

# Department of Insurance, Securities, and Banking

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Table SR0-1

Description	FY 2016 Actual	FY 2017 Actual	FY 2018 Approved	FY 2019 Proposed	% Change from FY 2018
OPERATING BUDGET	\$20,684,402	\$19,933,125	\$28,747,797	\$28,690,477	-0.2
FTEs	110.4	124.6	149.6	150.0	0.3

The mission of the Department of Insurance, Securities, and Banking (DISB) is two-fold: (1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia; and (2) develop and improve market conditions to attract and retain financial services firms to the District of Columbia.

## Summary of Services

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

The agency's FY 2019 proposed budget is presented in the following tables:

## FY 2019 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table SR0-2 contains the proposed FY 2019 budget by revenue type compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 actual data.

**Table SR0-2**

(dollars in thousands)

Appropriated Fund	Dollars in Thousands						Full-Time Equivalents					
	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	% Change*	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	% Change
<b>GENERAL FUND</b>												
Local Funds	0	0	200	0	-200	-100.0	0.0	0.0	0.0	0.0	0.0	N/A
Special Purpose Revenue Funds	19,581	19,668	27,966	28,565	600	2.1	110.4	124.6	149.6	150.0	0.4	0.3
<b>TOTAL FOR GENERAL FUND</b>	<b>19,581</b>	<b>19,668</b>	<b>28,166</b>	<b>28,565</b>	<b>400</b>	<b>1.4</b>	<b>110.4</b>	<b>124.6</b>	<b>149.6</b>	<b>150.0</b>	<b>0.4</b>	<b>0.3</b>
<b>FEDERAL RESOURCES</b>												
Federal Grant Funds	984	145	457	0	-457	-100.0	0.0	0.0	0.0	0.0	0.0	N/A
<b>TOTAL FOR FEDERAL RESOURCES</b>	<b>984</b>	<b>145</b>	<b>457</b>	<b>0</b>	<b>-457</b>	<b>-100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>N/A</b>
<b>INTRA-DISTRICT FUNDS</b>												
Intra-District Funds	119	120	125	125	0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
<b>TOTAL FOR INTRA-DISTRICT FUNDS</b>	<b>119</b>	<b>120</b>	<b>125</b>	<b>125</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>N/A</b>
<b>GROSS FUNDS</b>	<b>20,684</b>	<b>19,933</b>	<b>28,748</b>	<b>28,690</b>	<b>-57</b>	<b>-0.2</b>	<b>110.4</b>	<b>124.6</b>	<b>149.6</b>	<b>150.0</b>	<b>0.4</b>	<b>0.3</b>

\*Percent change is based on whole dollars.

**Note:** If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2019 Operating Appendices** located on the Office of the Chief Financial Officer's website.

## FY 2019 Proposed Operating Budget, by Comptroller Source Group

Table SR0-3 contains the proposed FY 2019 budget at the Comptroller Source Group (object class) level compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 actual expenditures.

**Table SR0-3**

(dollars in thousands)

Comptroller Source Group	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	Percentage Change*
11 - Regular Pay - Continuing Full Time	11,073	11,926	14,104	15,085	981	7.0
12 - Regular Pay - Other	355	556	825	474	-351	-42.5
13 - Additional Gross Pay	147	83	113	113	0	0.0
14 - Fringe Benefits - Current Personnel	2,400	2,581	3,045	3,283	238	7.8
15 - Overtime Pay	9	3	21	21	0	0.0
<b>SUBTOTAL PERSONAL SERVICES (PS)</b>	<b>13,984</b>	<b>15,150</b>	<b>18,108</b>	<b>18,976</b>	<b>868</b>	<b>4.8</b>

**Table SR0-3**

(dollars in thousands)

<b>Comptroller Source Group</b>	<b>Actual FY 2016</b>	<b>Actual FY 2017</b>	<b>Approved FY 2018</b>	<b>Proposed FY 2019</b>	<b>Change from FY 2018</b>	<b>Percentage Change*</b>
20 - Supplies and Materials	59	67	79	94	15	18.8
31 - Telephone, Telegraph, Telegram, Etc.	86	81	104	98	-5	-5.1
32 - Rentals - Land and Structures	2,016	2,011	2,188	2,214	26	1.2
34 - Security Services	8	7	7	3	-4	-62.9
35 - Occupancy Fixed Costs	24	0	25	27	2	8.0
40 - Other Services and Charges	755	645	1,645	1,480	-164	-10.0
41 - Contractual Services - Other	1,746	1,377	3,265	3,222	-44	-1.3
50 - Subsidies and Transfers	1,585	0	2,000	2,000	0	0.0
70 - Equipment and Equipment Rental	421	594	1,328	577	-751	-56.5
<b>SUBTOTAL NONPERSONAL SERVICES (NPS)</b>	<b>6,700</b>	<b>4,783</b>	<b>10,640</b>	<b>9,714</b>	<b>-925</b>	<b>-8.7</b>
<b>GROSS FUNDS</b>	<b>20,684</b>	<b>19,933</b>	<b>28,748</b>	<b>28,690</b>	<b>-57</b>	<b>-0.2</b>

\*Percent change is based on whole dollars.

**FY 2019 Proposed Operating Budget and FTEs, by Division/Program and Activity**

Table SR0-4 contains the proposed FY 2019 budget by division/program and activity compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 actual data. For a more comprehensive explanation of divisions/programs and activities, please see the Division/Program Description section, which follows the table.

**Table SR0-4**

(dollars in thousands)

<b>Division/Program and Activity</b>	<b>Dollars in Thousands</b>					<b>Full-Time Equivalents</b>				
	<b>Actual FY 2016</b>	<b>Actual FY 2017</b>	<b>Approved FY 2018</b>	<b>Proposed FY 2019</b>	<b>Change from FY 2018</b>	<b>Actual FY 2016</b>	<b>Actual FY 2017</b>	<b>Approved FY 2018</b>	<b>Proposed FY 2019</b>	<b>Change from FY 2018</b>
<b>(1000) AGENCY MANAGEMENT</b>										
(1010) Personnel	181	189	197	206	9	1.5	1.7	2.0	2.0	0.0
(1017) Labor Partnership	80	84	84	89	5	0.7	0.8	1.0	1.0	0.0
(1040) Office of Info. Tech. and Support	4,015	4,131	5,388	4,520	-869	8.1	9.2	11.0	11.0	0.0
(1060) Office of Legal Services	1,247	1,290	1,866	1,858	-7	9.6	10.8	13.0	12.0	-1.0
(1080) Public Affairs	621	706	792	1,025	233	3.0	3.3	4.0	5.0	1.0
(1090) Performance Management	456	545	789	816	28	1.5	4.2	6.0	6.0	0.0
<b>SUBTOTAL (1000) AGENCY MANAGEMENT</b>	<b>6,601</b>	<b>6,944</b>	<b>9,115</b>	<b>8,514</b>	<b>-601</b>	<b>24.4</b>	<b>30.0</b>	<b>37.0</b>	<b>37.0</b>	<b>0.0</b>
<b>(100F) AGENCY FINANCIAL OPERATIONS</b>										
(110F) Budget Operation	272	296	313	325	12	0.7	1.7	2.0	2.0	0.0
(120F) Accounting Operations	522	542	527	554	27	4.4	4.2	5.0	5.0	0.0
(130F) ACFO	197	203	212	220	8	0.7	0.8	1.0	1.0	0.0
<b>SUBTOTAL (100F) AGENCY FINANCIAL OPERATIONS</b>	<b>991</b>	<b>1,041</b>	<b>1,053</b>	<b>1,099</b>	<b>46</b>	<b>5.9</b>	<b>6.7</b>	<b>8.0</b>	<b>8.0</b>	<b>0.0</b>

**Table SR0-4**

(dollars in thousands)

Division/Program and Activity	Dollars in Thousands					Full-Time Equivalents				
	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018
<b>(2000) INSURANCE</b>										
(2010) Insurance Products	999	1,175	1,511	1,599	88	6.9	9.7	11.7	11.7	0.0
(2015) Financial Surveillance	514	811	735	869	133	4.2	4.7	5.6	6.0	0.4
(2050) HMO	541	566	568	606	38	3.0	3.6	4.3	4.3	0.0
(2080) DC Market Operations Insurance	45	70	528	518	-9	0.2	0.0	0.0	0.0	0.0
(2090) Health Insurance Review	969	644	1,032	626	-407	4.4	5.0	5.0	5.0	0.0
<b>SUBTOTAL (2000) INSURANCE</b>	<b>3,069</b>	<b>3,267</b>	<b>4,374</b>	<b>4,217</b>	<b>-156</b>	<b>18.7</b>	<b>23.0</b>	<b>26.6</b>	<b>27.0</b>	<b>0.4</b>
<b>(3000) SECURITIES</b>										
(3010) Corporate Finance	740	702	865	891	26	4.8	5.8	7.0	7.0	0.0
(3030) Securities Licensing	406	435	468	495	27	3.3	3.3	4.0	4.0	0.0
(3080) DC Market Operations Securities	185	250	710	607	-102	0.2	0.8	1.0	1.0	0.0
<b>SUBTOTAL (3000) SECURITIES</b>	<b>1,331</b>	<b>1,387</b>	<b>2,042</b>	<b>1,992</b>	<b>-49</b>	<b>8.3</b>	<b>10.0</b>	<b>12.0</b>	<b>12.0</b>	<b>0.0</b>
<b>(4000) ENFORCEMENT</b>										
(4050) Enforcement	91	196	244	293	49	1.8	1.7	2.0	3.0	1.0
(4060) Investigations	534	595	920	958	38	4.1	5.0	7.0	7.0	0.0
(4080) DC Market Compliance Enforcement	7	26	61	75	15	0.0	0.0	0.0	0.0	0.0
<b>SUBTOTAL (4000) ENFORCEMENT</b>	<b>631</b>	<b>817</b>	<b>1,224</b>	<b>1,326</b>	<b>102</b>	<b>5.9</b>	<b>6.7</b>	<b>9.0</b>	<b>10.0</b>	<b>1.0</b>
<b>(5000) BANKING</b>										
(5060) Licensing	754	734	864	916	52	4.8	5.8	7.0	7.0	0.0
(5070) Market Services	2,954	1,424	3,699	3,735	36	6.6	6.7	8.0	8.0	0.0
(5080) DC Market Operations Banking	581	163	1,102	1,451	349	0.2	0.0	0.0	0.0	0.0
<b>SUBTOTAL (5000) BANKING</b>	<b>4,290</b>	<b>2,321</b>	<b>5,666</b>	<b>6,102</b>	<b>436</b>	<b>11.6</b>	<b>12.5</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>
<b>(6000) RISK FINANCE</b>										
(6010) Compliance	129	136	145	157	12	3.3	0.8	1.0	1.0	0.0
(6020) Financial Analysis	197	203	207	215	7	0.4	0.8	1.0	1.0	0.0
(6030) Regulatory Review and Licensing	41	88	95	103	8	0.7	0.8	1.0	1.0	0.0
(6080) DC Market Operations Risk Finance	48	59	169	184	15	0.2	0.0	0.0	0.0	0.0
<b>SUBTOTAL (6000) RISK FINANCE</b>	<b>416</b>	<b>487</b>	<b>616</b>	<b>659</b>	<b>43</b>	<b>4.6</b>	<b>2.5</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>
<b>(8000) MARKET EXAMINATIONS</b>										
(8010) Insurance Exams	241	247	345	362	16	2.4	2.5	3.0	3.0	0.0
(8020) Securities Exams	352	344	414	447	33	3.1	3.3	4.0	4.0	0.0
(8030) Banking Exams	1,083	1,265	1,499	1,572	73	9.8	10.8	13.0	13.0	0.0
(8040) Risk Finance Exams	665	700	693	739	47	4.6	4.2	5.0	5.0	0.0
<b>SUBTOTAL (8000) MARKET EXAMINATIONS</b>	<b>2,340</b>	<b>2,557</b>	<b>2,952</b>	<b>3,121</b>	<b>169</b>	<b>19.9</b>	<b>20.8</b>	<b>25.0</b>	<b>25.0</b>	<b>0.0</b>
<b>(9000) COMPLIANCE ANALYSIS</b>										
(9010) Consumer Services	793	782	842	884	42	5.9	6.7	7.0	7.0	0.0
(9020) Market Research Analysis	223	331	654	561	-93	4.4	5.0	6.0	5.0	-1.0
(9080) DC Market Compliance Analysis	1	5	212	216	4	0.7	0.8	1.0	1.0	0.0
<b>SUBTOTAL (9000) COMPLIANCE ANALYSIS</b>	<b>1,016</b>	<b>1,118</b>	<b>1,707</b>	<b>1,660</b>	<b>-47</b>	<b>11.1</b>	<b>12.5</b>	<b>14.0</b>	<b>13.0</b>	<b>-1.0</b>

**Table SR0-4**

(dollars in thousands)

Division/Program and Activity	Dollars in Thousands					Full-Time Equivalents				
	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018
<b>(9960) YR END CLOSE</b>										
No Activity Assigned	0	-7	0	0	0	0.0	0.0	0.0	0.0	0.0
<b>SUBTOTAL (9960) YR END CLOSE</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL PROPOSED</b>										
<b>OPERATING BUDGET</b>	<b>20,684</b>	<b>19,933</b>	<b>28,748</b>	<b>28,690</b>	<b>-57</b>	<b>110.4</b>	<b>124.6</b>	<b>149.6</b>	<b>150.0</b>	<b>0.4</b>

(Change is calculated by whole numbers and numbers may not add up due to rounding)

**Note:** For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2019 Operating Appendices** located on the Office of the Chief Financial Officer's website. "No Activity Assigned" indicates budget or actuals that are recorded at the division/program level.

## Division Description

The Department of Insurance, Securities, and Banking operates through the following 9 divisions:

**Insurance** – monitors the financial solvency of insurance companies and Health Maintenance Organizations (HMOs) operating in the District of Columbia; issues licenses to insurance companies, insurance producers, and related entities; resolves consumer complaints; approves rates and policy forms of insurance products marketed in the District; and monitors underwriting, policy holder services, claims, marketing, producer licensing, and the complaint handling processes of licensed insurers to ensure a viable insurance market in the District.

This division contains the following 5 activities:

- **Insurance Products** – reviews all types of insurance policy forms and actuarial memoranda to determine whether they conform to District insurance laws and regulations; analyzes rating rules, rate manuals and rating schedules; conducts actuarial and statistical analysis of rate increase requests; and maintains a database for claims and investment experience;
- **Financial Surveillance** – provides solvency and compliance monitoring, rate approval, and technical assistance for the insurance industry, other regulators, and the public so that there is a viable insurance market in the District;
- **Health Maintenance Organization (HMO)** – provides solvency and compliance monitoring, rate approval, and technical assistance for the HMO industry, other regulators, and the public so that there is a viable managed care insurance market in the District;
- **DC Market Operations Insurance** – provides for administrative support and the required tools for the bureau to achieve operational and programmatic results; and
- **Health Insurance Review** – reviews health insurance rate filings submitted for products sold in the District to ensure compliance with District law and federal health care reform; conducts analysis on rate filing trends; and provides consumer information on health insurance rates.

**Securities** – oversees the regulatory activities of stock brokerage and investment firms in the District to proactively protect District residents against malpractice and fraud by securities professionals, and to ensure proper marketing and disclosure of securities products in compliance with the District Code.

This division contains the following 3 activities:

- **Corporate Finance** – reviews and analyzes securities offerings to investors to ensure full disclosure with the District’s securities laws;
- **Securities Licensing** – reviews and approves, subject to District laws, investment advisors, investment advisor representatives, broker-dealers, and broker-dealer agents doing business in the District; and
- **DC Market Operations Securities** – provides for administrative support and the required tools for the bureau to achieve operational and programmatic results.

**Enforcement** – directs programs designed to detect and take actions against individuals and companies engaged in fraudulent financial operations and services, and investigates compliance complaints.

This division contains the following 3 activities:

- **Enforcement** – ensures observance of District laws by providing remedies to individuals, insurance entities, securities and banking entities, and other jurisdictions in order to prevent, detect, and prosecute insurance, securities and banking fraudulent activities;
- **Investigations** – responds to inquiries and complaints from consumers, and investigates and establishes the underlying facts to ensure adherence with the District’s financial services and relevant consumer protection laws; and
- **DC Market Compliance Enforcement** – provides technical and administrative support for the bureau to achieve operational and programmatic results.

**Banking** – regulates the activities of depository and non-depository financial institutions within the District to protect consumers from unfair practices by conducting timely financial examinations and providing a fair financial market that benefits District consumers and businesses.

This division contains the following 3 activities:

- **Licensing** – reviews and approves, subject to District laws, District chartered banks, mortgage lenders and brokers, loan originators, money transmitters, check cashers, money lenders, and consumer credit service organizations doing business in the District;
- **Market Services** – administers the foreclosure mediation, Certified Capital Company (CAPCO), and State Small Business Credit Initiative programs; and
- **DC Market Operations Banking** – provides for administrative support and the required tools for the bureau to achieve operational and programmatic results.

**Risk Finance** – reviews and approves licensing applications for the formation of captive insurance companies and maintains regulatory oversight of captive insurers and risk retention groups that operate or plan to do business in the District.

This division contains the following 4 activities:

- **Compliance** – provides solvency and compliance monitoring and technical assistance for the captive insurance industry and other regulators to maintain a viable alternative insurance market in the District;
- **Financial Analysis** – analyzes financial and actuarial reports to ensure captive insurance companies and risk retention groups maintain capital and surplus required under District law;
- **Regulatory Review and Licensing** – reviews and approves, subject to District laws, licensing applications of captive insurance companies and risk retention groups, and provides technical assistance to other regulators; and
- **DC Market Operations Risk Finance** – provides for administrative support and the required tools for the bureau to achieve operational and programmatic results.

**Market Examinations** – conducts on-site examinations of all domiciled insurance companies; inspects District-based investment advisers and broker-dealers, District-chartered banks, and non-depository financial services institutions doing business in the District; monitors solvency of financial firms doing business in the District; and develops comprehensive analysis of financial services market to identify current and emerging systematic issues and coordinate regulatory actions.

This division contains the following 4 activities:

- **Insurance Exams** – provides solvency and compliance monitoring of insurance companies to ensure compliance with District laws;
- **Securities Exams** – performs examinations of financial condition and regulatory compliance of securities firms and their representatives;
- **Banking Exams** – provides chartering, examination and enforcement services pertaining to District chartered banks and District licensed non-depository institutions; and
- **Risk Finance Exams** – provides solvency and compliance monitoring and technical assistance for the captive insurance industry and other regulators.

**Compliance Analysis** – provides research and analysis of industry sectors to establish best practices, and coordinates information from the Market Examinations Bureau with other bureaus to identify and define key market factors that drive changes in each industry sector.

This division contains the following 3 activities:

- **Consumer Services** – reviews consumer complaints regarding financial institutions and firms operating in the District to determine compliance with District laws and regulations, and conducts analysis and investigates matters regarding consumer issues;
- **Market Research Analysis** – provides research and analysis of industry sectors to establish “best practices” standards and guidelines for design, delivery, and results monitoring of financial products and services; and
- **DC Market Compliance Analysis** – provides technical and administrative support for the bureau to achieve operational and programmatic results.

**Agency Management** – provides for administrative support and the required tools to achieve operational and programmatic results. This division is standard for all agencies using performance-based budgeting.

**Agency Financial Operations** – provides comprehensive and efficient financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained.

### **Division Structure Change**

The Department of Insurance, Securities, and Banking has no division structure changes in the FY 2019 proposed budget.



## FY 2018 Approved Budget to FY 2019 Proposed Budget, by Revenue Type

Table SR0-5 itemizes the changes by revenue type between the FY 2018 approved budget and the FY 2019 proposed budget. For a more comprehensive explanation of changes, please see the FY 2019 Proposed Budget Changes section, which follows the table.

**Table SR0-5**

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
<b>LOCAL FUNDS: FY 2018 Approved Budget and FTE</b>		<b>200</b>	<b>0.0</b>
Removal of One-Time Costs	Banking	-200	0.0
<b>LOCAL FUNDS: FY 2019 Recurring Budget</b>		<b>0</b>	<b>0.0</b>
No Change		0	0.0
<b>LOCAL FUNDS: FY 2019 Mayor's Proposed Budget</b>		<b>0</b>	<b>0.0</b>
No Change		0	0.0
<b>LOCAL FUNDS: FY 2019 District's Proposed Budget</b>		<b>0</b>	<b>0.0</b>
<b>FEDERAL GRANT FUNDS: FY 2018 Approved Budget and FTE</b>		<b>457</b>	<b>0.0</b>
Agency Request-Decrease: To align budget with projected grant awards	Insurance	-457	0.0
<b>FEDERAL GRANT FUNDS: FY 2019 Mayor's Proposed Budget</b>		<b>0</b>	<b>0.0</b>
No Change		0	0.0
<b>FEDERAL GRANT FUNDS: FY 2019 District's Proposed Budget</b>		<b>0</b>	<b>0.0</b>
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2018 Approved Budget and FTE</b>		<b>27,966</b>	<b>149.6</b>
COLA: FY 2019 COLA Adjustment	Multiple Programs	751	0.0
Agency Request-Increase: To support the costs of pre-existing programmatic initiatives	Banking	554	0.0
Agency Request-Increase: To align personal services and Fringe Benefits with projected costs	Multiple Programs	117	0.4
Agency Request-Increase: To adjust the Contractual Services budget	Multiple Programs	75	0.0
Agency Request-Decrease: To support nonpersonal service costs	Multiple Programs	-102	0.0
Agency Request-Decrease: To align resources with operational spending goals	Agency Management	-795	0.0
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2019 Mayor's Proposed Budget</b>		<b>28,565</b>	<b>150.0</b>
No Change		0	0.0
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2019 District's Proposed Budget</b>		<b>28,565</b>	<b>150.0</b>
<b>INTRA-DISTRICT FUNDS: FY 2018 Approved Budget and FTE</b>		<b>125</b>	<b>0.0</b>
No Change		0	0.0
<b>INTRA-DISTRICT FUNDS: FY 2019 Mayor's Proposed Budget</b>		<b>125</b>	<b>0.0</b>
No Change		0	0.0
<b>INTRA-DISTRICT FUNDS: FY 2019 District's Proposed Budget</b>		<b>125</b>	<b>0.0</b>
<b>GROSS FOR SR0 - DEPARTMENT OF INSURANCE, SECURITIES, AND BANKING</b>		<b>28,690</b>	<b>150.0</b>

(Change is calculated by whole numbers and numbers may not add up due to rounding)

## FY 2019 Proposed Budget Changes

The Department of Insurance, Securities, and Banking's (DISB) proposed FY 2019 gross budget is \$28,690,477, which represents a less than 1.0 percent decrease from its FY 2018 approved gross budget of \$28,747,797. The budget is comprised of \$28,565,477 in Special Purpose Revenue funds and \$125,000 in Intra-District funds.



## **Recurring Budget**

The FY 2019 budget for DISB includes a reduction of \$200,000 in Local funds to account for the removal of one-time funding appropriated in FY 2018 for a feasibility study for the establishment of a public bank in the District of Columbia.

## **Mayor's Proposed Budget**

**Cost-of-Living Adjustment:** DISB's budget proposal includes a cost-of-living adjustment (COLA) of \$750,707 in Special Purpose Revenue funds.

**Agency Request – Increase:** DISB's FY 2019 budget proposal for Special Purpose Revenue funds includes an increase of \$554,288 in the Banking Division to support the Earned Income Tax Credit (EITC) program, as well as consulting and market research for the Financial Empowerment Center Project. The budget proposal also includes a net increase of \$117,463 in personal services across multiple divisions, to account for salary step increases, Fringe Benefit adjustments, and the realignment of 0.4 Full-Time Equivalent (FTE) to support program initiatives. The Special Purpose Revenue funds proposed budget also includes an increase of \$74,970, primarily in the Agency Management and Enforcement divisions, to support the new contracts for enforcement and consumer protection initiatives and communications consultants.

**Agency Request – Decrease:** In Federal Grant funds, the proposed budget includes a decrease of \$457,172 in the DC Market Operations Banking Division due to the elimination of the Insurance Market Reforms Grant. DISB's FY 2019 Special Purpose Revenue budget proposal includes a net decrease of \$102,486 in nonpersonal services across multiple divisions, to reflect lower costs for data migration for the new Securities Tracking and Registration (STAR) platform, due to the majority of the migration occurring in FY 2018; an anticipated reduction in travel costs; and a reduction in maintenance and repair costs for the new Micropact system. In the Agency Management division, the budget proposal includes an overall decrease of \$795,091 to reflect a reduction in the costs associated with the agency's prior-year office relocation and hardware and software upgrades.

## **District's Proposed Budget**

**No Change:** The Department of Insurance, Securities, and Banking's budget proposal reflects no change from the Mayor's proposed budget to the District's proposed budget.

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## Agency Performance Plan

Department of Insurance, Securities, and Banking's (DISB) performance plan has the following objectives for FY 2019:

### Strategic Objectives

Strategic Objectives describe what the agency will do, at a high level, to achieve its mission. These are action-based sentences that define what an agency does for its customers, whether the customers are residents or other District agencies, and how that improves the District.

### Objectives

1. Provide high quality and efficient consumer protection services to District residents and businesses.
2. Provide high quality and cost effective regulation of financial services providers to ensure compliance with District laws.
3. Establish the District as a premier destination for financial services firms by coordinating with other agencies to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District.
4. Provide high quality services to financially empower residents and create pathways to the middle class.
5. Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs.
6. Create and maintain a highly efficient, transparent and responsive District government.\*\*

### ACTIVITIES

Activities include the work that happens on a daily basis to help achieve the Strategic Objectives. Activity names come from the budget line items. This is further divided into “daily services” (ex. sanitation disposal), and long-term “key projects” that are high profile, one-time and span several years, (ex. redevelopment of Walter Reed Army Medical Center). Many agencies will mostly have daily services, whereas some agencies that have more of their budget come from capital funding will have several key projects.

#### 1. Provide high quality and efficient consumer protection services to District residents and businesses. (8 Activities)

Activity Title	Activity Description	Type of Activity
Outreach Campaigns	Conduct outreach campaigns to provide residents with information that will help them make informed choices about financial services offerings (e.g., DC Saves Week, Financial Literacy Month, DASH for the STASH and the Financial Fitness Challenge).	Key Project
Financial Education Events	Hold at least two in-person financial education events in every Ward by the end of the fiscal year.	Key Project
Consumer Alerts	Publish and distribute consumer alerts, guides and articles to inform consumers about financial services issues and to help prevent them from becoming victims of scams and abuses.	Key Project
Complaint Activity	Review complaint activity to identify trends that are adverse to the interests of consumers.	Daily Service
Trend Analysis	Utilize trend analysis from complaint activity to develop education and enforcement initiatives to address the trends and improve outcomes for consumers.	Daily Service
Customer Satisfaction Surveys	DISB will continue to provide the customer satisfaction survey to the investment adviser firms it examines. DISB will review the survey responses and consider whether any modifications to the Examinations Program would be appropriate in light of the feedback.	Daily Service

**1. Provide high quality and efficient consumer protection services to District residents and businesses. (8 Activities)**

Activity Title	Activity Description	Type of Activity
Senior Financial Fraud Abuse Prevention Program	Continue the implementation of the Department's Senior Financial Fraud Abuse Prevention Program. This initiative will focus on two primary components: (1) increase the number of outreach events to educate seniors on how to recognize and avoid financial scams; and (2) enhance DISB's consumer enforcement program to protect District seniors.	Daily Service
Consumer Alerts and Guides on Financial Services issues	Publish and distribute consumer alerts, guides and articles. Offer an expanded Consumer Financial Resources Guide that provides stories/scenarios, how-to's and other directions for resolving financial services concerns and preventing scams and abuses.	Daily Service

**2. Provide high quality and cost effective regulation of financial services providers to ensure compliance with District laws. (3 Activities)**

Activity Title	Activity Description	Type of Activity
Non-Depository Exams	Conduct examinations of non-depository financial institutions scheduled during the fiscal year.	Daily Service
Domestic Insurance Company Exams	Conduct examinations of domestic insurance companies scheduled during the fiscal year.	Daily Service
Investment Firm Exams	Conduct examinations of investment firms scheduled during the fiscal year.	Daily Service

**3. Establish the District as a premier destination for financial services firms by coordinating with other agencies to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District. (1 Activity)**

Activity Title	Activity Description	Type of Activity
Financial Services Academy	Develop a public private partnership where DISB and the financial services industry work with District universities and schools to train students to fill jobs in the financial services industry.	Daily Service

**4. Provide high quality services to financially empower residents and create pathways to the middle class. (4 Activities)**

Activity Title	Activity Description	Type of Activity
Financial Literacy for all Residents of the District	Conduct seminars, educational events and workshops to provide residents with information on financial services and engage in comprehensive efforts to provide financial literacy. Examples include: DC Saves Week, Financial Literacy Month, DASH for the STASH, and Insurance Awareness Day.	Daily Service
Bank on DC program	Promote the Bank on DC program to reduce the number of unbanked and underbanked residents in the District.	Key Project
Financial Services Curriculum	Deliver financial services curriculum that contains topics of interest and importance to all population segments in the District.	Key Project
Consumer Guides and Alerts	Prepare consumer guides and alerts to provide District residents with information about financial products and services.	Daily Service

**5. Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs. (3 Activities)**

Activity Title	Activity Description	Type of Activity
State Small Business Credit Initiative (SSBCI) Program Promotion	Promote the SSBCI program to local banks and financial institutions, the business community, and District agencies, such as, Department of Small and Local Business Development (DSLBD), Department of General Services (DGS), and the Deputy Mayor of Planning and Economic Development (DMPED).	Daily Service
SSBCI Program Partnerships	Work with District agencies, incubators, chambers of commerce, universities, and other organizations to provide technical assistance to small businesses to enable them to qualify for loans.	Daily Service
SSBCI Program	Administer DISB's State Small Business Credit Initiative (SSBCI) program to provide financial support to District-based small businesses and entrepreneurs.	Daily Service

**KEY PERFORMANCE INDICATORS**

Key Performance Indicators measure how well an agency is achieving its Strategic Objectives. They are outcome-oriented and should be used to answer the question, "What does the agency need to measure to determine success?"

**1. Provide high quality and efficient consumer protection services to District residents and businesses. (3 Measures)**

Measure	New Measure/ Benchmark Year	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Percent increase in the number of fraud alerts from the previous fiscal year developed and available on the Department's website and other media	No	266.7%	10%	50%	10%	10%
Percent of insurance, securities and banking complaints scheduled to be closed within 45 days of receipt	No	99%	95%	96.1%	95%	95%
Percent of scheduled captive financial analyses conducted during the fiscal year	No	100%	100%	100%	100%	100%

**2. Provide high quality and cost effective regulation of financial services providers to ensure compliance with District laws. (3 Measures)**

Measure	New Measure/ Benchmark Year	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Percent of scheduled District-based investment firms examined during the fiscal year	No	100%	100%	100%	100%	100%
Percent of scheduled domestic insurance companies examined during the fiscal year	No	100%	100%	100%	100%	100%
Percent of scheduled non-depository financial institutions examined during the fiscal year	No	117.1%	100%	119.6%	100%	100%

**3. Establish the District as a premier destination for financial services firms by coordinating with other agencies to increase the number of financial services industry jobs available for District residents, and to generate additional revenue for the District. (1 Measure)**

Measure	New Measure/ Benchmark Year	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Initiate and increase cyber fraud enforcement efforts	No	Not Available	Not Available	Not Available	Not Available	12

**4. Provide high quality services to financially empower residents and create pathways to the middle class. (1 Measure)**

Measure	New Measure/ Benchmark Year	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Increase the number of new bank accounts opened through the Bank on DC program from the previous year	No	1,711	750	785	750	800

**5. Provide valuable assistance and support to District based small businesses and entrepreneurs that will create or retain jobs. (2 Measures)**

Measure	New Measure/ Benchmark Year	FY 2016 Actual	FY 2017 Target	FY 2017 Actual	FY 2018 Target	FY 2019 Target
Number of outreach events for small businesses, financial institutions, or business organizations	No	New Measure	New Measure	Not Available	New Measure	New Measure
Percent of State Small Business Credit Initiative applications processed within 30 days of receipt	No	Not Available	95%	100%	95%	95%

## WORKLOAD MEASURES

Workload Measures, also called inputs or outputs, quantify an activity, effort or process that is necessary to make progress towards the Strategic Objectives. They help answer the question; “How much are we doing?”

### 1. Outreach Campaigns

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of residents who receive in-person fraud abuse prevention, financial literacy training, and/or consumer protection information	No	Not Available	6,990	17,935
The number of Hispanic residents who receive financial education offerings at outreach events	No	Not Available	Not Available	Not Available

### 2. Consumer Alerts

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of consumer guides and alerts issued	No	Not Available	5	9

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### 3. Non-Depository Exams

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of non-depository financial institutions examinations completed during the fiscal year	No	Not Available	317	134

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### 4. Domestic Insurance Company Exams

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of domestic insurance company examinations completed during the fiscal year	No	Not Available	0	6

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### 5. Investment Firm Exams

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of District-based investment firm examinations completed during the fiscal year	No	Not Available	16	22

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### 6. Financial Literacy for all Residents of the District

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of events held where residents were provided with financial literacy training and/or consumer protection information	No	Not Available	216	226

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### 7. Bank on DC program

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of Bank on DC or other Financially Fit DC events held	No	Not Available	80	140

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### 8. Financial Services Curriculum

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of consumers receiving financial literacy training and/or consumer protection information	No	Not Available	6,990	17,935
The number of regulatory enforcement cases initiated	No	Not Available	New Measure	12

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### 9. Consumer Guides and Alerts

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
The number of fraud alerts issued	No	Not Available	Not Available	6

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### 10. State Small Business Credit Initiative (SSBCI) Program Promotion

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of jobs created or retained in the District with SSBCI funds	No	Not Available	360	0



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## 11. SSBCI Program Partnerships

Measure	New Measure/ Benchmark Year	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
Number of small business assistance clinics, seminars, or other events provided	No	Not Available	12	18

### Performance Plan Endnotes:

\*For more information about the structure and components of FY 2019 draft performance plans, please see the FY 2019 Proposed Budget and Financial Plan, Volume 1, Appendix E.

\*\*We've revisited a project to standardize District wide measures for the Objective "Create and maintain a highly efficient, transparent and responsive District government". New measures will be tracked in FY 2018 and FY 2019 and published starting in the FY 2019 Performance Plan.

\*\*\*Key Performance Indicators that are new may not have historical data and may only have FY 2019 targets.