Five-Year Appropriation History

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<td>127,979.2</td>
</tr>
<tr>
<td>FY 08</td>
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<td>63,374.0</td>
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<td>FY 09</td>
<td>150,807.9</td>
<td>97,506.3</td>
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FUNDING

<table>
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<tr>
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<td>242,687.2</td>
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POSITIONS

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FY 2012 Budget Highlights

- **Operating Budget**:
  - **Lieutenant Governor**
    - Recommend base funding to maintain Fiscal Year 2011 level of service.
  - **Auditor of Accounts**
    - Recommend 2.0 FTEs State Auditor I to address workforce needs.
    - Recommend $250.0 ASF in Contractual Services to reflect projected expenditures.
  - **Insurance Commissioner**
    - Recommend (1.0) ASF FTE and 1.0 NSF FTE Administrative Specialist II to switch fund position as approved by the Delaware State Clearinghouse Committee.
  - **State Treasurer**
    - Recommend ($19.4) in Contractual Services and ($3.0) in Supplies and Materials to reflect reductions in operating expenditures.
    - Recommend ($33,811.2) in Debt Service and $33,811.2 ASF in Debt Service – Local Schools to switch fund debt service.

- **Not a Unit for Budgeting Purposes**
  - Regulatory Activities
  - Bureau of Examination, Rehabilitation and Guaranty
  - Administration
  - Debt Management
  - Refunds and Grants
**Lieutenant Governor**

**12-01-01**

**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 Lieutenant Governor’s Office is focused on children’s issues, including education, parental involvement and mentoring, healthy children and healthy communities.

**Key Objectives**

- Improve Delaware schools by working with districts to direct more funding into the classroom, encourage parental involvement, reward school performance for student achievement and help students with disabilities have a fair and equitable education.
- Develop a mentoring partnership program that matches schools with at-risk youth to Delaware businesses that have provided adult mentors, helping to build better academic success and strong social skills for Delaware’s children.
- Improve the health of children by increasing access to health care and reducing exposure to environmental hazards.
- Improve the services the State offers to children with disabilities.
- Improve the services the State offers to children who are abused, neglected or in foster care.
- Build better relationships between nonprofit, faith-based and community organizations that share the same interest in making families, individuals and communities stronger. Serve as a state resource and point of information for these organizations and help them find federal and foundation funding opportunities.
- Make the operations of the Delaware Criminal Justice Council (CJC) more transparent and allow more organizations access to CJC funds.
- Serve residents by having an open door policy for constituents to voice their concerns about issues related to state government and helping them find the answers to their questions and solutions to their problems.
- Work with the Office of Management and Budget (OMB) and the Governor’s Office on implementation of federal American Reinvestment and Recovery Act (ARRA) funding across state agencies.

**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.

The office has developed a legislative Kids Agenda each legislative session, which focuses on improving the lives of Delaware’s children. These legislative packages have passed in the General Assembly and have been signed into law by Governor Markell. Included in the Kids Agenda are laws that:

- Expanded the number of children who are screened for lead paint exposure at their age of maximum vulnerability;
- Banished the serviceable Chevrolet educational standard for children with disabilities from Delaware’s schools and required that those students receive educational services to help them fulfill their potential;
- Set up the first state-run program where schools are evaluated on progress in educating at-risk kids, and winning schools will receive $150,000 in federal Title I funds;
- Established a system to inform taxpayers about which school districts were directing public dollars into the classroom rather than administrative overhead; and
- Required insurance carriers to cover developmental screening for infants and toddlers, which improves early detection of developmental problems in small children and allows more effective treatment.

The Lieutenant Governor’s office also has created a Parental Involvement Award, given out annually to two schools that demonstrate innovation and success at increasing parental involvement in their schools.
**FUNDING**

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2011</th>
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<tbody>
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<td>473.5</td>
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**POSITIONS**

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<td>6.0</td>
<td>6.0</td>
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**ACTIVITIES**

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

- President, Delaware State Senate;
- President, Board of Pardons;
- Chair, CJC;
- Chair, Early Teacher Hiring Task Force;
- Chair, Interagency Council on Adult Literacy;
- Co-Chair, Delaware Early Childhood Policy Matters Commission;
- Honorary Chair, Delaware Safe Kids;
- Honorary Chair, State Employees Charitable Campaign; and
- Member, National Lieutenant Governor’s Association.

**AUDITOR OF ACCOUNTS**

**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 completed 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 in a timely manner.

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 2010 cumulatively identified more than $4.3 million in cost savings and questioned costs and potential fraud, waste or abuse of state and federal funds.

The Fiscal Year 2009 Single Audit Report, completed during Fiscal Year 2010, contained 40 findings and recommendations and disclosed questioned and disallowed costs that totaled $3.9 million.

During Fiscal Year 2010, 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.

Seventeen investigations were conducted which uncovered $422,000 in fraud, waste and abuse. The investigations disclosed 51 findings and 70 recommendations.

### FUNDING

<table>
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<tr>
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<th>FY 2012 GOV. REC.</th>
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### POSITIONS

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<tr>
<td>TOTAL</td>
<td>27.0</td>
<td>25.0</td>
<td>27.0</td>
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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 whether the State has expended ARRA funds in accordance with the law.
- 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); Auditor Training Committee, Performance Audit Committee and Peer Review 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, Information Systems Audit Control Association;
- Member, National Audit Forum;
- State Representative and Program Chair, Mid-Atlantic Intergovernmental Audit Forum;
- 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**

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<thead>
<tr>
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<tbody>
<tr>
<td>% of audit reports issued within 45 business days of end of fieldwork</td>
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<td>100</td>
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<tr>
<td>% of non-criminal investigation reports issued to the organization within 45 days after completion of investigation</td>
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<tr>
<td>% of CPE compliance for active licenses/certifications</td>
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<tr>
<td># of licenses and certifications held by audit staff</td>
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**INSURANCE COMMISSIONER**

12-03-00

**MISSION**

In accordance with Title 18 of the Delaware Code, the Insurance Commissioner of the State of Delaware will:

- Investigate consumer complaints and inquiries and advocate for Delawareans;
- Ensure Delaware companies are in good financial health;
- Communicate timely and relevant insurance related information to Delawareans;
- Prosecute insurance fraud;
- License agents and brokers;
- Fund volunteer fire departments and other first responders;
- Police the conduct of carriers, agents and brokers doing business in Delaware;
- Save money for small businesses while increasing safety at work sites; and
- Foster economic development in Delaware as more companies domicile here.

**KEY OBJECTIVES**

- Responding to consumer inquiries;
- Requiring insurance companies to respond to inquiries made on behalf of Delaware consumers; and
- Introducing legislation designed to protect the health and welfare of Delawareans, ensure the solvency of Delaware companies and maintain Delaware’s advantage as a preferred domicile for insurance companies.

**BACKGROUND AND ACCOMPLISHMENTS**

With a continued focus on consumers, the Commissioner and the department achieved the following during Fiscal Year 2010:

- Achieved $8.6 million in savings for those companies participating in the Workforce Safety Program;
- Negotiated a 22 percent phased-in savings on worker’s compensation premiums as a result of a favorable litigation settlement;
- Worked with Delaware’s legal and financial sectors to attract 17 new captive insurance companies to the state;
Raised the statutory protection for consumers in the event their life/health insurance company becomes insolvent;

Worked with the General Assembly to secure passage of a new law protecting Delaware consumers against false advertising by medical discount programs; and

Worked with the General Assembly to secure passage of a law prohibiting the rescission of health insurance policies upon filing of claims.

FUNDING

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Activities

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

Regulatory Activities

12-03-01

Activities

Fraud Prevention Bureau

In Fiscal Year 2010, the Fraud Prevention Bureau investigated 470 cases, representing a 10 percent increase over the previous fiscal year. Approximately 40 percent of the cases were resolved by consent or arrest, deemed to be unfounded or had dispositions that were suspended. Approximately $40,520 in civil penalties were assessed in substantiated fraud cases during Fiscal Year 2010.

The Fraud Prevention Bureau has experienced a significant increase in the number of consumer complaints involving discount medical plans. In an effort to mitigate this issue, at the request of the Insurance Commissioner’s Office, the General Assembly passed legislation allowing the Insurance Commissioner’s Office to regulate entities marketing and selling discount health care plans. It is anticipated this will reduce the number of complaints, allowing investigators to refocus efforts on standard insurance fraud cases.

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 Health Care 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, 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

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<tr>
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<tr>
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<tr>
<td>fraternal producers</td>
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<td># of external appeals</td>
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<tr>
<td># of participants in Workplace Safety program</td>
<td>1,594</td>
<td>1,600</td>
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</table>
ACTIVITIES

Consumer Services

The Consumer Services section investigates and attempts to resolve complaints by Delaware policy holders against insurance companies and agents/producers. It is the frontline in the department’s interaction with and service to consumers of insurance products issued in Delaware. As of September 30, the Consumer Services section has handled 5,796 consumer calls/emails/written correspondence in 2010.

The section assists consumers with complaints that are regulated elsewhere and assists with locating services for consumers without insurance. As another way of assisting Delaware residents, this section conducts outreach to provide immediate guidance and answers to those who are either unaware of the department’s services or are unable to contact the department during business hours.

In the past year, with the federal health care reform, Consumer Services has seen a change in the consumer inquiries received. In addition, extensive training and research have been conducted due to the impending changes. The section has been able to maintain the quality of attention the consumers have come to expect through this process. As the different sections of the Patient Protection and Affordable Care Act (PPACA) are being implemented, the section anticipates a substantial increase in the number of complaints/inquiries/external appeals received.

Examinations/Financial Analysis

This section provides financial solvency oversight for Delaware domesticated companies and performs financial and market conduct examinations as required by statute or as deemed necessary for the protection of Delaware policy holders. The department received re-accreditation from the NAIC in 2009 for five years.

Staff are responsible for registering and/or licensing 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 conducts examinations of companies to be sure 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.

This section exceeded goals set by the NAIC in respect to market analysis by completing 71 Market Analysis Level 1 reviews, and 21 Level 2 reviews were completed during the fiscal year.

The Company Market Conduct unit is responsible for the oversight of Company Market Regulation activities. The unit’s current initiative is the review of carrier’s pre-authorization process used by health insurance companies.

Agency Market Conduct

This section receives referrals from the public as well as from the Consumer Services and Fraud Bureau sections regarding alleged misconduct of insurance agents and agencies. It 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 343 cases. Approximately 167 cases were resolved by consent or arrest. Approximately $194,742 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, SBS;
Other Elective
12-00-00

- 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 has provided presentations to consumer advocate groups, the general 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 has continued to enhance the electronic processes for licensing with the implementation of the Reporting of Actions (ROA) function through the National Insurance Producer Registry (NIPR) Attachment Warehouse. The ROA allows producers to satisfy more regulatory reporting requirements while making it easier and less expensive for producers to submit important licensing requests. The expanded abilities of the Attachments Warehouse benefit both producers and regulators alike by streamlining the licensing process.

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 been in operation 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 has yielded a savings of approximately $96 million for Delaware employers. In Fiscal Year 2010, 1,594 employers participated.

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 SERFF, which 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 filings 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 148,320. The program is a public service of the Insurance Commissioner’s Office and is 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.

The program is designed to assist, educate and empower people with Medicare and their caregivers with complex and often confusing matters of 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; long-term care insurance; and other health insurance matters.

From June 2009 through June 2010, the unit assisted 4,553 beneficiaries with one-on-one counseling and reached more than 7,170 individuals through interactive public presentations, health fairs and direct mailings. The unit mailed 306 Delaware Prescription Assistance program (DPAP) applications and 106 Medicaid applications, resulting in potential savings of more than $929,713 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 and senior forums.

**Bureau of Captive and Financial Insurance Products**

The Bureau of Captive and Financial Insurance Products was formed in 2009 to provide increased flexibility to businesses needing customized insurance, 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 the current enabling legislation in 2005, the number of captive insurance companies domiciled in Delaware has increased from 38 to 62.

**Performance Measures**

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<thead>
<tr>
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<tr>
<td># of rates received</td>
<td>3,623</td>
<td>3,400</td>
<td>3,500</td>
</tr>
<tr>
<td># of forms received</td>
<td>32,222</td>
<td>34,000</td>
<td>35,000</td>
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<tr>
<td># of advertisements received</td>
<td>467</td>
<td>400</td>
<td>450</td>
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<tr>
<td># of rules received</td>
<td>2,554</td>
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<tr>
<td># of companies regulated:</td>
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<td></td>
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</tr>
<tr>
<td>domestic</td>
<td>146</td>
<td>153</td>
<td>153</td>
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<tr>
<td>foreign</td>
<td>1,236</td>
<td>1,252</td>
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<tr>
<td># of companies examined</td>
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<td>58</td>
<td>58</td>
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<td># of companies liquidated:</td>
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<tr>
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<td>4</td>
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<td>ancillary</td>
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<td>0</td>
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<tr>
<td># of companies under supervision/rehabilitation</td>
<td>3</td>
<td>3</td>
<td>3</td>
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<tr>
<td># of market conducts</td>
<td>45</td>
<td>50</td>
<td>50</td>
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<tr>
<td># of captive insurance companies</td>
<td>40</td>
<td>55</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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<tbody>
<tr>
<td>GF</td>
<td>51,452.2</td>
<td>176,159.1</td>
<td>147,512.8</td>
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<tr>
<td>ASF</td>
<td>51,440.7</td>
<td>38,531.5</td>
<td>72,413.8</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>102,892.9</strong></td>
<td><strong>214,690.6</strong></td>
<td><strong>219,926.6</strong></td>
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**Positions**

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<tr>
<td>GF</td>
<td>13.5</td>
<td>12.5</td>
<td>12.5</td>
</tr>
<tr>
<td>ASF</td>
<td>9.5</td>
<td>10.5</td>
<td>10.5</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>23.0</strong></td>
<td><strong>23.0</strong></td>
<td><strong>23.0</strong></td>
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</table>

**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 the State Treasurer has developed meaningful public-private partnerships to deliver 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 13,898 in July 2010. Although currently suspended by the Joint Finance Committee, since the passage of Senate Bill 425, more than $17.5 million have accumulated in state employee match accounts. State employees contribute more than $1.2 million per pay cycle and have over $330 million saved toward their retirement.

Reconciliation
The statewide bank reconciliation audit has been completed again with no findings or recommendations. 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 on 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.

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. The Treasurer’s Summit for high school kids also continues to provide a 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, Delaware Bankers Association and University of Delaware, Center for Economic Education in the Bank-In-School program operating in elementary and secondary schools.

The Treasurer’s Office hosted two Fast Forward Your Financial Future conferences designed to focus Delawareans on the importance of planning for their financial future.

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.
OTHER ELECTIVE
12-00-00

- 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.

Work with the First State Financials (FSF) team to improve electronic reporting of special and school funds interest within FSF.

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 2010, all debt service payments to the Depository Trust Company were met on the bond due dates, which entailed:

- Disbursement of $222.8 million for 21 General Obligation issues on $1,497.4 million outstanding on June 30, 2010; and
- Collection of $58.1 million from schools for the repayment of their local share of school construction on $516 million of outstanding local share bonds on June 30, 2010.

**ACTIVITIES**

- Maintain records required for bond projects as authorized by the annual Capital Improvement Act from authorization through bond sale and amortizations of the bond sales over a number of years.
- Provide Office of Management and Budget with the principal and interest payments due by fund and fiscal year.
- Provide Bond Counsel with data relating to bond projects, including project identification, description, volume and chapter required to obtain a legal opinion for the bond issue.
- Establish, monitor, calculate and pay interest on approximately 462 special funds on deposit with the State Treasurer. Interest in Fiscal Year 2010 totaled more than $5 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 FSF 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 $5.1 million for Fiscal Year 2010.
- Assist the public with any inquiries concerning state bonds.

**PERFORMANCE MEASURES**

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<tr>
<td># of Deferred Compensation accounts</td>
<td>13,898</td>
<td>14,400</td>
<td>14,500</td>
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<tr>
<td># of days to reconcile major accounts</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>$ ACH vendor payments (billions)</td>
<td>3.2</td>
<td>3.0</td>
<td>3.5</td>
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**DEBT MANAGEMENT**

12-05-03

**MISSION**

To manage the State’s debt, including legal and accounting records; process and account for all local school debt and interest; process and account for all special fund balances and interest; and provide overall guidance and accounting to maximize taxpayer value in the area of debt issuance and its management.

**KEY OBJECTIVES**

- Provide guidance to state and school district officials regarding debt issuance and capital financing, which maximizes taxpayer value and protects the interests of the prudent investor.
- Maintain 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.
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<tbody>
<tr>
<td>% of accounting automation for debt issuances</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</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 Objective**

- 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.