

**NORTH CAROLINA  
DEPARTMENT OF INSURANCE**

**STRATEGIC PLAN**

**FY 2019 – 2021**



Mike Causey, Commissioner

*November 1, 2018*

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# 1. NCDOI Strategic Plan Executive Summary

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The North Carolina Department of Insurance is focused on consumers through fair ratemaking, injury prevention efforts, scrupulous regulation of insurance company solvency and industry practices, and protecting against insurance fraud. The Department also plays a vital safety role in protecting lives and property in North Carolina. The Office of State Fire Marshal is responsible for training fire and rescue personnel, securing property insurance for state-owned buildings, and the oversight and administration of the state's building code.

The Department of Insurance is committed to providing the highest level of consumer service to North Carolina citizens as well as its insurance-related customers. The list below summarizes the Department's strategic initiatives for the upcoming biennium.

- **Enhanced Criminal Investigations Capabilities** – Approximately 10 percent of all insurance claims involve some degree of fraud, resulting in increased premium costs to the consumer. In 2016, when the department had 20 sworn law enforcement officers, there were: 4523 cases of fraud, resulting in 233 arrests and 153 convictions. Monetary recovery was \$4,889,229.48. Due to a lack of investigators, only 12 percent of reported fraud cases were worked. In the last long session of the General Assembly, we received significant funding to double our number of criminal investigators to attack insurance fraud. A Criminal Legal Division with a staff of three was added to assist local district attorneys in getting fraud cases to trial. If recent expansion proves successful, and preliminary results continue to be positive, we would pursue additional resources this biennium. (2017 data and preliminary 2018 data forthcoming).
- **New Call Center Technology** - The insurance industry has experienced significant change over the past several years, especially in the area of health insurance. DOI provides North Carolinians assistance with health insurance questions, complaints and appeals. The agency is committed to the highest level of customer service and effectively monitors these outcomes to ensure that customer service levels are met. Specifically, we are in need of call center technology to: incorporate all channels of consumer communication; capture and robustly report on important data on consumer issues by reason and geographical location; provide robust staff performance analytics; provide retrospective full year call data; identify repeat callers and enter and access notes on the details of their call for purposes of enhanced customer service and potential call escalation; and identify the resolution of the call by employee and reason for the call.
- **Building Code Modernization** - Recent legislation was enacted to develop a data base of available building code inspectors who could be mobilized to assist local municipalities when and where there is high need. Debriefings from previous hurricanes have also highlighted the need for increased mobilization of code officials to better serve in recovery efforts. Forward thinking reforms are being developed and options will be presented to the General Assembly for possible legislative action.
- **Manage Growth in Captive Insurance Market** - The North Carolina captive insurance program has experienced significant growth, which is expected to continue. NCDOI is committed to marketing and promoting Captives as part of overall economic development efforts. North Carolina is positioned as an industry leader but we must always out work our neighbors. This past year we were able to shift internal resources around to meet our needs but expect this program to require additional resources moving forward in order to keep pace with this growing industry.

## 2. NCDOI Strategic Initiative Quick Reference Guide

Goal 1 – Consumer Protection, Education and Support		
<b>Objective 1.1</b> – Enhanced Criminal Investigations Capabilities.		
1.1.1 – Number of criminal cases assigned to investigators.	<b>Strategy</b>	<i>Increase the number of criminal investigations.</i>
	<i>DOI will increase the number of state sworn law enforcement officers in the Criminal Investigators Division. This additional staff will increase the number of cases worked and restitution to victims. This will enable continued cost savings to all insured individuals in the state of NC.</i>	
<b>Objective 1.2</b> – Call Center Technology for improved Customer Service.		
1.2.1 – Capture subject matter of call and better assist consumers.	<b>Strategy</b>	<i>Use improved call center technology to Increase the efficiency of addressing consumer inquiries.</i>
	<i>DOI will be positioned to better assist consumers regarding their insurance questions and concerns. The outcomes are measured by generating automated reports; the number of consumers assisted, the nature of the problem and case resolution.</i>	
Goal 2 – Citizen Safety		
<b>Objective 2.1</b> – Building Code Modernization.		
2.1.1 – Meet increasing demands of those needing building code assistance.	<b>Strategy</b>	<i>Improve Building Code Efficiency</i>
	<i>Recent legislation was enacted to develop a data base of available building code inspectors who could be mobilized to assist local municipalities when and where there is high need. Debriefings from previous hurricanes have also highlighted the need for increased mobilization of code officials to better serve in recovery efforts. Forward thinking reforms are being developed and options will be presented to the General Assembly for possible legislative action.</i>	
<b>Objective 2.2</b> – Building Code Modernization.		
2.1.2 – Uniformity in building code interpretation.	<b>Strategy</b>	<i>Consistency with Building Code Interpretation</i>
	<i>The Department has been working with the industry to improve the consistency of code interpretation. This is being done through educational efforts and improved communication.</i>	

**Goal 3 – Marketplace Optimization**

**Objective 3.1 – Manage Growth in Captive Insurance Market**

**3.1.1 – Number of Captive Insurers Licensed in NC**

**Strategy**

*Increase the marketing, education and promotional efforts targeted for Captive Insurers.*

*NCDOI is responsible for the licensing and ongoing financial evaluation of North Carolina captive insurance companies. NCDOI staff will increase its marketing, education and promotion of the North Carolina Captive Insurance program.*

## 3. NCDOI Vision, Mission, and Values

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### 4.1 Vision

In an ever-changing environment, it is the vision on the Department of Insurance to maintain the stabilization of the insurance industry in order to provide more products, competitive prices and consumer protection.

### 4.2 Mission

To promote a stable insurance market through unbiased regulation and to protect the lives and property of every citizen in all 100 counties while fostering superior, user-friendly service, courtesy and respect.

### 4.3 Values

**Accountability** - Accepts full responsibility for oneself and for one's contribution as a team member; displays honesty and truthfulness; confronts problems quickly; displays a strong commitment to organizational success and inspires others to commit to goals; demonstrates a commitment to delivering on his/her public duty and presenting oneself as a credible representative of the agency and state, to maintain the public's trust.

**Competence & Expertise** – Understands and applies specific technical and/or professional subject matter and concepts integral to the business in which they operate. Is trusted and recognized as a source for credible, reliable information about business policies, procedures, and practices. Demonstrates knowledge and understanding of emerging issues, trends, and developments based on research, program evaluation, and modeling of best practices.

**Customer Service** - Consistently demonstrates a strong commitment to providing value-added services to external and internal customers. Proactively identifies customer needs and requirements, delivers quality service, and continuously improves performance of self and others. Develops, implements, and evaluates work processes which are both efficient and effective from the customers' perspectives.

**Organizational Effectiveness & Efficiency** - Effectively plans, prioritizes, organizes, and aligns human, financial, material, and information resources to meet work unit and organizational goals. Efficiently deploys resources when, where, and how they are needed. Communicates expectations clearly, provides performance-based feedback and coaching, and consistently measures progress. Deals effectively with performance problems.

## 4. NCDI Goals, Objectives, and Performance Measures

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### Goal 1 – Consumer Protection, Education and Support

#### 1.1 Objective -

Ensure that consumers' insurance investments are protected through company licensure, solvency surveillance and rate and policy form regulation to assure that products offered meet appropriate state and federal laws and industry standards, and are priced fairly but sufficiently to support a sustainable business for the insurers offering them.

##### 1.1.1 Measures of Success -

Dollar savings resulting from requested industry rate increases less increases allowed by the Commissioner (dollars).

Aggregate premium dollars saved North Carolina insurance consumers as a result of Actuarial Services Division review of rate filings for personal auto, homeowners, workers compensation and other insurance products (\$ million).

Aggregate number of reviews performed of scheduled and other required filings made by insurers and other regulated entities such as Professional Employer Organizations, Continuing Care Retirement Communities, and entities that self-insure their workers' compensation liabilities.

Percentage of domestic companies classified as "troubled" attaining an improved financial condition as a result of the actions of the Regulatory Actions Division and, consequently, no longer being considered a troubled entity (percentage).

Percentage of approved life and health filings for which review was conducted within 20 days or less (percentage) <sup>1</sup>

Percentage of approved property and casualty filings for which review was conducted within 20 days or less (percentage) <sup>1</sup>

<sup>(1)</sup>Compare to National Association of Insurance Commissioners' goal)

##### Strategies/Initiatives -

Increase the effectiveness and efficiency of financial and market conduct regulation by expanding and adding depth to financial and market analysis in order to detect problems and abuses early; allow for earlier remedial action by regulated entities; minimize potential harm; and to minimize the cost and disruption to companies associated with examination

#### 1.2 Objective -

Ensure that the purchasers of insurance and other products sold by regulated entities are treated fairly at the time of marketing and sale and over the life of their purchase by licensing and enforcing continuing education requirements for the individuals and entities who engage in sales, investigating complaints received from consumers and licensees about the conduct of a licensee, and performing market conduct surveillance to confirm that those who sell and issue the products purchased comply with applicable regulatory requirements.

##### 1.2.1 Measures of Success -

Consumers assisted with insurance matters via consumer and agents and other licensees assisted with licensing and compliance matters by the Agent Services Division.

Aggregate number of individuals and entities licensed and monitored for regulatory and continuing education compliance.

### Strategies/Initiatives -

Improve the quality, efficiency and speed of activities relating to agent licensing, market conduct surveillance and financial surveillance through increased leveraging of information from national and nationwide databases in order to more quickly identify problem issues and entities.

## 1.3 Objective –

Protect consumers, policyholders and insurance companies from fraud and illegal behavior by investigating and seeking criminal prosecution of parties who commit fraudulent acts against consumers, policyholders or insurers.

### 1.3.1 Measures of Success -

Monetary recoveries for citizens and businesses in North Carolina resulting from prosecution of fraud cases and the investigation of complaints received from consumers and regulated entities. (\$ million).

Number of arrests and prosecutions.

### Strategies/Initiatives -

Increase prosecution rate in criminal cases by partnering with other state law enforcement agencies to prosecute fraud in areas subject to the Department's regulation.

## 1.4 Objective –

Assist consumers who have questions or problems about insurance or other products regulated by the Department or about the federal Medicare Program and its related products, by deploying staff and, for certain products, a network of trained volunteer counselors to provide information and investigate complaints as appropriate.

### 1.4.1 Measures of Success -

Consumers receiving assistance via toll-free line for the Senior's Health Insurance Information Program (SHIIP).

Consumers receiving assistance via toll-free line for the Health Insurance Smart NC Program.

Dollar value of medical appeals filed with the insurer and recovered benefits for consumers.

Dollar value of external review recovered benefits for consumers.

Dollar value of complaints (non-appeal) recovered benefits for consumers.

Consumers receiving assistance with insurance matters via the Consumer Services Division.

Monetary recoveries for citizens and businesses in NC resulting from the investigation of complaints received from consumers.

Capture of similar subject matter calls to target advertisement and educational efforts.



### Strategies/Initiatives -

Implement new Call Center Technology to provide improved customer service. See Attachment 1.

### 1.5 Objective –

Provide general educational information about insurance products and their availability and the rights of the public and of policyholders with respect to insurance and the federal Medicare Program and Medicare-related insurance in order to inform and empower consumers by publishing and distributing print and electronic newsletters and brochures and by engaging in public speaking, building networks of partner organizations and other effective forms of outreach.

#### 1.5.1 Measures of Success -

Number of public speaking engagements, event participation, and materials distributed.

### Strategies/Initiatives -

Provide more staff training, strengthen partnerships and communication efforts via traditional and social media.

## Goal 2 –Citizen Safety

### 2.1 Objective -

Protect the well-being and safety of citizens and visitors to North Carolina through the creation and maintenance of building codes, annual building inspection, training of fire and rescue personnel, inspections and ratings of fire departments, and the promotion of injury prevention education to reduce property loss and improve public safety.

#### 2.1.1 Measures of Success -

Fire departments inspected.

Percentage of fire and life safety facilities inspections conducted on schedule.

Percentage of electrical inspections conducted on schedule.

### Strategies/Initiatives -

Enhance the ability of design professionals, contractors, engineers, local government, and the general public to gain access to codes, engineering interpretations, training programs, inspector qualifications, and building code issues by formulizing records in electronic format easily viewed and available to the public.

Increase the number of injury prevention coalitions by county in areas such as Safe Kids to facilitate the delivery of injury prevention education programs and initiatives to a greater percentage of the population.

Increase the number of training and testing programs that result in certification or qualification which will provide a better measurement for constituents of the qualification levels of local government employees and emergency responders.

## 2.2 Objective –

Protect state agencies and local governments and their capital investments by insuring and procuring insurance and providing risk management consulting for government entities, conducting fire, life safety and electrical code inspections of state facilities, and providing interpretations of state electrical code to protect and reduce property loss

## 2.3 Objective –

Modernize and implement building code practices in the state of NC to meet increasing demands of citizens and construction industry stakeholders. Forward thinking reforms are being developed and options will be presented to the General Assembly for possible legislative action.

### 2.3.1 Measures of Success -

Measures under development.

#### Strategies/Initiatives -

Increase Inspections Assistance - Recent legislation was enacted to develop a data base of available building code inspectors who could be mobilized to assist local municipalities when and where there is high need. Debriefings from previous hurricanes have also highlighted the need for increased mobilization of code officials to better serve in recovery efforts.

Increase uniformity in building code interpretation - The Department will continue working with the industry to improve the consistency of code interpretation. This is being done through educational efforts and improved communication.

## Goal 3 – Marketplace Optimization

### 3.1 Objective -

Create and maintain a regulatory organization that employs balanced policies and efficient processes for the benefit of North Carolina citizens by promoting an attractive business climate for insurance companies, insurance agents, and other entities and individuals regulated by the Department, who are vital in serving the public.

### 3.1.1 Measures of Success -

*Measures under development.*

#### Strategies/Initiatives -

Continuously evaluate existing statutes, rules, Department policies, and interpretations to identify and remove/modify or recommend removal/modification of requirements which are no longer relevant in order to be responsive to a dynamic and complex business climate.

Increase automation and electronic information to improve efficiency and overall performance by developing in-house systems and utilizing web-based technology available to the Department through the National Association of Insurance Commissioners to reduce redundancy and provide uniformity for insurers

### 3.2 Objective -

Manage growth in Captive Insurance Market

#### 3.2.1 Measures of Success -

Increase in the numbers of captive insurers licensed in the state of NC.

#### Strategies/Initiatives -

NCDOI is responsible for the licensing and ongoing financial evaluation of North Carolina captive insurance companies. NCDOI staff will increase its marketing, education and promotion of the North Carolina Captive Insurance program.

## Goal 4 –Organizational Excellence

### 4.1 Objective –

Maintain and enhance the existence of a well-trained knowledgeable staff through training and development opportunities to achieve the Department's goals of protecting consumers and public safety and promoting an attractive business climate for the types of entities and individuals that it regulates.

#### Strategies/Initiatives –

Enhance staff knowledge and skills by providing the technical training and analytical tools needed to adequately identify and address technical and consumer protection concerns as regulated products and services increase in complexity and continue to evolve and to better operate in an increasingly automated environment.

### 4.2 Objective –

Conduct all administrative functions effectively and in compliance with state and federal laws and regulations, and departmental policies, ensuring the safeguarding state resources while achieving the departmental missions and goals.

## Attachment 1

In 2014, the Department pursued an upgrade to the existing telephone system so we would have the ability to capture call data and report on why consumers called. The Department met with the North Carolina Department of Information Technology (DIT) to explore solutions. After hearing the requirements set forth by the Department, DIT recommended the purchase of a new VoIP Avaya phone system together with the Elite Multichannel (EMC) platform. EMC was proposed as a solution to capture multi-tiered work codes specifying the reason for and outcome of the call, identify repeat callers, provide robust reporting, allow for a “wall board” and allow for soft phone technology for remote work in the event of inclement weather or disaster response.

After 4 years of attempted design and modifications, the EMC and CMS platforms lack the ability to:

- incorporate all channels of consumer communication,
- capture and robustly report on important data on consumer issues by reason and geographical location,
- provide robust staff performance analytics,
- provide retrospective full year call data,
- identify repeat callers and enter and access notes on the details of their call for purposes of enhanced customer service and potential call escalation, and
- identify the resolution of the call by employee and reason for the call.

The request for identification and display of existing consumer files (Customer Relationship Management) was never proposed as a solution with EMC and the cost for recording and retaining phone calls was cost prohibitive.

The Department’s telephone system costs have risen with the implementation of the existing system, but there have been no improvements to DOI’s ability to capture and report on data, identify callers, or measure call resolution. Additionally, while local and license charges are billed to each specific Division, long distance charges are billed to Consumer Service Division and charges must be calculated and separated out to the appropriate area for payment. After 5 years, the Department still has no meaningful consumer contact data.

### Existing Phone Costs

Includes monthly charge for local service, long distance charges, license fees for EMC, CMS Supervisor fees and One X Agent license fees.

	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Consumer Services Division	33,129.57	21,203.47	36,226.72	39,628.59	36,097.04
Seniors' Health Insurance Information Program- A	44,500.96	59,155.75	57,351.61	40,076.74	35,654.38
Agent Licensing	31,181.51	25,425.07	39,054.56	30,043.97	25,580.15
Health Insurance Smart NC	17,916	14,469	14,497	6,996.08	6,508.11
Total	126,728.04	120,253.29	147,129.89	116,745.38	103,839.68

**Local Charges:**

Call Center Agent	20.77
Elite Multi Channel	17.42
VoIP with VM Hi Cap	20.95
<u>EIPT One X</u>	<u>13.00</u>

72.14 per person per month

**Long Distance minutes in FY 17/18 for CSD, SHIP and Smart NC**

	Number of Minutes	Current Long-Distance Charges (.02 cents/minute)	Anticipated Long Distance Charges (.018 cents/minute)	Savings on Long Distance
July 2017	55,170	\$1103.47	\$993.06	110.41
August 2017	65,229	1271.15	1174.12	97.03
September 2017	55,477	1083.17	998.59	84.58
October 2017	81,290	1585.22	1463.22	122.00
November 2017	156,735	3130.99	2821.23	309.76
December 2017	160,786	3215.04	2894.15	320.89
January 2018	89,806	1795.51	1616.51	179.00
February 2018	71,723	1435.21	1291.01	144.20
March 2018	61,458	1228.97	1106.24	122.73
April 2018	66,314	1326.28	1193.65	132.63
May 2018	59,310	1186.12	1067.58	118.54
June 2018	54,150	1083.03	974.70	108.33
<b>Total</b>	<b>977,448</b>	<b>\$19,444.16</b>	<b>\$17,594.06</b>	<b>\$1850.10</b>

Outcomes for a new contact center are expected to be:

- Increased efficiencies and customer service
- Ability to analyze consumer contact data
- Engaging citizens in more meaningful ways
- Enhancing ability to evaluate staff performance.
- DOI wide enhancement on phone services.
- Division specific billing for phone services.