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# **iowa insurance division**

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## **PERFORMANCE REPORT**

PERFORMANCE RESULTS ACHIEVED  
FOR FISCAL YEAR 2018

## TABLE OF CONTENTS

SECTION	PAGE
Introduction	3
Agency Overview	4
Mission and Vision Statement	
Background	
Strategic Plan Results	5
Key Strategic Challenges and Opportunities	5
Performance Plan Results	8
Core Functions	8
Goals and Results	8
Core Function	17
Goals and Results	17
Agency Contacts	22

## INTRODUCTION

Dear Governor Reynolds, Lt. Governor Gregg, and Members of the Iowa General Assembly,

On behalf of the Iowa Insurance Division of the Iowa Department of Commerce, I am pleased to present our performance report for fiscal year 2018. This report, submitted pursuant to Iowa code sections 7E.3 and 8E.210, provides an overview of information regarding the results achieved by the Iowa Insurance Division.

The goals of the Governor's administration have included creating a competitive business climate, developing the most innovative energy policy in the country, educating our children for a knowledge economy, and training Iowans for the jobs of tomorrow. These goals influence strategies throughout government. As Iowa is home to one of the largest insurance industries in the United States, the importance of Iowa's insurance regulatory environment to the economy of this state cannot be overstated. Iowa's insurance services industry plays a large role in helping create and retain good paying jobs for Iowans. Our companies employ thousands of Iowans to export insurance products and services to businesses and consumers throughout the United States and abroad. An effective, qualified insurance regulator in the IID is an important component of growing that industry and bringing additional jobs to Iowa. For over 145 years, the Iowa Insurance Commissioner has worked with other state insurance commissioners through the National Association of Insurance Commissioners (NAIC) to ensure the vibrancy, stability and fairness of the insurance sector.

Yet, developments in Iowa's insurance industry in recent years have dramatically impacted the Iowa Insurance Division's regulatory responsibilities. Traditional financial and solvency oversight through statutory accounting of single companies has evolved into enterprise-wide supervision of all operations under a common holding company, including international supervision. In the area of market regulation, vast and ever expanding sources of particularized consumer data are being collected and analyzed by insurers to evaluate risk. All of these developments require broad cooperation and collaboration among regulators in other states, other nations and financial regulators in international supervisory organizations. The international aspects of enterprise risk regulation requires the IID to participate in and, in the case of certain entities domiciled in Iowa, lead international supervisory colleges around the globe. The accelerating use of "big data" by Iowa insurers around the world requires our global leadership in market regulation.

The IID enforces Iowa's laws prohibiting unfair and deceptive practices and unfair methods of competition in the insurance marketplace to protect Iowa consumers. Iowa's laws encourage competition and to allow consumers choices in price, coverage and quality of service. We also provide similar regulatory protection in investments and other related industries. The Iowa Insurance Division's performance in 2018 demonstrates our commitment to ensuring fair and efficient regulation of insurance, securities, and other regulated industries.

Sincerely,

Doug Ommen  
Insurance Commissioner

## AGENCY OVERVIEW

### Mission:

**The IID protects consumers through consumer education and by effectively and efficiently providing a fair, flexible and positive regulatory environment.**

### Vision:

**Building on Excellence**

### Background:

The IID regulates insurance, securities and other related commercial activities in the state of Iowa. The Iowa Insurance Division's key stakeholder groups include consumer and commercial insurance policyholders, securities investors, insurance companies and producers, securities broker-dealers, agents and issuers, funeral homes, and cemeteries.

The scope of the Iowa Insurance Division's insurance regulatory responsibilities is broad. Iowa is home for 226 insurance companies, some that do business around the globe. For these companies, Iowa is the primary financial and solvency regulator. Our consumer protection mission to closely supervise companies' ability to keep their promises to consumers is our core responsibility. The IID has authorized 1,529 insurance companies to do business in our state. As a percentage of state GDP, Iowa's insurance industry is consistently in the top five states for economic impact. Our consumer protection responsibilities are also directed to enforcement of insurance regulations in advertising and sales, producer training and licensing, underwriting and rating, policy requirements and disclosure, claims handling and complaint handling.

One critical aspect of measuring the performance of state insurance regulation is the Accreditation Program of the National Association of Insurance Commissioners (NAIC). This accreditation program tests the competency of a state's financial supervision program. When a state is accredited by the NAIC, other states will rely on that state's solvency oversight of insurers. This cooperation and trust is designed to eliminate the need for other states to conduct redundant financial oversight of Iowa's 226 domiciled insurers. It also eliminates the need for the IID to provide financial oversight for the 1,303 non-domestic insurers allowed to do business in Iowa. NAIC accreditation is critical to Iowa's policyholders and to Iowa's economically important domestic insurance industry. If the IID were not able to maintain this accredited status, there would be significant negative impacts to the industry. The IID has been continuously accredited by the NAIC since 1991. The IID most recently retained its accreditation through the regularly scheduled, rigorous review that took place on-site by the NAIC in 2017.

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 2018, the IID completed 90 financial examinations of insurance companies doing business in Iowa.

In addition to financial solvency regulation, the IID regulates many aspects of the insurance marketplace. These include review of the policy forms that may be used, the rates that may be charged, the sales, underwriting, and claims settlement practices. The IID also administers licensing of insurance producers. Investigations and targeted market conduct examinations of insurers or insurance producers are conducted when a problem is suspected. The IID is also actively engaged in complex examinations that expand beyond the borders of the state. The IID maintains an internal staff of insurance analysts and investigators who review and address consumer complaints regarding insurance producers or insurers. In 2018, the IID handled 1,627 written consumer complaints, 4,124 complaint calls, and recovered \$2,659,755 for consumers.

The IID also served an increased number of Iowans through the Senior Health Insurance Information Program ("SHIIP"), which continues to be a top-ranked program nationally. Our SHIIP program of well-trained volunteer counselors throughout the state helped over 139,000 Iowans evaluating Medicare options and helped them save over \$27,000,000.

Finally, the IID also serves as Iowa's securities regulator. This responsibility includes collaboration with the United States Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and other state securities regulators through the North American Securities Administrators Association (NASAA). In this regulatory framework, states perform a traditional role in professional licensing of broker-dealers, agents, investment advisers and investment adviser representatives. The IID administers and enforces the Uniform Securities Act. The IID also has 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.

In recognition of the increasing complexity in the markets the IID regulates and the increased need for consumer education, the IID instituted a formal insurance and investor consumer education and information program in 2000. From 2000 to the present, the IID 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.

## **STRATEGIC PLAN**

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

Ensuring that the IID protects consumers through effective regulation is one of our top challenges and must be balanced with the need to have a strong, solvent insurance industry. The IID constantly reviews regulations to ensure that consumers are adequately protected while also ensuring the regulations are not more burdensome than necessary to industry.

Therefore, in 2016 we upgraded core resources to meet current regulatory responsibilities and shape a course forward. While this has slightly increased the number of employees in the Iowa

Insurance Division, this has been necessary to advance the Governor's goals of creating a competitive business climate. The landscape of our state-based insurance regulatory system has changed dramatically during the last several years as the Iowa Insurance Division's responsibilities have increased in size and dimension. Some of these substantial increases include enterprise-wide supervision and an international dimension to that supervision. The international aspects to enterprise risk regulation place the IID at international supervisory colleges around the globe. The IID is the United States lead financial regulator for the U.S. operations (Transamerica) of the Aegon N.V., which last year was named as one of the world's nine Global Systemically Important Insurers (G-SIIs). The fundamentals of financial solvency regulation are also significantly increasing with implementation of holding company analysis, principles-based reserving and implementation of the Own Risk and Solvency Assessment (ORSA). This regulatory approach required additional analysts, examiners and specialists with a significantly higher level of expertise, experience and leadership talents.

The IID believes that, with strategic challenges, there are opportunities. Iowa is seen as a leading regulator of life and annuity products across the nation. The expertise of the IID and the large pool of highly educated and talented professionals in Iowa's workforce are major determinative factors that attract companies to Iowa. In addition, Iowa's relevance in the global insurance marketplace continues to grow. Addressing succession-planning issues and ensuring the right expertise is located within the IID will allow for the long tradition of regulatory excellence to continue. The restructuring of the IID has put it on course to maintain its standing as an effective regulator. By improving operating efficiencies, the IID lessens the regulatory burden and continues to ensure that Iowa is a good place for companies to be domiciled.

The IID has 121 full-time employees. Of that number, 21 are non-contract positions, and the remaining 100 are contract-covered. Forty 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 undergraduate college education. Additionally, a significant segment of the staff has earned professional designations including but not limited to certified financial examiners, certified public accountants, certified insurance examiners, certified life underwriters, certified property and casualty underwriters. The IID will continue to pursue meaningful staff succession planning due to the need for this highly trained staff.

In 2018, Iowa experienced a dramatic collapse of the individual health insurance market. The federal Affordable Care Act caused individual rates to double, and 24,000 Iowans left the market. The Iowa legislature moved quickly to provide options, but the Division continues its work to implement these options. The Division is also challenged by the need to: develop expertise in technological innovation in such areas as data gathering, data analytics and other areas important to consumers and insurers; allow key staff to continue to offer leadership at the NAIC while achieving continued excellence in work performance at the Iowa Insurance Division; create efficiencies through technology and interagency relationships; and ensure staff is afforded meaningful opportunities to learn about industry changes and developments.

To better prepare for these challenges, the IID undertook a progressive project in 2017 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. This project will help identify opportunities to increase efficiency and continue to enhance and improve regulation of the industry. Each quarter, senior staff evaluates the Iowa Insurance Division's status relative to objectives and goals and continuously updates the project.

Finally, a key challenge is ensuring Iowans are offered meaningful educational opportunities to learn about fraud prevention, investments and insurance generally. The Insurance Division offers multiple programs designed to educate various demographics in the areas that the Division regulates. The Insurance Division partners with several agencies and others to provide this programming and ensure it is evolving to meet the various parties' needs.

## PERFORMANCE PLAN RESULTS FOR 2018 AND GOALS FOR 2019

### Core Functions, Goals and Results

#### A. Regulation and Compliance

**Description:** The Iowa Insurance Division's primary core function is regulation and compliance in the areas of insurance, securities and regulated industries. The IID 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. This regulatory compliance includes admissions, solvency and risk assessment analysis and examinations, product and rate review, consumer complaint investigations and administrative enforcement.

**Why the IID 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 appropriate insurance and retirement products with equitable rates supported by risk, Iowans will have more stable and stronger financial futures and retirements. Finally, the insurance industry employs 44,242 Iowans across the state, a critical sector of Iowa's economy.

**What the Division is doing to achieve results:** The IID performs financial and market conduct examinations of the 226 Iowa-domiciled companies. In addition, the IID performs market conduct examinations of foreign domestic companies upon certain triggering events or circumstances. The IID has streamlined its review and approval process of rates and forms and participates in the Interstate Insurance Product Regulatory Commission to improve speed to market and has pursued training and study to fully understand new rating metrics. Finally, improving the Division's consumer protection from unfair or deceptive practices by restructuring bureaus involved in the advocacy, investigation, prosecution and adjudicative functions of the Iowa Insurance Division. This will improve methods and timeliness of receiving and reviewing complaints, detecting unlawful conduct, working toward complaint resolution and, if appropriate, enforcement action against the producer, agent, issuer or insurer.

**Goal/Performance measure #1: Meet examination requirement.** 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 2017 was 54. As part of these financial examinations, the examination teams also conduct market analysis examinations.

**Performance Target 1(a):** Examination of companies once every five years as required under Iowa Code.

**Result:** In 2018, 100% of 58 required examinations were completed and reported.



**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 IID is using this performance measure:** As the IID 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. This will remain in performance plan for 2018.

**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:** Approximately \$8.64 million funds the Bureau, with a staff of 52 FTEs. 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.

**Goal/Performance Measure #2: Maintain NAIC accreditation. The strategies for this goal include: Comply with NAIC guidelines as to financial examinations; Attract, retain and develop staff to provide efficient and effective solvency regulation; and Examine all companies per Iowa statutory requirements.**

**Performance Target 2(a):** Examination of companies once every five years as required under Iowa Code.

**Results:** In 2017, accreditation was retained as 100% of 54 required examinations were completed.

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

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

**Why the IID is using this performance measure:** The state based system of solvency oversight of insurance is central to the market.

**What was achieved:** The IID 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 and quality remain, timely and appropriate examinations resulted. The IID will continue to review how to best attract and retain key people and replace retiring key staff. This will remain in performance plan for 2019.

**Links to Enterprise plan:** None

**Performance Target 2(b):** Budget for, recruit and train professional analysts and examiners to perform increasingly complex enterprise risk assessment and examinations with global business.

**Results:** In 2018, Company Regulation Bureau recruited and staffed a majority of the analyst and examiner positions authorized in 2016.

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

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

**Why the IID is using this performance measure:** The state based system of solvency oversight of insurance is central to the market. This responsibility has increased to include enterprise-wide supervision and an international dimension. The international aspects to enterprise risk regulation place the IID at international supervisory colleges around the globe. The IID is the United States lead financial regulator for the U.S. operations (Transamerica) of the Aegon N.V., which last year was named as one of the world's nine Global Systemically Important Insurers (G-SIIs). The fundamentals of financial solvency regulation are also significantly increasing with implementation of holding company analysis, principles-based reserving and implementation of the Own Risk and Solvency Assessment (ORSA). This regulatory approach required additional analysts, examiners and specialists with a significantly higher level of expertise, experience and leadership talents.

**What was achieved:** The IID continues the investment of time and resource to train up a qualified and diligent staff in the tradition of Iowa. Moreover, there are six interviews scheduled for December.

**Analysis of results:** When the quality and training of analysts increase, timely, appropriate and less burdensome examinations increase. The IID will continue to review how to best attract and retain key people and replace retiring key staff. This will remain in performance plan for 2019.

**Links to Enterprise plan:** None

**Goal/Performance Measure #3: Promptly and effectively perform quality insurance rate and policy form review.** The strategies for this goal include providing staff with the data, training and tools required to support a regulatory environment that fosters a competitive market and reliable and affordable insurance products.

**Performance Target 3(a):** 100% of rate and forms reviewed as required by statute within 30 days.

**Results:** In 2018, 31,740 filings, or 100%, were reviewed within 30 days.

**Data Source:** Iowa Insurance Division, Product and Producer Regulation Bureau utilizes an NAIC information system, the System for Electronic Rate and Form Filing ("SERFF") for review, which tracks timeliness.

**Data reliability:** All products are tracked using SERFF filings for national review and comparison.

**Why the IID 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 IID met the demands of new products as filed and ensured that products were able to be available to the market. The IID is piloting a new technology, to be coupled with SERFF, in 2019 to increase the speed and efficiency of the commercial property casualty form review.

**Analysis of results:** The IID continues with the use of SERFF to approve rates and forms in a timely manner. This will remain in performance plan for 2019.

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

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

**Goal/Performance Measure #4: Advance the effectiveness of consumer protection from unfair or deceptive practices by restructuring and measuring complaint timeliness.** The strategies for this goal include recruiting and training professional analysts, investigators and attorneys, providing staff with data and tools required to support a regulatory environment that promotes a competitive market with minimal distortion from unfair or deceptive practices.

**Performance Target 4(a):** Ninety percent of complaints are reviewed and resolved by the market regulation bureau within 80 days. This correlates with our mission to protect consumers.

**Results:** 88.9% of complaints are reviewed and resolved within 80 days.

**Data Source:** Iowa Insurance Division, Market Regulation Bureau utilizes an NAIC information system, the State Based Systems ("SBS") for complaint, investigation and enforcement, which tracks timeliness.

**Data reliability:** All complaints and inquiries are tracked using SBS for national review, comparison, and market analysis.

**Why the IID is using this performance measure:** Insurance products are complicated financial transactions. Consumers can often be confused or even misled as to the type of financial products they need. The IID provides assistance by answering questions in regard to insurance products and services, as well as seeks regulatory action when Iowa law is violated. Further, it is important to respond to consumers in a timely manner so they may proceed in their interests. With greater ability to track issues through electronic means and well-trained staff, complaints can be processed more timely. This measure allows the IID to see its overall ability to respond to complaints.

**What was achieved:** The IID met its complaint handling targets in 2018. We continue to evaluate the effectiveness of our review and market compliance.

**Analysis of results:** The IID continues to seek to improve its consumer protection efforts in recruiting and training professional talent, and providing access to appropriate tools and data to facilitate effective market analysis and action. This will remain in performance plan for 2019.

**Factors affecting results:** Recruitment of professional talent.

**Resources used:** The activity is funded through an appropriation from our revolving fund in the amount of \$2,120,657, with 22 FTEs within the market regulation, fraud and enforcement areas.

**Performance Target 4(b):** Reorganizing market regulation, consumer advocacy, enforcement and insurance fraud investigation offices under a deputy insurance commissioner to encourage enhanced internal collaboration and engagement at the NAIC.

**Results:** The reorganization is underway and nearing completion. Staff and bureau chiefs continue to systematize changes.

**Data Source:** Iowa Insurance Division, organization chart, position description questionnaires and proposed regulation.

**Data reliability:** All organizational changes are documented through submissions to the Department of Administrative Services and the Department of Management.

**Why the IID is using this performance measure:** The IID sought to reorganize work flow related to consumer protection from unfair or deceptive practices to enhance timeliness of complaint investigation and the quality and effectiveness of administrative enforcement. To encourage common mission, communication and cooperation, the market regulation bureau, enforcement bureau, insurance fraud bureau and consumer advocate office are now operating under the guidance of a deputy insurance commissioner. These bureaus sought to improve and enhance reporting and docket systems. The IID increased availability of training for consumer protection. The Division continues to operate a market regulation bureau toll-free telephone line is available to allow for consumers to more

easily reach the Iowa Insurance Division. The consumer advocate office is also an access point to better serve and offer guidance to Iowans. The Iowa Insurance Division's website provides a way for consumers to ask questions or file complaints online with a fast response time.

**What was achieved:** The IID completed its reorganization of the market regulation bureau. Now fraud, enforcement and consumer affairs are all under the direction of one Deputy Commissioner. The IID improved and enhanced its reporting and docket maintenance. The IID continues to enhance existing personnel through training and mentoring and finding ways to automate and improve examination efficiencies. The IID will continue to streamline the calls and workflow as it continues to integrate the reorganization.

**Analysis of results:** The IID continues to seek to improve its consumer protection efforts in recruiting and training professional talent, and providing access to appropriate tools and data to facilitate effective market analysis and action. This will remain in performance plan for 2019.

**Factors affecting results:** Recruitment of professional talent.

**Resources used:** The activity is funded through an appropriation from our revolving fund in the amount of \$2,120,657, with 22 FTEs within the market regulation, consumer advocacy, enforcement and insurance fraud areas.

**Performance Target 4(c):** Measure and analyze insurance complaints received by the market regulation bureau, the nature of the complaints including line of business and the disposition, and the administrative enforcement actions initiated by the enforcement bureau and all orders and financial recoveries obtained. As also reported in the Consumer Advocacy Report required under Iowa Code § 505.8(6)(b)(6).

**Results:** The IID assisted over 1,600 (or 4,124) consumers and recovered \$2.6 million dollars to those consumers. 56 enforcement actions were filed, recovering over \$386,000 dollars; 242 external review cases were reviewed, resulting in 69 of those cases being overturned in favor of the consumer, and recovering funds of \$722,268. The Insurance Fraud Bureau received 915 fraud referrals, and recovered over \$11.2 million in association with those referrals.

**Data Source:** Iowa Insurance Division, Market Regulation Bureau, Enforcement Bureau, Consumer Advocate and Insurance Fraud Bureau all utilize an NAIC information system, the State Based Systems ("SBS") for complaint, investigation and enforcement, which records complaints received, nature and disposition and all enforcement actions and recoveries.

**Data reliability:** All complaints, inquiries and market actions are tracked using SBS for national review, comparison, and market analysis.

**Why the IID is using this performance measure:** The IID has been using these metrics of consumer protection since required by the General Assembly in 1996.

**What was achieved:** The IID continues to use common sense market enforcement to encourage a competitive market with minimal distortion due to unfair or deceptive practices.

**Analysis of results:** The IID continues to seek to improve its consumer protection efforts in recruiting and training professional talent, and providing access to appropriate tools and data to facilitate effective market analysis and action. This will remain in performance plan for 2019.

**Factors affecting results:** Recruitment of professional talent.

**Resources used:** The activity is funded through an appropriation from our revolving fund in the amount of \$2,120,657, with 22 FTEs within the market regulation, consumer advocacy, enforcement and insurance fraud areas.

**New Goal/Performance Measure #5: Advance the overall leadership and quality of the IID among all states in the state-based insurance regulatory system.** The strategies for this goal include a well-designed and executed on-boarding, training, and succession plans for professional staff that is innovative in approach to the technological advances by the insurance industry.

**New Performance Target 5(a):** Upgrade the onboarding, training processes for new and existing regulators to exceed needs of current consumers and industries.

**Results:** This goal/performance measure is new for 2018.

**Data Source:** Iowa Insurance Division, potential vendor for e-onboarding and training depending upon fiscal investment, Department of Administrative Services for further training, NAIC, and others.

**Data reliability:** All personnel records are maintained by the Division human resources officer.

**Why the IID is using this performance measure:** Iowa's competitive position as a state is advanced with a high quality, common-sense and fair-minded regulatory climate. Regulators who are well-trained are better able to serve the diverse and evolving subjects that come before the IID. The IID is able to compete with other regulators for strong or new companies looking for a domicile state when our regulators have been on-boarded in a thoughtful manner, trained for tomorrow's insurance industry and ready to serve. Intentionally trained workforces produce a better result, and in this case that would be balanced enforcement, public policy, innovative solutions for our consumers. Moreover, a successful onboarding leads to a more productive workforce.

**What was achieved:** IID is implementing the automated performance management phase of the system, with a planned pilot in first quarter 2019, and introduction to employees in second quarter 2019.

**Analysis of results:** The IID plans to tentatively begin implementing and piloting the automated onboarding and training phases in second and third quarters 2019, tentatively, to build upon the efficiencies of the performance management automation.

**Factors affecting results:** IID regulators learn systems with human resources officer. IID regulators provide feedback to improve onboarding, performance and training mechanisms.

**Resources used:** IID fiscal investment of approximately \$12,000 for the performance management system (somewhat offsetting Division human resource officer's, leaderships' and employees' significant manual time) for manually entering information in to performance reviews, with current onboarding system; initial manual investment of designing system and training with vendor.

**Link to Enterprise Plan:** None

**New Performance Target 5(b):** 100% of employees receive performance evaluations and 80% create a development plan for which they are accountable.

**Results:** Over eighty-seven percent of employees' reviews were completed in fiscal year 2017.

**Data Source:** Iowa Insurance Division, potential vendor for electronic version depending upon fiscal investment, Department of Administrative Services for further training, NAIC.

**Data reliability:** All personnel records are maintained by the Division human resources officer.

**Why the IID is using this performance measure:** Data proves that constructive feedback improves performance in the long-term. Authentic self-reflection also drives performance and growth. Feedback also enables one to target their training for the current role and future roles.

**What was achieved:** The contract was executed for the Division to deploy an automated performance system; implementation is taking place currently.

**Analysis of results:** This will remain in performance plan for 2019.

**Factors affecting results:** IID human resources officer involvement to help customize training. Timely reminders provided to regulators once a plan is in place. The automated performance system (Performance Target 5a) is predicted to improve the efficiency in the process.

**Resources used:** The automated performance system (Performance Target 5a) is predicted to improve the efficiency in the process. IID fiscal investment of approximately \$12,000 (offsetting much of IID significant manual effort over time) for performance system, with later payments due upon implementation of an automated onboarding system, as well as customized, automated training system; initial manual investment of designing systems and training with vendor. Moreover, IID will continue to modify onboarding and training programs.

**Link to Enterprise Plan:** None

**New Performance Target 5(c):** Create a regulatory environment for Insurtech across the various functional bureaus with collaborative and innovative approaches to enhance consumer insurance access, affordability and experience. The strategies for this goal include: Begin a cross-bureau group composed of IID regulators (“Innovation Ring”). Formalize the controlled mechanism by which carriers, insurtechs, and others propose pilots with the IID of innovative products and rates that could benefit consumers and are new to Iowa.

**Results:** This goal/performance measure is new for 2018.

**Data Source:** Innovation Ring will meet monthly for formalized learning that includes scheduled group topics and external guest speakers of subject matter experts and insurtechs. The Innovation Ring will also participate in ad hoc training with others, such as NAIC and Global Insurance Accelerator. Iowa Insurance Division, all bureaus, NAIC, consumers, Iowa Insurance Division’s Product and Producer Regulation Bureau SERFF to track filings; and there will be modifications to Division’s process that is formalized with stakeholders’ input.

**Data Reliability:** The Innovation Ring participants provide their feedback and review as to their knowledge level gained through the programming. The Innovation Ring will be involved in reviewing product and rate filings; through this, Insurance Division leadership and others will view the performance of the Innovation Ring. Product and Rate filings are tracked in the SERFF, and the level of confidentiality provided will be noted in the system for public understanding.

**Why the Insurance Division is doing this:** Technology in any sector provides the opportunity of tremendously improving the world or increasing risk. Every facet that the IID regulates: insurance products, services, rates, ways insurance is delivered and marketed, as well as other financial services the Insurance Division regulates can potentially improve due to technology. These are products and services consumers depend upon for their lives. Certain technology can also threaten transparency and promises upon which the industry is built, for which regulators have an ultimate responsibility. This regulatory responsibility is challenging because the impacts of big data, artificial intelligence, and other areas of “innovation” change in hours and sometimes are not clear as to whether they are a consumer enhancement or an opaqueness to a product, service, rating area that already lacks public trust. Regulators are in the best position to add clarity to the dynamic conversation with our knowledge of the law, needs of the risk-based environment and global landscape. Regulators proactively educate ourselves to be in the best position to ask the informed questions in order to meet consumers’ needs for insurance and financial services.

**What was achieved:** In 2018, the Innovation Ring has met 10 times formally, with another meeting scheduled in December. The topics ranged from innovation strategy to blockchain to artificial intelligence, and autonomous vehicles (AV’s) with 4 guest speakers who covered genomics in insurance, the insurance accelerator, AV’s in Iowa, and trends in insurtech for regulators. This includes several webinars that supplemented the formalized discussions. The Innovation Ring group also customarily shares publications and articles within the group regarding timely and relevant topics from which the regulators can benefit.



**Analysis of results:** The curriculum continues to be flexible for the Innovation Ring for 2019 in order to be nimble for trends and issues that are most important for regulators to address. The Innovation Ring will continue to meet and share information to continue to be more informed of technology to benefit our consumers. This will remain in performance plan for 2019.

**Factors affecting results:** Training, retention, collaboration and recruitment of curious regulators. Maintaining relationships and discussions with insurtech community. Continued proactive outreach through GIA, as several of Insurance Division are mentors. Continued leadership of the Global Insurance Symposium. Continued voice in the innovation conversation. Empower each Insurance Division regulator to seek more education on innovation.

**Resources used:** IID regulators, guests, subject matter experts, NAIC, Global Insurance Accelerator, and input from stakeholders.

**Link to Enterprise Plan:** None

**A. Consumer and Investor Education**

**Description:** The IID also has a core function of providing a broad based education program that reaches all age groups of Iowans to assist them in making informed decisions concerning appropriate automobile, home and property insurance coverage, life insurance and retirement planning coverage, health insurance options, investments. The education should promote financial literacy and fraud prevention for young, middle-aged and senior Iowans. Also, the SHIP 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.

**Why the IID is doing this:** Sophisticated and well-informed purchasers are the best deterrent to unfair or deceptive acts or practices in the market. Equipping prospective purchasers to detect and report unlawful activities allows the Division opportunity to protect the credulous and decrease the costs of post fraud enforcement. Well informed consumers and investors ease the regulatory burdens of industry professionals in their sales practice.

**What the Division is doing to achieve results:** The IID obtains funding through enforcement actions and some licensing fees and cooperates with other states, non-profits, private vendors, and Iowa schools to develop a variety of programs. The Division also provides office space, office equipment, parts of the salaries of two staff members to equip and train volunteer Medicare counselors throughout Iowa.

**Goal/Performance Measure #1: Develop, fund and deliver high quality consumer and investor education programs designed to appeal to specific demographics.** The strategies for this goal include providing staff with the data, training and tools required to deliver education to high school and middle school, young adult, middle aged and senior adults concerning appropriate automobile, home and property insurance coverage, life insurance and retirement planning coverage, health insurance options, investments, and fraud prevention.

**Performance Target 1(a):** Educate Iowans about how to avoid becoming victims of fraud in FY18 by holding at least 6 town hall events for 1200 attendees with complementary editorials, tours and letters to the editor; continue Iowa Fraud Fighters website with refreshed content with a goal of more than 16,000 page views; revise and continue a targeted digital ad campaign utilizing Google Display, Google Video, Facebook Image Ads, Facebook Video, Twitter Web Cards and Twitter Video Cards with a combined target of over 4 million impressions; initiate a program to train RSVP volunteers to present the Iowa Fraud Fighters program, with a goal of holding 6 training events.

**Results:** The Division continued its "Iowa Fraud Fighters" campaign, a joint agency effort that provides Iowans the opportunity to learn of various state resources available to assist Iowans and to help educate Iowans about how to avoid becoming victims of fraud. In FY18, the Iowa Fraud Fighters program visited six cities around the state to provide town hall educational sessions with 826 RSVPs and 680 attendees jointly with SHIP, the Attorney General's office and the IID legal staff in lieu of Department on Aging. Townhalls included several smaller markets. The website page received 88,604 views and 15.7 million impressions.

**Data Source:** Participant verbal feedback; evaluation form results; vendor reports number of attendees; website page views; reporting on digital media impressions and clicks.

**Data Reliability:** Evaluations are reviewed by Division staff; staff hears firsthand the verbal feedback.

**What was achieved:** Iowans learned firsthand at town hall and staff events, and through media messaging and the Iowa Fraud Fighters website about typical scams, fraud prevention tips, and state resources to assist them.

**Analysis of results:** The Division will continue the Fraud Fighters Program in FY19 with plans to hold 6 more town halls in cities across the state.

**Resources used:** This program is funded from the securities investor education and financial literacy training fund (fines and penalties collected from securities violators and a portion of securities agent license fees).

**Link to Enterprise Plan:** None

**Performance Target 1(b):** Educate high school students about basic concepts of financial literacy and to better prepare them to make financial decisions by contracting with EverFi in FY18 with a goal of reaching more than 20,000 students in 275 schools, with more than 110,000 hours of learning.

**Results:** The Division contracts with EverFi to provide an innovative digital financial education available to all high school students in the state of Iowa. The curriculum meets Iowa educational standards by providing 9 modules that cover the topics of Saving, Banking, Payment Types, Credit Score, Financing Higher Education, Renting vs. Owning, Taxes and Insurance, Consumer Protection, and Investing. For the 2017-18 School Year, these financial education courses were provided to 18,945 students at 271 schools, resulting in 90,555 hours of learning.

**Data Source:** Vendor Digital Impact Report

**Data Reliability:** The IID reviews the feedback provided through the vendor.

**What was achieved:** Iowa students increased their scores on assessment tests by an average of 62%.

**Analysis of results:** The Division will continue to contract with EverFi to provide digital financial education.

**Resources used:** This program is funded from the securities investor education and financial literacy training fund (fines and penalties collected from securities violators and a portion of securities agent license fees).

**Link to Enterprise Plan:** None

**Performance Target 1(c):** Provide online workplace financial education to help working lowans to become more financially fit by enrolling at least 5,000 employees to take at least 15,000 tutorials

**Results:** The IID contracted with the Financial Fitness Group to provide the Financial Fitness Academy for direct caregiver employees, healthcare workers, government employees, educators and non-profits. In FY18 53 organizations participated, over 2,678 employees participated, over 2,753 Checkups were taken and 8,061 courses were completed.

**Data Source:** Course evaluation surveys, course pre- and post-tests, initial and final checkups, and sample participant comments.

**Data Reliability:** IID reviews vendor reports.

**What was achieved:** Employees reported improvement in their financial stress level, significant percentages made or intend to make changes financially after taking the program, with a significant percentage now setting aside more of their income toward savings and have a written financial plan.

**Analysis of results:** The Division will continue to contract with Financial Fitness Group to provide online employee financial education to 3,000 employees.

**Resources used:** This program is funded from the securities investor education and financial literacy training fund (fines and penalties collected from securities violators and a portion of securities agent license fees).

**Link to Enterprise Plan:** None

**Performance target 1(d):** Provide financial and investment related education appropriate for middle school children in the state of Iowa through a live theater communications program with performances and workbook distributions to 100 schools.

**Results:** The IID sponsored the National Theater for Children (“NTC”) “Pennies to Paychecks” program for middle school students. NTC scheduled 109 performances in 98 schools throughout Iowa. NTC reached a reported 15,588 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 15,632 student workbooks and 2,000 teacher guides and posters to participating schools.

**Data Source:** Vendor reporting; teacher surveys

**Data Reliability:** Iowa Insurance Division reviews feedback.

**What was achieved:** Middle school students were engaged by an entertaining program that includes financial information that is age appropriate but by being interactive keeps their attention so they learn about saving and spending basics.

**Analysis of results:** The Division will continue to contract with the National Theater for Children to provide middle school children financial education in the form of theater performances.

**Resources used:** This program is funded from the securities investor education and financial literacy training fund (fines and penalties collected from securities violators and a portion of securities agent license fees).

**Link to Enterprise Plan:** None

**Performance target 1(e):** Utilize the consumer advocate services to develop and implement an insurance educational and outreach plan to educate students, working and retired individuals at varied stages of life about insurance options and decisions with a goal of at least 10 events annually.

**Results:** This goal/performance measure is new for 2018, and the programming is in development.

**Data Source:** Consumer Advocate reporting

**Data Reliability:** Not applicable

**What was achieved:** Not applicable

**Analysis of results:** Not applicable

**Resources used:** The IID uses funds from its appropriation in the amount of \$130,000 for an FTE.

**Link to Enterprise Plan:** None

**Performance Target 1(f):** Deliver Medicare educational services to 100% of requesting consumers in all 99 Iowa counties through the SHIP program, and to annually increase assistance by 3%.

**Result:** Over 139,000 Iowans were served in 2018 (a 2% 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 SHIP's toll-free number for assistance.

**Data reliability:** SHIP phone records are maintained.

**Why the IID 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 SHIP 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 SHIP saved over twenty seven million dollars in 2018.

**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 SHIP'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:** SHIP is a federally-funded program. Approximately \$195,000, primarily of state appropriation funds, is used to assist in paying the salary of two staff persons. Education funds of roughly \$55,000 to pay for outreach materials helped cover federal reductions. Six other SHIP staff plus seasonal part time help are paid through the federal grant funds in the amount of \$879,260 which also pays for travel, printing, and the toll-free number. SHIP also heavily utilizes unpaid volunteers. IID also received a new 5-year federal grant that brings the Senior Medicare Patrol under our office, so now Iowans have a one-stop shop for Medicare questions and fraud prevention.

## AGENCY CONTACTS

Copies of the Iowa Insurance Division Performance Report are available on the Iowa Insurance Division website at [www.iid.iowa.gov](http://www.iid.iowa.gov). 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)  
[www.iid.iowa.gov](http://www.iid.iowa.gov)

For the SHIP Program: 800-351-4664/TTY: 800-735-2942  
[www.therightcalliowa.gov](http://www.therightcalliowa.gov)