

IOWA INSURANCE DIVISION

**PERFORMANCE  
REPORT**

PERFORMANCE RESULTS ACHIEVED  
FOR FISCAL YEAR 2014

## **TABLE OF CONTENTS**

<b>SECTION</b>	<b>PAGE</b>
<b>Introduction</b>	<b>3</b>
<b>Agency Overview</b>	<b>5</b>
<b>Mission and Vision Statement</b>	
<b>History</b>	
<b>Strategic Plan Results</b>	<b>10</b>
<b>Key Strategic Challenges and Opportunities</b>	
<b>Goals for 2014 and Results</b>	
<b>Performance Plan Results</b>	
<b>Core Function</b>	<b>14</b>
<b>Services/Products/Activities</b>	<b>16</b>
<b>Agency Contacts</b>	<b>20</b>

## INTRODUCTION

The Insurance Division of the Iowa Department of Commerce is pleased to present its performance report for fiscal year 2014. The Division continues to serve Iowa through its agency mission of protecting “consumers through consumer education and by effectively and efficiently providing a fair, flexible and positive regulatory environment.” This report will acknowledge the hard work of the Division personnel in continuing to meet the Division’s mission.

The Division continued to see an increase in overall work load. The year brought increased work from the ongoing implementation of the Affordable Care Act (“ACA”). The Division undertook a robust outreach and education effort during the year and continues to offer support to Iowans seeking to purchase health coverage. The Division experienced an increase in contested cases, financial examinations and market examinations. The Division also served an increased number of Iowans through the Senior Health Insurance Information Program (“SHIIP”), which continues to be a top-ranked program nationally.

The Division continues to streamline the processing of licensing and product review through the use of a variety of electronic methods. By coordinating with national programs implemented by the National Association of Insurance Commissioners (“NAIC”), the Division was able to review 35,366 insurance policy rates and forms as well as license 105,371 insurance producers. The Division reviewed a significant number of qualified health plans and certified the plans to the Centers for Medicare and Medicaid Services (“CMS”) for inclusion in the federally facilitated marketplace for the second enrollment period. The process was labor intensive, but the Division staff met the deadlines and worked diligently to comply with state laws around the rate increase process. The Division held a number of public hearings on proposed rate increases over 6.1% throughout the summer of 2014. Much of the licensing and rate and form review was submitted to the Division through electronic methods, which created less paperwork and smoother processing. All securities licensing forms (agents, broker-dealers, investment advisers and investment adviser representatives) also were filed and reviewed electronically. Additionally, over 70% of securities registration filings were done electronically.

The Division is faced with numerous challenges as it enters calendar year 2015, including: the increasing legal, organizational, and structural complexity of the insurance carriers and insurance holding companies the Division regulates; the increasing encroachment from the federal government on the state regulation of insurance; the increased number of international insurance standards that are driving a number of U.S. regulatory updates and changes; the continuing implementation issues of the ACA; and the adequacy of resources to meet the challenges the complexity of the industry presents to regulators; and preparation for the retirement of a number of key personnel, which began in calendar year 2014, but will potentially accelerate in the next four years.

The Division is deeply committed to its role in ensuring fair and efficient regulation of insurance, securities, and other regulated industries in the state of Iowa. The Division will continue to maintain its vision of “Finding ways to build upon our tradition of excellence.”

Sincerely,  
Nick Gerhart  
Iowa Insurance Commissioner

## **AGENCY OVERVIEW**

### **Mission and Vision Statement.**

Iowa's tradition of positive insurance regulation is reflected in the Division's Vision Statement: "Finding ways to build upon our tradition of excellence." The Division's mission is "The Iowa Insurance Division shall protect consumers through consumer education and by effectively and efficiently providing a fair, flexible and positive regulatory environment."

### **History.**

The Iowa Insurance Division is one of five divisions in the Department of Commerce.

The Division's key stakeholder groups include insurance consumers (businesses and individuals), securities investors, members of the regulated industries (including insurance companies, producers, broker-dealers, securities agents, cemeteries, funeral homes, etc.), state and federal legislators, the Governor's office, and other government entities, including other Iowa state agencies, local Iowa governments, the federal government, and other states' insurance and securities regulators.

Insurance and securities transactions involve the transfer of money from the consumer (insured or investor), in exchange for a promise to receive something in the future (either an insurance contract or an investment in the form of a security). The transactions can involve large sums of money. When consumers are deceived, or when they receive incomplete disclosures in the transaction, or when the issuing company doesn't have the ability to perform as promised when the time arises (perhaps because its financial condition has deteriorated), consumers can suffer. Insurance and securities transactions can also be very complicated, presenting an opportunity for consumers to make poor decisions or, even worse, be victims of fraud. In response, the Division is committed to increasing its efforts to help consumers avoid being victims of deception, nondisclosure, nonperformance, and fraud. This commitment is carried out through targeted campaigns of consumer outreach to increase insurance and investor education.

The insurance and securities industries play critical roles in Iowa's economy. Without insurance, many businesses and individuals would be unable to get loans. Some businesses would find it difficult to even operate. Insurance and securities products provide Iowans with peace of mind and offer financial security and access to products that help ensure Iowans will someday be able to retire. Iowa's economic infrastructure is greatly impacted by insurance and securities markets and would not function as well without these industries.

The scope of the Division's regulatory responsibilities is quite broad. In the insurance arena, the Division regulates 1,524 insurance companies licensed to do business in Iowa. Of these companies, 215 have their home offices in Iowa, making Iowa the primary

financial (solvency) regulator for those companies. As a percentage of state GDP, Iowa's insurance industry is consistently in the top five states for economic impact.

Iowa's financial regulatory framework imposes requirements for the following: company licensing; company capital and surplus; company investments; holding company transactions; approving the sale or disposition of an Iowa domestic company; financial reporting; quarterly review of financial statements; and periodic onsite financial examinations. In 2014, the Division completed 66 financial examinations of insurance companies doing business in Iowa.

In addition to financial solvency regulation, the Insurance Division regulates many aspects of the insurance marketplace. These include: the policy forms that may be used; the rates that may be charged; the sales, underwriting, and claims settlement practices; and the licensing of producers. Targeted market conduct examinations of insurers or producers are done where a problem is suspected. The Division is also actively engaged in examinations that are more complex and expand past the borders of the state. For example, the Division has taken a leadership role in examinations that are national in scope. The Division also maintains an internal staff of insurance analysts and investigators that review and address consumer complaints if consumers have problems with producers or insurers. In 2014, the Division handled 1,380 written consumer complaints and recovered \$2,592,283 for consumers.

The current state insurance regulatory framework is rooted in the 19<sup>th</sup> century, when New Hampshire appointed the first state insurance commissioner in 1851. From that day forward, the need to coordinate amongst various state regulators grew. The National Insurance Convention was formed in 1871, and later transformed into the NAIC. The industry grew in complexity and in 1945 Congress enacted the McCarran-Ferguson Act. This Act clarified that the states, rather than the federal government, should continue to regulate and tax the business of insurance, and it affirmed that the states would regulate insurance unless Congress interceded. To this day, there is no federal insurance regulator. However, the business of insurance continues to grow globally and is, in fact, a global industry. Therefore, through the NAIC, states work closely together and coordinate oversight on a national and international basis.

One critical aspect of this state coordination is the accreditation program of the NAIC. When a state is accredited by the NAIC, other states will rely on that state's solvency oversight of insurers. This eliminates the need for other states to do their own financial oversight and significantly reduces the potential inefficiencies and duplication from a state-based (rather than federal) regulatory system. Given the size of Iowa's domestic insurance industry, NAIC-accreditation of Iowa is deemed critical. If Iowa were not able to maintain this accredited status, there would be significant negative impacts to the industry. The Division has been continuously accredited by the NAIC since 1991. It was most recently reaccredited in 2012, and is scheduled for an on-site review in 2017. The Division is already preparing to go through the next accreditation review. The team is reviewing key personnel and potential retirements in an effort to have seamless transition to a new team of Division leaders. This process is challenging and the Division is

working on several projects to help ensure that the Division will maintain accreditation and the demands of regulating a sophisticated and complex industry.

In recognition of the increasing complexity in the markets the Division regulates and of the increased need for consumer education, the Division instituted a formal insurance and investor consumer education and information program in 2000. From 2000 to the present, the Division has grown this effort to reach as many Iowans as possible on issues that impact the securities and insurance they already own or may purchase in the future.

The Division continues to emphasize its “Iowa Fraud Fighters” campaign. This program is funded from fines and penalties collected from securities violators and a portion of securities agent license fees. In FY14, the Iowa Fraud Fighters program visited six cities around the state to do educational sessions jointly with SHIIP, the Attorney General’s office and the Department on Aging. This joint agency effort affords Iowans the opportunity to learn of various state resources that are available to assist Iowans and to help educate Iowans about how to avoid becoming victims of fraud. As part of the program, the Division maintains a website ([www.iowafraudfighters.gov](http://www.iowafraudfighters.gov)) with up-to-date investor education information, and is doing a targeted state-wide advertising campaign. The six in-person meetings during the fiscal year averaged over 150 attendees. The campaign will continue at least through the spring of 2015 and visit three more cities.

In FY14, The Division sponsored the National Theater for Children (“NTC”) “Mad about Money” program for middle school students. NTC scheduled 100 performances in 99 schools throughout Iowa. NTC reached a reported 14,721 students with a financial literacy program that received rave reviews from students, teachers, principals, parents, community leaders, and the media. In addition to the performances, NTC distributed 14,721 student workbooks 2,000 posters and teacher guides to participating schools. NTC received many comments from teachers, including the following comment from a teacher –*“this is the first time I have seen your program and thought it was awesome. Whenever you can incorporate fun into learning the students benefit. Thanks for a job well done.”* Dixie Nederhoff, 7th grade teacher, Oelwein, IA

The Division will continue to work with NTC in FY15, but with a changed curriculum called Cash Course. The key educational points: Wages minus deductions equals take-home pay; Savings and investing always involve some risk; Don’t let advertisers make your decisions for you; What is opportunity cost?

In FY14, the Division contracted with Precision Information to partner with the Iowa CareGivers to launch a pilot program to provide a 5 hour financial fitness program in Iowa for direct caregiver employees, the Financial Fitness Challenge. Using an online learning platform, employees could choose from up to 25 courses (5 unique learning plans), each learning plan included 5 one-hour courses, with employees increasing their knowledge by choosing additional learning plans In FY14 over 150 organizations participated, over 4853 employees took Checkups, over 8921 courses were completed, and 1368 Financial Fitness Challenges successfully completed. More importantly, employees made significant changes to improve their finances and their lives. Feedback

included comments such as: *It was explained in ways that I could understand. Wish I would have tried to save more when I was a lot younger. I'm encouraging my family to do so; Helpful in understanding finances prior to retirement; It was mostly easy to understand and it did pertain to me and my need to plan for the future. I also am now encouraging my young adult children to start planning for their futures as well, even more than I have in the past.*

The Division also remains active in the Iowa JumpStart Coalition and the Federal Reserve Money Smart Week program. In FY15, the Division anticipates additional educational outreach in the form of *Investor Education in your Workplace* (online investor education), EIFFE Legal (Elder Investment Fraud and Financial Education (CLE for lawyers regarding duties to check for diminished capacity in clients), and retirement planning outreach.

The Securities and Regulated Industries Bureau of the Division: reviews and registers securities to ensure compliance with the full disclosure and substantive investor protection sections of the Iowa Code; licenses over 100,000 broker-dealers, agents, over 5,000 investment advisers, and investment adviser representatives who do securities business in Iowa; ensures that these entities comply with Iowa law; performs examinations of broker-dealers and investment advisers; and provides investor education and distribution of information to the public. The bureau conducted 4 onsite broker-dealer examinations and 21 Investment Adviser Exams. In addition, the Bureau works closely with the Division's enforcement area and with other state and federal agencies to investigate allegations of improper agent behavior.

The staff of the Regulated Industry Unit handles the Division's regulatory duties related to preneed funeral merchandise or services, perpetual care cemeteries, motor vehicle service contracts, and residential service contracts. This includes agent licensing and investigation of consumer complaints. The Unit conducts examinations of the preneed sellers at least once every five years, analyzes annual reports and responds to consumer complaints. The Unit also monitors sales of funeral homes. In 2014 over 100 onsite examinations were completed. This past year, a compliance sweep was begun of the 300 registered Perpetual Care Cemeteries. Each cemetery is being assessed for compliance with Iowa law. That project will conclude in early 2015 and will form the basis for a new program for routine examinations and education for registrants. In 2014 approximately 15 Cemeteries were examined.

The Bureau is currently engaged in two projects to update portions of its computer systems. These improvements will further facilitate electronic filing by licensees and increase the Bureau's capability to analyze data received.

The Insurance Division has a long history with a reputation for excellence in regulation, due in large part to its highly capable staff. Members of the Division staff have received national awards for their contributions to state insurance and securities regulation.



Division staff lead multi-state market conduct examinations, lead NAIC committees and are leaders in other organizations. Division staff members are regularly sought out to share views on regulatory matters and they influence insurance policy at a national level. This highly-regarded leadership is important to improving the standing of the Division and the industry in the state of Iowa.

The Iowa Insurance Division is responsible for the general supervision of Iowa's insurance and securities markets, as well as for the general supervision of a number of miscellaneous industries. Miscellaneous industries include: the sales of pre-need and perpetual care contracts by cemeteries and funeral homes; residential and motor vehicle service contracts (warranties); continuing care retirement centers; and investment advisors. The Division is committed to improving communication within bureaus and working together to enhance consumer protection. The leaders of the Division bureaus meet regularly to discuss industry trends and particular company and producer issues. This facilitated dialogue helps ensure bureaus work together and do not remain in silos.

The Division has 104 full-time employees. Of that number, 18 are noncontract positions, and the remaining 86 are contract-covered. Twenty-three (22%) of the employees spend a substantial portion of their time out of the office doing examinations. The staff takes time to learn about the industry they regulate and the applicable regulations. A significant majority of staff have at least some college education. Additionally, a significant segment of the staff has earned professional designations including but not limited to CFE, CPA, CIE, AFE, AIE, CISA, CLU, CPCU, FLMI, AES, ASA, and ACAS. The Division is focusing on succession planning for the years ahead. Many key individuals may retire within the next four years. This wave of retirements presents a large problem that may prove to be detrimental to state insurance regulators across the nation, but for sure in Iowa. Senior staff is working on succession planning issues in 2014 and beyond. Finally, retaining key staff is problematic. Creating a system that recognizes achievement, experience, expertise and effort may be critical in retaining and rewarding key people. The Division began an employee recognition program in 2014. The program seeks to recognize employees for their valuable contributions. However, the Division believes a review of compensation is necessary and critical. This is especially true in the professional and technical jobs the Division needs to retain and fill such as lawyers, actuaries, and examiners.

The Insurance Division's technology resources are noteworthy. In an effort to increase efficiency and compensate for the increasing demands of state and federal mandates, the Division has prioritized technology investment. Many of the Division's regulatory processes have been automated in recent years including securities licensing, producer licensing renewals, continuing education monitoring, and rate and form filing. The Division is looking to continue to improve on this track record in the coming years by improving the method for tracking and reviewing audits and examinations of cemeteries. The Division is also looking at using technology to further improve the examination process and complaint handling process.

## **STRATEGIC PLAN RESULTS**

## **Key Strategic Challenges and Opportunities.**

Ensuring that the Division protects consumers through effective regulation is a top challenge for the Division. Because this challenge must be balanced with the need to have a strong, solvent insurance industry, the Division constantly reviews regulations not only to ensure that they are not overly-burdensome to industry, but also to ensure that consumers are adequately protected.

The challenge of federal preemption of state insurance regulation is of concern to the Division. The Federal Information Office (“FIO”) issued its overdue report in December 2013. The report advocates for many changes and refinements to the state-based insurance regulatory system, and specifically outlines areas where a federal regulator should intercede and be involved, for instance in regard to mortgage insurance. As stated above, the regulatory system for insurance is unique in the financial services industry. Insurance has no federal regulator. The FIO is not a regulator, but rather an information-gathering entity and facilitator, created out of the Dodd-Frank Bill.

Therefore, states regulate their markets and attempt to coordinate to create a seamless national regulatory system. Emphasizing consistency and coordinating with other states to continue to effectively supervise this global industry, while reducing the inefficiencies of our multi-state regulatory system is critical to maintaining our ability to protect Iowa consumers. Much of the coordination occurs through our national organizations such as the NAIC and the North American Securities Administrators Association (NASAA). States and the NAIC should look at the FIO report for sound recommendations that can be implemented to improve efficiencies. The NAIC addressed many of the recommendations in the report and continues to make progress to improve the efficiency of state based regulation.

The Division is faced with several other key challenges: conducting meaningful staff succession planning; ensuring that there is adequate staff and resources to regulate increasingly complex entities and regulatory changes, such as the Own Risk and Solvency Assessment (ORSA), holding company analysis, and principles-based reserving; incorporating the increasing burden of health care reform as the ACA continues implementation; developing expertise in specific lines of insurance the Division regulates; ensuring Iowans are offered meaningful educational opportunities to learn about fraud prevention and insurance generally; allowing key staff to continue to be relevantly engaged at the NAIC while not letting day-to-day job duties flounder; creating efficiencies through technology and interagency relationships; and ensuring staff is afforded meaningful opportunities to learn about industry changes and developments.

To better prepare for these coming challenges, the Division undertook a progressive project to better understand its weaknesses and strengths as a regulatory agency for insurance and securities in Iowa. The project will help drive future strategic planning and

the deployment of critical resources. The Division will use this to identify opportunities to increase efficiency and continue to enhance and improve regulation of the industry.

The Division believes that, with strategic challenges, there are opportunities. Iowa is seen as a leading regulator of life and annuity products across the nation. In recent years two large life carriers redomiciled to Iowa. The expertise of the Division, along with its large pool of capable employees across the state, are major determinative factors for a company to redomicile. Addressing succession-planning issues and ensuring the right expertise is located within the Division will allow the Division to continue its long tradition of regulatory excellence. Failing to do so, will jeopardize our standing as an effective regulator and damage the industry in a near irreparable manner. By improving operating efficiencies the Division lessens the regulatory burden and continues to ensure that Iowa is a good place for companies to be domiciled.

## **Goals for 2014 and Results**

### **Goal #1: Continue to maintain NAIC accreditation.**

#### **Strategies:**

- Comply with NAIC guidelines as to financial examinations.
- Maintain qualified staff through training.
- Examine all companies per Iowa statutory requirements.

**Performance Measure:** Examination of companies as required under Iowa Code (companies are to be examined once every five years with exams staggered between the companies).

**Results:** 100%, or 66 exams completed.

**Data Source:** Iowa Insurance Division, Company Regulation Bureau.

**Data Reliability:** Iowa Code section 507.2, subsection 1

**What was achieved:** The Division maintains its level of examinations as statutorily required. Consistency of exams along with timeliness of completing exams for each company every five years is a key to maintaining NAIC accreditation.

**Analysis of results:** When staffing levels remain at full authorized strength, timely and appropriate examinations have resulted. The Division is reviewing how best to attract and retain key people and replace retiring key staff. The Division has developed a plan to address the issue of maintaining adequate staff going forward and will present to the appropriate parties as needed.

**Links to Enterprise plan:** None

### **Goal #2: Continue to improve and modernize the regulatory system.**

#### **Strategies:**

- Utilize the electronic filing of forms on the NAIC System for Electronic Rate and Form Filing (“SERFF”).
- Utilize the National Insurance Producer Registry system (NIPR).
- Continue to find ways to streamline filings and records management through electronic means.
- Look for ways to streamline and improve examinations and complaint handling.

#### **Performance Measure:**

Percent of rates and forms reviewed as required by statute within 30 days.

**Results:** 100% were reviewed within 30 days (35,366). This included the review of several hundred qualified health plans for purposes of inclusion in the ACA exchange. This process was entirely new for the Division.

**Data Source:** Internal review procedure and the NAIC/SERFF reporting system.

**Data Reliability:** NAIC monitors the use of SERFF by the states and the carriers. The Division provides an internal review process to ascertain when products are received and approved.

**What was achieved:** The data shows the Division is streamlining the process of approving insurance forms. More products are being filed via the SERFF system for quicker review and approval.

**Analysis of results:** The Division is doing well and could handle additional filings via the website and electronically. The electronic filing process allows the state's insurance industry to streamline processes and compete more effectively in national markets.

**Link to Enterprise Plan:** None

## **PERFORMANCE PLAN RESULTS FOR 2014: CORE FUNCTION**

### **1. Regulation and Compliance.**

**Description:** The Division’s core function is regulation and compliance in the areas of insurance, securities and regulated industries. The Division ensures that insurance and securities products and cemetery and funeral home services sold in Iowa are appropriate, that they are sold by licensed professionals and that, when the need for the product occurs, the services or coverages are available.

**Why the Division is doing this:** Insurance and securities play a critical role in Iowa’s economy. The products and services help ensure commerce occurs throughout the state. Additionally, the products and services help ensure Iowans’ financial situations are in order. This includes not only insuring lives and valuables, but also saving for retirement. A strong, solvent industry with knowledgeable consumers will lead to safe and healthy Iowans and a more productive economy. Through using insurance and retirement products, Iowans will have stronger financial futures and retirements. Finally, the insurance industry employs 43,000 Iowans across the state. This too is critical to the state of Iowa’s economy.

**What the Division is doing to achieve results:** The Division performs financial and market conduct examinations of the 215 Iowa-domiciled companies. In addition, the Division performs market conduct examinations of foreign domestic companies upon certain triggering events or circumstances.

**Performance measure:** The goal is to comply with Iowa law and ensure all companies are examined under the statutory timeframe as required. The number of company examinations closed in 2014 was 66. As part of these financial examinations, the examination teams also conduct market analysis examinations.

<b>Performance Target</b>	<b>Result</b>
100%	100% (66 examinations completed)

**Data source:** NAIC Market Regulation Handbook and Iowa statutory requirements.

**Data reliability:** Market conduct examinations are entered into the NAIC’s Examination Tracking System (“ETS”). Other state insurance regulators have access to this information. Examinations completed conclude with a report. The report is presented to the Commissioner and available for other regulators and members of the public to review.

**Why the Division is using this performance measure:** As the Division works to ensure cooperation among states and thereby avoid duplication of effort in conducting examinations, the use of the NAIC Market Regulation Handbook, specifically ETS, will assist in the ability of states to rely upon each other’s work product and to coordinate efforts for focused market conduct examinations. Other state regulators look to the

regulator of the insurer's state of domicile for review of the financial condition of that state's domestic carriers.

**What was achieved:** Use of ETS enables Iowa to coordinate activity and avoid duplication of examinations. This will achieve efficient use of regulatory resources as well as minimize the cost of examinations for insurers.

**Analysis of results:** Efficient utilization of regulatory resources.

**Factors affecting results:** While Iowa can diligently pursue ETS coordination with other states, the Division can only encourage other state regulators to consistently utilize ETS to facilitate maximum benefit.

**Resources used:** There is no fee associated with the use of ETS. The costs associated with market examinations are paid by the insurer that is examined. No appropriation funds were expended. All examination fees and costs, whether financial or market focused, are billed to the company under examination.

## **2. Insurance rates and forms review.**

**Description:** Review insurance product rates and forms to ensure they are in compliance with Iowa statutes and are appropriate for Iowa consumers.

**Why the Division is doing this:** The Division performs review of insurance rates and forms to ensure that products are legal and consumer-appropriate, and that rates are justified.

**What the Division is doing to achieve results:** The Division has streamlined its review and approval process to get products to consumers quickly. The use of SERFF has cut down on paper and time.

**Performance Measure:** Rates and forms reviewed as required by statute within 30 days.

<b>Performance Target</b>	<b>Result</b>
100%	100 % (35,366)

**Data Source:** Products and rate requests are logged into the Division computer system to track review and approval.

**Data reliability:** All products are tracked using the same computer system. In addition, SERFF filings are tracked through the NAIC for national review and comparison.

**Why the Division is using this performance measure:** Carriers need to get their products to market timely in order to compete in the global markets with banks and securities firms. Consumers want a wide range of products from which to choose and want those products as soon as possible.

**What was achieved:** The Division met the demands of new products as filed and ensured that products were able to be available to the market.

**Analysis of results:** The Division continues with the use of SERFF to approve rates and forms in a timely manner.

**Factors affecting results:** The additional electronic filing capability assured more timely review.

**Resources used:** The NAIC operates the electronic funds transfer process, collects fees, and sends collected fees to us.

## **PERFORMANCE PLAN RESULTS: SERVICES/PRODUCTS/ACTIVITIES**

### **1. Market Regulation (Consumer Complaints, Enforcement, Fraud): Review the performance of the business of insurance.**

**Description:** The Division handles complaints concerning insurance products, rates, services and agency issues. Staff receives the complaint, reviews it, works towards a resolution for the consumer if possible, and, if appropriate, seeks some form of administrative action against the insurer or producer.

**Why the Division is doing this:** Insurance products are complicated financial transactions. Consumers can often be confused or even misled as to the type of financial products they need. The Division provides assistance by answering questions in regard to insurance products and services, as well as seeks regulatory action when Iowa law is violated.

**What the Division is doing to achieve results:** A toll-free telephone line has been implemented to allow for consumers to more easily reach the Division. The system includes a rollover mechanism to ensure that consumers can talk with Division staff. The Division's website provides a way for consumers to ask questions or file complaints online with a fast response time.

**Performance measure:** Ninety percent of complaints resolved in 80 days. This correlates with our mission to protect consumers.

<b>Performance Target</b>	<b>Result</b>
90%	90% reviewed and resolved within 80 days.

**Data Source:** Internal reporting. All complaints are logged in the day they are received and closed when no further action is needed or when resolution is achieved.



**Data reliability:** Information is based upon computer records of when complaint files were opened and closed.

**Why the Division is using this performance measure:** It is important to assist consumers in a timely manner. With greater ability to track issues through electronic means and well-trained staff, complaints can be processed more timely. This measure allows the Division to see its overall ability to respond to complaints.

**What was achieved:** The Division completed its reorganization of the market regulation bureau. Now fraud, enforcement and consumer affairs are all under the direction of one Deputy Commissioner. The Division improved and enhanced its reporting and docket maintenance. The Division currently has several openings in this bureau and will be filling positions throughout 2015. One goal of the bureau is to find ways to automate and improve examination efficiencies. The bureau will continue to enhance personnel through training and mentoring. The Division will continue to streamline the calls and workflow as it continues to integrate the reorganization.

**Analysis of results:** Same as above.

**Factors affecting results:** None.

**Resources used:** The activity is funded through an appropriation from our revolving fund in the amount of \$2,164,214, with 20 FTEs within the market regulation, fraud and enforcement areas.

## **2. Senior Health Insurance Information Program (SHIIP)** **Provide increased outreach service to Iowans.**

**Description:** The SHIIP program provides free assistance to Iowans concerning health insurance, Medicare, Medicare prescription drug coverage, Medicare Advantage plans, Medicare supplement policies, retiree health insurance, insurance claims and long-term care insurance. The program was started 24 years ago and has been based at the Iowa Insurance Division since its inception.

**Why the Division is doing this:** The SHIIP program is an extension of the Division's mission of protecting and educating consumers.

**What the Division is doing to achieve results:** The SHIIP program is almost fully funded through federal grants. However, the Division provides office space, office equipment, parts of the salaries of two staff members, and support of the program through information exchange opportunities.

**Performance measure:** Educating Iowans on Medicare and about their other health insurance needs, is essential. To this end, SHIIP volunteer counselors are available in

almost every Iowa county to provide individual counseling, and meetings are held to perform the needed education across the state. The Division's goal is to increase the number of Iowans served by SHIIP counseling and educational programs by five percent.

**Performance Target**  
5% increase

**Result**  
Over 125,000 Iowans were served (a 12% increase).

**Data source:** Each volunteer is required to maintain records of Iowans that they counsel and the number of people who attend their educational programs. Phone records are kept of persons who call SHIIP's toll-free number for assistance.

**Results:** For FY14, 125,312 Iowans were served by SHIIP.

**Data reliability:** See Data source above.

**Why the Division is using this performance measure:** One-on-one contacts are important in educating people enrolled in or approaching eligibility for Medicare about health insurance issues. The more Iowans SHIIP staff or volunteers have contact with, the more likely the consumers are receiving the information that can help them make better decisions.

**What was achieved:** More Iowans were served through counseling and case management. Additionally, many more Iowans were reached through tele-town hall meetings, educational town hall meetings, state fair booth and other events. Iowans using SHIIP saved over eleven million dollars in 2014.

**Analysis of results:** More Iowans realize that they need to compare Medicare drug plans and Medicare Advantage plans every year. The rise in the number of people enrolled in or approaching eligibility for Medicare (baby boomers) has resulted in an increased need for SHIIP's services by new Medicare beneficiaries.

**Factors affecting results:** Significant changes to Medicare drug plans offered; large employers changing retiree health benefits; beneficiaries' experience with the Part D program and need to review annually; baby boomers approaching Medicare eligibility

**Resources used:** SHIIP is a federally-funded program. Approximately \$182,572, primarily of state appropriation funds, is used to assist in paying the salary of two staff persons. Six other SHIIP staff plus seasonal part time help are paid through the federal grant funds in the amount of \$788,485, which also pays for travel, printing, and the toll-free number. SHIIP also heavily utilizes unpaid volunteers.

### **3. Examinations:**

#### **Examine the financial stability of insurance companies.**

**Description:** In order to protect consumers, it is necessary to ensure that companies selling products in Iowa are strong and solvent. Examination of insurance companies

provides consumers with the added protection of knowing that companies are compliant with state laws and solvent to pay claims as necessary.

**Why the Division is doing this:** To protect consumers and ensure that the products and services they are receiving are from companies that can pay claims when necessary.

**What the Division is doing to achieve results:** Highly-trained personnel, who receive continuing education, examine each Iowa insurance company once every five years, as required by statute. The Division may also examine a company at any time should there be concerns about the solvency or practices of a company.

**Performance measure:** The Division is required to examine each domestic insurance company at least once every five years. The Division staggers the companies for examinations so that not all companies are examined in the same year. Approximately 40 companies are examined each year.

**Performance target:** 100% of those companies required to be examined in a year.

**Data sources:** Examination reports are submitted by the Division to the NAIC, and are public record in Iowa.

**Results:** 100% of carriers required to be examined in FY 14 were examined.

**Data Reliability:** The Division maintains records on companies to be examined and the time frame. This is an internal control.

**Why the Division is using this performance measure:** In order to maintain NAIC accreditation, it is important that companies are examined in a timely and routine manner.

**What was achieved:** The Division maintains an excellent record of reviewing companies. The Division has been accredited by the NAIC continuously since 1991.

**Analysis of results:** The Division continues to be accredited by the NAIC and complies with the statutory requirements for examination of companies.

**Factors affecting results:** The Division maintains a high level of trained staff. Financial training is offered on a regular basis. Additional examiners were hired to ensure timely and accurate examinations.

**Resource used:** The Company Regulation Bureau is fully funded through examination fees from the companies they examine. Approximately \$6.4 million funds the Bureau, with a staff of 35 FTEs.

## AGENCY CONTACTS

Copies of the Iowa Insurance Division Performance Report are available on the Division website at [www.iid.state.ia.us](http://www.iid.state.ia.us). Copies of the report can also be obtained by contacting Jolene Schurman at 515-281-5575 or [Jolene.Schurman@iid.iowa.gov](mailto:Jolene.Schurman@iid.iowa.gov).

Iowa Insurance Division  
Two Ruan Center  
601 Locust Street, 4<sup>th</sup> Floor  
Des Moines, Iowa 50309-3738

(515) 281-5705 or 877-955-1212 (toll free)  
For the SHIP Program: 800-351-4664/TTY: 800-735-2942

[www.iid.state.ia.us](http://www.iid.state.ia.us)  
[www.ship.state.ia.us](http://www.ship.state.ia.us)  
[www.investsmartiowa.gov](http://www.investsmartiowa.gov)