

## **IV. Funds and Program Management**



## Information Services Section

The Information Services Section provides new applications project management, architecture, design work and programming; network and database operations and security; maintenance support for all in-house computer applications and interfaces for all external applications; hardware and software testing and acquisitions; e-mail account administration and security; and help desk support for desktop and laptop PCs, printers, faxes, scanners and copiers. The section strives for 99.9% uptime of the database and network. Agency telecommunications services are also provided or coordinated through this section.

### Applications

On the applications side of the Information Services Section, the following work was accomplished in support of user business applications:

- Completed work on the SAMS (staff applications management system) Phase 1A enhancement, a repository of employee information used for personnel and training purposes.
- Completed work on the SAMS Phase 1B enhancement, which provides functionality to request access to applications, the local area network, and telephone services.
- Started work on the SAMS Phase 1C enhancement, a set of on-demand reports used to view employee information.
- Completed work on a Web Report Module. This is a Web-based application that provides a standard way to select a report, enter parameters, and run a report.
- Completed work on the Premium Tax – Guaranty Fund Credit application to ensure companies are not receiving excess tax credits, and the Quarterly Deficiency Calculation function.
- Completed enhancements to the Sircon (State Insurance Regulatory Connection) lockbox for the company billing conversion to utilize data in the Sircon database.
- Completed work on an Electronic Funds application for company appointment billings.
- Completed work on the Web Rates and Forms internal capture and indexing features so documents can be accessed electronically and worked to use an application program interface (API) for pulling documents and data from SERFF (system for electronic review of forms filings).
- Completed development of an application program interface (API) for the Department of Workforce Development's Child Support Delinquency Matching project to exchange information related to agent licensing actions and child support payments.
- Completed work to inactivate Employee Benefit Plan Administrators from within the Producer Licensing System and loaded them into the Company Licensing System.
- Completed review of the Sircon business management application feasibility study of utilizing more Sircon modules for other OCI business functions.
- Developed a database to hold information on the agency's IT general records series.
- Continued development of an Injured Patients and Families Compensation Fund business management application to replace the existing legacy system.
- Continued development of the Internet Filing (Fillable Forms) project to convert legacy Web forms to more user-friendly, interactive forms that save data to a centralized database.
- Began the process of digitizing older Rate and Form documents that OCI maintains on microfilm to create a database to capture data identifying the documents to enable viewing them on-line.
- Provided support for and maintenance of existing OCI systems:
  - ◆ OCI Enterprise - put out several new builds of the OCI Enterprise system to incorporate periodic improvements in applications such as Complaints and Legal.
  - ◆ Financial databases and applications.
  - ◆ Performed system improvements or maintenance work for the Injured Patients and Families Compensation Fund business management application to improve reliability and stability of the application and facilitate the development of a replacement system

### Technical

On the technical side of the Information Services Section, the following work was accomplished to improve business users' computing environment:

- Completed the Office 2003 upgrade so office personal computers adopted a more current operating system version supported by the manufacturer.

- Developed a power down checklist for use in emergency power situations.
- Completed efforts to streamline and improve the computer imaging and application deployment processes:
  - ◆ Completed design and development of new workstation image and application packages.
  - ◆ Completed design and implementation of a new process for deploying applications using application packages.
  - ◆ Completed design and implementation of a new structure of Organization Units in Active Directory.
- Completed deployment of new workstation and laptop images.
- Proactively addressed issues and implemented patches and programs to address Daylight Savings Time change from April 1 to March 11.
- Started storage area network implementation process.
- Completed the upgrade to the IPFCF development environment from JBuilder 2006 to JBuilder 2007.
- Implemented Subversion as the version control and file repository software for java based applications.
- Provided telecom systems administration, maintenance, and support for the agency:
  - ◆ Telephone hardware and network.
  - ◆ Cell phone hardware.
  - ◆ CallCenterAnywhere call center application.
  - ◆ Automated call distribution (ACD) system.
- Implemented the State's Enterprise E-mail Consolidation project, migrating all user mailboxes from OCI's system to the Enterprise system.
- Provided IT infrastructure administration and support services for the agency:
  - ◆ IT Help Desk services.
  - ◆ E-mail system software and hardware.
  - ◆ Hardware (servers, routers, switches, storage area network (SAN), racks, uninterruptible power supplies (UPS), etc.).
  - ◆ Operating systems and administration software.
  - ◆ Desktop and laptop computer and software administration, management, and support.

## **Management**

On the management side of the Information Services Section, the following work was accomplished to improve overall IT program management:

- Completed efforts to improve IT project management procedures including:
  - ◆ Developed new document templates and procedures.
  - ◆ Implemented weekly status reporting process for developers.
  - ◆ Defined Project Governance Board structure, responsibilities, and procedures.
- Completed NAIC technology surveys including a survey on the status of the state's technology environments.
- Continued work to update the agency's disaster recovery plan including specific pandemic planning efforts.

## **Management Analysis and Planning**

The Management Analysis and Planning Section (MAPS) supports the mission of the Office of the Commissioner of Insurance (OCI) through oversight of the agency's business planning processes in the areas of financial management, project management, staff development and office management. This section is responsible for the agency's budget, accounting, and fiscal responsibilities and administers the agency-wide project management program; staff development; continuity of operations planning, and office management services, including: risk management; health and safety; mail and reception functions. MAPS staff also serves as liaison between the agency and the Department of Administration for human resources, training and procurement services.

### **Financial Management**

This area provides accounting, budgeting, contract management, internal control, procurement, risk management, and vendor payment services for the OCI. The section produces the annual operating budgets for all units of the agency, external financial reports at the fund and agency level, GAAP reports, and required statutory reports, e.g., Ethics Board Sunshine Act and minority contracting reports.

The staff is responsible for providing technical budget assistance and guidance to OCI managers and staff, tracking expenditures and revenues, collecting accounts receivables, calculating and billing of the annual examination assessment, administering the state purchasing card program, cashiering and serving as liaison with the Department of Administration-Procurement.

Some of the accomplishments in this area during the past year include:

- Chaired the State Agency Purchasing Council.
- Implemented new requirements for obtaining IT contract services through the vendor managed IT services contract.
- Participated and attended training as subject matter experts on the finance and purchasing committees for the Integrated Business Information System (IBIS) regarding the implementation of the State's new Enterprise Resource Planning (ERP) system.
- Developed a new chart of accounts in preparation for the IBIS implementation.

- Implemented a series of budget and position transactions needed to reflect administrative requirements in 2005 Wisconsin Act 25 (the biennial budget bill).
- Updated the agency's strategic business plan.
- Updated the agency's Continuity of Operations Plan/Continuity of Government Plan to guide agency business resumption activities in the event a disaster interrupts business operations.
- Conducted exercises of the Continuity of Operations Plan, as well as provided training to assigned staff.
- Started /facilitated pandemic planning for the agency.
- Researched and requested approval for electronic receipting project which could have potential savings to the agency.

### **Project Management**

In 2006, MAPS was given Executive Management direction and support to define and implement procedures and standards that would facilitate more rigorous project management, oversight, and communication with the goal of improving organizational efficiency and project performance.

The Project Management Program in MAPS is designed to ensure business process and information technology projects that are undertaken are aligned with OCI's Strategic Business Plan, facilitate the Project Governance Board meetings, provide project status reports to the Project Governance Board, and ensure consistency between projects and project managers for performance metrics, documentation, and communication.

Project management activities in 2007 included:

- The Project Governance Board reviewed the list of agency projects and, based on OCI's business goals, reprioritized the projects.
- Refresher training for agency project managers in MS Project Server.
- Continued improvements to the project management process.
- Closing of the following projects in 2007:
  - ◆ EBPA Conversion
  - ◆ Sircon - Complaints/Legal Gap Analysis
  - ◆ Web Rates and Forms (SERFF API)
  - ◆ SAMS - Phase 1B

### **Staff Development**

Training activities in 2007 included:

- Utilized all available NAIC grant/zone funds to support our regulatory training needs.
- Coordinating specialized industry training in-house, including NAIC I-Site and ACL training.
- Providing training to supervisors and managers on the SAMS Employee Setup Request functionality.
- Microsoft Project Server refresher training for project managers.
- Exadel JSF training for IT development staff.
- BEA WebLogic Server training for IT staff.
- HTML training for agency staff.
- LexisNexis training for agency staff.
- Adobe Acrobat training for Regulation & Enforcement staff.

### **Office Management**

The Office Management area provides essential office leadership and services in an effort to achieve a quality workforce and environment in support of the mission of the agency. This area is responsible for monitoring and maintaining agency policies and

procedures, managing administrative matters affecting the business operation of the agency, and serving as liaison with the Department of Administration-Human Resources. In an effort to strive to achieve physical accommodations for maximum comfort, security, and safety for staff and visitors alike, this area is responsible for the management of building maintenance and security, along with provision of health and safety oversight. The Office Management area is also responsible for providing the agency's mail, reception and publication distribution services.

Some of this area's major accomplishments for 2007 were:

- Continued the agency's ongoing supported work efforts by renewing the employment of disabled individuals through the organization Community Work Services, Inc.
- Responded to requests for both individual and bulk publication orders.
- Maintained the development of a publication inventory system database.
- Responded to employees' ergonomic needs.
- Developed an agency cultural/diversity survey.
- Developed contractor confidentiality agreements.

## **Alternative Work Patterns**

OCI is cognizant of the need to offer a flexible work environment in order to maximize the employment options available to existing and potential state employees and to meet the needs of our constituents. OCI encourages the utilization of alternative work patterns such as flex time, part-time, and shared-time schedules to increase productivity, extend services, reduce absenteeism, improve employee morale, allow for employee development, and maximize energy conservation through ridesharing and use of mass transit systems. Currently our staff includes two job-share arrangements and four part-time permanent

employees. Ninety-one percent of the agency's staff has some form of nonstandard work schedule. The agency also reviews requests, on a case-by-case basis, from staff who wish to temporarily work from their home. The agency recognizes that alternative work pattern schedules may provide opportunities for individuals to productively utilize their skills, talents, and abilities. It recognizes that a traditional, full-time, work schedule may not meet the needs of individuals whom, due to age, health, or family circumstances, find such a schedule in conflict with responsibilities outside of work.

### Local Government Property Insurance Fund (Fund)

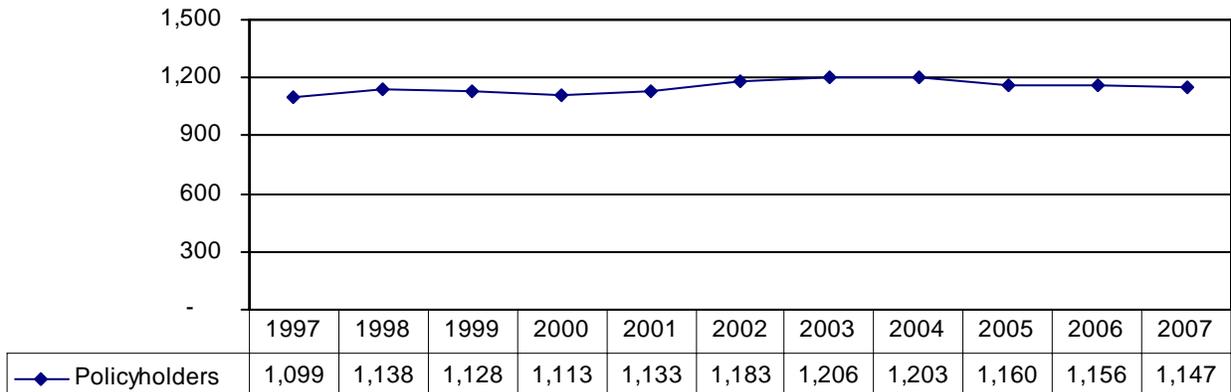
The purpose of the Fund is to make reasonably priced property insurance available for tax-supported local government property such as government buildings, schools, libraries, and motor vehicles. The Commissioner of Insurance by law is designated as the Fund's Manager. The Fund has one state employee who supervises day-to-day operations of the Fund by contracting for specialized services, such as claims and policy administration, which are performed by The ASU Group located in Madison, Wisconsin.

During fiscal year 2007 the Fund continued to enhance program and administrative operations relating to its computer system, the role of its advisory committee and claims and underwriting services. Specifically, a major enhancement to policy processing, including renewals and all policy changes continued in 2007. The Electronic Statement of Values (ESOV) project is a Web-

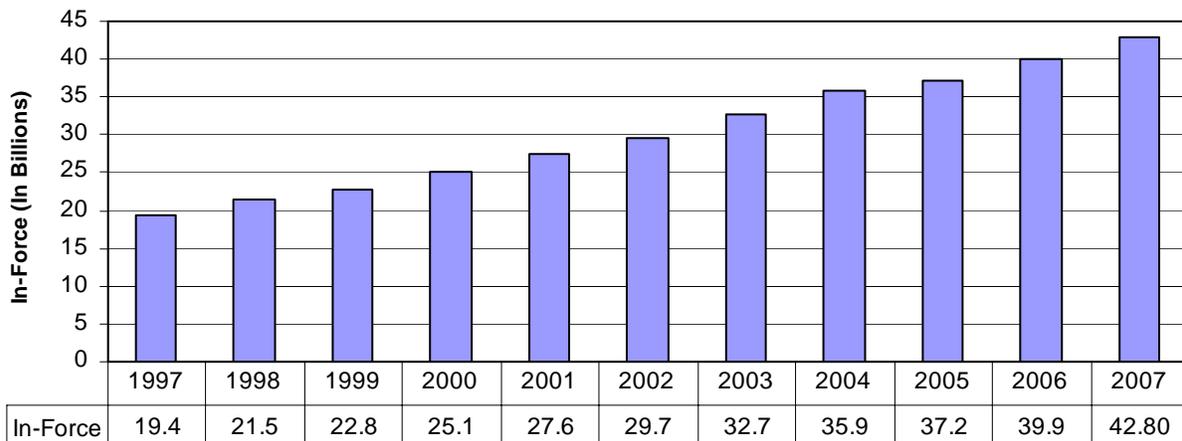
based program that allows policyholders to make all of their policy changes on line. Functionality within ESOV also gives the policyholder the option to export their statement of values to Excel spreadsheet format and sort by department. The Fund's advisory committee, comprised of 21 Fund policyholders, completed work on a policy rewrite project and continued to work on developing a policyholder loss control program.

As of June 30, 2007, the Fund insured 1,147 policyholders: 62 counties, 326 schools, 160 cities, 202 towns, 274 villages, and 123 miscellaneous (libraries, etc.). Combining new business and terminations, the overall number of policyholders decreased by 9 since the previous fiscal year-end. Two graphs are included that reflect changes in the Fund's policyholder base and growth in its insurance coverage in force.

**Number of Policyholders  
Fiscal Years 1997 - 2007**



**Local Government Property Insurance Fund  
Growth of Coverage In-Force**



The Fund's insurance in force represents property that is insured against loss. The more property insured, the greater the potential for a loss. The total amount of insurance in force as of June 30, 2007, was \$42.8 billion, up from \$39.9 billion as of the previous fiscal year-end. The Fund's total insurance in force increased \$2.9 billion over the prior year while its surplus (total assets minus total liabilities) increased approximately \$2 million over the same time period.

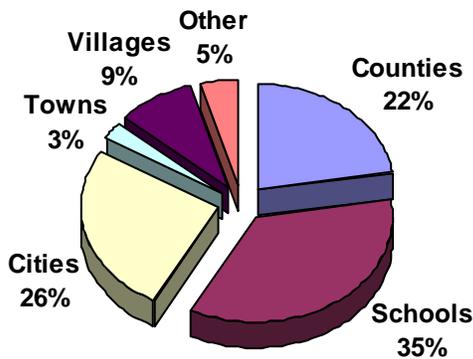
Three pie charts are included in this report reflecting the premium earned and the percent of policies by type of policyholder entity and a breakdown of the type of policy purchased. The majority of the Fund's insureds are using the valuation project service that began in 1988. This method of valuing buildings, contents, property in the open and contractor's equipment was developed to promote equity in premiums and the proper reporting of values. Valuation participants not only have broader coverage than those insureds that purchase a coinsurance

policy but also enjoy the benefits of automatic computer-generated statements of value. The coinsurance policy requires the insured to establish the insurance value for the property, which caps the maximum recovery in the event of a total loss and can also impose limitations when paying partial losses if the property is not insured to full value.

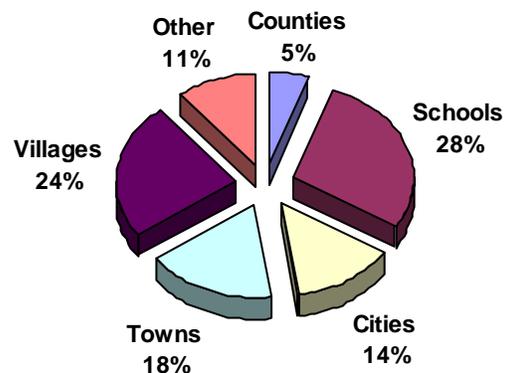
The Fund's balance sheet and income statement for the fiscal year ending June 30, 2007, are included with this report. The Fund experienced an underwriting loss of approximately \$950,000 due to a combination of premium rate reductions and higher claims losses, but realized a net income of almost \$2 million after investment income was taken into consideration.

Fund management will continue to monitor insurance in force, claims trends and Fund surplus when evaluating the Fund's rating structure. Claims costs coupled with higher self-insured Fund reinsurance retention levels and reinsurance premium will continue to be factors considered in the rate-setting analysis.

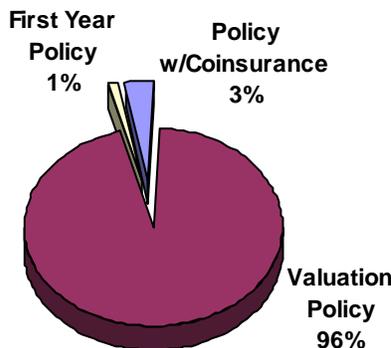
**Direct Premium Earned by Entity Type  
Fiscal Year Ending June 30, 2007**



**Percent of Policies by Entity Type  
Fiscal Year Ending June 30, 2007**



**Percent of Policies by Policy Type  
Fiscal Year Ending June 30, 2007**



*Wisconsin Insurance Report Business of 2007*  
*Funds and Program Management, Local Government Property Insurance Fund*

Following are financial statements—balance sheet and income statements—for the Fund for the fiscal year ending June 30, 2007.

<b>Local Government Property Insurance Fund Balance Sheet—Statutory Basis June 30, 2007</b>	
<b>Assets</b>	
Investment Fund	\$54,495,000
Cash at Treasury	758
Premiums Receivable	970,700
Reinsurance Recoverable	341,761
Interest Receivable	<u>239,218</u>
<b>Total Assets</b>	<u><u>\$56,047,437</u></u>
<b>Liabilities and Surplus</b>	
<b>Liabilities</b>	
Net Loss Reserves	\$ 9,254,040
Loss Adjustment Expenses Payable	277,500
Net Unearned Premiums	5,095,212
Other Expenses Payable	<u>463,975</u>
<b>Total Liabilities</b>	\$15,090,727
<b>Surplus</b>	
Surplus - Beginning of Year	38,995,906
Net Income (Loss)	<u>1,960,804</u>
<b>Surplus - End of Year</b>	<u>40,956,710</u>
<b>Total Liabilities and Surplus</b>	<u><u>\$56,047,437</u></u>

<b>Local Government Property Insurance Fund Income Statement—Statutory Basis June 30, 2007</b>	
<b>Premiums Earned</b>	
Direct Premium Earned	\$21,781,426
Reinsurance Ceded	<u>(4,138,844)</u>
<b>Net Premium Earned</b>	\$17,642,582
<b>Losses Incurred</b>	
Direct Losses Incurred	22,480,993
Reinsurance Loss Recoveries	<u>(6,113,716)</u>
<b>Net Losses Incurred</b>	16,367,277
<b>Loss Adjustment Expenses</b>	852,023
<b>Other Underwriting Expenses</b>	<u>1,379,692</u>
<b>Total Net Losses and Expenses</b>	<u>18,598,992</u>
<b>Underwriting Income</b>	(956,410)
<b>Investment &amp; Other Income</b>	
Interest on Bonds	59,169
Investment Fund Earnings	<u>2,858,045</u>
<b>Net Investment Income</b>	<u>2,917,214</u>
<b>Net Income Before Dividends</b>	1,960,804
Dividends to Policyholders	<u>(0)</u>
<b>Net Income</b>	<u><u>\$1,960,804</u></u>

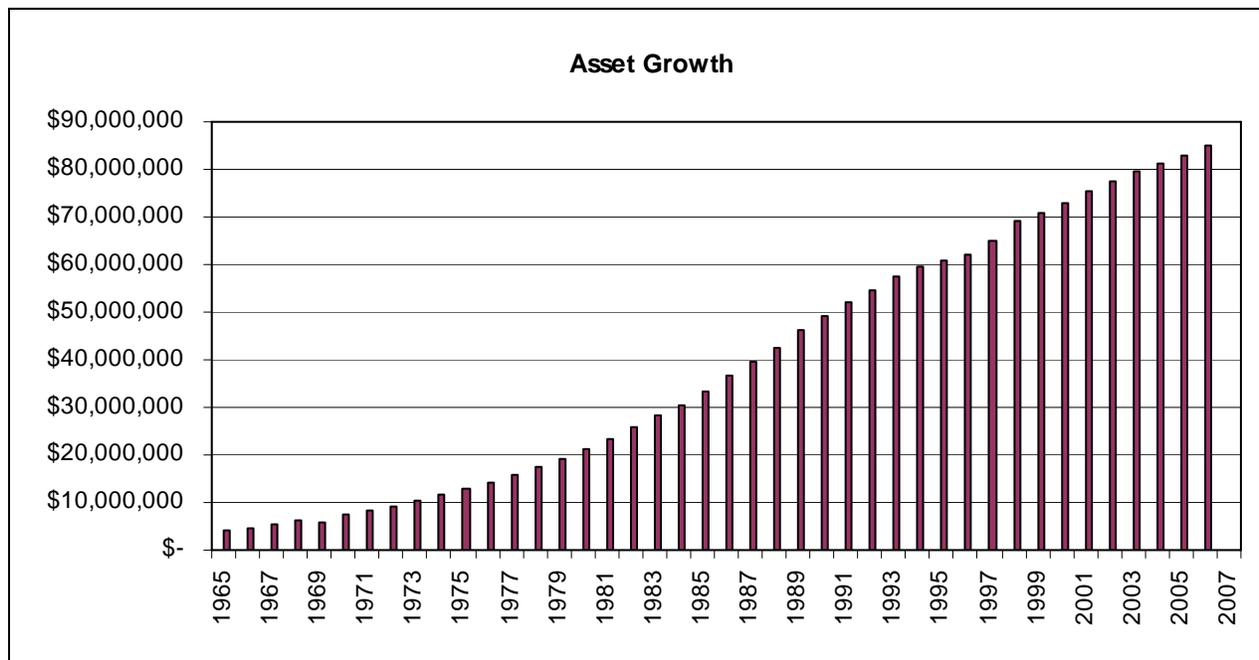
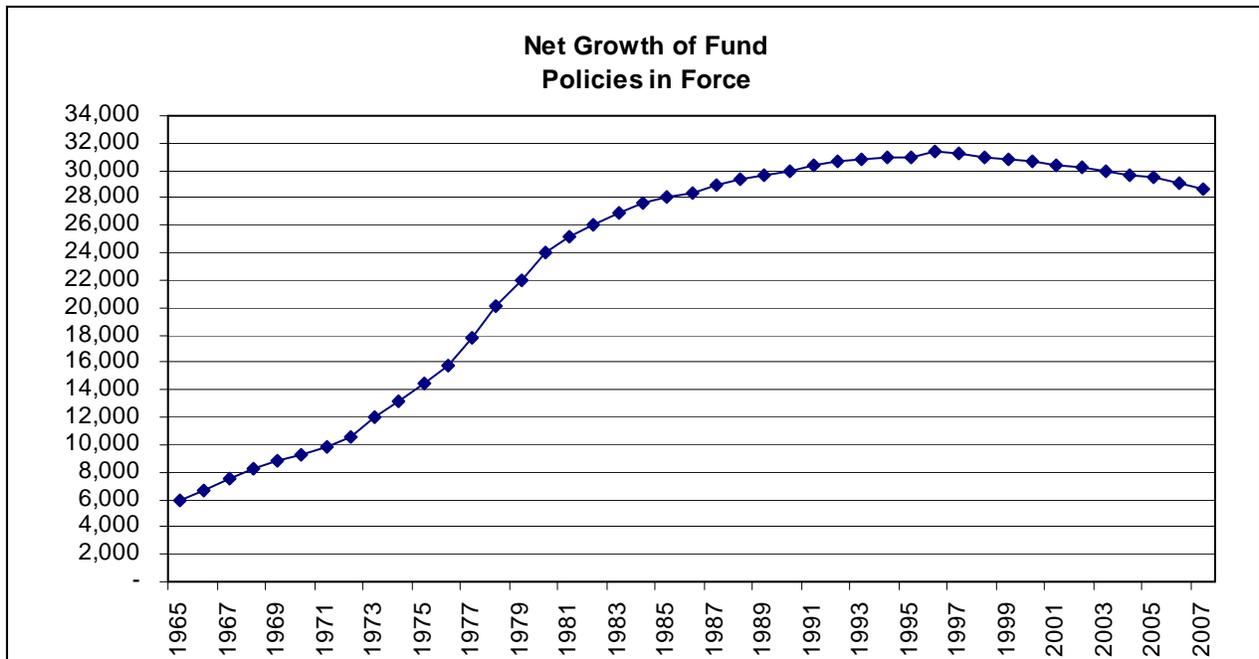
### State Life Insurance Fund (Fund)

The Fund is a segregated fund located within OCI. The Fund offers a maximum of \$10,000 of life insurance to state residents. Operating as a mutual insurance company, the Fund has a manager and is supervised by the Commissioner.

Section 607.15, Wis. Stat., requires the Fund to distribute annually among the policyholders its net profits and to the extent practicably possible, maintain a ratio of

surplus to assets between 7% and 10%. In 2007, a distribution of \$2.1 million was paid to policyholders in the form of dividends.

Wisconsin is the only state in the nation that offers a life insurance program to residents. All policies issued are participating and there is no marketing of the Fund. The lapse rate on Fund policies is a low 1.3%. As of December 31, 2007, there were 28,615 policies in force.



*Wisconsin Insurance Report Business of 2007*  
*Funds and Program Management, State Life Insurance Fund*

Following are financial statements—balance sheet and income statements—for the Fund for the year ending December 31, 2007.

<b>State Life Insurance Fund</b>	
<b>Balance Sheet</b>	
<b>December 31, 2007</b>	
<b>Assets</b>	
Bonds	\$79,514,026
Policy Loans	3,762,905
Cash and Bank Deposits	2,276,839
Premiums Deferred & Uncollected	108,721
Investment Income Due & Accrued	1,361,412
Recoverable Reins.	<u>0</u>
<b>Total Assets</b>	<b><u>\$87,023,903</u></b>
<b>Liabilities and Surplus</b>	
Reserves for Life Policies & Contracts	\$60,042,657
Interest Maintenance Reserve	707,211
Policy Claims	212,000
Dividends Due and Unpaid (2007)	15,640
Dividends - Provision for 2008	2,101,626
Deposit Type Contracts	17,209,084
Unclaimed Property	40,634
Taxes, Licenses, Fees Accrued	872
Suspense and CANC Drafts	103,527
Expenses Due & Accrued	54,485
Back Up Withholding	2
Premiums Received in Advance	49,757
Asset Valuation Reserve	<u>277,256</u>
<b>Total Liabilities</b>	<b>\$80,814,751</b>
Surplus	<u>6,209,152</u>
<b>Total Liabilities and Surplus</b>	<b><u>\$87,023,903</u></b>

<b>State Life Insurance Fund</b>	
<b>Income Statement</b>	
<b>December 31, 2007</b>	
<b>Income</b>	
Premiums	\$2,001,228
Investment Income	4,862,397
Amortization of Interest Maintenance Reserve	370,299
Miscellaneous Income	<u>2,221</u>
<b>Total Income</b>	<b>\$ 7,236,145</b>
<b>Expenses</b>	
Death Benefits	975,195
Matured Endowments	147,000
Other Policy Benefits	1,176,991
Increase in Reserve	959,172
General Operating Expense	<u>546,133</u>
<b>Expenses before Dividends</b>	<b><u>3,804,491</u></b>
Net Gain before Dividends	<u>3,431,654</u>
Dividends to Policyholders	<u>2,066,105</u>
<b>Net Gain (Loss) from Operations</b>	<b><u>\$ 1,365,549</u></b>