



# **DEPARTMENT OF INSURANCE, SECURITIES AND BANKING**

## **FY 2023 PERFORMANCE ACCOUNTABILITY REPORT**

**JANUARY 16, 2024**

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# **1 DEPARTMENT OF INSURANCE, SECURITIES AND BANKING**

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*Mission:* The mission of the Department of Insurance, Securities and Banking (DISB) is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

*Services:* DISB regulates the following financial services entities: (1) insurance companies, insurance producers, health maintenance organizations, captive insurance companies, and risk retention groups; (2) investment advisers, investment adviser representatives, broker-dealers, broker-dealer agents, securities offerings, issuers, and agents of issuers; and (3) District and state-chartered banks, mortgage lenders and brokers, mortgage loan originators, check cashers, money transmitters, consumer sales finance companies, money lenders, appraisal management companies, student loan servicers, and consumer credit service organizations.

## 2 2023 ACCOMPLISHMENTS

Accomplishment	Impact on Agency	Impact on Residents
DISB completed its review of the 2024 Affordable Care Act policy form and rate filings.	The Department and its staff were positively impacted by their efforts to provide insurance savings to residents of the District.	These policies sold through DC Health Link cover over 100,000 District residents and employees of District-based small employers. The review resulted in overall decreases in rates for over half of the insurers on DC Health Link (CareFirst, CVS/Aetna, United Healthcare and Kaiser) and will result in savings of \$3 million for the individuals and employees.
Closed 769 consumer complaints, maintained a closure rate of 99%, and recovered \$1,721,441.71 for constituents.	The Department and staff were impacted positively by the ability to provide relief to District residents.	DISB assisted in recovering money on behalf of District residents, educated consumers about the issues that were brought to our attention and helped hold financial institutions accountable and compliant with District laws and regulations.
Assisted DC student loan borrowers with receiving \$1.2M in debt forgiveness in the fiscal year.	The Department and staff were positively impacted by the ability to help save money for District residents.	Our efforts have led to impactful results for DC residents in the form of debt forgiveness and student loan repayment planning.

### 3 2023 OBJECTIVES

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#### Strategic Objective

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Provide high quality and efficient consumer protection services to District residents and businesses.

Establish the District as a premier destination for financial services firms to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District.

Provide high quality services to financially empower residents and create pathways to the middle class.

Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs.

Create and maintain a highly efficient, transparent, and responsive District government.

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## 4 2023 OPERATIONS

Operation Title	Operation Description
<b>Provide high quality and efficient consumer protection services to District residents and businesses.</b>	
Market and Internet surveillance: Daily Service	Conduct market and Internet surveillance and investigations to curtail illegal cyber activity, including Internet-based investment scams and unregistered securities offerings.
Complaint Activity: Daily Service	Review complaint activity to identify trends that are adverse to the interests of consumers.
Exams: Daily Service	Conduct examinations of non-depository financial institutions, domestic insurance companies, and investment firms scheduled during the fiscal year.
Regulatory Initiatives: Key Project	Review, assess and update banking regulations.
<b>Establish the District as a premier destination for financial services firms to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District.</b>	
Legislative and Regulatory Review: Daily Service	Review District insurance, securities, and banking laws/regulations/policies and prepare recommendations for amendment or revision, as necessary to modernize the District's financial services regulatory regime.
<b>Provide high quality services to financially empower residents and create pathways to the middle class.</b>	
Bank on DC: Key Project	Reduce the number of unbanked and underbanked residents in the District.
Resiliency: Daily Service	DISB will develop a multi-agency resiliency virtual forum and podcast, in partnership with HSEMA, DC Water and DOEE to inform residents on cross cutting issues related to flooding and natural disasters.
Financial Services Curriculum, Guides and Alerts and Financial Literacy: Key Project	Deliver financial services curriculum that contains topics of interest and importance to all population segments in the District; provide District residents with information about financial products and services; and provide residents with information on financial services and engage in comprehensive efforts to provide financial literacy.
Financial Education and Empowerment: Daily Service	DISB will develop and implement four financial education and outreach programs, specifically in Wards 7 and 8 that will increase awareness of DISB's services and inform District residents and business owners about relevant topics in a variety of issues areas, including insurance and financial education, and student loan debt management.
<b>Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs.</b>	
DC BizCap: Daily Service	Administer DISB's DC BizCap program to provide financial support to District-based small businesses and entrepreneurs.
<b>Create and maintain a highly efficient, transparent, and responsive District government.</b>	
Marketing and Promotion (Communications): Daily Service	DISB will finalize the rebranding program, begin implementing marketing strategies and revitalize our public engagement campaign to better align with the Department's mission and vision.

## 5 2023 STRATEGIC INITIATIVES

In FY 2023, Department of Insurance, Securities and Banking had 8 Strategic Initiatives and completed 62.5%.

Title . Description	Update	
Innovation	<p>DISB will establish an Office of Innovation that will focus on attracting financial technology, insurance technology and regulation technology companies that will offer innovative financial products and services to District residents and businesses. The Office of Innovation will encourage financial services companies to use the latest technology innovations such as artificial intelligence, algorithms, telematics and blockchain to lower costs, improve efficiencies, and enhance customer experience. The Office will place a special emphasis on working with financial services companies whose mission includes a commitment to diversity, equity, and inclusion, and offer financial services and products that focus on the needs of District residents and communities that have been unserved or underserved by traditional financial services companies.</p>	<p>Completed to date: Complete The Office of Innovation has hired an Outreach specialist. We have identified a qualified candidate for the Business Analyst role and HR has extended and offer. The Office of Innovation has been successful in recruiting five Fintech and Insurtech businesses to the District including: Shur, Bretton Woods Digital AG, Deuce Payment Processing, Africa Fintech Summit and Waya Pay. Four of the Five companies are led by diverse founders.</p>
Securities	<p>In FY23, DISB’s Securities Bureau will develop an effective Investor Education and Protection Program that fits the needs of our diverse community through user-friendly website resources, educational materials, and outreach to District residents through multiple investor education programs. In FY23, the Securities Bureau will retain a website designer to restructure the Investor Education webpage to list topics of interest and subjects for which a viewer may be seeking information. This information will also be available in printed form during DISB presentations to community groups.</p>	<p>Completed to date: Complete The Securities Bureau took four key steps during the 4Q of FY23 to achieve this initiative. First, the Securities Bureau completed and DISB Communications issued three consumer alerts regarding Single Stock Exchange Traded Funds, Investment Adviser Scams, and Mobile Investment Platforms. Second, the Bureau purchased additional DC customized investor guides, estate planning guides, alternative investment guides and annuity guides. Third, the Bureau submitted and received approval from the Investor Protection Trust for a \$56,400 grant (subject to required EOM and OCFO approvals) to create animated investor videos and run radio ads regarding investment scams. Fourth, the Bureau prepared and DISB HR submitted to DC HR a job description and position posting for a full time Investor Education and Protection Coordinator to be hired in FY24.</p>

## DC REACH

DC REACH is a two-year initiative with the Office of the Comptroller of Currency that will continue in FY23. The project's goals are to reduce specific barriers that prevent full, equal, and fair participation in the nation's economy and remove structural barriers to financial inclusion resulting in broader participation in the economy to help people, previously left out of the system, to pursue their American dreams. Identify top barriers for credit, affordable homeownership, and small business growth specific to the District. Recommend data driven solutions to barriers for programs, products and policy that are sustainable. Each workstream will recommend a program, product, and/or policy. Publish an Annual Report or White Paper available to the public via the DISB and partner websites.

Completed to date: 75-99%

The Affordable Homeownership workstream recommending local and Federal policy changes to increase minority homeownership opportunities in DC, including developing a website that includes all of the private sector downpayment and mortgage assistance products available in DC. We also have developed recommendations to educate stakeholders of the programs available in DC to assist residents in becoming mortgage ready. The Credit Workstream will recommend a product focused around credit improvement and financial literacy, which will be technology based. We conducted a community listening session to confirm the work stream's findings. The Small Business Workstream will recommend developing a framework for a technical assistance program focused on providing education and supporting around sales/profitability, business management, financial reporting and credit. DISB works closely with Office of the Controller of the Currency on this initiative and the OCC did not submit its input in a timely manner, which resulted in DISB's inability to complete the project by the end of FY 23. DISB will share its findings and recommendations with representatives from the OCC to obtain their feedback, and will prepare an annual report on or before January 31, 2024.



DC BizCap (SSBCI)

The District's State Small Business Credit Initiative (SSBCI) will have finalized the application for the additional funding allocated through the American Rescue Plan. SSBCI will focus on the following initiatives.

- 1) In FY23, SSBCI will expand current programing and form a relationships with Community Development Financial Institutions (CDFI) to deploy a portion of the funding. The loan fund aims to address financial access to socially and economically disadvantaged (SEDI) owned small businesses. This includes minority and women owned companies, businesses located in CDFI zoning areas and very small businesses (VSB) which the treasury defines as companies with 10 or less employees.
- 2) As a part of the SSBCI expansion in FY23, DSLBD will lead and administer the Technical Assistance Programs. This program is intended to expand access to capital, promote economic resiliency, create new jobs, and increase economic opportunity.

Completed to date: Complete  
DC BizCAP has been approved for the full \$62 million allocation of SSBCI funding. The first tranche has been received and the procurement process has been initiated to find the participating CDFIs to administer a portion of the funding. Standard Operating Procedures have been drafted and submitted for approval and adoption.

Propose Legislation to Modernize Insurance Code

The Department will propose legislation to modernize the insurance code to facilitate the use of innovative insurance practices to enhance the affordability, availability, and accessibility of personal lines property & casualty insurance products in the District. The modernization will include appropriate safeguards to ensure consumer protections are in place.

Completed to date: 75-99%  
Insurance Bureau completed its review of the insurance code in FY 23, and identified several provisions that need to be amended to modernize the District's insurance laws. The staff of the Insurance Bureau has been working with the attorneys in DISB's Office of the General Counsel to draft the legislation, but we were unable to complete the process of drafting all of the legislation due to the departure of three attorneys in FY 23.

Unintentional Bias Analysis and Report	<p>In FY23, the Department will complete its analysis of unintentional bias in personal lines automobile insurance and will introduce legislative proposals or take other regulatory actions as needed to ensure all District consumer are treated fairly by insurers writing private passenger automobile insurance. If appropriate the analysis will be extended to homeowners' insurance.</p> <p>In FY23, DISB will release a report identifying whether there is unintentional bias in the market overall. If unintentional bias is identified, the report will identify steps necessary for the impacted insurers to correct their future underwriting practices and rate filings.</p>	<p>Completed to date: 75-99%</p> <p>The analysis of the data took longer than anticipated and the initial findings required additional analysis. The draft report has been shared with the examined insurers with a January 12th deadline to identify any elements that should be considered confidential. After that, the report will be released for public comment on the methodology and conclusions.</p>
Life Insurance Education	<p>A Life Insurance education initiative to provide the following information: Explain why Life Insurance is important; discuss how different Life Insurance products work; provide overview of how Life Insurance can assist in maintaining a certain quality of life and fortify against major life events/losses/setbacks; and as a tool for wealth creation.</p>	<p>Completed to date: Complete</p> <p>Hosted a Life Insurance Forum on 4/22/2023. The panel discussion with producers and budgeting expert provided information regarding importance, uses, cost and myths of the product. Cost calculator and survey were introduced to attendees. On 5/31/2023 co-hosted a life insurance presentation in collaboration with the DC Department of Human Services to discuss the importance of the product.</p>
Consumer Services	<p>To enhance DISB's brand awareness, provide access, and expand utilization of consumer education resources, advocacy, and enforcement referrals, the Consumer Services Department will create Senior Focused Program centered around 3 topics: • Financial Scams - specifically on-line fraudulent scams • Annuities - what to look out for/what to avoid • Asset protection - the importance of wills/estate planning; passing on assets to the next generation.</p>	<p>Completed to date: Complete</p> <p>On 8/25/23, we participated in Terrific, Inc's Annual Angora Market Place bringing materials promoting awareness of financial fraud and estate planning. On 9/19/2023, DISB participated in an AARP (Emery Heights Chapter) event at People's Congregation Church, located at 4704 13th Street, N.W. regarding Mental Health Parity and insurance coverage requirements related to mental health. On 9/27/2023- presented to DHS customers regarding Mental Health Parity requirements and available resources and services.</p>

## 6 2023 KEY PERFORMANCE INDICATORS AND WORKLOAD MEASURES

### Key Performance Indicators

Measure	Directionality	FY 2021	FY 2022	FY 2023 Q1	FY 2023 Q2	FY 2023 Q3	FY 2023 Q4	FY 2023	FY 2023 Target	Was 2023 KPI Met?
<b>Provide high quality and efficient consumer protection services to District residents and businesses.</b>										
Percent of insurance, securities and banking complaints closed within 45 days of receipt	Up is Better	104.4%	103.2%	100%	100%	100%	98.5%	99.6%	95%	Met
Number of cyber fraud enforcement investigations initiated	Up is Better	New in 2022	44	13	26	29	16	84	40	Met
<b>Establish the District as a premier destination for financial services firms to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District.</b>										
Number of District laws, regulations and policies reviewed for possible modernization	Up is Better	7	12	1	4	4	8	17	4	Met
<b>Provide high quality services to financially empower residents and create pathways to the middle class.</b>										
Percent increase in number of Financially Fit DC events	Up is Better	-13.1%	6.6%	Annual Measure	Annual Measure	Annual Measure	Annual Measure	62.7%	0%	Met
<b>Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs.</b>										
Percent of State Small Business Credit Initiative applications processed within 30 days of receipt	Up is Better	100%	100%	100%	100%	100%	No applicable incidents	100%	100%	Met
Number of outreach events for small businesses, financial institutions, or business organizations	Up is Better	20	52	7	11	14	14	46	25	Met

## Workload Measures

Measure	FY 2021	FY 2022	FY 2023 Q1	FY 2023 Q2	FY 2023 Q3	FY 2023 Q4	FY 2023
<b>Complaint Activity</b>							
Number of residents who receive in-person fraud abuse prevention, financial literacy training and/or consumer protection information	13,386	11,284	2,969	4,283	9,500	2,958	19,710
Number of complaints resolved within the quarter	New in 2023	New in 2023	120	185	199	205	709
Number of complaints received within the quarter	New in 2023	New in 2023	185	193	213	202	793
<b>Exams</b>							
Number of examinations of non-depository financial institutions, domestic insurance companies, and investment firms completed during the fiscal year	175	160	31	48	43	50	172
<b>Market and Internet surveillance</b>							
Number of fraud alerts issued	21	24	3	5	6	7	21
<b>Legislative and Regulatory Review</b>							
Number of laws, regulations and policies reviewed	7	12	1	4	4	8	17
<b>Bank on DC</b>							
Number Financially Fit DC events held	166	177	48	62	72	106	288
Number of new bank accounts opened	125	375	201	478	681	256	1616
<b>DC BizCap</b>							
Number of outreach events for small businesses, financial institutions, or business organizations, including small business assistance clinics	66	52	7	11	14	14	46