

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; 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 Phase 1C enhancement, a set of on-demand reports used to view employee information for personnel and IT administration.
- Continued development of an Injured Patients and Families Compensation Fund business management application to replace the existing legacy system.
- Completed development of the Internet Filing (Fillable Forms) project for the Financial Bureau to convert legacy Web forms to more user-friendly, interactive forms that save data to a centralized database.
- Started development on the Market Regulation Internet forms.
- Continued to work on 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

- Completed the e-payment system for Companies' Appointment Billings and Annual Assessments.
- Started work on Agent License Renewals e-payments.
- Started work on Electronic Complaint Web Filing.

Technical

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

- Completed deployment of new workstation and laptop images.
- Proactively addressed issues and implemented patches and programs to address daylight saving time change from April 1 to March 11.
- Started server migration project.
- 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.
- 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:

- Started a Continuous Improvement project to improve IT processes for development and technical services.
 - ◆ Developed new document templates and procedures.
 - ◆ Provided training related to Business Analysis and Capability Maturity Model Integration.
 - ◆ Started Enterprise Business Architecture Project.

- 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.

Project Management

In 2006, Executive Management gave 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 is designed to ensure business process and information technology projects that 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 2008 included:

- The Project Governance Board reviewed the list of agency projects and, based on OCI's business goals, reprioritized the projects.
- Continued improvements to the project management process.
- Closing of the following projects in 2008:
 - ◆ SAMS - Phase 1C
 - ◆ Reconversion of Web rates and forms

Staff Development

Training activities in 2008 included:

- Utilizing all available NAIC grant/zone funds to support our regulatory training needs.
- Specialized industry training in-house, including NAIC I-Site and ACL training.
- Introduction to CMMI training for project managers and IS staff.
- Business Analysis Theory and Practice training for project managers and IS Staff.
- Microsoft Project training for project managers.
- Dreamweaver training for agency staff.
- E-mail training for agency staff.

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 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., the minority contracting reports, as well as annual contract justification for continued contract renewals.

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, cashing and serving as liaison with the Department of Administration-Procurement.

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

- Vice-chaired the State Agency Purchasing Council.
- Continued meeting requirements for obtaining IT contract services through the vendor managed IT services contract.
- Participated and attended training as subject matter experts and business analysts 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.

- 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 an exercise of the agency pandemic plan, as well as provided training to assigned staff.
- Completed Phase 1 of the electronic receipting project which could have potential savings to the agency.

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 2008 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.
- Implemented three training sessions for employees based on a prior agency cultural survey.
- Implemented contractor confidentiality agreements.
- Revised the agency's Health and Safety Action Plan.
- Reconfigured office space to accommodate organizational changes.

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 who, due to age, health, or family circumstances, find such a schedule in conflict with responsibilities outside of work.

Local Government Property Insurance Fund (Fund)

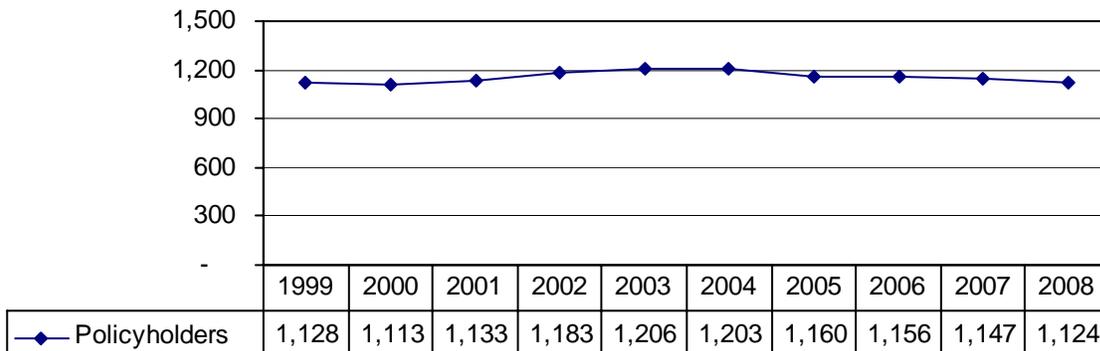
The purpose of the Fund is to make reasonably priced property insurance available for tax-supported local government property such as government buildings, schools, libraries, and motor vehicles. The Commissioner of Insurance by law is designated as the Fund's manager. The Fund has one state employee 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 2008 the Fund continued to enhance program and administrative operations relating to its policy processing and computer system and also to its investment authority. Major enhancements to policy processing including renewals and all policy changes continued to be implemented in 2008 relating to the Electronic Statement of Values (ESOV) project which is a Web-based software program that allows policyholders to make all of their policy changes on line. Functionality within ESOV also gives the policyholder the option to

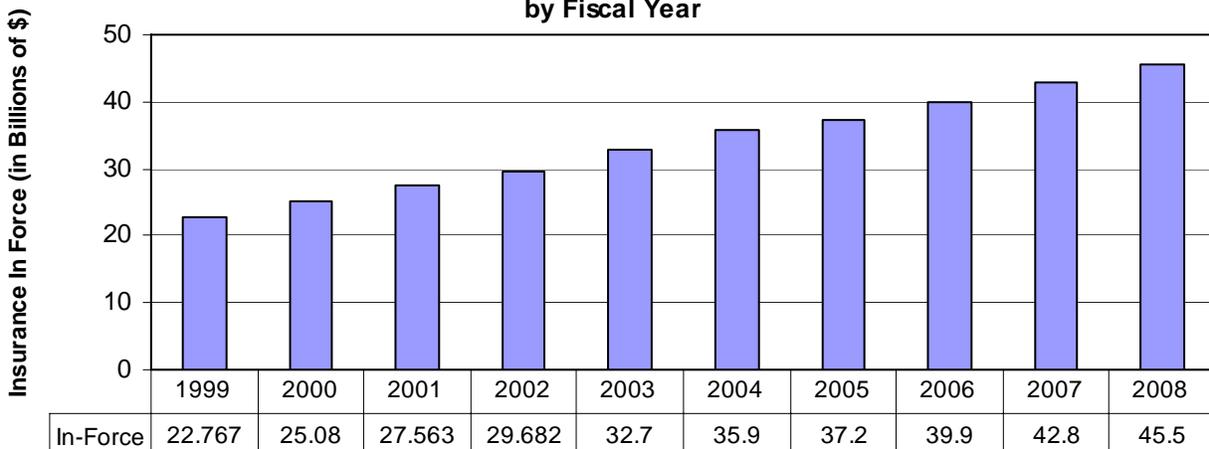
export their statement of values to Excel spreadsheet format and sort by that entity's own department codes. The Fund also obtained statutory authority expanding its ability to invest its assets in more than just the state's short-term cash investment fund. The change grants the State of Wisconsin Investment Board (SWIB) the authority to invest Fund assets in higher yielding, longer term investment securities consistent with the Fund's cash flow needs and has the potential to produce additional investment income that could be used to moderate premium rates.

As of June 30, 2008, the Fund insured 1,124 policyholders: 62 counties, 319 schools, 158 cities, 191 towns, 274 villages, and 120 miscellaneous (libraries, etc.). Combining new business and terminations, the overall number of policyholders decreased by 23 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 1999- 2008**



**Local Government Property Insurance Fund
Growth of Coverage In Force
by Fiscal Year**



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, 2008, was \$45.5 billion, up from \$42.8 billion as of the previous fiscal year-end. The Fund's total insurance in force increased \$2.7 billion over the prior year, while its surplus (total assets minus total liabilities) decreased approximately \$3.3 million over the same time period.

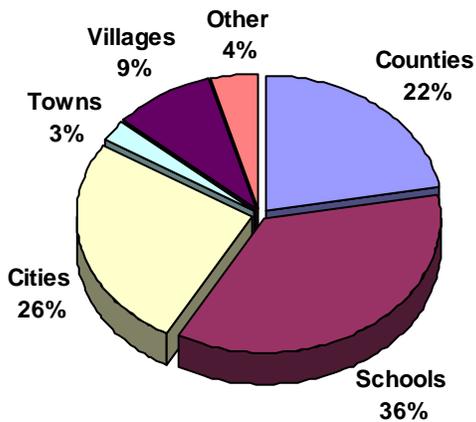
Three pie charts are included in this report reflecting the premium earned and the percent of policies by type of policyholder entity and a breakdown of the type of policy purchased. The majority of the Fund's insureds are using the valuation project service that began in 1988. This method of valuing 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.

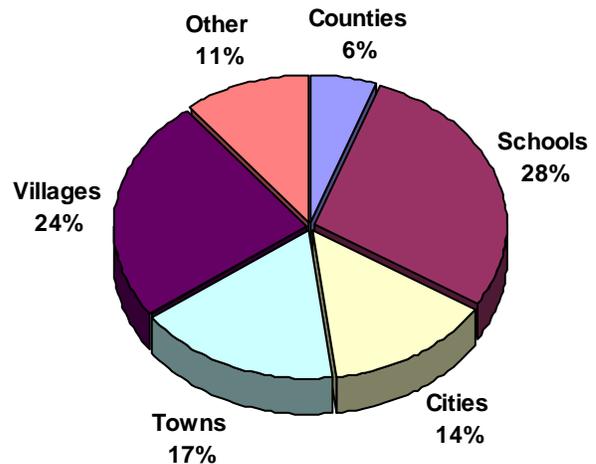
The Fund's balance sheet and income statement for the fiscal year ending June 30, 2008, are included with this report. The Fund experienced an underwriting loss of approximately \$6.6 million due to a combination of premium rate reductions and higher claims losses, but realized a smaller net loss of almost \$4.3 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.

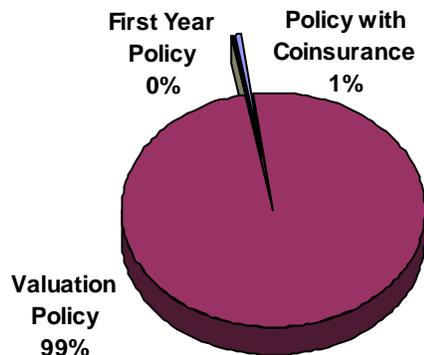
**Direct Premium Earned by Entity Type
Fiscal Year Ending June 30, 2008**



**Percent of Policies by Entity Type
Fiscal Year Ending June 30, 2008**



**Percent of Policies by Policy Type
Fiscal Year Ending June 30, 2008**



Wisconsin Insurance Report Business of 2008
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, 2008.

Local Government Property Insurance Fund Balance Sheet—Statutory Basis June 30, 2008	
Assets	
Investment Fund	\$53,099,000
Cash at Treasury	75,245
Premiums Receivable	323,731
Reinsurance Recoverable	2,550,805
Interest Receivable	<u>105,631</u>
Total Assets	<u><u>\$56,154,412</u></u>
Liabilities and Surplus	
Liabilities	
Net Loss Reserves	\$12,658,934
Loss Adjustment Expenses Payable	370,569
Net Unearned Premiums	5,245,798
Reinsurance Payable	532,070
Premium Received in Advance	235,122
Other Expenses Payable	<u>417,861</u>
Total Liabilities	\$19,460,354
Surplus	
Surplus - Beginning of Year	40,956,710
Net Income (Loss)	<u>(4,262,652)</u>
Surplus - End of Year	<u>36,694,058</u>
Total Liabilities and Surplus	<u><u>\$56,154,412</u></u>

Local Government Property Insurance Fund Income Statement—Statutory Basis June 30, 2008	
Premiums Earned	
Direct Premium Earned	\$21,594,902
Reinsurance Ceded	<u>(4,738,753)</u>
Net Premium Earned	\$16,856,149
Losses Incurred	
Direct Losses Incurred	23,205,698
Reinsurance Loss Recoveries	<u>(2,020,275)</u>
Net Losses Incurred	21,185,423
Loss Adjustment Expenses	752,503
Other Underwriting Expenses	<u>1,514,430</u>
Total Net Losses and Expenses	<u>23,452,356</u>
Underwriting Income	(6,596,207)
Investment & Other Income	
Investment Fund Earnings	<u>2,333,555</u>
Net Investment Income	<u>2,333,555</u>
Net Loss	<u><u>\$(4,262,652)</u></u>

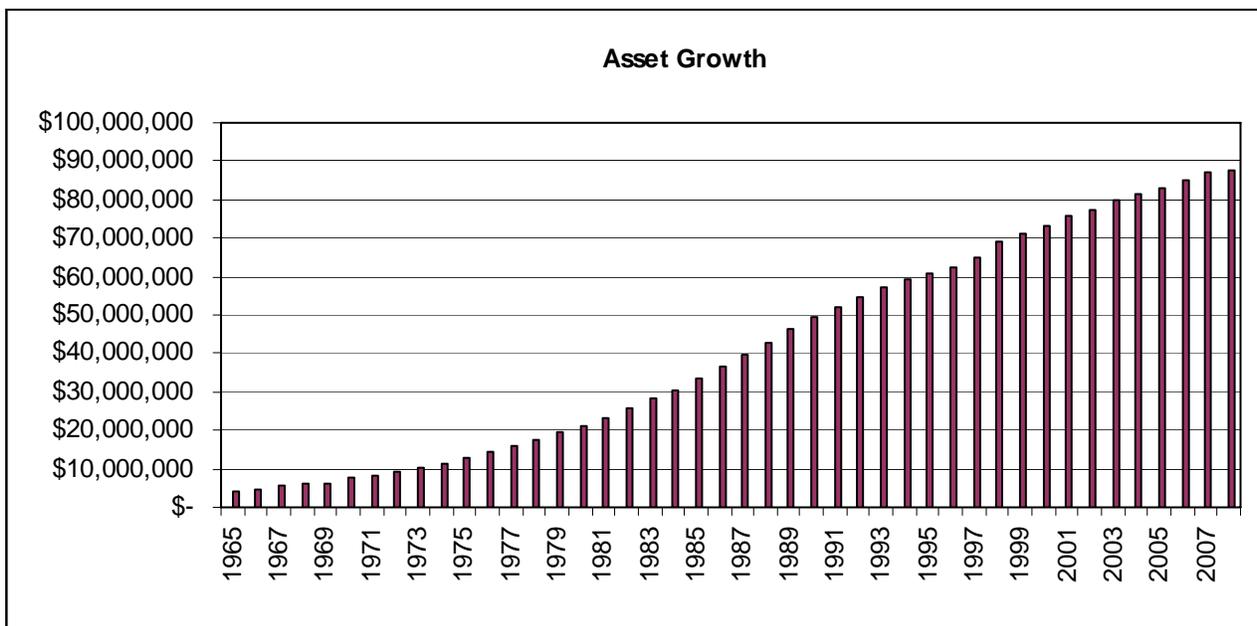
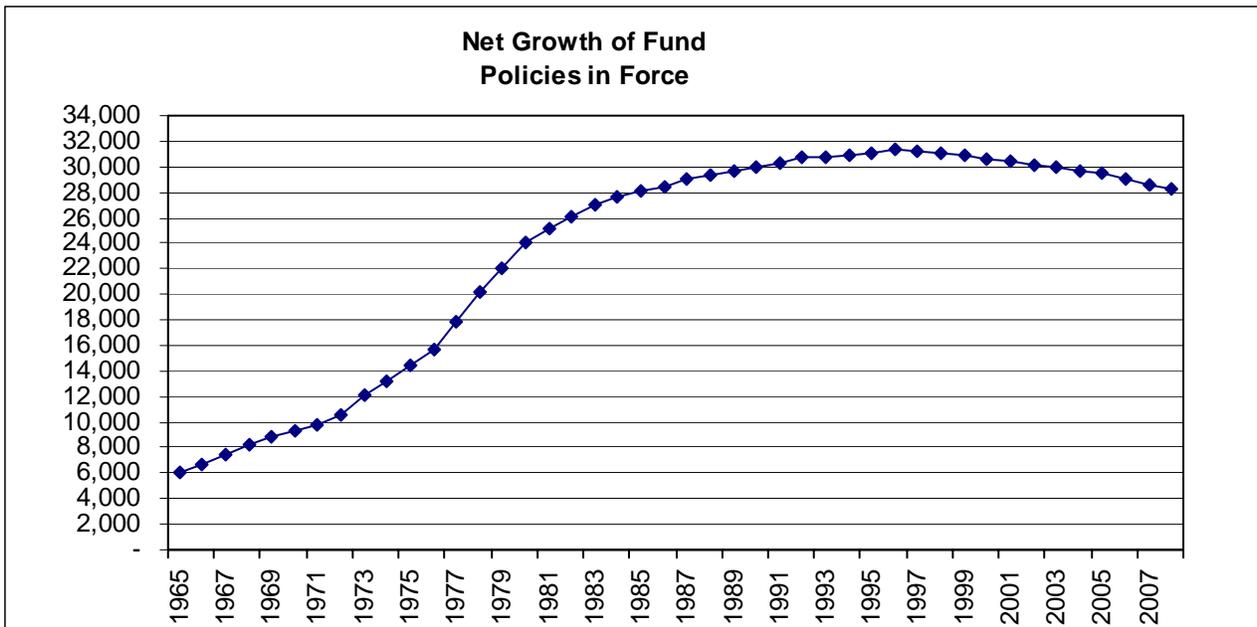
State Life Insurance Fund (Fund)

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 2008, a distribution of \$2.9 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 1.0%. As of December 31, 2008, there were 28,195 policies in force.



Wisconsin Insurance Report Business of 2008
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, 2008.

State Life Insurance Fund Balance Sheet December 31, 2008	
Assets	
Bonds	\$80,996,310
Policy Loans	3,789,015
Cash and Bank Deposits	1,530,235
Premiums Deferred & Uncollected	103,661
Investment Income Due & Accrued	1,428,188
Recoverable Reins.	<u>0</u>
Total Assets	<u>\$87,847,409</u>
Liabilities and Surplus	
Reserves for Life Policies & Contracts	\$60,952,196
Interest Maintenance Reserve	421,997
Policy Claims	228,000
Dividends Due and Unpaid (2008)	15,105
Dividends - Provision for 2009	2,110,184
Deposit Type Contracts	17,404,750
Unclaimed Property	41,976
Taxes, Licenses, Fees Accrued	385
Suspense and CANC Drafts	132,001
Expenses Due & Accrued	46,833
Back Up Withholding	2
Premiums Received in Advance	53,143
Asset Valuation Reserve	<u>0</u>
Total Liabilities	\$81,406,572
Surplus	<u>6,440,837</u>
Total Liabilities and Surplus	<u>\$87,847,409</u>

State Life Insurance Fund Income Statement December 31, 2008	
Income	
Premiums	\$1,896,325
Investment Income	5,154,672
Amortization of Interest Maintenance Reserve	285,216
Miscellaneous Income	<u>681</u>
Total Income	\$7,336,894
Expenses	
Death Benefits	1,069,077
Matured Endowments	252,500
Other Policy Benefits	1,089,150
Increase in Reserve	909,539
General Operating Expense	<u>601,097</u>
Expenses before Dividends	<u>3,921,363</u>
Net Gain before Dividends	<u>3,415,531</u>
Dividends to Policyholders	<u>2,875,985</u>
Net Gain (Loss) from Operations	<u>\$ 539,546</u>

