve the effectiveness and efficiency of the Division of Financial Institutions .

Deliver Value to Business

DFI is focused on growing and stimulating business in the State of Florida by evaluating, processing, and approving license and charter applications for proposed financial institutions and existing financial institutions and evaluating background applications for proposed directors and executive officers of existing financial institutions.

Promote a Safe and Sound Financial Marketplace

During the 2014 legislative session, DFI introduced Senate Bill 1238, the provisions of which are now codified in Chapter 662, F.S. and took effect in October, 2015. The Bill authorizes the OFR to license, register, and regulate Family Trust Companies, Licensed Family Trust Companies, and Foreign Licensed Family Trust Companies in Florida. These companies are owned by and provide fiduciary services to family members and family affiliates. In the 2016 legislative session, a glitch bill was passed that corrected some initial issues with the bill and allowed rulemaking to develop and update forms and applications for registrations and licensing.

The Division received re-accreditation in 2014 from both the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS). This accreditation which is conducted in five (5) year periodic cycles, reflects the Division's utilization of sound regulatory methodology and determined best practices which meet accreditation standards in the functional areas of administration and finance, personnel, training, examination policies and procedures, supervision, legislative powers, and the ability to rate financial institutions, recognize issues and problems, and initiate effective corrective procedures. The Division's financial institution regulatory program has been accredited for approximately 25 years resulting in good standing with regulatory counterparts such as the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank (FRB), Office of the Comptroller of the Currency (OCC) and the National Credit Union Association (NCUA).

Training continues to be a primary focus for the Division as it looks to develop its field examination teams and continue providing value to our state chartered institutions and the communities of Floridians they serve. The Division continues to look for training options and alternatives through partnerships with the FDIC, CSBS, NASCUS, Florida Bankers Association (FBA) and the University of Florida's and Louisiana State University's Graduate Schools of Banking.

Cybersecurity is an emerging risk in the financial marketplace that continues to grow. Attacks against the finance industry are becoming increasingly sophisticated and highly targeted. To counteract this risk, financial institutions will need to continually update their information security policies, systems, and infrastructures and ensure they remain current with technology best practices.

Financial institutions need to continually develop and enforce their information technology policies that comply with regulations, but also ensure that risk is being minimized for

targeted attacks against critical systems such as core banking and customer data. In such a complex, diverse, and rapidly changing environment with as much at stake, oversight by the Division of Financial Institutions is needed.

Currently, only Alaska, Delaware, Florida, Missouri, Montana, New Mexico, Rhode Island, and South Dakota do not perform information technology examinations. Florida's closest peer states (California and New York) have robust information technology exam programs and have had them in place for quite some time. In response to this need, the Division plans to launch an information technology examination initiative in 2015 which will define the scope of information technology examinations and designate and train specialized examiners to conduct information technology examinations upon state-chartered financial institutions to assure that critical operating systems are functioning in a minimized risk environment and confirm that financial institution's security policies, systems, and infrastructures remain current and operating under technology best practices and in accordance with Financial Institution codes.

Legislation

Senate Bill 80 – Relating to Family Trusts was signed into law by the Governor on March 10, 2016 as Chapter No. 2016-35 and became effective upon signature. Senate Bill 80 amended the Florida Family Trust Company Act, which was created in 2014 and took effect October 1, 2015, to allow families to form and operate family trust companies (FTC). Subsequent to the passage of the law, DFI has proposed rules to implement the bill's changes and updates. Once adopted, said rules should come into effect in early 2017.

Senate Bill 1106 – Relating to International Trust Entities was signed into law by the Governor on April 6, 2016, as Chapter No. 2016-192 and takes effect on October 1, 2016. Senate Bill 1106 revises provisions relating to the regulation of international banking activity by the Office of Financial Regulation. It provides the following changes:

The OFR will delay the enforcement of the licensure requirements under s. 663.04(4), F.S., relating to an organization or entity in Florida providing services to an international trust entity (ITE) that engages in the activities described in s. 663.0625, F.S. The delay in requirements is provided if the organization or entity meets certain regulatory requirements and provides assurances to the OFR. The moratorium would apply to the ITE, which is the off shore entity and the Florida organization or entity that is providing marketing and customer assistance on behalf of the ITE. The moratorium will expire and no longer be in effect July 1, 2017. Following the implementation of the bill, DFI received 6 notice filings for the ITCRO moratorium indicating that they were conducting activities in Florida.

House Bill 1233 – Relating to Federal Home Loan Banks was signed into law by the Governor on March 25, 2016, as Chapter No. 2016-144 and took effect on July 1, 2016.

The Office of Financial Regulation (OFR) charters and regulates entities that engage in financial institution business in Florida, in accordance with the Florida Financial Institutions Codes (Codes). The OFR ensures Florida-chartered financial institutions' compliance with state and federal requirements for safety and soundness through regular examinations. These examinations measure the

institutions' financial condition, and culminate in a highly confidential examination report, which in some instances, may result in a corrective or enforcement action. Currently, the Codes generally provide that OFR records related to investigations and reports of examination, operations, or condition are confidential and exempt from public records disclosure, with certain exceptions. One such exception states that the OFR is not prevented or restricted from furnishing records or information to "any other state, federal, or foreign agency responsible for the regulation or supervision of financial institutions, including Federal Home Loan Banks." However, the current statute did not clearly require or mandate that the OFR provide these records or information to those agencies or to the Federal Home Loan Banks (FHLBs). Secondly, the FHLBs are actually not federal financial institution regulators, resulting in some uncertainty regarding the OFR's ability to share confidential supervisory information with the FHLBs. While the OFR currently has information-sharing agreements with other federal financial institution regulators, it did not have any such agreements with the FHLBs.

Congress created the FHLB System as a government-sponsored enterprise to provide liquidity support to the housing finance market and to promote community investment at the local level. It is comprised of 11 district FHLBs, which are wholly owned by members (financial institutions who make long-term mortgage loans and meet certain requirements), under the supervision of the Federal Housing Finance Agency (FHFA). In order to be eligible for FHLB membership, federal law requires that the institution agree that state and federal examination reports be provided to the FHLBs in order to determine its financial condition.

Due to this FHLB eligibility requirement and the ambiguity in the Codes, the bill clarified that the OFR is not prevented or restricted from providing otherwise confidential information to any state, federal, or foreign agency responsible for the regulation or supervision of financial institutions. Secondly, the bill authorizes the OFR to furnish information to the FHLBs regarding its member institutions, in accordance with an information-sharing agreement between the FHLBs and the OFR. The OFR and the FHLB executed an MOU on August 1, 2016.

For the 2017 Legislative Session, the Office is proposing legislation amending Chapter 663, F.S., in order to modernize the regulation of international banking corporations. Prior to the 2016 Legislative Session, the Florida International Bankers Association (FIBA) approached the OFR with changes that the industry perceived were necessary in order to continue providing for a viable and healthy environment for international financial institutions to operate in Florida. The OFR's Division of Financial Institutions has worked with FIBA to workshop updates to Florida's existing international banking chapter, which has not been reviewed and updated in its entirety in more than two decades. The objectives of modernizing Chapter 663 are to ensure that Florida remains competitive with the international banking laws of other states and to improve the agency's processes for its licensees.

Division of Consumer Finance

The objectives of the Division of Consumer Finance (Consumer Finance) directly relate to the OFR's mission. Consumer Finance administers and enforces statutes covering an array of consumer financial services. They include Chapters 494, 516, 520, 537, 559, and 560, Florida Statutes, which cover 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. These statutes are designed to help protect the public from unlawful activities while promoting the sound growth and development of Florida's economy.

Consumer Finance accomplishes its objectives through its Bureau of Registration (Registration) by licensing and registering consumer financial businesses and their employees to do business in, to, or from the state of Florida. The Bureau of Enforcement (Enforcement) receives and processes consumer complaints regarding the aforementioned consumer finance industry activities and participants. Enforcement also conducts compliance and enforcement examinations and investigations and develops enforcement actions brought by OFR for violations of its respective consumer finance laws. Both bureaus engage in outreach to industry and consumers' groups in addition to regulatory and law enforcement partners throughout Florida and the United States.

Enforcement

The Commissioner of OFR has broad authority to enforce the statutes under Consumer Finance. Registration recommends to the Commissioner whether to deny, suspend, or revoke licenses of businesses and persons that apply for licensure, or are currently licensed with Consumer Finance. Through cases developed by Enforcement, the Commissioner may seek administrative remedies which include formal remedies in the Division of Administrative Hearings. The Commissioner may also seek civil remedies in civil court including cease and desist orders, civil penalties, fines, 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 consumer finance laws can take many forms, but the most serious violations involve fraudulent conduct and money laundering. Fraudulent conduct involves material misrepresentations or omissions by the perpetrator which frequently result in substantial losses of money or property by the victims. In the mortgage loan origination arena this can involve one of the largest financial transactions a consumer can make, purchasing a home. In the money services businesses arena this can involve tax refund fraud and worker's compensation premium avoidance fraud which can cost businesses and taxpayers in increased premiums and leave workers with inadequate or no insurance coverage for work related injuries.

Registration and Enforcement maintain close relationships with other state and federal regulatory agencies, the Internal Revenue Service (IRS), the Financial Crimes

Enforcement Network (FinCEN) and the Consumer Financial Protection Bureau (CFPB). These relationships result in case referrals, joint or concurrent 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 consumers also result from these close relationships.

Enforcement conducts examinations of money services businesses pursuant to a statutorily mandated five (5) year examination cycle. In addition, Enforcement is required to investigate all complaints filed with the OFR regarding Consumer Collection Agencies. For all other finance laws Enforcement does not require “cause” or grounds for legal action to examine a business, so businesses licensed or registered with the division may be subject to an unannounced examination. These examinations typically target businesses whose history shows a pattern of conduct warranting further examination.

Some examinations involve more complex issues and are commenced when there appears to be significant violation of law (i.e., fraud or money laundering) or significant risk of consumer harm. These examinations require substantial time and resources and may require complex and lengthy litigation.

Registration

As of June 30, 2016, there were 12,806 businesses, 62,527 branches/vendors and 22,266 individual licensed in Consumer Finance. Florida ranks in the top three in the nation in the number of consumer finance industries. Registration is responsible for the review of 25 different types of applications and with monitoring the activities of existing licensees and registrants.

The objective of licensing and registering individuals, businesses, and branch offices/authorized vendors ensures that only those applicants that meet the standards set by laws and rules are allowed to conduct business in Florida. In instances where the qualifications are not met, denial of the application may be required, thus helping protect consumers.

Applications are reviewed based on the specific laws and regulations depicting the minimum standards by which an individual or business is qualified to act in the capacity of the license. Many of the applications involve a review of criminal backgrounds of the controlling individuals and for mortgage applicants a determination of financial responsibility. Registration analysts are required to conduct a thorough review of each application and communicate with the applicant if there are any deficiencies found in the application. The OFR, as an agency that processes licensing and registration applications, must comply with Chapter 120, Florida Statutes (Administrative Procedures Act or APA) in its review of applications. Failure to adhere to the timelines mandated by the APA could result in the OFR being required to approve an application for a license where the applicant or controlling individuals do not meet the minimum licensing standards thereby placing Florida consumers at risk for financial harm.

Registration utilizes OFR's Regulatory Enforcement and Licensing (REAL) System to perform the majority of its licensing activities. In addition to REAL, Registration also participates in the Nationwide Mortgage Licensing System (NMLS) as mandated by the S.A.F.E. Act, which was enacted in 2008. The S.A.F.E. Act requires all states to utilize the NMLS for licensure filings related to the regulation of the mortgage loan origination industry. The NMLS acts as the portal by which all filings are received and then through programs established within REAL the NMLS data is programmatically entered in REAL where staff completes their review, tracks their progress, and maintains pertinent information regarding the final decision. NMLS is also the system of record for the states for the information provided in conjunction with their NMLS filings. The OFR retains all other records within REAL that are provided outside of NMLS. Consumer Finance is an active state participant in the policies, procedures, and future development and enhancements of the NMLS through the division director's current participation as an NMLS Policy Committee Member. Because Florida is ranked in the top three states in number of mortgage licensees OFR considers it extremely important to maintain an active role in the future of NMLS to ensure it can meet its mission of providing efficient and effective regulation.

Improving Taxpayer Value

The OFR continues to focus on enhancing taxpayer value. With expanded data collection and analysis, Consumer Finance has been able to make data-driven decisions and create performance measures to improve productivity without increasing staffing.

A goal of Consumer Finance is to annually review all existing performance measures to ensure they are meaningful and "results" oriented.

Delivering Value to Businesses

In the past several years, the average time that it takes OFR to approve a license has dropped from 22 days to four days. Consumer Finance strives to improve service to its applicants and licensees by processing submissions in a timely manner.

Providing quick, responsive service to applicants is a current measure for Consumer Finance on the agency Loan Range Program Plan. The Administrative Procedures Act requires that all applicants for licensure be notified of application deficiencies or outstanding concerns within 30 days of receipt of the application. Consumer Finance has on average notified applicants of deficiencies within four days. This is substantially quicker than required by the statutory timeframe.

In addition to reducing the overall days to approve a license application, Consumer Finance has identified the days to approve a mortgage lender application as an area of needed focus. Historically we have seen the days to approve mortgage lender license applications increase while all others have decreased. Consequently, the Division targeted efforts specifically at reducing the days to approve a mortgage lender application dating back to FY 2015-16. With increased focus on steps to improve

efficiency in this area such as improved instructions to applicants, more robust follow up with applicants, and regular supervisor audits, the Division has reduced the days to approve this license from 38 to 26 days, a reduction of 33%.

Promoting a Safe and Sound Marketplace

Part of the agency's mission is to foster a safe and sound marketplace. The Division of Consumer Finance is mandated to examine money services businesses at least once every five years. Historically, the Division has noticed an increase in the percentage of examinations resulting in administrative action. However, over the last two fiscal years we have recognized a decrease. During Fiscal Year 2014-15, 86% of Consumer Finance examinations resulted in administrative action whereas in Fiscal Year 2015-16 the percentage declined to 80%.

Consumer Finance has embarked on an education and outreach initiative to improve compliance by money services businesses which should result in a reduction of the percentage of examinations resulting in administration action in the years to come. Because examinations typically assess compliance with Florida laws and rules by looking back two years, the effects of this initiative may not be fully realized for at least one examination cycle.

The education and outreach initiative will include periodic newsletters to targeted groups of licensees and cover some of the most common violations noted in previous examinations. The Division has sent newsletters on August 7, 2015 and January 21, 2016. The next newsletter is scheduled for delivery in October 2016. The newsletters have been sent via email on August 7, 2015 and January 21, 2016 and the Division plans for additional newsletters to be sent before the end of calendar year 2016.

This initiative will be a significant step towards promoting a stronger and safer consumer finance industry.

Legislation

On March 30, 2016, the Governor signed into law Senate Bill 0626 as Chapter No. 2016-160. This legislation amended sections 516.07, 537.013, 560.114, and 655.033, Florida Statutes, to allow the Office to use its supervisory powers under the aforementioned sections, to enforce the provisions of the Military Lending Act, 10 U.S.C. § 987, and the corresponding regulations found in 32 C.F.R. Part 232. The Division has amended its procedures and examination manuals to incorporate these statutory changes into its examination process for licenses issued under Chapters 516, 537, and 560, Florida Statutes.

Proposed Federal Rules Covering Small Dollar Lending

On June 2, 2016, the Consumer Financial Protection Bureau (CFPB) officially published in the Federal Register rules related to small dollar lending. The deadline to provide comments to the proposed rules is October 7, 2016.

The proposed rules are directed at certain lending practices covered under the division's consumer finance, title loan, and payday lending statutes and rules. The proposed rules intend to cover all short term loans with a term of less than 45 days and all longer term loans where the "all-in" annual percentage rate is greater than 36% and the loan includes a "leverage payment mechanism" (account access) or vehicle title as security (excluding purchase money loans).

The proposed rules are generally designed to include an "ability-to-repay" requirement to ensure that consumers do not become trapped into a habitual cycle or re-borrowing to cover everyday living expenses. In addition, the proposed rules:

- Prohibit more than two consecutive attempts to debit a borrowers account for payment if returned unpaid without obtaining a new authorization.
- Require lenders to check a real-time database before issuing a loan and report the loan in real-time.
- Require lenders to give three business days notice before debiting a consumer account for payment of the loan.

Until such time as the rules become final it is unclear the impact they will have on the industries covered by the rules. If the rules create additional regulatory burden and cost, the result could be fewer loans originated in the state and loss of jobs and available credit to consumers. It is anticipated that upon issuance of final rules the implementation date could be up to one year following the effective date of the final rules.

Division of Securities

The mission of the Division of Securities (Securities) is investor protection. Securities 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.

Securities accomplishes its mission through its Bureau of Registration (Registration) by registering securities firms and their employees to do 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 examinations of securities firms and their employees and develops enforcement actions brought by OFR for violations of the securities laws.

The Commissioner of OFR has broad authority to enforce the Act. Registration 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.

Registration 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.

Both bureaus engage in outreach to consumers and selected groups, such as seniors, the securities industry and the Florida Bar.

Enforcement

Enforcement conducts 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. These examinations typically target registered firms and individuals whose history shows a pattern of conduct warranting further examination.

Some examinations involve more complex issues and are commenced when there appear to be significant securities law violations (i.e., fraud or abusive sales practices) or significant investor losses. These examinations require significant time and resources and may be resource intensive. It is possible they will lead to enforcement action.

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.

Securities staff also has the ability to jointly investigate 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.

Registration

As of June 30, 2016, there were 8,406 dealer and investment adviser firms, 10,554 branches and 314,613 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. Registration is responsible for the review of 15 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, Registration 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.

Applicants for registration are reviewed for any prior securities law violations and, once registered, are continually monitored for any actions in violation of the Act. Registration 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.

Once firms and individuals become registered, Registration 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. Registration received more than 38,000 disciplinary updates on registrants in Fiscal Year 2015-16. Updated disciplinary and background information is carefully reviewed to determine if there are legal grounds to take regulatory action.

Registration 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 investment advisers with up to \$100 million in assets under management and associated persons of all investment advisers conducting business in Florida and the SEC registers the investment adviser firms over the \$100 million threshold through the IARD.

Improving Taxpayer Value

The OFR continues to focus on enhancing taxpayer value. With expanded data collection and analysis, Securities has been able to make data-driven decisions and create performance measures to improve productivity without increasing staffing.

A goal of Securities is to annually review all existing performance measures to ensure they are meaningful and “results” oriented.

Delivering Value to Businesses

In the past several years, the average time that it takes the OFR to approve a license has dropped from twenty-two days to four days. Securities strives to improve service to its applicants and registrants by processing submissions in a timely manner.

Providing quick, responsive service to applicants is a current measure for Securities on the agency Long Range Program Plan. Overall, Securities sends notices of deficiency to an applicant within 9 calendar days from receipt of their application. The Florida Administrative Procedures Act requires that all applicants for licensure be notified of application deficiencies or outstanding concerns within 30 days from receipt of the application. Securities notifications of deficiency are provided substantially quicker than required by the statutory timeframe.

Within Securities, for dealers that sell their own securities (a.k.a. Issuer Dealers), the average number of days to issue a deficiency letter from receipt of application is currently 12 calendar days.

For investment adviser firms (IAs) with assets under management of \$100 million or less, the average number of days to issue a deficiency letter from receipt of an application is currently 12 calendar days. Applications for issuer dealers and IAs are detailed, larger and more complex than other types of applications, and the review process is more time consuming and intensive.

The average timeframe to issue deficiency letters at the division level in Texas, another jurisdiction with similar staffing levels and licensees, is 18 days, compared to Florida's 9 days. Securities continuously looks for ways to improve the review process.

Promoting a Safe and Sound Marketplace

As part of the agency's measure to foster a safe and sound marketplace, Securities evaluated its regulatory responsibilities following the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 relating to the regulation of Investment Advisers.

Dodd-Frank made the states the sole regulator of investment advisers with up to \$100 million (from the previous \$25 million) in assets under management. In FY 2012-13, Securities re-evaluated its examination program and determined that the risk-based approach to examination of investment advisers would no longer meet the consumer protection needs of Floridians. As the sole regulator, Securities determined it would be more prudent to examine all investment advisers domiciled in Florida on a 5-year cycle.

At present, Securities has approximately 1,700 investment advisory firms registered in Florida, with approximately 1,060 domiciled within the state. Since the implementation of the cycle examination program, the number of investment adviser examinations resulting in action has been approximately 17.9%. It is the belief that with a cycle examination program the culture of compliance within the population of investment advisory firms will increase while the number of formal actions brought for violations will decrease following the first full 5-year cycle. Many firms presently being examined, either due to previously being considered "low risk" or a firm previously regulated at the federal level by the U.S. Securities and Exchange Commission, are now being examined by a regulator for the first time.

Securities holds a pre-registration conference with new investment adviser applicants to discuss registration maintenance, record keeping and compliance requirements after registration. In Fiscal Year 2015-16, Securities reorganized the administrative rules related to registration requirements for the application/notice filing process, maintenance of the registration/notice filing, and termination of the registration/notice filing for each type of application processed by the Division.

Securities also sends a user-friendly guide to newly registered investment advisers to assist them in understanding their compliance obligations. This guide is available for all investment advisers via the agency website. The guide was recently amended to reflect the rule revisions noted above.

These efforts, coupled with industry outreach to provide state registered investment advisers information regarding its rules and regulations and common violations detected during examinations, promote a stronger and safer investment advisory industry.

Improving Customer Service

Lastly, Securities has reviewed its call wait time trends and identified this as an opportunity to improve customer service. Since 2013-14, Securities has seen call wait time increase, and is looking at ways to reduce this trend. By sharing customer service responsibilities among division staff, Securities hopes to improve the division's call wait time to one minute and forty-five seconds.

Legislation

On March 25, 2016 Senate Bill 0286 was signed into law by the Governor as Chapter No. 2016-111. This legislation created a new exemption from registration for persons who are Merger and Acquisition brokers ("M&A brokers") effectuating certain transactions. M&A brokers are dealers who assist in the offer and sale of eligible privately held companies. The bill also placed limitations on who may act as an M&A broker, and which companies an unregistered M&A broker may effectuate M&A transactions with.

Because M&A brokers will not be registered, any eligible M&A transaction effectuated by the broker will not be reviewed or approved by the OFR or other regulatory authority for accuracy or adequacy of any material information or disclosures.

Bureau of Financial Investigations

The Bureau of Financial Investigations (BFI) is a criminal justice agency with investigative teams located in Tallahassee, Orlando, Tampa, West Palm Beach and Miami. The Bureau generally conducts financial crimes investigations involving securities and lending fraud. Cases are prioritized and resources are typically devoted to matters that significantly impact the citizens of Florida. The Bureau also participates in joint investigations with local, state and federal law enforcement agencies.

Cases are presented to OFR attorneys and/or criminal prosecutors for appropriate enforcement action. Once an investigation is accepted for administrative, civil, or criminal prosecution, the Bureau continues to lend support and expertise until the final disposition of the case.

Most investigations originate from consumer complaints, referrals from other agencies, confidential sources and coordination with law enforcement. The BFI also works with staff from the Divisions of Securities, Consumer Finance and Financial Institutions to enforce the securities, consumer finance and banking laws of the state.

Investment Fraud

As has been the historical norm, the BFI continues to deploy a majority of its resources to investigate investment fraud. Common schemes include those that target retirees and others seeking low risk, fixed return investments that generate income, Ponzi schemes in which new investor funds are used to pay returns to earlier investors, boiler room scams and affinity frauds.

The stock market has performed well from 2012 through the first half of 2016 and a strong market usually helps to mask illegal activity. The BFI traditionally sees a spike in customer complaints and investigations in the time period subsequent to a meaningful downward movement in the overall stock market.

Interest rates continue to be historically low which can tempt investors to chase higher yields by investing in unregistered, non-traditional investment opportunities that are often fraudulent. The BFI continues to investigate schemes that target retirees by offering them low or no risk investments coupled with a promise to pay them above market rate returns. In one such case in 2016, four defendants were sentenced to a combined 46 years in prison for engaging in an \$80 million investment scam which targeted investors throughout the country.

Defendant Paul Schumack was sentenced to 12 years in federal prison and ordered to pay \$31 million in restitution for his role in the scam which centered on the sale of "virtual concierge machines" (VCMs). VCMs were devices which Schumack and co-defendants Joseph Signore, Laura Grande-Signore and Craig Hipp claimed would be installed in sports stadiums and hotels to provide users information as well as discount coupons and access to services such as restaurant food delivery. The VCMs were offered to investors

for \$2,500 to \$3,500 each and were supposed to be strategically placed in areas with significant pedestrian traffic.

Working through JCS Enterprises, Inc. of Jupiter and an associated company named TBTI, Inc., the four defendants sold the equivalent of 22,547 VCM kiosks to investors around the country. As part of the sales pitch, investors were guaranteed \$300 a month in returns for at least 36 months from advertising revenues alone. Despite these representations and the large quantity of VCMs sold, only 182 VCMs were ever manufactured and only 84 ever made it into operation. Advertising revenues from the VCMs that did go into operation amounted to less than \$22,000 over the course of two years and only a fraction of the money raised from investors was used to purchase components to manufacture the VCMs. Instead, the vast majority of investors' funds was used by the defendants to pay for personal living expenses or to make Ponzi style payments to early investors. Defendant Joseph Signore alone was responsible for raising \$10 million from 307 investors, 128 of whom resided in Florida.

On December 7, 2015, following a six-week federal trial, the defendants were each found guilty of various charges to include money-laundering, wire fraud and mail fraud.

On March 14, 2016, defendant Signore was sentenced to serve twenty years in federal prison and ordered to pay \$31 million in restitution. Two days later, on March 16, 2016, Laura Grande-Signore was given a seven-year prison sentence and also ordered to pay \$31 million in restitution for her role in the scheme (restitution orders were issued jointly, with each defendant responsible for the \$31 million in total restitution ordered in the case). Earlier, in May 2015, defendant Craig Hipp, Vice President of Manufacturing for JCS, was sentenced to seven years in prison for his own involvement in the scheme. All told, the defendants received combined prison sentences totaling forty-six years.

The case was developed in cooperation with the SEC and the FBI. It was prosecuted by the United States Attorney's Office in West Palm Beach.

Ponzi Schemes

The BFI continues to see Ponzi schemes being perpetrated against the investing public. A Ponzi scheme is a fraudulent investment operation where the conman pays returns to existing investors from capital raised from new investors. Ponzi schemes can be difficult to detect as investors do not complain when they are getting paid their promised returns. Ponzi schemes generally collapse when the money needed to pay the existing investors outstrips the amount of money being raised from the newer investors, causing a default. On August 23, 2016, Orlando area resident Christopher Maguire was sentenced to 10 years in federal prison and ordered to pay \$4,938,574.40 in restitution for orchestrating an elaborate Ponzi scheme targeting Central Florida churches. Maguire was convicted on charges of wire fraud and engaging in monetary transactions derived from unlawful activity.

The underlying indictment charged Maguire with sixteen counts of wire fraud, four counts of money laundering and one count of interstate transportation of stolen property for his role in the scheme.

The case against Maguire was developed based on allegations that he had been running a Ponzi scheme since 2002. The investigation found that in that time, Maguire received over ten million dollars from more than 150 investors whom he solicited through church organizations. Maguire told investors that their money would be used in a “proof of funds business” to facilitate hard money loans for other businesses. The investigation revealed, however, that rather than using new investor funds for business purposes, Maguire used the funds to pay returns to existing investors and misappropriated over four million dollars. No evidence was found to support any of Maguire’s representations to investors concerning the “proof of funds business.”

This case was developed jointly with the IRS and the US Secret Service and was prosecuted by the U.S. Attorney’s Office for the Middle District of Florida.

Boiler Rooms

The BFI continues to investigate 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. The BFI continues to work closely with other regulators and state and federal law enforcement in an attempt to rein in this illegal activity.

In February 2016, Manuel Frade pled guilty to one count of scheming to defraud and one count of securities fraud for operating a boiler room in Broward County which purported to sell precious metals to investors. Frade along with another co-defendant, Angel Quinones, solicited investors through their company, Integrated Market Capital Investments (d.b.a. Midas Asset Exchange). Investors typically received account statements that showed the alleged purchase of the precious metals. Investors claimed that Frade and Quinones led them to believe that the metals listed on the account statements would be stored for them in a vault or other safe place until such time as they desired to sell. The OFR’s investigation revealed that only a small portion of the more than \$2 million invested was used to trade possessory rights to precious metal inventory, and none of it was used to purchase or store the physical metals. Instead, the majority of the money obtained from investors was used to pay business expenses and for the personal benefit of Frade and Quinones.

Frade was sentenced to 2 years in state prison to be followed by 10 years of probation. Frade was also ordered to pay \$438,334.00 in restitution. The case was prosecuted by the Broward County State Attorney’s Office.

Affinity Fraud

Affinity fraud is a type of investment fraud in which conmen prey upon members of self-identifying groups, such as religious or ethnic communities, the elderly, or professional groups. The conmen who perpetrate affinity scams frequently are also members of the group.

In mid-2014 an assistant pastor from north east Florida was charged with seven counts of selling unregistered securities, five counts of securities fraud, four counts of grand theft and one count of sale of securities by an unregistered dealer. The OFR investigation found that from December 2010 through June 2012, the defendant solicited church members to invest in the stock of a North Carolina company that purportedly invested in precious metals and commodities. The defendant also purportedly told investors that he invested in the company himself and that the investment had no risk and high potential for growth.

In November 2015, a South Florida man was arrested in an alleged gold and diamonds investment scam through which he targeted family, friends and co-workers. Lawyer Stanley Jr. of Hollywood was arrested following an OFR investigation which found that Stanley orchestrated an investment fraud scheme which caused at least \$2.1 million in investor losses. Stanley was charged with one count of organized scheme to defraud, one count of first degree grand theft and one count of third degree grand theft for his role in the scheme.

The OFR's investigation revealed that from approximately September 2006 through September 2013, while employed as a letter carrier for the United States Postal Service, Stanley solicited potential investors for a gold and diamonds investment opportunity in Africa. Stanley is alleged to have solicited investments primarily from residents of his mail route but also from co-workers and acquaintances. According to investor victims, Stanley represented that he traveled to Africa to personally visit gold and diamond mines as part of the process of selecting the "best stones" for import to the United States and subsequent sale in New York City. Stanley allegedly promised some investors that he would double their investments and guaranteed certain investors millions of dollars in returns.

Stanley is also alleged to have persuaded investors to invest in large scale infrastructure projects for which he claimed to have exclusive contracts with governments in Africa. These included port construction projects in Cameroon and power grid development projects in Equatorial Guinea. To secure the investments Stanley allegedly flaunted bank records to his potential investors showing that he had approximately \$17 million dollars on deposit in a West African bank. Investigation, however, could not confirm the existence of any government contracts, infrastructure development projects, or bank accounts in Africa. Instead the majority of investor funds are believed to have been spent by Stanley on personal living expenses or taken as cash withdrawals.

The case is being prosecuted by the Miami-Dade County State Attorney's Office.

Consumer Finance Fraud

Advance Fee for Loan Fraud

Pockets of high unemployment and tightened credit markets continue to create an environment where opportunities for advance fee for loan frauds flourish. These cases are challenging for the BFI as the crime usually occurs over the internet. The perpetrator taking the advance fees typically uses a stolen or fake identify and can be located anywhere in the world. The 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.

The BFI has successfully investigated other advance fee cases in which large dollar amounts are collected as fees to purportedly fund commercial ventures. These funds are typically transmitted by wire or by check to someone operating in Florida.

In one case in November 2015, a defendant was sentenced to ten years' imprisonment for orchestrating an advance fee for loan fraud from his home in Naples, FL. Defendant Douglas Lee Carter entered a plea of guilty in Collier County Circuit Court to one count of scheming to defraud and thirteen counts of taking unlawful advance fees as a loan broker in connection with the offer to fund commercial and residential mortgage loans to prospective borrowers. Carter was sentenced to a 10 year prison term to be followed by 10 years' probation. Carter was also ordered to pay \$114,100 in restitution to victims along with nearly \$10,000 in investigative, prosecutorial and court costs. Previously, on October 13, 2015, Carter's co-conspirator in the scheme, James Spillers, pled guilty to one count of grand theft and thirteen counts of taking advance fees as a loan broker for his role in the fraud. Spillers was sentenced to a 4-year prison term to be followed by 10 years' probation.

Both Carter and Spillers took illegal advance fees from prospective borrowers on the promise of obtaining residential and commercial loans. The men used websites such as "lendinguniverse.com" to lure prospective borrowers and are believed to have victimized over 100 individuals throughout the U.S. and Canada with at least 20 of those residing in Florida. No loans were ever funded or materialized. Evidence obtained during the course of the investigation indicated that the actual loss to prospective borrowers both within and outside the state was estimated to be greater than \$900,000.

The Attorney General's Office of Statewide Prosecution prosecuted this case.

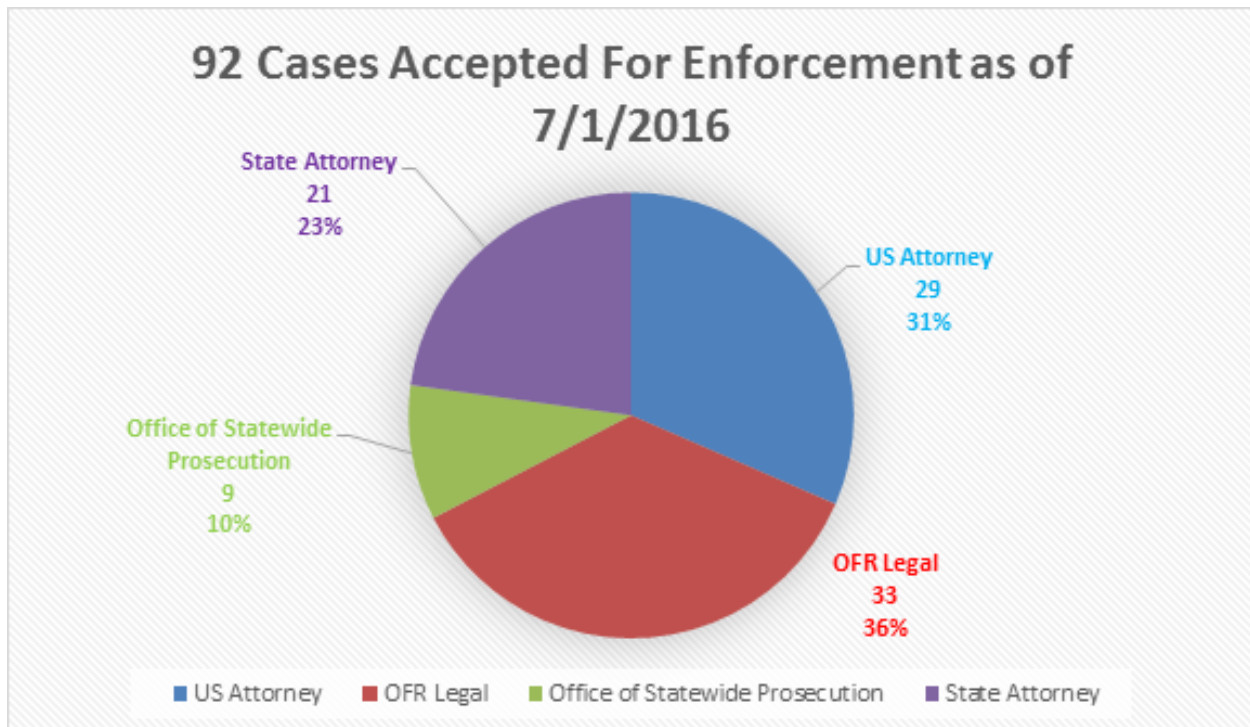
Auto Loan Frauds Targeting Financial Institutions

The Bureau has experienced a recent uptick in complaints from financial institutions such as credit unions, who claim to have been the victims of fraud as it relates to consumer lending for automobile purchases. The lenders allege that they have been defrauded into making loans against vehicles for which there are unmarketable or non-existent titles by organized fraud rings. These cases are currently under development in regions such as Miami and Tampa and have not as yet resulted in criminal enforcement action.

Caseload

As of July 2016, the BFI had 219 open investigations. These investigations involve approximately 1,300 consumer victims and nearly \$1.4 billion dollars in potential losses to those victims. The average investigator's caseload is comprised of approximately nine cases.

When an investigation leads to a substantiated violation, the case is presented for criminal prosecution and/or to the OFR's staff attorneys for administrative or civil enforcement. Historically, approximately 80%-90% of investigations accepted for enforcement result in criminal, civil and/or administrative action.



During fiscal year 2015-2016, BFI closed 143 cases. 75 of those cases were formal investigations including 35 investigations where enforcement action was taken. These cases resulted in 12 administrative actions, 2 civil actions and 21 criminal actions. As a result of investigative work performed by the BFI, these closed cases resulted in 39 criminal defendants being sentenced to a total of 82 years in prison and 101 years of probation.

Initiatives

One measure that shows how the OFR is promoting a safe and sound financial marketplace relates to the number of formal investigations closed with action.

| Increase the Percentage of Formal Investigations Closed with Action | | | | | | |
|---------------------------------------------------------------------|------------------|----------|----------|----------|----------|---------------|
| Fiscal Year | FY11/12 Baseline | FY 12/13 | FY 13/14 | FY 14/15 | FY 15/16 | FY 16/17 goal |
| | 37% | 61% | 40% | 49% | 47% | 50%+ |

The BFI currently has an initiative to drive up the percentage of financial investigations that are closed with action because this internal performance measure addresses severe cases of fraud, financial crimes, unlicensed activity and other cases where Floridians are victimized. The BFI believes that the more judicious and efficient it remains in deploying scarce resources, the greater the value it will return to the victims of financial crime and to the citizens of Florida. To that end, all new complaint cases are assessed for potential enforcement action and where appropriate, assigned to investigators as preliminary investigations until such time as a determination to escalate the case to a formal investigation can be made (usually within 90 days). Cases will not be escalated from the preliminary stage unless there is a firm belief by both the investigator and the investigations manager that the case is viable and can result in criminal, administrative or civil enforcement action. Ideally every case that the BFI determines to pursue will result in action. However, early assessments, even if well founded, will need to be revisited and sometimes revised based on the evidence obtained in the case. Because of this fact and the BFI's reluctance to upgrade cases in only the most clearly prosecutable instances (as this could lead to potentially overlooking cases that pose serious threat of financial harm to the public), the BFI's standard is set at 50% as illustrated above.

At present, the BFI is also committing significant resources to the problem of potential money laundering in both licensed and unlicensed money services businesses throughout the state. To that end, the BFI has undertaken investigations from various regions with the goal of identifying vulnerabilities within the industry. These vulnerabilities are attractive to money launderers who would prefer to conduct transactions outside of the banking system where suspicious activities are more prone to being recognized and highly scrutinized. The BFI has found that a multi-regional approach to this problem is best as evidence in other cases has shown that suspected money launderers often utilize shell companies and travel great distances to move checks and cash outside of the areas where the businesses are purported to be based. These investigations are ongoing. If evidence of criminal violations is found, referrals will be made to appropriate law enforcement and prosecutorial agencies.

Legislation

For the 2017 Legislative Session, the Office is proposing legislation revising Chapter 119.071(4), F.S., to exempt from public inspection and disclosure certain personal information of current or former nonsworn investigative personnel of the Office of Financial Regulation (OFR) and their immediate family members.

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

LRPP Exhibit II – Performance Measures and Standards

Department of Financial Services

Department No.: 43

Financial Services Commission – Office of Financial Regulation

Code: 43900500

| Approved Performance Measures for FY 2016-17 | Approved Prior Year Standard FY 2015-16 | Prior Year Actual FY 2015-16 | Approved Standards for FY 2016-17 | Requested FY 2017-18 Standard |
|-------------------------------------------------|--------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------|
|-------------------------------------------------|--------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------|

Safety and Soundness of State Banking System

Code: 43900530

| | | | | |
|-----------------------------------------------------------------------------------------------------------------------|------|-------|------|------|
| Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045, F.S. | 100% | 100% | 100% | 100% |
| Percentage of state financial institutions rating OFR high-performing. | 97% | 98.1% | 97% | 97% |

Financial Investigations

Code: 43900540

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------|-----|-----|
| Primary Service Outcome: Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken. | 80% | 100% | 80% | 80% |
| Primary Service Outcome: Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening | 60% | 75% | 60% | 60% |

| Approved Performance Measures for FY 2016-17 | Approved Prior Year Standard FY 2015-16 | Prior Year Actual FY 2015-16 | Approved Standards for FY 2016-17 | Requested FY 2017-18 Standard |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------|
| Executive Direction and Support Services Code: 43900550 | | | | |
| Program administration costs (including Office of Legal Services) as a percentage of total program costs | Less than 10% | 5.69% | Less than 10% | Less than 10% |
| Program administration positions (including Office of Legal Services) as a percentage of total program positions. | Less than 10% | 4.17% | Less than 10% | Less than 10% |
| Finance Regulation Code: 43900560 | | | | |
| Primary Service Outcome: Percentage of license applications processed within Administrative Procedure Act requirements | 100% | 100% | 100% | 100% |
| Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S. | 100% | 100% | 100% | 100% |
| Securities Regulation Code: 43900570 | | | | |
| Primary Service Outcome: Number of complex securities examinations completed | 60 | 199 | 100 | 100 |
| Primary Service Outcome: 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 & Soundness of State Banking System

Measure: N/A – All performance metrics met.

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 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:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900540 – Financial Investigations

Measure: N/A – All performance metrics met.

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 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:

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 and Support Services
Measure: N/A – All performance metrics met.

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 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:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900560 – Finance Regulation
Measure: N/A – All performance metrics met.

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 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:

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: N/A – All performance metrics met.

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 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:

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 state financial institutions examined within the last 18 and 36 months, as required by S. 655.045. F.S.

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: Examination scheduling sources of data are created by OFR DFI Area Financial Managers (AFM) as a result of periodic (monthly/quarterly) meetings with their counterparts at the Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB).

At these periodic (monthly/quarterly) meetings the following is performed to assure that examination scheduling conforms to statutory/regulatory cycles:

- a. OFR DFI AFM's and FDIC/FRB managerial counterparts compare mandated schedules of exams to determine statutory/regulatory examination start dates which reflect examination cycles for financial institutions.
- b. Utilizing the established examination cycle and coordinated with exam staff availability, an Examination Schedule is created.
- c. Examination Schedules are forwarded to OFR DFI Bureau Chiefs for analysis and review.
- d. Bureau Chiefs coordinate and confirm compliance with the Examination Schedule on a bi-monthly basis.
- e. Upon completion of the examination, Bureau Chiefs receive Examination Report Completion Requirement memorandum included with the Report of Examination to confirm examinations have been conducted and completed as scheduled on the Examination Schedule and according to Florida Statute.

Validity: The Examination Schedule is jointly prepared by OFR DFI, FDIC, and FRB management which provides checks and balances that each regulatory agency is scheduled to perform the required examinations and fulfill their respective statutory/regulatory mandates. The preparation and review of the Examination Report Completion Requirement memorandum along with the Report of Examination by OFR DFI Bureau Chiefs assures that DFI is fulfilling its statutory mandate. These types of processes and measures are broadly used throughout the regulatory industry to confirm statutory/regulatory compliance.

Reliability: All examination and calendar information needed to calculate this measure is maintained in Excel spreadsheets in a centralized network repository to be migrated into DOGI/FITO.

Recommendations: Due to an agency realignment in priorities, this measure best represents the direction of the Bureau.

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 rating OFR high-performing.

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 serve as the sources of data. OFR DFI 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, the examination team, the examination report, and various other meaningful examination related matters.

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 the four (4) sections of the survey.
- b. Sort all responses in ascending order.
- c. Determine the number of responses that rated OFR as 1, 2, or 3.
- d. $\% = (\text{Number of responses that rated OFR as 1, 2, or 3}) / (\text{Total number of responses})$.

Validity: The survey results provide OFR DFI with an objective evaluation of the quality and performance of the safety and soundness examination process, the examination team, the examination report, and various other meaningful examination related matters. This type of measure is broadly used throughout the business industry as a form of quality control.

The measure provides OFR DFI with direct feedback from its customer base, the state financial institutions, and is used to evaluate the product provided. Survey results provide OFR DFI 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 within a network repository. OFR DFI 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.

Recommendations: Due to an agency realignment in priorities, this measure best represents the direction of the Bureau and should be added.

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: 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.

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: 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.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900550 – Executive Direction and Support Services

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.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900550 – Executive Direction and Support Services

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 Equivalentents (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:

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: Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.

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: To ensure we meet this requirement we produce an examination scheduling report. The report uses licensing and prior examination information from the REAL database to compute a date the next examination is due for each license. The “due date” is set to be the later of 5 years after the date the licensee was first licensed and the status date of the last closed examination of the licensee (if any). This metric will indicate the percentage of the examinations due within the measurement period that were conducted prior to their due date.

Validity: This measure helps to ensure money business service exams are in compliance with state law. This supports the agency’s mission of promoting a safe and sound financial marketplace.

Reliability: Data will be exported, computed and reviewed quarterly. The Division tracks licensees and examinations using the REAL database.

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.

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.

Associated Activity Contributing to Performance Measures – LRPP Exhibit V

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

43900530 - Safety and Soundness of State Banking System

| Measure Number | Approved Performance Measures for FY 2016-17 | | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------|
| 1 | Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045, F.S. | | Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness. |
| | | | Examine and enforce laws regarding international financial institutions to ensure safety and soundness |
| 2 | Percentage of state financial institutions rating OFR high-performing. | | Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness |
| | | | Examine and enforce laws regarding international financial institutions to ensure safety and soundness |

43900540 - Financial Investigations

| Measure Number | Approved Performance Measures for FY 2015-16 | | Associated Activities Title |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------|
| 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

| Measure Number | Approved Performance Measures for FY 2015-16 | | Associated Activities Title |
|----------------|-------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------|
| 1 | Percentage of license applications processed within Administrative Procedure Act requirements. | | Evaluate and process applications for licensure as a financial services entity. |
| 2 | Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S. | | Examine and regulate money service businesses to ensure regulatory compliance. |

43900570 - Securities Regulation

| Measure Number | Approved Performance Measures for FY 2015-16 | | Associated Activities Title |
|----------------|-----------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------|
| 1 | The number of complex securities examinations completed. | | Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance |
| 2 | Percentage of license applications processed within Administrative Procedure Act requirements | | Evaluate and process application for registration as a securities firm, branch, and/or individuals. |

LRPP Exhibit VI: Unit Cost

The LRPP Instructions require that Exhibit VI be submitted at the department level. OFR's unit cost data is rolled into the Department of Financial Services' Exhibit VI.

Listed below is the data for OFR measures that are rolled into the DFS measures. The complete exhibit, including all DFS and the audit report, is found on subsequent pages.

| ACTIVITIES * MEASURES | Number of Units | Unit Cost | Expenditures (Allocated) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------|--------------------------|
| Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations. | 410 | 11,799.05 | 4,837,612 |
| 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. | 23,251 | 88.12 | 2,048,791 |
| 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. | 101 | 116,755.44 | 11,792,299 |
| Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness. | 11 | 72,824.73 | 801,072 |
| Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity. | 143 | 24,563.84 | 3,512,629 |
| Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations. | 313 | 18,352.88 | 5,744,453 |
| Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations and investigations, handle complaints related to securities firms, branch offices, and their employees. | 285 | 20,817.47 | 5,932,979 |
| Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/or Individual. * Securities applications processed for registration of firms, branch offices associated person and securities offerings. | 34 | 77,685.82 | 2,641,316 |

 ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

*** NO ACTIVITIES FOUND ***

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 |
|----------|------------|---------|-----------------------------------|--------------|-----|
| 43500400 | 1205000000 | ACT1020 | HOLOCAUST VICTIMS ASSISTANCE | 299,410 | |
| 43010400 | 1602000000 | ACT1040 | INSURANCE CONSUMER ADVOCATE | 648,841 | |
| 43010500 | 1603000000 | ACT1050 | INFORMATION TECHNOLOGY - FLAIR | 10,959,193 | |
| 43200100 | 1601000000 | ACT2010 | PASS THROUGH FROM PRISON INDUSTRY | 1,236,635 | |
| 43200100 | 1601000000 | ACT2180 | FLORIDA ACCOUNTING INFORMATION | 7,557,986 | |
| 43200100 | 1601000000 | ACT2190 | ARTICLE V - CLERK OF THE COURTS | 160,076 | |
| 43200100 | 1601000000 | ACT2195 | PASS THROUGH FLORIDA CLERKS OF | 1,286,885 | |
| 43300500 | 1202000000 | ACT3530 | PASS THROUGH - TRANSFER TO | 965,000 | |
| 43400100 | 1601000000 | ACT4150 | PURCHASE OF EXCESS INSURANCE | 11,236,098 | |
| 43600100 | 1102020000 | ACT6010 | TRANSFER TO 1ST DISTRICT COURT OF | 1,859,815 | |
| 43900110 | 1204000000 | ACT9150 | HURRICANE RATE/RISK MODEL | 2,387,517 | |
| 43600100 | 1102020000 | ACT9940 | TRANSFER TO THE UNIVERSITY OF | 250,000 | |

 TOTALS FROM SECTION I AND SECTIONS II + III:

| DEPARTMENT: 43 | EXPENDITURES | FCO |
|----------------------------------------|--------------|---------|
| FINAL BUDGET FOR AGENCY (SECTION I): | 333,140,435 | 385,000 |
| TOTAL BUDGET FOR AGENCY (SECTION III): | 333,140,419 | 385,000 |
| DIFFERENCE: | 16 | |
| (MAY NOT EQUAL DUE TO ROUNDING) | ===== | ===== |

| FINANCIAL SERVICES, DEPARTMENT OF | | FISCAL YEAR 2015-16 | |
|--------------------------------------------------------------------------------------------|--|---------------------|----------------------|
| SECTION I: BUDGET | | OPERATING | FIXED CAPITAL OUTLAY |
| TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT | | 328,307,961 | 385,000 |
| ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.) | | 4,832,474 | 0 |
| FINAL BUDGET FOR AGENCY | | 333,140,435 | 385,000 |

| SECTION II: ACTIVITIES * MEASURES | Number of Units | (1) Unit Cost | (2) Expenditures (Allocated) | (3) FCO |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|------------------------------|----------------|
| <i>Executive Direction, Administrative Support and Information Technology (2)</i> | | | | 385,000 |
| 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. | 7,086 | 55.04 | 389,991 | |
| Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts. | 65,972 | 15.89 | 1,048,385 | |
| Investment Of Public Funds * Dollar Volume of Funds Invested | ##### | 0.00 | 769,791 | |
| Provide Cash Management Services * Number of cash management consultation services. | 53 | 21,672.15 | 1,148,624 | |
| Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced. | 2,600,000 | 0.68 | 1,774,712 | |
| Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office. | 1,691,776 | 1.10 | 1,864,753 | |
| Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Resource System. | 34,034 | 136.36 | 4,640,780 | |
| Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state. | 8,959,340 | 0.12 | 1,095,539 | |
| Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements | 308,000 | 14.54 | 4,479,393 | |
| Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements | 9 | 263,207.44 | 2,368,867 | |
| Process State Employees Payroll * Payroll payments issued | 2,976,337 | 0.83 | 2,462,993 | |
| Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes | 11 | 17,112.27 | 188,235 | |
| Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse. | 10 | 94,162.70 | 941,627 | |
| Collect Unclaimed Property * Accounts reported by holders of unclaimed property. | 3,031,237 | 0.98 | 2,984,265 | |
| Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property. | 454,386 | 7.21 | 3,275,388 | |
| License The Fire Protection Industry * Number of entry requests for licenses, permits and certificates processed within statutorily mandated time frames. | 8,003 | 69.58 | 556,847 | |
| Perform Fire Safety Inspections * Number of inspections of fire code compliance completed. | 16,001 | 258.91 | 4,142,874 | |
| Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed. | 437 | 1,219.72 | 533,018 | |
| Perform Boiler Inspections * Number of boiler inspections completed by department inspectors. | 1,326 | 459.00 | 608,638 | |
| Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss. | 2,296 | 6,430.51 | 14,764,460 | |
| Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College. | 143,781 | 14.68 | 2,111,180 | |
| Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered. | 9,450 | 105.51 | 997,050 | |
| Provide Forensic Laboratory Services * Number of evidence items and photographic images processed. | 10,222 | 122.41 | 1,251,248 | |
| Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System. | 3,424,215 | 0.13 | 460,299 | |
| Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked. | 22,343 | 1,666.12 | 37,226,229 | |
| Provide Adjusting Services On State Liability Claims * Number of liability claims worked. | 4,555 | 3,420.11 | 15,578,586 | |
| Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked. | 149 | 18,153.39 | 2,704,855 | |
| Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year. | 80 | 30,739.89 | 2,459,191 | |
| Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year. | 32 | 16,031.28 | 513,001 | |
| Review Applications For Licensure (qualifications) * Number of applications for licensure processed. | 104,708 | 26.87 | 2,813,667 | |
| Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized. | 41,359 | 39.43 | 1,630,941 | |
| Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed. | 1,866,313 | 0.40 | 749,267 | |
| Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements. | 218,532 | 1.90 | 414,339 | |
| Investigate Agents And Agencies * Number of agent and agency investigations completed. | 4,501 | 1,378.93 | 6,206,581 | |
| Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation). | 1,239 | 14,636.53 | 18,134,662 | |
| Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations). | 760 | 6,677.86 | 5,075,174 | |
| Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled. | 60,889 | 73.24 | 4,459,799 | |
| Provide Consumer Education Activities * Number of visits to the Consumer Services website. | 307,319 | 2.24 | 687,021 | |
| Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline. | 303,596 | 16.48 | 5,004,357 | |
| Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed. | 1,655 | 1,453.03 | 2,404,765 | |
| Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually. | 90,431 | 49.23 | 4,452,156 | |
| Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted. | 33,681 | 426.04 | 14,349,470 | |
| 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. | 1,042 | 4,823.19 | 5,025,761 | |
| Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited. | 2,164 | 637.40 | 1,379,325 | |
| Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected. | 121,985,956 | 0.01 | 706,715 | |
| Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases. | 5,671,663 | 0.68 | 3,850,527 | |
| Reimbursement Disputes * Number of petitions for reimbursement dispute resolution resolved annually | 18,133 | 85.63 | 1,552,650 | |
| Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted. | 3,811 | 1,668.23 | 6,357,616 | |
| Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority processed | 142 | 6,792.41 | 964,522 | |
| Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities | 452 | 7,217.37 | 3,262,249 | |
| Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed. | 7,450 | 2,323.87 | 17,312,858 | |
| Review And Approve Rate And Form Filings. * Number of rate and forms review completed. | 14,094 | 609.29 | 8,587,365 | |
| Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations. | 410 | 11,799.05 | 4,837,612 | |
| 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. | 23,251 | 88.12 | 2,048,791 | |
| 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. | 101 | 116,755.44 | 11,792,299 | |
| Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness. | 11 | 72,824.73 | 801,072 | |
| Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity. | 143 | 24,563.84 | 3,512,629 | |
| Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations. | 313 | 18,352.88 | 5,744,453 | |
| Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conducted examinations of securities firms and branches. | 285 | 20,817.47 | 5,932,979 | |
| 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. | 34 | 77,685.82 | 2,641,316 | |
| TOTAL | | | 266,033,757 | 385,000 |

| SECTION III: RECONCILIATION TO BUDGET | | | | |
|-------------------------------------------------------------------------------------------------------------|--|--|-------------|---------|
| PASS THROUGHS | | | | |
| TRANSFER - STATE AGENCIES | | | | |
| AID TO LOCAL GOVERNMENTS | | | | |
| PAYMENT OF PENSIONS, BENEFITS AND CLAIMS | | | | |
| OTHER | | | 38,847,456 | |
| REVERSIONS | | | 28,259,206 | |
| TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4) | | | 333,140,419 | 385,000 |

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.

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