



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

LONG RANGE PROGRAM PLAN

Department of Financial Services

Tallahassee, Florida

September 29, 2017

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

Mike Hansen, 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 2018-19 through Fiscal Year 2022-23. 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 Jimmy Patronis, Chief Financial Officer.



Ryan West
Chief of Staff



Department of Financial Services

Long-Range Program Plan

**Fiscal Years
2018-19 through 2022-23**

Jimmy Patronis
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

Outcome 1B.4: Dollar amount of loss due to fraud referred to SAO for prosecution (in millions).

FY2013-14 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
\$6.863	\$6.863	\$6.863	\$6.863	\$6.863	\$6.863

Outcome 1B.5: Number of investigations completed.

FY2013-14 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
2,912	2,912	2,912	2,912	2,912	2,912

Division of Workers' Compensation:**Outcome 1B.6:** Number of employer investigations completed.

FY 2009-10 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
30,000	32,000	32,000	32,000	32,000	32,000

Division of Investigative and Forensic Services: Fire and Arson Investigations**Outcome 1B.7:** Percentage of arson cases cleared.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
20%	20%	20%	20%	20%	20%

Division of Investigative and Forensic Services: Forensic Fire and Explosives Analysis**Outcome 1B.8:** Average turnaround time for Forensic Fire and Explosives Analysis.

FY2008-09 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
8.25 days	10 days	10 days	10 days	10 days	10 days

Division of Investigative and Forensic Services: Insurance Fraud**Outcome 1B.9:** Number of arrests.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
1,224	1,224	1,224	1,224	1,224	1,224

Outcome 1B.10: Number of presentations submitted for prosecution.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
1,260	1,320	1,320	1,320	1,320	1,320

Division of Investigative and Forensic Services: Office of Fiscal Integrity**Outcome 1B.11:** Percentage of investigations that result in action taken against the investigative target.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
50%	50%	50%	50%	50%	50%

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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
80%	88%	90%	90%	95%	95%

Division of Treasury: Deposit Security

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

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
100%	100%	100%	100%	100%	100%

Outcome 2A.3: Percentage of Collateral Administrative Program transactions completed within three business days.

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
97%	97%	97%	97%	97%	97%

Division of Treasury: State Funds Management and Investment

Outcome 2A.4: Amount by which the Treasury's Investment Pool exceeded the blended benchmark for a rolling three-year period.

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

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

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
98%	98%	98%	98%	98%	98%

Division of Risk Management:

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

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
\$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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
2%	2%	2%	2%	2%	2%

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

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
25%	25%	25%	25%	25%	25%

Outcome 2A.9: Administrative costs as a percentage of the amounts recovered.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
15%	15%	15%	15%	15%	15%

Division of Agent and Agency Services

Outcome 2A.10: Cost of licensing operations per active license.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
\$4.83	\$2.96	\$2.96	\$2.96	\$2.96	\$2.96

Outcome 2A.11: Average Direct Cost of investigations operations per completed investigation.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
\$1,470	\$935	\$935	\$935	\$935	\$935

Division of Public Assistance Fraud:

Outcome 2A.12: Return on investment.

FY2013-14 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
600%	600%	600%	600%	600%	600%

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

Office of General Counsel: Public Records Unit

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

FY2010-11 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
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 minority new hires.

FY2013-14 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
54%	55.5%	56%	56.5%	56.5%	56.5%

Office of General Counsel: Legal Service of Process

Outcome 3A.2: Percentage of insurers receiving Legal Service of Process by electronic means.

FY2006-07 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
10%	100%	100%	100%	100%	100%

Office of Information Technology:

Outcome 3A.3: 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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
95%	95%	95%	95%	95%	95%

Office of Insurance Consumer Advocate:

Outcome 3A.4: Percentage of referred cases responded to and/or transferred within three (3) days of receipt.

FY2010-11 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
90%	90%	90%	90%	90%	90%

Outcome 3A.5: Percentage of rate filings subject to public hearing which were reviewed by our office.

FY2013-14 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
95%	95%	95%	95%	95%	95%

Office of Information Technology: FLAIR Infrastructure

Outcome 3A.6: Percentage of scheduled hours computer and network is available.

FY2008-09 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
95%	99%	99%	99%	99%	99%

Division of Treasury: Supplemental Retirement

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

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
40%	40%	40%	40%	40%	40%

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

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
95%	95%	95%	95%	95%	95%

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

FY 2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
71.3	114	114	114	114	114

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

FY2013-14 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
2,647	3,200	3,200	3,200	3,200	3,200

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

FY2010-11 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
80%	95%	95%	95%	95%	95%

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

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
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	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
88%	88%	88%	88%	88%	88%

Division of Workers' Compensation:

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

FY 2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
76%	81%	81%	81%	81%	81%

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

FY 2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
78.5%	92%	92%	92%	92%	92%

4) KEEP MONEY IN THE POCKETS OF FLORIDIANS

Objective 4A: Foster economic prosperity.

Division of Unclaimed Property:

Outcome 4A.1: Percentage of claims processed within 60 days of receipt.

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
65.6%	60%	60%	60%	60%	60%

Division of Consumer Services: Consumer Assistance

Outcome 4A.2: Percentage of monetary eligible service requests that resulted in a recovery.

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
85%	85%	85%	85%	85%	85%

Division of Investigative and Forensic Services: Insurance Fraud

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

FY2011-12 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
\$42.788	\$42.788	\$42.788	\$42.788	\$42.788	\$42.788

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

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
70%	70%	70%	70%	70%	70%

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

FY2012-13 Baseline	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
200%	200%	200%	200%	200%	200%

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.

PROGRAM AUTHORITY AND PRIMARY RESPONSIBILITIES

Programs and Statutes	Description
<u>Office of the Chief Financial Officer and Administration</u>	Serves DFS and its stakeholders with necessary support. <ul style="list-style-type: none"> ➤ Office of Chief of Staff ➤ Office of Inspector General ➤ Division of Administration ➤ Office of General Counsel ➤ Office of Information Technology ➤ Office of Insurance Consumer Advocate
<u>Treasury</u> <i>(Division of Treasury)</i> Chapters 17 and 280, Florida Statutes	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: <ul style="list-style-type: none"> ➤ deposit security (collateral management) ➤ funds management and investment ➤ deferred compensation (supplemental retirement program)
<u>Financial Accountability for Public Funds</u> <i>(Division of Accounting and Auditing)</i> Chapters 17, 215 and 216, Florida Statutes	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: <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
<u>Financial Accountability for Public Funds</u> <i>(Division of Unclaimed Property)</i> Chapters 717, Florida Statutes	“Stands in the shoes” of property owners and protects their rights by taking custody of their lost, abandoned, unknown assets, safeguarding and returning them to the rightful owner or heirs. Responsible for: <ul style="list-style-type: none"> ➤ identifying, recovering, receiving, and safeguarding unclaimed property data and assets received from holders. ➤ performing outreach, education, assistance to holder and holder-related organizations, including examinations and audits. ➤ receiving, evaluating and processing claims from citizens and businesses. ➤ disbursing all claims and expense payments from the Unclaimed Property Trust Fund, managing the trust fund balances and budget.
<u>Fire Marshal</u> <i>(Division of State Fire Marshal)</i> Chapter 633, Florida Statutes	Assures statewide fire safety. Responsible for: <ul style="list-style-type: none"> ➤ licensing and registrations ➤ inspections and plans reviews ➤ professional standards, training, and state firefighter certification
<u>State Property and Casualty Claims</u> <i>(Division of Risk Management)</i> Chapter 284, Florida Statutes	Ensures that state agencies are provided quality insurance coverage at reasonable rates. Provides to all state agencies: <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 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 of licensees based on customer complaints ➤ monitoring licensee compliance with continuing education requirements ➤ providing customer service regarding death care industry questions
<u>Licensing and Consumer Protection</u> <i>(Division of Public Assistance Fraud)</i> Section 414.411, Florida Statutes	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: <ul style="list-style-type: none"> ➤ program recipient investigations (eligibility fraud) ➤ trafficking investigations of SNAP EBT benefits (both program recipients and retail food stores) ➤ Subsidized Daycare Program fraud ➤ DCF ACCESS Program employee fraud

Programs and Statutes	Description
<u>Workers' Compensation</u> <i>(Division of Workers' Compensation)</i> Section 20.121 and Chapter 440, Florida Statutes	Regulates employers, insurers, and health care providers; educates and informs all stakeholders of their rights and responsibilities; leverages data to deliver exceptional value to our customers and stakeholders; and, holds parties accountable for meeting their obligations. Responsible for: <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
<u>Division of Investigative and Forensic Services</u> 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"> ➤ arson investigations ➤ forensic laboratory services ➤ investigating suspected insurance and financial fraud ➤ issuing public information announcements ➤ training for insurers to help deter and combat fraud ➤ investigating misuse of state funds

ADDRESSING AGENCY PRIORITIES

1) FIGHT FRAUD, WASTE AND ABUSE

OBJECTIVE 1A: Effectively manage regulatory activities.

DIVISION OF ACCOUNTING AND AUDITING: STATE FINANCIAL INFORMATION AND STATE AGENCY ACCOUNTING

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 measurable 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: COMPLIANCE AND ENFORCEMENT

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 Fiscal Year 2016-17, Fire Protection Specialists conducted over 16,119 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.

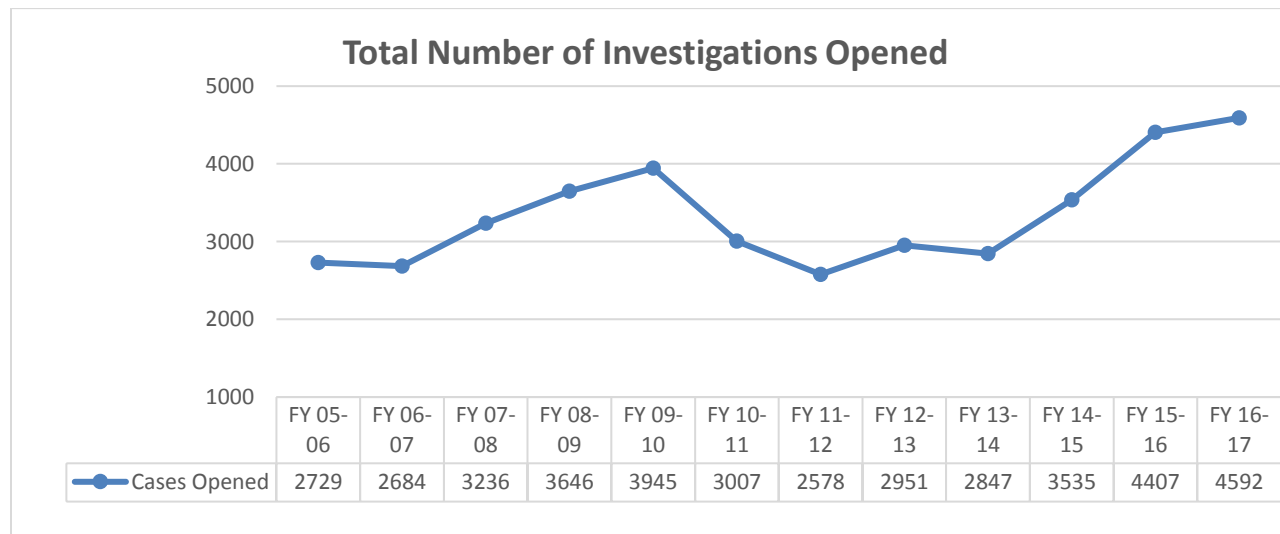
This effort has also freed up state resources to conduct code compliance activities and public outreach, among other activities.

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 and also permits the receipt of fees, adding 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 AGENT AND AGENCY SERVICES: LICENSURE, SALES APPOINTMENT & OVERSIGHT

Bureau of Investigation. In Fiscal Year 2016-17, the Bureau received complaints against individual licensees, insurance agencies and unlicensed persons that resulted in 4,592 opened investigations and 4,639 completed investigations. These investigations were conducted by 41 investigators located in Tallahassee and nine field offices throughout the state. 595 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 \$658,975.50 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 Fiscal Year 2016-17, more than half were initiated by the bureau utilizing technology and access to valuable databases. These pro-active procedures enabled the Bureau to uncover more licensee misconduct rather than rely on them to self-report. The Bureau also referred 44 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 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 the Division check the applicants' criminal and disciplinary history backgrounds. Many applications require Division review to assure the applicants comply with detailed educational, technical training, and internship requirements. Many license categories also require administration of a licensure test and inspection of proposed facilities. Approximately 1,500 licensees must have their facilities inspected every year by Division staff. Additionally, Division staff conduct periodic examinations of over 500 licensees, which must maintain trust accounts regarding preneed sales and/or cemetery care and maintenance funds. The Division conducts periodic examinations of these licensees' trust accounts and related records to insure the licensees comply with the law.

Consumers and fellow licensees frequently file complaints against licensees. The Division investigates these complaints, and where appropriate, coordinates disciplinary action against the licensees, including coordinating disciplinary action taken by the Board of Funeral, Cemetery and Consumer Services and the Department's Office of the General Counsel. Finally, the Division is 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 to conduct these investigate public assistance given by the state. 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 Office of Inspector General. 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 appropriate 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 its investigative strategy to focus efforts on criminal investigations and use its OPS members to data mine unreported employment in order to complete administrative referrals to DCF for disqualification. That focus paid off with over \$19.8 million in fraud uncovered through investigations. The percent of criminal cases referred

for prosecution exceeded 63% of all cases completed over the past year and accounted for \$16.4 million of the \$19.8 million total. DPAF continued to emphasize programs with limited funding such as subsidized daycare. Continued concern over SNAP trafficking cases required DPAF to re-focus additional resources toward that problem. With nearly 1.7 million SNAP households in Florida, even the USDA-published standard of 1.3% of households trafficking means almost 22,000 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 most other states, Florida has not replaced welfare fraud investigators eliminated during lean budget years. DPAF is the only agency in Florida with the statutory authority to investigate public assistance programs under Chapters 409, 411 and 414. Yet, the Department of Children and Families has repurposed over 55 personnel assigned to its claims and benefit recovery staff to perform investigations rather than merely performing the pre-eligibility fraud screening as prescribed in Chapter 414.39 (10). DCF violates the legislature's intent in creating DPAF as an independent investigative division and introduces certain dynamics that are disruptive to the investigative process. These disruptions not only compromise cases but also its focus on investigations rather than claims has caused a significant delay in the reporting back to DFS the fraud calculations that becomes the basis for the restitution requested in DPAF investigations. What used to take 30-days or less from the date the fraud calculations were requested to the date the report was received has now become a 60 – 70-day process. This causes a delay in completing investigations.

In June 2017, the number of SNAP households totaled 1,690,899; a 3.2% decrease from June 2016 (1,747,684). Most of this decrease was caused by no longer waiving the requirement for Able Bodied Adults Without Dependents (ABAWD) from seeking employment as a qualification to be eligible for SNAP. That requirement, re-established in January 1, 2016, caused a precipitous drop in the rolls initially that has stabilized and begun to increase slightly in June. Notwithstanding a published rate in Florida of unemployment below 5 percent, 3.2 million people (over 16 percent) are still receiving SNAP benefits. Florida's fraud rate was determined to be 7.5% by an independent study conducted in Fiscal Year 2012-13. That rate applied to the number of SNAP households alone equals 126,817 households statistically committing fraud. With only 48 Financial Crime Investigators authorized for DPAF, the ratio of households with fraud in their case to investigators is 2,642:1; the equivalent of 44 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.

In Fiscal Year 2016-17, the Division also experienced a significant number of departures in addition to the normal retirements. Over 38% of investigative staff positions had to be recruited and filled due to departures or promotions. That created an impact to the quantity of cases produced; the loss of experienced investigative staff and vacancy periods caused the 5.7% reduction from Fiscal Year 2015-16 outcomes. That reduction in the number of investigative cases should be reversed with new staff now hired, trained and oriented to the Division's mission and the complexities of public assistance fraud investigations. Interestingly enough however, the 5.7% fewer cases completed did not translate into a corresponding decline in the amount of fraud uncovered through our investigations. By better case selection and continuing to focus on criminal cases, the amount of fraud referred for prosecution or recovery through administrative hearings decreased last year by only 4.3% in a year with 38% investigator turnover.

The Division will continue to pursue criminal cases of fraud in public assistance programs and is exploring ways to extend its impact on food stamp trafficking. Food stamp trafficking investigations are very resource-consuming and a pilot project using OPS in field investigative roles to conduct trafficking interviews is currently being evaluated. Without interviews, trafficking investigations rely purely on compelling circumstantial evidence and administrative hearing officers are not always compelled to find a target guilty based solely on circumstantial evidence.

In order to make trafficking investigations cost effective for the division, a marked increase in the annual number of investigations completed by DPAF is needed. Those trafficking investigations must be profitable in terms of return on investment, and they must remain legally sufficient if outcomes are challenged in courts. If those three elements are present, then the use of OPS in field investigations will be successful and allow for a low-cost alternative to using FTE investigators to perform that function.

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 and building permit data to develop targeted referrals for its investigators. The Bureau's employer outreach campaign uses employment data from the Department of Revenue and compares it to the policy information carriers electronically file with us. The results of these regular data comparisons allow us to pinpoint employers who have a higher probability of being non-compliant with law. Outreach letters explaining Florida's coverage requirements and how to obtain a policy are mailed to employers and two to three weeks later, a more forceful-worded postcard is mailed to the employers. We then track whether an employer comes into compliance; if not, those employers are referred to our field offices to conduct on-site investigations. This data mining initiative accomplishes a number of goals for the Division: more employers gain knowledge of the law, employers voluntarily comply with the law by securing coverage themselves, more employees are covered in case of an accident and the Division is better able to direct its investigative resources. The Division will continue to refine its data-matching processes to produce even better results in the future.

The Check Cashing Store Task Force was created to find solutions to curb the premium fraud activity. Division of Workers' Compensation (DWC) staff, along with Division of Investigative and Forensic Services (DIFS) representatives were part of the task force. The task force recommended that legislation be enacted requiring Check Cashing Stores to obtain certain information from the payee, including the payee's workers' compensation policy number, and report that data to the Office of Financial Regulation (OFR). OFR was responsible for creating a check cashing store database. The database went live in the fall of 2015, and the DWC along with DIFS can access the data. Since the database has gone into production, the DWC has issued 29 stop-work orders to companies for materially underreporting payroll to their insurance companies in order to evade paying the proper premium. Those 29 companies reported just over \$5 million in their total, combined payroll to their respective insurance companies. In addition, those 29 companies cashed over 39,000 checks totaling \$317 million. Furthermore, DWC investigation shows that those checks were issued to those companies for providing labor-only construction services. DWC has referred those companies to DIFS for possible criminal prosecution.

In May, 2017, after a nine month investigation, the DWC successfully banned a physician from the workers' compensation system. This physician, collaborating with a pharmacy, was

soliciting injured workers and provided them with unauthorized compounded topical medication. The cost of the medication ranged from \$2,500 -\$12,500 per prescription, which was passed on to the insurance carriers for reimbursement.

DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES:

Bureau of Fire and Arson Investigations.

The Bureau of Fire and Arson Investigations (BFAI) is one of the law enforcement bureaus of the Division of Investigations and Forensic Services. 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 because 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.

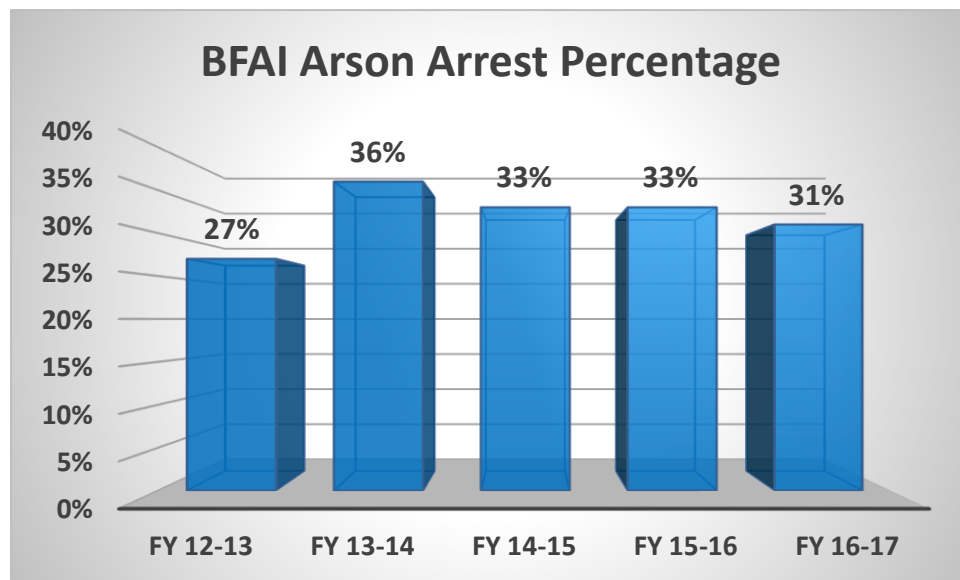


Figure 1-BFAI

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 recreate 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 Services: Forensic Fire and Explosives Analysis

The Bureau of Forensic Services (BFS) is the only state crime laboratory performing forensic analysis of fire and explosion crime scene evidence. For the past five fiscal years, the number of items submitted for processing have averaged 11,394. In the immediate past fiscal year, 2016–17 the Bureau processed 8,979 service requests.

The total number of items submitted and processed has dropped each fiscal year since Fiscal Year 2011-12. 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 Fiscal Year 2016-17 the drop off was greater than the prior year with 442 fewer service requests (13.7% 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 Fiscal Year 2011-12 the number of explosive/chemical analyses was 3,645 and by Fiscal Year 2016-17 it had decreased to 353 (down 90.3%).
 - We have been informed that the key reason is 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 as well but not at the same dramatic rate for chemicals found in clandestine methamphetamine laboratories.
- The number of digital image case submissions dropped insignificantly from 2,835 in Fiscal Year 2015-16 to 2,831 in Fiscal Year 2016-17 (down 0.2%).

BFS 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.

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 Fiscal Year 2016-17 these funds allowed 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 Fiscal Year 17-18 may be over \$18,000. 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 Fiscal Year 2016-17 was 7.8 days. This is affected by the loss of an analyst to the retirement of a senior analyst and forensic technologist. This cut our analytical staff by 25% while the position was either vacant or the new analysts was 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. The last vacant analyst position was filled and began independent casework was assigned to him in January 2017.

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. Generally, laboratories have a single dedicated position which oversees all accreditation activities. We are currently accredited by two separate accreditation bodies. The current staff must each absorb part of the duties better assigned to a single individual and get their other duties done as well.

Bureau of Insurance Fraud

Section 626.989, Florida Statutes directs the Bureau of Insurance Fraud (BIF) 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 Bureau 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 2016-17, the Bureau of Insurance Fraud made 1,099 arrests (includes arrests in which the division assisted other agencies); presented 1,174 cases for prosecution, and cleared 1,009 cases by successful prosecution. The bureau received 16,314 referrals during Fiscal Year 2016-17.

When considering court-ordered victim restitution, the bureau generates restitution to insurance fraud victims more than its budget on an annual basis. For the Fiscal Year 2015-16, the bureau's budget was \$19.7 million. In contrast, the bureau requested \$69.1 million and secured \$18.5 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 bureau has experienced continued growth in the number of insurance fraud related referrals over a ten-year span; between Fiscal Year 2007-08 and 2015-16, referrals increased 65 percent (*Figure 1-DIF*).

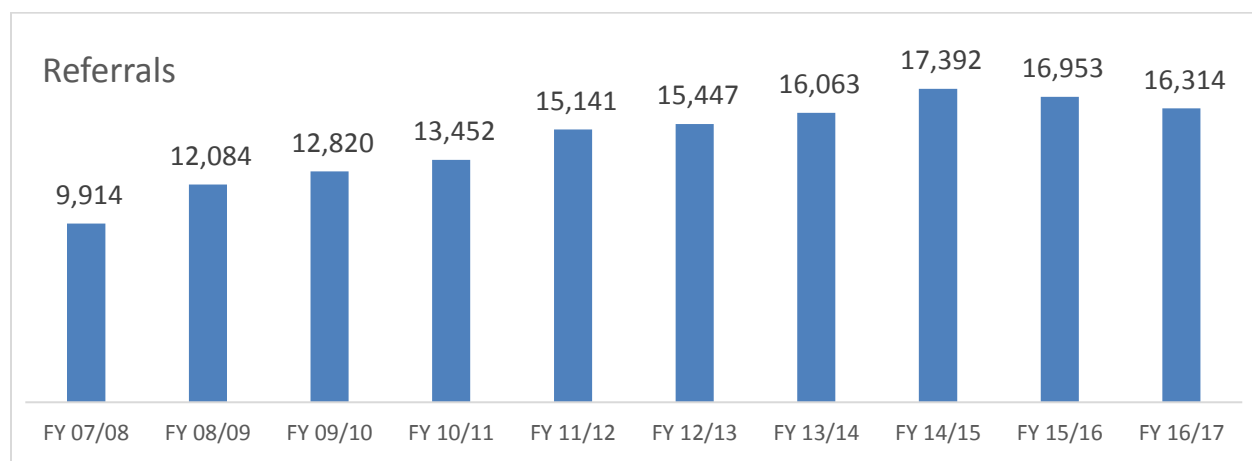


Figure 1-DIF. Number of reported insurance fraud referrals received between FY 2007-08 and FY 2016-17.

The bureau continues to see gains in the number of successful prosecutions, which have increased by 52 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 bureau court ordered restitution figures.

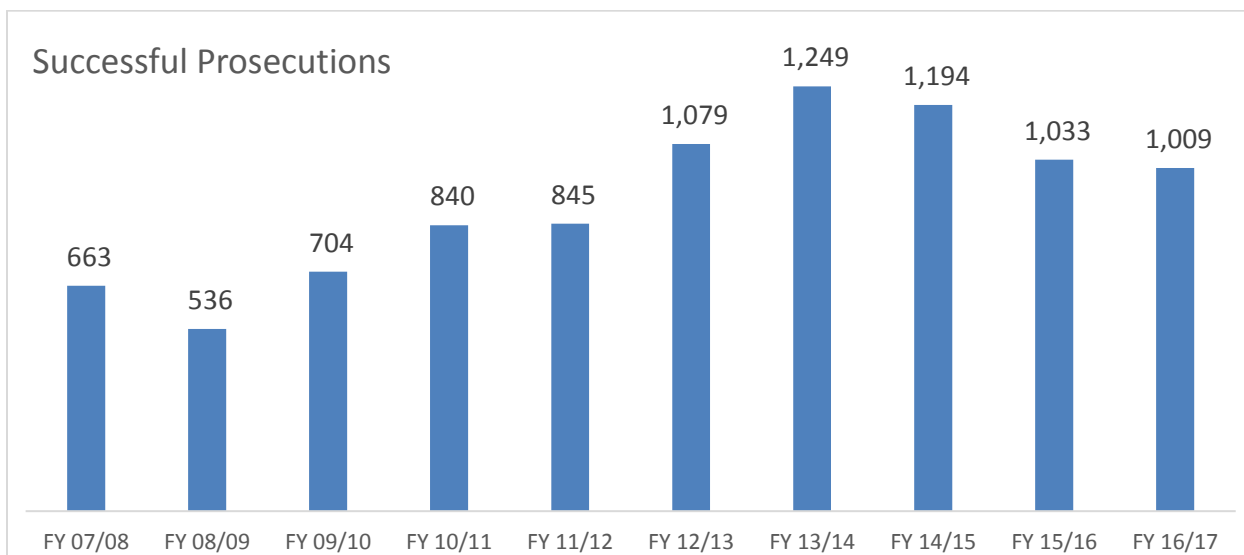
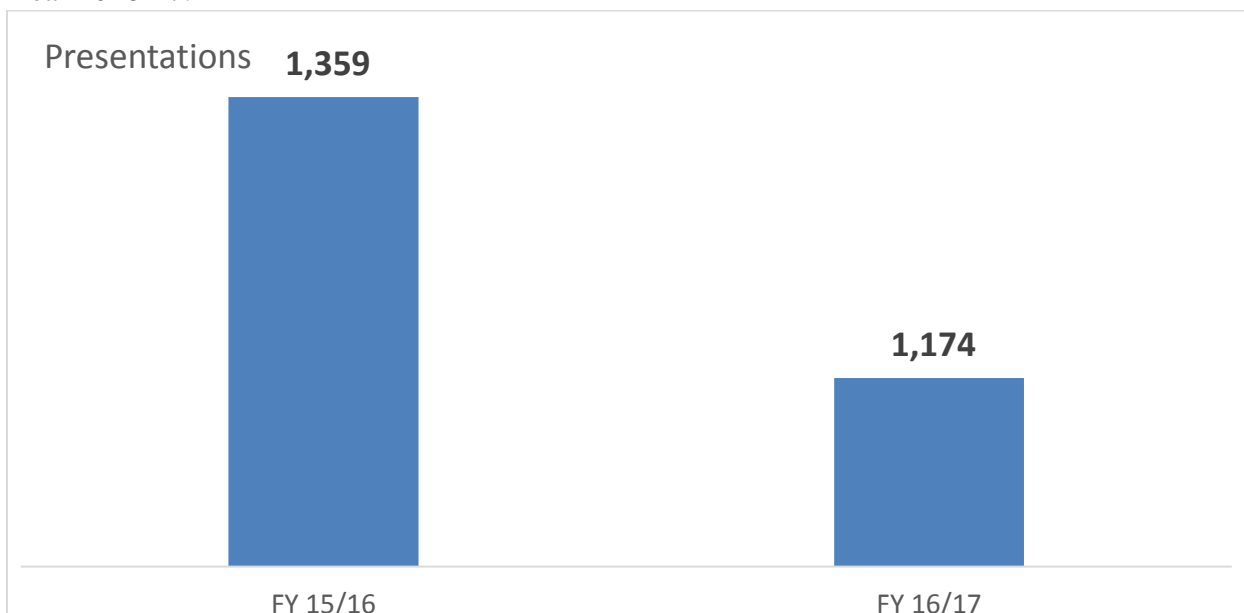


Figure 2-DIF. Convictions have increased by 75.1 percent over the past ten years.

Cases presented for prosecution decreased from 1,359 in Fiscal Year 2015-16 to 1,174 in Fiscal Year 2016-17.



In Fiscal Year 2016-17, the division averaged 11.69 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.

Twenty-four percent of the arrests made by bureau detectives during Fiscal Year 2016-17 were the result of Personal Injury Protection (PIP) fraud cases. It appears the use of surveillance in such complex cases has contributed to the bureau's success (*Figure 4-DIF*).

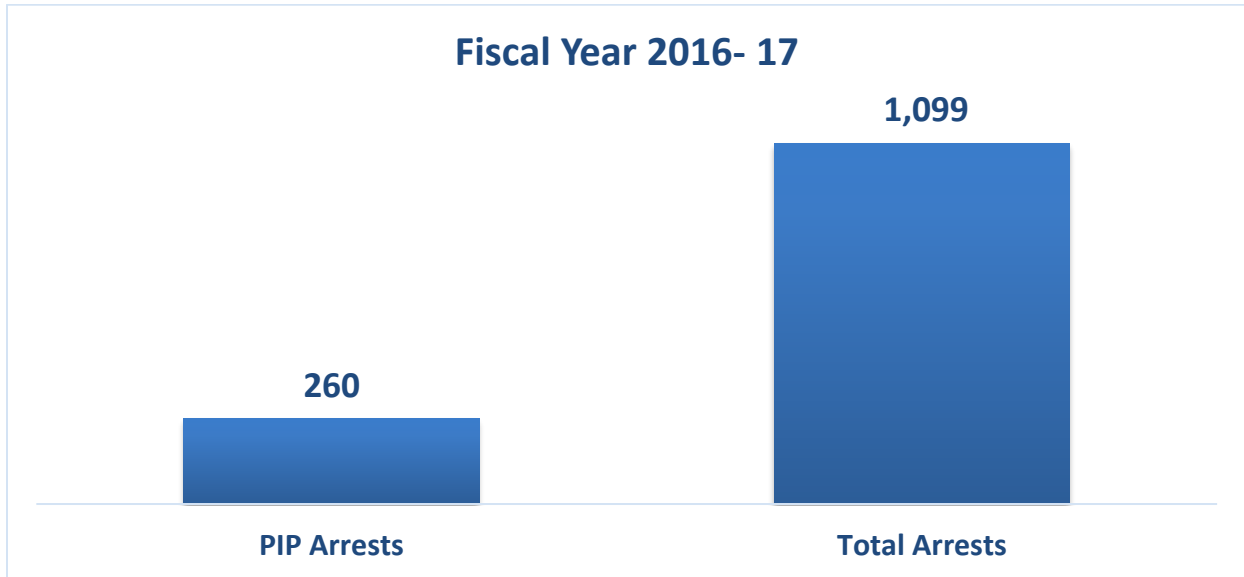


Figure 4-DIF. PIP arrests compared to all arrests for FY 2016-17

The bureau'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.

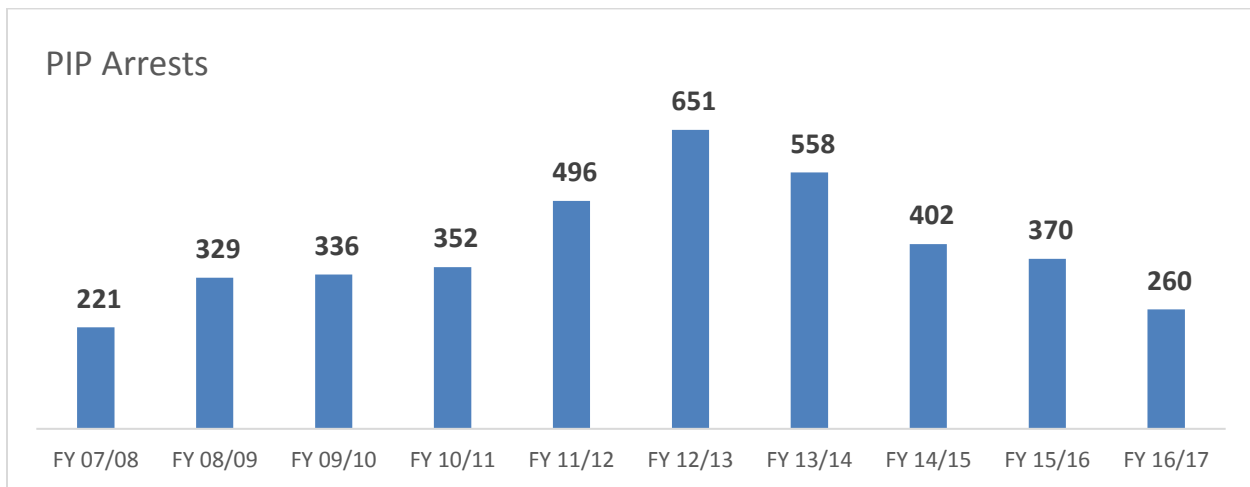


Figure 5-DIF. PIP Arrests increased 18 percent from FY 2007-08 to FY 2016-17

Workers' Compensation fraud continues to be a problem in Florida, accounting for 37 percent of the division's arrests. The bureau plays an active role in the Florida Workers' Compensation Task Force to stay abreast of emerging issues.

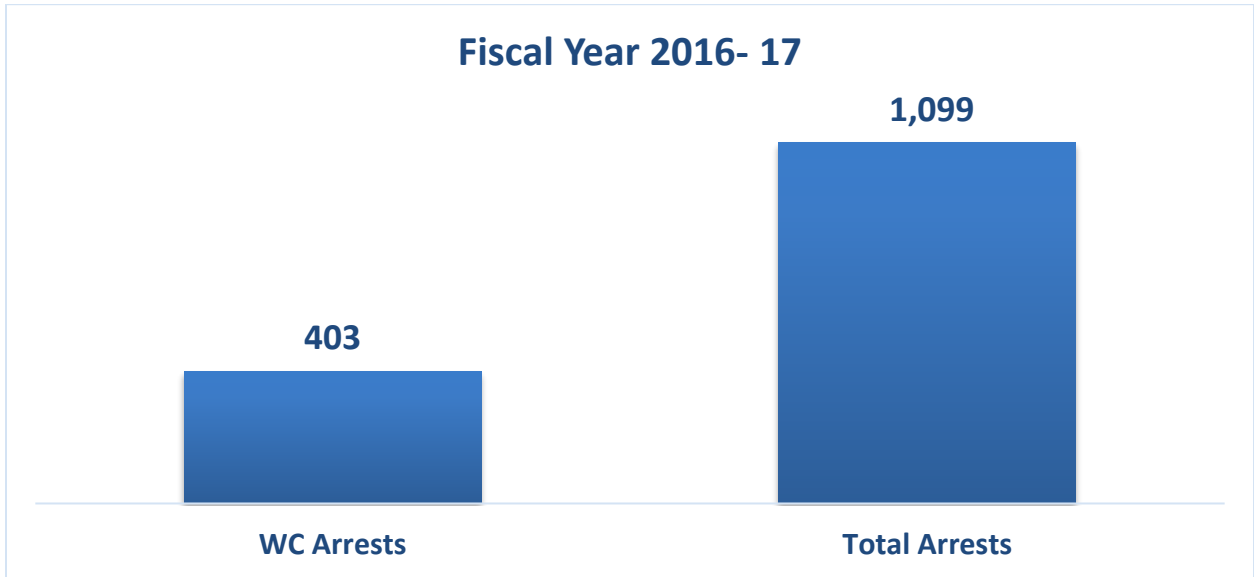


Figure 6-DIF. WC arrests compared to all arrests for FY 2016-17.

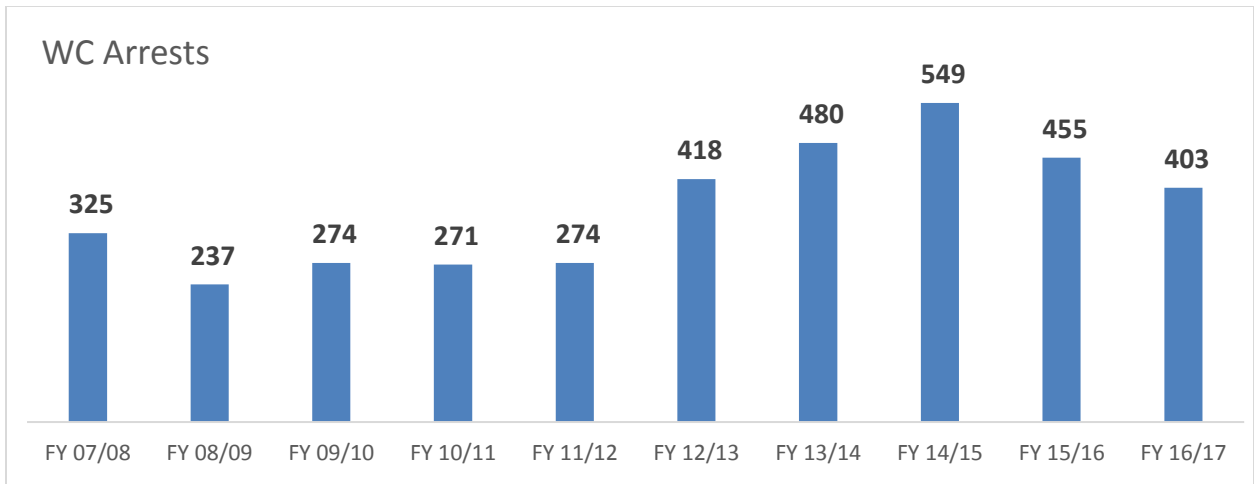


Figure 7-DIF. WC Arrests increased 92.3 percent from FY 2007-08 to FY 2016-17

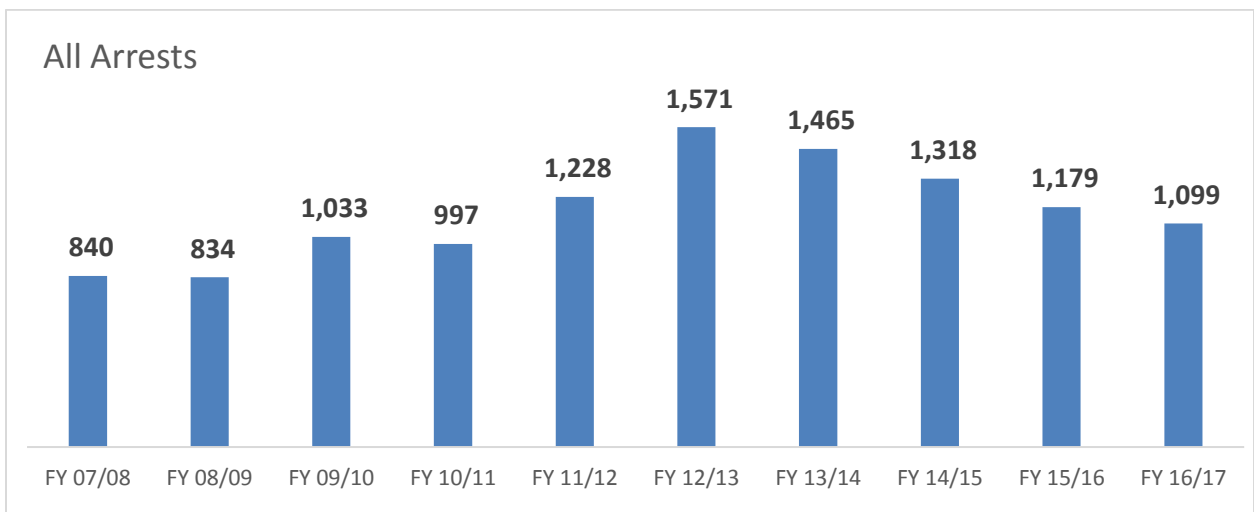


Figure 8-DIF. Arrests increased 31 percent from FY 2007-08 to FY 2016-17.

Fiscal Year 2015-16 was a very busy and productive year for the Bureau of Insurance Fraud. The division had a significant increase in vehicle fraud, application fraud and healthcare fraud arrests.

The Bureau 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 bureau'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.

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.

2) PROMOTE FINANCIAL ACCOUNTABILITY AND TRANSPARENCY

OBJECTIVE 2A: Provide responsible stewardship of taxpayer dollars.

DIVISION OF ADMINISTRATION: EXECUTIVE DIRECTION AND SUPPORT SERVICES

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 2,607.5 full time equivalent positions and has 156 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 Fiscal Year 2017-18, DFS/OFR/OIR has a total combined budget of \$370,025,942. DFS has 29 leases statewide for a total of 785,326 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: Office of Purchasing and Contractual 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, 2016, through June 30, 2017, the Treasury distributed earnings for the period of \$369 million. These earnings were up slightly from the previous year's distribution of \$364 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 .16% and .13% for the one and three year periods, respectively.

Bureau of Funds Management: State Funds Management and Investment

During the period July 1, 2016, through June 30, 2017, 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%.

Bureau of Collateral Management: Deposit Security

During the period July 1, 2016, through June 30, 2017, Treasury's Bureau of Collateral Management processed over 18,000 transactions involving collateral from a variety of regulated entities. Ninety-nine percent (99%) of these transactions were completed within the 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: STATE FINANCIAL INFORMATION AND STATE AGENCY ACCOUNTING

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: SELF INSURED CLAIMS ADJUSTMENT

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 is responsible for the management of claims reported by or against state agencies and universities. The program adjusts reported claims, provides state agencies and universities with 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 Fiscal Year 2016-17, the Division produced approximately 71,500 checks and warrants.

Claim type	Number of claims reported Fiscal Year 2016-17	Number of claims with payment Fiscal Year 2016-17 (for claims reported in all years)	Total loss payments for Fiscal Year 2016-17 (for claims reported in all years)
Workers’ Compensation	12,350	14,463	\$108,800,209
General and Auto Liability	3,366	1,912	\$10,502,403
Federal Civil Rights & Employment Discrimination	447	1,035	\$17,480,258
Property	1,066	791	\$3,798,849
Total	17,229	18,201	\$140,581,719

Table 1-RM. Claims reported, claims with payment, and total loss payments by claim type for FY 2016-17. Claim data from IMS; loss payments from FLAIR fund balance report.

The total loss payments for Fiscal Year 2016-17 increased 8.1% or \$10,509,243 from the \$130,072,476 paid in Fiscal Year 2015-16. Workers’ Compensation loss payments decreased by \$1,201,812. 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 Fiscal Year 2016-17, total loss payments for federal civil rights claims increased 142% or \$10,269,806 due to one large case settlement and total property loss payments increased 7.3% or \$259,834 due to the payment of two named windstorm and flood events during the fiscal year.

Operational costs have increased by 0.5% from \$65,657,337 in Fiscal Year 2015-16 to \$66,020,165 in Fiscal Year 2016-17 for a difference of \$362,838.

The number of claims reported for Fiscal Year 2016-17 increased 12.9% or 1,971 claims from the 15,258 claims reported for Fiscal Year 2015-16. The bulk of the increase occurred on the General and Auto Liability and Property lines of coverage. The General and Auto Liability lines of coverage increased by 38.2% or 930 claims due in large part to a reporting change of property damage liability claims by The Florida Department of Transportation (DOT). For Fiscal Year 2016-17, DOT general and auto liability claims reported increased by 101.9% or 864 claims. The Property line of coverage increased 739.4% or 939 claims as the result of Hurricane Hermine and Hurricane Matthew, two named windstorm and flood events occurring during the fiscal year. Reported claims for the Workers' Compensation line of coverage increased 0.2% or 24 claims.

To better manage and safeguard state resources, the Division 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 Fiscal Year 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 Fiscal Year 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 Fiscal Year 2016-17. This process is ongoing and is expected to be completed during Fiscal Year 2017-18. A reorganization of the Contract Monitoring Section was completed in Fiscal Year 2016-17 creating a new Medical Services Contracts Section to concentrate monitoring efforts on the Division's three large medical services contracts.

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. The result was a purchase of excess property insurance under better terms and more coverage. For the coverage period February 2017 through February 2018, the Division was able to purchase excess property insurance for 21,491 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 \$85 million to \$92.5 million.

The Division continues to support and improve our new Insurance Management System (IMS). Administration and improvement of the IMS allows the Division to continue accomplishing 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 losses. 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 in February 2015, with final implementation being completed in June 2016. Over the previous year new interfaces have been put into place within the IMS, including integrating directly with the Florida Accounting Information Resource (FLAIR) to allow for the direct submission of payments. The Division will begin testing and implementation of a new indemnity payment module in Fiscal Year 2017-18 within the IMS. This update will streamline the process for producing indemnity payments to workers' compensation claimants.

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 five-year average, approximately two insurers are placed in receivership each year, primarily in the areas of life, health, and property and casualty insurance. During Fiscal Year 2016-17, the Department received no new receiverships.

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 just under the rate of two 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: LICENSURE, SALES APPOINTMENT & OVERSIGHT

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 2016-17, the Bureau assisted and monitored an average of 408,856 licensees with at least one active appointment and 175,514 licensees not required to be appointed or not holding an active appointment. The Bureau processed 105,020 new applications, and processed 1,799,053 appointment actions (new, renewals and terminations). There were 103,555 new

licenses issued in Fiscal Year 2016-17, producing a total of 631,350 active licensees who hold a total of 809,321 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), which will enable 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 affecting customer satisfaction. These barriers include:

- 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 licensees' regulatory history. 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 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 also responsible for overseeing the examination process for insurance representative licensing. There are thirteen licensing examinations, and approximately 42,546 examinations were administered in Fiscal Year 2016-17. The Bureau also approves and monitors pre-licensing and continuing education providers, courses and instructors. There were 408,121 individuals who completed pre-licensing and continuing education courses.

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

OFFICE OF GENERAL COUNSEL: LEGAL SERVICES

Public Records Section: 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 section within the Office of the General Counsel. Personnel within the Public Records Section (PRS) 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. PRS personnel is continually updating the Department's public records procedures to facilitate the compilation, review, redaction, and provision of records in a paperless, electronic environment.

PRS personnel also work frequently with Office of Information Technology (OIT) 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 PRS and OIT 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 PRS personnel present basic information regarding public records law in Florida and its application to Department records at each New Employee Orientation. To further enhance employee training the PRS 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. PRS 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 have been added to the training. This training includes the use of various electronic programs, such as Word, Adobe Acrobat, Excel, and Outlook.

OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology (OIT) continues to support the award-winning Florida Accountability Contract Tracking System (FACTS), which has operated since June 2012. OIT provides information technology (IT) infrastructure and helped develop FACTS, which Floridians use to scrutinize contract data from more than 30 state agencies, images of the top five contracts from each state agency, in addition to purchase orders and grants.

Payments to vendors, which are not a part of FACTS, were also made available to the public in 2015 under the DFS transparency initiative through the support of OIT. With this data, citizens

can review the amounts the State paid to businesses and which state agencies requested those payments.

In addition to continuing support and enhancements of FACTS, OIT will expand transparency in the upcoming years. More accounting data from the Florida Accounting Information Resource (FLAIR) is slated for public availability with the ultimate goal of making all accounting records available subject to the CFO's purview and public records law.

The 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 data use 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: STATE FINANCIAL INFORMATION AND STATE AGENCY ACCOUNTING

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: EXECUTIVE DIRECTION AND SUPPORT SERVICES

Division of Administration: Bureau of Human Resource Management. The Bureau of Human Resource Management (HR) provides leadership in a contemporary human resource program while continually striving to enhance the services it provides to the department, OIR and OFR. 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, employee and labor relations, Affirmative Action/EEO, records, payroll, benefits, Employee Assistance Program, and performance reviews. Over the last fiscal year, HR processed 950 hiring appointments, more than 2,500 classification or organization changes, and 73 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.

HR recognizes that private sector employers utilize professional headhunters when recruiting for key positions and are able to offer more competitive benefit packages than State government, e.g. relocation costs paid by private sector employers. In addition, an increased number of

private sector employers are funding workplace environment enhancements, e.g. daycare, health and fitness facilities, etc. This gives the private sector an edge in attracting and recruiting qualified candidates. HR acknowledges that the Department should identify functional areas and positions where enhanced recruitment efforts are needed. Moreover, it is necessary to identify subject matter experts to assist with recruiting efforts and define attributes of quality candidates while identifying sources of qualified candidates.

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

Division of Administration: Office of Learning & Development. The Office of 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, develop, deliver and evaluate training courses;
- Facilitate and proctor sessions conducted by outside entities;
- Classroom and meeting space reservations;
- Leadership development programs;
- New Employee Orientation;
- Management Bootcamp (Supervisor Training)
- Administer the Department's volunteer program;
- Administer the Department's Prudential Productivity Awards program;
- Maintain the Department's training intranet hub;
- Maintain the Department's learning management system
- Organize leadership development activities
- Develop, deliver and monitor biennial compliance training
- Learning-oriented performance consulting and project management;
- Customized consulting services;
- Submit monthly compliance reports.

Learning events and programs are conducted using classroom, online or distance delivery to maximize the promotion of job skills. The office delivered learning events, meetings, and conferences for more than 4,500 attendees during last fiscal year, including employees from other agencies.

The department considers its full-time and temporary employees to be its most valuable resource. Even though the department cannot compete with the private sector in certain areas of recruitment and retention, the department can take proactive measures to help improve the quality and effectiveness of its workforce. These include developing an aggressive recruitment process that will seek out and attract quality candidates and providing a workplace environment that is conducive to retaining quality employees. With this in mind, the department completed an eighth year of its Leadership Excellence (LEX) Academy leadership development curriculum. The LEX 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.

The department has also recently developed a new program, entitled Advancing Professionalism through Excellence (APEX). APEX is a pivotal component towards ensuring the growth of professionals in the agency by ensuring graduates are fully prepared to improve relationships and increase efficiencies by developing their interpersonal and organizational skills. The Office of L&D works with each individual to increase motivation, build confidence, and share expertise.

OFFICE OF GENERAL COUNSEL: LEGAL SERVICES

Service of Process Section: 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 Section (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 Office proposed and supported the passage of legislation to require that only one copy of the process is submitted to the Department. This statutory change reduced the number of pages submitted to the Office 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 Office 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 Office 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 Office'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 Office 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.

OFFICE OF INFORMATION TECHNOLOGY

Information Technology Optimization Analysis

In addition to delivering services like desktop and mobile computing, telecommunications and hardware platform support, the Office of Information Technology (OIT) supports an estimated 286 customer software applications, some of which are over 30 years old. The substantial size of OIT's 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 OIT customers, there are redundancies and opportunities to optimize them.

Functionality Inventory: Consistent with its budget request and various IT projects, OIT intends to better streamline and standardize its support of customer software applications. Beginning in Fiscal Year 2015-16, OIT began examining its lists of software applications for accuracy and relevance. This scrutiny led to the termination of 35 applications (thus leaving 286 in the inventory) after determining they were no longer necessary or could be displaced with some simple changes.

In Fiscal Year 2016-17, OIT enhanced this inventory with more comprehensive metadata about 67 of the customer applications. Subject matter experts and customer owners of these applications were asked to grade them on a scale of 1-5. Those the criteria for evaluation were:

- Customer Value – how useful and user friendly is the application, etc.?
- Data – how good is the data behind the application, how well is it structured, etc.?
- Code – how well is the software written, is it lucid, modern and documented, etc.?
- Security – how vulnerable is the system and its data, etc.?
- System Support – how reliable and difficult is it to sustain infrastructure for the application.?

This information will add to other inventory data regarding customer applications thus ultimately leading to means for targeting some for elimination, consolidation, and modernization, and making 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

Additional metadata necessary to the analysis will be collected through concurrent initiatives described below.

Service Management Software: OIT uses a service 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 now in place, it will be able to 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 OIT's 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, OIT 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 identifying pieces of hardware supporting particular applications and determining 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, OIT effectively pools information technology resources. These resources are committed to the priorities of OIT’ customers, the costs of which are currently assessed at a broad level. OIT developed a comprehensive resource allocation algorithm using 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. OIT 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 OIT 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. OIT understands 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, OIT 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 reducing the number of:

- 1) Places where data could be exposed
- 2) Ways to intrude (i.e. “attack vectors”)

Customer Satisfaction

Listed among OIT’S Performance Measures are goals attached to survey results reflecting a positive view of OIT services. During Fiscal Year 2016-17, OIT surveyed users about its trouble ticketing system (i.e. people who call the Helpdesk for a variety of reasons) and requested users complete a survey asking them to rank their experience on a scale from 1-5 for six different categories. This resulted in an overall customer satisfaction rating of 95%. These surveys will continue in the coming year.

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

Information Systems-FLAIR Infrastructure

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.

During Fiscal Year 2016-17, the OICA formed an Emergency Medical Transportation Working Group to gather information, analyze data, and assess the impact of emergency medical transportation costs. The EMT Working Group's focus centers on addressing the needs of Florida's insurance consumer by identifying solutions that may address issues and concerns faced by ground and air ambulance services, the insurance industry, and ultimately the insurance buying public. The ICA also participated in the Orlando Family Assistance Center outreach event with other agencies and community partners to coordinate response efforts to victims after the Orlando Pulse tragedy. ICA staff handled two consumer requests made directly to the office as a result of the visibility presence of the ICA at the outreach event. When Hurricane Matthew and Hurricane Hermine came through Florida, the ICA participated with the DFS Incident Management Team to coordinate response efforts to affected consumers in the state. ICA handled Hurricane Matthew and Hermine consumer requests made directly to the Office that dealt with insurance issues currently tracked by the ICA.

Division of Treasury: Supplemental Retirement Plan

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.

- The Program’s funds have increased to over \$4 billion in assets. This is up from \$3.7 billion at the beginning of the period.
- Participation rate for State employees is 40.1%. This is up slightly from the 39.8% rate at the beginning of the period.

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: PROFESSIONAL TRAINING AND STANDARDS

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 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 more than 6,000 students in 300 plus classes per year. The BFST provides regulatory authority and certification, renewals of certification, and testing for approximately 70,000 firefighters in over 530 fire service providers in Florida. The Bureau also provides curriculum support, administrative and regulatory authority, and certification testing for 44 certified fire training centers which provide firefighter minimum standards training.

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.

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
FY12-13	365	226,267	8152
FY13-14	289	173,508	6786
FY14-15	325	203,841	8349
FY15-16	216	144,054	4,006
FY16-17	335	260,000	6,969

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

The Bureau is currently accredited by the National Board on Professional Firefighter Qualifications ("Pro Board") in 46 "levels". The Bureau has also received accreditation from the International Fire Service Accreditation Congress (IFSAC) in nine program areas with additional program areas under review.

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 providing targeted training and consultation to develop and maintain comprehensive loss prevention programs to all state agencies, state-run universities, and other insured entities. For Fiscal Year 2016-17, the number of paid/reserve occupational injuries (workers' compensation claims) per 100 full-time employees is 3.45, which is based on 196,051 workers' compensation full-time employees and 6,771 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 function as a best practices model for the effective implementation of agency risk management programs as well as an assessment tool in the Division's evaluation of agency risk management programs under s. 284.50(4), Florida Statutes. The revision of the guidelines mirrors the expanded scope of agency risk management 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. The expanded agency risk management program evaluations will begin in Fiscal Year 2017-18. 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 Fiscal Year 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: CONSUMER ASSISTANCE

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

During the past twelve months, the Division assisted nearly 702,000 Floridians. Assistance is provided primarily through the statewide toll-free helpline and the Division's website, email and direct mail correspondence. Approximately 74% 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 three minutes or less to minimize consumer hold times. 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 broadened the amount of information that is available to consumers by creating a new Consumer Protection Information Section on the Division's Website. The new section provides 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 also created a Consumer Alerts Notification System to provide the Division with an opportunity to communicate directly with consumers regarding consumer alerts, disaster preparedness information, frauds and scams notifications and general information and feedback from the Division.

The Division is responsible for reporting potential regulatory violations to the appropriate regulators. From July 2016 through June 2017, the Division sent more than 1,800 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 Department became responsible for death care industry regulation in 2005, it was estimated that 35 Full Time Employees (FTE) would be required to optimally perform the responsibilities. The legislature approved that number of FTE positions. However, primarily due to funding limitations, the Division's staffing level has been limited to a maximum of 25 FTE positions.

The Division handles all consumer death care industry inquiries. Annually, Division staff members field thousands of calls from consumers, licensees, public officials, media, and other organizations. The Division does not have staff members solely devoted to handling such calls. Instead, staff members, particularly those in the Division's Tallahassee office, handle these calls as they come into the Division on its main phone line. Division staff handle these consumer inquiries in addition to their daily work responsibilities. The consumer phone calls and inquires frequently involve questions/complaints concerning services related to the death of the consumer's family member or loved one. The consumers are often under significant emotional distress during these calls. Division staff members are particularly sensitive to consumer needs during such times and take great care to address the consumers' concerns in a professional and timely manner.

The Division coordinates all disciplinary actions against licensees with the Board of Funeral, Cemetery and Consumer Services (the "Board") and the Department's Office of the General Counsel. Under Chapter 497, Florida Statutes, the Division and the Board are partners in the regulatory process. In most cases, the Board is vested with final administrative authority while the Division completes the investigations, examinations and inspections. If disciplinary action is needed, the Division coordinates with the Department's Office of the General Counsel and presents the results of its field work and recommendations regarding discipline to the Board for its decision. The Division also routinely reviews and presents licensing applications and other regulatory matters to the Board for appropriate action. The Board meets monthly, alternating between telephonic and physical meetings, to make its decisions.

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.

- DWC developed a web-based tool that employers and agents can use to see which carriers are actively writing policies for their specific operations. The Coverage Assistance Program (CAP) went live in early 2017 and regularly experiences 150-200 visits per week.
- In the past 6 months, DWC investigators conducted a pilot program called Investigator Observations for Underwriting (IOU). The investigator emails 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 carrier 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-time 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 Three-Member Panel is created in s. 440.13(12), F.S. and consists of the Chief Financial Officer, or the Chief Financial Officer’s designee, and two members appointed by the Governor, subject to confirmation by the Senate. One of the Governor appointees represents employers and the other represents employees. The panel is required to annually update the schedules of maximum reimbursement allowances and to assess and make recommendations to ensure access to quality care at a reasonable cost to the workers’ compensation system. The Three-Member Panel published its 2017 Biennial Report, which included specific legislative recommendations to improve the medical authorization process; consider the merits of establishing a drug formulary; and modify reimbursements to health care facilities.

The DWC played an active role during the 2017 Legislative Session and is ready to actively participate in the upcoming 2018 Legislative Session as needed. The Legislature may again address workers’ compensation reform in response to two Supreme Court Decisions that led to a rate increase of 14.5% based upon the most recent NCCI filing that went into effect 12/1/2016.

- 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 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 Division 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 Division continually works to improve efficiencies in receiving unclaimed property from holders, and in returning the funds to rightful owners.

DIVISION OF CONSUMER SERVICES: CONSUMER ASSISTANCE

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. In September 2016, the Division launched 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.

In April 2017, the Division also launched Finance Your Future, an online financial literacy course that provides an interactive, engaging way for middle and high school students to learn about finances and personal money management. The financial literacy course is comprised of 8 modules specifically focused on general financial topics; such as, budgeting, banking, saving and credit and debt. The course also includes an Instructor Portal that allows parents, teachers and other adults to create specific lessons and test the knowledge of the students. The Division is also creating a mobile app of the financial literacy course.

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. 155 Be Scam Smart Workshops have been held statewide and more than 113,000 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.

The Division is also currently developing new financial literacy and educational programs for foster youth 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.

DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES:

Bureau of Insurance Fraud

When considering court ordered-victim restitution, the bureau generates restitution to insurance fraud victims more than its budget on an annual basis. For the Fiscal Year 2016-17, the division's budget was \$19.7 million. In contrast the bureau requested \$69.1 million and secured \$18.5 million in court ordered restitution, accounting for no less than \$1.00 in restitution dollars ordered on every dollar spent funding the bureau. 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.

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 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

Treasury Investment Council. The Treasury Investment Council exists within the Division of Treasury consisting of at least five members, at least three of whom are professionals from the private sector, who must possess special knowledge, experience, and familiarity in finance, investments, or accounting. The members of the council must be appointed by and serve at the pleasure of the Chief Financial Officer. Each member shall serve a term of 4 years from the date of appointment. The council shall annually elect a chair and vice chair from among its members.

The council shall review the investments required by Florida Statute, meet with staff of the Division of Treasury at least biannually, and provide recommendations to the Division of Treasury and the Chief Financial Officer regarding investment policy, strategy, and procedures.

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 2014 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 fourth year of execution and is in the process of performing negotiations to contract with a software and system integrator (SSI) who will assist the state in implementing a financial management solution.

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 2016-2017, Florida PALM accomplished the following:

- Conducted Executive Steering Committee meetings;
- Collaborated with the Agency for State Technology for project management oversight and technical support;
- Secured Independent Verification and Validation services;
- Finalized and submitted a Business Case for Maintaining Agency Business Systems;
- Finalized an Organizational Change Management Strategy;
- Finalized an Enterprise Architecture Strategy;
- Finalized and obtained approval of business requirements for the Florida PALM SSI Invitation to Negotiate (ITN);
- Released an ITN for the procurement of SSI services; and
- Finalized and obtained approval of the Florida PALM Pre-Development, Design, and Implementation Data Management Plan.

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 2016-17, a total of 88,940 state contracts and 43,959 contract images were available online.

In 2016, the U.S. Public Interest Research Group (PIRG) ranked Florida third in the nation for transparency. PIRG’s *2016 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 2016-17 contracts found that the number of deficient contracts declined to 22.9 percent.

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 to Florida standards.

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 2016-2017:

- The Department launched **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.
- The Department launched **Finance Your Future**, an online financial literacy course that provides an interactive, engaging way for middle and high school students to learn about finances. Parents, teachers, and other adults will also benefit from the material, whether as a refresher or learning it for the first time. They will also assist in clarifying the information for students when questions arise. The program was launched March 2017. The program's website is FinanceYourFuture.MyFloridaCFO.com.

Programs in development:

- **C.L.I.M.B.**, a financial education program for children 10 and younger to learn about basic money management. Scheduled to launch Spring 2018.

- **Steps for Success**, a financial education program for children who are currently in or have been involved in the foster care system in Florida. The program is scheduled to launch Spring 2018.

Consumer Outreach Efforts

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 155 English and Spanish Operation S.A.F.E. workshops throughout Florida and educated more than 111,400 seniors through its various senior outreach initiatives.

- Educated nearly 6,200 people on the Division’s programs and services through outreach activities, including non-traditional events such as back to school drives, Farmshare food distribution, employment expos, electric cooperative member meetings, foster parent webinars and more.
- Received a Prudential Productivity Award for the development of Your L.I.F.E., the Division’s financial literacy program for survivors of domestic violence.

Partners

- Established new partnerships with several organizations to promote and spread awareness of the Division’s programs and services. Some examples include the Commission on the Status of Women and Girls, Building Futures, Guardian Ad Litem, My Jumpstart, Able United, the League of Southeastern Credit Unions and more.

Office of Insurance Consumer Advocate (ICA)

Statutory Appointments

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 concerning disputes of medical necessity 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.

Committee Appointments

Citizens' Consumer Services Committee — Citizens Property Insurance Corporation (Citizens) Consumer Services Committee was formed in April 2007. The Committee discusses and acts on matters pertaining to changes in policy and forms and is updated by Citizens staff on customer care trends, consumer related accomplishments, upcoming projects, initiatives and is provided insight on how customer service is handled internally. The Committee meetings are held at key locations around the State to make it accessible to the public for feedback on issues affecting policyholders.

National Association of Insurance Commissioners (NAIC), Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee

Consumer Outreach and Assistance Post-Disaster (C) Subgroup

This subgroup is drafting a consumer-focused Claims Guide which details the Preparation Phase before a disaster strikes and walks the consumer through the phases of the claims process: 1) the loss or damage to house/property; 2) claim reporting; 3) adjusting/estimating of a claim; 4) rebuilding and repairing; and 5) finalizing and settling of a claim. In addition, the subgroup is developing a voluntary industry survey which will help determine the development of a model guideline, white paper, and/or compilation of best practices to reduce post-disaster insurance recovery obstacles for consumers.

Post-Catastrophe Regulatory Guidance (C) Subgroup

This subgroup is charged with investigating and making recommendations on ways the NAIC can assist the states in responding to disasters; discussing issues surrounding loss mitigation; and, updating the State Disaster Response Plan. The goal is to provide a blueprint for action by the states to respond to catastrophic events. This Subgroup is working to draft the: Catastrophic Event/Emergency Measures Regulatory Guidelines. These guidelines identify steps that the Insurance Commissioner/Director/Superintendent or Department may take in promulgating an emergency rule and/or regulation when there has been a Declaration of a State of Emergency. The topics include: elements of an emergency rule; claim reporting requirements; grace period for the payment of insurance premiums; temporary postponement of cancellations and non-renewals; requiring insurer to make reasonable efforts to contact policyholders that have been displaced or property inaccessible; waiving time restrictions on prescription medication refills; and, licensure of emergency property and motor vehicle adjusters.

ICA INITIATIVES AND STUDIES

ICA, DFS and OIR Consumer Service Meetings — This meeting provides an opportunity for state agencies dealing with insurance consumer issues to discuss consumer complaints, industry trends and business practices that impact consumers. Two meetings a month are held to separately discuss property and casualty and life and health consumer issues. Meetings are attended by DFS Consumer Services, the Office of Insurance Regulation and the Office of the Insurance Consumer Advocate staff. The goal is to stay abreast of current issues and concerns, cooperatively exchange information and review or identify trends that impact insurance consumers.

Assignment of Benefits Form – Troubled Waters: Finding a Balanced Approach to Florida’s Water Loss Crisis – On June 14, 2016, the Insurance Consumer Advocate (ICA) hosted a forum to address Florida homeowner’s insurance and the rising trend in water losses due to the legal tool referred to as “assignment of benefits”. The forum featured eleven presenters from various insurers, trade associations, and stakeholder groups and public comment was submitted by many audience attendees, including legislators, members of the public and various interested parties. This allowed the ICA to provide a cohesive platform for all stakeholders to participate in the conversation to address the assignment of benefits issue pre-legislative session. Much of the input provided at the forum was utilized in developing legislative proposals that were considered by legislators and House and Senate committees during the 2016 legislative session

Hurricane Matthew and Hermine Response Team Participation – The ICA participated with the Department of Financial Services Incident Management Team to coordinate response efforts after Hurricanes Matthew and Hermine to affected consumers in the state. ICA staff handled Hurricane Matthew and Hermine consumer requests made directly to the Office that dealt with insurance issues currently tracked by the ICA. Additionally, the ICA provided updated hurricane information and direction to resources via the ICA website that discussed hurricane deductibles, debris removal, flooding, food spoilage, downed service poles, and repairs. The website also provided direct links to the Division of Consumer Services, the Florida Attorney General Price Gouging Hotline, and the FEMA Fraud Hotline. This information was provided in a flyer format that was distributed to local areas around Leon County.

Orlando Pulse Consumer Outreach and Victim Response Participation – The ICA participated in the Orlando Family Assistance Center outreach event with other agency and community partners to coordinate response efforts to victims after the Orlando Pulse tragedy. ICA staff handled two consumer requests made directly to the office as a result of the visible presence of the ICA at the outreach event.

ICA Consumer Outreach Events – The ICA participated in two consumer outreach events in the central Florida and south Florida regions in the summer of 2017. The events were advertised and open to the public. The ICA was an invited participant on behalf of the Progressive Seniors Club of Apopka, Florida and the City of Palm Beach Gardens who hosted the events. These events provide the ICA with the opportunity to speak directly with consumers to hear what insurance issues impact their daily lives, help consumers with their insurance questions and refer them to educational and/or departmental resources to become more informed on insurance products.

Long Term Care Insurance Rate Filings – The ICA participated in two high-profile rate hearings held by the Florida Office of Insurance Regulation (OIR) regarding insurers’ request for high rate increases for their long-term care insurance products. The ICA provided testimony to all stakeholders on the impact of rate increases on Florida consumers and made recommendations for measured approaches to balance rate increases with consumer financial impact. OIR and insurers ultimately agreed to a measured approach to rate increases, including a 10-year plan to guarantee rates for long term care insurance policyholders.

Emergency Medical Transportation Working Group – The ICA formed an Emergency Medical Transportation Working Group to gather information, analyze data, and assess the impact of emergency medical transportation costs to Florida’s insurance consumers. The EMT Working Group’s focus will center on addressing the needs of Florida’s insurance consumer by identifying solutions that may address issues and concerns faced by ground and air ambulance service, insurance industry, and ultimately the insurance buying public. Industry stakeholders are being brought together to share a balanced perspective on the air and ground ambulance industry that may help provide solutions and legislative recommendations to protect consumers from financial harm after suffering from an emergency medical event.



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 Department No.: 43000000

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 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 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%	6.32%	6.00%	6.00%
Request Deletion: Percentage of Appointment (hiring) Packages processed within the 5-day time standard	97.00%	90.00%	97.00%	Request Deletion 97%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percent of closed files involving allegations of statutory violation that were successfully prosecuted	92%	98%	92%	92%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percent of scheduled hours computer and network are available	99.95%	97.66%	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%	95.0%	95%	95%
Establish a comprehensive functional inventory of Department software applications.	69	67	69	69

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of referred cases responded to and/or transferred within three (3) days of receipt.	90%	97%	90%	90%
Percentage of rate filings subject to public hearing which were reviewed by our office.	95%	100%	95%	95%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of scheduled hours computer and network is available	99%	99.9997%	99%	99%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 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 Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 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%	2.0%
Percentage of core accounting processes that meet established deadlines and standards for accuracy.	98%	98%	98%	98%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 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 Department No.: 43000000

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 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Number of agencies audited for Contract/Grant Managers performance	8	7	8	8
Number of contracts reviewed	1,100	1,489	1,100	1,100
Percentage of accounts collected annually from CFOs contracted collection agents.	5%	1.83%	5%	Adjust Standard 1.5%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Number of reported accounts uploaded into UPMIS and the reported dollar value	1.8 million / \$325 million	2.2 million / \$346.9 million	1.8 million / \$325 million	1.8 million / \$325 million
Number of claims paid and total dollar amount of claim payments	370,000 / \$240 million	492,477 / \$303.4 million	370,000 / \$240 million	370,000 / \$240 million
Percentage of claims processed within 60 days from date received (cumulative total).	60%	51%	60%	60%
Number of new holders reporting unclaimed property in the fiscal year	2,000	2,359	2,000	2,000

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of mandated regulatory inspections completed	100%	100%	100%	100%
Number of regulatory inspections completed	1,000	1,031	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	6,304	8,000	8,000

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Number of students trained and classroom contact hours provided by the Florida State Fire College	5,500/175,000	5,881/212,125	5,500/175,000	5,500/175,000
Percentage of Fire College students passing certification exam on first attempt	75%	88%	75%	75%
Number of Florida State Fire College Certification Programs submitted for national accreditation or re-accreditation	3	9	3	3

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 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%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

Program: State Property and Casualty Claims Code: 43400000

Service/Budget Entity: Self-Insured Claims Adjustment Code: 43400100

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Average loss adjustment expense per claim worked	\$1,850	\$1,823	\$1,850	\$1,850
Average cost of workers' compensation claims paid	\$6,500	\$6,856	\$6,500	Adjust Standard \$7,900
Percentage of liability claims closed in relation to liability claims worked during the fiscal year	49%	66%	49%	49%
Revise Measure: 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	20,682	22,000	22,000
Number of liability claims worked	4,250	5,811	4,250	4,250
Number of state property loss/damage claims worked	120	1,161	120	120
Percentage of tort liability claim files resolved within four (4) years without litigation	81%	80%	81%	81%
Number of agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)	80	70	80	80

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Request Deletion: Percentage of appraised value of assets liquidated for real property	90.00%	100.00%	90.00%	Request Deletion 90%
Percentage of service requests closed within 30 days	90.00%	97.20%	90.00%	90.00%
Percentage of non-claimant related invoices paid within 40 days	96.00%	100.00%	96.00%	96.00%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Cost of Licensing Operations per active license.	\$3.25	\$2.97	\$3.25	Revise Standard \$2.96
Average Direct Cost of Investigation Operations per completed investigation.	\$1,275	\$935.12	\$1,275	Revise Standard \$935.00
Average number of investigations completed per investigator	88.0	113.1	88.0	Revise Standard 114
Average number of applications processed per licensing FTE	3,450	3,190.0	3,450	Revise Standard 3,200

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of helpline call and service request audits that result in quality service	95%	96%	95%	95%
Percentage of consumer survey responses that rate the Division's services as very good or excellent	78%	80%	78%	78%
Percentage of answered phone calls that are answered within four minutes	80%	78%	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 Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of investigations submitted by legal to probable cause panel in which the panel agrees with the Division's probable cause recommendation.	98%	100%	98%	98%
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	43	65	65
Percentage of deficiency letters sent out within 5 business days of receiving the application	88%	96%	88%	88%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Dollar amount of benefits withheld, saved and recouped as a percentage of Public Assistance Fraud annual budget	300%	1031%	300%	300%
Number of completed cases resulting in referral for disqualification or prosecution	3,000	1,986	3,000	3,000

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

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

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of first indemnity payments made timely	95%	95.0%	95%	95%
Number of employer investigations conducted	32,000	31,508	32,000	32,000
Percentage of disputes resolved for injured workers by the Employee Assistance Office	90%	97%	90%	Adjust Standard 92%
Number of Petitions for Reimbursement Dispute Resolution resolved	3,000	4,726	3,000	Adjust Standard 3,152
Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	79%	82%	79%	Adjust Standard 81%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Fire and Arson Investigations	Code: 43700100

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of referrals declined by State Attorney's Office for prosecution	10%	7.9%	10%	10%
Percentage of arson cases cleared	20%	31.2%	20%	20%
Percent of closed fire investigations successfully concluded, including by cause determined, suspect identified and/or, arrested or other reasons	80%	80.9%	80%	80%
Percent of closed arson investigations for which an arrest was made in Florida	18%	23.8%	18%	18%

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Forensic Fire and Explosives Analysis	Code: 43700200

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
The number of items analyzed chemically plus the number of imaging items processed.	13,650	8,979	13,650	13,650

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF FINANCIAL SERVICES AND CHIEF FINANCIAL OFFICER Department No.: 43000000

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Insurance Fraud	Code: 43700300

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 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	1,360	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 Department No.: 43000000

Program: Division of Investigative and Forensic Services	Code: 43700000
Service/Budget Entity: Office of Fiscal Integrity	Code: 43700400

Approved Performance Measures for FY 2017-18 (Words)	Approved Prior Year Standard FY 2016-17 (Numbers)	Prior Year Actual FY 2016-17 (Numbers)	Approved Standards for FY 2017-18 (Numbers)	Requested FY 2018-19 Standard (Numbers)
Percentage of Office of Fiscal Integrity investigations that result in action	50%	50%	50%	50%



Department of Financial Services

Assessment of Performance for
Approved Performance
Measures – LRPP Exhibit III

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Office of Chief Financial Officer and Administration

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

Measure: Percentage of appointment (hiring) packages processed within the five-day time standard

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
97%	90%	(7%)	(7.3%)

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:

HR team not fully staffed during FY16/17

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:

Although this measure is an enterprise type statistic (all Divisions/Offices submit appointment packages), it can vary greatly in any given month or quarter, and the volume of appointment packages received is beyond the control of HR, while the staff processing the packages is static. We recommend this measure be deleted.

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%	98%	6 over	6.5%

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 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 scheduled hours computer and network is available

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
99.95%	97.66%	2.29	2.29%

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 report providing the up-time data appears to contain a number of servers that were may have been retired yet still connected to the network during their transition out of service. Thus, they showed up-times of 0% thus skewing the overall data. OIT is investigating and if this is confirmed, data on these servers will be excluded from the overall average.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

Assuming the above caveat is not relevant, the various performance enhancement and monitoring tools OIT is implementing will remedy performance deficiencies.

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 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	67	-2	3%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

While OIT oversampled the inventory, several of the applications were ferreted out for a variety of reasons.

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:

OIT will sample enough applications to ensure a final list of at least 69 applications for review.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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 three (3) days of receipt

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%	97%	7 over	8.5%

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: Last fiscal year we began tracking the date of initial response by the OICA. Prior fiscal years, this date was not tracked. Instead, tracking only provided the date a case was closed.

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 OICA received fewer cases for this fiscal year compared to last fiscal year, allowing for a higher percentage to be responded to within 3 days.

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 OICA will continue to monitor the Actual Performance Results for this measure and, if determined, update the Approved Standard.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

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:

- | | |
|--|--|
| <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%	100%	5 Over	5.3%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: The OICA monitors rate filings made to the Florida Office of Insurance Regulation daily, and proactively identifies and reviews filings that may be subject to a public rate hearing.

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 OICA contracted with an actuarial firm, which allowed the OICA to perform unbiased, consumer-focused reviews of rate filings subject to public hearing, as needed.

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 OICA will continue to monitor the Actual Performance Results for this measure and, if determined, update the Approved Standard.

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	7	-1	-14%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: The Contract Management Review section incurred rapid turnover and as a result the experience levels have decreased.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations: The Contract Management Review section is in the process of filling three positions, and will train new personnel.

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	1,489	389	35%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: The Bureau of Auditing Process teams that are responsible for reviewing contracts and contract payments has experienced fewer turnovers than in previous years and as a result have a higher level of experience.

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 accounts collected annually from CFO's contracted collection agents.

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%	1.83%	-3.17	-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 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 total dollar amount collected remained constant at approximately \$3 million annually for last two fiscal years; however, the amount referred substantially increased. This is due to the transition with the new debt collection contracts. The new contracts were effective summer of 2016 and resulted in the replacement of all existing delinquent account inventory. The amount referred substantially increased thereby reducing the debt collection rate.

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 recommend reducing the collection percentage from 5% to 1.5% due to the factors listed above. Contractors will continue to be held accountable for contract performance. DFS will increase efforts to educate state agency personnel on in house collections and debt referral strategies. These efforts will result in increased accountability and collections for the state.

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 reported accounts uploaded into UPMIS and the reported dollar value

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
1.8 Million / \$325 Million	2.2 Million / \$346.9 Million	400,000 Over / \$21.9 Million Over	22% Over / 7% 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 checked="" type="checkbox"/> Other (Identify) |

Recommendations:

Continue monitoring projected increase in accounts 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 claims paid and total dollar amount of claim payments

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
370,000 / \$240 Million	492,477 / \$303.4 Million	122,477 Over / \$63.4 Million Over	33% Over / 26% 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 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"/> Technology |
| <input type="checkbox"/> Personnel | <input checked="" 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: 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%	51%	9% Under	15% Under

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: The Division is processing higher volumes of claims, and paying record amounts to citizens. The number of claims received has increased more than 67% during the last five years. However, staff size has remained constant during the same period. With current volume and staff, this measure will be very difficult to achieve.

External Factors (check all that apply):

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

Explanation: Increased numbers of accounts and dollars being received result in higher numbers of claims and higher dollar value of claims paid. The 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.

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: Continue monitoring for projected increase in claims received. Management will be submitting a LBR to obtain more positions to address the higher volume of claims.

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	2,359	359 Over	17% 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 checked="" type="checkbox"/> Other (Identify) |

Recommendations:

Continue to monitor measure.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

Measure: Number of regulatory inspections completed

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
1000	1031	31	3.1%

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

Explanation:

External Factors (check all that apply):

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

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

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Financial Services

Program: State Fire Marshal

Service/Budget Entity: Compliance and Enforcement/43300200

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

Action:

- | | |
|---|--|
| <input 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
8,000	6,304	-1696	-21.2%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

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

Explanation:

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

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

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

As the number of licenses processed varies from month to month, the measurement of licenses processed within the statutorily mandated time frame must be calculated by determining the number of licenses issued, denied, or renewed within a month as RLS does not have the functionality to determine whether an application was processed within the statutorily mandated time frames.

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

Training

Technology

Personnel

Other (Identify)

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Fire Marshal

Service/Budget Entity: 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	5,881/212,125	+381/+37,125	+6.92%/+21.2%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

External Factors (check all that apply):

- | | |
|--|---|
| <input type="checkbox"/> Resources Unavailable | <input type="checkbox"/> Technological Problems |
| <input type="checkbox"/> Legal/Legislative Change | <input type="checkbox"/> Natural Disaster |
| <input 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%	88.0%	+13.0%	17.3%

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	9	+6	+200%

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	\$6,856	\$356	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: This measure calculates the average cost of claims after four (4) years of claim development. For the first year 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 did not appear to have achieved the anticipated cost savings contributing to the increase in average costs. A new medical case management vendor was awarded the medical case management contract in October 2013.

External Factors (check all that apply):

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

Explanation: Recent legislative increases in the medical fee schedule and maximum compensation rate, as well as court rulings impacting the cost of providing workers' compensation benefits have contributed to increased costs.

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: A new medical case management vendor was procured in 2013 with services implemented January 1, 2014. The new medical case manager authorizes and processes medical service payments in accordance with the medical services reimbursement fee schedule maintained by the Division of Workers' Compensation. While 5% above the approved standard, the average cost decreased \$555 from last fiscal year's reporting. The Division will continue to monitor the impact of the new medical case management provider, as well as the impact of recent fee schedule increases and court rulings.

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%	66%	17%	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 checked="" type="checkbox"/> Other (Identify) |

Explanation:

Due to a change in the way the Florida Department of Transportation (DOT) manages liability claims, a larger number of claims were submitted to the Division of Risk Management during FY 2016-17. These claims are typically minor and tend to close quickly, resulting in a higher outcome.

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:

DOT changed the process by which claims were handled in FY 2015-16. Whereas past claims would have been managed by DOT, the current process submits all claims to the Division of Risk Management for claims adjusting.

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:

Division personnel have direct access to and have been trained on the DOT claims management system. The Division will continue to monitor the impact of the change in DOT claims management.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: State Property and Casualty Claims

Service/Budget Entity: Self Insured Claims Adjustment/43400100

Measure: Number of workers' compensation claims worked

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
22,000	20,682	(1,318)	(6%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: The number of claims worked is the sum of the number of claims with payments and new claims without payments during the reporting period. This is a measure of the amount of work performed or workload. The Division has no control over how many claims are received each fiscal year. Due to a lack of control over claims received, 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 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 no control over how many claims are received each fiscal year. Claims worked is primarily dependent of external factors such as frequency of accidents and severity of claims. The number of claims reported in FY 2016-17 remained stable when compared to the number of claims reported in FY 2015-16, indicating the volume of prior year claims with payments during FY 2016-17 is driving the lower number of claims worked.

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

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

Recommendations: As noted above, a lack of control over the number of claims reported makes the projection of claims worked difficult to determine. Risk Management will continue to monitor the number of claims worked.

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	5,811	1,561	37%

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 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 change in the way the Florida Department of Transportation (DOT) manages liability claims, a larger number of claims were submitted to the Division of Risk Management during FY 2016-17, resulting in a higher outcome.

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: DOT changed the process by which claims were handled in FY 2015-16. Whereas past claims would have been managed by DOT, the current process submits all claims to the Division of Risk Management for claims adjusting.

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

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

Recommendations: As noted above, the Division has no control over how many claims are received each fiscal year nor the severity of the claim received. A lack of control over these two major factors makes it difficult to project results.

The Division will continue to monitor the impact of the change in DOT claims management as it continues its efforts 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 agency loss prevention training and consultation events conducted during the fiscal year (top three (3) agencies)

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
80	70	10	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 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 Division is required to provide training to safety coordinators to permit them to effectively perform their duties under s. 284.50, F.S.; however, there is not a mandate requiring agency personnel to attend training, and some do not. The Division provides loss prevention related consultation to agencies upon request as well as in follow up to claims analysis and risk management program evaluation; however, the frequency of consultations conducted upon request varies depending upon the needs of the agencies. Additionally, agencies are not required to respond to the Division's claim report referrals, and some do not.

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 its training and consultative outreach efforts to the agencies and plans to increase available options by launching periodic webinar sessions. Due to the ongoing development of the training program, the Division recommends maintaining this standard and will continue to monitor the standard throughout FY2017-18. The Division will reevaluate the measure in FY2018-19.

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 checked="" type="checkbox"/> Deletion of Measure |
| <input type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90%	100%	OVER	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 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 checked="" type="checkbox"/> Other (Identify) |

Recommendations:

The Division has sold the majority, if not all, of the real property owned by the companies currently in receivership. Further, the past few years have seen a decline in the number of insurance entities entering receivership. For these reasons, the Division anticipates an associated reduction in the amount of real 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 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%	97.2%	OVER	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 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.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

The Division will monitor performance for this measure through the upcoming performance period in consideration of increasing the approved performance standard.

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 non-claimant invoices paid within 40 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 | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
96.00%	100.00%	OVER	4.10%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

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.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: 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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$3.25	\$2.97	-\$0.25	9.0%

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: (Technology)

Enhancements to our licensing system has allowed the Division to automate or improve business processes.

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 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:

We request to revise the standard to \$2.96 per active license.

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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
\$1,275	\$935	-\$340	30.8%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation: (Technology)

The Bureau of Investigations implemented a new case tracking and document management system, making it possible to transfer investigative files electronically, create and compile investigative documents using robust templates, and automate certain workflow processes. This new system has increased efficiency allowing investigators to complete more investigations each year, resulting in a lower cost per completed investigation.

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:

We request to revise the standard to \$935.

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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
88.0	113	+25	24.9%

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: (Technology)

The Bureau of Investigations implemented a new case tracking and document management system that has increased efficiency, allowing investigators to complete more investigations each year.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

We request to revise the standard to 114.

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 checked="" type="checkbox"/> Adjustment of GAA Performance Standards | |

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3,450	3,190	-260	7.8%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

The number of people and businesses seeking licensure was steadily increasing, but the number of applications received reached a plateau during Fiscal Year 2015-2016, and slightly decreased during Fiscal Year 2016-2017. We anticipate the number of applications received to remain consistent during the next few 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 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:

We request to revise the standard to 3,200 applications processed per licensing FTE.

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 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%	96%	Over	+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:

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

Recommendations:

Additional staff training has resulted in an increase in the performance of this measure.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of consumers who rate the Division's services as very good or excellent

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
78%	80%	Over	+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:

This measure reflects the percentage of consumers who rate the Division's services as good or excellent using an online survey tool. The Division answers questions and responds to consumer requests for assistance and complaints regarding their insurance company. Oftentimes, consumers rate the Division's level of service based upon the resolution of their complaint, regardless of the level of service they receive. Since Fiscal Year 2014-15, on average, 80% of consumer surveys rated the Division's level of service as very good or excellent. While this represents a slight increase above the approved standard, the actual performance results will always fluctuate due to the Division's inability to control the outcome of the consumer's complaint and the likelihood that consumers will link the outcome of their complaint to the Division's level of service.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Consumer Assistance/43500400

Measure: Percentage of 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%	78%	Under	-2%

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 Fiscal Year 2016-17, the Division experienced 23 vacancies amongst its call center staff which significantly impacted the Division's level of responsiveness and its ability to answer 80% of its helpline calls within 4 minutes. As vacant call center positions were filled during the last 7 months of the fiscal year, the percentage of calls answered within 4 minutes increased to an average of 85%. In spite of the upward trend, the Division's turnover rate will continue to adversely impact the percentage of calls answered within 4 minutes.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

The Division will continue its efforts to recruit and retain qualified call center staff to reduce turnover and maintain a consistent level of staffing. Additionally, to offset the turnover rate, the Division has streamlined several call center processes and implemented several procedures to create more oversight of the Division's call center and increase efficiency.

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%	100%	over	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 Probable Cause Panel agreed with the recommendations of the Department's Office of the General Counsel as to all investigations submitted to the Panel for its review.

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 Probable Cause Panel agreed with the recommendations of the Department's Office of the General Counsel as to all investigations submitted to the Panel for its review.

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 recommends that this performance measure be deleted. It is the Department's Office of the General Counsel which prepares and submits recommendations on cases to the Probable Cause Panel. This Division does not prepare the cases submitted. Therefore, it is not an appropriate performance measure for this Division.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Licensing and Consumer Protection

Service/Budget Entity: Funeral and Cemetery Services/43500500

Measure: Percentage of funeral establishment inspections that do not require quality control follow-up

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
98%	99.06%	Over	1.08%

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:

Improvements in internal processes resulted in an improved outcome on this measure.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

Management will continue to streamline inspection processes and improve training of personnel to maintain the high outcome on this measure.

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	42.78 days	Under	34.2%

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 days utilized to close an investigation is monitored and calculated on a monthly basis. The standard for the performance measure is currently set at 65 days. Primarily as a result of internal process improvements, the average number of days to close an investigation during the 2016-2017 fiscal year was only 42.78 days. The Division will continue to streamline its processes to best perform on this measure.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

The Division will continue to streamline its processes and provide training to personnel to best perform on this measure.

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 deficiency letters sent out within 5 business days of receiving the application

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
88%	95.71%	Over	8.76%

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:

Primarily as a result of process improvements, the Division exceeded the standard for this measurement during FY2016-2017. The Division will continue to streamline its processes to best perform on this measure.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

The Division will continue to streamline its processes and provide training to personnel to best perform on this measure.

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%	1031%	731 over	244%

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:

Improved ROI resulting from a sound Investigative Strategy that implements and focuses efforts.

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:

Efforts have been made to sustain high quality cases and production by investigators

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	1,986	1,014 under	33.8%

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

Explanation:

38% of investigative staff was newly hired in FY 16-17

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:

Investigative case completion was delayed statewide by DCF slowdown in computing benefit overpayment amounts for all DCF-related investigations.

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:

New investigators are now trained and that should help increase the number of completed cases. DCF-related obstructions cannot be solved through DFS or DPAF.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Percentage of disputes resolved for injured workers by the Employee Assistance Office

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
90.00%	97.43%	Over	7.43%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

The Employee Assistance and Ombudsman Office (EAO) enhanced their computer system to effectively track disputed issues. The enhancement enabled EAO to capture specific data related to each dispute and its resolution. Last year we retained a standard of 90% which was more realistic at that point in time. We are requesting a change to 92% to reflect a more accurate estimate based on results from this year.

External Factors (check all that apply):

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

Explanation:

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

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

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Workers' Compensation

Service/Budget Entity: Workers' Compensation/43600100

Measure: Number of Petitions for Reimbursement Dispute Resolution resolved

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
3,000	4726	1726	36.5%

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:

Although we resolved more petitions than the approved standard, this was a result of an increase from dispensed medication related petitions which are related to an ongoing DOAH case. For fiscal year 16/17, we utilized an OPS position, and made a few changes in our career service personnel. During fiscal year 16/17, 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:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Fire and Arson Investigations/43700100

Measure: Percentage of referrals declined by State Attorney's Office 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%	7.86%	(2.14%)	21.4%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

Increase supervisory attention to case preparation, case presentations and training by detectives. Provide training locally to Intake Assistant State Attorney's which will increase 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 increase 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%	31.22%	11.22%	56.1%

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 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:

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 assist 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: Percentage 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%	23.80%	15.5%	32.22%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation

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: Division of Investigative and Forensic Services

Service/Budget Entity: Forensic Fire and Explosives Analysis/43700200

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

Action:

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

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
13,650	8,979	(4,671)	(34.22%)

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

Explanation: New analyst did not begin working cases until after January of 2017. We cannot control the number of fires, explosions, or clandestine laboratory investigations occurring in Florida nor the number of samples investigations submitted. The largest drop off in evidence type has been the submission for clandestine laboratory chemical analysis. Anecdotal evidence indicates that it is currently cheaper for criminals to purchase methamphetamine from out of the country than to make it illegally.

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 largest drop off in evidence type has been the submission for clandestine laboratory chemical analysis. Anecdotal evidence indicates that it is currently cheaper for criminals to purchase methamphetamine from out of the country than to make it illegally.

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 lab will always be dependent on the rate of crime and the degree of investigations.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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 rate and vacancy rate

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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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

Explanation:

Difficulty in projecting crime trends and determining period 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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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 by the judicial system, so court ordered restitution as compared to requested restitution in the same year may not be legitimately related. This makes 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 for developing trends and adjust if the actual Results compared with the approved standards continue to be considerably different.



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 Request deletion of measure

- 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): 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: Consumer Advocate/43010400

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

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: 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: 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 CFOs 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 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 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 of 1.5% is determined based upon current collection percentages and trend analysis.

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 of reported accounts uploaded into UPMIS and the reported dollar value

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 claims paid and the total dollar amount of claim payments

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: 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 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: 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: 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):

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

Data Sources and Methodology: When a work-related injury occurs, the injured employee is required to report the injury to their supervisor or to their agency's personnel department. The injury information is then phoned into the Division of Risk Management's medical case management (MCM) contractor by the supervisor or injured employee. From this information, the MCM contractor produces a First Report of Injury, which is electronically transferred to the Division and imported into the insurance management system (IMS). The First Report of Injury is the basis for the newly created claim file and is maintained by the Bureau of State Employee Workers' Compensation Claims.

For this measure, claims paid is defined as claims with a claim date four years prior to the measurement date. A data extract is pulled from the IMS via a special report. This report identifies the total number of claims with a claim date of four years prior to the reporting period and the total amount paid for those claims. The total number of claims and the total amount paid for the four years of development is used to calculate the average cost per claim. For example, for the FY 2016-2017 reporting period, claims paid during FY 2012-2013 would be analyzed as of June 30, 2017, by determining the number of claims from FY 2012-2013 with payments and the total payments made during the four years of development. The total amount paid is then divided by the number of claims to calculate the average cost per claim.

The Division is requesting the approved standard be increased from \$6,500 to the four-year average of \$7,150 to reflect legislative increases in the medical fee schedule and maximum compensation rate, as well as court rulings impacting the cost of providing workers' compensation benefits.

Validity: The average cost of workers' compensation claims is a useful analytic measure to monitor trends in claim development. Due to the lengthy and complex nature of workers' compensation claims, a four-year period of claims development provides a more accurate indicator of the effectiveness of workers' compensation claim adjusting by indicating whether the average cost per claim is increasing, decreasing, or remaining stable.

Reliability: Data is maintained within the IMS. A special report pulls data according to established reporting criteria and has the ability to pull that data as of a particular reporting date within the system. For example, the same report can be produced with data as of June 30, 2016, or June 30, 2017.

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

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: Timely medical payments are defined as medical payments made within the time limits specified by Division of Workers' Compensation Rules. Physicians and pharmacy bills must be paid within 45 days after the bill is submitted.

Timely indemnity payments are defined as the establishment of an initial indemnity claim payment and its processing within the time limits specified in s. 440.20, F.S. In determining whether an indemnity payment was made timely, insurance management system (IMS) reports examine the "from and through" dates of the pay period and compare the date of the payment to the "from date" plus 6 days of the pay period. An initial indemnity payment made on or before the "from date" plus 6 days is considered a timely payment.

When a work-related injury occurs, the injured employee is required to report the injury to their supervisor or to their agency's personnel department. The injury information is then phoned into the Division of Risk Management's medical case management (MCM) contractor by the supervisor or injured employee. From this information, the MCM contractor produces a First Report of Injury, which is electronically transferred to the Division and imported into the IMS. The First Report of Injury is the basis for the newly created claim file and is maintained by the Bureau of State Employee Workers' Compensation Claims.

New claims are evaluated by Bureau of State Employee Workers' Compensation Claims adjusters to determine compensability and, if appropriate, calculate benefits due and initiate indemnity payments (payments for lost wages) within the IMS. Indemnity payments are based on average weekly wage earnings.

All medically necessary medical care provided to injured employees is managed by the MCM contractor. Except for claims occurring between May 5, 1972 and December 16, 1986, which are handled by a contracted third party administrator, all claims are managed by a single medical case management service provider. Pharmacy benefit services are provided by a contracted pharmacy benefits management service provider. The payment of pharmacy bills to providers is made by the contracted pharmacy benefits service provider.

Medical bills on claims are received and reviewed by the medical case management contractor before being submitted and processed by the medical bill review contractor. The medical bill review contractor re-prices these bills according to the Workers' Compensation Fee Schedule and forwards them to the Financial Section in the Division. The Financial Section issues the check to the medical provider.

All payment data is maintained within the IMS. Claim indemnity and medical payment data is transmitted to the Division of Workers' Compensation Centralized Performance System (CPS) daily. This measure reports the Division of Workers' Compensation evaluation of data submitted as it relates to prompt payment. Within the CPS summary page, the total reported payments and the total payments late are identified. The percentage of timely payments is calculated by dividing the difference in total reported payments and the number of late payments by the total number of payments reported.

Prompt payment limits for indemnity and medical benefits are set forth in the Department of Financial Services, Division of Workers' Compensation Rules and Chapter 440, F.S. Pursuant to these requirements, entities providing workers' compensation benefits must meet the established 95% timeliness standard for benefit payments.

Validity: Reporting the percentage of medical and indemnity payments made in a timely manner tracks compliance with DFS Rule 69L-24.006, F.A.C. and Chapter 440, F.S. The data utilized for this measure is maintained by Division of Workers' Compensation within the Centralized Performance System.

This rule and statute establishes a standard of performance for carriers, self-insurers, employers and servicing agents in promptness of payment of indemnity benefits and payment of medical bills. The minimum timely performance standard is ninety-five percent (95%).

Reliability: The Division of Workers' Compensation (DWC) created the Centralized Performance System in the summer of 2004. The CPS provides an electronic interface between Insurers of Florida's injured workers and DWC that evaluates medical bill and indemnity payment data submitted to the DWC. The CPS maintains two separate modules for medical and indemnity payments. The medical payment module automates the monthly roll up of medical bill penalties electronically received via the Medical Data System (MDS) into timely filing penalties and timely performance penalties. The indemnity module evaluates and assesses late DWC-1 filings and late indemnity payments.

The CPS has the concept of a summary and workbench interface, or Webpage, which allows both DRM and DWC's Specialists to view and complete interactions throughout the working stages. The summary pages are used to view claim information by batch, both past and present, and the Workbench is used to "work" claim penalties on active batches. It is on the summary page that total reported payments and the number of payment identified as late are provided for each module.

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 deletion of measure

- 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): **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 non-claimant invoices paid within 40 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: Licensing and Consumer Protection

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

Measure: Cost of Licensing Operations per active license

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 looks at the operational cost of the Division per active license (some licensees may hold more than one active license).

1. Get overall Bureau operational expenses during the current fiscal year. Operational expenses are calculated by identifying the sum of expenditures directly attributable to the Bureau of Licensing (Flair Org # 43532000000) for Salary & Benefits (Object 10000), OPS (Object 30000), Expense (Object 40000), OCO (Object 60000), Contracted Services (Object 100777), Insurance (Object 103241), Lease/Purchase Equipment (Object 105281), and DMS HR Services (Object 107040) on a monthly basis. Indirect costs, such as services provided to the bureau by other areas of the department (Executive Direction, Legal Services, General Services, and Information Technology) are not used in this measure as they are wholly outside of the control of the Bureau.
2. Divide the operational expense amount from Step 1 by the total number of active licenses in from the license database (ALIS). An active license is a license that is in a valid status which authorizes a person to be appointed to transact insurance or adjust claims for any kind, line, or class of insurance. The number of active licenses for June, the last month of the fiscal year, will be the number of active licenses used to calculate the cost per active license for that fiscal year's report.

The overall operational expenses will come from the Division's budget information in the FLAIR system. The number of active licenses will be pulled from the licensing database, ALIS.

Validity: This measure helps monitor the effectiveness of the Division of Agent & Agency Services to ensure we are maximizing efficiency and resources.

Reliability: All systems required to track this measure are deemed to be reliable. This measure looks at the amount the Division has spent during the current fiscal year. Because some invoices are received on an annual or quarterly basis, the operational cost per active license will likely start at a higher rate and then fluctuate throughout the year as expenses are paid. The operational cost for the fiscal year per active license for June, the last month of the fiscal year, will be the final amount for that fiscal year's report.

We request to revise the standard to \$2.96 per active license.

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):

- 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 looks at the operational cost of the Bureau of Investigations per completed investigation. An investigation results from the receipt of a complaint alleging a violation of law. The division is statutorily obligated to open an investigation on every complaint received. Investigations are completed when all the necessary facts of the issue are gathered and it is determined that probable cause exists or does not exist to proceed with formal administrative action. If probable causes exist, the investigation is handed over to the Legal Processing Unit (LPU) for regulatory action; when probable cause does not exist, the investigation is closed without further action or with a letter of guidance.

1. The overall Bureau operational expenses during the fiscal year are calculated by identifying the sum of expenditures directly attributable to the Bureau of Investigation (Flair Org # 43531000000) for Salary & Benefits (Object 10000), OPS (Object 30000), Expense (Object 40000), OCO (Object 60000), Contracted Services (Object 100777), Insurance (Object 103241), Lease/Purchase Equipment (Object 105281), and DMS HR Services (Object 107040) on a monthly basis. Indirect costs, such as services provided to the bureau by other areas of the department (Executive Direction, Legal Services, General Services, and Information Technology) are not used in this measure as they are wholly outside of the control of the Bureau.
2. The number of completed investigations are counted using reports in the investigative database, EMILI. Investigations are considered completed when they are closed without action, or when they've been submitted to the Legal Processing Unit (LPU). These are the steps to identify the number of completed investigations:
 - A. Total number of investigations that were completed and closed without regulatory action: Using the "Cases Closed" report in EMILI, enter the appropriate date range in the "Date Closed" field. Then filter out the investigations that have a date in the "Submit to LPU" field.
 - B. Total number of investigations that were referred to the Legal Processing Unit (LPU) for regulatory action: Using the same "Cases Closed" report in EMILI, enter the date range being measured in the "Submit to LPU" field.
 - C. Add A and B together to get the total number of investigations completed.

3. Divide the operational expense amount from Step 1 by the total number of completed investigations from Step 2.

The overall operational expenses will come from the Division's budget information in the FLAIR system. The division receives a report monthly from Accounting & Auditing, which we save and enter into a spreadsheet to track operational expenses. The number of completed investigations will be pulled from the investigation database, EMILI.

Validity: This measure helps monitor the effectiveness of the Division of Agent & Agency Services to ensure we are maximizing efficiency and resources.

Reliability: All systems required to track this measure are deemed to be reliable. Procedures are in place to ensure that data is entered timely into EMILI, and proper system access controls are in place to make sure that data cannot be manipulated by investigators or other users.

We request to revise the standard to \$935.

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):

- 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 looks at the output of the Bureau of Investigations, measuring the average number of completed investigations per investigator.

An investigation results from the receipt of a complaint alleging a violation of law. The division is statutorily obligated to open an investigation on every complaint received. Investigations are completed when all the necessary facts of the issue are gathered and it is determined that probable cause exists or does not exist to proceed with formal administrative action. If probable causes exist, the investigation is handed over to the legal processing unit for regulatory action; when probable cause does not exist, the investigation is closed without further action or with a letter of guidance.

1. Get overall number of completed investigations from the investigation database, EMILI. Investigations are considered completed when they are closed without action, or when they've been submitted to the Legal Processing Unit (LPU). These are the steps to identify the number of completed investigations:

A. Total number of investigations that were completed and closed without regulatory action: Using the "Cases Closed" report in EMILI, enter the appropriate date range in the "Date Closed" field. Then filter out the investigations that have a date in the "Submit to LPU" field.

B. Total number of investigations that were referred to the Legal Processing Unit (LPU) for regulatory action: Using the same "Cases Closed" report in EMILI, enter the date range being measured in the "Submit to LPU" field.

C. Add A and B together to get the total number of investigations completed.

2. Pull the number budgeted investigators from the agency budget. Currently, all investigator positions are assigned to the Field Operations Section of the Bureau of Investigations, and are classified as Insurance Analyst II or Government Analyst I.

3. We will then divide the number of investigations in Step 1 by the total number of investigators in step 2.

Validity:

This measure helps monitor the effectiveness of the Division of Agent & Agency Services to ensure we are maximizing efficiency and resources.

Reliability:

All systems required to track this measure are deemed to be reliable. Procedures are in place to ensure that data is entered timely into EMILI, and proper system access controls are in place to make sure that data cannot be manipulated by investigators or other users.

We request to revise the standard to 114.

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):

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

Data Sources and Methodology:

This measure will look at productivity within the Bureau of Licensing by looking at the average number of applications processed per full time employees. Applications are considered processed when they are approved, denied, or withdrawn. Several application types are included in this measure, and two Bureau of Licensing systems are used to collect the data.

Licensing systems:

- AALF is the external system where outside entities and individuals submit online applications for new licenses. AALF Admin is the internal face of this system that contains system reports that the division uses to track and count applications.
- ALIS is the division's internal licensing system that contains all records related to licensees, except continuing education information. This system is used by staff to process applications that have been submitted online or on paper.
- DICE is the division's system for all records related to pre-licensing and continuing education. This system is used by external individuals and entities to submit all education related applications, but also has an internal side used by staff to process all education related applications and manage records.

The application counts for all application types are pulled on a monthly basis by division office staff and entered into a spreadsheet for tracking.

Application types included in this measure (data source):

- New license applications for individuals and firms.
These applications are tracked by their source:
AALF - applications submitted through the Division's online application system,
Paper - new license applications for certain license types that require paper applications
NFTI - applications received through the National Association of Insurance Commissioners (NAIC) non-resident application program
(ALIS, Application, Application linked to Person or Firm record, Application Source Code = A, AALF / P, Paper / N, NFTI)

- New insurance agency applications (ALIS, Agency application queue item)
 - New firm branch license applications (AALF, Applications, Service Type = 5)
 - New agency location applications (AALF, Applications, Application Type = A (Add New Location), Service Type = 18)
 - Education provider applications (DICE, Provider Application report)
 - School Official applications (DICE, Official Application report)
 - Instructor applications (DICE, Instructor Application report)
 - Course applications (DICE, Course Application report)
 - Course offering applications (DICE, Course Offering Application report)
2. The number of budgeted FTEs for the Bureau of Licensing is pulled from the agency budget. All staff in the Bureau are involved in some portion of the licensing process.
3. We will then divide the number of applications in Step 1 by the total number of FTEs in step 2.

Validity: This measure will help monitor the efficiency of our licensing operations to ensure we are properly utilizing resources.

Reliability: All systems required to track this measure are deemed to be reliable. System reports and email notifications are in place to make sure that all applications submitted online are moved into the work queues for staff processing in a timely manner. Processes are in place to ensure that the data is pulled around the same time each month, and proper system access controls are in place to prohibit any data manipulation by staff.

We request to revise the standard to 3,200 applications per licensing FTE.

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): 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 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 Requesting deletion of measure

- 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 conducted

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

We are requesting a change to 92% to reflect a more accurate estimate based on actual performance results from FY 2016/2017. There are no changes to our Data Sources and Methodology, Validity and Reliability from the previous fiscal year.

Data Sources and Methodology: The percentage of disputes resolved is calculated by pulling data from the Integrated System. Both the Employee Helpline Team and the Ombudsman Team document their activity in the system. Part of that documentation includes a disposition code. The most predominate disposition code reflects that the activity was educational. In the instances where intervention is required to address a dispute or a perceived dispute, a disposition code of "resolved" or "unresolved" is used. The methodology used to establish the percent of resolved is: of the resolved and unresolved disposition codes, what percent is resolved. The number of resolved is the raw number of resolved disposition codes.

Validity: The Bureau has several monitoring tools to ensure the disposition codes relating to this measure are accurate and valid. Bureau management runs and reviews performance reports at the end of each month. This data is compared to previous months' results to ensure data is consistent. Direct supervisors conduct quality reviews of this coding on a monthly basis. The purpose of the reviews is to ensure consistent coding is being applied by all team members. Feedback is provided upon completion of the quality reviews.

Reliability: The percent of disputed issues resolved during the informal dispute resolution process is a consistent and stable measure of the bureau's performance. Employee Helpline Team and Ombudsman Team members are required to enter disposition codes for every claim for which assistance has been provided. Managers review the accuracy of this coding as part of their monthly performance reviews.

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 an OPS position, and made a few changes in our career service personal during the fiscal year (FY 16/17). The estimated number of cases resolved for new case managers during FY 15/16 was not added to the estimate for FY 16/17 based on the amount of backlog disputes, but, rather the average number of cases resolved during the last three months (May – July 2016) was added to the estimate. However, the average number of cases resolved per case manager in FY 16/17, as recorded in ARAMIS database, was projected for expected performance during 2017-2018.

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 394 petitions were resolved per employee per year with a total of seven (7) employees. It is predicted that one additional position will be filled. It is also predicted that 3,152 petitions can be resolved by FY 2017-2018.

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 analysis, and quality review by supervisory staff. Quality assurance reviews are performed on random petitions and human error corrected as it is detected. Since 7 employees averaged 394 resolved petitions, we can expect the same level of production rounded up the nearest hundred with eight (8). $8 \times 394 = 3152$.

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):

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

Data Sources and Methodology:

The number and percentage of Overall Accepted Claims EDI Form Filings is extracted from the Claims EDI Data Warehouse electronically. Workers' Compensation EDI Trading Partners submit Claims EDI data daily, via a secure electronic process to the Division and the data is loaded each night to the Claims EDI Data Warehouse. Each month, the total Claims EDI Transactions that were processed and accepted is divided by the total number of Claims EDI Transactions received (both accepted and rejected).

Validity:

The "Overall Accepted Claims EDI Form Filings" count is determined by a transaction's successful processing through over 800 system edits. The "Overall Accepted Claims EDI Form Filings" count is validated by a system program and is measured at each month's end. No one can alter the submission of an EDI Trading Partner's data, so the data cannot be manipulated.

Reliability:

The data is a reliable count for each month, as it is derived directly from the data received by the system. The only caveat may be that it does not include any "reloaded" transactions that may be reloaded in a different month. On occasion, a transaction may have to be reloaded by DWC staff, due to a problem with an edit or an error at DWC, through no fault of the EDI Trading Partner. A transaction that initially rejected in month A, may be re-loaded, and accepted in month B, but given credit for being received in month A because that re-loaded transaction is accepted with the original Division received date from month A, to give the EDI Trading Partner credit for their original filing date. The initial rejected transaction was counted in month A for this statistic and the later acceptance in month B is not counted. If this statistic is ever run for a given month, several months after the fact, it is possible to yield a different count because the transactions initially rejected and counted in month A as a rejection, and later reloaded in month B, with a received date in month A, will now be counted as an "accepted" transaction for month A because it has already been "reloaded". If a transaction is rejected and reloaded in the same month, the only outcome counted is the accepted record.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Division of Investigative and Forensic Services

Service/Budget Entity: Fire and Arson Investigations/43700100

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: Division of Investigative and Forensic Services

Service/Budget Entity: Fire and Arson Investigations/43700100

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: Division of Investigative and Forensic Services

Service/Budget Entity: Fire and Arson Investigations/43700100

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: Division of Investigative and Forensic Services

Service/Budget Entity: Fire and Arson Investigations/43700100

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: Division of Investigative and Forensic Services

Service/Budget Entity: Forensic Fire and Explosives Analysis/43700200

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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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: Division of Investigative and Forensic Services

Service/Budget Entity: Insurance Fraud/43700300

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: Division of Investigative and Forensic Services

Service/Budget Entity: Office of Fiscal Integrity/43700400

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:



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 2017-18 (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 Services/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 Services/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 Services/Human Resources Request deletion of measure

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

Measure Number	Approved Performance Measures for 43010200 FY 2017-18 (Words)	Associated Activities Title
4	Percentage of closed files involving allegations of statutory violation that were successfully prosecuted	ACT 0020 General Counsel

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

Measure Number	Approved Performance Measures for 43010300 FY 2017-18 (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 2017-18 (Words)	Associated Activities Title
8	Percentage of referred cases responded to and/or transferred within three (3) 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 2017-18 (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 2017-18 (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 qualified 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 2017-18 (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 2017-18 (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 2017-18 (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	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
18	Percentage of accounts collected annually from CFOs contracted collection agents	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 2017-18 (Words)	Associated Activities Title
19	Number of reported accounts uploaded into UPMIS and the reported dollar value	ACT 2220 Process and Payment of Unclaimed Property
20	Number of claims paid and the total dollar value of claim payments	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 2017-18 (Words)	Associated Activities Title
23	Percentage of mandated regulatory inspections completed	ACT 3220 Perform Fire Safety Inspections
24	Number of 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 43300400 FY 2017-18 (Words)	Associated Activities Title
27	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
28	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
29	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 2017-18 (Words)	Associated Activities Title
30	Administrative costs as a percentage of program agency costs	ACT 0010 Executive Direction
31	Administrative positions as a percentage of total program positions	ACT 0010 Executive Direction

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

Measure Number	Approved Performance Measures for 43400100 FY 2017-18 (Words)	Associated Activities Title
32	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)
33	Average cost of workers' compensation claims paid	ACT 4110 Provide adjusting services on state workers' compensation
34	Percentage of liability claims closed in relation to liability claims worked during the fiscal year	ACT 4120 Provide adjusting services on state liability claims
35	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
36	Number of workers' compensation claims worked	ACT 4110 Provide adjusting services on state workers' compensation
37	Number of liability claims worked	ACT 4120 Provide adjusting services on state liability claims
38	Number of state property loss/damage claims worked	ACT 4130 Process property claims on state-owned buildings (structure & contents)
39	Percentage of tort liability claim files resolved within four (4) years without litigation	ACT 4120 Provide adjusting services on state liability claims
40	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 2017-18 (Words)	Associated Activities Title
41	Percentage of appraised value of assets liquidated for real property	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies <i>Request deletion of measure</i>
42	Percentage of service requests closed within 30 days	ACT 5110 Rehabilitate and/or liquidate financially impaired insurance companies
43	Percentage of non-claimant invoices paid within 40 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 2017-18 (Words)	Associated Activities Title
44	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
45	Average Direct Cost of Investigation Operations per completed investigation	ACT 5250 Investigate Agents & Agencies
46	Average number of investigations completed per investigator	ACT 5250 Investigate Agents & Agencies
47	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 43500400 FY 2017-18 (Words)	Associated Activities Title
48	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
49	Percentage of consumer survey responses that rate the Division's services as very good or excellent	ACT 5410 Respond to consumer requests for assistance
50	Percentage of answered phone calls that are answered within four minutes.	ACT 5430 Answer consumer telephone calls
51	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 2017-18 (Words)	Associated Activities Title
52	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 of measure
53	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
54	Average time (days) to close an investigation	ACT 5470 Examine and regulate licensees in the Funeral & Cemetery business (Chapter 497) to ensure regulatory compliance
55	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 2017-18 (Words)	Associated Activities Title
56	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
57	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 2017-18 (Words)	Associated Activities Title
58	Percentage of first indemnity payments made timely	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments
59	Number of employer investigations conducted	ACT 6120 Verify that employers comply with workers' compensation laws
60	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
61	Number of Petitions for Reimbursement Dispute 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
62	Percentage of overall accepted claims Electronic Data Interchange (EDI) form filings	ACT 6110 Monitor and audit workers' compensation insurers to ensure benefit payments

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

Measure Number	Approved Performance Measures for 43700100 FY 2017-18 (Words)	Associated Activities Title
63	Percentage of referrals declined by State Attorney's Office for prosecution	ACT 3310 Investigate Fires - accidental, arson and other
64	Percentage of arson cases cleared	ACT 3310 Investigate Fires - accidental, arson and other
65	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
66	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 43700200 FY 2017-18 (Words)	Associated Activities Title
67	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 43700300 FY 2017-18 (Words)	Associated Activities Title
68	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
69	Number of insurance fraud arrests (not including workers' compensation cases)	ACT 5310 Investigate insurance fraud (general)
70	Number of worker's compensation insurance fraud arrests (not including general fraud investigations)	ACT 5320 Investigate workers' compensation insurance fraud
71	Number of presentations submitted for prosecution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
72	Court ordered restitution as a percentage of requested restitution	ACT 5310 Investigate insurance fraud (general) ACT 5320 Investigate workers' compensation insurance fraud
73	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 43700400 FY 2017-18 (Words)	Associated Activities Title
74	Percentage of Office of Fiscal Integrity investigations that result in action	ACT 2170 Conduct Fiscal Integrity Investigations

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2016-17			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		343,543,417		365,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		1,302,963		0	
FINAL BUDGET FOR AGENCY		344,846,380		365,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					365,000
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.		4,533	88.60	401,622	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		60,254	17.92	1,079,906	
Investment Of Public Funds * Dollar Volume of Funds Invested		24,700,000,000	0.00	800,962	
Provide Cash Management Services * Number of cash management consultation services.		41	29,186.85	1,196,661	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		2,700,000	0.68	1,846,915	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,793,386	0.97	1,735,433	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		38,848	115.67	4,493,609	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,134,700	0.12	1,064,534	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		299,792	15.10	4,525,406	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		4	606,376.00	2,425,504	
Process State Employees Payroll * Payroll payments issued		3,154,618	0.76	2,409,296	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		2	92,307.00	184,614	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		23	58,595.39	1,347,694	
Article V - Clerk Of The Courts * N/A		7	51,176.71	358,237	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,269,743	1.34	3,046,743	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		492,477	6.80	3,347,005	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,968	79.85	556,382	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		16,390	258.15	4,231,133	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		379	1,429.27	541,695	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,155	538.34	621,781	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,707	4,058.46	15,044,719	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		263,457	10.38	2,734,546	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,657	125.79	1,088,966	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		8,979	193.47	1,737,170	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		3,642,070	0.09	343,771	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		20,682	1,947.40	40,276,107	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		5,811	2,802.47	16,285,143	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		1,611	1,776.31	2,861,637	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.(top 3 agencies)		70	36,756.46	2,572,952	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		29	21,915.07	635,537	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		105,020	25.78	2,707,240	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		42,546	33.87	1,441,193	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,799,053	0.44	783,466	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		224,755	1.82	409,940	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,639	1,285.65	5,964,111	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,843	10,764.73	19,839,400	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		330	11,259.38	3,715,594	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		62,054	74.04	4,594,410	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		352,251	2.00	706,185	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		281,046	18.43	5,179,959	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,885	1,432.28	2,699,848	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		95,061	46.94	4,462,445	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		31,508	461.83	14,551,409	
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.		797	6,360.73	5,069,504	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		1,804	778.92	1,405,174	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		122,734,809	0.01	713,137	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,659,032	0.68	3,840,195	
Reimbursement Disputes * Number of petitions resolved annually		4,726	332.09	1,569,437	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		3,163	2,188.83	6,923,266	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority (COAs) processed.		112	8,739.53	978,827	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		576	5,692.55	3,278,909	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,335	2,022.53	16,857,758	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		13,531	645.01	8,727,677	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		310	15,771.97	4,889,312	
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		24,617	86.21	2,122,319	
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.		174	68,757.27	11,963,765	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		13	62,720.69	815,369	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		152	24,105.97	3,664,108	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		217	26,784.84	5,812,311	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conduct examinations of securities firms and branches.		252	23,933.71	6,031,295	
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.		56,336	47.82	2,694,151	
TOTAL				274,207,394	365,000
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				39,409,690	
REVERSIONS				31,229,297	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				344,846,381	365,000

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	301,643	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	670,540	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,555,232	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	1,250,000	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	5,744,851	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	1,435,856	
43300400	1202000000	ACT3430	PASS-THROUGH GRANTS AND AIDS	150,000	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	1,500,000	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,248,536	
43700400	1205000000	ACT5510	HURRICANES AND OTHER NATURAL	1,899,483	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,868,123	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	1,535,426	
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):	344,846,380	365,000
TOTAL BUDGET FOR AGENCY (SECTION III):	344,846,381	365,000
	-----	-----
DIFFERENCE:	1-	
(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

CFO – Chief Financial Officer

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

DIFS – Division of Investigative and Forensic 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.

Florida PALM – (Planning, Accounting and Ledger Management): Project to standardize financial business processes as a prelude to the implementation of a successor to FLAIR financial and cash management system.

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

DAVID ALTMAIER
COMMISSIONER

September 30, 2017

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

Mike Hansen, 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 2018-19 through Fiscal Year 2022-23. 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,

David Altmaier

**FINANCIAL SERVICES
COMMISSION**

RICK SCOTT
GOVERNOR

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF
AGRICULTURE



Florida Office of Insurance Regulation



Long-Range Program Plan
Fiscal Years 2018-2019 through 2022-2023

David Altmaier
Insurance Commissioner

September 30, 2017



David Altmaier
Florida's Insurance Commissioner

David Altmaier was appointed as Florida's Insurance Commissioner on April 29, 2016 by the Financial Services Commission. He leads a 289-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.

He also serves as chair of the Workers' Compensation 3-Member Panel and the Florida Health Insurance Advisory Board (FHIAB), both of which engage with a variety of stakeholders to develop legislative recommendations on these issues.

Commissioner Altmaier is active in his participation with the National Association of Insurance Commissioners (NAIC), where he is a member of several committees, task forces and working groups. He currently serves as chair of the Capital Adequacy Task Force, four working groups (Catastrophe Insurance, Creditor-Placed Insurance Model Act Review, ComFrame Development & Analysis and Group Capital Calculation), and was recently appointed as vice-chair of the Property & Casualty Insurance "C" Committee. He has also earned the NAIC's Professional Insurance Regulation designation.

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

David 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.

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 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
98%	98%	98%	98%	98%	98%

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

Baseline FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
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 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
10%	10%	10%	10%	10%	10%

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

Baseline FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
10%	10%	10%	10%	10%	10%

Office of Insurance Regulation

New Performance Measures

During Fiscal Year 2017-18, the Office intends to update the Long-Range Program Plan (LRPP) goals to be consistent with the performance measures that have been approved by the Financial Services Commission. These new goals will reflect the Commissioner's focus on increasing efficiency and continuously striving to improve performance over time. The new goals will be as follows:

1. Average* number of days to process applications enabling new companies to enter the market expeditiously.
2. Average* number of days to process life and health form and rate filing reviews
3. Average* number of days to complete property and casualty form and rate filing reviews
4. Weighted average of the:
 - a. Percentage of applications completed in 90 days
 - b. Percentage of life and health form and rate filings completed within 45 days
 - c. Percentage of property and casualty form filings completed within 45 days
 - d. Percentage of property and casualty rate filings completed within 90 days
 - e. Percentage of market conduct examinations with violations in which the Office takes enforcement action
 - f. Percentage of priority financial analyses completed within 60 days
 - g. Percentage of non-priority financial analyses completed within 90 days
5. Average* number of days to complete market conduct examinations and investigations
6. Percentage of financial exams of domestic insurers completed within 18 months
7. Percentage of life and health priority financial exams of domestic insurers completed within 18 months
8. Percentage of property and casualty priority financial exams of domestic insurers completed within 18 months
9. Average* number of days to complete priority financial analyses
10. Average* number of days to complete non-priority financial analyses

* Average refers to an eight-quarter moving weighted average.

Office Budget FY 2017-18

Table 1. Appropriations Overview Fiscal Year 2017-18: Office of Insurance Regulation (Office)			
Positions	FY 2016-17	FY 2017-18	Change
Full-time equivalent (FTE) positions	292	289	-3
Funding (By Budget Category)	FY 2016-17	FY 2017-18	Change
Salaries and Benefits	\$19,959,767	\$20,261,606	\$301,839
Other Personal Services (OPS)	\$290,169	\$290,169	\$0
Expenses	\$2,481,072	2,481,072	\$0
Operating Capital Outlay	\$98,000	\$98,000	\$0
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	\$969,689	\$337,050
Florida Public Hurricane Loss Model (Enhancements) **	\$850,000	\$0	(\$850,000)
Lease or Lease-Purchase of Equipment	\$27,403	\$27,403	\$0
Risk Management Insurance	\$112,446	\$128,297	\$15,851
DMS Human Resources Contract	\$97,856	\$94,266	(\$3,590)
TOTAL	\$30,906,841	\$30,707,991	(\$198,850)
<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.</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 174,000 Floridians are employed in the insurance sector. 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 2016-17, the Office approved an additional 291,021 policies for take-out. Private insurers assumed 54,721 policies.² As of June 30, 2017, Citizens' policy count dropped to 452,593.

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 2016-17, the Financial Services Commission (FSC) repealed 24 rules proposed for repeal by the Office. The Office also updated 86 rules through the FSC. 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 appropriately adjusts to accomplish the Office's mission 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 Life and Health Product Review team of employees who developed a better and more dynamic tool for analyzing product form filings to identify unfair discrimination in drug formularies and a tool for organizing demographic and rate filing information. The actions of this team saved the state and taxpayers approximately \$36,000.

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 2017-18 is \$30.7 million, with 289 full-time equivalent positions. It is funded entirely through the Insurance Regulatory Trust Fund and receives no state general revenue funds. In FY 2016-17, 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 2016-17, 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 2016-17, the Office processed 99.9 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. Law requires all new domestic insurers to be examined each of the first three 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 2016-17, the Office completed 100 percent of the 48 financial examinations and 99.7 percent of the 8,335 financial analyses within NAIC timeframes.

d. Market conduct examinations and investigations

The Office monitors insurance company products and practices for compliance with the Florida Insurance Code through market conduct examinations and investigations. 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 2016-17, the Office recovered \$114.5 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 2016-17, an additional 120 insurance and insurance-related entities entered the Florida market and 101 new lines of business.⁴ While some, such as donor annuities, are largely unregulated entities with little economic or regulatory impact, nine were newly licensed property and casualty insurers and four were newly licensed life and health insurers.

<u>New Insurance Entities in Florida - Fiscal Year 2016-17</u>	
Authority Category	Number of Entities
<u>Property & Casualty</u>	9
Atlanta International Insurance Company	
Family Security Insurance Company	
Maison Insurance Company	
OBI America Insurance Company	
Service Guarantee and Surety Company	
Southwest Marine and General Insurance Company	
Spinnaker Insurance Company	
TDC National Assurance Company	
Vantapro Specialty Insurance Company	
<u>Life & Health</u>	3
Educators Health Plans Life, Accident and Health, Inc.	
Equitable Life & Casualty Insurance Company	
Nebraska Life Assurance Company	
<u>Health</u>	1
Health Advantage Florida, Inc.	
<u>Other Entities</u> *	107
<i>*Includes Donor Annuities, Risk Groups, Surplus Lines, & other Specialty Companies</i>	
TOTAL	120

f. Data collection and analyses

The Office engaged in extensive data collection and analyses in FY 2016-17 related to:

- Catastrophe Reporting Form for Hurricane Hermine (14 individual data calls)
- Catastrophe Reporting Form for Hurricane Matthew (9 individual data calls)
- Catastrophe stress testing reporting for selected domestic insurers
- Continuing Care Retirement Community Actuarial Ratios and Contracts
- Continuing Care Retirement Community Minimum Liquid Reserve survey
- Continuing Care Retirement Community Refund form (2 individual data calls)
- Health Care Risk survey of Third-Party Administrators
- Health Market Telehealth Services survey
- Managed care specific to HMO and certain life and health insurers' financial and county enrollment data, both group and individual (4 individual data calls)
- Major medical and other accident and health enrollment and premium reporting with life and annuity policy breakdowns added
- Market Conduct Rescinded Policy reporting
- Motor Vehicle Inspection survey
- Private passenger automobile insurance, specific to excess profits and policy count reporting (5 individual data calls)
- Professional liability claims reporting
- Property and casualty annual calendar year experience (financial) reporting
- Property and casualty insurance (residential policy data) (4 individual data calls)
- Property and casualty reinsurance data call (3 individual data calls)
- Regulatory Life Settlement Agreements reporting to the states (4 individual data calls)

- Title agency data call
- Title underwriter data call
- Title underwriter employee count data call
- Title underwriter Florida-only financial data calls (3 individual data calls)
- Unfair discrimination based on travel annual life insurance survey

The Office completed numerous statutorily required reports in FY 2016-17. 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 applications that electronically receive and process insurance company form, rate, data, and financial filings. Through these applications, and the data they garner, goals and objectives of the Office are satisfied. In order for regulatory innovation to keep pace with the ever-growing and changing insurance market, the following achievements were noted during FY 2016-17:

- The Office's "Umbrella Project" – a rewrite of its existing computer applications into a consolidated filing submission and review tool – was officially launched into the Production environment in June with four industry data collection activities successfully opened to filers on July 1.
- Umbrella Project development to replace an existing 2001 application that receives and manages all form and rate filings is continuing and will begin service in FY 2017-18.
- Operating in the face of adversity: two sets of data calls were initiated to collect claims reporting for Hurricanes Hermine and Matthew. The Hermine data call was the first storm-related data call in over eight years. Despite the near-direct hit on Tallahassee displacing the Office's technology staff and preventing communications, the data call was started from a cell phone and by 5:00 p.m. on the same day the hurricane hit, the Office had already received 42 claims filings and 21 additional reports from companies stating they had no claims to report.
- Continued to advance trade secret protections across the various applications that accept company filings. Began a system of coding documents and data rows with statutory confidentiality and/or trade secret designations so that public records retrievals will one day require minimal internal checks before being released to the public.

In the next fiscal year, the focus will be on completing the form and rate filings in the Umbrella. The next priority will be establishing a filing and review protocol for all financial analysis forms to be submitted through the Umbrella system.

3. Market Conditions in Florida

As of June 30, 2017, the Office had oversight of 4,427 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

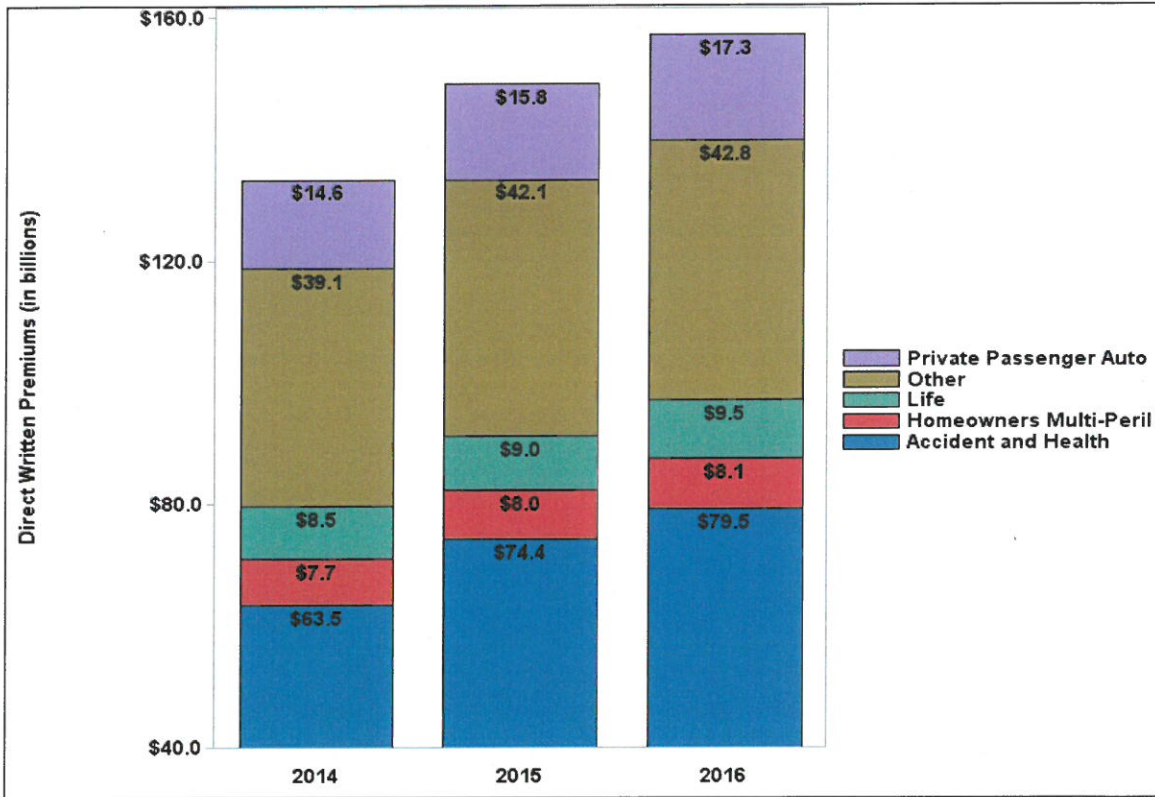
Florida insurance markets are generally competitive, although market concentration varies considerably from one line to another, as shown in Table 2.

Line of Business	Top Writer	Top 5 Writers	Top 10 Writers
Accident and Health	14.5	45.6	60.8
Commercial Multi-Peril	11.7	30.0	42.2
Homeowners Multi-Peril	8.9	29.8	45.6
Life	6.6	24.0	38.8
Medical Malpractice	19.7	46.9	59.3
Private Passenger Auto	15.9	49.6	65.7
Title	31.6	82.1	97.1
Workers Compensation	9.2	29.9	43.2

c. Premium volume⁷

As shown in Figure 2, Florida is continuing to experience steady premium growth. Among all writers, total written premium expanded from \$133.4 billion at year-end 2014 to \$147.1 billion in year-end 2016, a strong 10.3 percent increase. This increase primarily resulted from a surge in premium written by accident and health providers. During this period, Florida ranked 10th globally in total direct written premium.⁸

Figure 2



d. Premium rates

Rate trends vary across insurance lines. Health insurance rates continue to increase as a result of the Patient Protection and Affordable Care Act (PPACA). Rates in the individual market for the 2017 plan year were 19 percent higher than rates for the 2016 plan year.⁹ Filed rates for individual major medical plans for the 2018 plan year were for an average increase of 18 percent. 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 which was released in February 2016. The results of the data call showed the frequency and severity of water loss claims was increasing and has impacted other insurers. An update to the data call is scheduled to be released in October 2017.

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

Workers' compensation rates are down an average of 55 percent since 2003 despite the 14.5 percent overall average rate increase that was approved effective December 1, 2016. The December rate increase addressed two major Florida Supreme Court decisions and Senate Bill 1402 that ratified the Florida Workers' Compensation Health Care Provider Reimbursement Manual, 2015 Edition. On April 28, 2016, in *Marvin Castellanos v. Next Door Company, et al.*, Case No. SC13-2082, the Florida Supreme Court found the statutory mandatory attorney fee schedule in Section 440.34, Florida Statutes, unconstitutional as a violation of due process under both the Florida and United States Constitutions. On June 9, 2016, in *Bradley Westphal v. City of St. Petersburg, etc., et al.*, Case No. SC13-1930, the Florida Supreme Court found the 104-week statutory limitation on temporary total disability benefits in Section 440.15(2)(a), Florida Statutes, unconstitutional because it causes a statutory gap in benefits in violation of an injured worker's constitutional right of access to courts.

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 in the two-year period post-HB 119. This trend started reversing in 2016, and auto insurance coverages are beginning to see incremental rate increases due to the rising frequency of crashes, increasing medical costs, and higher repair costs.

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. Particularly concerning 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 2016, gross written premium decreased 9 percent and policyholder surplus stayed consistent.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. Private insurers write the overwhelming majority of premium in Florida in the voluntary market. Except for the property insurance market, residual markets remain small in Florida.

4. New Laws

a. Federal

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 2017 Session affecting various types of insurance products and lines, see the Office's "2017 Legislative Summary" at: <http://www.floir.com>.

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 of insurers and insurance-related entities for coherence and readability.
- Promptly reviewing premium rates of insurers and insurance-related entities for actuarial soundness and compliance with Florida law.
- Thoroughly monitoring and analyzing the financial condition of insurers.
- 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, and issue related reports.
- 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

- Birth-Related Neurological Injury Compensation Association (NICA)
- 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 Health Insurance Advisory Board
- Florida KidCare Coordinating Council
- 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 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 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.

<https://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=1&isuri=1>

² Florida Office of Insurance Regulation, Citizens Take-Out Spreadsheet, Total Policies Approved and Assumed 2017 and Total Policies Approved and Assumed 2017.

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 25, 2017 retrieval.

⁵ Compiled by the Florida Office of Insurance Regulation from the COREN database. Entity counts are based on September 25, 2017 retrieval.

⁶ Compiled by the Florida Office of Insurance Regulation from NAIC Calendar Year 2016 company-reported premium data.

⁷ Premium data based on 2017 retrievals from NAIC and Office FAME data reported for Calendar Year 2016.

⁸ National Association of Insurance Commissioners, 2016 Premium Volume -- Worldwide (An Alternative Look), 2017.

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 2017-18	Approved Prior Year Standard FY 2016-17 (Number)	Prior Year Actual FY 2016-17 (Number)	Proposed Revised Standards for FY 2017-18 (Number)	Requested FY 2018-19 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%	100%	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%	99.3%	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%	99.5%	98%	98%
Percentage of non-priority Financial Analyses completed within 90 days.	95%	99.6%	95%	95%
43900120 Executive Direction and Support Services				
Administrative costs as a percentage of total agency costs.	10%	4.7%	10%	10%
Administrative positions as a percentage of total agency positions.	10%	5.3%	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:

- Performance Assessment of Outcome Measure
- Performance Assessment of Output Measure
- Adjustment of GAA Performance Standards
- Revision of Measure
- Deletion of Measure

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):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- 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):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation:

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

- Training
- Personnel
- Technology
- 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%	100%	10%	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%	99.3%	1.3%	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%	99.5%	1.5%	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%	99.6%	4.6%	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%	4.7%	(5.3%)	(5.3%)

Factors Accounting for the Difference:

Internal Factors (check all that apply):

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

Explanation:

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%	5.3%	(4.7%)	(4.7%)

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 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 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.

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2016-17			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		343,543,417		365,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		1,302,963		0	
FINAL BUDGET FOR AGENCY		344,846,380		365,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					365,000
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.		4,533	88.60	401,622	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		60,254	17.92	1,079,906	
Investment Of Public Funds * Dollar Volume of Funds Invested		24,700,000,000	0.00	800,962	
Provide Cash Management Services * Number of cash management consultation services.		41	29,186.85	1,196,661	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		2,700,000	0.68	1,846,915	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,793,386	0.97	1,735,433	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		38,848	115.67	4,493,609	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,134,700	0.12	1,064,534	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		299,792	15.10	4,525,406	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		4	606,376.00	2,425,504	
Process State Employees Payroll * Payroll payments issued		3,154,618	0.76	2,409,296	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		2	92,307.00	184,614	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		23	58,595.39	1,347,694	
Article V - Clerk Of The Courts * N/A		7	51,176.71	358,237	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,269,743	1.34	3,046,743	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		492,477	6.80	3,347,005	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,968	79.85	556,382	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		16,390	258.15	4,231,133	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		379	1,429.27	541,695	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,155	538.34	621,781	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,707	4,058.46	15,044,719	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		263,457	10.38	2,734,546	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,657	125.79	1,088,966	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		8,979	193.47	1,737,170	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		3,642,070	0.09	343,771	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		20,682	1,947.40	40,276,107	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		5,811	2,802.47	16,285,143	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		1,611	1,776.31	2,861,637	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year. (top 3 agencies)		70	36,756.46	2,572,952	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		29	21,915.07	635,537	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		105,020	25.78	2,707,240	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		42,546	33.87	1,441,193	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,799,053	0.44	783,466	
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		224,755	1.82	409,940	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,639	1,285.65	5,964,111	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,843	10,764.73	19,839,400	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		330	11,259.38	3,715,594	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		62,054	74.04	4,594,410	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		352,251	2.00	706,185	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		281,046	18.43	5,179,959	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,885	1,432.28	2,699,848	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		95,061	46.94	4,462,445	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		31,508	461.83	14,551,409	
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.		797	6,360.73	5,069,504	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		1,804	778.92	1,405,174	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		122,734,809	0.01	713,137	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,659,032	0.68	3,840,195	
Reimbursement Disputes * Number of petitions resolved annually		4,726	332.09	1,569,437	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		3,163	2,188.83	6,923,266	
Approve And License Entities To Conduct Insurance Business * Number of Certificates of Authority (COAs) processed.		112	8,739.53	978,827	
Conduct And Direct Market Conduct Examinations * Number of examinations and investigations completed for licensed companies and unlicensed entities		576	5,692.55	3,278,909	
Conduct Financial Reviews And Examinations * Number of financial reviews and examinations completed.		8,335	2,022.53	16,857,758	
Review And Approve Rate And Form Filings * Number of rate and forms review completed.		13,531	645.01	8,727,677	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance * Examinations of non-depository financial service companies to determine compliance with regulations.		310	15,771.97	4,889,312	
Evaluate And Process Applications For Licensure As A Financial Services Entity * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		24,617	86.21	2,122,319	
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.		174	68,757.27	11,963,765	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness * Number of international financial institutions examined to ensure safety and soundness.		13	62,720.69	815,369	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity * Number of financial investigations into allegations of fraudulent activity.		152	24,105.97	3,664,108	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		217	26,784.84	5,812,311	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance * Conduct examinations of securities firms and branches.		252	23,933.71	6,031,295	
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.		56,336	47.82	2,694,151	
TOTAL				274,207,394	365,000
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				39,409,690	
REVERSIONS				31,229,297	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				344,846,381	365,000

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	301,643	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	670,540	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,555,232	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	1,250,000	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	5,744,851	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	1,435,856	
43300400	1202000000	ACT3430	PASS-THROUGH GRANTS AND AIDS	150,000	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	1,500,000	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,248,536	
43700400	1205000000	ACT5510	HURRICANES AND OTHER NATURAL	1,899,483	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,868,123	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	1,535,426	
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):	344,846,380	365,000
TOTAL BUDGET FOR AGENCY (SECTION III):	344,846,381	365,000
	-----	-----
DIFFERENCE:	1-	
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

Long Range Program Plan

September 29, 2017

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

Mike Hansen, 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 2018-19 through Fiscal Year 2022-23. 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,



Mark A. Hammett
Budget Director
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 2018-19 to 2022-23

September 29, 2017

OFFICE OF FINANCIAL REGULATION LONG RANGE PROGRAM PLAN

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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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected
41	105	110	115	120	125

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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected
60%	69%	70%	72%	73%	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 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected	FY 2021-22 Projected	FY 2022-23 Projected
2.33 minutes	1:40 minutes	1:35 minutes	1:30 minutes	1:30 minutes	1:20

LINKAGE TO GOVERNOR'S PRIORITIES

The Office of Financial Regulation has closely linked its Legislative Budget Request to the second and third of three priorities identified by Governor Scott:

1. Economic Development and Job Creation
2. Maintaining Affordable Cost of Living in Florida

This will be accomplished through promotion of a safe and sound marketplace and growth of Florida's economy with smart, efficient and effective regulation of the financial services industry. The remaining priority deals with education, which is not within the Office's jurisdiction.

TRENDS AND CONDITIONS

Florida's Economy

The 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 3.0%, above the national average of 1.5% and ranked Florida 5th in the nation.
- Florida's personal income grew at 4.9%, above the national average of 3.6% ranking Florida 3rd in the nation.
- Unemployment continues to improve. Florida's unemployment rate of 4.1%, is slightly better than the national average of 4.4%
- Low gas prices are a boon to the economy.
- Consumer Sentiment remains high at 93.1, well above the average of 85.6.¹

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 11.1% growth.² Most recent data for the first six months of the 2017 calendar year indicates that single-family building permit activity increased by 14.8% over the prior year during this period.
- The median price for a single-family residence in Florida has been below the national average since 2008, but has now climbed to only 8% below the national average.³
- Florida homeownership is near its lowest rate, 64.6%, since 1989, 64.4%.⁴

Population growth is Florida's primary engine of economic growth, fueling both employment and income growth.⁵ The population growth hovered between 2.0% and

¹Florida: An Economic Overview, The Florida Legislature, Office of Economic and Demographic Research, July 28, 2017. Available on line at:

http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_8-24-167-28-17.pdf

² Florida: An Economic Overview, July 28,2017 .

³ Florida: An Economic Overview, July 28,2017.

⁴ Florida: An Economic Overview, July 28,2017.

⁵ Florida: An Economic Overview, The Florida Legislature, Office of Economic and Demographic Research, July 28,2017. Available on line at:

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 1.61% between 2016 and 2017. However, growth is expected to recover in the future – averaging 1.56% between 2016 and 2020 with 95.1% of the growth coming from net migration. Through 2030, Florida's population is forecast to grow by almost 5.2 million, with 54.5% 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%.⁶

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).⁷ Florida's growth turned positive in 2010 with a gain of 1.4%.⁸ Florida's GDP showed a real growth gain of 3.0% for calendar year 2016, which was above the national average of 1.5%.⁹

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 2016, Florida's personal income grew 4.9%, surpassing the national average of 3.6%.¹⁰

The **unemployment** rate in Florida is improving, falling to 6.2% in July 2014 from 11.5% in July 2010. Currently at 4.1%, Florida is slightly below the national rate of 4.4%.¹¹ 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.¹²

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

http://edr.state.fl.us/Content/presentations/economic/FlEconomicOverview_7-28-17.pdf

⁶ *Florida: An Economic Overview*, July 28, 2017.

⁷ *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

⁸ *Florida: An Economic Overview*, July 23, 2010.

⁹ *Florida: An Economic Overview*, July 28, 2017.

¹⁰ *Florida: An Economic Overview*, July 28, 2017.

¹¹ *Florida: An Economic Overview*, July 28, 2017.

¹² *Economic Perspective*, From the Florida Council of Economic Advisors at Florida TaxWatch, August 2011

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.¹³

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.¹⁴

¹³ *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

¹⁴ *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 advisers, consumer collection agencies and money transmitters throughout the Florida and, as of June 30, 2017, has more than 443,000 licensees. Executive Direction for the OFR includes the Commissioner, Deputy Commissioner, the Office of General Counsel, the Office of the Inspector General, and other executive-level team members. 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 several 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 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.

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 MicroPact Global, Inc. (formerly Iron Data Solutions, LLC). Under the implementation contract with Accenture, LLP, the OFR's custom web services portal was also developed, which provides self-service processing to the general public and to licensees.

The OFR submitted a legislative budget request in September 2015 for the 2016 Legislative Session requesting funding for the re-procurement of the REAL System operations and maintenance support services contract. In addition, the OFR requested funding to leverage the re-procurement by also migrating the Division of Financial Institutions into REAL and facilitating the replacement of the custom web services 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 system integration vendor services for Division of Financial Institutions migration into REAL and portal replacement.

OFR received one vendor response to its competitive solicitation from Accenture, LLC. Following negotiations, a contract was awarded to Accenture, LLC for continuation of REAL System operations and maintenance support services on July 1, 2017, migration of the Division of Financial Institutions into the REAL System by July 5, 2017, and replacement of the system's portal by October 29, 2017.

Seamless continuation of REAL System operation and maintenance began on July 1, 2017, and successful migration of the Division of Financial Institutions was completed as scheduled. The portal replacement initiative is still in progress under OFR's contract with Accenture, LLP. However, OFR and Accenture, LLP agreed to postpone the replacement of the system's portal until January 8, 2018, to allow time for the completion of additional portal functionality, and to complete the November – December, 2017, renewal period for licensees.

Employee Turnover and Retention Efforts

Over the last several years, 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.

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 agency developed the first-ever OFR 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 baseline survey was concluded in March of 2016. The OFR conducted another survey in FY 2016-17 and each survey category showed significant improvement. The OFR will continue the practice of conducting annual engagement surveys with a goal of measuring and improving employee satisfaction and staff retention.

- (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, at the request of the outgoing employee. 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 statewide managers meeting to bring supervisors together to participate in a manager training and development program. Items discussed include leadership, challenges, and solutions development. This training program received widespread support and approval from managers and we believe the success of this program was one of the factors that drove up the employee satisfaction survey results. The OFR intends to offer another management and leadership training program in 2018.
- (4) Manager Orientation. Managers are critical to the employee retention efforts of the OFR. The September 2016 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. The 3 initiatives described below were implemented during FY 2016-17.
 - a) Updating the welcome process for 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 is 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 (“DFS”). The OFR began delivering its own mini-orientation program in early 2017 that immediately follows a DFS orientation presentation. This orientation is facilitated both in-person and via Skype link to new employees in the OFR headquarters and regional offices. This program is hosted by the agency’s human resources administrator and the leadership team. A senior manager from each area of the OFR presents at this event. It offers new employees the opportunity to engage with leadership, learn about each area and division, and ask questions.

Training and Surveillance

Training is vital to the success of the OFR because our most important resource is our staff. As mentioned in the previous section, OFR employees work in highly-specialized areas, which require certain technical skillsets, industry knowledge and significant training. Without the appropriate training, we jeopardize our ability to perform our regulatory functions and we risk our reputation. Training and development is equally important to workplace productivity and satisfaction. Investment in training conveys to staff that they are valued, as training creates a supportive workplace. Employees who feel appreciated and challenged through training opportunities are likely to feel more satisfaction toward their jobs.

During the next three years, the OFR will place an emphasis on developing a defined training program within each of its program areas. Such training plans will layout a program for new employee training and ongoing employee development. The programs will include a combination of in-person, on-the-job and virtual learning opportunities. A structured training and development program ensures that employees have consistent guidance and background knowledge. While we cannot stop employee turnover, the investment in staff training is key to our continued success.

Making data-driven decisions also improves the efficiency and effectiveness of our regulatory efforts. Historically, the OFR's examination of our regulated entities has required substantial time and resources and been conducted on-site at the licensee's place of business. Using technology can greatly improve the way we approach OFR examinations. Expanding data collection in advance of an examination or on an on-going basis can improve not only the quality of the examinations performed but can reduce the amount of time at the licensee's place of business.

Over the last 10 years, more businesses have migrated away from a paper intensive business to an electronic format. Utilizing data analytic tools will allow the OFR to be more focused and targeted in our regulatory efforts while improving the overall productivity of the organization. Several of OFR's program areas have purchased data analytic software and have begun to explore ways they can improve the efficiency of their regulatory processes. The OFR will continue to expand its data collection and use available analytic tools to drive operational performance improvement and enhance risk management.

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 ability for a financial institution to seek a charter to operate from a state regulator or from the national bank and trust company regulator, the Office of the Comptroller of the Currency (OCC) or the national credit union regulator, the National Credit Union Administration (NCUA). The dual chartering option is available for banks, credit unions, and trust companies. 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 and credit unions are generally community financial institutions 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 four (4) new bank charters have been issued nationwide. One of those is a Florida institution, chartered by the OCC. The OFR has not chartered any banks since 2009. The economic downturn from December 2007 to June 2009, commonly referred to as “the Great Recession”, was a major reason for the lack of new financial institutions. Since the end of the Great Recession, the sustained and historically low interest rate environment, coupled with a need to achieve operational efficiencies, has led to the current merger and acquisition environment.

Merger and acquisition and consolidation activity has increased since 2010. Following the Great Recession, depleted capital levels and a decline in financial institution loan portfolio quality, led to many mergers and acquisitions. Institutions did not have as many opportunities to grow organically and enhance earnings and competitiveness. To date, institutions are benefiting from improved economic conditions in Florida and increased real estate values, including commercial real estate. This has led to improved loan portfolios and improved earnings. However, Florida remains an attractive market for many out of state financial institutions. Due to the increased cost of operations and sustained low interest rate environment, Florida state-chartered financial institutions are still seeking merger and acquisition opportunities. These opportunities are predominately

reflected by Florida state-chartered institutions being acquired by the larger national and out of state financial institutions. Florida institutions have been acquired by nationally chartered institutions as well as Arkansas, Georgia, New Jersey, and Louisiana state-chartered institutions. We anticipate the merger and acquisition activity in Florida to continue, until interest rates increase and the sustained profitability of financial institutions are seen as a good return on investment. Financial institutions continue to search for ways to achieve more efficient operations and increase earnings. At the state and national level, law makers are seeking to stream line regulation and move away from a one size fits all model, instead aiming to tailor regulations to the size and risk profile of financial institutions. Increased efficiencies and the ability to develop returns on investment in reasonable time frames, may lead to an increase in new financial institution charters being sought.

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 2017, there were 316 financial institutions in Florida, a reduction of 156 (-33%), of which 200 (63%) were state-chartered by OFR. This decline in the number of financial institutions can be attributed to the Great Recession and associated failures and receiverships, and the ongoing merger and acquisition environment.

In contrast to the decline in the number of financial institutions, institutional assets have grown. In 2010, Florida financial institutions had \$207.4 Billion in total assets, while through the 2nd quarter of 2017 total assets are \$262 Billion. This represents an increase of \$54.6 Billion, or 26%. State-chartered banks have declined in number from 170 in 2010, to 95 through the 2nd quarter of 2017 (-44%). State-chartered bank assets were \$58.6 Billion in 2010, declining to \$53.7 Billion through the 2nd quarter of 2017 (-8%). State-chartered credit unions have declined in number from 76 in 2010, to 66 through the 2nd quarter of 2017 (-13%); however, assets held by state-chartered credit unions has increased from \$20.5 Billion in 2010, to \$40.3 Billion through the second quarter of 2017 (96%).

The difference between the percentage decline in the number of financial institutions, compared to the percentage change in total assets, is primarily due to mergers and acquisitions and consolidation among Florida financial institutions. The secondary contributor is the overall improvement in the economic environment in Florida. Economic improvements are reflected in the rebound in real estate values and the increase in home and commercial real estate lending since the end of the Great Recession. The economy has reflected positive growth in housing, personal wealth, and consumer confidence. With economic conditions improving both on a national and state level, continued improvement in the financial institutions industry is expected.

The profitability of state-chartered financial institutions has improved. Unprofitable state-chartered banks in Florida have decreased significantly from their peak in 2009 of 73.9% to 12% through the second quarter of 2017. State-chartered credit unions improved as well, as 32.9% of credit unions were unprofitable in 2010 but only 8% are unprofitable through the second quarter of 2017.

Improving Taxpayer Value

The Division strives to protect tax payers by conducting both periodic and risk-based examinations of state-chartered financial institutions. These examinations assess the ability of a financial institution, through its board of directors and management, to manage risks and operate in a safe and sound manner. Through the examination process, and offsite analyses, the OFR reviews and determines the sufficiency of a financial institutions operating procedures to mitigate risks and assesses the financial performance of financial institutions, through ratio and trend analyses, in comparison to industry and regulatory standards. The OFR utilizes these analyses to detect and identify elevated risk. Beyond the examination and offsite analyses processes, the OFR can investigate and prosecute violations of the financial institutions codes.

Based on the consolidation and reduction in the number of state-chartered banks and the assets they hold, the Division is consolidating its bank regulatory bureaus. Currently there are District 1 and District 2 Bureaus of Bank Regulation. The Division will consolidate to the Bureau of Bank Regulation. This is consistent with the sister bureau, the Bureau of Credit Union Regulation. The Division will consolidate Bureau Chief positions in the banking bureaus, as well as, consolidate excess examiner and analyst positions. This will create more effective and efficient regulatory oversight, reducing costs, and returning value to tax payers and the financial institutions we regulate.

The Division 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 658 in fiscal year 2016-2017, representing a decline of 48%. 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 24.85 days.

Deliver Value to Business

The Division 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. The Division strives to complete these processes as timely as possible, and avails itself to applicants before the application process to answer any questions and provide information related to the application process. Recently passed legislation by the OFR impacting the Division, helped modernize and streamline the application processes for International Banking Corporations and International Trust Entities. The Division is assessing and pursuing future outreach opportunities to provide information to the industries and entities we regulate, to help educate everyone on the application and oversight processes of the Division.

Beginning in July 2017, the Division improved its database and information technology regulatory processing system, by moving into the REAL System. The Division's counterparts in Consumer Finance, Securities, and Financial Investigations have been utilizing the REAL System for over 10 years. By updating the Division's database and processing capabilities, the Division will be able to better track, review, and assess regulatory processes and data, to create a more efficient and effective regulatory environment.

Promote a Safe and Sound Financial Marketplace

The Division goes through an accreditation process with 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, the ability to rate financial institutions, recognize issues and problems, and initiate effective corrective procedures. The accrediting process includes yearly follow up by CSBS and NASCUS. 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), the OCC and the 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 financial institutions and the communities of Floridians they serve. The Division continues to look for training options and alternatives through resources available with the FDIC, FRB, NCUA, CSBS, NASCUS, the Florida Bankers Association (FBA), and the Florida International Bankers Association (FIBA). The Division is working to further cross train our examinations teams, to develop examiners that can conduct examinations in banks, trust companies, credit unions, and the licensed offices of international banking corporations. A major focus of the Division is enhancing, and developing, our abilities to conduct cybersecurity and information technology examinations as part of our overall safety and soundness examination oversight.

The risks surrounding cybersecurity are a primary focus in the financial marketplace. Attacks against the financial services industry are becoming increasingly sophisticated and highly targeted. To counteract this risk, financial institutions will need to continually update their information technology security policies, systems, and infrastructures and ensure they remain current with best practices. As part of the Division's oversight responsibilities pertaining to safety and soundness of financial institutions, the risk mitigation policies and practices implemented by financial institutions in this regard, are going to be a focus for the Division. Financial institutions should continue to develop and implement information technology and cybersecurity policies to mitigate risks and comply with regulations. The Division's goal is to be able to provide assessment, feedback and oversight related to the risk mitigation practices of financial institutions in this arena.

The Division is actively pursuing training resources and working with our Federal counterparts to gain more experience and information related to cybersecurity and information technology examinations. The Division's goal is over the next fiscal year, to expose the full complement of the Division's examiners to cybersecurity and information technology examination techniques and requirements. This will allow the Division the capability to conduct cybersecurity and information technology examinations, in congruence with our current safety and soundness examinations, in the future. Further, by exposing the entire complement of examiners, the Division will be more readily able to maintain a strong knowledge base and resources for examinations.

The Division continues to monitor risks facing the financial services industry. Some key industry risks the Division is monitoring include; cybersecurity and information technology risk; interest rate risk management; funding and liquidity risk associated with changes in core and non-core funding and deposit resources; concentrations in certain lending categories, including commercial real estate; succession planning; and, bank secrecy act and anti-money laundering compliance.

Legislation

During the 2017 Legislative Session, the Division worked with industry representatives to modernize Chapter 663, International Banking Corporations, Florida Statutes. This modernizing legislation was signed into law as 2017-83 and 2017-84 Laws of Florida. The legislation modernized the regulation of international banking corporations in Part I of the chapter, relocated the regulation of international trust entities from Part I to the newly created Part III, and created Part IV of the chapter for qualified limited service affiliates of international trust entities. Through the 2017 session, the Division worked with the FIBA and the Florida International Administrators Association (FIAA). By working with the industry, the Division was able to present legislation that ensured the continued viability and healthy environment for international financial institutions to operate in Florida. 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.

As the Division moves through 2017 and forward into 2018, rulemaking and form development workshops are being held to implement the modernized Chapter 663 legislation, which will be effective January 1, 2018. The Division anticipates completing the rulemaking and form development in the 2nd quarter of FY 2017-18.

For the 2018 Legislative Session, the Division will monitor any legislation affecting the financial services industry but is not pursuing its own legislation. Should the industries we work with pursue legislation, the Division will be responsive and cooperative to ensure the legislation is efficient and effective, while maintaining the need and ability for oversight to ensure a safe and sound marketplace for Florida.

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 Registrations (Registrations) 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. Registrations 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.

Registrations 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.

Registrations

As of June 30, 2017, there were 12,309 businesses, 63,866 branches/vendors and 28,668 individuals licensed in Consumer Finance. Florida ranks in the top three in the nation in the number of consumer finance industries. Registration’s 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.

Registrations utilizes OFR's Regulatory Enforcement and Licensing (REAL) System to perform the majority of its licensing activities. In addition to REAL, Registrations 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. Florida is ranked in the top three states in number of mortgage licensees and 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.

Effective January 1, 2017, the OFR adopted the Uniform State Test (UST) for loan originators. This action followed some 30+ states that had already adopted the UST. Prior to adoption of the UST loan originator applicants were required to take and pass a national test and a Florida specific state test as part of the prerequisites to becoming a licensed loan originator. The Florida specific state test ensured applicants were knowledgeable of Chapter 494, Florida Statutes, and administrative rules. With the adoption of the UST, OFR published new rules requiring loan originator candidates to complete two hours of pre-license education covering Florida's laws and rules and one hour of continuing education on an annual basis. The addition of the education requirements was embedded within the elective hours required of all loan originator candidates at a national level and did not result in additional regulatory burden. The added requirement of education ensured loan originator applicants would continue to be knowledgeable of Florida laws and rules.

As a result of OFR's adoption of the UST, loan originator application volumes increased significantly starting in January 2017. Between January 1 and June 30, 2017, the OFR received 7,389 loan originator applications compared to January 1 and June 30, 2016 where the OFR received only 2,635 loan originator applications, an increase of 180%. The OFR projects the volume to return to a more normalized pattern by the end of calendar year 2017; however, the monthly volume of applications in June 2017 were double the volume of June 2016.

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. Consumer

Finance uses technology to better analyze data and more efficiently allocate limited resources to target areas of highest risk of harm to consumers.

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.

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 (MSB) 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 three fiscal years we have recognized a decrease: during Fiscal Year 2014-15, 86% of MSB examinations resulted in administrative action; Fiscal Year 2015-16 the percentage declined to 80%, and Fiscal Year 2016-17 the percentage declined again to 78%.

Consumer Finance has embarked on an education and outreach initiative to improve compliance by money services businesses, while at the same time, using better analytical tools to target examinations where the data indicates possible problems. Over time this strategy should result in a reduction of the percentage of examinations resulting in administration action in the years to come. As examinations typically assess compliance with Florida laws and rules by looking back two years, the effects of this initiative may not be fully realized in the initial examination cycles.

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 sent newsletters via email in August 2015, January 2016 and October 2016.

This initiative will be a significant step towards promoting a stronger and safer consumer finance industry.

Legislation

There was no major legislation passed by the Legislature in the 2017 Session significantly impacting the Division of Consumer Finance that became law.

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 was October 7, 2016. The CFPB has not yet published final rules.

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 Florida Office of Financial Regulation (OFR), 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 Registrations (Registrations) 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. Registrations recommends to the Commissioner whether to deny, suspend, revoke or restrict the registrations of firms and persons that apply for registration, or are currently registered under the Act. Through cases developed by Enforcement, the Commissioner may seek administrative remedies in the Division of Administrative Hearings or civil remedies in court including cease and desist orders, civil penalties, fines, restitution, disgorgement, rescission, freezing of assets or appointment of a receiver.

Registrations and Enforcement maintain close relationships with other states and Canadian securities regulators through the North American Securities Administrators Association (NASAA), the organization of U.S. state and Canadian provincial and territorial securities regulators; the U.S. Securities and Exchange Commission (SEC); self-regulatory organizations (SROs), e.g., the Financial Industry Regulatory Authority (FINRA), which regulates its securities broker dealer industry members; and state and local prosecutors and law enforcement. These relationships result in case referrals, joint investigations and enforcement cases, which allow for leveraging of resources, taking advantage of the experience and expertise of each entity, and the ability to prosecute larger, multi-jurisdictional cases. Referrals of matters to OFR affecting Florida investors also result from these close relationships.

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.

Registrations

As of June 30, 2017, there were 8,589 dealer and investment adviser firms, 1 crowdfunding intermediary, 10,355 branches and 319,942 individual associated persons actively registered with OFR. Florida ranks third in the nation in the number of registered dealers, investment advisers and their registered associated persons, and fourth in the number of registered branch offices. Registrations is responsible for the review of 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, Registrations ensures that only applicants that meet the registration requirements set by the Act and the rules are allowed to conduct business in Florida. In instances where the qualifications are not met, denial of the application for registration, or restriction of the applicants' business activities upon registration, may be required, thus helping protect consumers.

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. Registrations analysts check the disciplinary history (including any criminal history) for the firms and

individual applicants, and the educational and employment background for the individual applicants employed by the dealers and investment advisers.

Once firms and individuals become registered, Registrations identifies problems that require remedial or regulatory action. Regulatory action can include revocation, suspension or restriction of the right to do business in, to, or from Florida, which also protects consumers.

Applicants must disclose disciplinary events at the time of the initial application and registrants have a duty to report any updated disciplinary matters in a timely fashion. Registrations received more than 22,500 disciplinary updates on registrants in Fiscal Year 2016-17. Updated disciplinary and background information is carefully reviewed to determine if there are legal grounds to take regulatory action.

Registrations participates in the Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) systems, which are national databases of dealers and investment advisers and their associated persons. CRD and IARD are jointly administered by NASAA and FINRA on behalf of OFR and the other state securities regulators. OFR registers securities dealers and associated persons conducting business in, to or from Florida, and FINRA registers its member dealers through the CRD. OFR registers 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

Securities strives to improve service to its applicants and registrants by processing submissions in a timely manner. During fiscal year 2016-2017 and currently Securities’ time to approve an applicant’s registration request is 4 days.

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 6 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.

The average timeframe to issue deficiency letters at the division level in Texas, another jurisdiction with similar staffing levels and licensees, over a similar time period, is 14 days, compared to Florida's 6 days. Securities continuously looks for ways to improve the review process.

Securities holds a pre-registration conference with new investment adviser applicants to discuss registration maintenance, record keeping and compliance requirements after registration. 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 update current rules and violation trends to inform Registrants so they can avoid common missteps or violations.

These efforts, coupled with industry outreach, and an industry newsletter will provide state registered investment advisers helpful and useful information regarding its rules and regulations and common violations detected during examinations, and promote a stronger and safer investment advisory industry.

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.

As the sole regulator of investment advisers with up to \$100 million (from the previous \$25 million) in assets under management. 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 1,725 investment advisory firms registered in Florida, with approximately 1,150 domiciled within the state. Since the implementation of the cycle examination program, the number of investment adviser examinations resulting in action has been approximately 17.3%. 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.

The Division has acquired data analytics software to assist in the identification of high risk activity, firms, and individuals; this acquisition will allow for improvement in the effectiveness and efficiency of our examination program. To the extent, the Division can improve its examination process, that improvement will translate into less disruption within any securities industry business, thus allowing them to provide more of their services to the Florida investor.

Improving Customer Service

Lastly, Securities has reviewed its call wait time trends and identified this as an opportunity to improve customer service. Call wait times have decreased during the 2016-2017 fiscal year from one minute forty seconds to thirty-four seconds.

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 2017 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 financial markets.

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 recent case, Defendant Donald Edward Smith of Ocala voluntarily surrendered to federal authorities after being charged with wire fraud, mail fraud, money laundering and tax evasion in connection with various fraud schemes alleged to have been operated through his company, Legacy Investments of Brandon, Inc. Smith is alleged to have defrauded hundreds of investors out of more than \$3.6 million dollars through several schemes including one involving the sale of stock in a company he promoted through an internet-based radio show. The company, Phoenix Synergies, was also owned by Smith and was purported to be in the business of recycling and repurposing Styrofoam.

During his regular appearances as a guest on the internet radio website “Phoenix Rising Radio,” Smith would tout the capabilities of a patented Styrofoam recycling machine which he claimed Phoenix Synergies operated. The machine was promoted as being unique and revolutionary and its technology was said to have the capability of alleviating landfills of voluminous amounts of Styrofoam. The investigation, however, revealed that Smith did not use investor monies in furtherance of the business as represented, and found no evidence to prove the existence of a revolutionary machine either owned or operated by Smith or his companies.

During the investigation, a seizure warrant was served against Legacy and Smith by the FBI and IRS. In total, five vehicles and one tractor were seized. Lis Pendens were also filed on three properties believed to have been obtained with investor monies. The OFR’s investigation was initiated by information from a confidential source. The OFR partnered with agents of the FBI and IRS Criminal Investigation in developing the case for prosecution.

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 May 4th, 2017, defendant Phillippe Bourciquot of Lake Worth was sentenced to five years’ imprisonment following his entry of a guilty plea to charges of racketeering, securities fraud and grand theft. Bourciquot was arrested for his role in the creation and promotion of a Ponzi scheme targeting the Haitian-American community in South Florida.

Bourciquot operated a daily radio program in South Florida through which he solicited potential investors to “lend” him money to make investments in the currency markets in exchange for a fixed rate of return of 8% per month. Bourciquot claimed he could achieve those returns based on his expertise in the foreign exchange (“forex”) market where, he insisted, he routinely traded currencies from “18 different countries.” Listeners were told that their investments could not lose money and that they would be issued promissory notes in exchange for placing their funds with Bourciquot. However, contrary to his representations, an analysis of Bourciquot’s financial records revealed that much of his investors’ funds were appropriated by Bourciquot for personal expenses and to make Ponzi payments to previous investors.

More than \$4.7 million in investor funds were invested with Bourciquot through his scheme. During the investigation, an undercover operation was executed with FDLE in which Bourciquot was recorded delivering an investment pitch to an OFR investigator. Bourciquot’s representations to the investigator included a promise of 50% returns on his investment. As part of the investigation, search warrants were obtained

and Bourciquot's home and two storefront business locations in Lake Worth were searched. Evidence from those searches factored in Bourciquot's decision plead guilty in the case.

The case was developed jointly with the Florida Department of Law Enforcement and was prosecuted by the Attorney General's Office of Statewide Prosecution.

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 another recent case, seven defendants were sentenced to a combined 41 years in prison for their roles in a boiler room operation that caused nearly \$23 million in investor losses nationwide. In addition to the prison sentences, the defendants were also ordered to pay restitution totaling \$22,456,186 to the approximately 700 victims of the scheme nationwide. The principals of the scheme managed a boiler room operation from 2008 to 2015 that targeted mostly elderly investors with various fraudulent investment offerings.

The offerings included investments in the supposed stock certificates of medical technology companies and smartphone gaming application makers. Investors were lured into making the investments through false representations made by the defendants. These included claims that the companies' products enjoyed celebrity endorsements, that there were no commissions being paid to the sales agents selling the stock, and that ultra-wealthy individuals already owned the stock. In actual fact, the principals were operating a boiler room where 90% of the proceeds obtained from investors were either paid out as commissions to sales agents or otherwise misappropriated. There were no celebrity endorsements and stock ownership was the result of boiler room sales pitches aimed at elderly investors without regard to their wealth.

All defendants either pled guilty to charges resulting from the fraudulent scheme or were found guilty by a jury at the conclusion of a two-month trial in June 2017. This investigation was developed jointly with the FBI, SEC and FINRA and was prosecuted by the U.S. Attorney's Office in Miami. The case remains open with several more defendants awaiting sentencing.

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 March 2017, Wesley Alan Brown, a former associate church pastor in Flagler Beach, was sentenced to 7.5 years' imprisonment to be followed by 22.5 years' probation for his role in an investment fraud scheme that victimized several members of his church. The sentence was the result of Brown's conviction by jury trial in January 2017 of multiple felony charges including the sale of unregistered securities, the sale of securities by an unregistered dealer and organized scheme to defraud.

From December 2010 through June 2012, Brown solicited church members to invest in the stock of Maverick International, Inc. Brown told his investors that Maverick was a diversified private company located in Delaware which invested in precious metals and commodities. He also told investors that he invested in the company himself and that the investment had no risk and high potential for growth. Brown did not make any other disclosures to the investors as required by law. In or around October 2012, Brown informed investors that their entire investment in Maverick was lost due to a collapse of a third-party commodities brokerage firm that held Maverick's investments.

The investigation revealed, however that Maverick, which was operated by Brown's brother in law, invested in highly speculative commodities futures and suffered substantial losses as a result of unsuccessful trading. Additionally, it was determined that Brown deposited at least \$60,000 of investors' money directly into his personal account in the name of "Wesley Alan Brown DBA Maverick International," and used the funds for his personal expenses. Bank records also revealed that Maverick paid Brown's credit card bills totaling over \$84,000. Investigation did not find evidence that Brown invested any of his own funds in Maverick as represented to investors.

This investigation was conducted in conjunction with the Flagler County Sheriff's Office, the Flagler County State Attorney's Office, and the Commodities Futures Trading Commission. The case was prosecuted by the State Attorney's Office, 7th Judicial Circuit, Flagler County.

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 perpetrators taking the advance fees typically conceal their true identities and physical whereabouts. 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.

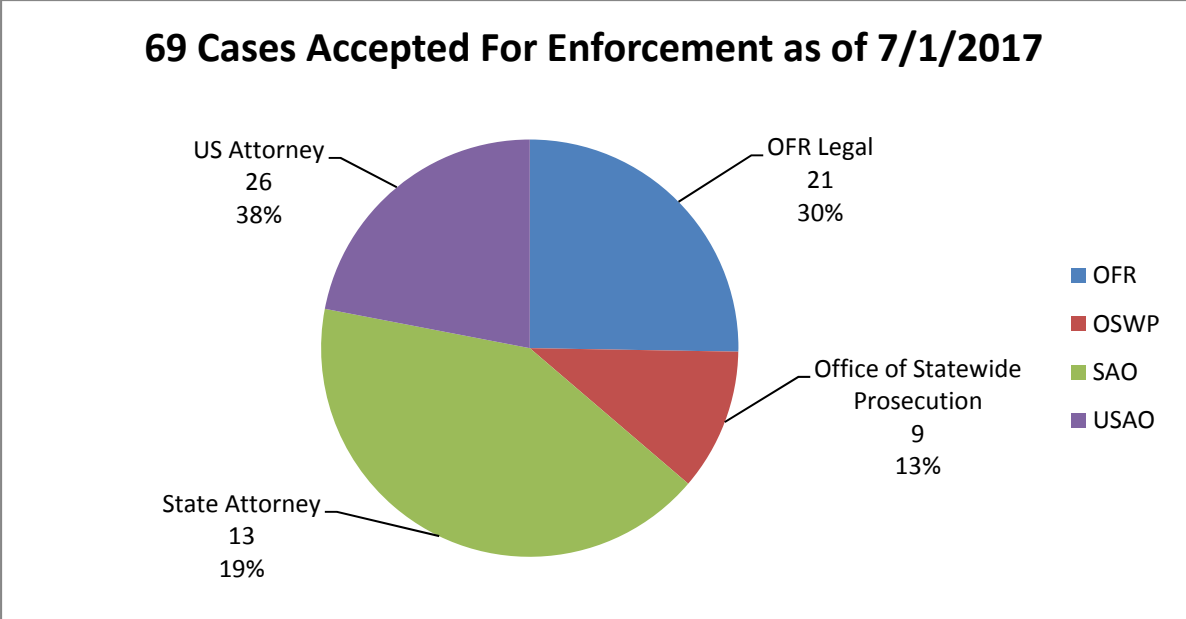
In one such case in June 2017, Paul Leon Rutherford of Seminole, FL entered a plea of guilty in Pinellas County Circuit Court to a charge of collecting an unlawful advance fee as a loan broker. Rutherford was the Managing Member of PLDM Holding's (sic), LLC, the company through which he was alleged to have defrauded at least one prospective borrower by assessing and collecting an advance fee of \$100,000 on the promise of securing a \$16.6 million loan. The court's acceptance of the plea was conditioned upon Rutherford's full payment of restitution to the victim. That condition was met on 5/15/2017. Rutherford was sentenced to 24 months of probation and ordered to pay fines and court costs. Rutherford never produced a loan despite giving the victim repeated assurances over the course of three years that funding was imminent.

The OFR's investigation revealed that instead of securing financing as promised, Rutherford used the money from his victim to delay the foreclosure sale of a commercial property which he owned in Pinellas Park, FL. The foreclosure sale was scheduled prior to Rutherford receiving any money from the victim. The property was eventually foreclosed upon and Rutherford used all remaining funds from the victim for his personal benefit.

Caseload

As of July 1, 2017, BFI had 181 open cases. These investigations involve approximately 900 consumers and more than \$ 263 million dollars in alleged losses. The average investigator's caseload is approximately eight cases.

When an investigation substantiates a violation(s), the case is presented for criminal prosecution and/or to OFR attorneys for administrative or civil enforcement action. Historically, approximately 80% of investigations accepted for enforcement result in criminal, civil and/or administrative action. For the 2016-17 fiscal year, 85% of these types of cases resulted in enforcement action.



During Fiscal Year 2016-2017, BFI closed 152 cases. 85 of those cases were formal investigations, including 34 investigations where enforcement action was taken. These cases resulted in 16 administrative actions and 18 criminal actions. As a result of investigative work performed in these cases by the Bureau, 15 criminal defendants were sentenced to a total of 47 years imprisonment and 141 years of probation.

Initiatives

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 goal remains to have at least 80% of the cases it refers for action actually result in enforcement action.

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 2017-18**

**Approved
Prior Year
Standard
FY 2016-17**

**Prior Year
Actual
FY 2016-17**

**Approved
Standards
for
FY 2017-18**

**Requested
FY 2018-19
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%

99.3%

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%

81%

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%

69%

60%

60%

Approved Performance Measures for FY 2017-18	Approved Prior Year Standard FY 2016-17	Prior Year Actual FY 2016-17	Approved Standards for FY 2017-18	Requested FY 2018-19 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%	6.4%	Less than 10%	Less than 10%
Program administration positions (including Office of Legal Services) as a percentage of total program positions.	Less than 10%	4.2%	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	100	134	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: 43900570 – Securities Regulation
Measure: N/A – All performance metrics met.

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

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- Other (Identify)

Explanation:

External Factors (check all that apply):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation:

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

- Training
- Personnel
- Technology
- 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

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

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 Equivalent (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 2017-18		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 2017-18		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 2017-18		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 2017-18		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.	310	15,771.97	4,889,312
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.	24,617	86.21	2,122,319
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.	174	68,757.27	11,963,765
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.	13	62,720.69	815,369
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.	152	24,105.97	3,664,108
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.	217	26,784.84	5,812,311
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.	252	23,933.71	6,031,295
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.	56,336	47.82	2,694,151

FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2016-17			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		343,543,417		365,000	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		1,302,963		0	
FINAL BUDGET FOR AGENCY		344,846,380		365,000	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					365,000
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.		4,533	88.60	401,622	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		60,254	17.92	1,079,906	
Investment Of Public Funds * Dollar Volume of Funds Invested		24,700,000,000	0.00	800,962	
Provide Cash Management Services * Number of cash management consultation services.		41	29,186.85	1,196,661	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		2,700,000	0.68	1,846,915	
Administer The State Supplemental Deferred Compensation Plan * Number of participant account actions processed by the state deferred compensation office.		1,793,386	0.97	1,735,433	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		38,848	115.67	4,493,609	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		9,134,700	0.12	1,064,534	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		299,792	15.10	4,525,406	
Conduct Post-audits Of Major State Programs * Post-audits completed of major state programs to determine compliance with statutes and contract requirements		4	606,376.00	2,425,504	
Process State Employees Payroll * Payroll payments issued		3,154,618	0.76	2,409,296	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		2	92,307.00	184,614	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		23	58,595.39	1,347,694	
Article V - Clerk Of The Courts * N/A		7	51,176.71	358,237	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		2,269,743	1.34	3,046,743	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		492,477	6.80	3,347,005	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		6,968	79.85	556,382	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		16,390	258.15	4,231,133	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		379	1,429.27	541,695	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,155	538.34	621,781	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		3,707	4,058.46	15,044,719	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		263,457	10.38	2,734,546	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		8,657	125.79	1,088,966	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		8,979	193.47	1,737,170	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		3,642,070	0.09	343,771	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		20,682	1,947.40	40,276,107	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		5,811	2,802.47	16,285,143	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		1,611	1,776.31	2,861,637	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.(top 3 agencies)		70	36,756.46	2,572,952	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		29	21,915.07	635,537	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		105,020	25.78	2,707,240	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		42,546	33.87	1,441,193	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		1,799,053	0.44	783,466	
Administration Of Education Requirements (pre Licensing And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		224,755	1.82	409,940	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		4,639	1,285.65	5,964,111	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers' compensation).		1,843	10,764.73	19,839,400	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed (not including general fraud investigations).		330	11,259.38	3,715,594	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		62,054	74.04	4,594,410	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		352,251	2.00	706,185	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		281,046	18.43	5,179,959	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		1,885	1,432.28	2,699,848	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		95,061	46.94	4,462,445	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		31,508	461.83	14,551,409	
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.		797	6,360.73	5,069,504	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		1,804	778.92	1,405,174	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		122,734,809	0.01	713,137	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,659,032	0.68	3,840,195	
Reimbursement Disputes * Number of petitions resolved annually		4,726	332.09	1,569,437	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		3,163	2,188.83	6,923,266	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority (COAs) processed.		112	8,739.53	978,827	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		576	5,692.55	3,278,909	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,335	2,022.53	16,857,758	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		13,531	645.01	8,727,677	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		310	15,771.97	4,889,312	
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		24,617	86.21	2,122,319	
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.		174	68,757.27	11,963,765	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		13	62,720.69	815,369	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		152	24,105.97	3,664,108	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		217	26,784.84	5,812,311	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conduct examinations of securities firms and branches.		252	23,933.71	6,031,295	
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.		56,336	47.82	2,694,151	
TOTAL				274,207,394	365,000
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS					
OTHER				39,409,690	
REVERSIONS				31,229,297	
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				344,846,381	365,000

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	301,643	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	670,540	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	11,555,232	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	1,250,000	
43200100	1601000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	5,744,851	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	1,435,856	
43300400	1202000000	ACT3430	PASS-THROUGH GRANTS AND AIDS	150,000	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	1,500,000	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,248,536	
43700400	1205000000	ACT5510	HURRICANES AND OTHER NATURAL	1,899,483	
43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	1,868,123	
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	1,535,426	
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):	344,846,380	365,000
TOTAL BUDGET FOR AGENCY (SECTION III):	344,846,381	365,000
	-----	-----
DIFFERENCE:	1-	
(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

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 – Unitng 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