



**Government of the District of Columbia**  
**Department of Insurance, Securities and Banking**

**Stephen C. Taylor**  
Commissioner

February 8, 2017

The Honorable Kenyan McDuffie  
Chairman  
Council of the District of Columbia  
Committee on Business and Economic Development  
1350 Pennsylvania Avenue, NW  
Washington, DC 20024


Dear Chairman McDuffie:

Thank you for your January 26, 2017 letter regarding the upcoming Committee on the Business and Economic Development (Committee) performance oversight hearing on the Department of Insurance, Securities, and Banking (Department) for FY16 and FY17. In your letter, you requested the Department to provide responses to questions in preparation for the hearing. The attachment sets out each of the Committee's questions followed by the Department's response.

I look forward to appearing before the Committee and discussing the Department's work.

Thank you for your support. Please contact me if you have any questions or require additional information.

Sincerely,



Stephen C. Taylor  
Commissioner

Attachment (with multiple Appendices)



# Department of Insurance, Securities and Banking



**FY16 and FY17 Performance Oversight Hearing  
Questions/Responses  
Before the Committee on Business  
and Economic Development  
The Honorable Kenyan McDuffie, Chairman  
Hearing Date: February 15, 2017**



**Stephen C. Taylor, Commissioner**



# The Council of the District of Columbia Committee on Business and Economic Development FY16 and FY17 Performance Oversight Hearing Responses and Appendices

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**Stephen C. Taylor, Commissioner**

**Council of the District of Columbia**  
***Committee on Business and Economic Development***  
***Councilmember Kenyan McDuffie, Chair***

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**Department of Insurance, Securities and Banking (DISB)**  
**FY16 and FY17**  
**Reponses to Performance Oversight Questions**

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General Questions

1. Please provide, as an attachment to your answers, a current organizational chart for the agency, including the number of vacant, frozen, and filled FTEs in each division or subdivision. Include the names and titles of all senior personnel. Also provide the date that the information was collected on the chart.

a. Please provide an explanation of the roles and responsibilities for each division and subdivision.

Please see Appendix 1 – Schedule A

Please see Appendix 2 – Organizational Chart

Please see Appendix 3 – Agency Organization

b. Please provide a narrative explanation of any changes made during the previous year.

The Department of Insurance, Securities and Banking (DISB) submitted and received approval for a realignment in November 2011. The Agency has not made any organizational changes since that realignment. DISB is evaluating the effectiveness of the realignment by reviewing the agency’s abilities to meet key agency objectives: enhancing consumer protection and fostering economic development.

2. Please provide, as an attachment, a current Schedule A for the agency, which identifies all employees by title/position, current salaries, fringe benefits, and program. This Schedule A should also indicate if the positions are continuing/term/temporary/contract and whether they are vacant or frozen positions.

a. For each vacant position, please provide the status of the agency’s efforts to fill the position, as well as the position number, the title, the program number, the activity number, the grade, the salary, and the fringe associated with each position. Please also indicate whether the position must be filled to comply with Federal or local law.

- b. For each filled position, please provide the employee’s length of service with the agency.

Please see Appendix 4 – Schedule A

Please see Appendix 5 – List of Vacant Positions

- 3. Please list all employees detailed to or from your agency, if any. For each employee identified, please provide the name of the agency the employee is detailed to or from, the reason for the detail, the date of the detail, and the employee’s projected date of return.

Employee	Agency	Detail Agency	Reason	Start	End
Kathryn Hartig	DISB	DMPED	Temporary need	10/17/16	4/17/17
Chanda Washington	DMPED	DISB	Temporary need	10/17/16	4/17/17

- 4. Please provide the Committee with:

- a. A list of all employees who received or retained cellphones, personal digital assistants, or similar communications devices at agency expense in Fiscal Year 2016 and Fiscal Year 2017, to date;

DISB has 30 cell phones issued to staff. The Agency also has four iPads and 10 mobile broadband/wireless air devices distributed and/or available to staff. The 30 cell phones issued to staff are listed below:

Stephen Taylor	Dana Sheppard	Lilah Blackstone
Bright Ahaiwe	Theodore Miles	Nathaniel Brown
Edwin Woodley	Katrice Purdie	Mike McManus
Brian Williams	Michael Ross	Lloyd Anderson
Michael Nixon	Simone Dos Santos	Tiwana Hicks
Lee Backus	Charlotte Parker	Senayet Meaza
Alicia Wade	Adam Levi	Enyew Godie
Kate Hartig	Sean O’Donnell	Fraud Investigator*
Michelle Hammonds	Idriys Abdullah	Fraud Investigator*
Michael Guishard	Shankar Vaidyanathan	Theford Collins

*\*These cell phones are assigned as needed for staff in the Fraud Investigation Unit.*

- b. A list of all vehicles owned, leased, or otherwise used by the agency and to whom the vehicle is assigned, as well as a description of all vehicle accidents involving the agency’s vehicles in Fiscal Year 2016 and Fiscal Year 2017, to date;

DISB does not own or lease any vehicles. However, the Agency currently participates in the DC Fleet Share Program when appropriate.

- c. A list of employee bonuses or special award pay granted in Fiscal Year 2016 and Fiscal Year 2017, to date;

Assistant General Counsel Simone Manigo Truell dos Santos received a performance bonus in FY16. There have been no bonuses awarded FY17 to date.

- d. A list of travel expenses, arranged by employee for Fiscal Year 2016 and Fiscal Year 2017, to date, including the justification for travel; and

Please see Appendix 6 – FY16 and FY17 Travel Expenses

- e. A list of the total overtime and workers' compensation payments paid in Fiscal Year 2016 and Fiscal Year 2017, to date, including the number of employees who received overtime and workers' compensation payments.

Please see Appendix 7 – FY16 and FY17 Overtime and Workers' Compensation Payments

5. With regard to the use of communication devices:

- a. What procedures are in place to track which individuals or units are assigned mobile devices (including, but not limited to smartphones, laptops, and tablet computers)? Please include how the usage of these devices is controlled.

The mobile phones and mobile broadband /wireless air devices are issued to management or emergency employees, reducing the number of devices needed and communication costs. All telephone issues, including purchases, disconnections, transfers, installations, etc., are managed by the Department's Administrative Services Manager. The Administrative Services Manager accounts for inventory of all billable assets (e.g. landline, cell phone) billed to each account for every month. He reviews and certifies all vendor invoices. Additionally, the Administrative Services Manager establishes monthly consumption and expenditure profiles to create adequate statistical platforms for greater forecasting capabilities, identifying unusual trends and investigating their causes, taking remedial action and other cost avoidance measures, if and when needed.

- b. How does your agency limit the costs associated with its mobile devices? DISB has a Fixed Cost Management System (FCMS) Coordinator that accounts for inventory of all billable assets (e.g. landline, cell phone) billed to each account for every month of every fiscal year. The FCMS Coordinator reviews and certifies all vendor invoices. The FCMS Coordinator also establishes monthly consumption and expenditure profiles to create adequate

statistical platforms for greater forecasting capabilities, identifying unusual trends and investigating their causes, and for taking remedial action and other cost avoidance measures.

DISB has 10 mobile broadband /wireless air devices distributed and/or available to staff. While mobile phones and mobile broadband /wireless air devices are issued only to management or emergency employees, the agency rotates the devices as necessary, reducing the number of devices needed, thereby reducing communication costs.

In addition, all requests for telephone issues, including purchases, disconnections, transfers and installations are managed by the Department's Request for Telecommunications Services (RTS) Administrator. The RTS Administrator confirms with the CFO that appropriate funds have been allocated to the Budget for RTS requests and maintains records of expenditures.

- c. For Fiscal Year 2016 and Fiscal Year 2017, to date, what was the total cost including, but not limited to, equipment and service plans for mobile communications and devices?

For FY16, the total cost for equipment and service plans for mobile communications and devices was \$35,980.68. For FY17, the total cost to date for equipment and service plans for mobile communications and devices is \$6,844.94.

6. Please provide a chart showing your agency's approved budget and actual spending, by division, for Fiscal Year 2017 and Fiscal Year 2017, to date. In addition, please describe any variance between fiscal year appropriations and actual expenditures.

Please see Appendix 8 – FY16 Budget and Actual Expenditures  
Please see Appendix 9 – FY17 Budget and Actual Expenditures

7. For Fiscal Year 2016 and Fiscal Year 2017, to date, please list all intra-District transfers to or from the agency.

Please see Appendix 10 – FY16 and FY17 List of Intra-District Transfers

8. For Fiscal Year 2016 and Fiscal Year 2017, to date, please identify any special purpose revenue funds maintained by, used by, or available for use by the agency. For each fund identified, provide: (1) the revenue source name and code; (2) the source of funding; (3) a description of the program that generates the funds; (4) the amount of funds generated by each source or program; and (5) expenditures of funds, including the purpose of each expenditure.

Please see Appendix 11 – FY16 and FY17 Special Purpose Revenue Funds

9. Please list each contract, procurement, lease, and grant (“contract”) awarded, entered into, extended, and option years exercised, by your agency during Fiscal Year 2016 and Fiscal Year 2017, to date. For each contract, please provide the following information, where applicable:
  - a. The name of the contracting party;
  - b. The nature of the contract, including the end product or service;
  - c. The dollar amount of the contract, including budgeted amount and actually spent;
  - d. The term of the contract;
  - e. Whether the contract was competitively bid;
  - f. The name of the agency’s contract monitor and the results of any monitoring activity; and
  - g. Funding source.

Please see Appendix 12 – FY16 and FY17 Contracting and Procurement

10. For Fiscal Year 2016 and Fiscal Year 2017, to date, please list any purchase card spending by the agency, the employee making each expenditure, and the general purpose for each expenditure.

Please see Appendix 13 – FY16 and FY17 Purchase Card Spending

11. Please list all memoranda of understanding (MOU) entered into by your agency during Fiscal Year 2016 and Fiscal Year 2017, to date, as well as any memoranda of understanding currently in force. For each, indicate the date entered and the termination date.

The Office of the General Counsel keeps an electronic database of all MOUs. Please see Appendix 14 – Current Memoranda of Understanding, Memoranda of Agreement and Other Contracts



12. Please list the ways, other than memoranda of understanding, in which the agency collaborated with analogous agencies in other jurisdictions, with federal agencies, or with non-governmental organizations in Fiscal Year 2016 and Fiscal Year 2017, to date.

### **INSURANCE BUREAU**

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight.

In FY16, through the NAIC, the Department collaborated with state regulators through multi-state examinations and national settlement agreements. The examinations led to broader oversight of regulated entities to reform their business practices, ensure their compliance with state laws and regulation and ensure consumer protection. DISB was part of six multi-state settlement agreements. Three of the settlements were with life insurance companies to enforce the use of the Social Security Death Master File to promptly identify when a policyholder has died and pay benefits to beneficiaries who may be unaware that they are owed money. These multi-state examinations resulted in changes in the operations of the insurers and, in many cases, fines were paid to the District. The District along with five other states (California, New York, Oregon, Washington and Minnesota) conducted the first Multi-State Insurer Diversity Survey, in which insurers self-reported information about the diversity of their board membership and suppliers. DISB also collaborated with other regulators to launch the Life Insurance Policy Locator Tool on its website that provides consumers the capability to search for lost life insurance policies and annuities.

To date in FY17, DISB has signed one National Regulatory Settlement Agreement which will result in the greater security protection for District of Columbia residents affected by a data breach.

Insurance Bureau staff participates in many committees of the NAIC along with regulators from other jurisdictions. Several Insurance Bureau staff members also participate on regulator-only bulletin boards to collaborate and share information with subject matter experts in other states. Financial examination staff worked on two examinations with regulators from other jurisdictions of insurance groups with affiliates domiciled in the District and other jurisdictions.

The Insurance Bureau has interaction with both the Center for Consumer Information and Insurance Oversight (CCIIO), which is part of the U.S. Department of Health and Human Services, and the Federal Insurance Office, which is part of the U.S. Department of the Treasury. CCIIO oversees the Affordable Care Act (ACA) and has provided DISB with

two grants that are currently supporting ACA-related work. The Insurance Bureau looks to CCIIO for information and interpretations of the ACA federal requirements and CCIIO recently established the State Engagement Coordinator to facilitate exchange between the Insurance Bureau and CCIIO. DISB participated in meetings with the Federal Insurance Office and insurance stakeholders on issues that fall under the purview, during FY16, the Commissioner participated in a meeting addressing terrorism insurance.

### **BANKING BUREAU**

The Banking Bureau regularly collaborates with the Federal Deposit Insurance Corporation (FDIC), Consumer Financial Protection Bureau (CFPB), Conference of State Bank Supervisors (CSBS), and Money Transmitter Regulators Association (MTRA). Throughout the year various members of the Banking Bureau staff will participate in conferences and training. We also regularly work with the FDIC to coordinate joint examinations of financial institutions.

Staff in the Bank on DC program worked with various organizations to provide educational resources to District residents, such as providing access to speakers, resources and materials. Activities included, partnering with the FDIC, Federal Reserve Bank of Richmond, Corporation for Enterprise Development, and Coalition for Non-Profit Housing Economic Development to produce quarterly Economic Inclusion series during FY16. Topics have included: Economic Inclusion: A Series of Discussions to Improve Financial Health in DC, Small Business Access to Capital, and Earned Income Tax Credit. We worked with OSSE to provide resources to youth at its Young Men & Young Women's conferences. We also worked with DOES and served as the Financial Education Advisor for the Summer Youth Employment Program; LEAP Academy financial education provider and access to bank accounts; and Project Empowerment, to provide access to no or low-cost bank accounts and financial education providers.

### **RISK FINANCE BUREAU**

During FY16 and into FY17, the Risk Finance Bureau (RFB) participated in a coordinated financial examination with the state of California's insurance department. In this coordinated examination, two District of Columbia domestic insurance companies were examined concurrently with the state of California's examination of one of its domestic insurers which is the parent company of the two District of Columbia domestic insurers. By coordinating examination efforts, efficiencies and cost savings were realized in these examinations.

Also, RFB participated in the NAICs' Peer Review Program, which is a program where financial analysts and examiners from other state insurance departments meet and review and critique each other's work in an effort to learn from each other's work. As a result of participation in the Peer Review Program, RFB gained assurance that its work exceeded

standards in most ways; RFB learned how to implement improved work processes in some areas; and RFB made suggestions to other state insurance departments on how to improve their processes in some areas.

RFB is a member of two NAIC committees – Risk Retention Group Task Force and Risk Retention Working Group. As a member of these committees, RFB collaborates with the other committee members, who are all employees of other state insurance departments, regarding the development of policies for the regulation of risk retention groups. There are approximately 240 risk retention groups nationwide, and RFB is the primary regulator for 35 of these risk retention groups.

### **COMMUNICATIONS**

The Office of Communications collaborated with the U.S. Treasury in FY16 and FY17 to promote the success of the State Small Business Credit Initiative (SSBCI). That program provided funds to support small businesses in the District of Columbia.

The Office of Communications regularly collaborates with the NAIC on a variety of tasks to ensure District residents are informed about insurance related issues. Among the tasks completed in FY16 and FY17 include alerting residents of potential scams, announcing a newly created life insurance policy locator and providing residents with tips to better protect their property. The Office of Communications continues to support the agency as a partner with five other states – California, Minnesota, New York, Oregon and Washington – to produce the Multistate Insurance Diversity Survey. The agency joined this effort in FY16.

### **ENFORCEMENT AND CONSUMER PROTECTION DIVISION**

The Enforcement and Consumer Protection Division works with several agencies to protect District residents. They include:

- **DELMARVA-International Association of Special Investigation Units (IASIU)** promotes and coordinates effort within the industry to combat insurance fraud and to protect and serve the public interest by increasing awareness and improving the detection, investigation, civil - criminal prosecution and prevention of fraud. This organization meets quarterly.
- **The Security Association of Financial Institutions (SAFI), Bank Fraud Working Group and the Secret Services Information Sharing** are multi-agency groups established to fight financial fraud. Its members are banks, credit union, local state and federal law enforcement, and regulatory agencies in the metropolitan area. These meetings, which take place monthly to quarterly, are used to discuss cases, trends, intelligence, to ask for assistance, to determine if victims reach into other jurisdictions, and to avoid duplication.

- **The Suspicious Activity Report (SAR) Tsk Force** is hosted by Treasury and meets every month. Its members are local, state and federal law enforcement. This meeting primarily centers on emerging activities. Participating members often are referred cases from this group. DISB is the only regulatory agency that participates in the task force.

## **SECURITIES BUREAU**

The Securities Bureau (SB) has a close working relationship with the securities regulators of other states, particularly Maryland and Virginia. SB shares information about licensees, including our plans for examinations, and enforcement actions that are in development or ongoing; we let each other know about complaints we are looking into that may involve activities in the neighboring jurisdictions. In the field of securities offerings to investors, SB participates in multi-state review of offerings in the region.

The Securities Bureau also works closely with the U.S. Securities and Exchange Commission (SEC). SB regularly communicates with the SEC about securities offerings, investigations, enforcement activities, investor protection and education programs. SB participates in SEC regional and national conferences on enforcement, such as the annual regional conference hosted by the SEC's Philadelphia Regional Office, conferences at SEC headquarters on regulatory issues such as protection of senior investors, and the annual conference on the various options available to small businesses that are interested in raising capital through securities offerings.

SB also cooperates with law enforcement agencies and other financial regulatory agencies, including utilizing the presentation, "Money Smart for Seniors," that was developed by the CFPB and the FDIC for SB's community outreach events.

DISB has been an active member of the North American Securities Administrators Association (NASAA) for many years. NASAA provides training, resource and information sharing and advocacy for state and local securities regulators in the US, Canada and Mexico. SB uses many services offered by Financial Industry Regulatory Authority (FINRA), including using their Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) systems for licensing and information storage regarding securities firms and associated persons. SB also has quarterly calls with FINRA and the other securities regulators to collaborate about examinations and enforcement. SB consults with industry organizations, particularly Securities Industry and Financial Markets Association (SIFMA) and the Financial Services Institute (FSI,) about regulatory issues, and we work closely with the Investor Protection Trust to develop and implement investor education and fraud awareness programs for consumers.

13. Please describe any anticipated spending pressures for Fiscal Year 2017. Include a description of the pressure, the estimated amount, and any proposed solutions.

DISB does not anticipate any spending pressures in FY17.

14. Please list all currently open capital projects, including an update on all capital projects under the agency's purview in Fiscal Year 2016 and Fiscal Year 2017, to date, including the amount budgeted, actual dollars spent, and any remaining balances. In addition, please provide:

- a. An update on all capital projects begun, in progress, or concluded in Fiscal Year 2015, Fiscal Year 2016, and Fiscal Year 2017, to date, including the amount budgeted, actual dollars spent, and any remaining balances.
- b. An update on all capital projects planned for Fiscal Year 2017 through Fiscal Year 2022.
- c. Do the capital projects begun, in progress, or concluded in Fiscal Year 2015, Fiscal Year 2016, or Fiscal Year 2017 to date have an impact on the operating budget of the agency? If so, please provide an accounting of such impact.

DISB does not have any capital projects.

15. Please provide, as an attachment, a list of all budget enhancement requests (including, but not limited to, capital improvement needs), for Fiscal Year 2016 and Fiscal Year 2017, to date. For each, include a description of the need and the amount of funding requested.

There were no budget enhancement requests.

16. Please list, in chronological order, every reprogramming in Fiscal Year 2016 and Fiscal Year 2017, to date, that impacted the agency, including those that moved funds into the agency, out of the agency, and within the agency. Include the revised, final budget for your agency after the reprogrammings for Fiscal Year 2016 and Fiscal Year 2017. For each reprogramming, list the date, the amount, the rationale, and the reprogramming number.

Please see Appendix 15 – FY16 and FY17 Reprogrammings

17. Please list each grant or sub-grant received by your agency in Fiscal Year 2016 and Fiscal Year 2017, to date. List the date, amount, and purpose of the grant or sub-grant received.

Please see Appendix 16 – FY16 and FY17 Federal Grants

18. How many FTEs are dependent on grant funding? What are the terms of this funding? If it is set to expire, what plans (if any) are in place to continue funding?

No, DISB does not have any position dependent on grant funding in FY17.

19. Please list all pending lawsuits that name the agency as a party. Please identify which cases on the list are lawsuits that potentially expose the city to significant financial liability and/or will result in a change in agency practices, and the current status of the litigation. Please provide the extent of each claim, regardless of its likelihood of success. For those identified, please include an explanation about the issues involved in each case.

1. D.C. Healthcare Systems, Inc. (DCHSI): DCHSI, a holding company and sole shareholder of D.C. Chartered Health Plan, Inc., filed in the United States District Court for the District of Columbia claims filed against the District of Columbia, Commissioner Stephen Taylor, Special Deputy Dan Watkins, Director Wayne Turnage, former Commissioner William White, Mercer, and AmeriHealth, for allegedly conspiring to unlawfully seize Chartered, a former managed care organization that provided Medicaid health insurance to District residents. DCHSI alleges that during the contracting period of 2010 and through 2012, Defendants used unsound actuarial rates, which caused Chartered to become insolvent. DCHSI further alleges that the Defendants conspired to use the District's rehabilitation authority to assume control of Chartered and liquidate its assets. DCHSI is seeking in excess of \$90 million. The Defendants adamantly deny the accusation. This litigation does expose the District to liability.
2. CareFirst: *CareFirst, et al., v. Stephan C. Taylor, et al.*, 1:16-cv-02656 (CCB) – On July 22, 2016, GHMSI filed a Complaint and Motion for Summary Judgment (MSJ) in the United States District Court for the District of Maryland for temporary and preliminary relief and a final order declaring that its Federal Charter establishing the business entity preempts District law and DISB's December 30, 2014 Decision and Order finding GHMSI's 2011 surplus to be excess, that the Decision and Order violates the Constitution, that the Decision and Order is void and unenforceable, and to enjoin the Commissioner from entering further orders, among other things. After moving to substitute the District for the Commissioner, change of venue and to dismiss, the Court denied GHMSI's MSJ on its preemption claims and denied the District's motions. Although GHMSI's Constitutional claims remain alive, the District has filed a motion to dismiss. Further, in addition to seeking discovery, and a temporary restraining order and preliminary injunction to prevent the Commissioner from enforcing his June 14, 2016 Order directing GHMSI to distribute as rebates the \$51 million representing the portion of GHMSI's excess surplus attributable to the District. The responses of the parties to the TRO and preliminary injunction and the motion to dismiss, respectively, are due February 14, 2017. This litigation does not expose the District to liability. A ruling on the Constitutional claims may impact the Department's practices in that the claims seek to resolve the legal question of whether the Commissioner can enforce an order when another jurisdiction has issued a conflicting order.

20. Please provide the total number of administrative complaints or grievances that the agency received in Fiscal Year 2016 and Fiscal Year 2017, to date, broken down by source. Please describe the process utilized to respond to any complaints and grievances received and any changes to agency policies or procedures that have resulted from complaints or grievances received.

The American Federation of State, County and Municipal Employees Local 2743 (Union) filed four grievances against the agency during FY16 and FY17 to date. Article 22, Grievance Procedures, sets forth the procedures which the agency has followed in its responses to the grievances. No changes have been made by the agency that resulted from the grievances received.

21. Please list and describe any ongoing investigations, audits, or reports on the agency or any employee of the agency, or any investigations, studies, audits, or reports on the agency or any employee of the agency that were completed during Fiscal Year 2016 and Fiscal Year 2017, to date, along with the agency's compliance or non-compliance with any recommendations.

None.

22. Please provide, as an attachment, a copy of the agency's Fiscal Year 2016 performance plan. Please explain which performance plan objectives were completed in Fiscal Year 2016 and whether or not they were completed on time and within budget. If they were not, please provide an explanation.

Please see Appendix 17 – FY16 Performance Plan and Appendix 18 – FY16 Performance Accountability Report

23. Please provide, as an attachment, a copy of your agency's Fiscal Year 2017 performance plan as submitted to the Office of the City Administrator.

Please see Appendix 19 – FY17 Performance Plan



24. Please provide the number of FOIA requests for Fiscal Year 2016 and Fiscal Year 2017, to date. Include the number granted, partially granted, denied, and pending. In addition, please provide the average response time, the estimated number of FTEs required to process requests, and the estimated number of hours spent responding to these requests.

**FY 2016**

- Number of FOIA Requests received: 47\*
  - Number of FOIA Requests granted in whole: 11
  - Number of FOIA Requests partially granted: 6
  - Number of FOIA Requests denied: 6
  - Number of FOIA Requests pending as of September 30, 2016: 2
  - Number of requests referred or forwarded to other public bodies: 3
- The average response time: 5 and ½ days
- The estimated number of FTEs required to process requests: 14
- The estimated number of hours spent responding to these requests: 1,000

\*Other disposition:

- No Record: 11
- Record not reasonably described: 3
- No Agency Record: 3
- Duplicate Record: 2

**For FY 2017 (from October 1, 2016 to date)**

- Number of FOIA Requests received: 18
  - Number of FOIA Requests granted in whole: 11
  - Number of FOIA Requests partially granted: 2
  - Number of FOIA Requests denied: 3
  - Number of FOIA Requests pending: 2
- The average response time: 5 and ½ days
- The estimated number of FTEs required to process requests: 11
- The estimated number of hours spent responding to these requests: 120



25. Please provide a list of all studies, research papers, reports, and analyses that the agency prepared, or contracted for, during Fiscal Year 2016 and Fiscal Year 2017, to date. Please state the status and purpose of each. Please submit a hard copy to the Committee.

**FY16**

<b>Bureau/DIV</b>	<b>Name of study</b>	<b>Purpose</b>	<b>Status</b>	<b>Copy attached</b>
INSURANCE	Recommendations for the rate filing process for calendar year 2017 and later.	Recommendations from consulting actuaries to improve future ACA rate reviews.	Complete	Yes
INSURANCE	AIPSO Market Conduct Examination as of June 30, 2014	Quinquennial examination of the automobile insurance assigned risk market. Conducted with other jurisdictions on a multi-state basis.	Complete	Yes
RISK FINANCE	District of Columbia Department of Insurance, Securities, and Banking Captive Insurance Strategic Communications and Outreach Plan	DISB contracted with LINK Strategic Partners to assist in developing a strategic communication and outreach plan to convey its purpose, goals, and accomplishments to stakeholders and various audiences.	RFB is currently evaluating the results of the study to determine the feasibility of implementing the recommendations.	Yes

Please See Appendix 25 for reports.

26. How does the agency solicit feedback from customers? Please describe.

DISB solicits feedback from customers via several methods. Whenever, the agency proposes the enactment of new legislation or a new rule, it solicits public comments

through public notices in the D.C. Register, on its website and announcements via Twitter. As a rule, the Department gives due consideration to all comments received from the public. DISB solicits from the public information regarding their issues of concerns and fraudulent or otherwise unlawful conduct by regulated service providers through our consumer complaint process (*see* <http://disb.dc.gov/service/file-complaint-or-report-fraud>). Additionally, DISB regularly engages the public in agency-community meetings during which it discusses and solicits feedback regarding its various programs (such as its Financial Services Clinics, Bank on DC, Foreclosure Mediation, Coffee & Capitals). The Department also solicits customer feedback through its website-based “Ask the Commissioner” link.

DISB reinstated the Insurance Advisory Committee in FY16. The committee includes representatives from the insurance industry, insurance producers, medical community and consumer advocates. The IAC provides suggestions to DISB and reviews legislation and regulations proposed by DISB.

With respect to health reform in the District, DISB posts all health insurance rate filings to our website when received to allow input from the public prior to resolving the filings. (*see* <http://disb.dc.gov/node/1064902>).

In addition, DISB partnered with the Health Benefit Exchange Authority to survey District residents purchasing insurance through DC Health Link, employers providing insurance through DC Health Link, Medicaid recipients and residents who signed up to DC Health Link, but ultimately did not acquire insurance.

Through our Securities Bureau-related presentations and panel discussions (e.g. Senior\$afe Training), we ask the industry and consumer representatives to provide us with their feedback. In addition, the NASAA has an Ombudsman session twice a year at its national conferences, and they provide us with feedback from those events.

The Risk Finance Bureau (RFB) works with its Captive Insurance Company Working Group which is comprised of representatives and consultants from companies regulated by RFB. The group’s goal is to solicit feedback in an effort to increase the growth in the number and quality of captive insurance companies licensed in the District of Columbia and to ensure the District remains a leader among the 40 U. S. jurisdictions that license captive insurance companies. One of the results of the efforts of the Group was that the Annual Conference of the Captive Insurance Council of the District of Columbia (CIC-DC) was once again held in October 2015 and again in October 2016, after not being held since 2011.

**a. What has the agency learned from this feedback?**

DISB uses the feedback received from regulated entities and individuals, the public and other stakeholders: to propose legislation and rulemaking; improve the

operations of the Department; and focus and improve the Department's outreach and public engagement activities.

**b. How has the agency changed its practices as a result of such feedback?**

Getting ideas from and presenting proposals to the IAC has reduced potential objections from stakeholders and allowed DISB to present more thoroughly vetted proposals for regulatory additions or changes.

Our review of the survey results has informed the following work of the DISB:

- For respondents concerned with insurance costs, DISB noted some considerations for follow-up or future surveys: Notably, this survey could not interpret whether differences in sensitivity to costs vs total out-of-pocket cost indicates a lack of understanding of health insurance costs, an increased sensitivity to known monthly costs as opposed to unknown future costs, or a calculated risk (later survey questions point to those in lower metal levels typically being in better health).
- DISB began developing new consumer guides to both help people select a plan that best meets their needs and also to further explain to enrollees how their health insurance coverage works. Several consumer guides were developed in 2016 which helped applicants better compare prescription drug coverage, and to define and compare insurance terminology (e.g. premium, deductible, copayments). DISB also developed a consumer guide to explain mental health and substance use disorder parity, and the benefits and services that health plans likely cover now that parity is required.
- DISB has begun drafting standards for network access and adequacy to address concerns about access to different types of providers.

The agency values the feedback it receives from the public and its licensees. The agency will always solicit such feedback as it works to protect and advance the interests of the District and its residents and provide modern and innovative regulation and efficient business operations. In FY17, DISB will be implementing new customer satisfaction surveys for a number of programs.

During late 2016, RFB commissioned a study by a local consulting firm to develop a Captive Insurance Strategic Communications and Outreach Plan. RFB is currently evaluating the results of the study to develop a plan for implementing the recommendations.

## Personnel

1. Please separately list each employee whose salary was \$100,000 or more in Fiscal Year 2016 and Fiscal Year 2017, to date. Provide the name, position number, position title, program number, activity number, salary, and fringe. In addition, state the amount of any overtime or bonus pay received by each employee on the list.

Please see Appendix 20 – List of Employees with Salaries over \$100,000

2. Please list in descending order the top 25 overtime earners in your agency In Fiscal Year 2016 and Fiscal Year 2017, to date. For each, state the employee’s name, position number, position title, program number, activity number, salary, fringe, and the aggregate amount of overtime pay earned.

Please see Appendix 21 – List of Top 25 Overtime Earners

3. For Fiscal Year 2016 and Fiscal Year 2017, to date, please provide a list of employee bonuses or special award pay granted that identifies the employee receiving the bonus or special pay, the amount received, and the reason for the bonus or special pay.

Assistant General Counsel Simone Manigo Truell dos Santos received a performance bonus in FY16. There have been no bonuses awarded FY17 to date.

4. Please provide each collective bargaining agreement that is currently in effect for agency employees. Please include the bargaining unit and the duration of each agreement.

Please see Appendix 22 – Collective Bargaining Agreements

5. Does the agency conduct annual performance evaluations of all its employees? Who conducts such evaluations? What steps are taken to ensure that all agency employees are meeting individual job requirements?

Yes, DISB conducts annual performance evaluations of all its employees. Evaluations are completed by the immediate supervisors/managers and reviewed by each manager in the supervisory chain in accordance with the District-wide performance evaluation criteria and timetables. In addition, sound and consistent management and supervision as well as periodic meetings, mandatory mid-year evaluations and general management oversight by each supervisory staff member are among the steps used to ensure that all DISB employees are meeting individual job requirements.

## Agency Operations

1. Please list each new program implemented by the agency during Fiscal Year 2016 and Fiscal Year 2017, to date. For each initiative please provide:
  - a. A description of the initiative;
  - b. The funding required to implement to the initiative; and
  - c. Any documented results of the initiative.

### **Financially Fit DC**

In FY16, DISB in collaboration with Deputy Mayor for Greater Economic Opportunity (DMGEO) and Mayor's Office for African American Affairs (MOAAA) were asked to develop and expand the Financially Fit DC initiative. This is a comprehensive financial literacy program designed to empower all District residents to take control of their financial health. At the present time, residents may engage in the program in the following ways:

- Web based free financial assessment tool, where current financial situation can be assessed and develop personalize action plans. This platform is unique, in that it was designed to provide access to District specific resources and general financial education information
- Participate in financial clinics to connect residents to resources
- Prepare residents for homeownership, through the Ward 7 DC Homebuyers Club
- Access information about the Bank on DC program

In FY16, DISB worked with the Office of Contracting and Procurement (OCP) to secure a vendor for the expansion of the online curriculum offered through Bank on DC, a program of DISB. The contract was award to FELA, Inc., a certificated business enterprise (CBE) vendor in the Department of Small and Local Business Development database. The contract was awarded on August, 31, 2016. FELA and DISB representatives finalized the work plan and completed the development of a customized online financial education program, to include access to resources and information specific to the District. Additionally, the vendor enhanced its existing curriculum and customized material to match the District's request to cover the following topics: banking, budgeting, savings, emergency savings, retirement readiness, credit scores, credit reports, ID theft prevention and alternative financial services. FELA will provide ongoing support of the online program through the end of FY17 per the contract, to include, reporting, server access and maintenance, hosting and technical support.

The Department of Housing and Community Development (DHCD) was tasked with expanding their Home Buyer Club to more residents east of the river. DHCD provides funding to highly-qualified Community-Based Non-Profit Organizations (CBOs) who support the agency's affordable housing and community development programs. The programs offered encourage both the creation and preservation of affordable rental and homeownership options and community development projects that help to build vibrant communities.

In FY17, DISB launched the Financially Fit DC online financial education program to support the overall Financially Fit DC initiative. In partnership with DMGEO, MOAAA and DHCD, the overall initiative was presented to the residents of the District on January 9, 2017 at HD Woodson High School, located in Ward 7. DISB is acting as the lead agency for the initiative, in terms of online registration promotion, marketing and promotion of the program. Residents may access the program via the internet at [welcome.financiallyfitdc.com](http://welcome.financiallyfitdc.com). To date, 1,331 residents (174 adults and 1,157 youth, aged 14 to 24) have signed up for the online program. Through the online program, residents may learn about saving, investing, budgeting, homeownership, credit reports, loans, setting goals and creating an action plan. The initiative is an extension of DISB's efforts to bring financial education and empowerment to residents. The initiative hopes to expand with the development of child savings accounts and other innovative ways to help residents grow, protect and invest their money for a bright financial future.

DISB will provide ongoing opportunities for residents to learn more about the program, by conducting outreach, financial clinics and partnering with other District agencies to present the program to residents. The ongoing outreach will reach residents in all eight wards through the remainder of FY17.

Funding: DISB paid \$318,000 for the online tools. The work was completed by a certified business enterprise (SBE) vendor. DISB will look to secure funds for updates and enhancement to the program in FY18. A request for proposal will be generated through OCP to determine the vendor.

2. Please explain the impact on your agency of any legislation passed at the federal level during Fiscal Year 2016 and Fiscal Year 2017, to date, which significantly affected agency operations. If regulations are the shared responsibility of multiple agencies, please note.

For FY16 and FY17 to date, there is no federal legislation that falls within the above-referenced category.

3. Please list all regulations for which the agency is responsible for oversight or implementation. Please list by chapter and subject heading, including the date of the most recent revision.

A Title 16 District of Columbia Municipal Regulations

Chapter 37	Department of Insurance, Securities, and Banking Infractions (5/27/2005)
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Insurance

I. Title 26 District of Columbia Municipal Regulations

Chapter A1.	Licensure as Insurance Producer (10/4/2013)
Chapter A2.	Restrictions on Solicitations and Sales (10/21/1988)
Chapter A3.	Prohibitions on Arbitrary Cancellation (10/21/1988)
Chapter A5.	Motor Vehicle Insurance: Required Insurance (10/21/1988)
Chapter A6.	District of Columbia Automobile Insurance Plan (12/31/2004)
Chapter A8.	Taxicab Insurance (7/23/2004)
Chapter A9.	Ambulance Insurance (10/21/1988)
Chapter A10.	Life Insurance (10/21/1988)
Chapter A11.	Annuity Mortality Tables (4/7/2000)
Chapter A13.	Insurance Placement Facilities (1/7/2005)
Chapter A14.	Insider Trading (10/21/1988)
Chapter A15.	Proxy Solicitation (10/21/1988)
Chapter A16.	Insurance Holding Company System Regulations (4/22/1994)
Chapter A17.	Motor Vehicle Insurance: Administration Fund Bureau and Administration Fund (10/21/1988)
Chapter A18.	Uninsured Motorist Fund (10/21/1988)
Chapter A19.	Insurance Coverage for Drug Abuse, Alcohol Abuse, and Mental Illness (7/14/1989)
Chapter A20.	Certification for Participation in the Medical Liability Captive Insurance Program (1/28/2011)
Chapter A21.	Sinking Fund (7/28/1989)
Chapter A22.	Medicare Supplement Insurance Minimum Standards (11/13/2009)
Chapter A23.	Reinsurance (4/22/1994)
Chapter A24.	Company Organization, Management and Securities (4/22/1994)
Chapter A25.	Annual Statement Filing Requirements (5/19/1995)
Chapter A26.	Long Term Care Insurance (4/11/2008)
Chapter A27.	Variable Life Insurance Contracts (2/24/1995)
Chapter A28.	Credit for Reinsurance Regulations (5/3/1996)
Chapter A29.	Statements of Actuarial Opinion and Memorandum Regulation (3/11/2005)



Chapter A30.	Valuation of Life Insurance Policies (9/26/2008)
Chapter A31.	Investment Guidelines for Health Maintenance Organizations (HMOs) (6/8/2007)
Chapter A35.	Health Maintenance Organizations (HMOs) (7/11/2003)
Chapter A36.	Privacy of Consumer Financial Information (2/14/2003)
Chapter A37.	Captive Insurance Companies (9/20/2013)
Chapter A38.	Rules of Practice and Procedure for Hearings (8/8/2003)
Chapter A39.	Licensure as a Public Insurance Adjuster (4/25/2003)
Chapter A40.	Reciprocal Insurance Companies (1/18/2008)
Chapter A41.	Title Insurance Rate Making (3/18/2011)
Chapter A42.	Uniform Credentialing and re-Credentialing Form (8/11/2006)
Chapter A43.	Uniform Consultation Referral Form (5/25/2007)
Chapter A44.	Child-Only Policies (3/18/2011)
Chapter A45.	Oversight Role and Fiduciary Obligations of Members of the Board of Directors of a Hospital and Medical Services Corporation (9/17/2004)
Chapter A46.	Procedures for the Determination of Excess Surplus (11/13/2009)
Chapter A50.	Unfair Trade Practices (4/16/2004)
Chapter A51.	Standard Non-forfeiture Law for Individual Deferred Annuities (5/28/2004)
Chapter A52.	Military Sales Practices (12/7/2007)
Chapter A53.	Medical Malpractice Liability Hearing Rules and Rate Filing Requirements (12/12/2008)
Chapter A56.	Certified Capital Companies (3/11/2011)
Chapter A58.	Senior-Specific Certifications, Designations and Credentials (7/30/2010)
Chapter A82.	Continuing Care Requirement Communities (10/20/2006)
Chapter A84.	Suitability in Annuity Transactions (12/24/2010)
Chapter A88.	Health Benefit Plans Prompt Payment (6/16/2006)

Securities

Chapter B1.	Broker-Dealers, Agents, Investment Advisers, and Investment Adviser Representatives (12/6/2013)
Chapter B2.	Registration of Securities Offerings (11/30/2001)
Chapter B3.	Rules of Practice and Procedures for Hearings (10/11/2002)

Banking

Chapter C1.	General Provisions (8/19/1988)
Chapter C2.	Applications (8/19/1988)
Chapter C3.	Powers (8/19/1988)
Chapter C4.	Administrative Procedures (8/19/1988)
Chapter C6.	Fees and Assessments (2/15/2008)
Chapter C11.	Mortgage Lenders, Mortgage Brokers and Mortgage Loan Originators (12/24/2010)



Chapter C18.	Automated Teller Machines (12/5/2003)
Chapter C20.	Predatory Lending (11/29/2002)
Chapter C21.	Opportunity Accounts (5/31/2002)
Chapter C22.	Money Transmitters (12/5/2003)
Chapter C25.	Consumer Retail Credit (1/11/1991)
Chapter C26.	Loaning Money (12/12/1988)
Chapter C27.	Foreclosure Mediation (6/27/2014)
Chapter C28.	Capital Access Program (9/30/2011)
Chapter C29.	State Small Business Credit Initiative (9/5/2014)

4. Please identify all electronic databases maintained by your agency, including the following:
- a. A detailed description of the information tracked within each system;
  - b. The age of the system and any discussion of substantial upgrades that have been made or are planned to the system; and
  - c. Whether the public can be granted access to all or part of each system.

**Insurance Bureau Electronic Databases:**

**State-Based System (SBS)** – SBS was created in 2000 by the National Association of Insurance Commissioners in collaboration with a few states and the District of Columbia. DISB was the first agency to take on the service. SBS is a comprehensive system used to license and renew insurance producers and companies. It has expanded to include consumer complaints, enforcement, and online continuing education for resident producers. DISB currently uses nine of the 21 services available. SBS is being used to report information to the Department of Health and Human Services (HHS) as part of health care reform. Currently, 26 states use the SBS system. NAIC has upgraded the SBS system to the new version called SOLAR and DC went live with the new system on Nov. 9, 2016.

DISB staff accesses SBS on a daily and continuous basis. Consumers can access the status of insurance companies and producers through SBS directly from DISB’s website. DISB is currently implementing the ability to provide registered agents with direct access to SBS via DISB’s website. All jurisdictions using the SBS system are able to test enhanced and new services through an integration site.

**National Insurance Producers Registry (NIPR)** – NIPR provides 24/7 input services for producers desiring licensure in the District, including allowing biographical updates and the ability to upload any required supporting documentation. Initial and renewal licensing processed through NIPR feeds into SBS on a real-time basis. Insurance company appointments and renewals (producers) are processed through NIPR electronically. All fees collected by NIPR are transmitted via EFT daily to the D.C. Treasurer.

The Insurance Bureau staff has access to NIPR on an as needed basis. Consumers can access NIPR information through SBS as discussed above. Producers directly access NIPR to renew licenses and update information. Enhancements to NIPR are approached on the same basis as described above for SBS. DISB has fully participated in all NIPR initiatives since 2000.

**System for Electronic Rate and Form Filing (SERFF)** – SERFF provides an interface for insurance companies to submit rate and form filings for review and approval by DISB actuaries and analysts. This paperless process for reviewing and approving filings also provides for electronic communication between submitters and reviewers if necessary. SERFF is being used to report information to HHS as part of health care reform.

DISB has established a search portal application on its website for District residents and other consumers to have direct access to approved rate and policy form filings.

**Internet-State Interface Technology Enhancement (I-SITE)** – I-SITE stores financial and other information for all insurance companies licensed in the District. I-SITE has one national database used by all participating jurisdictions. I-SITE was redesigned to the new I-site+ that provides improved search capabilities, easier navigation, enhanced tools and additional user preferences.

DISB Insurance Bureau staff has access to I-SITE on an as needed basis. Consumers can access insurance company financial information and complaint information that is stored in I-SITE through the NAIC's Consumer Information Source which is accessible from DISB's website.

**Teammate Software (Teammate)** – DISB's Financial Analysis and Examination Division uses Teammate Software to perform and maintain its insurance financial analyses and examination files of Insurance and Captives Companies. Teammate software was updated to the latest version v11 for all analysts and examiners. This information is restricted from public disclosure by law.

**The Insurance Rate Analysis and Tracking Engine (iRATE)** – iRATE -automates and streamlines health insurance rate filing review process, making it easier and faster to provide an effective rate review. iRATE allows DISB actuaries to see instantly all historical reviews from multiple insurance companies and analyze the data. It is a streamlined way of viewing rate data. The system was implemented in 2013 and no major upgrades are planned at this time.

DISB has established a search portal application on its website for District residents and other consumers to get information about pending and recently approved health insurance rate filings.

**Online Premium Tax for Insurance (OPTins)** - OPTins is a secure Web application, using 128 bit SSL encryption, which facilitates the submission of premium tax, surplus lines, and other state-specific filings and payments to participating states. DISB uses OPTins as an option for reporting both surplus lines monthly reports and biannual tax filings and for traditional insurance company premium tax return filings and installment payments.

#### **Enforcement and Consumer Protection Division Electronic Databases:**

**MAGNUM Case Management System** – The Enforcement and Consumer Protection Division (ECPD) has a Lotus Notes based electronic investigation case tracking system that contains sensitive case management information including investigative plans, written evidence and other investigative information. This information is restricted from public disclosure by law. The system includes allegations, suspects names, protected criminal investigative information and is firewalled from other DISB Bureaus. Only ECPD investigation personnel have access to the system. This system was acquired in 2002 and is currently not supported by the vendor. DISB is currently working to procure a new case management system in FY17.

#### **Banking Bureau Electronic Databases:**

**Nationwide Mortgage Lending System (NMLS)** – Pursuant to an agreement with the Nationwide Mortgage Lending System and Registry (NMLS&R), the Banking Bureau uses the NMLS System to process and store mortgage license information. On September 1, 2014, DISB transitioned to NMLS to process and store all of the other non-depository licensing and activity information. The system was launched in 2007 and continues to undergo upgrades. The Banking Bureau staff and the mortgage industry have access to the system as it is also used to file license applications and engage in other license-related activity. The public has limited access for license verification purposes. The system is maintained by the NMLS&R, a subsidiary of CSBS.

**IronData STAR System** – Prior to transitioning to NMLS in FY14, the Banking Bureau used the STAR Consumer Services (STAR CS) systems for all non-depository licensing activity. Currently, this system is used only to retrieve prior years licensing activity. Staff in the Banking Bureau have access to STAR CS module.

**CaseAware** – CaseAware is case management software designed for mortgage attorneys. The Banking Bureau uses this software for scheduling and tracking foreclosure mediation sessions, as well as generating reports about DISB's Foreclosure Mediation program.

## **Securities Bureau Electronic Databases:**

**IronData STAR System** – The STAR system has been in use at the Department since 2001. IronData STAR is maintained by the Corporation Finance Division and Licensing Division of the Securities Bureau. The system has modules that track licensing activity pursuant to Title II of the Securities Act of 2000 (DCSA) and registration filings and notice filings that are related to securities offerings subject to the requirements of Titles III and IV of the DCSA. The corporate filings are primarily SEC Uniform Investment Company Notice Filing Form NF for mutual fund offerings, Securities and Exchange Commission Form D for Regulation D offerings, and similar notices of securities offerings in other categories that are not subject to the registration requirements. The securities firm licensing information is tracked in the database and includes the name and identifying numbers of the licensee or applicant, the licensing category, and the status of the license. The licensing functionality was enhanced in FY13 by enabling the importation of licensing data direct from FINRA. Securities offering information tracked in the database includes: name of issuer; description of securities issued; amount of securities offered; names and ID numbers of broker dealer firms and agents; sales information; and status of DISB’s processing of these filings. The Licensing and Corporation Finance Divisions staff have access to this system, in addition to DISB’s IT and Office of the Chief Technology Officer (OCTO) staff. A new version of the client application was rolled out in December 2015.

The Securities Bureau is working with the vendor on providing an interactive search portal on DISB’s website for applicants and licensees to be able to query the status of a filing.

**BlueExpress** – BlueExpress is the database system maintained by the Securities Bureau’s Corporation Finance Division, DISB IT Administrators and OCTO that provides electronic filing services for financial institutions. The IronData STAR registration system imports securities filing data from the BlueExpress system. Information tracked within the system includes: name of licensed firm or issuer, names and ID numbers of officers and directors, names and ID numbers of broker dealer firms and agents, and descriptions of securities issued and other sales information. Public access to BlueExpress is afforded to investment company filers who have executed a MOU with DISB to use the system. The BlueExpress system has been in use at DISB since 2002. No upgrades are anticipated.

**Electronic Filing Depository (EFD)** - EFD is used by the Corporation Finance Division (CFD). Developed and operated by the North American Securities Administrators Association (NASAA), EFD is an online system that allows an issuer to submit a Form D for a Regulation D, Rule 506 offering, to state securities regulators and to pay related fees. Rule 506 of Regulation D is a “safe harbor” for the private offering exemption of

Section 4(a) (2) of the federal Securities Act and provides an exemption for offerings to verified accredited investors. Issuers relying on the Rule 506 exemption do not have to register their offerings of securities with the SEC or state securities regulators. But they must file a “Form D” with the SEC and state securities regulators where they offer the securities, including the District.

EFD was created to provide an efficient, streamlined system for state Form D filing requirements. Issuers benefit from a uniform process to submit their filings to the states. Additionally, the EFD website enables the public, free of charge, to search and view the Form D’s for the offerings in the system. As a result, investor protection is strengthened by the improved transparency the system provides for Form D filings. CFD began receiving Form D filings from the EFD when the system was launched on December 15, 2014. CFD receives filings of Form D through the EFD system. Those filings are then processed manually into the STAR system. Unlike the BlueExpress system, EFD does not interact electronically with the STAR system at this point.

While EFD and the STAR system are not yet integrated and communicating with each other electronically, during FY16, DISB learned that NASAA is continuing its work to expand the types of filings for which filers may soon be able to submit through the EFD (i.e., SEC Regulation A/A plus, and the mutual fund Form NF (we now use the BlueExpress system to accept Form NF filings electronically). Also, the STAR vendor (MicroPact) has informed CFD that it is rolling out a new platform (i.e., complete system update) that most likely will facilitate the integration of these systems with EFD. CFD has it as a FY17 priority to work with the STAR vendors, NASAA EFD and OCTO to update these systems so as to ensure that they are fully integrated and working together.

**NEMO (NASAA Exam Module)** – NEMO provides Investment Advisers and Broker Dealers compliance audit (examination) support to the Examinations Division of the Securities Bureau. The modules of the system include the Pre-Exam Checklist, the Interview(s), the Exam Builder, as well as other appropriate sub-modules. These modules are used to assess the level of completion during the course of an examination. Individuals with access are Examinations Division staff members of the Securities Bureau and DISB IT Administrators. Due to sensitive examination and personal information contained in these databases, it is not available to any other DISB employee, or the public. The NEMO system has been in use since 2007. NEMO is continuously updated to reflect changes in the law, products and examination techniques.

**FINRA Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) Systems** – CRD and IARD are systems administered by the Financial Industry Regulatory Authority (FINRA). The data consists of records of state and federally licensed broker-dealer (BD) firms and their agents and other

associated persons, and Investment Adviser (ADV) firms and their representatives. The basic information is filed on BD and ADV forms. Numerous other forms report actions such as withdrawals, terminations and disciplinary actions. Access consists of FINRA staff and staff members of the participating state securities regulatory agencies to the “state” portions. Members of the public have limited access to the disciplinary history of licensees through “Broker Check” and "IAPD." The CRD system has been in use for more than 20 years and the IARD system has been in use for about eight years. The systems are continuously upgraded.

### **Office of the General Counsel (OGC) Databases:**

**Freedom of Information Tracking System Database** – The OGC migrated to the new enterprise FOIA request management tool called “FOIAXpress” in July 2014. The database is maintained by the FOIA Officer and contains detailed information about the requestor, the request, timeframes for tracking and the timeliness of the response, any denials and fees generated by the requests. The database contains fields for name, address and telephone numbers of requestors, a description of the request, where it was sent, when it was received from the program staff, whether the request was denied or granted, what exemptions were claimed, whether extensions for time to respond were requested, the fees that were generated, when the fees were paid, what was the processing time and processing cost. Information in the database is used to produce the statutorily mandated annual FOIA report. DISB’s FOIA Officer and her backup are the only two personnel in DISB with access to the database.

**Agents for Service of Process Database** – The Insurer’s Service of Process Act of 1994 requires that an insurer licensed to engage in business in the District of Columbia appoint a suitable person in the District or not more than 10 miles beyond the territorial limits of the District, as agent for service of legal process. Currently, over 1,800 registered agents designated by licensed insurers to receive services of process. The SBS system contains the name of the company, the address of the company and the name of the registered agent. The public can contact DISB’s OGC to obtain the necessary information to serve process on the appropriate agent of the licensee. All information is updated by the OGC. This information can be accessed by the public via a link on DISB’s website. Insurers also send updated information to the OGC to update contact information as it changes.

**Memoranda of Understanding / Agreements Database** – The OGC maintains memoranda of understanding and agreements database between DISB and other entities. Information includes involved parties, purpose, date fully-executed, expiration dates, supporting documents and comments.

**Bulletin Log** – The OGC maintains a bulletin log for divisions of DISB which it believes that information regarding policy and interpretations of that policy should be provided to



licensees. The bulletin log is maintained by title, specific division matters, numbers, dates and hyperlinks. Any of these titles, matter number, dates or hyperlinks can be used to find a specific bulletin. If an individual wants to find out what bulletins were issued by the DISB within a specific year, a search by date will also accomplish this purpose.

**Securities Bureau “Civil Penalties / Restitution Logs”** – Contains information on the total number of cases, case matter numbers and names, final action date, civil penalty order (fine amount), amount received, date received, penalty balance and other information (restitution, etc.).

### **Risk Finance Bureau Electronic Databases:**

**Internet-State Interface Technology Enhancement (I-SITE)** – I-SITE stores financial and other information for all risk retention groups licensed in the District. Unlike the other databases described above, I-SITE has one national database used by all participating jurisdictions. I-site was redesigned to the new I-site+ that provides improved search capabilities, easier navigation, enhanced tools and additional user preferences.

RFB staff has access to I-SITE on an as needed basis. Consumers can access risk retention group financial information and complaint information that is stored in I-SITE through the NAIC’s Consumer Information Source which is accessible from DISB’s website.

**Teammate Software (Teammate)** – The Insurance and Risk Finance Bureau’s Financial Analysis and Examination Division use Teammate Software to perform and maintain its financial analyses and examination files of insurance and captives companies. Teammate software was updated to the latest version v11 for all analysts and examiners.

**Risk Finance Bureau Licensing Database** - The Risk Finance Bureau maintains its licensing database in Excel files. Every member of the Risk Finance Bureau has access to the licensing files.

### **Agency Wide Databases:**

**IBM FileNet Document Management System (FileNet)** – FileNet is used as a file repository to store all scanned paper documents associated with a document class type. DISB has approximately 10 document classes in the system used to import documents for insurance and securities filings, premium tax documents, licensing, financials, legal cases, etc. All DISB staff have logins that allows them to view scanned documents in their respective division/document class. The department has had this system since year 2000 and has upgraded it to version P8 ver 5.2.

5. Please identify any statutory or regulatory impediments to your agency's operations, including any outstanding legislative requirements of the agency (e.g. implementation of rulemakings).

There are no statutory or regulatory impediments impacting DISB.

6. What are your top five priorities for the agency? Please provide a detailed explanation for how the agency expects to achieve or work toward these priorities in Fiscal Year 2017.

DISB's top five priorities for FY17 are:

**Financially Fit DC** – DISB developed Financially Fit DC in FY16, and the program was formally launched in January of this year. DISB will encourage residents to enroll in the program by sponsoring and attending numerous events throughout the District in FY17. In addition, DISB will continue to promote its Bank on DC program to encourage residents who are unbanked or under-banked to open bank accounts rather than using high-cost alternatives, such as check cashing establishments. DISB will promote its Bank on DC program by sponsoring and attending events throughout the District. DISB has a goal of opening 7,000 new accounts in FY17.

**State Small Business Credit Initiative (SSBCI)** – DISB will continue to promote and improve the SSBCI program to small businesses in the District, and to take advantage of the three programs—Collateral Support, Loan Participation and Innovation Finance. DISB has provided approximately \$8 million to District small businesses since 2012.

**Health care reform** – DISB is working with consumer and industry to prepare for the anticipated repeal and replacement of the Affordable Care Act. The District has one of the lowest uninsured populations in the U.S. Health insurance rates in the District remain affordable due to DISB's efforts during its review of all health insurance rates for products sold on DC Health Link. DISB will be ready to make recommendations to the EOM to preserve and protect the District's vibrant health insurance market.

**Senior Abuse Prevention Initiative** – DISB will launch a formal Senior Abuse Prevention Initiative in FY17. This initiative is intended to protect District seniors from becoming a victim of financial scams. The initiative consists of two components. The first component is outreach. DISB will conduct several community outreach initiatives through the year focusing on issues of importance to seniors, such as reverse mortgages and telemarketing scams. DISB's goal is to do everything possible to educate seniors so that they don't become victims of financial crimes. The second component is enforcement. DISB will increase its investigative and enforcement resources against perpetrators that prey on seniors.

**Retirement Security** - Retirement Security is the accumulation of sufficient capital by a target retirement age to be able to buy a guaranteed, lifetime, inflation-protected retirement income payment that, in combination with Social Security and any employer-provided benefits, allows the person to maintain their desired standard of living. It is widely known



that too many U.S. citizens are ill-prepared for retirement. Financial services regulators, including the District, are exploring options for the development of financial products and educational programs to address this critically important issue facing our communities.

7. Please discuss the status of the Foreclosure Tracking, Analysis, and Intervention Initiative.

The Foreclosure Mediation Program uses CaseAware as the primary software to input and track all Notice of Defaults received and foreclosure mediations that take place. The software provides real time data and triggers actions that allow mediations to be held and completed within the timelines required by law. The Mediation Administrator provides updated reports on a weekly and monthly basis which shows trends and success rates in the mediation program. In addition to CaseAware, DISB utilizes Moody's Data buffet, Corelogic, RealtyTrac, and MBA Delinquency survey to keep up-to-date on the national housing outlook as well as District specific data. DISB is currently working with the Urban Institute, Recorder of Deeds and Housing Counseling Services to differentiate the recording codes for judicial foreclosures and instituting a recording requirement in the form of a "lis pendens" for judicial foreclosures, which is the written notice that a lawsuit has been filed concerning the property.

- a. What resources does DISB currently make available to residents who are facing foreclosure?

DISB offers several resources to residents who are facing foreclosure or are in danger of default:

- The Foreclosure Mediation Program: The foreclosure mediation program (Program) was implemented as a result of the Saving D.C. Homes from Foreclosure Amendment Act of 2010. The Program provides District residents with the opportunity to meet face-to-face with their lenders to discuss alternatives to foreclosure, to help keep families in their homes. Overall, homeowners who elected and attended mediation were able to reach an agreement with their lender in the majority of cases thus avoiding foreclosure.
- Housing Counseling Services: DISB utilizes funds from the Mortgage Servicing Settlements to provide homeowner assistance and legal representation to District residents facing foreclosure. Through the DISB Mortgage Settlement Contract, Housing Counseling Services, Inc. (HCS) provides the following services to District homeowners at risk of foreclosure: outreach/marketing to engage at-risk homeowners to take action; phone hotline for homeowners seeking information on foreclosure prevention resources; housing counseling to assist the homeowner with understanding options and to take action to prevent foreclosure; and referrals to attorneys when an identified legal issue is presented that requires legal action.

Other resources: DISB works directly with District residents who are facing financial hardships due to their individual mortgage related issues by providing assistance including, but not limited to, the following:

- Assisting a resident with finding a HUD-certified counselor to assist in obtaining a loan modification, and working with the HUD counselor to achieve a successful loss mitigation package.
  - Referring residents who qualify to pro-bono or low-bono attorneys for assistance.
  - Addressing consumer complaints involving foreclosure.
  - Working with DISB banking examination staff to ensure that compliance issues discovered during the complaint process are targeted during the subsequent examinations of the entity in question to ensure that no other resident has been exposed to similar problems.
  - Conducting foreclosure prevention workshops and foreclosure mediation training seminars through speaking engagements to local housing industry specialists and homeowners as well as through partnerships with housing counselors, legal assistance providers and sister agencies.
  - Conducting outreach programs for residents through different outlets including but not limited to: social media, in-person workshops, television interviews, and print media with the goal of educating homeowners on current mortgage relief programs, housing foreclosure prevention resources, helpful websites, phone numbers and what to look out for regarding scams.
- b. How many foreclosures were reported in Fiscal Year 2016 and fiscal year 2017, to date? Please distinguish between residential and commercial foreclosures?

DISB only has authority to receive, investigate and process the Notice of Defaults (initial foreclosure filings for residential mortgages) from the lenders who are pursuing foreclosure through the non-judicial track on residential mortgages pursuant to the Saving D.C. Homes from Foreclosure Amendment Act of 2010. In order for a lender to actually foreclose on a residential mortgage, the lender is required by law to record a final mediation certificate prior to filing a Notice of Foreclosure Sale (notice that sets the auction date). DISB relies on the Recorder of Deeds to provide the number of Trustees Deeds (actual foreclosures) where the ownership changes hands. Therefore we can only report on what we have received and what the Recorder of Deeds has listed on its website. DISB does not have data on commercial foreclosures.

We will continue to work with the Recorder of Deeds to develop a tracking system that can drill down and separate the foreclosure data.

**Number of Notices of Default and Mediation Certificates Issued by DISB**

<b>Fiscal Year</b>	<b>Notice of Defaults</b>	<b>Mediation Certificates Issued</b>
FY16	25	5
FY17 as of 01/20/17	5	0

**Total Number of Notices of Trustees Deed (Actual Foreclosures)**

<b>Year</b>	<b>Total -Notice of Trustees Deeds</b>
<b>FY16</b>	<b>310</b>
<b>FY17 as of 1/27/2017</b>	<b>268</b>

*Source: D.C. Recorder of Deeds*

- c. Is the foreclosure rate improving in the District?

Since the implementation of the Saving D.C. Homes from Foreclosure Amendment Act of 2010 there has been a marked increase in the total number of foreclosure filings in the judicial system. The foreclosure mediation law effectively caused lenders to reevaluate and adapt their existing foreclosure processes or lack thereof. Some of the lenders opted to go to the court to pursue foreclosure based on the advice of legal counsel. In addition, several federal lawsuits took place during the early part of 2012 and have since been settled (i.e. National Mortgage Settlement, OCC Independent Foreclosure Review). Now that these settlements have been reached, many lenders who were waiting to foreclose during deliberations have fully shifted their focus on foreclosing on properties or otherwise mitigating their losses. However, it appears that most of the foreclosures taking place are not a result of new delinquencies but instead are foreclosure filings based on the backlog of inventory created during the self-imposed moratorium by the lenders.

- d. Which Wards and/or neighborhood are being impacted the most by foreclosure?

**Notice of Default – Ward by Ward breakdown**

Year	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8	City
FY16	8	3	2	8	9	1	5	5	41
FY17 as of 1/27/2017	2	2	0	3	2	1	1	0	11

8. Please provide an update of the agency's foreclosure mediation program.

In FY16, there were ten mediations elected. One was rescinded and nine resulted in positive outcomes. The positive outcomes included: repayment plans, modifications, time to sell the property, short sale approval, and reinstatement. Since the inception of the foreclosure mediation program in 2011, overall, homeowners who elected and attended mediation were able to reach an agreement with their lender the majority of the time, thus avoiding foreclosure. In addition to the Notice of Defaults received in FY16, DISB issued one final mediation certificate for Notice of Defaults where no mediation was elected based on Notice of Defaults received at the end of FY15.

When utilized, the foreclosure mediation program leads to positive outcomes allowing homeowners to stay in their homes or make orderly exits on agreed upon terms. Since the passage of the Saving D.C. Homes from Foreclosure Amendment Act of 2010, the District of Columbia has seen a decrease in non-judicial foreclosure filings. The non-judicial process has mostly been used by smaller lenders, local credit unions and private investors who do not have the time or resources to conduct a judicial foreclosure. However, most of the lenders have opted for the judicial foreclosure process.

9. In Fiscal Year 2016 and 2017, to date, have the number of judicial foreclosures decreased, increased, or remained the same?

As explained in greater detail above, most of the judicial foreclosures taking place now are not the result of new delinquencies, but instead are filings based upon the backlog of foreclosure matters. It is anticipated that the number of foreclosures will increase due to two new judges (three judges total) being assigned to the foreclosure docket, and an additional weekly foreclosure hearing date being added (now two days per week). In

addition, the court has added additional mediators to the mandatory mediation sessions thus allowing for matters to be moved more efficiently through the process.

10. Has the agency engaged the Superior Court of the District of Columbia to improve the judicial foreclosure process?

Currently, DISB closely monitors activities in the Superior Court through its vendor, which has counselors and attorneys on-site on the scheduled hearing days to assist residents with foreclosure matters. Working with the vendor, DISB formulates strategies to assist the court in finding ways to ensure that the rights of District residents are protected.

11. What agency programs or procedures has the agency used to prevent deceptive mortgage practices?

The Banking Bureau addresses deceptive mortgage practices through three processes. First, the Banking Bureau conducts regular examinations of mortgage companies. As part of the examination process, the Banking Bureau reviews statements and claims made by mortgage licensees in advertising that may be misleading to District residents. Licensees found to be in violation of the law are subject to fines and penalties from the Commissioner. Second, the Banking Bureau tracks complaints from consumers, which allows the Banking Bureau to conduct more targeted examinations or take enforcement action when necessary. If the Banking Bureau finds a trend in complaint information this can also lead to an examination conducted outside of the regular exam cycle. Finally, the Banking Bureau continues to engage in financial literacy education at community events hosted by DISB, the Department of Housing and Community Development and District of Columbia's Housing Finance Agency.

In addition, steps have been taken at the federal level to give the District a greater ability to address deceptive mortgage practices. Under the federal Safe and Fair Enforcement for Mortgage Licensing Act (SAFE Act), mortgage loan originators are required to be licensed or registered through the Nationwide Mortgage Licensing System (NMLS). Prior to the passage of the SAFE Act, each state had its own separate system of licensing. Individuals who had engaged in bad acts in one state could continue originating loans in another state. The NMLS system now allows state regulators to share complaint information that often leads to multi-state examinations and enforcement actions that quickly address bad actors in multiple states.

The Dodd-Frank Act has also returned power to the states with regard to the regulation of mortgages services providers. Prior to the Dodd-Frank Act, subsidiaries of nationally chartered banks used federal preemption to avoid licensing and regulation by the states. In the lead up to the mortgage crisis, many of the deceptive and predatory practices were by subsidiaries of federally chartered banks that escaped the regulation of the states and had

very little regulation from the OCC. The Dodd-Frank Act removed federal preemption for subsidiaries of federally chartered banks and created the Consumer Financial Protection Bureau to provide more rigorous enforcement of consumer protection laws against national banks. The Dodd-Frank Act also allows states to have more stringent consumer protection laws than the federal government and also gives the states the ability to enforce any of the CFPB rulemakings. However, with the new presidential administration the future of The Dodd-Frank Act is unclear.

In addition, the Banking Bureau continues to work with DISB's Office of Communications to prepare and issue consumer guides regarding mortgage scams and deceptive practices within the mortgage industry. In addition, the banking staff has attended multiple trainings and seminars offered by the CFPB addressing the changes in the mortgage industry, including servicing standards, qualified mortgage guidelines and protections against steering.

12. Please provide an update on the "Financially Fit DC" initiative.

In FY16, DISB in collaboration with Deputy Mayor for Greater Economic Opportunity (DMGEO) and Mayor's Office for African American Affairs (MOAAA) were asked to develop the Financially Fit DC initiative. This is a comprehensive financial literacy program designed to empower all District residents to take control of their financial health. At the present time, residents may engage in the program in the following ways:

- Web based free financial assessment tool, where current financial situation can be assessed and develop personalize action plans. This platform is unique, in that it was designed to provide access to District specific resources and general financial education information
- Participate in financial clinics to connect residents to resources
- Prepare residents for homeownership, through the Ward 7 DC Homebuyers Club
- Access information about the Bank on DC program

In FY16, DISB worked with the Office of Contracting and Procurement (OCP) to secure a vendor to develop online curriculum. The contract was awarded to FELA, Inc., a small business enterprise (SBE) vendor in the Department of Small and Local Business Development database. The contract was awarded on August, 31, 2016. The FELA and DISB representatives finalized the work plan and completed the development of a customized online financial education program, to include access to resources and information specific to the District. Additionally, the vendor developed a curriculum to match the District's request to cover the following topics: banking, budgeting, savings, emergency savings, retirement readiness, credit scores, credit reports, ID theft prevention and alternative financial services. FELA will provide ongoing support of the online program through the end of FY17 per the contract, to include, reporting, server access and maintenance, hosting and technical support.

The Department of Housing and Community Development (DHCD) was tasked with expanding their Home Buyer Club to more residents east of the river. DHCD provides funding to highly-qualified Community-Based Non-Profit Organizations (CBOs) who support the agency's affordable housing and community development programs. The programs offered encourage both the creation and preservation of affordable rental and homeownership options and community development projects that help to build vibrant communities.

In partnership with DMGEO, MOAAA, DHCD, DISB launched the Financially Fit DC online financial education program on January 9, 2017. DISB is acting as the lead agency for the initiative, in terms of online registration promotion, marketing and promotion of the program. Residents may access the program via the internet at [welcome.financiallyfitdc.com](http://welcome.financiallyfitdc.com). To date, 1,331 residents (174 adults and 1,157 youth, aged 14 to 24) have signed up for the online program. Through the online program, residents may learn about saving, investing, homeownership, credit reports, loans, setting goals and creating an action plan. The initiative is an extension of DISB's efforts to bring financial education and empowerment to residents. The initiative hopes to expand with the development of child savings accounts and other innovative ways to help residents grow, protect and invest their money for a bright financial future.

DISB will provide ongoing opportunities for residents to learn more about the program, by conducting outreach, financial clinics and partnering with other District agencies to present the program to residents. The ongoing outreach will reach residents in all eight wards through the remainder of FY17.

Funding: DISB paid \$318,000 for the online tools. The work was completed by a certified business enterprise (SBE) vendor.

How many District-wide town hall meetings did the agency hold in Fiscal Year 2016 and Fiscal Year 2017, year to date? For each meeting, please discuss the locations, dates, topics of discussion, and number of attendees.

DISB participated in 216 presentations, panel discussions, expos, summits and other events throughout the District in FY16 and 46 thus far in FY17. The Department has attended events in each ward of the city. Below are some highlights of our outreach efforts.

In FY16, DISB launched its "Coffee & Capital" series which provides small business owners and lenders detailed information about small business financing offered through DISB. The events were hosted at various locations in the District and gave small business owners an opportunity to learn more about how to gain financial support in order to start or expand businesses.



DISB staff also made a concerted effort to educate seniors about reverse mortgages. DISB hosted a reverse mortgage seminar at the Hayes Senior Wellness Center that included representatives from the U.S. Housing and Urban Development as well as Housing Counseling Services. This event attracted 40 attendees.

The DISB Communications Office, in conjunction with the DC Elder Abuse Prevention Committee, continued its programs on reaching seniors, disabled persons and other vulnerable populations through targeted outreach to senior gatherings at senior wellness centers, AARP neighborhood chapters, park and recreation centers, senior housing and religious institutions resulting in 57 events at senior centers across the city, reaching 1,446 seniors with financial education and consumer protection information. DISB held two financial services clinics for seniors to address their concerns regarding financial fraud and prevention, life and health insurance, investor protection, reverse mortgages, estate planning, aging in place and living wills.

DISB also collaborated with the Department of Housing and Community Development to host the Annual DC Housing Expo that offered a range of housing workshops, one-on-one sessions with lenders and certified housing counselors to discuss options available when facing foreclosure. Through Bank on DC, DISB held a financial literacy reality fair for youth. Other DISB events included Congresswoman Eleanor Holmes Norton's Annual Tax Fair, Attorney General Karl Racine's Financial Literacy panel discussion, the Annual Tenant and Tenant Association Summit, Metropolitan Washington Financial Planning Day and the Moneywise Empowerment Tour.

DISB continued its role as a co-host for a year-long economic inclusion discussion series about economic issues affecting individuals, families and communities. The sessions were co-produced by DISB, federal financial regulatory agencies and local nonprofits. Participants discussed cross-sector strategies and recommendations to contribute significantly to a more inclusive, equitable District economy.

Below are some additional highlights from DISB's outreach efforts:

- DISB was a co-sponsor of the sixth annual Metro Washington Financial Planning Day, where residents could attend free financial investor education sessions and meet one-on-one with certified financial advisors. One hundred fifty people attended the event.
- In partnership with the Washington, D.C. Economic Partnership, DISB provided speakers for its "Entrepreneur Road Map" training series which provides resources for those looking to start businesses in the District. One session featured information on business insurance. We also provided speakers to discuss business financing options: our three State Small Business Credit Initiative Programs and District of Columbia-Only Securities Offerings Exemption.



- Great Streets Conference: DISB participated in the Great Streets Conference in which it provided small business owners information on how to gain access to capital in order to grow and expand their businesses. The Great Streets program is a commercial revitalization initiative designed to support existing small businesses, attract new businesses, increase the District's tax base, create new job opportunities for the District residents, and transform emerging corridors into thriving and inviting neighborhood centers that are magnets for private investment.
- DISB conducted several small group presentations and meetings in collaboration with the DC Elder Abuse Prevention Committee, Federal Emergency Management's National Flood Insurance Program and the District's Department of Energy & Environment, the Investor Protection Trust, the North American Securities Administrators Association's Investor Education Working Group, AARP community chapters, senior wellness centers, nonprofit organizations, District agencies including the Department of Housing and Community Development, Office on Aging, Office on Latino Affairs, Department of Small and Local Business Development and the District's Summer Youth Employee Program in conjunction with the Department of Employment Services.
- DISB also participated in several financial education campaigns including America and Military Saves Week, DC Earned Income Tax Credit, DASH for the STASH investor education program and contest, and national retirement week.
- DISB expanded its outreach to the District's Hispanic community by offering more information in Spanish, working with the Mayor's Office on Latino Affairs and the Greater Washington Hispanic Chamber of Commerce and participating in community events (e.g. Fiesta DC).
- For FY16, the Financial Literacy Council started data collection activities for development of a searchable database of local financial literacy service providers and bi-monthly calendar of events, initiatives and resources.

For more information on the Department's community outreach events including event dates, locations and attendees, please see Appendix 23.

13. Please discuss the implementation of the Dodd-Frank Act in Fiscal Year 2016 and Fiscal Year 2017, to date?

- a. Are additional resources necessary to implement the provisions of the Dodd-Frank Act?

**Banking Bureau**

Overall, current resources are satisfactory. The Bank Supervisory position is vacant; however, the Banking Bureau is working to fill that position by the end of the second quarter in FY17. The current examination staff has the knowledge and professional

background to ensure that DISB can keep up with the requirements under the banking code, as well as comply with Dodd-Frank and the Conference of State Bankers (CSBS) accreditation standards.

The District has seen an increasing trend, which has also been noticed by other state regulators, of complex products using new technologies (e.g., bitcoin, blockchain, smartphone payments). There has also been an increasing concern among regulators, as well as an increase in enforcement actions, regarding anti-money laundering and non-depository financial institutions. The Banking Bureau will continue to train its examiners in specialty areas like Information Technology, the Bank Secrecy Act and Anti-Money Laundering regulations. Additionally, in FY17 a new detailed training matrix for the examination team will be implemented to ensure that the examination team is well prepared for any changes in the regulatory environment.

**Securities Bureau**

The most significant impact of Dodd-Frank for the Securities Bureau is the increase in the number and complexity of the investment adviser firms we license and regulate. Dodd-Frank raised the ceiling on Assets Under Management for investment advisers subject to state regulation from \$25 million to \$100 million. Based on the addition by Dodd-Frank of larger advisers, there has been a need to increase the number of securities examiners, in order to achieve the DISB performance goals in this critical aspect of investor protection. We hired one new securities examiner and two replacements in FY2016. Also, prior to Dodd-Frank, most private fund advisers were exempt from the SEC’s registration requirements. During FY 2016, DISB reviewed whether to exempt advisers to private funds from the licensing requirements, or to reduce the requirements applicable to advisers in that category, pursuant to possible amendments to the Securities Act of 2000. Based on that review, in FY 2016 DISB issued orders exempting Private Fund Advisers from the licensing requirements of the Securities Act of 2000.

14. Please provide a detailed update on the District’s Collateral Support Program?

To date, DISB through the Collateral Support Program has disbursed approximately \$7.1 million which has leveraged \$17.8 million in private sector capital to District small businesses. The funds under the State Small Business Credit Initiative (SSBCI) program were disbursed in three tranches. During FY16, the District received the third tranche of SSBCI funds in the amount of \$4,477,239. In total, DISB has received its total allotment from the Treasury Department of \$13.2 million.

In FY16, DISB provided seven collateral support loans, working with five of our 14 participating lenders.

Business	Ward	Loan amount
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Commercial Kitchen (Term Loan)	5	\$175,000
Yoga Studio (Term Loan)	5	\$65,000
Commercial Kitchen (Line of Credit)	5	\$275,000
Solar Panel Provider/Installer (Line of Credit)	4	\$950,000
Interior Design Firm (Line of Credit)	5	\$150,000
Child Care Center (Term Loan)	1	\$131,000
Gourmet Ice Cream Shop (Term Loan)	6	\$100,000

15. What outreach has been done to make District-based businesses, especially CBEs, aware of this program?

The Department launched a Coffee & Capital series, a free event in which small businesses and lenders were brought together to discuss the details of the programs. The events were hosted at strategic locations across the District to attract District-based businesses. The Department has also attended events with the Washington DC Economic Partnership and the DC Chamber of Commerce in an effort to educate small businesses owners about the programs.

For FY16 and FY17, DISB has actively promoted the SSBCI program through a number of outreach events, please see Appendix 23 for more details.

16. Has DISB collaborated with the Department of Small and Local Business Development and the Department of Consumer and Regulatory Affairs about this program?

Yes, in addition to its marketing activities, DISB collaborates with DSLBD in cases where borrowers may approach DISB directly but are in need of technical assistance before approaching a lender. The technical assistance provided by DSLBD has contributed to the success of the program. However, DSLBD has the staff and the mission dedicated to providing assistance directly to small businesses to prepare them at every stage of their business. The Commissioner has met with the DSLBD Director to discuss ways that the agencies can continue to strengthen and improve the collaboration.

17. Please detail how many loans have been provided to businesses in Fiscal Year 2016 and Fiscal Year 2017, to date and please provide the Ward where each business is located.

<b>Business</b>	<b>Ward</b>	<b>Loan amount</b>
Commercial Kitchen (Term Loan)	5	\$175,000

Yoga Studio (Term Loan)	5	\$65,000
Commercial Kitchen (Line of Credit)	5	\$275,000
Solar Panel Provider/Installer (Line of Credit)	4	\$950,000
Interior Design Firm (Line of Credit)	5	\$150,000
Child Care Center (Term Loan)	1	\$131,000
Gourmet Ice Cream Shop (Term Loan)	6	\$100,000
Loan Participation to Washington Area Community Investment Fund	5	\$250,000
Loan Participation to Latino Economic, Development. Corporation	5	\$250,000
Loan Participation to City First Enterprises	1	\$250,000

Note: All transactions closed in FY16.

18. Please outline any “access to capital programs” the agency provides businesses under the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”).

**Overview of DISB DC BizCAP Programs**

Through the State Small Business Credit Initiative (SSBCI), created by the federal Small Business Jobs Act of 2010, the United States Treasury Department (Treasury) deployed \$1.5 billion nationally to create and expand small businesses. Of this amount, the District of Columbia (District) was allocated \$13.2 million. The Department manages these funds under its Biz Capital (DC BizCAP) Program’s, where it has implemented three small business finance programs. These programs are described in detail below:

**a. District of Columbia Collateral Support Program**

The first and most popular DC BizCAP Program is the Collateral Support Program (CSP). Through CSP the District helps to provide capital to small businesses with insufficient collateral for a loan by depositing cash collateral with DISB’s partner lending institutions (a bank, credit union or community development financial institution). These institutions in turn make loans to local businesses. Eligible small businesses can use these loans for: (1) the purchase of equipment and inventory; (2) expansions or renovations; (3)

working capital; (4) start-up costs; and/or (5) refinancing existing debt. The portion that the District puts on deposit cannot exceed 50 percent of the loan and is capped at \$1 million.

This program is open to local small businesses that: (1) are non-public companies registered and taxed in the District; (2) have leased or deeded principal offices in the District; (3) have 75 percent of its employees working in the District; (4) have fewer than 750 employees, including subsidiaries and affiliates; and (5) have at least 25 percent of their total workforce is comprised of District residents. By leveraging the capital of private lenders, CSP is able to make more capital available to small businesses in the District. DISB does not make loans directly, or make underwriting decisions; however, DISB ensures that the loans being made are credible and fall in line with the Mayor's stated economic goals. After closing each loan, DISB actively reviews and monitors loans enrolled in CSP for compliance with SSBCI guidelines. The participating lenders continue to service their loans pursuant to their respective underwriting guidelines.

Pursuant to DISB's \$13.2 million allocation from Treasury, CSP was allotted approximately \$8.1 million. Of this amount, \$7.1 million has been obligated and expended, leaving a balance of approximately \$1 million left to use as part of the initial treasury disbursement. Generally, the expended funds are held by the participating lender through the term of the loan (subject to pro-rata principal return based upon the length of the loan). Funds returned to DISB upon loan maturity are recycled and used to fund additional loans. The timing and amount of the recycled funds returned to DISB depends upon the term of the underlying collateral support loans, and can generally range from one to five years. To date, the agency has recycled approximately \$1 million of CSP funds and anticipates recycling additional monies as the outstanding loans mature.

***b. District of Columbia Loan Participation Program***

The second DC BizCAP Program is the Loan Participation Program (LPP), which provides loan support for small business borrowers who may be qualified for loans, but are unable to meet capital requirements, or debt service coverage ratios of the lending institution. Through LPP the District buys a portion of a loan originated by a participating lender at a subsidized interest rate, thus creating a lower blended interest rate to the advantage of the borrower. Creditworthy small businesses can use these loans for: (1) the purchase of equipment and inventory; (2) expansions or renovations; (3) working capital; (4) start-up costs; and/or (5) refinancing. The portion that the District buys cannot exceed 50 percent of the loan and is capped at \$1 million.

This program is open to local small businesses that: (1) are non-public companies registered and taxed in the District; (2) have leased or deeded principal offices in the District; (3) have 75 percent of its employees working in the District; (4) have fewer than 750 employees, including subsidiaries and affiliates; and (5) have at least 25 percent of their total workforce comprised of District residents. Qualified small business borrowers can use the loans to address short-term cash flow problems, including business expansions and retaining employees. By leveraging the capital of private lenders, LPP makes more capital available to District of Columbia small businesses.

Pursuant to DISB's \$13.2 million allocation from Treasury, LPP was allocated approximately \$2 million. Of this amount, \$750,000 has been obligated and expended, leaving a balance of approximately \$1.25 million. These expenditures were made through block loans made to local Community Development Financial Institutions (CDFI's) including: Washington Area Community Investment Fund (WACIF), Latino Economic Development Corporation (LEDC) and City First Enterprises (CFE). These loans were made for the purpose of extending capital to qualified needy local businesses.

***c. District of Columbia Innovation Finance Program***

The District's Innovation Finance Program (IFP) is DISB's third DC BizCAP program. IFP provides capital to investors that co-invest with the District in start-ups, and emerging companies seeking financing alternatives to traditional commercial financing. In each transaction, the District is entitled to receive the proportional benefit of any and all amounts received from the investment. In addition to its own pro rata share in the investment, the private investor can receive between 25 percent and 40 percent of the District's pro rata share of the total profits. However, in the event of a loss, the investor and the District share the loss on a pari-passu basis.

The District's investment cannot exceed 50 percent of the total investment, and is capped at \$500,000. Under the program, DISB will collaborate with private sector partners for underwriting, due diligence evaluations, and shared risk on all loans and investments. This program is open to local small businesses that: (1) are non-public companies registered and taxed in the District; (2) have leased or deeded principal offices in the District; (3) have at least 75 percent of their respective employees working in the District; (4) have fewer than 750 employees, including subsidiaries and affiliates; and (5) have at least 25 percent of the company's workforce comprised of District residents.

Pursuant to DISB's \$13.2 million allocation from Treasury, the IFP was allocated approximately \$3 million. Of this amount, \$885,000 has been obligated and expended, leaving a balance of approximately \$2.25 million. These expenditures were done in connection with block loans made to local CDFI's in order to extend credit to qualified

local businesses in need.

19. What is the status of the Crowdfunding program?

Since its inception in 2014, the DC Crowdfunding Program has had three offerings go effective, which have raised a total of more than \$800,000. DISB has presented the program at several small business programs around the District and has invited suggestions for revising the program to be more attractive to small businesses and entrepreneurs, while providing adequate investor protection. The SEC’s Crowdfunding program became effective in the summer of 2016; that has attracted a number of issuers that preferred the interstate feature.

20. Are District or federal government resources necessary to streamline capital flow to local businesses?

Small businesses in the District still have difficulty obtaining capital from traditional commercial lenders. The State Small Business Credit Initiative was created to address this need. DISB is not proposing to use any District funds to assist businesses at this time.

21. How many banks are domiciled in the District? Please identify the Ward where each bank is located. Please provide the names of the banks and whether they are the following:

- a. A bank chartered in the District;
- b. A national bank; or
- c. A federal savings bank.

**District Domiciled Banks**

There are three banks domiciled in the District of Columbia. Of the three, one is District-chartered and two are national banks.

Banks Domiciled in the District of Columbia

<b>Institution Name</b>	<b>Charter Type</b>
Industrial Bank	District
City First Bank of D.C., National Association	National
The National Capital Bank of Washington	National

**All Banks with Branches in the District**

There are currently 31 banks with 233 branches in the District.

There are also seven international representative offices of foreign banks in the District of Columbia, which are licensed and regulated by DISB and the Federal Reserve.



<b>Institution Name</b>	<b>Country of Domicile</b>
Bank of Tokyo-Mitsubishi	Japan
Banque Transatlantique	France
Banque Centrale Populaire	Morocco
Barclays Bank	United Kingdom
Japan Bank for International Cooperation	Japan
Standard Chartered Bank	United Kingdom
State Bank of India	India

For ward location and additional information, please see Appendix 24.

22. How has the agency attracted additional bank branch locations in the District, specifically in Wards 5, 7, and 8?

DISB meets with banks that are interested in opening branches in the District. As part of these discussions, DISB encourages banks to consider unbanked neighborhoods in the District.

23. Is the agency accredited with the Conference of State Bank Supervisors (CSBS)? If so, please discuss how the agency will maintain accreditation.

No, the Department is working with CSBS to obtain its accreditation. DISB is developing a strategy to increase its examination experience and is working with CSBS to fulfill accreditation standards.

24. Please provide the data accumulated by the agency's banking division for the biennial report for Fiscal Year 2015, Fiscal Year 2016 and Fiscal Year 2017, year to date.

<b>Category</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17 to date</b>
Mortgage Lenders/Brokers	1,137	1,266	1,280
Mortgage Loan Originators	3,715	4,751	4,439
Check Cashers	83	71	61
Money Transmitters	82	92	97
Retail Seller and Consumer Sales Finance Companies	72	77	78
Money Lenders	22	37	38
<b>Total</b>	<b>5,111</b>	<b>6,294</b>	<b>5,993</b>

25. Please provide the data accumulated by the agency's risk finance bureau for the two most recent biennial reports.

The Risk Finance Bureau currently has financial data from captive insurers through calendar year 2015. The financial information and premium taxes for the period ending December 31, 2016 will not be filed with DISB until March 2, 2017.

**New Captive Insurance Companies Licensed in the District**

<b>FY16</b>	<b>FY17 to date</b>
8	5

**Growth of District Captives (numbers in \$millions)**

	<b>CY14</b>	<b>CY15</b>
Gross Premiums Written	390	742
Net Premiums Written	379	396
Net Premiums Earned	365	391
Underwriting Profit	73	105

**Asset and Capital and Surplus Growth of District Captives  
(numbers in \$millions)**

	<b>CY14</b>	<b>CY15</b>
Cash and Invested Assets	2,504	2,740
Total Assets	3,100	3,204
Total Capital and Surplus	778	975

**Premium Tax and Fee Revenue by Calendar Year**

	<b>CY14</b>	<b>CY15</b>
Premium Taxes	\$1,979,241	\$2,024,403
Fines and Fees	\$50,840	\$57,190

**CAPCO Fee Revenue by Calendar Year**

	<b>CY14</b>	<b>CY15</b>	<b>CY16</b>	<b>CY17 to date</b>
Annual Fees	\$30,000	\$20,000	\$20,000	\$20,000

26. Please provide the data accumulated by the agency's securities division for the two most recent biennial reports.

<b>Securities Offerings for 2015 and 2016</b>				
	<b>FY15</b>		<b>FY16</b>	
	<b>Filings</b>	<b>Fees Collected</b>	<b>Filings</b>	<b>Fees Collected</b>
Mutual Funds Notice Filings (Paper)	7,905	\$3,743,681	4,636	\$2,553,190
Mutual Funds Notice Filings (Electronic)	20,016	\$9,294,428	22,579	\$10,375,528
Registrations	45	\$56,900	49	\$57,500
Exemption Filings	1,197	\$270,890	997	\$227,175
<b>Totals</b>	<b>29,163</b>	<b>\$13,365,899</b>	<b>25,672</b>	<b>\$13,213,393</b>

<b>Securities Offerings for 2013 and 2014</b>				
	<b>FY13</b>		<b>FY14</b>	
	<b>Filings</b>	<b>Fees Collected</b>	<b>Filings</b>	<b>Fees Collected</b>
Mutual Funds Notice Filings (Paper)	6,675	\$3,147,182	6,487	\$3,725,754
Mutual Funds Notice Filings (Electronic)	16,478	\$7,621,234	18,207	\$8,474,607
Registrations	61	\$72,600	50	\$57,650
Exemption Filings	727	\$167,300	928	\$217,300
<b>Totals</b>	<b>23, 941</b>	<b>\$11,008,316</b>	<b>25,672</b>	<b>\$12,475,311</b>

**Examinations**

<b>Category</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17 to date</b>
Carried over exams	7	7	6	8	8
Opened exams	12	12	16	18	10
Closed Exams	12	13	14	18	4
Pending exams	7	6	8	8	14

**Enforcement Recommendations**

<b>Category</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17 to date</b>
Carried over cases	20	12	9	9	5
Opened open cases	7	5	7	9	0
Closed cases	15	8	7	13	1
Pending cases	12	9	9	5	4

**Licensing**

<b>Category</b>	<b>FY13 UNITS</b>	<b>FY13 FEES</b>	<b>FY14 UNITS</b>	<b>FY14 FEES</b>	<b>FY15 UNITS</b>	<b>FY15 FEES</b>	<b>FY16 UNITS</b>	<b>FY16 FEES</b>
Agents	128,632	\$5,788,440	128,615	\$5,787,675	141,730	\$6,377,850	148,891	\$6,700,095
IA REPS	3,678	\$165,510	3,898	\$175,410	4,302	\$193,590	4,387	\$197,415
BD FIRMS	1,577	\$394,250	1,566	\$391,500	1,681	\$420,250	1,680	\$422,590
FEDERAL ADVISERS	1,123	\$280,750	1,166	\$291,500	1,224	\$306,000	1,244	\$311,000
STATE IA'S	130	\$32,500	135	\$33,750	162	\$40,500	169	\$42,250
<b>TOTAL</b>	<b>135,140</b>	<b>\$6,661,450</b>	<b>135,380</b>	<b>6,679,835</b>	<b>149,099</b>	<b>\$7,338,190</b>	<b>156,371</b>	<b>\$7,673,350</b>

27. Please provide the data accumulated by the Insurance Bureau for the two most recent biennial reports.

Below is the insurance premium volume through 2015. The annual 2016 statements from the insurers operating in the District are not due until March 1, 2017, so DISB does not have 2016 financial information.

Volume of District Insurance Premiums (in thousands)\*

<b>Category</b>	<b>CY14</b>	<b>CY15</b>
Health	\$5,289,469	\$5,496,145
Life/Annuities	\$2,101,204	\$2,498,490

Property/Casualty	\$1,459,076	\$1,678,402
Surplus Lines	\$263,332	\$267,306
Title	\$59,634	\$66,127
RRG	\$52,099	\$50,630
<b>Total</b>	<b>\$9,224,814</b>	<b>\$10,057,100</b>

\*Data based on calendar year financial information

Approximately 1,300 insurance companies are licensed to operate in the District. There are 12 domestic companies that are incorporated in the District and 1,295 licensed companies that are incorporated in other states (“foreign companies”). They bring almost \$128 million in taxes and fees to the District’s General Fund. Note that the premium tax rate for life and property and casualty insurers recently reached its 5 year sunset and reverted to 1.7% instead of 2.0%, so there will be a dip in future premium tax revenues. See the table below.

**District Insurance Sector Taxes and Fees (in thousands)\***

Revenue Source	CY14	CY15
Taxes	\$100,755	\$106,104
Fees	\$18,526	\$21,481
<b>Total</b>	<b>\$119,281</b>	<b>\$127,585</b>

\*Data based on calendar year financial information

Through the National Association of Insurance Commissioners/State Based System services, DISB continues to improve and increase licensing and related processes by converting the previous paper and manual process to an electronic format. For the convenience of producers, birth-month renewals have been implemented and notices are transmitted electronically via e-mail. (SBS refers to State-Based Systems.) New for this year, insurance producers will be able to print their licenses as soon as they are approved, rather than waiting to receive it in the mail. This will speed up the process of issuing licenses and reduce the cost and workload on licensing staff to prepare and mail the approximately 90,000 licenses every two years. See the table below.

**District Insurance Licenses**

	CY15	CY16	CY17 to date
<b>Individual</b>			
Resident	1,307	1,327	1,354
Nonresident	77,300	79,836	81,073
<b>Total</b>	<b>78,607</b>	<b>81,163</b>	<b>84,427</b>

<b>Business Entity</b>			
Resident	118	124	124
Nonresident	5,534	5,831	5,873
<b>Total</b>	<b>5,652</b>	<b>5,955</b>	<b>5,997</b>
<b>Grand Total</b>	<b>84,259</b>	<b>87,118</b>	<b>88,424</b>

28. Please discuss the status of the DC Chartered Health Plan, Inc. rehabilitation.

DC Chartered Health Plan, Inc. was placed in rehabilitation on October 19, 2012 by consent. The Commissioner, acting as Rehabilitator through the appointed Special Deputy Rehabilitator (SDR), among other things, auctioned and sold Chartered’s operating assets to AmeriHealth to ensure an orderly transfer of Chartered’s enrollees and minimize any disruption of medical services. The Rehabilitator and SDR are continuing their efforts to marshal the assets of the Chartered, including pursuing legal actions, to pay creditor claims. The claims of Chartered’s former providers and tax claims of the federal and District of Columbia governments are the most significant claims remaining.

In addition, DCHSI, the parent and sole shareholder of Chartered, has filed a lawsuit against the District of Columbia, the Commissioner, the Special Deputy Rehabilitator, other current and former District officials, Mercer and AmeriHealth seeking \$90 million in damages. See summary of the case in response to General Question #19.

29. Please discuss the agency’s collaboration with the Health Benefit Exchange Authority and what role the agency will play if the Patient Protection and Affordable Care Act (42 U.S.C. § 18001 et seq. (2010)) is repealed?

DISB is one of four primary District agencies, along with the Department of Human Services, Department Health Care Finance and Department of Health, assisting the DC Health Benefit Exchange Authority’s (HBX) implementation of the Affordable Care Act and DC Health Link. The Commissioner serves as a non-voting, ex-officio member of the HBX Executive Board. DISB, through a memorandum of understanding with the HBX, performs functions related to plan management for the HBX insurance marketplace. This includes review and certification of qualified health plans (QHPs), ongoing monitoring for market compliance, and resolution of complaints from both insurers and residents with regard to plan offerings in the HBX insurance marketplace. DISB, through a separate memorandum of understanding with the HBX, carries out the assessment of insurers to fund DC Health Link, the District’s online health insurance marketplace. As the District’s insurance regulator, DISB reviews and approves all health insurance policy form and rate filings, including those plans sold in DC Health Link. DISB has, through funds from the Federal Rate Review grant, funded a survey of existing and potential DC Health Link health insurance purchasers that was executed by the HBX.

As the regulator of insurance in the District, DISB will have to propose legislative, regulatory and procedural changes to address the impact of ACA repeal or modification. DISB has already reviewed existing laws and regulations to determine which sections of our law directly incorporated provisions of the ACA into District law and which sections implement the ACA through reference to the federal law. We have also reviewed proposed alternatives to the ACA that have been released by the new administration and members of Congress. DISB has also begun bi-weekly meeting with health insurance stakeholders to discuss potential changes to the ACA, their impact on the District’s health insurance market and what the local response needs to be made to the ensure the District’s health insurance market continues to lead the nation in terms of participation, rate stability and transparency. It is too early to know what the new health care landscape will look like on the national level and when it will be effective, but DISB is doing everything we can to be in a position to react quickly to changes in federal law.

**Market Compliance**

1. How many complaints did the agency receive during Fiscal Year 2016 and Fiscal Year 2017, to date? Please distinguish the complaints by the following types:
  - a. Insurance;
  - b. Securities; and
  - c. Banking.

<b>Industry Sector</b>	<b>Complaints received FY16</b>	<b>Complaints received for FY17 as of 1/31/2017</b>
Insurance	725	226
Securities	4	0
Banking	126	25
<b>Total</b>	<b>855</b>	<b>251</b>

2. Please identify any trends in the complaints received in Fiscal Year 2016 and Fiscal Year 2017, year to date.

One of the most interesting trends is the consistency of data. In almost all areas, we see similar percentage results from year to year.

**Health Insurance Complaints**

Complaints about enrollment, claim denials, and use by consumers of out-of-network medical providers represent the single greatest area of complaint activity and range in any given year from 40% to 50%. In FY16, health insurance complaints accounted for 44% of insurance complaints and as of January 31, 2017 the trend holds up with 48% of insurance complaints attributed to health insurance.



### **Auto Insurance Complaints**

Once again, auto insurance complaints continue to follow the trend of being our second greatest category of complaints. In FY16, 25% of insurance complaints related to auto insurance which involved claim handling, pricing and termination of coverage. Year to date FY17, 20% of insurance complaints are auto related.

### **Homeowners Insurance Complaints**

Complaints about homeowners insurance typically represent approximately 10% - 15% of insurance complaints. In FY16, 15% of insurance complaints were attributed to homeowners with 9% so far in FY17.

### **Complaints about Claims**

Regardless of the type of insurance coverage, claim handling represents the single greatest category and FY16 and FY17 continue to follow the pattern.

3. Please provide the data accumulated by the Enforcement and Consumer Protections Bureau for the biennial report for Fiscal Year 2016 and Fiscal Year 2017, to date.

### **Compliance Update**

During FY2016 Compliance recovered a total of \$891,728 on behalf of consumers which included \$305,536 in savings resulting from loan modifications. We also saved 54 insurance policies from being cancelled or non-renewed.

So far in FY2017, we have recovered \$37,154 on behalf of consumers and overturned two cancellations.

During FY2016 Compliance authored or contributed to five consumer guides:

- “What You Need to Know About Renters Insurance”
- “Sharing Economy Exposes Travelers to Insurance Risks”
- “FAQ: Condominium Insurance”
- “Facing Foreclosure – DC Can Help”
- “Beware of Holiday Scams”

**Enforcement and Consumer Protection Division (ECPD) DATA**

<b>Insurance Type (Referrals from insurance companies, general public and law enforcement agencies to DISB)</b>	<b>FY16 Total</b>	<b>FY17 as of 1/31/17</b>
Auto Insurance	439	125
Property Insurance	65	18
Casualty Insurance	1	0
Health Insurance	65	27
Life Insurance	27	1
Insurance – Other	8	3
Insurance Agent	8	0
Banking ( Lending-Mortgage related Fraud)	12	5
Securities	4	3
Workers' Compensation	41	10
Other	24	5
<b>Total</b>	<b>694</b>	<b>197</b>

<b>Results of Investigations</b>	<b>FY16 Total</b>	<b>FY17 as of 1/31/17</b>
Cases Opened	235	45
Cases Closed	249	29
DISB Cases Referred to U.S. Attorney's Office	9	0
DISB Cases Accepted by U.S. Attorney's Office	2	0
U.S. Attorney's Office-DISB criminal case convictions	0	1
DISB Office of General Counsel Civil Actions	0	0
DISB Cases Referred to D.C. OAG for Criminal-Civil Action	1	0
DISB Cases Accepted by DC OAG	0	0
DC OAG-DISB case convictions	0	0

Referrals for false insurance registration of Out-of-State Automobiles (Maryland)	8	0
Total Restitution/Forfeitures	\$49,500.00	\$4,205.00
Total Incarceration Periods	0	90 Days suspended sentence; 24 mos. Probation.
Recoveries	0	0
Fines	\$400.00	\$150.00