Accountability Report Transmittal Form

Agency Name: South Carolina Department of Insurance

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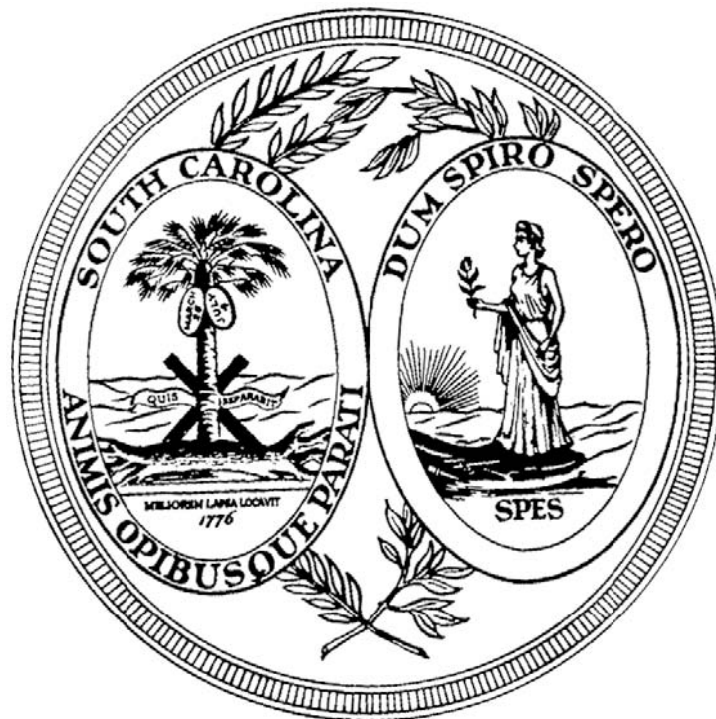
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SOUTH CAROLINA

DEPARTMENT OF INSURANCE

AGENCY ACCOUNTABILITY REPORT

FISCAL YEAR 2008

(July 1, 2008- June 31, 2009)

SECTION 1: EXECUTIVE SUMMARY

1. Mission and Values

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

Vision Statement: The Department envisions a competitive and financially stable insurance marketplace. To this end, the Department regulates the insurance marketplace firmly and fairly implementing and enforcing the insurance laws.

Philosophy Statement: The task before all state insurance departments is to regulate responsibly. In performing the statutory responsibilities of this agency, we will promote the following core principles: **LIRAC**

LIRAC	
Leadership	Provide a regulatory environment which protects consumers and promotes the economic growth and development of the state.
Integrity	Develop and implement 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's achievements during the 2008-09 fiscal year are summarized below:

Revenue Generated for the State

➢ The Department of Insurance collected and deposited over $791 million into the State of South Carolina's General Fund from FY 2004 to FY 2008.

➢ For every $1 collected for DOI operations, the State General Fund receives over $20.

➢ The Department of Insurance collected $168,903,073.54 in taxes and fees for the State General Fund in FY 2008. In addition, the Department generated $121,424,904.25 in revenue for local municipalities, for a total revenue impact of over $290 million in FY 2008.

Insurance Industry Market Trends and Regulation

➤ In 2008, South Carolina ranked 29th nationally in gross direct written premiums collected with approximately $16.455 billion in gross direct written premiums by both domestic and foreign insurers written in South Carolina.

➤ South Carolina currently has 50 licensed domestic insurers (excluding captives and risk retention groups) and 1,678 licensed foreign insurers.

➤ The Department of Insurance collected $145.5 million in Insurance Premium Taxes and Fees in 2008 from insurance companies. Also during 2008, the Department collected $20.25 million in Brokers Premium Taxes, nearly $9 million of which came from non-resident brokers.

➤ The Department of Insurance licensed 41 new companies in FY 2009.

➤ The Department of Insurance completed 17 financial examinations of domestic insurers in 2008.

➤ In April 2009, the Department of Insurance submitted an updated Financial Regulation Standards Self-Evaluation Guide (Interim Annual Review) to the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation Committee (FRSAC). FRSAC reviewed the Interim Annual Review and determined that the Department remains in compliance with NAIC Financial Regulation Standards.

Traditional and Captive Insurance Industry Market Trends

➤ The formation and growth of South Carolina as a captive domicile has led to an estimated annual economic impact of $18 million.

➤ In 2008, the Department of Insurance collected $4.65 million in Captive Insurance Premium Taxes and Fees.

➤ Since the implementation of the State's captive insurance laws in 2000 Act No. 331, the Department of Insurance has licensed a total of 207 captive insurance companies.

➤ By the numbers:
- 11 – number of new captives licensed in 2008
- 155 - number of active captives as of June 2009
- 3rd – South Carolina's ranking as a captive domicile in the U.S.
- 10th – South Carolina's ranking as a captive domicile in the world

Government Relations and Legislative Services
➤ Director Richardson serves in the following leadership capacities through the National Association of Insurance Commissioners:

- Co-chair of the Property and Casualty Insurance (C) Committee
- Chairman of the Southeastern Zone
- Chairman of the Risk Retention Group (E) Task Force
- Member of the State Government Liaison Committee

➢ The Department's Deputy Director of Actuarial, Market, and Alternative Risk Transfer Services serves as Director Richardson's proxy to the Risk Retention Group (E) Task Force. Through South Carolina's leadership, the Task Force successfully developed nationally adopted accreditation standards for risk retention groups.

➢ As a member of the State Government Liaison Committee, Director Richardson meets with South Carolina's congressional delegation and members of Congress, educating them about the benefits of state-based insurance regulation. In this capacity, Director Richardson participated in a panel discussion titled "What Americans Should Know About Insurance and Regulation" during a National Roundtable on Insurance Literacy, held on October 15, 2008 at the U.S. Department of the Treasury.

➢ The Department also assisted nearly 100 constituents referred to the Department of Insurance by members of the General Assembly between October 2008 and June 2009.

➢ The Department of Insurance provides administrative support for the Workers' Compensation Advisory Committee. The WCAC met five times between October 14, 2008 and July 17, 2009 and submitted an initial report to the General Assembly and Governor Sanford on March 24, 2009. Pursuant to S.C. Code of Laws Section 42-3-120, the WCAC is planning to issue a more detailed report on the issues they have been studying and recommendations for changes in the law by the end of the year.

➢ The Department of Insurance worked in collaboration with the Department of Health and Human Services to implement the state's Long Term Care Partnership program.

➢ The Department of Insurance hired a new legislative liaison in October 2008.

➢ During the Fall 2008, the Department of Insurance hosted two public meetings to discuss the status of South Carolina's insurance industry and present the Department's legislative and regulatory outlook for 2009:
- Tuesday, November 18, 2008 – for industry
- Wednesday, November 19, 2008 – for legislators and legislative staff

➢ The Department of Insurance successfully enacted four bills and four regulations:

- *2009 S.C. Act No. 27 (R. 61 , S. 301) – Accreditation*
  This legislation was one of the Department's top legislative priorities and included standards the State needed to enact in order for the Department of Insurance to maintain its NAIC Accreditation. Act No. 27 contained accreditation standards that (1) allow the Department to request more detailed information regarding how an insurer establishes its loss reserves (i.e. liabilities resulting from unpaid and future claims) while providing the

standards to keep that information confidential; (2) clarify that an insurer may request a timely hearing on an order or a decision made by the Department; (3) allow the Department to identify and take more timely action when an insurer is weakly capitalized and/or moving toward a hazardous financial condition, thereby facilitating regulatory intervention to either prevent insolvencies or to reduce the cost of insolvencies which may occur; and, finally, (4) allow the Department to more closely monitor the relationship when a producer in South Carolina controls one of this State's domestic insurers.

- *2009 S.C. Act No. 28 (R. 62, S. 323) – Captive Insurance Companies*
  This legislation updates the State's captive insurance laws, first enacted under 2000 Act No. 331, to more appropriately reflect the current alternative risk transfer marketplace, thereby ensuring the State's continued competitiveness as a captive domicile. Act No. 28 also clarifies existing statute and authorizes the Department of Insurance to recoup the actual costs of the examination and investigation of applications for captive licensure.

- *2009 S.C. Act No. 50 (R. 69, S. 390) – Mental Health Parity and Addiction Equity Act*
  This legislation updates state law to comply with federal mental health and substance use disorder benefits requirements. The new federal law makes permanent and expands the 1996 Mental Health Parity Act to require comparable benefits and coverage for the treatment of substance use disorders (as previously required for mental health conditions) and equity in a plan's cost-sharing and treatment provisions. Act No. 50 applies to large group health plans only (51 or more employees) and does not mandate coverage of mental health conditions and/or substance use disorder conditions. Instead, the law provides that *if* a plan does cover these conditions, then the coverage provided must be comparable to the coverage provided for medical and surgical benefits unless providing comparable coverage will increase costs by 2% in the first plan year or 1% in any subsequent plan year. Act No. 50 further provided clarification and made technical corrections to the State's mental health conditions mandate, first enacted in 2005.

- *2009 S.C. Act No. 69 (R. 106, H. 3562) – Producer Licensing*
  Act No. 69 builds on the uniformity standards and provisions enacted under 2008 S.C. Act No. 326. While primarily providing for further clean-up of state insurance producer laws, the legislation will also ensure reciprocity with other state insurance departments for South Carolina's insurance producers (i.e. agents) and allow producers to conduct business more efficiently across state lines by providing uniform licensing requirements amongst the states. It further authorizes the Department of Insurance to charge $25 for licensing of insurance producers and for the renewal of the license, which will occur every two years in the licensee's birth month. This is a $5 increase in the current initial license fee and a new license renewal process and fee. Finally, the bill will provide for a penalty fee of $250 for insurers that do not renew their appointments on time. These changes will modernize the licensing process, increase efficiency, and assure the professionalism of licensed producers by providing the framework and resources necessary to monitor licensees and proactively identify unlawful or unethical behaviors. The bill makes permanent the fees provided for in Budget Proviso 62.3 and releases previously allocated General Fund appropriations for other state budgetary priorities.

- *Regulation 69-12.1, Replacement of Life Insurance and Annuities Regulation*
  R 69-12.1 updates SC standards relating to replacements of life insurance and annuities to be consistent with the recently updated NAIC Replacement of Life Insurance and Annuities Model Regulation. South Carolina's replacement regulation was last updated in 1986. The amended regulation establishes additional consumer safeguards.

- *Regulation 69-57.3, Preneed Life Insurance (adopted via R. 20, H. 3657)*
  This regulation relates to preneed life insurance, a specialized form of life insurance or annuity used to fund the predetermined expenses of a funeral, cremation, or burial. R 69-57.3 sets the minimum reserve liabilities and nonforfeiture values for preneed life insurance -- these are the amounts that must be held for purposes of paying future claims and the amounts needed to pay policyholders upon surrender of a policy, respectively.

- *Regulation 69-70, Annual Audited Financial Reporting Regulation*
  R 69-70 incorporates revisions made by the NAIC to its Annual Financial Reporting Model Regulation. It requires insurers and designated entities to comply with certain best practices related to auditor independence, corporate governance, and internal controls over financial reporting. These revisions will require affected insurers and designated entities to include two new reports with the current annual audited financial report filings. It will also require a change in the rotation period of the qualified independent certified public accountant from the current seven-year rotation to a five-year rotation.

- *Regulation 69-75, Tax Credits for Fortification Measures*
  The Omnibus Coastal Property Insurance Reform Act of 2007 established an income tax credit for the costs incurred to retrofit a structure qualifying as the taxpayer's legal residence to make it more resistant to loss due to hurricane, rising floodwater, or other catastrophic windstorm event. The tax credit for any taxable year is limited to 25% of the total costs incurred or $1,000, whichever is less. Additionally, the Omnibus Act created an income tax credit of up to $1,500 for state sales or use taxes paid on purchases of tangible personal property used to fortify one's legal residence. R 69-75 defines the fortification measures qualifying for the state income tax credits and evidence required to claim the credits pursuant to the provisions of the Omnibus Act. The fortification measures that qualify for the tax credit include roof covering construction; roof attachment; roof-to-wall connections; secondary water resistance; and opening protection.

➢ The Department of Insurance was successful in moving toward a dedicated funding source in order to provide the stability in funding that is vital to regulatory agencies such as ours. Budget Proviso 62.3 permits the Department to charge and retain fees for producer licenses while reducing the Department's General Fund appropriations by $1,336,261 to match the fee income, thereby releasing $1.3 million into the State's General Fund for other state funding priorities.

Division of Administration and Strategic Planning

Employee Development Programs

- Successfully completed an audit on February 5, 2009 with the Employee Insurance Program
- Offered training and educational programs including: Sexual Harassment Prevention in the Workplace (Managers), Enhancing Your Professionalism (All), and Stress Management Seminar.
- Implemented Individual Development Plans (IDPs) designed to develop talent from within the agency. It also encourages organizational learning. IDP's ask employees develop goals they hope to accomplish. Employees must be able to determine if their goal was successfully completed and how it relates to the overall objectives of your job or unit/division. An Accomplishment review is to be completed with a supervisor and employee input should include specifics on how employee's skills, performance, productivity, etc. increased due to developmental activities.
- Completed 100% of all employee evaluations timely.

Succession Planning

- Implemented Knowledge Transfer Plans (KTPs) as part of the workforce succession plan in order to keep the Department running smoothly when employee turnover occurs. A KTP requires employees to list their transferable critical knowledge, skills, and/or abilities. Explicit knowledge is identified and documented. KTP's identify the positions with within the organization who will be trained and the incumbents who will be involved in the transfer of knowledge. Transfer strategies, timeframes, and measurement standards are defined in order to determine if knowledge has been transferred successfully.
- Implemented Career Paths. The Department began the implementation phases of a Career Pathing Plan. The plan asks unit managers to consider the following questions:
  o What are the greatest needs and or/deficiencies in your area?
  o What are the strongest talents of your staff overall?
  o What areas could be strengthened and how can this be achieved?
  o What are the next logical steps of promotion for most of your employees?
  o How long will it take them to fully prepare for this? and
  o What needs to take place in order to make them prepare?
  This information is used to tailor a plan for the employee so he or she can pursue advancement opportunities within the agency.

Employee Health and Wellness
- Offered on-site Worksite Screening (20 participants).
- Offered Massage Therapy Sessions as a method of relieving employee stress.
- Hosted employee appreciation luncheon, ice cream socials and other activities to express appreciation for the employees' hard work.
- Implemented Alternative Work Scheduling.
- Participated in a Harvest Hope Food Drive and United Way Charity Events (donations offered through payroll).

Division of Consumer Services and Individual Licensing

➢ The Department's Office of Consumer Services responded to 2,700 written consumer complaints and 66,573 consumer inquiries in 2008.

➢ As of December 31, 2008, the Department of Insurance had nearly 110,000 licensed insurance producers, over 76,000 – or approximately 70% - of which are non-residents.

➢ Annual renewals for the following licenses: Brokers, Adjusters, Public Adjusters; Agencies, rent-a-car, Bail Bonding, Utilization review and Premium Service companies.

➢ Online licensing capabilities were fully implemented for: Producer, Adjusters; Appraisers, Brokers, Public Adjusters, Bail Bonding.

➢ Producer, Adjusters, Appraisers, Brokers, Public Adjusters, Bail Bonding were authorized to print licenses online and complete licensing data with involving the Department;

➢ Producers, adjusters, public adjusters, and brokers on line licenses were implemented on-line;

➢ A successful legislative session to add laws to improve the overall licensing process for producers, adjusters, public adjusters, brokers, premium service companies and comply with national uniform producer licensing standards required by federal law and adopted by the NAIC;

➢ Provided online licensing and other key data information for use by licensed stakeholders and consumers;

➢ Continued outreach and educational services to key stakeholders.

➢ Attended national organization forums to keep abreast of current changes in the market place.

➢ As of December 31, 2008, the Department of Insurance had 7,986 business entities licensed to sell insurance in the state, up 4% from the previous year.

➢ The Department of Insurance worked with and garnered the support of key stakeholders to enact 2009 S.C. Act No. 69, including:
  - Independent Insurance Agents and Brokers of South Carolina,
  - Professional Insurance Agents of South Carolina,
  - South Carolina Association of Health Underwriters, and
  - South Carolina Association of Auto Insurance Agents.

Actuarial, Market and Alternative Risk Transfer Services

➢ The Department of Insurance hired two full-time actuaries - a property and casualty (P&C) actuary and a life, accident and health (LA&H) actuary.

➢ The Department of Insurance continued its imaging project to transition to electronic recordkeeping and archival, imaging an additional 1 million documents. A total of 16 million documents have been converted to electronic files since the project began in 2008.

➢ During FY 2009, the Department of Insurance received 842 filings, 820 of which were Form, Rate, or Form & Rate filings. Of the 820 Form, Rate, and Form & Rate filings:
- 314 filings were approved
- 500 filings were closed
- 6 filings were disapproved

➢ On February 5, 2009, the Department celebrated the licensure of the State's 200th captive insurance company at a dinner held at the Francis Marion Hotel in Charleston.

➢ During the 2009 legislative session, the Department worked with and garnered the support of the South Carolina Captive Insurance Association to enact 2009 Act No. 28 (R.62, S. 323).

Coastal Property Insurance

➢ On March 13, 2009, the Director of Insurance issued Order 2009-01 to renew the expansion of the territory in which the South Carolina Wind and Hail Underwriting Association provides essential property insurance.

➢ The SC Safe Home grant award program issued 247 grants of up to $5,000 each to coastal area homeowners in Fiscal Year 2008 – 2009. Since the program's creation following the enactment of the Omnibus Coastal Property Insurance Reform Act of 2007, SC Safe Home has issued nearly $4 million in awards to 789 homeowners.

➢ SC Safe Home grants help qualifying homeowners retrofit their properties and make them less susceptible to the damages caused by hurricanes and severe wind events. The retrofit projects include roof and window replacements, roof to wall tie-downs, gable-end bracing, and storm shutter installations. All retrofits are completed using ENERGY STAR® rated materials and provide much-needed jobs to individuals working in the construction and home improvement industries. The SC Safe Home program currently has 119 certified wind inspectors and 57 certified contractors working with homeowners in South Carolina's coastal communities.

➢ According to a FEMA report, society saves $4.00 in potential losses and reconstruction costs for every dollar spent on mitigation. Based on this information, the SC Safe Home Program has reduced the potential loss and future reconstruction costs from a hurricane or other catastrophic event by more than $15 million.

➢ Director Richardson and DOI staff hosted approximately 150 coastal residents at a public hearing to discuss coastal property insurance issues on May 28, 2009 at The Citadel.

➢ The Department of Insurance has licensed 16 new companies to write homeowners' insurance since June 2007's passage of the Omnibus Act.

➢ The SC Safe Home program is hosted the first-ever educational/ training event for coastal residents and professionals on the unique issues that face coastal communities. The SC Safe Home Expo and Training Conference was held Sunday, August 9th through Tuesday, August 11th at the North Charleston Convention Center. The three-day event began on Sunday with a free mitigation and preparedness fair for coastal residents, including educational classes and seminars on hurricane preparedness and pre-disaster planning. Monday and Tuesday included training courses for industry professionals. Monday's courses are tailored to insurance producers (i.e. agents), real estate professionals, members of the banking industry, floodplain managers and contractors. Finally, Tuesday included training for building officials on the National Electric Code. Participating professionals were eligible for the following continuing insurance education credits:

Monday
Insurance Producers – 8 hours
Real Estate Agents – 4 hours
Floodplain Managers – 7.5 hours

Tuesday
Building Officials – 3 hours

3. Strategic Goals for the Present and Future Year

The Department has developed a meaningful and useful Strategic Plan that focuses on the following goals:

- Continue the development of an effective workforce plan that provides for the continuity of the Department and provides for
  o Employee training in mission critical areas
  o Employee development
  o Cross-training
  o Targeted recruitment of employees with basic knowledge of insurance and financial services
  o Effective knowledge transfer
  o Succession planning
- Increase the agency's efficiency and stakeholder access to services by integrating appropriate uses of technology into the Department's regulatory processes by
  o Improving financial reporting through the SCEIS system
  o Implementing of workflow processing
  o Implementing web-based applications that will enable DOI stakeholders to access the services of the Department online including but not limited to: online licensing and renewals, computerized tax system, and electronic product and rate processing services
- Enhance the Department's regulatory processes to provide better service to stakeholders by
  o Automating regulatory processes
  o Stabilizing DOI funding to provide more consistent and better customer service
  o Implementing uniform national standards for producer licensing, continuing education and product regulation
- Effectively monitor market conditions in order to respond to issues related to solvency and insurance availability and affordability by:
  o Reviewing insurance code to determine impediments to effective solvency and market regulation
  o Recruiting insurers to provide essential insurance products to South Carolina consumers
  o Making recommendations to the Governor and members of the General Assembly as to the legislative changes that need to be made to South Carolina insurance laws
- Improve internal communication by:
  o Improving communication of agency goals and values to staff by holding regular meetings
  o Developing an internal DOI newsletter or email alert system
- Increase the Department's visibility among stakeholders by:
  o Articulating stakeholder needs and expectations and prioritize outreach efforts
  o Improving access to information via the Department's website
  o Conducting and attend meetings designed to educate stakeholder on insurance regulation

4. **Key Strategic Challenges**

The key strategic challenges confronting this agency include, but are not limited, to:

CHALLENGE #1:   FEDERAL REGULATION OF THE BUSINESS OF INSURANCE
The current economic crisis, failure of the American International Group (AIG) Holding Company, Washington Mutual and various other financial institutions and the Madoff Securities scandal have heightened public interest in the financial services industry, including the insurance industry, and have created a clamor for increased regulation. The issue of whether insurance should be regulated at the state or federal level is not a new one; however, the continued viability of state regulation has re-emerged as a question of immediate urgency. A change from a state-based insurance regulatory system to an optional federal system may be on the horizon. If such a change happens, it will have a tremendous impact on the financial resources of this state, and could potentially reduce the state's revenue by an average of $145 million each year.

In 1999, the financial services industry celebrated the passage of the Gramm-Leach-Bliley Act (GLBA). GLBA resulted in the deregulation and modernization of the financial services industry. It also "recognized" insurance as a part of the financial services system. In the current economic climate, deregulation is a thing of the past. In fact, the regulatory pendulum appears positioned to swing back toward more regulation.

Even though the current crises are not the result of an insurance regulatory problem but of a "banking problem," proponents of federal regulation argue that neither the National Association of Insurance Commissioners (NAIC) nor individual states regulators could adequately represent their interests. They complain about having to comply with the rules of 54 different jurisdictions. They propose one set of national standards and federal enforcement of those standards. South Carolina supports national standards, but only as a part of a state-based system of insurance regulation that best protect consumers.

Proposals for federal regulation of the business of insurance have captured the interests of some on Capitol Hill as a result of concerns about how some insurers performed (or failed to perform) following Hurricane Katrina and other natural disasters. Congress is focusing a great deal of attention on the activities and resources of state insurance departments to answer the question of whether it should repeal the McCarran-Ferguson exemption, which allows the states to regulate insurance.

Ironically, at a time when more regulatory scrutiny is being proposed for the financial services industry and the issue of federal versus state-based regulation is being hotly debated, insurance departments are experiencing significant budget cuts. The South Carolina Department of Insurance is no exception.

Over the years, the Department has experienced significant fluctuations in the level of resources needed to meet the challenges of regulating an increasingly complex and competitive industry. Unfortunately, regulatory demands do not fluctuate with increases and decreases in state revenue. Also, more regulatory duties are being imposed, but state appropriations to fund those duties have leveled off or decreased.

CHALLENGE #2:   REGULATING A DYNAMIC INDUSTRY WITHOUT A STABLE FUNDING SOURCE

Nationally, insurance departments are primarily funded via (1) dedicated funding; (2) quasi-dedicated funding; (3) general revenue funding; or (4) a combination of the foregoing.

The South Carolina Department of Insurance is currently funded through general revenues and the fees and other costs it recoups from the statutory licensing and examination regulatory requirements it fulfills. All revenue generated by the Department (except the fees referenced above) is deposited into the state's general fund. The General Assembly then appropriates an amount to the Department through the state's budgetary process.

Historically, the Department's appropriations have not kept pace with the increase in its regulatory responsibilities. As the chart below indicates, as appropriated dollars decreased, regulatory fees were instituted to help the Department make up any shortfall so that the Department could continue to provide its core regulatory functions: solvency surveillance; licensing; market regulation (i.e., product and rate reviews); and consumer services. The Department's General Fund appropriations have varied significantly over the last several years.
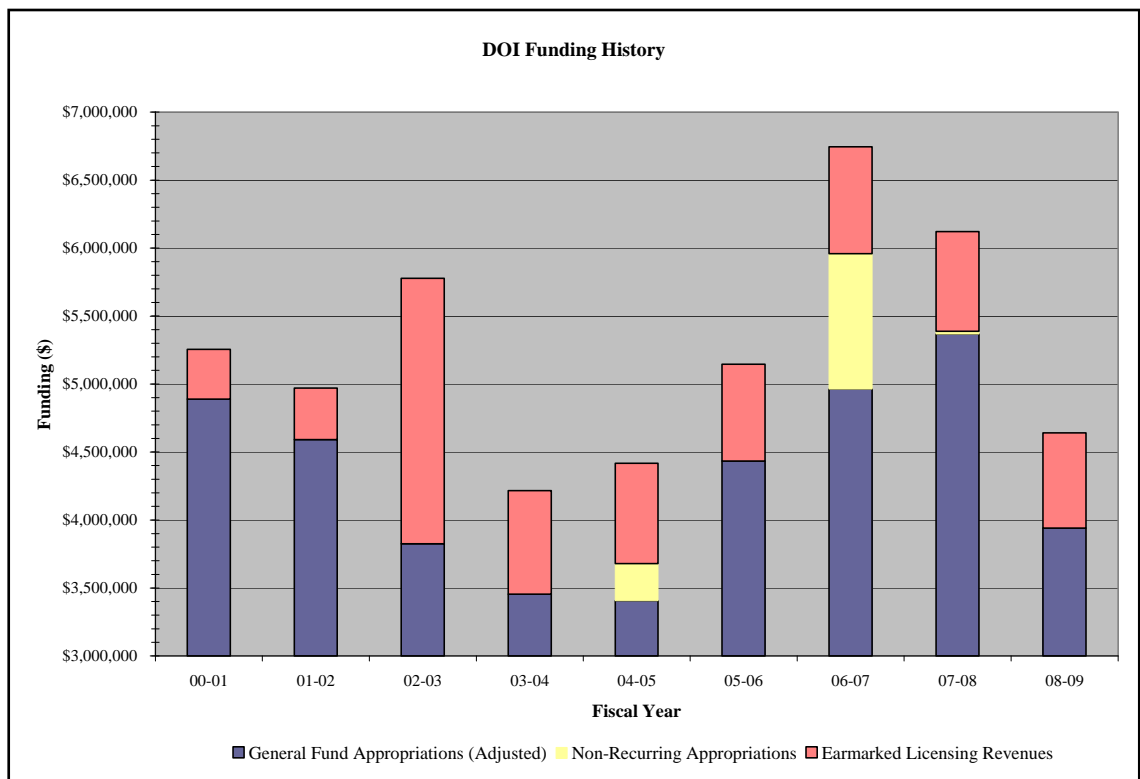
Note: The Earmarked Licensing Revenues for FY 08-09 represent a projected revenue estimate.

Based on an extensive internal study, the Department requires at least $8.35 million to fund its core regulatory functions.[1] This equates to 4.9% of the $168,903,073.54 in premium taxes and fees collected by the Department for the State's General Fund in FY 2007-08. As the chart below indicates, General Fund appropriations to the Department have represented 2.35 – 4.30% of the total revenue generated for the General Fund each year.
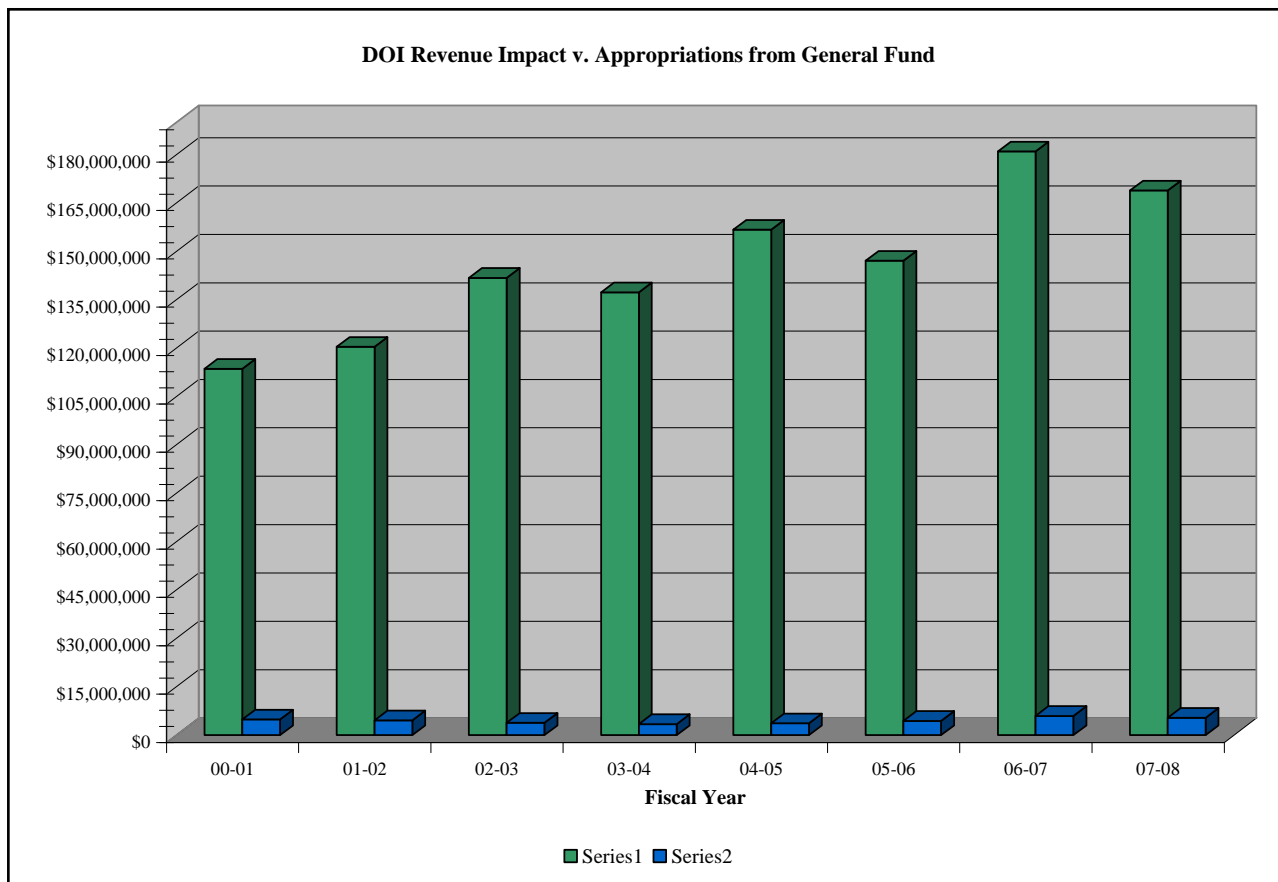
Of the $8.35 million needed to fund the Department's operations, approximately $2.7 million comes from Other Funds or non-appropriated dollars. Consequently, the Department needs $5.6 million in appropriations from the General Fund or from additional fee income in order to meet its statutory responsibilities. The Department's Base Fund allocation for FY 2009-2010 is $3.9 million.

Adequate and stable funding is critical for this agency because it impacts the Department's regulation of the South Carolina insurance industry. Additionally, it

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[1] Excludes certain functions paid for entirely out of Sub-funds and pass-throughs not addressed by this proposal.

impacts the Department's ability to recruit and retain employees with specialized knowledge and skills. In 2010, the Department will lose a significant percentage of its workforce through retirement or the expiration the TERI program. The retirement of key staff creates a potential loss of experience and institutional knowledge and is one of the most significant issues facing the Department. To address the deficits between the current workforce and future workforce demands the Department developed a succession plan to assure that vital knowledge is not lost when key employees retire. However, we have to have the ability to offer competitive salaries to the qualified candidates.

Additionally, assuring insurance availability while maintaining the financial stability of the insurance market is a challenge. Property insurance, health insurance, worker's compensation insurance continue to be lines of insurance where cost and availability are issues.

Finally, the Department's ability to respond to the needs of consumers during a natural disaster such as a hurricane continues to be a challenge for the agency. Currently, the Department is not staffed adequately to provide the level of customer service that will be necessary during a natural disaster. The Department has talked with the NAIC and other states about providing needed customer service should the need arise.

5. Using the Accountability Report to Improve Organizational Performance

The past Accountability Report provided the foundation of the Department's strategic plan. During the strategic planning process, the Accountability Report was used to assess customer which resulted in the redesign of some Department programs, processes, and procedures. Processes and procedures were aligned with the needs of our stakeholders. Additionally, performance measures were modified to provide an ongoing evaluation of the Department's performance 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 Department provides the following regulatory services to its stakeholders**:**

Executive Services and Public Outreach. This office supports the Director's office by handling media relations, special projects, grants, public outreach, and legislative services. The Department provides outreach by using the Internet, making presentations, providing local, state, and national forums, issuing press releases, and distributing publications on insurance issues and on fire safety and protection.

Office of Legal Services. This office provides legal support to the agency; responds to national and international trends in the various insurance lines; develops and enforces industry rules; acts against those entities and individuals violating the insurance laws of

this state; and takes appropriate action to safeguard policyholders from operationally and financially troubled insurers.

Financial Services. This division also enforces solvency standards for insurance companies and related entities. This enforcement includes the entity's life cycle from the initial application and licensure through financial monitoring and surveillance to implementing regulatory interventions such as administration or supervision of troubled companies. The Division attempts to rehabilitate companies that fall short of solvency standards, and through a court-sanctioned receivership process, it eventually liquidates the few companies that cannot be rehabilitated. The Division ensures that companies are financially able to meet policyholder obligations when claims come due. Accordingly, this division consists of the following programs: Legal, Financial Analysis, Financial Examinations, ARTS, Taxation and Receivership Administration.

Consumer Protection. This program answers general insurance inquiries, resolves consumer complaints; makes determinations about the existence of insurance coverage; educates consumers about insurance and provides market assistance to consumers who are having difficulty finding insurance coverage. The program provides information to consumers through a consumer help line, the Department's website, publications and presentations. It also helps to identify unfair trade practices through the complaint review process. Licensees who may have violated the insurance laws are referred to the Legal Division for investigation and institution of the appropriate disciplinary action.

The Department also works to increase the availability of insurance in areas in underserved areas and provides outreach and consumer assistance following disasters.

Market and Actuarial Services. This office regulates policy forms, rate filings and related documents for insurance products offered for sale in South Carolina. The program receives and regulates policy form and rate filings from property and casualty lines, including workers compensation and health insurance products; assists in promulgating title rates and forms and assists with the oversight of the residual markets. This office collects statistical data and analyzes this data for trends within the insurance market for various lines of insurance. This area also provides actuarial services to the various divisions of the Department as needed.

Licensing. The Office of Individual Licensing and Education Services licenses producers, agencies, brokers, adjusters, public adjusters, appraisers, bail bondsmen, runners and surety bondsmen. It is also responsible for approving continuing insurance education courses and tracking producer compliance. Additionally, the Office of Special Licensing is responsible for issuing licenses to third party administrators, premium service companies, service contract providers, utilization review agents, and bail bondsman. Specialty licensing also tracks the educational services and requirements of persons holding specialty licenses.

Administrative Support. This program supports the agencies regulatory functions through planning, accounting, budgeting, information technology services, building and

records management, purchasing, mail services, benefits and personnel management; and professional development. This Division coordinates the Department's implementation of its strategic, succession and workforce plans.

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2. Key Customer Groups and Their 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, 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 possible violations, an analysis is conducted to determine whether the insurer is engaging in unfair practices.
Financial Examinations	Insurance companies licensed in SC, the policy holders of the insurers, and the insurance companies.	Conduct comprehensive examinations 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 licensed SC insurers confirming that they are in compliance and remain solvent. Track licenses and document what occurs. Review applications for admission of insurers (foreign and domestic). Make sure insurers maintain proper security deposit required by statute.
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, bringing business to SC.
Rate and Form Regulation	SC licensed insurers	Review rates, rules, policy forms of licensed insurers for compliance with the state law.
Individual Licensing	Citizens, insurance companies, insurance producers, adjusters, surplus line brokers, attorneys, appraisers, insurance agencies, 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), Premium finance companies (consumer lending institutions), 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).	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.
General Counsel	DOI units and citizens	Protect consumer interest by providing sound legal advice to DOI staff during investigations. Protect consumer interest by taking legal action against agents in violation of SC insurance laws.
Finance and Accounting	DOI staff, the Budget and Control Board, and the legislature.	Provide budgeting, financial planning, payroll processing, revenue collection, procurement and office 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 imaging 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 and citizens using the web site. Create internal databases and enhance existing data processes and network operations. Identify critical technological needs of DOI staff.
Taxation	Insurance company officials, insurance agencies, brokers (surplus lines), agency tax writers, and citizens.	Respond to inquiries regarding tax rates, policy fees, and premium taxes. Licensed insurance companies, brokers, and captive companies 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 Board. 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 homes hurricane-resistant. Provide education regarding the grant program, preparation and 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 coverage: 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, consumer/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 Location

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 *2008-2009*, the Department had 80 classified employees, 5 unclassified employees, 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.
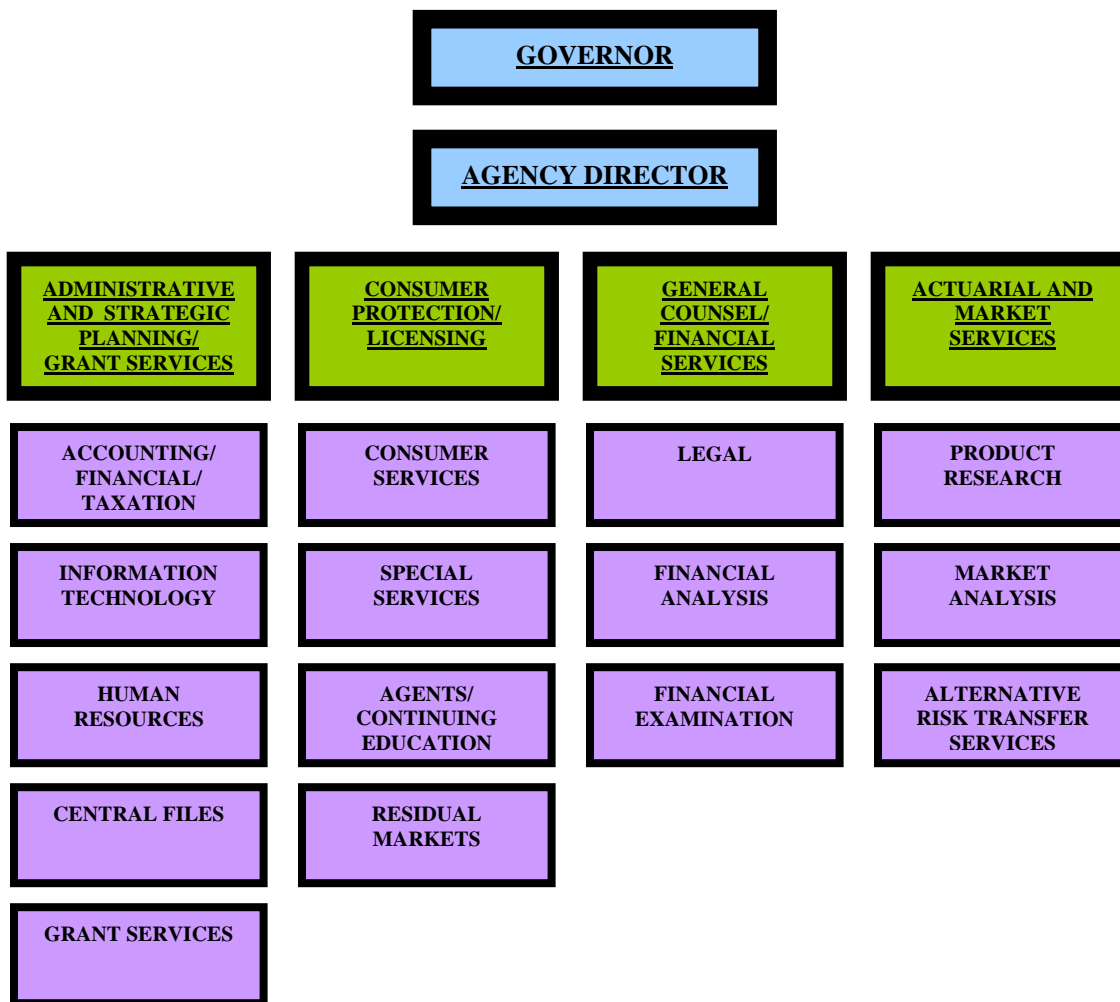
8.Performance Improvement System(s)

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

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                        │  AGENCY DIRECTOR │
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ADMINISTRATIVE AND STRATEGIC PLANNING/ GRANT SERVICES	CONSUMER PROTECTION/ LICENSING	GENERAL COUNSEL/ FINANCIAL SERVICES	ACTUARIAL AND MARKET SERVICES
ACCOUNTING/ FINANCIAL/ 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			

10. Expenditures/ Appropriations Chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 07-08 Budget Expenditures	FY 08-09 Budget Expenditures	Key Cross References for Financial Results*
Admin	Administration: Office of General Counsel, Information Resource Management(IRM), Executive Services	**State:** 3,048,702.00 **Federal:** **Other:** 88.00 **Total:** 3,048,790.00 **% of Total Budget:** 24%	**State:** 2,032,809.00 **Federal:** **Other:** 166,136.00 **Total:** 2,198,945.00 **% of Total Budget:** 18%	
Solvency	Solvency: Financial Examination, Market Conduct Examinations, Financial Analysis, Securities, Securities Custodian and Historical Databases	**State:** 334,263.00 **Federal:** **Other:** 1,472,676.00 **Total:** 1,806,939.00 **% of Total Budget:** 14%	**State:** 325,891.00 **Federal:** **Other:** 1,326,927.00 **Total:** 1,652,818.00 **% of Total Budget:** 14%	
Licensing	Licensing: Individual Licensing, Companies, Insurer/HMO Licensing, Education, Special Services Division, Third Party Administration Licenses, Utilization Review and Service Contract Providers	**State:** 109,580.00 **Federal:** **Other:** 795,576.00 **Total:** 905,156.00 **% of Total Budget:** 7%	**State:** 108,185.00 **Federal:** **Other:** 1,088,519.00 **Total:** 1,196,704.00 **% of Total Budget:** 10%	
Captives	Captives	**State:** 329,568.00 **Federal:** **Other:** 2,059,931.00 **Total:** 2,389,499.00 **% of Total Budget:** 19%	**State:** **Federal:** **Other:** 1,944,746.00 **Total:** 1,944,746.00 **% of Total Budget:** 16%	
Policy	Policy Forms and Rates: Review Financial Condition and Residual Markets, Consumer Assistance	**State:** 795,453.00 **Federal:** **Other:** 6,159.00 **Total:** 801,612.00 **% of Total Budget:** 6%	**State:** 804,583.00 **Federal:** **Other:** 222,380.00 **Total:** 1,026,963.00 **% of Total Budget:** 9%	
Safe Homes	Hurricane Mitigation	**State:** **Federal:** **Other:** 1,292,344.00 **Total:** **% of Total Budget:** 10%	**State:** **Federal:** **Other:** 2,231,532.00 **Total:** **% of Total Budget:** 19%	

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Taxation and Consumer Services

Remainder of Expenditures:	State: 141,955.00 Federal: Other: Total: 141,955.00 % of Total Budget: 1%	State: 527,137.00 Federal: 46,620.00 Other: Total: 573,757.00 % of Total Budget: 5%

* 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.

11. Major Programs Area Chart

Accountability Report Appropriations/Expenditures Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	FY 07-08 Actual Expenditures		FY 08-09 Actual Expenditures		FY 09-10 Appropriations Act	
	Total Funds	General Funds	Toal Funds	General Funds	Total Funds	General Funds
Personal Service	$ 5,044,226	$ 3,138,108	$ 5,076,702	$ 2,672,298	$ 4,187,676	$ 1,899,983
Other Operating	$ 4,997,684	$ 1,330,564	$ 4,848,772	$ 524,931	$ 4,902,317	$ 328,370
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions	$ 1,885,679		$ 1,169,755		$ 2,355,000	
Fringe Benefits	$ 1,301,903	$ 861,221	$ 1,342,650	$ 743,330	$ 899,071	$ 375,946
Non-recurring						
Total	$13,229,492	$ 5,329,893	$ 12,437,879	$ 3,940,559	$ 12,344,064	$ 2,604,299

Other Expenditures

Sources of Funds	FY 07-08 Actual Expenditures	FY 08-09 Actual Expenditures
Supplemental Bills	$ 20,000	
Capital Reserve Funds	$ 387,147	$ 300,704
Bonds		

SECTION III: ELEMENTS OF THE MALCOLM BALDRIGE CRITERIA

Category 1: Senior Leadership, Governance, and Social Responsibility

1.1   How do senior leaders set, deploy, and ensure two-way communication for:
a) short and long term organizational direction and organizational priorities,
b) performance expectations, c) organizational values, and d) 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. The Director and leadership team work to effectively communicate the mission, goals and organizational values of the Department to all employees. This is accomplished through division, section and unit meetings, training sessions, and other activities. The Director regularly discusses the Department's overall direction and initiatives with his deputies. The deputies relay this information to management and supervisory staffs who update the front-line employees, thus ensuring consistent communication about Departmental goals.

The Department has reviewed and updated its workflow and production processes, and has developed objective performance measures for each activity. A universal review date of July 1 was implemented 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. Our philosophy statement, *LIRAC* (leadership, integrity, responsiveness, accountability, and customer service) is the foundation of all employee performance, unethical job performance is unacceptable. The Department continues to revise, update, and expand its policies and procedures manual to emphasize the importance of employees adhering to the highest standards of ethical behavior.

By coupling the Employee Evaluation Assessment (EEA) form with the EPMS, a two-way communication tool was created, allowing managers and employees to collaborate and find solutions to issues, problems and inefficiencies in the Department's processes. 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.

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 consumer inquiries and complaints, responding to industry filings, and enforcing insurance laws and regulations for the protection of the public. Senior leaders understand the importance of identifying

stakeholder's needs. Outreach campaigns and other interaction with key stakeholders provide the leaders with valuable insight.

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

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: our website, customer surveys, consumer inquiries/complaints, speaking engagements, etc. Cost-effective options are continuously explored for additional consumer outreach programs to educate consumers, provide relevant information, and receive more feedback. Using a proactive approach instead of a reactive approach prepares us to manage potentially negative impacts on our consumers.

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 performance measures do senior leaders regularly review to inform them on needed actions?

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; and 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, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to organizational values?

Senior leaders review previous outcomes, activity data, budget items and reports on progress toward departmental goals and objectives regularly. Management plans are adjusted and modified 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?

Our strategic planning initiative calls for development and documentation of formal procedures so that crucial institutional knowledge and history is retained. The previously described KTP's, IDP's, and Career Pathing Plan help the Department identify critical skills and abilities, developing talent from within. Cross-training allows the organization to grow and develop and allows for a smooth transition in the event of employee turnover.

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, communicating key organizational priorities for improvement and developing specific action plans. Employees are expected to evaluate their performance and identify their role in achieving the Department's goals. It is important for supervisors/managers to remain aware of all human resources policies and procedures relative to their job position, as well as to the employees they supervise.

1.9   How do senior leaders create an environment for organizational and workforce learning?

The Department and its senior leadership host forums for communities throughout the state regarding various insurance issues. The department also works to respond to all consumer concerns/complaints in a timely and respectful manner. KTP's and EPMS are also used encouraging and challenging the workforce to develop and grow.

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 than our employees who dedicate their lives to public service.   The department recognizes that our employees are responsible for all the agency's accomplishments therefore; they are rewarded through merit pay and bonuses (as funding permits), the annual State Employee Recognition Day and monthly birthday celebrations. 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 personal 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 do 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. Department employees regularly speak and provide information and assistance to organizations throughout the community. 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. The Director serves as an officer of the Southeastern Zone of the NAIC and chairs many significant NAIC working groups.

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 regularly donate blood at the American Red Cross. Pay roll deductions are allowed for contributions to charities, providing 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, 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 and customer preferences; d) workforce capabilities and needs; e)organizational continuity in emergencies; f) your ability to execute the strategic plan.

The FY 2009-2012 Agency Strategic Plan for the South Carolina Department of Insurance will serve as a primary management and budgetary tool. This document includes the agency planning elements, the internal and external factors affecting the agency, the workforce plan, and other statewide and agency strategic planning elements.

The Department developed its Strategic Plan with participation from the Executive management team and staff representing all agency problems. Administrative services are responsible for coordinating strategic planning activities. In order to update the Department's previous three-year strategic plan (FY06-08), an Employee Stay Survey was conducted from July 30, 2008 until August 6, 2008. The results indicated that employees are proud of their work and the DOI. Employees are satisfied with their jobs and respect the people with whom they work and feel that respect reciprocated. Employees felt they were judged fairly on job performance. Alongside the positive feedback, opportunities for growth were recognized. Employees indicated a desire to increase their involvement and become more effective, seeking opportunities for promotion/advancement within the organization. Employees felt that their supervisors could develop better mechanisms for feedback; gain trust and confidence in their employees, and show respect for their abilities and skills.

To further facilitate the strategic planning process managers participated in Goals workshops from August 14, 2008 to September 3, 2008. Functional divisions met collectively to brainstorm and discuss ways to improve the Department's strategic plan to maximize efficiency. Managers also made suggestions for the Deputies and director to consider.

In Developing the Department's Strategic Plan for FY 2009-2013, the following internally and externally focused objectives were identified. In doing so, action plans have been identified to accomplish each objective.

Internally Focused Objectives:
- Improve the Agency's resource alignment.
  1. Identify resource allocation priorities (people, time, budget).
  2. Identify the GAP between current allocations and the desired state.
  3. Develop departmental budgets.
  4. Explore opportunities to charge for additional services and review existing rates for services.
- Improve the Agency's efficiency by using technology more effectively.
  1. Image records (rate filings, orders, license applications, accreditation, internal correspondence).
  2. Increase electronic commerce (ETF/ Credit Card).
  3. Create an electronic system for captives area.
  4. Automate application and renewal process, and enterprise (state-based) system.
  5. Automate premium tax collection.
- 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 progress.
  4. Create learning/developmental 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.

Externally Focused Objectives
- Increase the Agency's visibility among stakeholders.
  1. Articulate stakeholder needs and expectations and prioritize outreach efforts.
  2. Improve access to information via the Agency's web site.

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 -Technology to make services more customer friendly -NAIC	-legislation and budget cuts -political turnover -staffing turnover and retirement -national standards (federal encroachment)

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 the strategic challenges that confront the agency. They reflect the Department's priorities to address the challenges confronting the agency. These objectives guide resource allocation and distribution within the agency.

The Workforce plan seeks to address the agency's critical staffing and training needs, including the need for experienced employees to impart knowledge to their potential successors. The Department recognizes the importance of workforce planning and uses the analysis of its workforce to ensure the appropriateness of its staffing levels, workforce skills, and workforce composition.

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 your action plans?

When strategic objectives are Department-wide in scope every deputy is responsible for developing tactical plans to achieve those objectives within in their area of responsibility. For objectives relating only to a specific division, the Director and/or the deputy for that division are responsible for the achievement of those objectives. In management meetings, 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 performances 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, led by the Director, are held once every two months. 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 articulate the goals and establish a 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. Each individual is given a specific role with a clear-cut and unambiguous directive to accomplish agency goals and provide 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?

Performance measures have been developed that achieve and demonstrate cost-effective government for stakeholders, consumers, and the citizens of our state. Establishing performance measures is an ongoing process that serves to: encourage an outcome orientation throughout all facets of planning; establish a regular and pervasive process to evaluate process 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 STRATEGIC PLANNING CHART

Program Number and Title	Supported Organization Strategic Planning Goal/Objective	Related FY 08-09 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 electronics system for Captives area 4. Automate application renewal process, premium tax collection, enterprise (state-based) system
I. Administration II. Program Services	Develop an agency workforce plan to ensure the continuity of operations.	1. Identify and prioritize key jobs (positions) 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 Program Services	Increase the Department's visibility and credibility among stakeholders	1. Articulate stakeholders 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	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 what their key requirements are?

Our customers are primarily defined by both statute and our mission statement and include 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. Key customer requirements evolve over time as customers and stakeholders provide feedback and redefine their expectations and needs. Customer input and involvement is strongly encouraged. It is critical that the Department constantly reexamines its services and actively communicates with customers in order to guarantee satisfaction.

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 serve our customers to the best of out 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 with 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, conduct random telephone surveys are conducted with individual complainants to gauge our overall responsiveness and service delivery.

3.5   How do you use information and feedback from customers/stakeholders to keep services and 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. The feedback allows us to determine how to appropriately deliver 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 to meet and exceed their expectations? Indicate any key distinctions between different customer and stakeholder groups.

Through efficiency and reliability in our processes and procedures, the Department builds positive relationships by providing timely responses to requests for information. Formal conferences, as well as informal meetings and activities, allow the Department to successfully develop 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. 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 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?

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. Special Licensing Services

Staff involved in this licensing activity issue and renew licenses for premium service companies, utilization review companies, Bail Bondsman, and third party administrators.
Measure: Number of premium service companies, utilization review companies, bail bondsman, and third party administrators licensed within the established timeframe.

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 counterparts in other states and develop relevant benchmarks for performance. Internal data is also collected

and utilized to measure performance and establish 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 Deputy Directors 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. 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. These changes have resulted in an open and orderly flow of correspondence. The 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 another important tool for regulator use revealing customer service problems that are 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.

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

As part of the Department's Strategic Plan, a workforce plan was developed 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, initiatives were 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 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.

Category 5: Workforce Focus

5.1   How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies, and action plans; and 2) promote cooperation, initiative, empowerment, teamwork, innovation, and your organizational culture?

Department employees are provided opportunities to develop their skills and expertise through various programs and training opportunities. The standard EPMS is used as a formal method of review and 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, 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 his/her employees to identify the strengths and weakness of each employee in order to determine their skill level and place them in a position which fully utilizes their abilities. With that information, the manager created individual development 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. an intranet site for employees, and 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.

The Department utilizes the following communication methods:

• 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
• 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.)

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. 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. 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 matters 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, meditation, 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 understand the mission, goals and objectives of the Department. Employees should become involved in the development of action plans for meeting the goals and objectives. Communication is essential. 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:
   a. development of personal leadership attributes;
   b. development of organizational knowledge;
   c. ethical practices;
   d. your core competencies, strategic challenges, and accomplishment of action plans?

The Department encourages leadership, organizational, and ethical development for all employees through training courses, meetings, and employee-manager feedback (EEA and EPMS system). The FY 06-08 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 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, process or procedures are imposed by the NAIC or other third parties. 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 industry, it must have employees with the appropriate technical and professional expertise to regulate that industry in an deficient and effective manner.

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

Employees are encouraged to use their skills in the following ways:

- 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 of 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 measure do you use to
obtain information on workforce well-being, satisfaction, and motivation? How do
you use other measures such as employee retention and grievances? How do you
use this information?**

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.

The Department issued an employee retention survey with the objective to determine the
factors that are most influential in employees staying with the Department. Employees
were asked to respond to the questions based upon personal experiences stating whether
they Strongly Disagree, Disagree, Neither Agree or Disagree, Agree, or Strongly Agree.

Employees are proud to belong to this organization.	You are proud to say you work for this organization.	Your supervisor has confidence and trust in you.	You are satisfied with the pay for your job, compared with other jobs in the community which require the same skills.
You are satisfied with your job.	Your supervisor gives feedback that is focused on behavior, rather than on the individual.	Your supervisor gives you timely feedback about how you are doing your job.	The benefits program offered by this organization are an important incentive to keep you working here.
There are sufficient opportunities for promotion/advancement within this organization.	You are not concerned about being locked in a dead-in position.	Your supervisor provides you with significant opportunities to improve your skills and knowledge.	You would like the opportunity for additional training to prepare you for a better job in this organization.

You are proud of the work you do.	Employees want a greater degree of involvement in organization improvement activities.	Management tries to get the opinions and ideas of people who work here.	This organization encourages contributions from all its members to develop/achieve more effective products/services.
You feel free to speak up and express your views on matter that are important to you.	You think your performance on the job is judge fairly.	You respect the people with whom you work.	Management respects the skills and abilities of employees.
Your co-workers show you respect.			

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. These systems help 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 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 given a manual of safety policies and procedures. Ongoing training is available 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, to include tests where functional units must discuss what to do in the event of a specified disaster. 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 is using virtualization in conjunction with the existing backup techniques to enhance the Departments disaster recovery efforts. 80% of all servers have been virtualized. The remaining 20% will be virtualized within the next year. Utilizing this technology will make establishing a warm site more economical and will allow for quicker recovery times. 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, is revised annually 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 what are 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 Department's 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 Department's 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 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 effective and efficient.

The agency continues 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. Office space previously used for storage of documents correspondence, and business papers has been reclaimed and the Department has been able to expand and provide additional services.

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.

The cost of future filing has been 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. 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 Licensing and Education Division of the Department is charged with the responsibility of licensing adjusters, brokers, producers, agencies, bail bondsman, premium service companies, utilization review companies, third party administrators, service contract providers, and protecting the rights of consumers who purchase insurance products from licensed and approved insurers. The feedback provided by stakeholders allows the Division to respond quickly and effectively. Annually, out stakeholders meet with Department representatives to receive feedback and provide feedback regarding regulations or insurance statutes that either requires changing or removal. Agent trade associations as well as domestic insurers participate in the information sharing process.

6.6   What are your key support processes, and how do you evaluate, 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 outputs from the key support processes are delivered to Department staff and not to customers directly, the 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; and 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 the anticipated appropriated amount, the Department must reduce spending or use the carried forward funds from the previous year(s). Legislation was passed this fiscal year to ensure that the Department could recoup all of its expenses associated with the licensure of Captives.

Category 7: Results

7.1   What are your performance levels and trends for your 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?
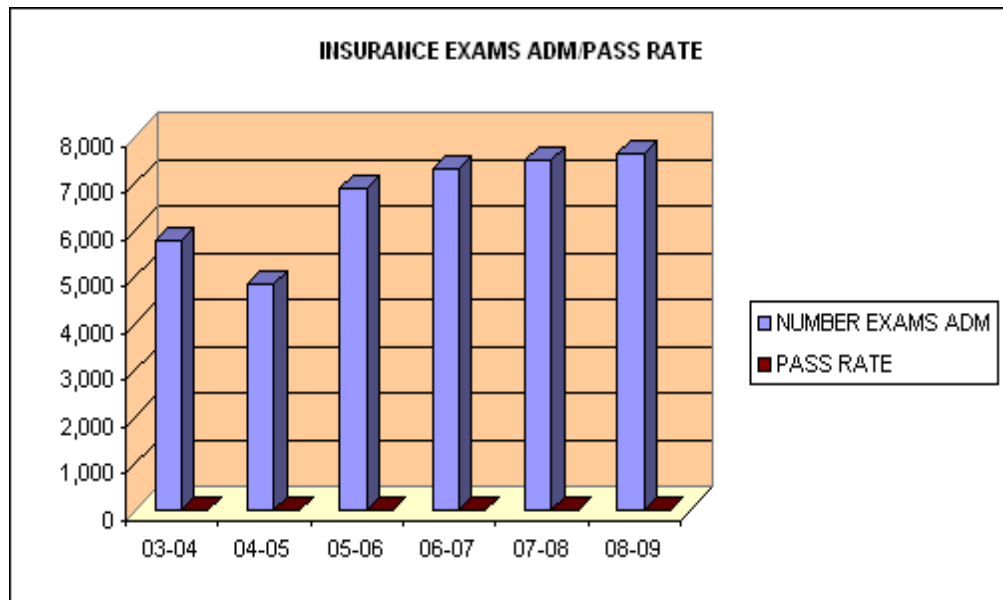
 INDIVIDUAL/AGENCY LICENSING

	03-04	04-05	05-06	06-07	07-08	08-09
NEW LICENSES	20,266	26,216	29,946	36,351	34,369	36,762
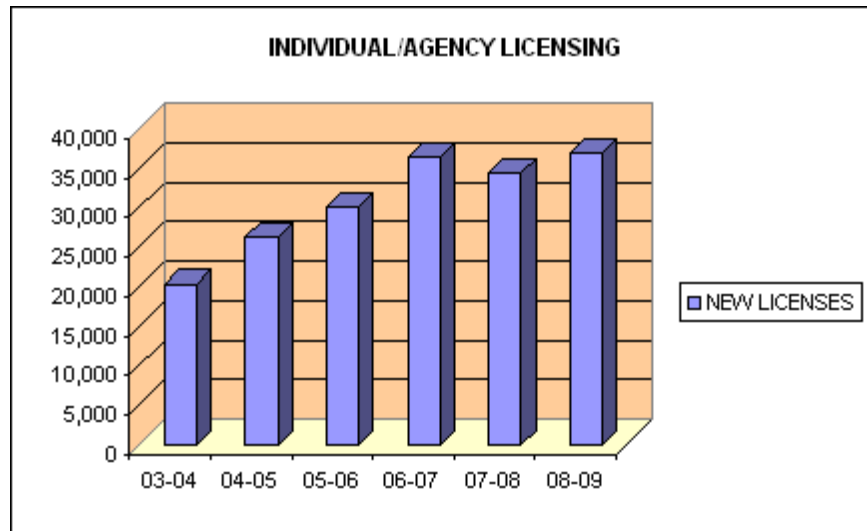
INSURANCE EXAMS ADM/PASS RATE

	03-04	04-05	05-06	06-07	07-08	08-09
NUMBER EXAMS ADM	5,747	4,827	6,876	7,307	7,496	7,629
PASS RATE	56%	71%	63%	64%	62%	63%

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 survey's 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 customers. Some areas have sent surveys out in the past with very goof 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 2700 written complaints, 66,573 telephone complaints/inquiries and 151 walk-ins during the past fiscal year. Additionally approximately 100 legislative/constituent 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?

The Department works to align performance accountability structures with existing budget structures in order for the Department's current budget structures to achieve effective alignment with performance-based results.

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

Using SAP, we are now able to track and asses resources in relation to program and division goals. A monthly reported is generated and distributed to all divisions. This approach helps facilitate a comparison of program services with their accosts 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 plays a key development role in the process review initiative the Department undertook. HR is involved in the Department's planning and development of Departmental goals, objectives, and action plans. The Department's leadership team and Human Resources work together to fully integrate human resources management into the planning process so that it will be a fundamental and contributing factor to Department planning and operations.

The Department has a diverse workforce at all levels, including its leadership. Workforce development is a key element in the planning of leadership recruitment and development programs. 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)?

The Department is responsible for the regulation of the insurance industry in an efficient, courteous, responsive, fair and equitable manner. The Department accomplishes this mission through professional services which include, but are not limited to, examinations and audits of insurance underwriters, consumer education, outreach and assistance; premium tax and fee collection on behalf of the state and its subdivisions; prior review of insurance premium rate and insurance policy forms; and the licensure of insurers and insurance-related individuals and entities.

The Life, Accident and Health and the Property and Casualty sections within the Market Services Division review insurance policy forms and rates to ensure that they do not contain provisions that are unfair, deceptive, ambiguous, misleading or unfairly discriminatory. These reviews are generally completed within a 30-60 day period depending upon the type of policy form and required information provided by the insurer. Certain property and casualty rate filings are subject to a "flex-band" in which rate changes of +/-7% may be implemented within 30 days of filing if not disapproved by the Department within that timeframe. For fiscal year 2008-09, Six-thousand seven hundred and sixty Property and Casualty filings were received, down from the 8, 256 received last year. Life, Accident, and Health filings received totaled 4,177, compared to the 3,594 rates and form filings received last fiscal year.

The supervision of residual market mechanisms is a responsibility of the Market Services and Consumer Services Division. Those organizations include: the South Carolina Associated Auto Insurers; South Carolina Wind and Hail Underwriting Association; South Carolina Reinsurance Facility; South Carolina Medical Malpractice Joint Underwriting Association; South Carolina Property and Casualty Guaranty Association; South Carolina Life, Accident and Health Guaranty Association; South Carolina Health Insurance Pool; South Carolina Workers' Compensation Assigned Risk Plan; and the South Carolina Small Employer Insurer Reinsurance Program. Department staff attends meetings and participate in committee work.

The Financial Services Division strives to maintain the highest possible standards to ensure South Carolina's insurance market remains solvent, strong, and competitive. Performance levels are measured against specific duties and responsibilities required by state law, as well as guidelines established by the NAIC. State law requires that every domestically licensed insurance company be examined at least every three to five years, depending on the type of license held. Also, insurance company quarterly and annual financial statements are analyzed for solvency, and are verified for accuracy and completeness. Because all reviews of financial data must be completed promptly to ensure that problematic situations can be addressed in a timely fashion, all professional services provided by the Financial Services division are extremely time-sensitive. The Department's re-accreditation by the NAIC provides clear evidence that the Financial Services division is committed to maintaining the highest standards of insurance company regulation.

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

- The Financial Services Division completed 17 financial examinations and analyzed quarterly and annual financial statements for South Carolina's 52 domestic insurance companies and HMO's. Additionally, 41 new companies were authorized to transact the business of insurance during the 2008-09 fiscal year.

- The Licensing office issued licenses within 24 to 72 hours immediately following application online 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, 2009. During the year, the Department audited 1,602 licensed insurers and 171 captive insurers. In addition, 415 broker premium tax returns were reviewed and audited. After auditing returns, additional taxes of $261,588were collected. Total taxes and fees collected during the fiscal year amounted to approximately $170,421,610 million.

- The Consumer Services (CS) office responded to and resolved consumer requests relating to insurance issues to include unfair sales and advertising practices, underwriting, and claims handling practices. CS handled approximately 2,700 written complaints, 66,573 telephone complaints/inquiries, and 151 walk-ins during the past fiscal year. Additionally, approximately 100

legislative/constituents requests for assistance were handled.

- The Product Regulation 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 820 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 Alternative Risk Transfer Services office has licensed 155 captive insurance companies to date. 11 new captive licenses were issued during the last fiscal year and 7 financial examinations of captive insurance companies were completed. During the fiscal year ending June 30, 2009, the Department remitted $158,430,565 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.

- The Legal office received 3,276 summons and complaints in civil actions to be served on insurers transacting business in SC, responded to 109 FOIA requests, , closed 298 investigation files resulting in $26, 250 in administrative fines for the general fund, and represented the agency 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 ending June 30, 2008, the Hurricane Mitigation program made 523 grant awards resulting in 478 grant payments totaling $2,261,768.

SOUTH CAROLINA DEPARTMENT OF INSURANCE

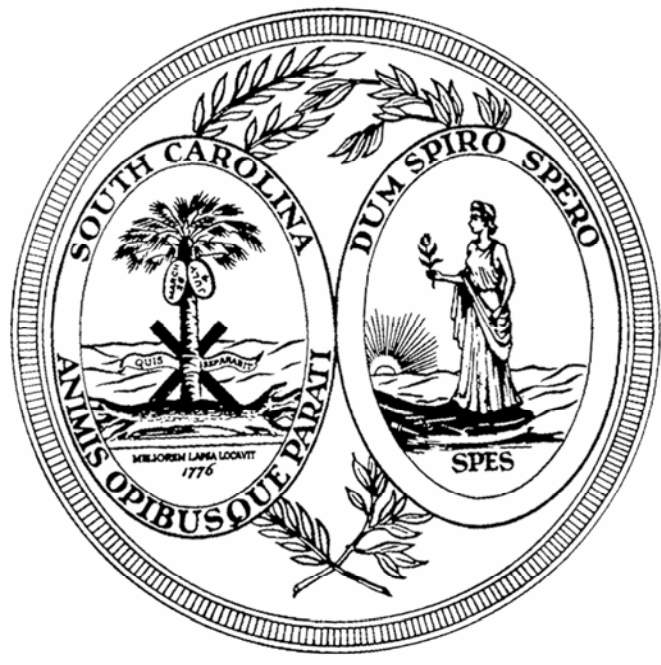# DISASTER RESPONSE COORDINATION PLAN
Fiscal Year 2009-2010

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PURPOSE

The purpose of this manual is to provide procedures that will assure a well-coordinated response to any natural, or man-made, disaster that may affect the Department and the citizens of the State of South Carolina. This manual details the various actions taken by the Department, and 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 Management 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.

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 Management 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) 737-6159. This information will be maintained by the Director's office.

The permits will be distributed by the South Carolina Department of Insurance under the supervision of Director Scott Richardson's office. The permits for the 2009 season are printed on white cardstock with blue ink, a red numbering system and an orange 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 2009-10 season will be valid until May 31, 2010__

SC DOI Disaster Response Plan

Action	Activation Level
Assure that adequate supplies are available for disaster teams and volunteers (to include cell phones, beepers and laptops).	**Opcon 5, 4 (Preparation**) By June 1 and continued throughout the year.
Review and update Disaster Response Plan, where necessary.	By June 1 and continued throughout the year.
Recruit, identify and confirm disaster team	By June 1 and continued throughout the year.
Coordinate training courses re. homeowners, auto and flood for department volunteers.	Throughout the year, with a brief refresher course prior to June 1.
Monitor the weather and remain alert for possible weather threats.	June 1 throughout the year.
Identify and coordinate with other Departments of Insurance to locate short-term volunteer assistance.	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.	**Opcon 5, 4** Update and reissue permits no later than June 10, 2007
Action	**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.	By June 10, 2005
Prepare training materials for additional volunteers	Prior to June 1

Prepare Disaster Response Kits for Department for Field Use	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), ESF 24, Governor's Office, FEMA, Federal Insurance Administration, SC Insurance News Service and others to assure maximum efficiency and communication.	Throughout the year.
Keep Executive Director apprised of current weather situation and Department's ability to respond.	June 1– November 30
Contact all County Emergency Preparedness Divisions to offer assistance and provide toll-free consumer services number.	Opcon 3, Disaster Imminent or in Progress At the onset of a Hurricane watch.

Action	**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.	June 1 – November 30
Once determined that additional volunteers are needed, have them report to Department to receive training regarding fundamental insurance related questions.	**Opcon 1**
Brief all volunteers on DOI travel procedures and coordinate travel arrangements.	**Opcon 1**
Brief all volunteers on time sheets and comp. Time accrual.	**Opcon 1**
Attend FEMA briefings with DOI volunteers once Disaster Assistance Centers (DAC) are established.	**Opcon 1**

Begin to recruit back-up volunteers to relieve those currently at DAC Centers.	**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.	June 1 – November 30

Action	**Activation Level**
Monitor SC EMD WEB EOC 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)*	**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.	Prior to June 1 and throughout the Hurricane Season.
Coordinate any Emergency Licensing Activities as they relate to the current natural disaster.	**Opcon 3**
Review Emergency Adjuster Licensure applications (on and off line) and other necessary forms for accuracy.	**Opcon 5, 4**
Provide daily briefing reports to Director's Office regarding requests/inquiries regarding Emergency Adjuster licenses issued.	**Opcon 3, 2, 1**
Implement the processing and issuing Emergency Adjuster Licenses.	**Opcon 3**

Action	**Activation Level**
If warranted, take immediate administrative action when necessary by gathering evidence of unlicensed adjuster solicitations/activities.	Ongoing
In accordance with Regulation 69-1, prepare draft Emergency Declaration for Director's signature allowing the	June 1 (this becomes effective following the Governor's

licensure of temporary/emergency non-resident adjusters.	call for mandatory evacuation).
Under the auspices of the Director, prepare DOI for extended hours of operation.	**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.	**Opcon 3**
Issue Press Release announcing extended hours of operation. Notify top 50 Homeowner and Business Owner Insurers.	**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	**Opcon 3, 2, 1**
Action	**Activation Level**
If warranted, develop a property insurance mediation program.	**Opcon 2, 1**
Establish direct bill procedures with area hotels for volunteer employees manning the Disaster Centers.	Immediately following landfall of the disaster.
Establish per diem system for Field Team or use pre-existing state system and/or obtain Bank of America Credit Cards for Field Team (at the Discretion of the Director or Executive Staff)	By June 1
Monitor availability and if needed reserve vehicles for volunteer staff through State of South Carolina Motor Pool.	Immediately prior to landfall and once Recovery Phase has begun.
Update telephone list, to include home and mobile numbers of First Responder Team and Executive Staff.	By June 1
Establish phone tree to contact all Department employees re: the ability to return to work.	By June 1 and throughout the year.
Action	**Activation Level**

If warranted and determined by the severity of the natural disaster, have phone lines transferred to temporary office space.	**Opcon 1 Recovery status in effect.**
Have adequate supply of Consumer brochures available to be distributed at Disaster Centers.	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.	**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.	**Opcon 2, 1**
Update names of Mayors, Administrators, Legislators, etc., in affected area to offer assistance with insurance related issues.	Prior to the disaster making landfall.
Action	**Activation Level**
Remind staff to document all hours worked. Utilize the timesheet format provided by Administrative services – (found on the I drive).	**Opcon 3, 2, 1**
Prioritize list of domestic and foreign property insurers.	**Opcon 3, 2, 1**
Conduct review of Insurance Company Exposures in Affected Disaster Areas, based on available information.	**Opcon 3, 2, 1**
Report to the Executive Director the financial stability of the domestic industry.	**Through out the season, June 1 - November 30**
Review IT Emergency Response Plan	**Opcon 5, 4**

Provide notification of any network issues that may impact disaster/emergency preparations.	**Opcon 5, 4**
Make preparations for obtaining backup for sites that may be impacted.	**Opcon 5, 4**
Provide notification of any desktop issues that may impact disaster/emergency preparations.	**Opcon 5, 4**
Provide instruction to Department volunteers utilizing laptops while in DAC sites.	**Opcon 2, 1**
Institute corrective actions as necessary.	**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 present conditions in South Carolina all non-emergency personnel have been ordered by the Governor not to 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 employee's 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.**