Funding

<table>
<thead>
<tr>
<th></th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GF</td>
<td>54,366.5</td>
<td>40,585.1</td>
<td>62,419.6</td>
</tr>
<tr>
<td>ASF</td>
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<tr>
<td>Total</td>
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<td>117,958.0</td>
<td>125,793.6</td>
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POSITIONS

<table>
<thead>
<tr>
<th></th>
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<th>FY 2010</th>
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<tbody>
<tr>
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<tr>
<td>Total</td>
<td>142.0</td>
<td>135.0</td>
<td>134.0</td>
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</table>

FY 2011 Budget Highlights

Operating Budget:

Lieutenant Governor

- Recommend ($1.0) in Contractual Services to reflect a reduction in operating expenditures.

Auditor of Accounts

- Recommend $128.0 ASF in Personnel Costs to reflect projected expenditures.
- Recommend ($15.3) in Contractual Services to reflect a reduction in operating expenditures.

Insurance Commissioner

- Recommend ($133.0) ASF in Personnel Costs, $208.4 ASF in Captive Insurance Fund, and ($1,500.0) ASF in Contract Examiners to reflect projected expenditures.

State Treasurer

- Recommend ($56.0) and $56.0 ASF and (1.0) FTE and 1.0 ASF FTE to switch fund position and operational costs to maximize revenues.
- Recommend ($33.4) in Contractual Services to reflect a reduction in operating expenditures.
**MISSION**

To fulfill the constitutional duties of the office by effectively presiding over the State Senate, fairly and equitably chairing the Board of Pardons, assisting the Governor when asked and providing complete and efficient services to constituents. The office focuses on children’s issues, education, mentoring and health/healthcare. The Lieutenant Governor’s Office will ensure Delaware receives all of the money the State is entitled under the American Reinvestment and Recovery Act (ARRA) and is responsible for implementing and complying with new federal ARRA reporting requirements while ensuring accountability and transparency of related processes. The Lieutenant Governor’s Office will continue to help make Delaware a healthy state and work to enhance and correct existing pollution regulations.

**KEY OBJECTIVES**

- Help Delaware’s public school system function at a more efficient, effective rate to produce higher achieving and more productive students.
- Improve access to health care for all of Delaware’s children.
- Match at-risk youth and partnering schools with committed adults helping to build better academic success and strong social skills.
- Reward school performance for student achievement in the schools that need it the most.
- Build better relationships between non-profit, faith-based and community organizations that share the same interest in making families, individuals and communities stronger. Serve as a resource and point of information for these organizations.
- Serve residents with an open door policy for constituents to voice their concerns and feelings about issues related to state government and help them find the answers to their questions and, where possible, solutions to their problems.
- Develop an agenda to address pollution and health issues in the state. Ensure state agencies are appropriately protecting our environment, assess and create environmental protection policies and monitor compliance with environmental laws and other related standards.
- Encourage all Delawareans to live healthier, more active lives through the Lieutenant Governor’s Fitness Challenge and other programs.

**BACKGROUND AND ACCOMPLISHMENTS**

The constitutional duties of the Lieutenant Governor are President of the Senate and President of the Board of Pardons. The office also handles constituent work and other initiatives to serve the residents of Delaware.

**FUNDING**

<table>
<thead>
<tr>
<th></th>
<th>FY 2009 ACTUAL</th>
<th>FY 2010 BUDGET</th>
<th>FY 2011 GOV. REC.</th>
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<tbody>
<tr>
<td>GF</td>
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<td>ASF</td>
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<tr>
<td>TOTAL</td>
<td>524.6</td>
<td>556.6</td>
<td>557.4</td>
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**POSITIONS**

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<th>FY 2009 ACTUAL</th>
<th>FY 2010 BUDGET</th>
<th>FY 2011 GOV. REC.</th>
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<tr>
<td>GF</td>
<td>6.0</td>
<td>6.0</td>
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<td>NSF</td>
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<tr>
<td>TOTAL</td>
<td>6.0</td>
<td>6.0</td>
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</tr>
</tbody>
</table>

**ACTIVITIES**

The duties and activities of the Lieutenant Governor and staff include the following:

- President, Delaware State Senate;
- President, Board of Pardons;
- Implementation Czar, State of Delaware’s Federal Stimulus Financing;
- Chairperson, Governor’s Stimulus Solutions Group;
- Chair, Interagency Council on Adult Literacy;
- Co-Chair, Delaware Early Childhood Policy Matters Commission;
- Board of Advisors, Autism Delaware;
- Honorary Chair, Delaware Safe Kids; and
- Honorary Chair, State Employees Charitable Campaign.
**AUDITOR OF ACCOUNTS**  
**12-02-01**

## Mission

The mission of the Office of Auditor of Accounts is to benefit all Delaware residents and government leaders and managers by providing high quality audit, review and investigative services to improve the fiscal integrity, efficiency, economy and effectiveness of state government operations.

### Key Objectives

- Issue timely reports that enhance public accountability and stewardship of state and federal government programs.
- Identify and reduce fraud, waste and abuse in state and local organizations receiving state funds.
- Maintain a high quality of audit services as evidenced by passing the National State Auditor Association’s external quality control peer review, and 100 percent of professional staff completing 80 hours of continuing professional education (CPE) requirements every two years.

The office/Contract Administration section ensures the office operates in accordance with state laws and regulations. This section also ensures contracted audits are accomplished within the required time frame as set forth by federal and state governments and provides information systems support to other audit sections within the office. This section is also responsible for the distribution of the Statewide Single Audit Report, which is required to be submitted to the federal government every March 31. The objectives of the Statewide Single Audit are as follows:

- To express an opinion as to whether the State of Delaware's financial statements are presented fairly in all material respects in conformity with Generally Accepted Accounting Principles and whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole;

- To report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards;

- To express an opinion as to whether the State complied with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program; and

- To ensure prior audit recommendations, questioned costs and disallowances reported in the Single Audit Report for the fiscal year ending June 30 have been resolved.

The Financial/Compliance section issues audit reports and engagements to improve the quality of the internal control structure, operations, compliance with laws and regulations and opinions on financial statements.

The Special Investigations section conducts investigations that may involve activities of waste, fraud or abuse of state and/or federal resources and ensures the Auditor's Hotline program is a viable service to Delaware residents.

## Background and Accomplishments

The audits and investigations completed by the office in Fiscal Year 2009 cumulatively identified more than $13.4 million in cost savings and questioned costs and potential fraud, waste or abuse of state and federal funds.

The Fiscal Year 2008 Single Audit Report, completed during Fiscal Year 2009, contained 42 findings and recommendations and disclosed questioned and disallowed costs that totaled $9.9 million.

During Fiscal Year 2009, the office completed mandated audit reports through a blended approach of using the Office of Auditor of Accounts (AOA) staff and Certified Public Accounting (CPA) firms.

Twenty-two investigations were conducted which uncovered $3.5 million in fraud, waste and abuse. The investigations disclosed 61 findings and recommendations.

## Funding

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<tr>
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<tbody>
<tr>
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## Positions

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<tr>
<td><strong>Total</strong></td>
<td><strong>30.0</strong></td>
<td><strong>27.0</strong></td>
<td><strong>26.0</strong></td>
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</table>
ACTIVITIES

- Evaluate whether the State’s financial statements are presented in accordance with accounting principles generally accepted in the United States.
- Evaluate whether government and quasi-government organizations included in the State’s entity have expended federal funds in accordance with the Single Audit Act and various related federal regulations.
- Evaluate compliance with state laws, administrative regulations and guidelines.
- Investigate reported instances of fraud, waste or abuse pertaining to state and federal funds.

The Auditor of Accounts and staff are active in the following organizations:

- Member, National Association of State Auditors, Comptrollers and Treasurers;
- Member, National State Auditors Association (NSAA); Accounting and Financial Reporting Committee and Single Audit Committee for NSAA;
- Member, State Board of Pardons;
- Member, State Insurance Determination Committee;
- Member, Association of Government Accountants;
- Member, Association of Certified Fraud Examiners;
- Member, National Audit Forum;
- State Representative, Mid-Atlantic Intergovernmental Audit Forum;
- Member, Association of Certified Fraud Specialists;
- Member, American Institute of Certified Public Accountants;
- Member, Institute for Internal Controls;
- Member, Delaware League of Local Governments (DLLG);
- Member, Government Financial Officers Association (GFOA);
- Member, Delaware Society of Certified Public Accountants; and
- Member, Association of Local Government Auditors.

PERFORMANCE MEASURES

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>% of audit reports issued within 45 business days of end of fieldwork</td>
<td>72</td>
<td>100</td>
<td>100</td>
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<tr>
<td>% of recommendations accepted by auditee</td>
<td>76.4</td>
<td>80.0</td>
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<tr>
<td>% of cases with criminal allegations turned over to the Attorney General’s Office within 10 working days after completion of investigation*</td>
<td>0</td>
<td>80</td>
<td>80</td>
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<tr>
<td>% of non-criminal investigation reports issued to the organization within 45 days after completion of fieldwork</td>
<td>85</td>
<td>100</td>
<td>100</td>
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<tr>
<td>$ of cost savings provided from performing Single Audit (thousands)</td>
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<td>N/A</td>
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<tr>
<td>% staff utilization</td>
<td>62</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>% of CPE compliance for active licenses/certifications</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td># of licenses and certifications held by audit staff</td>
<td>75</td>
<td>80</td>
<td>80</td>
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*Extenuating circumstances prevented turnover within timeframe in Fiscal Year 2009.
MISSION

The Insurance Commissioner of the State of Delaware and the Department of Insurance strive to:

• Protect Delaware insurance consumers through advocacy of consumer rights and options by controlling costs, increasing availability, assisting with insurance consumer disputes and making certain claims are paid in full and on time;

• Regulate the insurance industry, including the monitoring of the solvency of insurance companies and the licensure of insurance agents with the best interests of Delaware’s insurance consumers in mind; and

• Generate revenue for the State through the generation and collection of premium taxes, agent licensing fees and other insurance fees while promoting a business climate that encourages growth.

KEY OBJECTIVES

The goal of the Insurance Commissioner’s Office is to improve its service and responsiveness to and advocacy for Delaware’s residents and businesses in the area of insurance. Key objectives for the commissioner and staff include:

• Expediting responses to consumer inquiries and complaints;

• Requiring insurance companies to respond to Commissioner’s Office inquiries made on behalf of consumers within 21 days;

• Making public to consumers the number and nature of complaints against insurance companies;

• Expanding the amount of consumer information and guidance on insurance topics provided to consumers by the Commissioner’s Office through publications, online communications, public consumer alerts and community outreach;

• Increasing the scrutiny of insurance company rate applications;

• Increasing frequency of market conduct examinations of insurance companies when there are practices that appear to not be in the best interest of consumers;

• Analyzing and assessing the financial condition of insurance entities domesticated and doing business in Delaware;

• Managing, rehabilitating or liquidating financially-impaired insurers;

• Increasing activities and efforts to prevent and prosecute insurance fraud;

• Regulating agent licensing to better service consumers;

• Promoting Delaware as a domicile for captive insurance and other financial insurance entities; thereby increasing premium tax receipts to the State’s General Fund;

• Encouraging competition in the Delaware insurance market; and

• Seeking changes to the Delaware Code, changes to insurance regulations and new programs within state government to better protect, inform, serve and advocate for consumers.

BACKGROUND AND ACCOMPLISHMENTS

With a continued focus on consumers, the Commissioner and the department have completed the following:

• Decreased average workers compensation insurance premiums more than 30 percent through a combination of workers compensation reform legislation, negotiations, increased department scrutiny of workers compensation insurance rate applications and successful litigation;

• Worked with Delaware’s legal and financial sectors to attract new captive insurance companies to the State;

• Protected military service members from unscrupulous practices by life insurance agents through regulation;

• Worked with the General Assembly to pass legislation giving the Commissioner the authority to approve or disapprove health insurers’ rate filings;

• Created or updated publications for consumers on Medicare, credit scoring, insurance issues for members of the military, insurance issues for civic and homeowner associations and life, health, home, auto and small employer; and

• Conducted outreach sessions to provide insurance information and complaint services in community centers, senior centers and churches.
### Other Elective 12-00-00

**Funding**

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<tr>
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<tbody>
<tr>
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<tr>
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<td><strong>Total</strong></td>
<td><strong>20,359.2</strong></td>
<td><strong>24,964.6</strong></td>
<td><strong>23,876.7</strong></td>
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**Positions**

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<td><strong>81.0</strong></td>
<td><strong>79.0</strong></td>
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**Activities**

- Member, International Association of Special Investigation Units;
- Member, National Health Care Anti-Fraud Association; and
- Special training on Health Care Fraud Detection and Investigation and Claims Fraud.

**Performance Measures**

<table>
<thead>
<tr>
<th></th>
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<tr>
<td># of new licenses:</td>
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<tr>
<td>producers</td>
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<td>12,500</td>
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<tr>
<td>adjusters</td>
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<tr>
<td>fraternal producers</td>
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<tr>
<td>apprentice adjusters</td>
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<tr>
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<tr>
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<tr>
<td>limited lines producers</td>
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<tr>
<td>business entities</td>
<td>751</td>
<td>800</td>
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<tr>
<td># of agents appointed</td>
<td>60,660</td>
<td>55,000</td>
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<tr>
<td># of consumer complaints/inquiries</td>
<td>6,905</td>
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<tr>
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<td>7,919</td>
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<tr>
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<td>155</td>
<td>160</td>
<td>165</td>
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<tr>
<td># of arbitration cases closed</td>
<td>129</td>
<td>120</td>
<td>123</td>
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<tr>
<td>without hearing</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td># of participants in Workplace Safety program</td>
<td>1,487</td>
<td>1,550</td>
<td>1,600</td>
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**Regulatory Activities 12-03-01**

**Activities**

- Member, Delaware Health Care Commission.
- Member, Delaware State Employee Benefits and Insurance Coverage committees.
- Member, National Association of Insurance Commissioners (NAIC).

**Fraud Prevention Bureau**

Property and casualty, life insurance, healthcare and workers compensation cases are reported to the bureau. In Fiscal Year 2009, the Fraud Prevention Bureau investigated 421 cases. Approximately 53 percent of the cases were resolved by consent or arrest, were deemed to be unfounded or had dispositions that were suspended.

The Fraud Prevention Bureau has prevented nearly $5.5 million in reserves from being processed since it was created in 1995. Approximately $84,455 in civil penalties were assessed in substantiated fraud cases during Fiscal Year 2009.

Several current members of the Fraud Prevention Bureau hold certifications in professional associations, such as the Association of Certified Fraud Specialists (ACFS) and Association of Accredited Healthcare Fraud Investigators.

Fraud investigators also maintain the following activities:

- Member, Delaware Valley Chapter of International Association of Special Investigative Units (SIU);
- Member, NAIC Anti-Fraud Task Force;
- Member, National Insurance Crime Bureau (NICB);
- Member, National Association of Insurance Commissioners (NAIC).

**Bureau of Examination, Rehabilitation and Guaranty 12-03-02**

**Activities**

**Consumer Services**

The Consumer Services section investigates and attempts to resolve complaints by Delaware consumers against insurance companies and agents. It is the frontline in the department’s interaction with and service to Delaware insurance consumers. As of September 30, the Consumer Services section has handled 4,781 consumer complaints in Calendar Year 2009.

Since 2009, the Consumer Services section has reduced response time to consumer complaints by 50 percent, so any call received before noon is responded to by close of business that day, and any call received after noon is responded to by noon the following business day. To make it more consumer friendly, the department has redesigned its website.

In the past year, the Consumer Services section has seen a significant increase in the number of inquiries and
complaints. This is due to economic conditions and company delays and denials in settling claims. There have been an increasing number of complaints from medical providers regarding the failure of health insurers to pay claims in a timely manner.

**Examinations/Financial Analysis**

The primary responsibilities for the Examination and Financial Analysis units are to provide financial solvency oversight for Delaware domiciled companies and perform financial and market conduct examinations as required by statute or as deemed necessary for the protection of Delaware policyholders. The State of Delaware is highly regarded in the business community for its organization and/or as a domicile. The department received re-accreditation from the NAIC in 2009 for five years.

Bureau personnel are responsible for the registration and/or licensing of 55 accredited reinsurers, one Medicare prescription drug plan, 111 surplus lines insurers, 30 premium finance companies, 35 reinsurance intermediaries, 166 third party administrators, 440 risk purchasing groups and 80 foreign risk retention groups.

**Market Conduct Oversight**

This section is comprised of company market conduct, agency market conduct and market analysis; rates and forms; producer licensing; and continuing education. This section examines companies to ensure they are in compliance with the Delaware Insurance Code and Regulations with respect to rating, underwriting and claim handling practices. Exams can be scheduled based on complaint activity, special requests or on a regular schedule.

In addition to regular examinations, the department is currently targeting company reviews regarding homeowner coverage, credit scoring practices, rate increase practices in personal lines (auto and homeowner) and health insurance including long-term care insurance. There is ongoing market conduct activity with regard to one carrier with a consent decree, which has a possible fine of $500,000. The department is also participating in the NAIC Market Analysis program and is responsible for gathering industry information from a variety of sources, and analyzing that information to determine which companies need further scrutiny by the department. Once this section completes its analysis and a company has been identified, the market conduct section follows up with that company to review and test the company’s compliance with Delaware insurance laws. This follow-up can take the form of interviews, interrogatories, desk audits or examinations.

This section exceeded goals set by the NAIC regarding market analysis by completing 128 insurance carrier market analysis reviews. The goal for the current fiscal year will be to meet or exceed the expectations of the NAIC relating to market analysis.

**Agency Market Conduct**

This section receives referrals from the public, as well as from the Consumer Services and Fraud Prevention Bureau sections regarding alleged misconduct of insurance agents and agencies. In addition, the Agency Market Conduct section conducts examinations of agents and agencies to make sure they are in compliance with the Delaware Insurance Code and Regulations.

The Agency Market Conduct section also reviews producer/adjuster applications regarding prior criminal or civil actions. Some of these have resulted in fines being assessed.

This section implemented the State Based Systems (SBS) online database in November 2006. SBS is designed to assist with the full life cycle of insurance regulatory activity, including licensing, consumer services, product approvals, revenue management and market conduct. SBS ensures efficient and accurate processing of enforcement cases through a fully integrated system that is linked to the Company and Producer Licensing systems.

Agency Market Conduct staff investigated 332 cases. Approximately 182 cases were resolved by consent or arrest. Approximately $191,326 were collected in civil penalties and restitution.

The examiners in this section are pursuing Accredited Insurance Examiner (AIE), Certified Insurance Examiner (CIE) and Certified Professional Insurance Woman (CPIW) designations. Agency Market Conduct employees also maintain membership and participate in the following activities:

- Member, NAIC;
- Member, Securities Insurance Licensing Association (SILA);
- Member, System for Electronic Rate and Form Filing (SERFF);
- Member, State Based Systems;
- Member, Insurance Regulatory Examiners Society (IRES), including Board of Directors; and
- Member, National Association of Insurance Women (NAIW).

**Producer Licensing**

This section is responsible for the licensing and administration of the following license types: Producer, Adjuster, Appraiser, Public Adjuster, Fraternal Producer, Apprentice Adjuster, Apprentice Appraiser, Surplus Lines Broker, Limited Lines Producer and Business
Entities. The section is also responsible for insurance company appointments, continuing education, investigations and insurer licensing market conduct issues.

Staff provided presentations to consumer advocate groups, the public, professional insurance organizations, including agent associations and business entities, industry trade groups and insurance companies on current insurance industry trends and regulatory changes, enforcement issues and ethics.

The section continued to enhance the electronic application process by providing both residents and non-residents the ability to apply online and renew licenses through the National Insurance Producer Registry (NIPR). The NIPR Gateway is a communication network that links state insurance regulators with the entities they regulate to facilitate the electronic exchange of producer information. Address change requests are now processed through NIPR, and licensees now have the ability to update their addresses online in every state in which they are licensed. Follow-up submission and review of supporting documentation is frequently requested by a state as part of the licensing process. The implementation of the NIPR Attachment Warehouse streamlined the process of reviewing supporting documentation and the issuance of insurance licenses. Most licenses are issued within 24 hours. The Attachment Warehouse eliminated the need for faxing, e-mailing and printing supporting documentation. Documents can be viewed online and loaded directly to the licensee’s record on SBS.

Workplace Safety Program

This program, available to employers doing business in Delaware, offers participants the opportunity to earn up to a 19 percent discount on workers compensation premiums. Employers who have operated for three years or more and whose annual workers compensation premium is $3,161 or more are eligible to participate.

The program works with the Delaware Compensation Rating Bureau, qualified inspectors, insurance industry and employers to ensure accuracy of information and expeditious processing of each employer’s safety credit.

Since its inception in 1988, the program yielded a savings of approximately $87 million for Delaware employers. Participation was 1,550 employers in Calendar Year 2009 with a projection of 1,600 participants in Calendar Year 2010.

Rates and Forms

The department continues to enhance the tracking and monitoring of rate and form filings with the implementation of a new version of the System for Electronic Rate and Form Filing (SERFF). SERFF is designed to enable companies to send and receive, comment on and approve or reject insurance industry rate and form filings electronically. Applications and procedures have been updated to streamline the review of filings within SERFF and speed to market for filings. Nearly 100 percent of all fillings are now received electronically since the implementation of this bulletin, increasing the efficiency of the rate and form filing approval process for both the filer and the department.

The Rates and Forms section maintains the following activities:

- Board Member, Delaware Health Information Network (DHIN);
- Member, Interagency Coordinating Council (ICC);
- One staff member holds the designation of Fellow, Life Management Institute from the Life Office Management Association and Market Conduct Management (MCM) Designation; and
- Member - Association of Insurance Compliance Professionals (AICP) - two staff members have completed courses for professional designation as Associate Compliance Professional (ACP).

ELDERinfo

ELDERinfo is the State Health Insurance Program (SHIP) for Delaware’s Medicare population of approximately 139,709. The program is a public service of the Delaware Insurance Department and funded, in part, through a grant from the Centers for Medicare and Medicaid Services (CMS). The department has increasingly supplemented the program’s budget to expand its services to consumers.

The program is designed to assist, educate and empower people with Medicare and their caregivers with complex and often confusing matters such as:

- The Medicare Prescription Drug Improvement and Modernization Act of 2003;
- Medigap and other supplemental insurance;
- Medical bills;
- Enrollment issues;
- Non-renewals;
- Medicare Advantage options;
- Guaranteed issue rights;
- Financial assistance with prescriptions;
- Medicare Savings programs; and
- Long-term care insurance.

Staffing consists of three full-time employees, one temporary employee and 22 volunteer counselors throughout the State conducting one-on-one counseling. From June 2008 through June 2009, the unit assisted 4,835 beneficiaries with one-on-one counseling and reached more than 6,668 individuals through interactive
public presentations, health fairs and direct mailings. The unit mailed 599 Delaware Prescription Assistance Program (DPAP) applications and 101 Medicaid applications, resulting in potential savings of more than $18,006,736 with prescription drug benefits and savings for the Medicare premium reimbursement.

ELDERinfo continues to focus on one-on-one counseling for Delaware seniors. The unit will continue to educate the Medicare population through direct mailers, health fairs, outreach programs, radio/TV interviews, senior forums and one-on-one counseling.

**Bureau of Captive and Financial Insurance Products**

The Bureau of Captive and Financial Insurance Products was formed in 2009 to foster the growth of Delaware as a domicile for captive insurance entities and create additional revenue-generating insurance products and services. Since the enactment of legislation in 2005, the number of captive insurance companies domiciled in Delaware has increased tenfold.

### PERFORMANCE MEASURES

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<thead>
<tr>
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<td># of rates received</td>
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<td># of forms received</td>
<td>34,159</td>
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<td># of advertisements received</td>
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</tr>
<tr>
<td>- domestic</td>
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<td>149</td>
<td>153</td>
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<tr>
<td>- foreign</td>
<td>1,236</td>
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<td>companies</td>
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**STATE TREASURER**

**MISSION**

To maximize taxpayer value by promoting responsible cash management and investment practices statewide.

### FUNDING

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<td>GF</td>
<td>51,955.8</td>
<td>37,405.9</td>
<td>59,250.2</td>
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<tr>
<td>ASF</td>
<td>48,914.2</td>
<td>51,570.5</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>88,976.4</strong></td>
<td><strong>97,781.7</strong></td>
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### POSITIONS

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<td>12.5</td>
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<td>ASF</td>
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<td>9.5</td>
<td>10.5</td>
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<tr>
<td>NSF</td>
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<td><strong>TOTAL</strong></td>
<td><strong>25.0</strong></td>
<td><strong>23.0</strong></td>
<td><strong>23.0</strong></td>
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**ADMINISTRATION**

**MISSION**

To ensure the accuracy of financial records under the agency’s control; manage the State’s daily and invested cash balances in accordance with approved guidelines; pay all employees and vendors as authorized by law; serve as federal Social Security agent for the State; administer and assist state employees with the financial aspects of the Deferred Compensation and 403(b) programs; respond in a timely, accurate and courteous manner to any inquiry directed to the office; and faithfully discharge any and all further obligations given under statute.

### KEY OBJECTIVES

- Accurate daily reconciliation of the State’s bank accounts and the accounting of the State’s cash position and investments.
- Increase participation of eligible employees in the Deferred Compensation and 403(b) programs through effective marketing and investment education.
- Increase volume of vendor payments made electronically and expand consolidated payments.
- Maintain statewide financial literacy efforts.
• Continue to champion electronic commerce.

**BACKGROUND AND ACCOMPLISHMENTS**

During Fiscal Year 2010, the Office of the State Treasurer continued to develop and meet ambitious objectives related to improving internal operations and services to agencies, vendors, state employees and taxpayers. This agency continues its successful promotion of financial literacy. Nurturing a savings/investment ethic among state employees and Delaware residents, the Office of State Treasurer partners several financial education initiatives.

**Deferred Compensation Program**

Since the October 1999 conversion, participation in the State of Delaware Deferred Compensation program has grown from 3,400 to 14,140 in October 2009. Although currently suspended by the Joint Finance Committee, since the passage of Senate Bill 425, more than $17.4 million has accumulated in state employee match accounts. State employees contribute more than $1.2 million per pay cycle and have over $310 million saved toward their retirement.

**Reconciliation**

The statewide bank reconciliation audit has been completed again with no findings. This is a reflection of the dedication and hard work of the staff in the Reconciliation unit. The unit continues to manage the reconciliation of the growing credit card revenue to the State.

The Treasurer’s Office maintains a constant improvement policy for fraud prevention, including the use of positive pay amount and check number on vendor and payroll checks. The office also works with other state agencies on internal processes and increasing professional education to keep up with ways to fight fraud.

**Payables**

The Treasurer’s Office continues to work on improvements to vendor payments. Most importantly, the office continues to expand the use of consolidated checks and consolidated automated clearinghouse (ACH) payments. This technology combines multiple agency payments into one transaction while maintaining all the necessary payment detail for the vendor. The office continues to provide input to the design and functionality of the new financial system, including the use of ACH payments as a safe and secure substitute for live check issuance.

In conjunction with the Government Performance Review initiatives, the office sought to transition away from paper checks and convert numerous vendors and Grants-In-Aid recipients to ACH payments. The transition has been extremely successful, and in the first quarter of Fiscal Year 2010, 76 percent of Grants-In-Aid recipients have been converted to ACH payments, avoiding the issuance of nearly 200 paper checks.

**Cash Management**

The Cash Management unit maintains all of the State’s major banking services contracts and is responsible for the daily investment of the State’s cash pool of over $1.5 billion. The unit is also responsible for assisting state agencies with banking and vendor payment needs, interest calculations for all school and special funds, investment compliance and the estimate of dividend and interest income for Delaware Economic and Financial Advisory Council (DEFAC).

**Education and Financial Literacy**

The State Treasurer’s Office continues to see considerable interest in financial education and literacy initiatives. The Purses to Portfolios, free women’s money conference, continued its success throughout the state. The Treasurer’s Summit for high school kids also provided lasting impact for hundreds of Delaware youth.

In partnership with financial professionals throughout Delaware, the Delaware Money School features hundreds of classes statewide throughout the year. The office also continues to partner with the Delaware State Chamber of Commerce and University of Delaware, Center for Economic Education in the Bank-In-School program operating in elementary and secondary schools throughout the State.

The Go Direct program led by the State Treasurer in partnership with the federal government encourages Delaware seniors to enroll in direct deposit to help reduce check fraud and provide quick, safe and secure access to their money.
**ACTIVITIES**

- Daily settlement of the cash position to ensure funds are recorded in appropriate accounts while maximizing dollars available for investment.
- Administration and promotion of the State Deferred Compensation program.
- Reform, legal compliance and administration of the new 403(b) tax deferred saving program.
- Daily recording and deposit of receipts including tracking ACH activity.
- Reconcile major state bank accounts and lockboxes.
- Disburse funds to meet financial obligations, including ACHs, wire transfers and daily processing of vendor checks.
- Provide service to agencies and schools by issuing stop payment/reissues and other check requests.
- Manage over 200 agreements statewide with the federal Social Security Administration.
- Process payroll, pension and personal income tax refunds.
- Facilitate cash management projects statewide that improve efficiency by reducing float, eliminating paper and streamlining processes.
- Reconcile state payroll and payment of federal taxes.
- Disburse municipal street aid, support to fire organizations and police pensions.
- Approve, monitor and reconcile the State’s acceptance of credit cards by any state agency.

**PERFORMANCE MEASURES**

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<tr>
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<tbody>
<tr>
<td># of Deferred Compensation accounts</td>
<td>14,332</td>
<td>14,000</td>
<td>14,400</td>
</tr>
<tr>
<td># of days to reconcile major accounts</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td>$ ACH vendor payments (billions)</td>
<td>2.8</td>
<td>2.8</td>
<td>3.0</td>
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</table>

**KEY OBJECTIVES**

- Provide guidance to state officials regarding debt issuance and capital financing, which maximizes taxpayer value and protects the interests of the prudent investor.
- Develop an overall accounting and data retrieval system in the Treasurer’s Office that will link bond authorizations, bond sales, amortizations, debt budgeting and debt payments into an integrated system with less reliance on manual calculations and operations and coordinate with the State’s new financial system.
- Work with the Division of Accounting to improve electronic reporting of special and school funds interest within the Delaware Financial Management System (DFMS) and new financial system.
- Coordinate the payment of principal and interest on behalf of all state agencies, school districts, banks and other financial institutions.

**BACKGROUND AND ACCOMPLISHMENTS**

During Fiscal Year 2009, all debt service payments to the Depository Trust Company were met on the bond due dates, which entailed:

- Disbursement of $203.7 million for 20 General Obligation issues on $1,469.3 million outstanding on June 30, 2009; and
- Collection of $56.7 million from schools for the repayment of their local share of school construction on $514.9 million outstanding local share bonds on June 30, 2009.

**ACTIVITIES**

- Maintain records required for bond projects as authorized by the annual Capital Improvement Act from authorization through bond sale and 10- or 20-year amortizations of the projects.
- Provide the Office of Management and Budget with the principal and interest payments due by department, division and organization.
- Provide Bond Counsel with data relating to bond projects including project identification, description, volume and chapter required to obtain legal opinion for the bond issue.
- Establish, monitor, calculate and pay interest on approximately 437 special funds on deposit with the state treasurer. Interest in Fiscal Year 2009 totaled more than $10.2 million.
• Provide assistance to local school districts in acquiring an Attorney General’s opinion in securing a Bond Anticipation Note or permanent bond financing of the local share.
• Maintain the school interest table in the Delaware Financial Management System (DFMS) to calculate interest to schools for their operation, debt service and construction funds on deposit with the State Treasurer. Interest paid to school districts on their funds on deposit with the state treasurer totaled $8.4 million for Fiscal Year 2009.
• Assist the public with any inquiries concerning state bonds.

<table>
<thead>
<tr>
<th>PERFORMANCE MEASURE</th>
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<tbody>
<tr>
<td>% of accounting automation for debt issuances</td>
</tr>
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</table>

REFUNDS AND GRANTS
12-05-04

MISSION

To process refunds for improperly collected fees or receipts and maintain an accurate accounting of fiscal year refunds issued. To accurately and timely process grants-in-aid in accordance with legislation.

KEY OBJECTIVES

• Streamline the processing of revenue refunds.

BACKGROUND AND ACCOMPLISHMENTS

As per 29 Del. C. § 2713, the State Treasurer executes a payment voucher as a direct claim in the event any agency improperly collects fees or receipts that become revenue to the General Fund.

In accordance with the annual Grants-In-Aid legislation, this agency makes quarterly disbursements to nonprofit organizations.