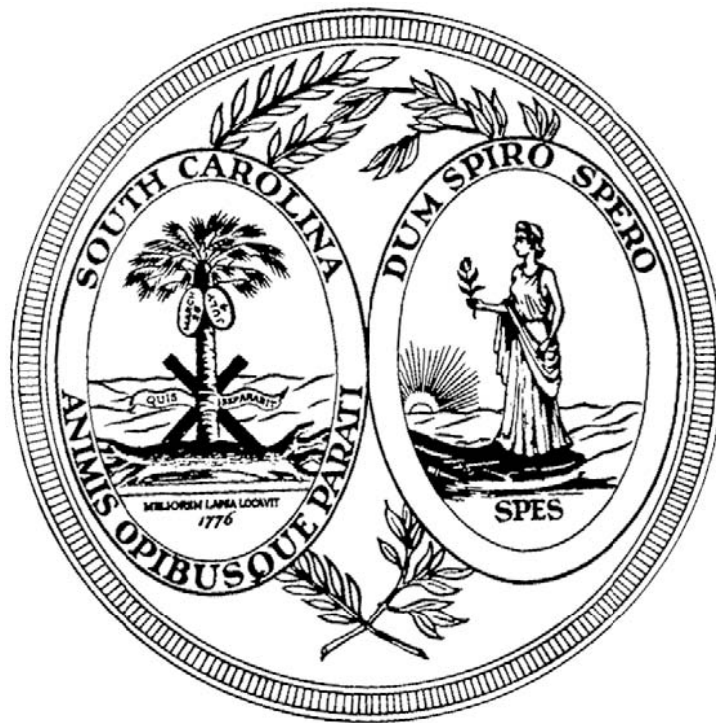# SOUTH CAROLINA

DEPARTMENT OF INSURANCE

AGENCY ACCOUNTABILITY REPORT

FISCAL YEAR 2008
(July 1, 2007- June 30, 2008)

Section I – Executive Summary

1.   Mission and Values

Mission Statement   The mission of the State of South Carolina Department of Insurance is to protect the insurance consumers, the public interest, and the insurance marketplace by ensuring the solvency of insurers; by enforcing and implementing the insurance laws of this State; and by regulating the insurance industry in an efficient, courteous, responsive, fair, and equitable manner.

Vision Statement   The South Carolina Department of Insurance ("the Department") envisions a competitive, financially stable and fair insurance marketplace. To this end, the Department regulates the insurance marketplace firmly and fairly implementing and informing the insurance law.

Philosophy Statement   The Department seeks to provide the best possible service to South Carolina insurance consumers through its regulation, implementation and enforcement of the South Carolina insurance laws. To carry out our mission, we will promote the following core principles: **LIRAC**

Leadership	Provide a regulatory environment which protects consumers and promotes the economic growth and development of the state.
Integrity	Commitment to developing and implementing clear and fair institutional policies, standards, and practices, applied equitably.
Responsiveness	Respond to the inquiries of stakeholders in a timely manner.
Accountability	Regulate the insurance industry in accordance with the South Carolina insurance laws and regulations.
Customer Service	Provide courteous and professional service to consumers and other stakeholders.

2.   Major Achievements
The Department of Insurance is comprised of four main divisions. Each division has 3-4 functioning units. Below is an overview of the major achievements by division.

Market and Actuarial Services and ARTS
- Omnibus Bill successfully implemented.
- Workers' Compensation Reform successfully implemented
- NCCI SC Market Conduct Examination completed.
- 103 licensed companies actively writing in SC; an increase of 5% from FY07.
- Premium volume increased by 8%. (Source: NAIC-ISITE).
- Several coastal forums held to assess insurance needs.
- 19 new Captives were licensed in FY08
- ARTS successfully completed a review of its examination procedure by the NAIC review team.

Consumer Services and Licensing/Education

- Imaged more than 1.3 million licensing documents
- Successfully completed request for proposal to administer the State's insurance continuing education program;
- Successfully completed request for proposal to administer the State's insurance licensing examination.
- Successfully completed thirty-five of thirty-seven NAIC Producer Licensing Uniformity Standards
- Issued several communication bulletins to stakeholders throughout the fiscal year period announcing compliance requirements;
- Annual renewals for the following licenses: Brokers, Adjusters, Public Adjusters, Agencies, rent-a-car, Bail Bonding, Utilization review and Premium Service companies
- South Carolina served as host state for the Securities, Insurance and Licensing Association, held in Greenville SC
- Online licensing capabilities were completed for Producer, Adjusters, Appraisers, Brokers, Public Adjusters, an Nonresident Agency licensing
- A successful legislative session to add laws to improve the overall licensing process for producers
- Providing online licensing and other key data information for use by licensed stakeholders and consumers
- Outreach and educational services to key stakeholders

Legal and Financial Services
- Initiated 353 administrative disciplinary actions,
- Closed 385 administrative disciplinary actions
- Revoked 49 licenses
- Collected $243,212 in fines
- Represented the Department in a major workers' compensation rate hearing, and facilitated the settlement of that action to the benefit of the industry, consumers, and the marketplace

Administration and Accounting
- Digitized more than 13 million files.
- Audited 1,602 licensed insurers and 170 captive insurers.
- Total taxes and fees collected: $177 million.
- Institutionalization of the NeoGov system to assist in the successful recruitment and selection of qualified candidates.
- 523 grant awards from the Hurricane Damage Mitigation Program resulted in payments of $1,164,300.
- Collected over $175,000,000 in revenues for submission to the General Fund or to finance agency operations.
- Participated in the first wave of agencies to implement SAP.
- Implemented the OnBase imaging solution with SAP so only electronic files are sent to the Comptroller General's Office for processing.
- DOI employees assisted SCEIS by serving as instructors for future agency waves implementing SAP.
- Hired 6 FTEs- including 2 hard-to-fill/critical positions for actuaries
- Onsite wellness screening/evaluation for agency employees-22 participants
- Retirement Options Overview session for agency employees- approx. 40 in attendance

- Professional Development Incentive Program implemented
- 100% compliance of EPMS annual review
- Answered 400 records requests and helped 75 visitors.

3.   Key Strategic Goals for the Present and Future Years

The Department has developed a meaningful and useful Strategic Plan that focuses on the following goals:
- To continue to provide for the continuity of the Department by updating and implementing the objectives outlined in the Department's Strategic Plan, including the development of succession plans, workforce plans and training plans. The Department's overall budget will be aligned with its strategic goals and objectives.
- Develop recommendations for stabilizing the Department's funding so that it can continue to provide critical regulatory services.
- To make recommendations to the Governor and the South Carolina General Assembly on legislative changes required to stabilize the availability of certain types of insurance and to enhance the regulation of insurance in South Carolina.
- To maintain and enhance the Department of Financial Services' compliance with regulatory accreditation standards established by the National Association of Insurance Commissioners (NAIC). In addition, the Department will increase by 10% the number of insurers using the State Electronic Rates and Forms Filing (SERFF) system (endorsed and supported by the NAIC) for electronically processing rates and forms filings received by the Department.
- To enhance the Department's regulation of the Alternative Risk Transfer Services (ARTS) market in South Carolina and promote its continued development.
- Improve the Licensing and Consumer Services areas telephone system, which will improve response time to stakeholders.
- Conduct education and outreach campaigns to key stakeholders

Each division of the Department continues to develop new goals on an ongoing basis to promote continuous improvement. The Director requires ongoing status reports of our Strategic Plan, ensuring that our broad goals, along with specific objectives for each division, are being met.

4.   Strategic Challenges

Strengths	Weaknesses
- Knowledge of staff - Good communication with public - Responsive to the public	- Internal communication - Training - Planning and follow-up - Lack of documented internal policies/procedures across all divisions
Opportunities	**Threats**
- Staff is engaged and desires training - Training agents available - Technology to make services more customer friendly	- Budget cuts - Legislation - Political turnover - Staffing turnover and retirement - National standards (federal

	encroachment)

5. Using the Accountability Report to Improve Organizational Performance

The past Accountability Report was a very valuable tool in finalizing the agency's Strategic Plan. The Accountability Report was used as the foundation to guide our efforts in that area. The strategic planning process involved the assessment of customer needs and the re-design of Department programs and processes, and procedures to align with those needs, as well as an ongoing evaluation of performance against benchmarks and standards. As the Department's strengths, weaknesses, opportunities and threats were identified, the Accountability Report has been used to ensure that the Department is meeting both the internal and external objectives set forth in our mission.

Section II – Organizational Profile

1.   Main Products and Services

The principal products and services offered by the Department include: 1) solvency regulation; 2) consumer protection; 3) product and rate regulation; 4) licensing; 5) market development, including alternative markets; 6) enforcement; and 7) public outreach (i.e., providing educational programs for individuals and other persons transacting the business of insurance in South Carolina).

The Consumer Services and Individual/Special Licensing Division monitors insurance market practices and provides consumer protection and licensing services for the state. The Office of Consumer Services reviews, responds to and assists South Carolina's consumers with problems related to their insurance coverage. This office also provides information to consumers about where they may obtain insurance coverage. The Office of Individual and Special Licensing Services provides: insurance education services and state insurance individual licensing examinations; individual licensing services; and 3) special licensing services.

The Deputy Director represents the Department on several residual Market mechanisms involving automobile, homeowner, commercial, and health insurance. Tese mechanisms provide a market of last result or availability of insurance for consumers who find it difficult to find insurance in the standard marketplace. These mechanisms include: South Carolina Reinsurance Facility; Associated Auto Insurance Plan of South Carolina; South Carolina Wind and Hail Underwriting Association

The Consumer Services area also provides market assistance to consumers who find it difficult to find insurance when the residual market mechanism is unable to address specific requests.

The Market, Actuarial and Alternative Risk Transfer Services Division consists of the following offices: 1) Market Services, including Rates and Forms; 2) Actuarial Services; and 3) Alternative Risk Transfer Services (ARTS). Through the Office of Market Services, the Rates and Forms section reviews insurance rates and forms to ensure that insurance rates are not excessive, inadequate, or unfairly discriminatory or are not unreasonable in relation to the benefits provided and that the insurance products offered for sale in this state comply with South Carolina law. The Office of Market Services also monitors the conduct of insurers through market analysis and participating in coordinated market conduct efforts among the states. The Office of Actuarial Services provides actuarial consulting services to various program areas of the Department. The Office of Alternative Risk Services is responsible for developing South Carolina's growing captive insurance industry and other alternative risk transfer mechanisms. This office is responsible for licensing new captive insurance companies and monitoring the solvency of these captives by analyzing and examining their financial condition and operations.

The Office of General Counsel and Financial Services investigates complaints and initiates administrative disciplinary actions against licensees violating South Carolina insurance laws. The Financial Services units license insurance companies, monitors solvency by examining their financial condition and operations, regulates their marketing practices through market analysis and market conduct examinations, and maintains statutory deposits submitted to the Department for the protection of South Carolina policyholders. In addition, the Offices of Financial Analysis and Examinations are responsible for rehabilitation and/or liquidation of insolvent insurance companies.

The Administrative Services Division provides administrative services in support of the agency's mission in a professional, qualitative, and responsive manner which emphasizes efficiency and cost-effectiveness. The Human Resources Office manages salaries and benefits for 86 FTEs, responsible for all staffing procedures, training and development, performance evaluation, employee relations, etc. Also, maintains state and agency-wide computer systems. The Finance Office accounts for the collection taxes, fees, fines and assessments. In addition, the SafeHome program, SC's Hurricane Damage Mitigation Program provides financial incentives to encourage residential property owners to retrofit their properties, making them less vulnerable to hurricane damage and helping reduce the cost of residential property and casualty insurance. The SafeHome program provides matching grants of up to $5,000 to assist individuals in making their homes as hurricane-resistant as possible. The Department partners with local and statewide businesses and not-for-profit organizations to provide information and mitigation methods to help South Carolinians learn ways to make their homes more hurricane-resistant.

2.   Key Customer Segments and Their Key Requirements/Expectations

All citizens of South Carolina are key customers of the Department as they are affected by insurance, in one way or another, on an almost daily basis. Other key customers include the General Assembly, licensees, other state agencies, the NAIC and other state and federal agencies.

DOI Unit	Customer Groups	Requirements/Expectations of DOI
Consumer Services	Citizens	Respond to inquiries, complaints and allegations of unfair trade practices, unapproved rates or forms, or violation of SC insurance law.
Market Regulation	DOI units, citizens, NAIC, MAWG (Market Analysis Working Group), companies, insurers, etc.	Once complaints/allegations come in regarding a possible violation, this unit conducts an analysis to determine whether insurer is engaging in unfair practices and should result in a fine, suspension, or a revocation of their license.
Financial Examinations	Insurance companies licensed in SC and foreign (companies in other states but licensed in SC) examinations	Conduct comprehensive examination of primarily SC domestic insurance companies at least every 1-5 years; and also foreign examinations as needed.
Financial Analysis	Insurers licensed in SC, the policy holders of the insurers, and insurance companies.	Review annual and quarterly financial statements of insurers licensed to do business in SC to make sure that they are in compliance and that they remain solvent. Track licenses and documenting what happens to companies. Review applications for admission of insurers (foreign and domestic) wanting to conduct business in SC. Make sure insurers maintain proper security deposit required by statute.

DOI Unit	Customer Groups	Requirements/Expectations of DOI
Captive Regulation	All companies	Issue captive licenses. Provide financial surveillance of companies licensed as a captive. Monitor market conditions and the business climate needed for continued development of the alternative risk market as means of attracting businesses to SC.
Rate and Form Regulation	SC licensed insurers	Review rates, rules, and policy forms of SC licensed insurers for compliance with the state law.
Individual Licensing	Citizens, insurance companies, insurance producers, adjusters, surplus lines brokers, attorneys, appraisers, insurance agencies (small business), insurance company executives, NAIC, other state insurance departments, legislators, and insurance Associations.	Consumers contact this unit for inquiries regarding trade practices, interpretation of SC insurance law, and regulations.
Education Services	Citizens, insurance companies, insurance producers , adjusters, surplus lines brokers, attorneys, appraisers, insurance agencies (small business), insurance company executives, NAIC, other state insurance departments, universities and schools, legislators, licensing exam groups and insurance associations.	Responsible for administering the contract pertaining to the state insurance licensing exams and make sure exams are current with SC law. *(They do not administer the exam).* Anyone who is interested in providing continuing education courses for licensed insurance producers. Certify insurance instructors to teach continuing education re: SC insurance and address educator inquiries.
Special Services	**Third party administrators** (organizations that perform services for insurance company- i.e. collecting insurance premiums and paying claims), **Premium finance companies** (consumer lending institutions; specialize in insurance premium for consumers),	Determine if the customer groups are qualified to transact business in the state according to the insurance laws of SC. If so, then a license is issued. In addition, respond to inquiries and/or complaints regarding these groups; assess for violation of SC insurance laws. If in violation, forward to legal for action.

	service contract providers (specialize in repair vehicles, appliances, etc.), **utilization review organization** (organization that is comprised of nurses/doctors; review policy holders medical history to determine if their hospital stay for medical procedures were necessary), and **bail bondsman** (insure the appearance of a defendant in court).	
Special Services cont..		
DOI Unit	**Customer Groups**	**Requirements/Expectations of DOI**
General Counsel	DOI units and citizens	Protect consumer interest by providing sound legal advice to DOI staff during their investigations. They also protect consumer interest by taking legal action against agents in violation of SC insurance laws at the request of the DOI units.
Finance and Accounting	DOI staff, the Budget and Control Board, and the legislature	Provide budgeting, financial planning, payroll processing, revenue collection, procurement, and facility/office space management.
Human Resources	Potential employees and DOI staff (current and past)	Employee recruitment and selection, employee relations management, classification and compensation, organizational development, employee training, and human resource analysis and planning.
Records Management and Auxiliary Services	Everyone	Manage records (scanning/data imagining project), file storage, and historical retention schedules. Assist customers in locating files per their request.
Information Technology	Agents, brokers, insurance companies, DOI staff, citizens, and other agencies.	Provide agencies with data per their request (i.e. DSS, DMV, NAIC, etc.). Provide technical support to DOI staff. Create internal databases and enhance existing data processes and network operations. Identify critical technological needs of DOI staff. Provide technical support regarding accessing of the web to the citizenry.
Taxation	Insurance company officials, insurance agencies, brokers (surplus lines), agency tax writers,	Respond to inquiries regarding tax rates, policy fees, and anything to do with premium taxes. Licensed insurance companies, brokers, and captive companies

	and citizens.	submit premium tax forms and payment for audits to determine if the state has paid the right amount by the company. Based on findings from the audit, taxation provides reports (market shares) which go to Budget and Control. Collect if underpaid and send to General Counsel if they fail to pay.
SafeHome Program (Hurricane Mitigation)	Resident in owner-occupied coastal home.	Provide citizens with up to $5000 to assist individuals in making their homes as hurricane-resistant as possible. Provide education outreach to coastal citizens regarding the grant program, hurricane safety, and homeowner's insurance.
Residual Market Mechanism	Consumers, agents, Insurers, Real Estate Market, other government agencies	Provides market availability for hard to find insurance coverages: SC Reinsurance Facility, SC Wind and Hail Underwriting Association, SC Health Insurance Pool, and SC Commercial Insurance Plans

3.   Key Stakeholders

The Department's stakeholders are licensed insurance individuals, consumers/citizens, the Governor, legislators, the insurance industry, other government agencies, and the NAIC.

4.   Key Suppliers and Partners

The Department works with a number of suppliers and vendors. The following is a listing of the businesses and organizations with whom we conduct business on a regular basis: State Budget and Control Board, CIO's Office (for technology infrastructure) and Office of Human Resources; South Carolina Department of Corrections, Industries Division; Gateway Company; SLED; Parkway Properties; Beeline; Bank of America; King and Queen Company; City of Columbia Parking Services; Sowell Gray Stepp & Lafitte; John O'Neal, Esquire; Advantage Courier; Carolina Office Systems; E Crane Computing; Hartsville Toner Recharge; Verisign; Federal Express Corporation; Actuarial Group Inc.; G&H Mail Service; AT&T; Johnson Lambert & Company; Spirit Telecom; Milliman & Robertson, Inc.; University of South Carolina; Lewis & Ellis, Inc.; Bartlett Actuarial Group; Mercer Oliver Wyman; Financial Risk Analysts; Cavins Business Products Inc.; Verizon Wireless; South Carolina Department of Revenue & Taxation; Merlinos & Associates, Inc.; West Group; Claire Thinking, Inc.; Russell-Massey and Company; Society of Financial Examiners; Oracle Corporation; T Crown Industries; Training Concepts; J.M. Grace Corporation; Minolta Corporation; General Services Print Shop; Dell Computer Corporation; Thomson Prometric; and Prestige Travel Services.

Each state Department of Insurance has a unique opportunity to partner with national organizations which provide assistance to the public. The National Association of Insurance Commissioners (NAIC), based in Kansas City, Missouri, is an association of state and US territory insurance commissioners designed to promote uniform and consistent insurance regulatory practices throughout the country. The National Insurance Producer Registry (NIPR), a subsidiary of the NAIC, provides electronic processing of non-resident producer licenses. The

National Council of Compensation Insurance (NCCI) serves as the statistical agent for workers' compensation insurance in South Carolina, and acts as administrator of the state's Assigned Risk Plan.

5.   Operation Locations

The Department's main office is located at 1201 Main Street, Suite 1000, Columbia, SC 29201. The Department maintains a small office at 145 King Street, Suite 207, Charleston, SC 29401, for meetings and other activities related to the Market, Actuarial, and ARTS Division.

6.   Number of Employees

During fiscal year *2007–2008*, the Department had 86 FTE's, 56 temporaries, and 3 contracted employees.

7.   Regulatory Environment

Title 38 of the South Carolina Code of Laws sets forth the general standards for regulation of the South Carolina insurance market. In addition, a number of federal laws and regulations may enhance, modify or limit the scope of the Department's regulatory authority.

All state insurance commissioners or state insurance directors are members of the NAIC. The NAIC and its staff are a vital resource to the states on issues affecting insurance and insurance regulatory policy. While no statute mandates our involvement with the NAIC, it is an excellent resource from which we draw to ensure that the insurance marketplace remains healthy, competitive and financially sound.

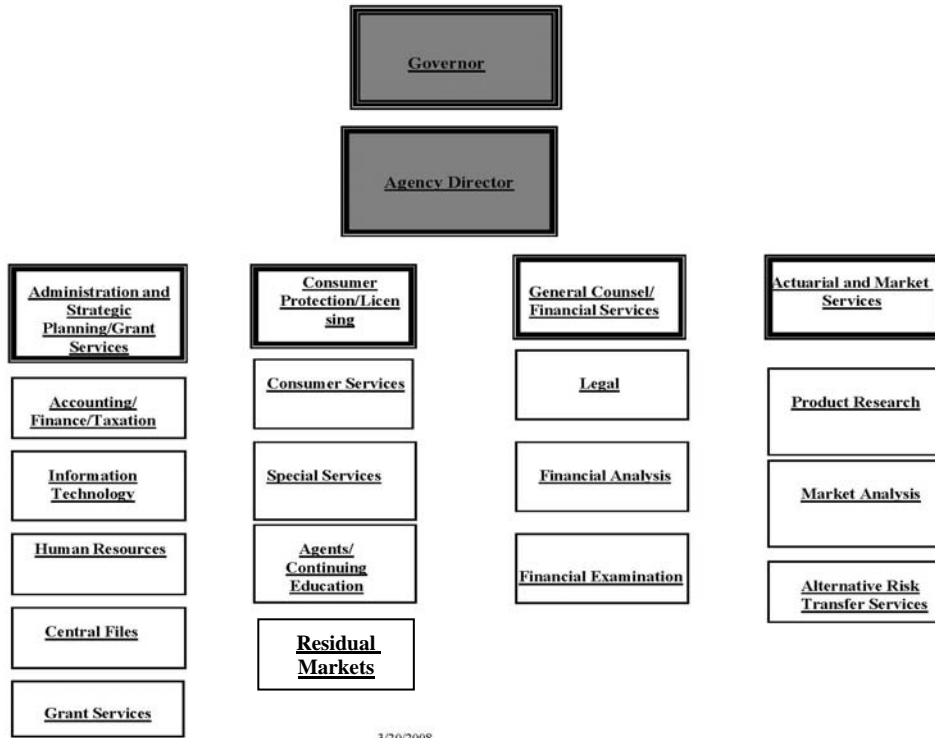## 8.   Performance Improvement System(s)

The Department maintains an organizational focus on performance improvement through the use of the Employee Performance Management System (EPMS), improved strategic use of technology, on-site and off-site training, and direct communication and feedback with managers, supervisors and/or Deputy Directors.

With the Director having private sector business management practices, coupled with several years of public service in state government as a Senator, he has worked diligently to bring private sector business management practices to the Department by establishing performance standards, measuring and evaluating performance, and holding employees accountable for performance.
Through the use of the "planning stage" of the EPMS, managers in every functional area have a document to refer to when setting workplace expectations and monitoring work activity and performance.

9. Organizational Structure

South Carolina Department of Insurance
Organizational Chart

Governor

Agency Director

Administration and Strategic Planning/Grant Services	Consumer Protection/Licensing	General Counsel/ Financial Services	Actuarial and Market Services
Accounting/ Finance/Taxation	Consumer Services	Legal	Product Research
Information Technology	Special Services	Financial Analysis	Market Analysis
Human Resources	Agents/ Continuing Education	Financial Examination	Alternative Risk Transfer Services
Central Files	Residual Markets		
Grant Services			

3/20/2008

11

10. Expenditures/Appropriations Chart

Major Budget Categories	FY 06-07 Actual Expenditures		FY 07-08 Actual Expenditures		FY 08-09 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	$ 4,274,501	$ 2,618,235	$5,044,226	$ 3,138,108	$ 4,981,206	$ 3,158,988
Other Operating	$ 2,809,866	$ 963,211	$4,997,684	$1,330,564	$ 3,429,353	$ 817,621
Special Items	$ -	$ -	$ -	$ -	$ -	$ -
Permanent Improvements	$ -	$ -	$ -	$ -	$ -	$ -
Case Services	$ -	$ -	$ -	$ -	$ -	$ -
Distributions to Subdivisions	$ 1,864,027	$ -	$1,885,679	$ -	$ 4,030,956	$ -
Fringe Benefits	$ 1,101,429	$ 706,553	$1,301,903	$861,221	$ 1,419,263	$ 973,654
Non-recurring						
Total	$ 10,049,823	$ 4,287,999	$13,229,492	$5,329,893	$ 13,860,778	$ 4,950,263

Other Expenditures

Sources of Funds	FY 06-07 Actual Expenditures	FY 07-08 Actual Expenditures
Supplemental Bills	$	$20,000
Capital Reserve Funds	$ -	$387,147
Bonds	$ -	$ -

11. Major Program Areas Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 06-07 Budget Expenditures		FY 07-08 Budget Expenditures		Key Cross References for Financial Results*
Admin	**Administration**, Office of General Counsel, Information Resource Management (IRM), Executive Services	State:	2,445,261.00	State:	3,048,702.00	7.4,7.5,7.6
		Federal:		Federal:		
		Other:	56,798.00	Other:	88.00	
		Total:	2,502,059.00	Total:	3,048,790.00	
		23% of Total Budget:		**24% of Total Budget:**		7.1, 7.6
Solvency	**Solvency**: Financial Examination, Market Conduct Examinations, Financial Analysis, Securities Custodian and Historical Databases	State:	339,807.00	State:	334,263.00	
		Federal:		Federal:		
		Other:	1,268,674.00	Other:	1,472,676.00	
		Total:	1,608,481.00	Total:	1,806,939.00	
		17% of Total Budget:		**14% of Total Budget:**		
Licensing	**Licensing**: Individual Licensing, Companies, Insurer/HMO Licensing, Education, Special Services Division, Third Party Administration Licenses, Utilization Review and Service Contract Providers.	State:	92,278.00	State:	109,580.00	7.1,7.6
		Federal:		Federal:		
		Other:	649,824.00	Other:	795,576.00	
		Total:	742,102.00	Total:	905,156.00	
		9% of Total Budget:		**7% of Total Budget:**		
Captives	**Captives**	State:	109,205.00	State:	329,568.00	7.1, 7.6
		Federal:		Federal:		
		Other:	1,783,445.00	Other:	2,059,931.00	
		Total:	1,892,650.00	Total:	2,389,499.00	
		17% of Total Budget:		**19% of Total Budget:**		
Policy	**Policy Form and Rates:** Review Financial Condition and Residual Markets, Consumer Assistance	State:	589,020.00	State:	795,453.00	7.1, 7.6
		Federal:		Federal:		
		Other:	139,056.00	Other:	6,159.00	
		Total:	728,076.00	Total:	801,612.00	
		9% of Total Budget:		**6% of Total Budget:**		
SafeHome	Hurricane Mitigation	State:		State:		7.1, 7.6
		Federal:		Federal:		
		Other:		Other:	1,292,344	
		Total:		Total:	1,292,344	
				10% of Total Budget		
				Total % of Budget Expenditures= 80%		

Below: List any programs not included above and show the remainder of expenditures by source of funds
Taxation, $130,923.00; Consumer Services $561,403.00

Remainder of Expenditures:				
	State:	712,429.00	State:	692,326.00
	Federal:		Federal:	
	Other:		Other:	
	Total:	712,429.00	Total:	692,326.00
	6 % of Total Budget:		**5 % of Total Budget:**	

• Key Cross-References are a link to Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

Section III – Elements of Malcolm Baldrige Criteria

Category 1. Leadership

1.1 (a-f)   How do senior leaders set, deploy, and ensure two-way communication for: a) short and long term direction and organizational priorities; b) performance expectations; c) organizational values; d) empowerment and innovation; e) organizational and employee learning; and f) ethical behavior?

The leadership of the Department consists of three levels: the executive staff, managers and supervisors. The executive staff is comprised of the Director and four Deputy Directors, with 9 managers and 10 supervisors. Through this leadership team, the Director is working to effectively communicate the mission, goals and organizational values of the Department to all employees. This is being accomplished primarily through division, section and unit meetings, training sessions and other activities. The Director meets with his deputies at least weekly to discuss overall direction and initiatives. Subsequent meetings of the deputies with their management and supervisory staffs allow this information to be shared with front-line employees, thus ensuring consistent communication on the short and long term goals of the Department.

The Department has reviewed and updated its workflow and production processes, and has developed objective performance measures for each activity. As stated earlier, the Department implemented a universal review date of July 1 for the Employee Performance Management System, which is used to develop performance plans for employees as they relate to key services and functions. The EPMS communicates management's expectations for each employee and informs the employee of the specific performance measures that will be used to evaluate his or her job performance. For the second year, the agency met its goal of 100% by providing a completed EPMS review on each employee. Our philosophy statement, *LIRAC* (leadership, integrity, responsiveness, accountability, and customer service) is the foundation of all employee performance, and job performance that is not ethical is simply not acceptable from any employee. The Department continues to revise, update and expand its policies and procedures manual to further highlight the expectation that all employees will adhere to the highest standards of ethical behavior.

By coupling the Employee Evaluation Assessment (EEA) form with the EPMS, we created a two-way communication tool in which managers and employees collaborate to identify and find solutions to issues, problems and inefficiencies in the Department's processes that compromise the Department's ability to accomplish its mission. To further empower employees and ensure that they have the technical and other skills necessary to effectively perform their jobs, the Department utilizes numerous state and industry resources to provide training and professional development for employees. Employees attending these various programs, workshops, conferences and seminars share what they have learned with other employees through in-house training programs.

1.2   How do senior leaders establish and promote a focus on customers and other stakeholders?

- The Department's mission is specifically customer-focused and senior leadership

continually reinforces this effort by closely monitoring the Department's handling of consumer inquiries and complaints, responsiveness to industry filings and enforcement of insurance laws and regulations for the protection of the public.

- Identification of stakeholders and their needs.
- By closely monitoring the Department's handling of consumer inquiries and complaints, responsiveness to industry filings and enforcement of insurance laws and regulations for the protection of the public.
- Outreach campaigns.
- Employee interactions with stakeholders at stakeholder functions.

1.3   How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?

As an agency charged with regulation of the insurance industry, the Department continually evaluates the ramifications of its activities on consumers. The Department solicits feedback and relays information from/to consumers in a variety of ways: on our website, customer surveys, through consumer inquiries/complaints, speaking engagements around the state, etc. We are continuing to explore cost-effective options for additional consumer outreach programs to educate consumers, provide relevant information, and receive more feedback. In this manner, we are able to manage negative impacts to our consumers that would potentially be passed on as a result of various factors.

1.4   How do senior leaders maintain fiscal, legal, and regulatory accountability?

The Department maintains a strong system of checks and balances to ensure that fiscal, legal and regulatory accountability are maintained. Frequent meetings between legal counsel, the budget/finance manager and the procurement specialist facilitate compliance with established guidelines. As to legal/regulatory accountability, the legal division provides advice to others and stays current by monitoring legal developments through required continuing legal education. Further, a list of regulatory accountabilities is reviewed annually by all staff members to ensure compliance.

1.5   What key performance measures are regularly reviewed by your senior leaders?

Current key performance measures include:
- analysis of consumer inquiry/complaint data to identify market conduct patterns.
- analysis of licensing data to evaluate cycle times.
- roundtable meetings with the insurance industry to receive feedback on the Department's responsiveness with regard to filings.
- timeliness of legal actions.
- thoroughness of advice and actions.
- accuracy of advice.
- month-end reports from Consumer and Individual/Special licensing services.

1.6   How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization? How do their personal actions reflect a commitment to the organizational values?

Senior leaders review previous outcomes, activity data, budget items and reports on progress toward departmental goals and objectives regularly, and are able to adjust and modify their management plans accordingly to maximize overall effectiveness. Specific issues are addressed and changes in day-to-day operations are made as needed. Frequent communication between divisions further facilitates an integrated approach to delivering services by breaking down barriers within the Department.

1.7. How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?

We are currently in the process of developing a Department Succession Plan. Fifteen of the Department's employees are either participating in the TERI plan and are currently eligible for retirement. Management has identified those employees in mission-critical roles and is in the process of evaluating the workforce to determine if they will be able to fill those roles and whether additional training is needed. New employees are now hired with specific attention to their ability to progress to higher levels of responsibility. Additionally, our strategic planning initiative calls for development and documentation of formal procedures so that crucial institutional knowledge and history is retained.

1.8. How do senior leaders create an environment for performance improvement and the accomplishments of strategic objectives?

Weekly division and section meetings are utilized to set and communicate key organizational priorities for improvement and to develop specific action plans. Through these meetings and subsequent meetings with employees, all employees are expected to evaluate his or her role and performance in achieving the Department's goals. The Department continues to stress the need for supervisors/managers to be aware of all human resources policies and procedures as they relate to their job position, as well as to the employees they supervise.

1.9   How does senior leadership actively support and strengthen the communities in which your organization operates? Include how senior leaders and employees contribute to improving these communities.

The Department and its senior leadership host forums regarding various insurance issues to communities throughout the state. The department also works to respond to all consumer concerns/complaints in a timely and respectful manner.

1.10. How do senior leaders communicate with, engage, empower, and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?

Senior leaders play a key role in establishing the Department's recognition strategy. The DOI recognizes that there is nothing more important as our nearly 114 employees who serve the public. They're responsible for all of Department's accomplishments. The department recognizes our employees for their successful work through merit pay and bonuses (as funding permits), the annual State Employee Recognition Day and monthly birthday celebrations. Generally, at these events gifts, tokens and certificates of appreciations are awarded to deserving employees. The Director sends cards and notes to employees on a monthly basis recognizing them for their achievements and or

accomplishments which are also documented in their personnel file.

1.11. How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.

The Department and its senior leadership actively support and strengthen communities by encouraging employee involvement in community activities and Department employees regularly speak and/or provide information and assistance to community organizations. In addition to its regulatory responsibilities, the Department is represented on a number of state boards, commissions, committees and task forces, including the S.C. Budget and Control Board Cost Containment Committee, the Governor's Workers' Compensation Task Force, the Workers' Compensation Advisory Board, and the Commission on Healthcare Access, among others. In addition, the Director serves as an officer of the Southeastern Zone of the NAIC and chairs many significant NAIC working groups.

At least once a year, employees are encouraged to support charitable organizations that help the community, such as the United Way, the American Red Cross, the First Ladies' Walk for Life, and Community Health Charities. Several employees donate blood at the American Red Cross on a regularly scheduled basis. The organization allows payroll deductions for contributions to charities, which provides a convenient means for employees to participate in activities impacting their communities.

Category 2. Strategic Planning

2.1   What is your Strategic Planning process, including KEY participants, KEY process steps, and how does it address: a) your organization's strengths, weaknesses, opportunities and threats; b) financial, regulatory, societal and other potential risks; c) shifts in technology or the regulatory environment; d) human resource capabilities and needs; e) the opportunities and barriers you described in the Executive Summary; f) business continuity in emergencies; and g) your ability to execute the strategic plan.

As stated earlier, the Department developed a three-year Strategic Plan (FY06-08), with participation from staff representing all of the Department's program areas. OHR facilitated and provided direct technical assistance related to the development of a strategic plan. The following activities were an integral part of those planning sessions:

- Conducting a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis with the Planning Work Group, resulting in a current SWOT profile for the Department.
- Developing broad goals and specific, measurable objectives for the Strategic Plan.
- Developing performance measures for the identified goals and objectives.
- Identifying timeframes for attainment of the strategic objectives, assigning organizational responsibility for attainment of the objectives, and designing a follow-up approach for monitoring progress and, when needed, modifying the plan.

In developing the Department's Strategic Plan, the following internally focused objectives and externally focused objectives were identified. In doing so, action plans have been identified to accomplish each objective.

Internally Focused Objectives
- Improve the Department's resource alignment
  1. Identify resource allocation priorities (people, time, budget)
  2. Identify the gap between current allocations and the desired state
  3. Develop effective departmental budgets
- Improve efficiency through technology
  1. Manage record storage using data imaging technology
  2. Increase electronic commerce (EFT, Credit Card)
  3. Create an electronic system for the Captives area
  4. Automate application and renewal process, premium tax collection, and enterprise (state-based) system
  5. Migrate from Groupwise to MS Exchange (Outlook)

- Develop an agency workforce plan to ensure the continuity of operations
  1. Identify and prioritize key jobs (positions) that need to be addressed
  2. Identify knowledge transfer targets and staff knowledge gaps in order to create a successful plan
  3. Document agency work processes
  4. Create training plans for employees, including cross-training
  5. Review the use of consultants and temporary employees
  6. Evaluate recruitment and selection process and identify possible improvements
  7. Improve the communication of agency goals and values to staff
  8. Create a disaster recovery plan

Externally Focused Objectives
- Increase the Department's visibility and credibility among stakeholders
  1. Articulate stakeholder needs and expectations and prioritize outreach efforts
  2. Improve access to information via the Department's website
- Revise the South Carolina Code of Laws relating to insurance
  1. Create an outline of proposed Code of Law changes by line of business
  2. Draft bill(s) to initiate legislative action and identify sponsors
- Increase the use of SERFF among insurers
  1. Communicate to insurers the availability of the newly revised SERFF and the advantages of using it

2.2   How do your strategic objectives address the strategic challenges you identified in your Executive Summary?

The Department's strategic objectives relate to and are focused on strategic objectives. They reflect the Department's priorities to address the challenges confronting the agency. These objectives guide resource allocation and distribution within the agency. One of the principal challenges identified in the Department's Organizational Profile was developing performance measures across programs. Also, the agency's strategic objectives require performance measurement across related programs.

Developing results and measures for related programs was a formidable challenge based on conceptual and analytical issues associated with measuring multiple programs, cultural and other barriers rooted in long-standing practice, and resource limitations. Well- developed performance measures achieve and demonstrate cost-effective government to stakeholders, consumers, and the citizens of our state and is always an

ongoing process.

2.3   How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of these plans?

Most of the Department's strategic objectives are Department-wide in scope and every deputy is responsible for developing tactical plans to achieve those objectives within his or her area of responsibility. For those objectives that relate only to a particular division, the Director and/or the deputy for that division are responsible for achieving those objectives. In management meetings between the Director and the Deputy Directors, the objectives, plans and progress toward implementation and achievement are reviewed. Certain funds are program-specific and are used to support related strategic and operational goals and objectives. Internal division budgets have been developed to track non-program specific funds that support other goals and objectives.

2.4   How do you communicate and deploy your strategic objectives, action plans and related performance measures?

The Department's strategic objectives, action plans and performance measures are generally communicated to the staff via department, division and program meetings. Full staff meetings are held once every two months and led by the Director who sets the tone for the Department's values. Because the goals of the Department vary by division, monthly meetings with the division Deputy Director and his/her staff are held to explore and discuss the specific goals for that division. These monthly meetings serve several purposes: 1) the Deputy Director can clearly explain what the goals are and the timeline for accomplishing each goal; 2) assignments can be made to staff to help accomplish these goals; and 3) the status of specific assignments can be discussed at each division meeting, allowing each Deputy Director to monitor accomplishment of the goals.

2.5   How do you measure progress on your action plans?

The Department's action plans are closely aligned with its overall Strategic Plan, with success criteria being specific, measurable and quantifiable, when possible. Therefore, each individual tasked with accomplishing each action plan has a clear-cut and unambiguous directive, providing for clear measurement of the Department's progress.

Each division within the Department maintains correspondence, data logs and monthly reports, including responses and follow-up, as well as assignment completion times. Ongoing analysis of the reports and information provided by each division allow the Director and executive staff to monitor the status of the various insurance mechanisms and administrative responsibilities of the Department.

2.6   How do you evaluate and improve your strategic planning process?

Developing results and measures for related programs was a formidable challenge based on conceptual and analytical issues associated with measuring multiple programs, cultural and other barriers rooted in long-standing practice, and resource limitations. However, having developed performance measures achieves and demonstrates cost-effective government to stakeholders, consumers, and the citizens of our state and is always an ongoing process. Additionally, the

development of such measures serves to:

- Encourage an outcome orientation throughout all facets of planning;
- Establish a regular and pervasive process to evaluate progress and change as needed;
- Develop component and other supplemental plans if useful;
- Make clear the linkage between daily activities and the strategic mission; and
- Monitor external and contextual factors continuously.

2.7   Whereas, we do not currently have our strategic plan on our website, we are provided a Strategic Planning Chart for your reference.

Strategic Planning Chart

Program Number and Title	Supported Organization Strategic Planning Goal/Objective	Related FY 06-08 Key Action Plan/Initiative(s)
I. Administration II. Program Services	Improve the Department's resource alignment	1. Identify resource allocation priorities (people, time, budget) 2. Identify the gap between current allocations and the desired state 3. Develop effective departmental budgets 4. Explore opportunities to generate additional revenue
I. Administration II. Program Services, B, G	Improve efficiency through technology	1. Manage record storage using data imaging technology 2. Increase electronic commerce (EFT/Credit Card) 3. Create an electronic system for Captives area 4. Automate application and renewal process, premium tax collection, enterprise (state-based) system 5. Migrate from Group Wise to MS Exchange (Outlook)
I. Administration II. Program Services	Develop an agency workforce plan to ensure the continuity of operations	1. Identify and prioritize key jobs (positions) that need to be addressed 2. Identify knowledge transfer targets and staff knowledge gaps in order to create a succession plan 3. Document agency work processes 4. Create training plans for employees, including cross-training 5. Review the use of consultants and temporary employees 6. Evaluate recruitment and selection process and identify possible improvements 7. Improve the communication of Agency goals and values to staff 8. Create a disaster recovery plan
I. Administration II. Program Services	Increase the Department's visibility and credibility among stakeholders	1. Articulate stakeholder needs and expectations and prioritize outreach efforts 2. Improve access to information via the Agency's website
I. Administration	Revise the South Carolina Code of Laws relating to insurance	1. Create an outline of proposed Code of Law changes by line of business 2. Draft bill(s) to initiate legislative action and identify sponsors
II. Program Services, E	Increase the use of SERFF (an electronic rate and form filing system) among insures	1. Communicate to insurers the availability of newly revised SERFF and the advantages of using it

Category 3. Customer Focus

3.1   How do you determine who your customers are and their key requirements?

Our customers are primarily defined by statutes and by our mission statement as insurance consumers, members of the general public and the insurance marketplace. Ancillary customers and requirements are determined through interaction with consumers, industry, legislators and federal, state and local government officials.

An understanding of customer key requirements evolves over time as customers and stakeholders provide feedback and refine their expectations and needs. Customer input and involvement is desired and expected in this process. The Department is constantly exploring customer requirements and the services we provide to ensure that needs are being met. Ongoing engagement and communication is critical to our success.

3.2   How do you keep your listening and learning methods current with changing customer/business needs and expectations?

The Director, the Deputy Directors and other Department staff are in continuous communication with consumers, industry and other government officials. We attend and participate in numerous industry conferences and consumer outreach activities, and serve on many boards, committees and task forces comprised of representatives of industry, consumers and other government agencies. Additionally, we leverage those constituencies to provide training and updates to Department staff (as funding permits). The Department strongly encourages open lines of communication so that our listening and learning methods stay current in order to serve our customers to the best of our ability.

3.3   What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business, and make complaints?

- Phone, fax, written and email communication
- Through their legislators
- Consumer events
- Speaking engagements
- Walk-ins
- Communication from the Governor's office
- Department's website

3.4   How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?

While the Department does not currently use formal customer satisfaction surveys on a Department-wide basis, its managers conduct random telephone surveys are conducted with individual complainants to gauge our overall responsiveness and service delivery. Consumers are asked to respond to the following questions:

CONSUMER/STAKEHOLDER TELEPHONE SURVEY

SURVEY QUESTION	RESPONSE
How were you received by the agency?	
Was the analyst courteous?	

Was the analyst helpful, professional and knowledgeable [about the line of business?]	
Did you find the information useful?	
Did we respond to your complaint/concern in a timely manner?	
Overall, were you satisfied with the service that you received from the Department?	
How could we assist you better in the future?	

The Department relies heavily on feedback from the telephone survey of our customers/stakeholders. We use this feedback to prioritize training opportunities and other types of professional development. Analysts are counseled about their responsiveness and knowledge of a particular line of insurance depending upon the information received.

In the past, the Department has used formal customer satisfaction surveys with positive results: +90% satisfactory. We are exploring ways customer satisfaction surveys can be used for the diverse constituencies served by the Department, and are currently considering the use of electronic surveys to reach the Department's stakeholders.

3.5   How do you use information from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?

The Department gains valuable and much-needed feedback from our customers/stakeholders through the various communication mechanisms and forums described above, and we are guided by that feedback in determining the appropriate level and delivery of services. Program and performance data are reviewed by management to ascertain the need for modifications in services or programs in order to better assist our customers/stakeholders.

3.6   How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups.

Through efficiency and reliability in our processes and procedures the Department builds positive relationships by providing timely responses to requests for information. Through formal conferences and other programs, as well as informal meetings and activities, the Department has successfully developed collaborative relationships with its customers and stakeholders. They are generally impressed with the staff's knowledge of insurance laws and the insurance products offered in the state. Additionally, most stakeholders appreciate timely responses and the Department's willingness to assist, even though they may not necessarily agree with the outcome.

Category 4. Measurement, Analysis, and Knowledge Management

4.1   How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

Decisions are generally made based upon the Department's regulatory responsibilities. The regulatory responsibilities also form the basis of many objectives within the Department's strategic plan. Many of the Department's performance measures are directed by statute or other

legal or governmental authority. After ensuring compliance with those requirements, senior leadership further defines other operations, processes and systems that should be measured. Through meetings, Deputy Directors clearly explain what the goals are and the timeline for accomplishing each goal; assignments can be made to staff to help accomplish these goals; and the status of specific assignments can be discussed at each division meeting, allowing each Deputy Director to monitor accomplishment of the goals.

4.2 How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision and innovation throughout your organization?

Data/information reports are generated weekly from upper management level to staff level. Management uses these reports to ensure that pending projects are being completed by their respective deadlines and to keep abreast of market conditions and changes. The operational data gathered from individual program areas is reviewed by senior leadership, managers and supervisors weekly, monthly, quarterly and/or annually, based on programmatic requirements and this informs the decision-making process.

4.3 What are your key measures, how do you review them, and how do you keep them current with organizational needs and direction?

The Department has undergone a reorganization of its management structure which has resulted in expanded roles for senior leadership. With the appointment of a new Director in February of 2007, the agency's performance measures were reviewed to ensure that they support outcomes and goals derived from our mission. Various approaches are used to solicit staff input, including involvement in the strategic planning process and ongoing discussions throughout the various division levels. Stakeholder and individual contacts help staff ensure that the public interest is considered and that customers and stakeholders are aware of the proposed measures.

We have identified the following as our key performance measures:

- **Monitoring Insurance Company Solvency**
  This activity protects consumers by monitoring the solvency of insurance carriers and health maintenance organizations authorized to conduct business in South Carolina. Solvency issues may be identified through market analysis or market conduct examinations, financial examinations, consumer complaints, or financial analysis of statements filed by insurers.
  Measure: Number of financial and market conduct examinations of insurers completed, number of consumers assisted, and number of insurer insolvencies prevented through the Department's early intervention.

- **Investigations, Consumer Assistance and Enforcement**
  Staff investigates and acts upon all violations of laws and regulations. Staff also assists consumers with problems involving insurance sales or marketing practices by agents, brokers, or insurers.
  Measure: Number of investigations completed; number and type of disciplinary actions imposed.

- **Consumer Information and Advocacy**
  Staff responds to oral and written complaints and inquiries from consumers regarding insurance companies, and acts as an advocate when appropriate. Assistance is rendered

to enforce the various provisions of the insurance code and is based on authority to take disciplinary action against an insurance company and other licensees. The unit's primary function is to ensure that consumer rights under the insurance policy or statutes have not been violated. Staff also provides information to help consumers make educated decisions about insurance purchases.
Measure: Number of consumer inquiries received assisted and answered.

- **Regulation of Insurance Rates and Forms**
  Staff reviews and approves the complex actuarial formulas, assumptions, and experience data submitted as part of a proposed rate filing to ensure rates are neither excessive, inadequate, nor unfairly discriminatory. Timely and accurate review is necessary to assure the financial viability of the insurance company, as well as protecting South Carolina citizens from overcharges. Policy forms are reviewed to ensure that the terms and conditions of the insurance contract comply with state and federal laws prior to sale in South Carolina.
  Measure: Number of Rates and Forms filings staff reviews per year before the deemer period and average number of days required to finalize the filing review process for rate and form filings.

- **Agent and Broker Licensing and Education**
  Staff involved in this activity issue and renew licenses for agents, brokers, adjustors, appraiser, rental car agencies, public adjusters and others. Staff also administers continuing education requirements.
  Measure: Number of agents, brokers, adjustors, and others licensed and/or appointed within the established timeframe. Number of producers who meet Continuing Education requirements.

- **Monitoring and Developing Insurance Markets, including Alternative markets**
  Staff involved in this activity conduct data calls and keep abreast of emerging issues in various insurance markets.
  Measure: Number of new insurers entering various markets in the state. Number of data calls performed.

4.4   How do you select and use key comparative data and information to support operational and strategic decision making and innovation?

The selection and use of key data and information is critical in carrying out the Department's mission of protecting insurance consumers. For example, the NAIC publishes an annual Insurance Department Resources Report that provides data for the 50 states, the District of Columbia and the four territories, on staffing, budgeting and funding, examination and oversight, insurer and producer licensing, consumer services, etc. This information allows the Department to compare itself to our counterparts in other states and to develop relevant benchmarks for performance. The Department also collects and utilizes internal data to measure its performance to established goals and directives. We are continuing to explore meaningful ways of comparing our performance to other state insurance department of comparable size and resource level and to other state agencies.

4.5   How do you ensure data integrity, timeliness, accuracy, security and availability for decision making?

Internal operational data is reviewed by management to ensure that accurate indicators of services are being captured and reported. We continuously review the need for additional controls to ensure the security of confidential data. We have worked with the CIO's office to establish appropriate monitoring systems to ensure the quality, reliability and availability of data used in decision-making. Our Virtual CIO works very closely with the Director and each Deputy Director in this process. All employees have been asked to execute a confidentiality agreement to protect the security of confidential or proprietary information.

4.6   How do you translate organizational performance review findings into priorities for continuous improvement?

The Department has incorporated the findings from prior performance review into the policies and procedures developed or under development by the program areas. For example, a previous internal performance audit indicated that we could improve our rate review process. Timely, consistent and high-quality performance is particularly important in the Rates and Forms area, as there are statutory deadlines for reviewing filings. Moreover, delays by the Department prevent insurers from taking needed rate changes and/or releasing new products to consumers. As a result of this review, rate and form processes have been clearly defined, objective performance standards established for each process, and supervisors now closely monitor and manage employee performance on a regular basis. The changes have resulted in an orderly flow of correspondence received in and outside the area. In addition, collaborative efforts between the Department's Central Files section and the Rates and Forms section continue to provide a much more organized system.

Market Regulation is as another important tool for regulator use. This reveals customer service problems that otherwise would be difficult to manage without oversight. Market Regulation is a discrete, functional area within the Department, created to comply with NAIC recommendations for monitoring market conduct practices. Performance standards were developed and the Department continues to meet and/or exceed NAIC benchmarks.

Process reviews conducted during FY 05-06 had a positive impact within the Consumer Services area of the Department. The review confirmed the efficiency of the process employed to review and resolve consumer complaints.

4.7   How do you collect, transfer, and maintain organizational and employee knowledge (knowledge assets)? How do you identify and share best practices?

As part of the Department's Strategic Plan, one of our major goals was to develop an agency workforce plan to ensure continuity of operations. When an employee leaves the Department, a vast amount of institutional knowledge and experience is lost. To ensure that current and future employees are well-equipped to either perform their current duties or assume new duties, the following initiatives are being developed:

- Clearly defined and documented work methods and procedures plan;
- Written documentation of the processes, methods, tools, and techniques used by employees with special skills and responsibilities;
- A documented training plan for employees to study, use and implement prior to the departure of any employee;
- Written documentation which captures "cross-over" information when assistance from other divisions and/or agencies is needed to complete specific job duties.
- Cross-training has already begun in some areas of the Department.

Additionally, the Department is in the process of creating databases that will be used to store critical regulatory information.

Category 5. Workforce Focus

5.1   How do you organize and manage work to enable employees to: 1) develop and utilize their full potential, aligned with the organization's objectives, strategies, and action plans; and 2) to promote cooperation, initiative, empowerment, innovation and your desired organizational culture?

Department employees are provided opportunities to develop their skills and expertise through various programs and training opportunities. The standard EPMS is used for a formal method of review since it is designed to communicate job requirements and success criteria for completing job tasks. Each individual EPMS strives to address the goals and objectives that have been established by the Director for the Department, thereby enabling each employee to contribute toward the agency's goals and objectives. Employees are encouraged to take advantage of training opportunities offered through various federal, state and private organizations, including the Governor's Office, the State Budget and Control Board, the Federal Emergency Management Agency/National Flood Insurance Program, the NAIC and industry product information., and private organizations.

Additionally, as a part of the Department's succession plan, each manager is tasked with the responsibility of meeting with her/her employees to identify the strengths and weakness of each employee's skill level and to define opportunities within the agency in which the employee has an interest. With that information, the manager will create individual developments plans for each employee, identifying the specific training each employee would need to qualify for specific opportunities within the Department.

Each year, strategic goals are established for the agency in keeping with its mission statement and in response to its strategic challenges. Additional methods for involving employees in the activities of the organization include Department-wide staff meetings and an intranet site for employees, as well as e-mail postings regarding employees' news and achievements. Employees receive the South Carolina Department of Insurance's Policy and Procedures manual and orientation packet prior to their first day of the job.

5.2   How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.
- Telephone, e-mail, copies of written documents and inter-departmental meetings and one on one conversation
- Via meetings with staff. New solvency procedures are communicated to the pertinent members of staff via email and routine meetings.
- Communicated by word of mouth or email. If I learn of a new tip for using SAP, I pass the information along to staff.
- Weekly staff meetings
- Individual review sessions
- Market Regulation holds monthly interdepartmental meetings to review company activity
- Standard practices and procedures are used so that each analyst can assist in other lines of business on an as-needed basis.

- The IRM team meets monthly to discuss projects, current tasks, trends in the industry – both in technology and insurance regulation. The team also is actively involved in attending and participating in NAIC's national conference, and local technology groups (SCITDA, SCGMIS, etc.)
- Thru communication via email/ telephone. However that is when we actually seek needed information ourselves. However, we could use info from other divisions thru programs we currently have that are not being used to their best use. Example is the filing system not being used to its best capacity by rates and forms division.

5.3   How does management recruit, hire, place, and retain new employees? Describe any barriers that you may encounter.

Management generally recruits new employees through the use of NeoGov, a recently implemented electronic recruiting application. Vacancies are posted within this website for applicants to apply and be considered internally, based on the specific position they apply. In some instances, hard-to-fill vacancies will also be posted through other websites that are industry specific to the particular position. Any qualified candidates are referred to the hiring manager, at which point interviews are conducted and a candidate is successfully identified and offered the opportunity to fill the vacancy. Managers should relay strategies they use individually and collectively to internally retain employees.

Below are some ways in which managers retain employees and the barriers they encounter:
- Career path and salary increases where warranted. Work with examiners on travel arrangements Barriers: salaries are not competitive with industry and consulting firms
- The barrier with employee retention in Financial Services is compensation. State government is unable to compete effectively with the private sector for this limited pool of applicants (i.e., examiners). We are exploring the possibilities of offering more work flexibility through alternate work schedules to enable the Department to retain qualified technical staff.
- Retention is encouraged through additional training and salary adjustments. Budgetary issues continue to be the biggest barrier to retaining good staff. Inadequate annual pay raises also contribute to long term retention.
- Provide jobs that are clear in direction
- Provide opportunities to learn
- Providing incentives is a barrier due to limited funds
- Providing challenging work in a culture that promotes respect of everyone's talents

5.4   How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?
Workforce planning, which includes workforce diversity and productivity, is an integral part of the Department's human resources process and evaluation. The Department is currently in the process of conducting a workforce analysis. The assessment review issues related to diversity, productivity, turnover and morale and will be used to develop a comprehensive workforce plan for the agency. Human resource functions are generally evaluated by measuring productivity of the various units. Additionally, they are evaluated on how effectively the human resource functions are managed in accordance with state and federal laws, regulations and policies. In assessing the strengths and weaknesses of the agency's human resource related processes, the Department is developing:

- A demographic profile;
- A critical workforce skills analysis;
- A retiree profile;
- An employee turnover profile;
- A list of factors influencing employee turnover; and
- A list of "hard-to-fill" positions.

The Department relies on a skilled workforce of administrators who assist the Director in setting broad policies, oversee individual departments and supervise the agency's operations. In addition, the agency employs professionals with specialized and theoretical knowledge usually acquired through college training or work experience. The following skills have been identified as core competencies for Department employees working in specific administrative and professional positions:

- Effective oral and written communication skills;
- Ability to explain complex technical materials to consumers;
- Ability to analyze and solve problems;
- Time management;
- Leadership and coaching skills;
- Negotiation strategies and techniques;
- Ability to conduct investigations;
- Interpreting and enforcing statutes and policies;
- Records management, including the use of electronic document management tools;
- Actuarial expertise; and
- Computer literacy.

The Department identified the following training needs to develop critical workforce skills:

- Understanding of insurance and administrative laws;
- Interpersonal skills for improved customer service;
- Conflict management, mediation and dispute resolution;
- Group facilitation skills;
- Process analysis, design and redesign;
- Decision-making;
- Database management; and;
- Webpage development.

The Department has used this information to develop further training opportunities, recruitment and succession plans for the agency.

5.5   How does your employee performance management system, including feedback to and from employees, support high performance and contribute to the achievement of your action plans?

In order for employees to perform at a high level, they must first understand the mission, goals and objectives of the Department. Additionally, they should have some input into the development of action plans for meeting the goals and objectives. Communication is key. Through use of the EPMS, the Department expects to improve supervisor-employee communications, which is the most effective means of supporting high performing employees. The EPMS also serves as the primary tool for documenting and evaluating employee

performance, thereby increasing productivity. The Department expects to increase the overall effectiveness and productivity of its workforce through improved employee performance.

5.6   How does your development and learning system for leaders address the following:

The Department encourages leadership, organizational, and ethical development for all employees through training courses, meetings, and employee-manager feedback (EEA and EPMS system). The FY06-08 strategic plan includes various types of training whereby employees had to complete designated courses in order to remain certified and/or accredited by national standards.

5.7   How do you identify and address key developmental and training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training?

Historically, the Department's training needs have been addressed primarily through communication between employees and their supervisors with respect to existing and ongoing job duties. Other training has been provided as new duties, processes or procedures are imposed by the NAIC or other third parties. Recently, the Department has utilized a critical skills assessment to determine its training needs and workforce allocation. An assessment of employee skills, training and experience was performed, allowing the Director to prioritize resources to mission-critical areas, recruit new employees with the appropriate technical and professional expertise, and reassign existing employees consistent with their interests and abilities and the Department's needs.

Because the Department regulates an extremely complex and ever-changing insurance industry, it must have employees with the appropriate technical and professional expertise to regulate that industry in an efficient and effective manner. During the past fiscal year, the Financial Services Unit participated in the following professional development/training events:

- Hosted a three-day financial analysis/examination training session at the Department, teaching new examinational procedures relating to the NAIC's "Risk Focused" approach to examinations. The event was open to insurance department personnel from other insurance departments and was well-attended approximately 60 examiners and analysts participating.
- Seven Department examiners and analysts attended various continuing education events throughout the year, covering the following subjects: fraud identification; market conduct regulatory issues; and internal auditing.
- Three analysts are currently working toward the Accredited Financial Examiner (AFE) professional designation. During the past fiscal year, one of the Department's examiners achieved this prestigious designation.
- The Department participated in 3 educational events in South Carolina which was attended by captive managers, potential captive owners, and captive service providers. One of these events brought together captive stakeholders and key Department personnel to discuss issues specific to the captive community and how the Department can improve upon its responsiveness to these issues. This opportunity provided constructive feedback and helped foster better communication between the Department and captive stakeholders.

The Department is also taking other steps to enhance employee retention by implementing a career path for financial analysts. This career path encourages the Department's financial analysts to complete professional insurance and accounting-related designations/trainings.

5.8   How do you encourage on the job use of new knowledge and skills?

- Most of the persons employed in the Office of General Counsel are professional positions. Accordingly, employees are required by the nature of the job and professional ethics to apply any new knowledge in the performance of their job responsibilities (i.e. NAIC guidelines, SC Attorney practices, etc.)
- Continue to monitor employees use and try to demonstrate the benefits of using these new skills.
- Employees are encouraged to develop ideas and new ways to handle processing and procedures.
- Employees are encouraged to identify areas of concern and develop ways to address, implement and monitor.
- By creating an environment where employees are challenged to exercise their skills, knowledge and experience to meet the goals of the agency. This includes allowing technical freedom and creative approaches in solving problems and creating new products for the business units.
- Employees are encouraged to share their attained knowledge and skills.

5.9   How does employee training contribute to the achievement of your action plans?

Because the Department is in the midst of succession planning, cross-training, and developing specific career paths for its employees, training is even more vital now to ensure that each employee has the skills necessary to enable the Department to achieve its strategic objectives.

5.10   How do you evaluate the effectiveness of your workforce and leader training and development systems?

The effectiveness and workforce and leader training/development systems should be evaluated through tangible results that can be seen in everyday processes, functions, tasks and interactions. Individual contributions to the work environment should be evident. In addition, we also can evaluate the effectiveness of the particular trainings provided through evaluation surveys to relay strengths and weaknesses in the trainings received.

5.11   How do you motivate your employees to develop and utilize their full potential?

The Department encourages all employees to develop and use their full potential in alignment with the Department's goals and objectives. As part of the Department's reorganization, an attempt has been made to assess employees' strengths and weaknesses, to improve on weaknesses through training, where feasible, and to make better use of employees in positions suited to their skills. When possible, employees are recognized for providing superior service to the Department.

5.12   What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances? How do you determine priorities for improvement?

The Department does not use a formal assessment method for measuring employee satisfaction. Employee satisfaction issues are measured using informal methods through staff meetings, direct employee feedback and individual conversations. The Department has been improving employee satisfaction by workflow improvements, paperwork reduction, reduced time to complete tasks and other office performance issues. Employee turnover has been due to better career advancement opportunities and pay.

5.13   How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

We manage career progression through the EPMS and EEA systems. Through these systems we monitor the training needs and ask management to specify the necessary skills that need to be developed in order for employees to advance. In addition, we also institutionalized the IDP's which we use to address the hard to fill positions.

5.14   How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters.)

The Department is located in an in-town facility that offers a safe, secure and healthy work environment. Employees are provided with a manual of safety policies and procedures and ongoing training is held for employees with respect to general office safety and security and specific staff actions that are necessary in the event of an emergency.

The Department has defined and documented the requirements to successfully run the department during a disaster, with a Disaster Recovery Plan in place. The plan was last tested in the spring of 2006 and the agency standard will be to review, update and test the plan at least once each year, including requiring tests where functional units must discuss what to do in the event of a specified disaster. The plan will be upgraded in 2007 to reflect continuity of business operations in the event of any type of disaster, whether it is one system or the whole agency. A standard for recovery of data for each system is a priority. The agency goal is to have data available 99.9% of the time and the vital business systems available at 99.9%.

The IRM team has researched an improved business continuity plan. Improvements are updated continuously. This includes improved communications (TV news reporting), improved power supply to critical systems (generator), and hardware redundancy (network virtualization). Future improvements include disk to disk backups and a warm recovery site (offsite backup hardware, software and data).

Data is backed up on all servers nightly. This includes documents, spreadsheets, e-mail and other data types. The system data (Oracle Database) is backed up twice a day. Daily backup tapes are stored in a fire-proof safe onsite. Weekly backups are stored offsite in a fire-proof safe. If we need to recover and have building access, we can restore from the previous day. If we need to recover and do not have building access, we can recover data from the previous week. This is minimal coverage.

The IRM team was committed to improving our Disaster Recovery plan in 2007. This includes establishing a warm site at either BlueCross BlueShield of South Carolina or the State's CIO office. Data will be updated to the warm sites daily. This will protect the operations of the systems should the current server room fail during a disaster. Minimal systems required to operate will only be provided at the site. Moreover, additional and more comprehensive onsite

backups will also be performed. This will include snapshots of key data, system configurations and application code throughout the day. This will allow recovery of data, system configurations, and all applications due to an unnatural disaster (i.e., theft, viruses, and internal threats).

In addition to ensuring the safety of our employees and providing emergency data backup, the Department is committed to assisting with the insurance needs of our residents during a natural disaster. When warranted by the Director, specially trained volunteers are deployed to the disaster location and stationed, as a general rule, in the State/FEMA-designated Disaster Field Office, working directly with disaster victims in expediting insurance claims. A Disaster Response Coordination Plan, which provides procedures to ensure a well-coordinated response to any natural disaster that may affect the Department and the citizens of our state, has recently been revised and is maintained at the Department to be used as necessary.

The Department's Emergency Preparedness Plan is attached at the end of the document.

Category 6. Process Management

6.1   How do you determine your organization's core competencies, and how do they relate to your mission, competitive environment, and action plans?

The state classification system serves as the minimum competencies for all our PD's. Then we customize the PD's to meet the agencies needs.

6.2   How do you determine and what are your key work processes that produce, create or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?

We determine our key processes by means of tasks that deliver value, services and information to the citizens of South Carolina. These key processes are the support or enabling processes that provide vital resources or inputs to the value-producing activities.

The Departments key processes that are defined by tasks usually involve various departments or departmental functions. Therefore, they can only work with a sound cross-functional management. The Departments values are defined at the office division, department and office levels which provide services to our customers. The Department strongly encourages open lines of communication so that our listening and learning methods stay current in order to serve our customers to the best of our ability.

6.3   How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors such as cycle time into process design and delivery?

While the Department's mission does not change, the range of activities necessary to achieving that mission are changing and growing. Leveraging new technology with organizational knowledge has been and will continue to be critical to the ongoing success of the Department and our ability to perform those wide-ranging activities. The Department's website has proven both efficient and effective for dealing with many of our customers. Additionally, insurers may now make certain rate and form filings electronically. Since many process reviews have been completed, we have identified and implemented numerous opportunities to make our process

design and delivery more efficient and effective.

Because paper is an extremely costly means of communicating ideas and storing information, the Department realized that it needs to image all available data. Faced with a scarcity of floor space, increasing labor costs, and requirements for faster, more reliable dissemination and sharing of information, the agency has started to implement a centralized Electronic Document Management System that will enable electronic document storage, retrieval, and workflow management, to achieve cost savings and improve traditional ways of doing business.

Many departments, which wish to expand and provide additional services, find it difficult to provide sufficient office space for new staff due to the storage of what amounts to warehouses full of documents, correspondence, and business papers, with no hope of curtailing the proliferation of paper. Thus, the need to reclaim office space is paramount.

Through the course of a year, hundreds of thousands of pages of documents and correspondence are generated and received. Filing is naturally time-consuming and prone to error, even in the best of manual file systems. Documents can be misfiled, misplaced, lost, damaged, and/or unavailable. This contributes to increased retrieval time, incomplete information, and frustration. Additionally, because individual divisions often need to share documents, the need to centralize the storage of original documents and make them available through secured electronic means becomes even more critical.

Electronic document management systems provide a process through which a document is recorded or scanned electronically, indexed, and stored as a digital image of its original form. Once digitized, it can be routed, archived, and/or retrieved automatically. In addition, imaging the Department's data may be implemented as a replacement for traditional manual filing techniques. Through the "document storage and retrieval" process, documents are captured by scanning, then indexed and archived for retrieval at a later date. This reduces file space, eliminates errors and misfiling, and improves productivity.

A second level of implementation is document workflow management. In conjunction with document storage and retrieval, documents are automatically routed throughout the department to the electronic in-baskets of the appropriate individuals. This automatic routing process follows the path a document normally takes until it has completed its working cycle. At the end of the working cycle, the document is either discarded or archived electronically, depending on the Department's retention regulations and schedules.

As time passes, the growth of paper documents within the work area continues. This growth can be managed within the electronic document management system environment with minimal expansion costs compared to the cost of providing additional space, either in the office area or offsite. The cost of future filing is virtually eliminated. With the elimination of traditional manual filing systems, the high cost of staffing to maintain and administer traditional filing techniques is reduced. Future staff expansion requirements can be avoided by reassigning and training current staff without affecting basic business needs. This approach offers continuity within the workplace and maintains a high level of morale, while offering opportunities for internal advancement.

Using an electronic document management system, many areas achieve significant improvements in the ability to provide efficient business service. Primary among these benefits is the ability to provide immediate response to customer inquiries or to retrieve relevant

documentation while directly assisting the customer. This directly enhances efforts to improve overall customer satisfaction. The time delays traditionally associated with document retrievals are virtually eliminated or, at least, significantly reduced.

The loss or damage of physical documents can impact the agency's ability to perform. The need to seriously consider the effect that a catastrophic loss can have on the agency is critical. By storing documents centrally on optical media and making periodic backups for offsite storage, we can ensure against such disasters. The cost of preparing and storing these backups is minor compared to the high cost of a catastrophic loss.

Productivity improvements gained by utilizing an electronic document management system include improved document search and retrieval; reduced filing requirements; elimination of misfiled, lost, and/or damaged documents; and automatic document/file routing.

6.4   How does your day-to-day operation of these processes ensure meeting key performance requirements?

The Department's key processes are specifically related to its mission to protect the insurance consumer, the public interest and the insurance marketplace. All aspects of daily operations are reviewed on a regular basis by managers and supervisors and recommendations are made to leadership for changes to improve the Department's processes.

6.5   How do you systematically evaluate and improve your key product and service related processes?

The Department passed its fifth five-year accreditation review conducted by the NAIC in May, 2006. Because the review focused on the Department's Financial Examination and Financial Analysis sections, valuable feedback on ways to improve the Department's examinations and analysis processes and procedures was provided. The Department was re-accredited, with both areas receiving superior scores, demonstrating our commitment to excellence. The feedback and recommendations have either already been implemented or are currently in the process of being implemented. While the re-accreditation process occurred in 2006, it is an ongoing effort that the Department continues to work toward, since we will go through this process again in 2011. In addition, the Financial Services section is in constant communication with the private sector and receives constant feedback from the insurance companies it regulates.

6.6   What are your key support processes, and how do you improve and update these processes to achieve better performance?

The Department's key support processes are: legal, human resources, finance and accounting, central files, information technology and procurement. While output from the key support processes are delivered to Department staff and not to customers directly, those processes have a direct impact on the Department's ability to meet the needs and expectations of its customers. Each support process work unit functions under its own performance measures and is continuously improving and upgrading in response to internal and external feedback. This is accomplished through:

- • Involving administrative support supervisors in establishing strategic program priorities.
- • Integrating key support functions into the strategic planning process.
- • Communicating the message throughout the Department to ensure thoroughness of

input and clarity of expectations.
- Adopting a process for planning, managing, and evaluating support function contributions.
- Using benchmarking to set performance targets, standards, and measures for key administrative support objectives.

6.7   How does your organization determine the resources needed to meet your current and projected budget and financial obligations?

The Department conducted an internal review to pull together a budget designed for priorities and goals for the agency. The Department has prepared departmental budgets with information on current services to lay the groundwork for budget expenditures. The department has also gathered information to develop estimates of future spending on current services. With that information, the department can build its budget proposals based on the needs of the agency.

The Department has made a proposal to move toward a more dedicated funding system. The fund is created out of the fees and assessments, fines and penalties, taxes, and other incomes generated by the Department while most taxes which includes premium and retaliatory taxes go into the state's general fund. With dedicated fund system the Department spends from the dedicated fund up to a level appropriated by the legislature. Should incoming revenue exceed the Department's expenditures, the balance is carried forward to the next fiscal year. However, if the dedicated revenue is less than anticipated appropriated amount, the Department must reduce spending or use the carried forward funds from the previous year(s). In an effort to boost revenue funding, the Department requested a change in the funding of the Captives program in FY 06. This change was passed by the General Assembly allowing the Department to retain 20% of tax revenues for operations instead of 10% as contained in the original legislation. The Captives industry has grown substantially over the last decade and Charleston has become the domicile location of choice for domestics Captives.

An Agency dedicated funding process would allow the Department to lessen the effect of cyclical revenue changes in funding over time. The Department would also be better able to retain a cash balance during positive revenue periods and maintain consistent agency operations during economic distress. According to the NAIC 29 State insurance departments are fund using the dedicated funding method.

Category 7. Results

7.1   What are your performance levels and trends for the key measures of mission accomplishment/product and service performance that are important to your customers? How do your results compare to those of comparable organizations?

- Agent Licensing issues producer, agency, broker, public adjuster, and appraiser licenses. The Department has increased in licenses by 43% since FY 03-FY08.

INDIVIDUAL/AGENCY LICENSING

	02-03	03-04	04-05	05-06	06-07	07-08
NEW LICENSES	24,082	20,266	26,216	29,946	36,351	34,369

INDIVIDUAL/AGENCY LICENSING
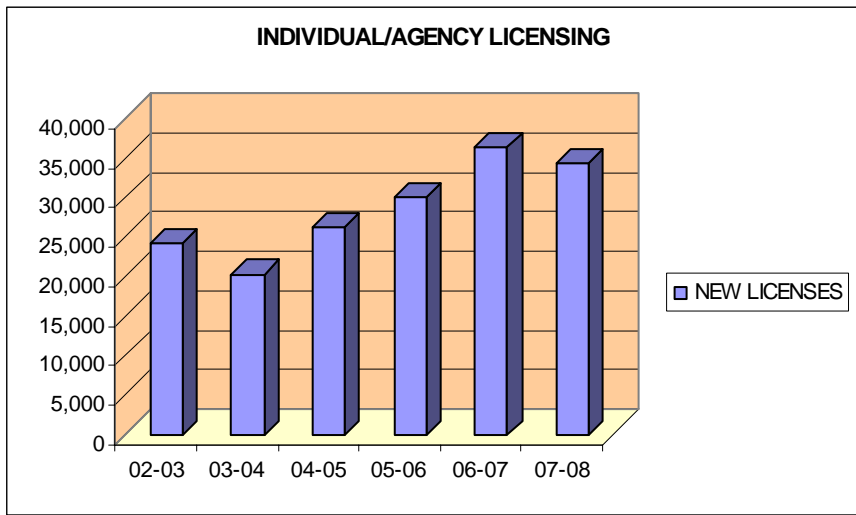
The Continuing Education section provides oversight for continuing education courses and the individual examination process.

INSURANCE EXAMS ADM/PASS RATE

	02-03	03-04	04-05	05-06	06-07	07-08
NUMBER EXAMS ADM	7,485	5,747	4,827	6,876	7,307	7,496
PASS RATE	64	56	71	63	64	62
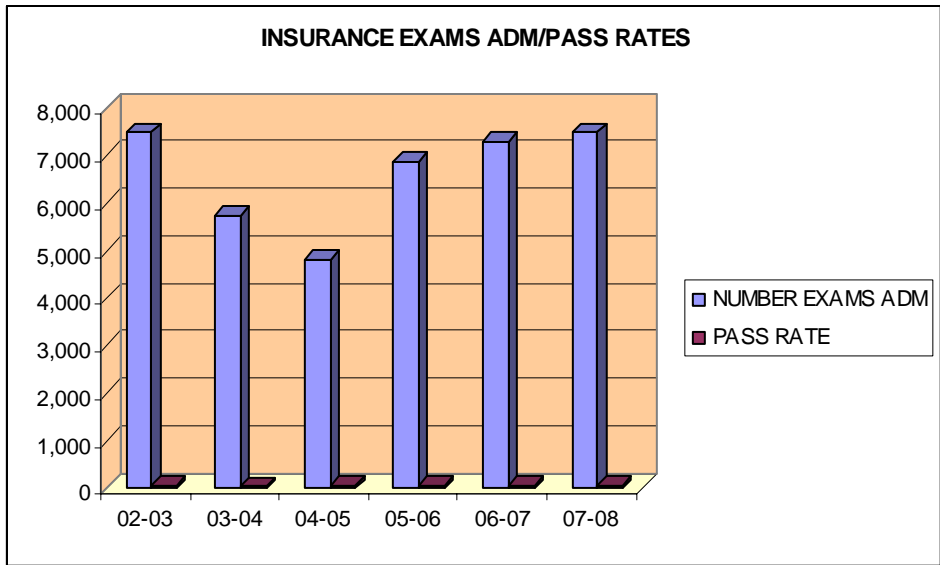
- Collected $4,712,212 in taxes and fees for the captive companies.
- Completed audit and analysis of 355 surplus lines brokers.
- Collected $23,896,475 in premium taxes from surplus lines brokers.

- Hurricane Mitigation grant applications and information is available on line
- postcards are mailed to applicants, notifying the applicant that their application has been received by the Department
- grants are processed by SC Safe Home staff
- missing information is requested from homeowners by staff via telephone call and in

writing
- following the receipt of completed application packet, applications are reviewed by the Grant Review Subcommittee on a monthly basis
- generally, grants are awarded on a monthly basis
- to date, 614 grants awarded at approximately $3 million
- imaged over 13 million paper documents
- redirected one records management position to major program area
- eliminated and reused 4000+ square ft of file space

- Market Services: Analysts review filings received by the Department to determine whether the filing complies with the requirements of SC law.
- Analysts take the appropriate action on the filing as a result of the review conducted (i.e. approve, recommend, disapproval, or receive as exempt)
- Analysts: no filings are to be beyond deemer date, specified n the statute without prior notification.
- Review checklist must be provided for each filing
- Up to 95 % timely and meets performance requirements
- 95 - 100% of filings timely & special project work and exceeds performance requirements
- 100% timely plus special project work and substantially exceeds
- Timeframes for examinations of captive insurers must comply with statutory requirements, which generally require an examination of captive insurers every 3 years. In addition, Risk Retention Groups are subject to NAIC accreditation standards which set forth specific timing standards relative to conducting the examination, including review of work papers and issuing examination reports. ARTS staff are required to adhere to these guidelines.
- In general the analysis of captive insurers annual statements is performed within 60 days of receipt of the annual statement. In addition, Risk Retention Groups are subject to NAIC accreditation standards which set forth specific timing standards relative to conducting the analysis. ARTS staff are required to adhere to these guidelines.
- In general, applications for new captive insurers are completed within 30-60 days of receipt. Complex applications may require additional scrutiny. However, these applications are generally completed within 60-90 days of receipt.

7.2   What are your performance levels and trends for the key measures of customer satisfaction and dissatisfaction (a customer is defined as an actual or potential user of your organization's products or services)? How do your results compare to those of comparable organizations?

While the Department does not currently utilize formal customer satisfaction surveys on a Department-wide basis, managers follow-up by telephone with customers on a random basis to gauge our overall responsiveness and service delivery. Additionally, we rely heavily on informal feedback from our customers. Some areas have sent out surveys in the past with very good response and very good results indicating a 90+% satisfactory rating. We are continuing to explore ways in which customer satisfaction surveys can be used for the diverse constituencies served by the Department. Consumer Services handled approximately 2,800 written complaints, 69,100 telephone complaints/inquiries, and 170 walk-ins during the past fiscal year. Additionally, approximately 160 legislative/constituents requests for assistance were handled.

7.3   What are your performance levels for the key measures of financial performance, including measures of cost containment, as appropriate?

One of the major challenges facing the Department is aligning performance accountability structures with existing budget account structures. Our objective is to modify the Department's current budget structures to achieve effective alignment with performance-based results.

The budget structure has evolved over many years on an incremental basis. In the past, the Department's budget and accounts were adapted many times to service various purposes and accounts, resulting in a collection of accounts. This collection of accounts that made up the budget structure has presented a major challenge.

Using SAP, we are now able to track and assess resources in relation to program and division goals. As such, a monthly report is generated and distributed to all Divisions. This approach helps facilitate a comparison of program services with their costs and will help in the allocation of limited resources to the Department's highest priority activities.

7.4   What are your performance levels and trends for the key measures of workforce engagement, workforce satisfaction, the development of your workforce, including leaders, workforce retention, and workforce climate including workplace health, safety, and security?

Human Resources play a key development role in the process review initiative currently being undertaken by the Department. Human Resources are included in the Department's planning and development of Department goals, objectives and action plans. The Department's leadership team and Human Resources are working together to fully integrate human resources management into the planning process so that it will become a fundamental and contributing factor to Department planning and operations. Since the Department has refocused its activities to broader organizational issues, these measures will be expanded to gauge the impact that Human Resources has on the Department's mission and goals so that such information is used in Department decision-making.

On July 1, 2008, the Department, for the second year in a row, met its goal of 100% by providing a completed EPMS review on each employee. In addition, we hired approx. 56 temps to assist in completion of a high priority IT project.

The Department has a diverse workforce at all levels, including its leadership. Workforce diversity is a key element in the planning of leadership recruitment and development programs. Ongoing workforce assessment is carried out to measure the effectiveness of efforts to address workforce diversity. Evaluation activities include analysis of reports required for the Department's affirmative action plans, particularly for women and minorities, and persons with disabilities. In addition, evaluation efforts in the area of diversity are coordinated with strategic recruiting efforts to determine the best sources of qualified applicants from targeted groups.

7.5   What are your performance levels and trends for your key measures of organizational effectiveness/operation efficiency, and work system performance (these could include measures related to the following: product, service, and work system innovation rates and improvement results; improvements to cycle time; supplier and

**partner performance; and results related to emergency drills or exercises)?**

- Legal and Financial Services attempts to respond to inquiries and other requests for information within 15 days' receipt. Summons and Complaints are served on the other party or returned to the attorney wishing to serve the pleading on the same day the documents are received. Generally, the investigative staff attempts to complete investigations, whenever practicable, within 90 days of the date the file is opened in Legal. Applications for certificates of authority are reviewed and action is taken within 60 days' receipt. Requests for approval of applications for mergers and other acquisitions are accomplished within the timeframes set forth in South Carolina law.
- The IRM team uses an IT help desk product called 'Spiceworks' to log, monitor and trend service requests. This system tracks incidents reported by the user community (my laptop crashed and needs to be repaired) and service requests (please set-up a user account for new employee Jane Doe). This tool also is used to track minor application queries and the completion of the modification requests (Please create a report of pending Online Licensing Applications). Moreover, visitors to our website who have questions, submit a request IRMMAIL@doi.sc.gov. This email account is used to track and communicate information to individuals, agencies or companies who have a specific question or problem relating to web site functions. This primarily includes password resets and general 'how to' questions.
- IRM team has created internal prioritization of tasks and timeframes to complete based upon prioritization.
- Major projects including the online application for Bondsman; Online Application for Continuing Education Implementation of new website; Implementation of Team IA Electronic Document Management System are managed using the State of South Carolina Project Management Methodology. This includes agreeing upon the scope of the project, creating a managing using a project schedule to meet the agreed upon milestones, and reporting results with project status meetings and project status reports.
- With paper our files growing at the rate of 15-20% a year, the Department was running out of space to store paper documents. And, with the high cost of rent, storage costs continue to escalate as well. The Department implemented a document imaging solution essentially converts paper files into electronic files which is stored remotely or on CD-ROM. Document imaging is a critical, *long-term* component to our solution. To date we have imaged over 13 million paper documents.
- After review, Administration changed their action plan regarding the email software. Due to financial constraints the Department cannot afford to migrate from Group Wise email to MS Outlook. Instead, they decided to do two things: 1. Upgrade from Novell NetWare 6 to Novell OES. 2. Upgrade from Novell GroupWise 6.5 to Novell GroupWise 7 (email).

7.6   What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?

- The Financial Services office completed 10 financial examinations and analyzed quarterly and annual financial statements for South Carolina's 52 domestic insurance companies and HMO's. In addition, the Department received its five-year re-accreditation status from the National Association of Insurance Commissioners (NAIC) in May, 2006, confirming the Financial Services area is in compliance with the NAIC's insurance company solvency monitoring guidelines.

- The Licensing office issued licensees within 24 to 72 hours of receipt of properly completed paperwork. A total of 36,559 new licenses (36,409 individual and 150 special licenses) were issued during the past fiscal year. After reviewing financial statements and other pertinent information, the Financial Services area issued 52 licenses to insurance companies seeking to write insurance in South Carolina. These licenses were for the following: 36 Property and Casualty; 8 Life, Accident and Health; 1 Title; 1 Surety and 6 Eligible Surplus Lines.

- The Taxation office collected insurer and broker premium taxes on a quarterly basis, which were deposited to the General Fund. Taxation performed audits of returns and balanced taxes to the general ledger by June 30, 2008. During the year, the Department audited 1,602 licensed insurers and 170 captive insurers. In addition, 354 broker premium tax returns were reviewed and audited. After auditing returns, additional taxes of $391,549 were collected. Total taxes and fees collected during the fiscal year amounted to approximately $177 million.

- The Rates and Forms (R&F) office protected insurance consumers by ensuring that forms are in compliance with the laws and regulations of South Carolina and do not contain provisions that are unfair, deceptive, misleading or discriminatory. Approximately 11,000 rates and forms were processed during the past fiscal year. R&F office reviewed rates to ensure that they were reasonable, not excessive or inadequate, and not unfairly discriminatory on a weekly basis.

- The Captive office has licensed 196 captive insurance companies. Twenty-seven new captive licenses were issued during the last fiscal year and 13 financial examinations of captive insurance companies were completed. During the fiscal year ending June 30, 2008, the Department remitted $3,664,861 in premium taxes to the General Fund. In addition, the Captives office performed quarterly and annual financial statement analysis on all domestic captive insurance companies.

Captive Growth 2000-Present*
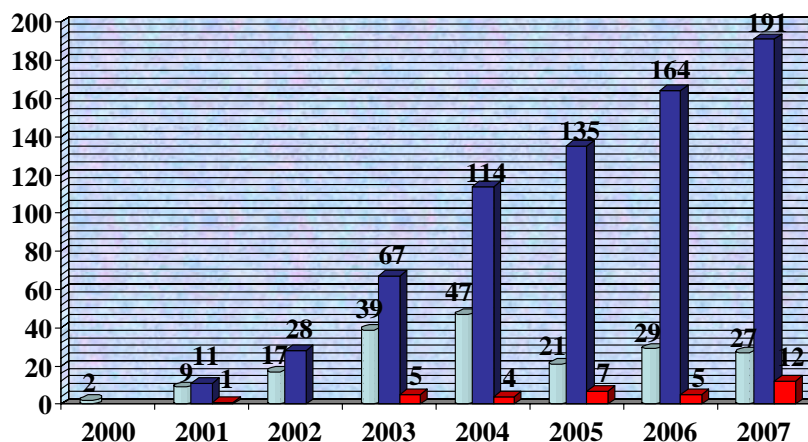
June 6-Dec.31, 2000

=New   = Total   =Dissolved

*As of Dec. 10 2007

- The Legal office received 3,786 summons and complaints in civil actions to be served on insurers transacting business in SC, responded to 130 FOIA requests, handled 23 requests for interpretation of SC insurance law, closed 398 investigation files resulting in $243,212 in administrative fines for the general fund, and represented the agency in 3 cases brought before the Administrative Law Judge during the last fiscal year.

- *Hurricane Damage Mitigation Program* provided matching grants of up to $5,000 to assist individuals in making their homes as hurricane-resistant as possible. The Department partnered with local and statewide businesses and not-for-profit agencies to provide information and mitigation methods to help South Carolinians learn ways to make their homes more hurricane-resistant. During the fiscal year ended June 30, 2008, the Hurricane Mitigation program made 523 grant awards resulting in 253 grant payments totaling $1,164,300.

- Actuarial Student Training Program-assisted with revisions and implementation

- Completed the Market Share Report on August 28, 2007, for distribution.

- Revised the NAIC Retaliatory Guide for SC.

SOUTH CAROLINA DEPARTMENT OF INSURANCE

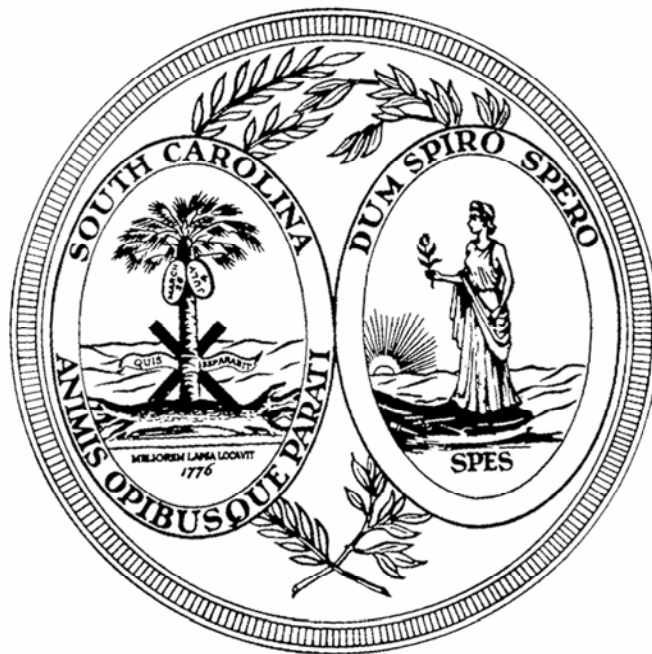# DISASTER RESPONSE COORDINATION PLAN
Fiscal Year 2007-2008

TABLE OF CONTENTS

PURPOSE

The purpose of this manual is to provide procedures that will assure a well-coordinated response to any natural disaster that may affect the Department and the citizens of the State of South Carolina. The manual sets forth the various actions taken by the Department. It sets forth a reporting procedure to ensure all levels of management are aware of the status of the Department's response. The response will be implemented automatically based on a notification from the Director as to the Department's level of activation.

LEVEL DEFINITIONS

Activation levels mirror the definitions used by the South Carolina Emergency Preparedness Division.

Opcon 5 -   Day to day operations to include normal training and exercises.

Opcon 4 -   Possibility of an emergency or disaster situation that may require a partial or full activation of the SEOC.

Opcon 3 -   Disaster or emergency situation likely or imminent. Full or partial activation of SEOC; activate SC Emergency Operations Plan and the appropriate specific impact hazard emergency plan.

Opcon 2 -   Disaster or emergency situation in effect; maximum preparedness level; full activation of SEOC.

Opcon 1 -   Disaster or emergency situation in effect, full fledge emergency response operations ongoing; highest state of emergency operations.

Beginning June 1 and continuing throughout Hurricane Season until November 30, the Department will operate at Opcon 4.

VOLUNTEER STATEMENT

Statement of Policy
The volunteering by DOI employees to work during and after a disaster is critical to meeting our responsibilities as a major disaster response and recovery agency. The Department places a tremendous value on sacrifices made by volunteers, supervisors and managers who not only accommodate, but encourage employees to volunteer. While insurance knowledge is preferable, employees with the willingness to learn and assist consumers are welcome to volunteer.

Purpose
To articulate the importance of DOI employees voluntarily participating in disaster recovery that does not necessarily involve their regular job duties and that each employee understands the importance of providing assistance as needed.

Procedure
Should the event warrant, each division will be asked to provide volunteers. A specific number of employees will be needed from each division. Initially, a total of 5 (five) employees will be identified and trained. The number will be calculated on a pro rata basis by division.

Employees will be asked to volunteer for not more than one week at a time, unless requested by the Director.

Employees who desire to volunteer should advise their supervisor of their willingness to volunteer. Divisions will recruit, approve and forward to the ECO a list of current volunteers.

Employees that volunteer should provide their name, division, home and office phone numbers as well as cellular and beeper numbers, if applicable.

Volunteers will accrue compensatory leave credits and will be in a pay status while traveling.

Employees will be notified as soon as the DOI has been advised by the State Emergency Operations Center (SEOC) of the need for volunteers. (Often the notice is less than 24 hours.)

Volunteers will be briefed on job assignments, destination, room accommodations, mode of travel and travel expenses before departure. Every effort will be made at the time of assignment to accommodate a volunteer's request to work with a particular individual, location, or job assignment. Volunteers are advised of the need for having a personal credit card to use for disaster travel. If the employee does not have a personal credit card to use for travel expenses, the volunteer will notify the ECO of this, so that arrangements may be made as per the Comptroller General, a direct bill account can only cover the room rate and taxes for volunteers in the field. Direct bill hotel rooms will not cover the cost for personal telephone calls, etc.

All volunteers will be required to take the homeowners insurance training course.

Volunteer Employees must submit travel and reimbursement vouchers within 10 day of their return from the field.

Volunteers will be recognized and commended for their response to the needs of disaster victims.

INTRODUCTION

The Department of Insurance is committed to assisting with the insurance needs of the residents of the State of South Carolina. This becomes especially important when a natural disaster strikes. Services to citizens are initiated in several ways, by many divisions within the department.

When warranted by the Director, specially trained volunteers from the Department are deployed to the disaster location and stationed, as a general rule, in the State/FEMA designated Disaster Field Office (DFO). These volunteers work directly with disaster victims assisting with insurance claims in FEMA sponsored Disaster Recovery Centers, or providing outreach by traveling into the damaged areas to assist.

The Individual Licensing Department within the Division of Administration will monitor and regulate unlicensed adjuster and agent activity.

As the South Carolina Department of Insurance does not currently have a Fraud Investigation Division, Department volunteers are requested to report all suspect activities to the Office of General Counsel, within the South Carolina Department of Insurance. The Office of General Counsel then alerts the Attorney General's Office and the Office of Consumer Affairs to these suspicious activities.

The Division of Consumer Services' toll free number will be continuously manned to respond to telephone requests for assistance.

The Division of Financial Services will monitor and work with affected insurance companies to insure that claims are processed expeditiously and coverage issues are adequately addressed.

The Office of the Director provides direction and support to the department employees (volunteers) who are assisting victims of the disaster and provides representation to the State Emergency Division's Emergency Operations Center as required.

The Legal Department within the Division of Financial Services prepares to assist with volunteers. This Department also prepares and pursues legal courses in the area of enforcement and rule drafting.

The following identifies the operating procedures that are implemented by each Division in the event of a disaster.

INSURANCE ADJUSTER DISASTER AND REENTRY ACCESS PLAN

The South Carolina Department of Insurance (DOI), the South Carolina Emergency Management Division and the South Carolina Highway Patrol have agreed to issue Disaster Insurance Adjuster Reentry Permits to expedite licensed insurance company adjusters access to areas that have experienced severe damage resulting from a natural disaster. Local Emergency Management officials, in conjunction with the South Carolina Emergency Management Division will determine when the most severely impacted areas are reasonably safe for non-emergency personnel to enter. Once that determination has been made, local officials will notify the South Carolina Emergency Management Division SEOC (State Emergency Operations Center). The DOI representative stationed at the SEOC will have this information immediately placed on the Department of Insurance website **www.doi.sc.gov** . This information will also be available by calling the DOI (803) 737-6160. This information will indicate that an adjuster presenting himself or herself at a checkpoint and displaying a current Disaster Insurance Adjuster Reentry Permit in conjunction with the appropriate company identification will be allowed to enter the areas. Until the emergency officials have determined that it is reasonably safe for non-emergency personnel, no one will be allowed to enter the area, even with proper identification.

Only licensed insurance adjusters approved by the South Carolina Department of Insurance are eligible to receive Disaster Insurance Adjuster Reentry Permits. Unauthorized use of the permits may result in the revocation of a company or organization's use of the permits. The receiving organization is responsible for establishing and maintaining a record outlining the adjuster name and corresponding permit number. This information must be forwarded to the South Carolina Department of Insurance via facsimile, (803) 737-6229. This information will be maintained by the Director's office.

The permits are being distributed by the South Carolina Department of Insurance under the supervision of Director Scott Richardson's office. The permits are printed on white cardstock with blue ink, a red numbering system and a bright yellow border. They are designed to be displayed on a motor vehicle's rear view mirror. Distribution is limited; companies will receive one permit per adjuster. The South Carolina Department of Insurance has contacted Catastrophe Team Managers with individual companies to determine the total number of required permits for each company.

The permits will likely be needed the first few days following the event. Once the Recovery Phase has stabilized, access should be allowed to all. Please note that as in the past, an adjuster will need to have insurance company identification and South Carolina Department of Insurance license information with them at all times.

Permits for the 2007-08 season will be valid until May 31, 2008

DISASTER RESPONSE PLAN

Action	Persons, Divisions Responsible	Activation Level
Assure that adequate supplies are available for disaster teams and volunteers (to include cell phones, beepers and laptops).	Division of Administrative Services	**Opcon 5, 4 (Preparation)** By June 1 and continued throughout the year.
Review and update Disaster Response Plan, where necessary.	Executive Assistant to Director responsible for Emergency Coordination	By June 1 and continued throughout the year.
Recruit, identify and confirm disaster team of at least 10 department volunteers.	Office of the Director	By June 1 and continued throughout the year.
Coordinate training courses re. homeowners, auto and flood for department volunteers.	Division of Consumer Services in conjunction with the Office of the Director	Throughout the year, with a brief refresher course prior to June 1.
Monitor the weather and remain alert for possible weather threats.	Office of the Director, Division of Administration	June 1 throughout the year.
Identify and coordinate with other Departments of Insurance to locate short-term volunteer assistance.	Office of the Director in coordination with NAIC and other State Insurance Departments	Ongoing
Annually issue Emergency Adjuster Reentry Permits to companies writing insurance in South Carolina. At this time, update all contact information for each company CAT manager.	Office of the Director	**Opcon 5, 4** Update and reissue permits no later than June 10, 2008

Action	Persons, Divisions Responsible	Activation Level
Contact insurers writing property and casualty insurance coverage in SC for current company contact and claims numbers. Update list posted on DOI web page.	Office of the Director	By June 10
Prepare training materials for additional volunteers	Office of Consumer Services	Prior to June 1
Prepare Disaster Response Kits for Department "First Responders".	Division of Administration	Prior to June 1. Will supply last minute info. for specific event prior to distribution of kits.
Coordinate with the SC Emergency Management Division (SC EMD), Governor's Office, FEMA, Federal Insurance Administration, SC Insurance News Service and others to assure maximum efficiency and communication.	Office of the Director	Throughout the year.
Keep Executive Director apprised of current weather situation and Department's ability to respond.	Office of the Director, Division of Administration	June 1– November 30
Contact all County Emergency Preparedness Divisions to offer assistance and provide toll-free consumer services number.	Office of the Director	**Opcon 3, Disaster Imminent or in Progress** At the onset of a Hurricane watch.

Action	Persons, Divisions Responsible	Activation Level
At the determination of the Executive Director, call an Executive Staff Briefing. Executive Staff will report the level of readiness for each division within the Department. Executive Staff briefings will be conducted periodically throughout the event. Executive Staff will disseminate information to Department employees following the Executive Staff briefings.	Office of the Director	June 1 – November 30
Once determined that additional volunteers are needed, have them report to Department to receive training regarding fundamental insurance related questions.	Office of the Director, Division of Administrative Services	**Opcon 1**
Brief all volunteers on DOI travel procedures and coordinate travel arrangements.	Office of the Director, Division of Administrative Services	**Opcon 1**
Brief all volunteers on time sheets and comp. Time accrual.	Office of the Director, Division of Administrative Services	**Opcon 1**
Attend FEMA briefings with DOI volunteers once Disaster Assistance Centers (DAC) are established.	Office of the Director	**Opcon 1**
Begin to recruit back-up volunteers to relieve those currently at DAC Centers.	Office of the Director	**Opcon 1**
Provide Department-wide e-mails to keep the staff apprised of current weather conditions and the level of readiness for the Department and SC EMD.	Office of the Director	June 1 – November 30

Action	Persons, Divisions, Responsible	Activation Level
Monitor SC EMD "Iris" computer system /REACH System so as to maintain a level of knowledge regarding the status at the local Emergency Management Division level. *(This can be done from DOI offices)*	Office of the Director	**Opcon 3, 2, 1 until SEOC (State Emergency Operations Center is closed).**
Provide updated information to be placed on the DOI website regarding emergency insurance issues. This includes the listing of company claim offices and telephone numbers, adjusters' information and flood information.	Office of the Director	Prior to June 1 and throughout the Hurricane Season.
Coordinate any Emergency Licensing Activities as they relate to the current natural disaster.	Division of Licensing	**Opcon 3**
Review Emergency Adjuster Licensure applications (on and off line) and other necessary forms for accuracy.	Division of Licensing	**Opcon 5, 4**
Provide daily briefing reports to Director's Office regarding requests/inquiries regarding Emergency Adjuster licenses issued.	Division of Licensing	**Opcon 3, 2, 1**
Implement the processing and issuing Emergency Adjuster Licenses.	Division of Licensing	**Opcon 3**

Action	Persons, Divisions Responsible	Activation Level
If warranted, take immediate administrative action when necessary by gathering evidence of unlicensed adjuster solicitations/activities.	Legal Division	Ongoing
In accordance with Regulation 69-1, prepare draft Emergency Declaration for Director's signature allowing the licensure of temporary/emergency non-resident adjusters.	Legal Division	June 1 (this becomes effective following the Governor's call for mandatory evacuation).
At the direction of the Director, prepare DOI for extended hours of operation.	Director of Insurance	**Opcon 3, Disaster imminent or in progress** June 1 – November 30
Licensing and Consumer Services area will be available to handle inquiries; extended hours will be put in place, if warranted.	Legal Division and Division ofConsumer Services	**Opcon 3**
Issue Press Release announcing extended hours of operation. Notify top 50 Homeowner and Business Owner Insurers.	Public Information Officer, Office of the Director	**Opcon 3**
Provide periodic updates regarding types and nature of disaster related calls received. Coordinate with the Governor's Office, Office of Emergency Management, and the South Carolina Insurance News Service	Public Information Officer, Office of the Director	**Opcon 3, 2, 1**

Action	Persons, Divisions Responsible	Activation Level
If warranted, develop a property insurance mediation program.	Director of Insurance, and General Counsel	**Opcon 2, 1**
Establish direct bill procedures with area hotels for volunteer employees manning the Disaster Centers.	Division of Administration	Immediately following landfall of the disaster.
Obtain Diners Club Credit Cards for "First Responder Team".	Division of Administration	By June 1
Monitor availability and if needed reserve vehicles for volunteer staff through State of South Carolina Motor Pool.	Division of Administration	Immediately prior to landfall and once Recovery Phase has begun.
Update telephone list, to include home, mobile beeper numbers of First Responder Team and Executive Staff.	Office of the Director	By June 1
Establish phone tree to contact all Department employees re. the ability to return to work.	Division of Administration	By June 1 and throughout the year.
Make arrangements with Insurance Company or facility either in Columbia or in the upstate area for temporary office space must temporarily close. (Temporary space will require room to accommodate Emergency Licensing Needs, partial staffing of Consumer Services).	Office of the Director	Prior to June 1.

Action	Persons, Divisions Responsible	Activation Level
Determined by the severity of the natural disaster, have phone lines transferred to temporary office space.	Division of Administration	**Opcon 1 Recovery status in effect.**
Have adequate supply of Consumer brochures available to be distributed at Disaster Centers.	Public Information Officer, Office of the Director	Prior to June 1.
Prepare for production of press releases on topics such as hurricane tips, unlicensed adjusters, the claims process and the DOI Toll-Free Consumer Telephone Number. Continue to coordinate with the Governor's Office, Office of Emergency Management and the South Carolina Insurance News Service. Disseminate news releases to media as necessary regarding natural disasters.	Public Information Officer, Office of the Director	**Opcon 3,2, 1 (as well as onset of the season).**
Arrange to publish toll-free, damage claims telephone numbers for at least top 20 property and casualty carriers in SC. In print and television media via PSA, etc.	Public Information Officer, Office of the Director	**Opcon 2, 1**
Update names of Mayors, Administrators, Legislators, etc., in affected area to offer assistance with insurance related issues.	Legislative Liaison, Office of the Director	Prior to the disaster making landfall.

Action	Person, Divisions Responsible	Activation Level
Remind staff to document all hours worked. Utilize the timesheet format provided by Administrative services – (found on the I drive).	Division of Administrative Services	**Opcon 3, 2, 1**
Prioritize list of domestic and foreign property insurers.	Division of Financial Services	**Opcon 3, 2, 1**
Conduct review of Insurance Company Exposures in Affected Disaster Areas, based on available information.	Division of Financial Services	**Opcon 3, 2, 1**
Report to the Executive Director the financial stability of the domestic industry.	Division of Financial Services	**Throughout the season, June 1 - November 30**
Review IT Emergency Response Plan	Information Technology Division	**Opcon 5, 4**
Provide notification of any network issues that may impact disaster/emergency preparations.	Information Technology Division	**Opcon 5, 4**
Make preparations for obtaining backup for sites that may be impacted.	Information Technology Division	**Opcon 5, 4**
Provide notification of any desktop issues that may impact disaster/emergency preparations.	Information Technology Division	**Opcon 5, 4**
Provide instruction to Department volunteers utilizing laptops while in DAC sites.	Information Technology Division	**Opcon 2, 1**
Institute corrective actions as necessary.	Information Technology Division	**Opcon 1**

EMERGENCY TELEPHONE MESSAGE FOR MAIN TELEPHONE NUMBER (803)-737-6227

Should conditions warrant and the Governor closes all State offices in Columbia, South Carolina, the South Carolina Department of Insurance will prepare a recorded message to be placed on the main telephone line that outlines the following information:

Due to hurricane conditions in South Carolina. all non-emergency personnel have been ordered by the Governor to not travel the roadways to report to work at this time. Upon the Governor's declaration that the weather conditions in South Carolina do not pose a threat to state employees' safety, our offices will re-open, and we will by happy to assist you with your insurance-related questions or concerns. Please review our web site, www.doi.sc.gov if possible for additional information.

** IF POSSIBLE, THE DEPARTMENT WILL TRANSFER THE TOLL FREE CONSUMER LINE TO ANOTHER NUMBER THAT WILL BE OUT OF THE DISASTER AREA AND WILL BE ABLE TO BE MAINTAINED EVEN IF STATE OFFICES ARE TEMPORARILY CLOSED.

POST DISASTER DEBRIEFING

The Executive Assistant to the Director will meet with each returning volunteer group to determine the status of the various DAC sites. Any changes that are warranted will be made at this time.

Following the close of the Recovery Phase of each disaster, a debriefing will be held. Attendees at this debriefing will have the opportunity to discuss events and provide suggestions for improvement to the Department's Response plan. Information will be provided to the Director and if changes are warranted, improvements will be made.

REVIEW AND IMPROVEMENTS

By May 15th of each year, a review of the manual will be completed and necessary changes made based upon the prior year's experience. The Executive Assistant to the Director will coordinate the review.