

MISSISSIPPI INSURANCE DEPARTMENT

5-YEAR STRATEGIC PLAN

FOR THE FISCAL YEARS 2013-2017

MISSISSIPPI INSURANCE DEPARTMENT
Five-Year Strategic Plan
FY 2013 – FY 2017

1. Comprehensive Mission Statement for the Agency:

The Mississippi Insurance Department mission is to impartially and fairly enforce the laws and regulations enumerated in Miss. Code Ann., § 83-1-1 et. seq., thereby creating a competitive marketplace for the sale of insurance products and services while providing the State's citizens with the maximum amount of consumer protection. Our goal is to create the highest degree of economic security, quality of life, public safety and fire protection for the State's citizens at the lowest possible cost. We are committed to providing assistance to Mississippians in a timely, caring and ethical manner.

2. Overview of the Agency 5-Year Strategic Plan:

The Mississippi Insurance Department (MID) will continue to expand in many areas over the next five years. Public demand is an external factor which will continue to impact our agency. To accomplish these priorities MID must employ sufficient personnel with technical and legal expertise. The following is an outline of the priorities of each of the 13 divisions.

PROGRAM 1: Licensing and Regulation Mississippi Companies & Agents

Commissioner / Deputy Commissioner Division

The Commissioner of Insurance is charged with the execution of all laws relative to insurance companies, corporations, associations and fraternal orders, their agents and adjusters. The Commissioner licenses and regulates the practices of all insurance companies and agents, burial associations, fraternal societies and associations, including motor clubs and bail bondsmen. The Insurance Commissioner, as State Fire Marshal, acting through the State Chief Deputy Fire Marshal, investigates all fires called to his attention occurring in the state; issues licenses to manufacturers, installers/transporters and dealers of manufactured homes and regulates their practices. The Commissioner, through the Department's State Fire Marshal Division, administers the Mississippi Fire Prevention Code. The Commissioner, through the Fire Service Development Division, establishes guidelines, use and accountability for municipal and county fire protection funds. The Commissioner enforces the Liquefied Compressed Gas inspection program. The Insurance Commissioner is elected to a four-year term and may be re-elected. Miss. Code Ann., § 83-1-1 et. seq.

The Deputy Commissioner is responsible for coordinating the policymaking and regulatory activities of the Department and is appointed by the Commissioner. The Deputy Commissioner supervises all insurers the Commissioner has placed into rehabilitation or liquidation. The Deputy is charged with working with the Legislature on all legislative issues, including

Commissioner / Deputy Commissioner Division (continued)

budgeting and proposed new legislation. The Deputy Commissioner also serves as special counsel to the Commissioner of Insurance and staff when required. Pursuant to Miss. Code Ann., § 83-1-7, the Deputy Insurance Commissioner shall have the power to act as Commissioner during his absence or inability to act, and shall perform any and all duties of the Commissioner.

Mississippi Surplus Lines Association

The Mississippi Surplus Lines Association (MSLA) is a non-profit association created to provide a stamping procedure for all eligible non-admitted/surplus lines insurance policies sold on risks subject to the payment of premium taxes to the State of Mississippi. This association, under the direction of the Commissioner, has no separate regulatory powers. MSLA allows the Department to take steps to ensure the proper taxes are paid to the State of Mississippi. As a result of this law, the State collects additional taxes that were not received in previous years due to agent noncompliance or oversight. During the 2008 Regular Legislative Session, SB 2985 was passed which amends Miss. Code Ann., § 83-21-21, the Commissioner of Insurance may contract with a third party other than MSLA to assist the commissioner with carrying out the regulation of surplus line companies. The Department will assess the impact of this legislation over the next fiscal year with a goal of adopting the appropriate strategies to maximize the effective regulation of the Surplus Lines Industry in the State of Mississippi.

Hurricane Damage Mitigation Program

Miss. Code Ann., § 83-1-191, established a Comprehensive Hurricane Damage Mitigation Program within the Mississippi Insurance Department. The program is to develop and implement a comprehensive and coordinated approach for hurricane damage mitigation that includes: a cost-benefit study on wind hazard mitigation construction measures; wind certification and hurricane mitigation inspections; financial grants to retrofit properties; education and consumer awareness; an advisory council consisting of a representative of lending institutions, an agent selected by the Independent Insurance Agents of Mississippi, two (2) representatives of residential property insurers, selected by the Department of Insurance, one (1) representative of homebuilders, selected by the Home Builders Association of Mississippi, the Chairman of the House Insurance Committee, or his designee, the Chairman of the Senate Insurance Committee, or his designee, the Executive Director of the Mississippi Windstorm Underwriting Association, or his designee, and the Director of the Mississippi Emergency Management Agency, or his designee; and rules and regulations governing the Program. During the 2011 Regular Session, HB 1199 was passed which created an 11 person Windstorm Mitigation Coordinating Council for the development and implementation of a coordinated and comprehensive approach for windstorm mitigation. This bill also created a special fund designated the Mississippi Windstorm Mitigation Fund to be used, upon appropriation, for assisting the Council in achieving its stated purpose, including providing grants, developing education programs, providing funds for training local officials, or for providing any other assistance consistent with this purpose.

Legal Division

The Legal Division provides legal support for the Mississippi Insurance Department. It represents the Department and Commissioner of Insurance in various proceedings such as receiverships, liquidations and insolvencies of insurance companies, administrative hearings and appeals. The Legal Division also provides legal support for the State Fire Marshal's Office, the Liquefied Compressed Gas Division, the Liquefied Compressed Gas Board, the Mississippi State Fire Academy, and the Mississippi Fire Personnel Minimum Standards and Certification Board.

The Division's goals for the period FY 2013 to FY 2017 include:

- Enhancement of legal support to the State Fire Marshal's Office, Liquefied Compressed Gas Division, the Manufactured Housing Division, the Mississippi State Fire Academy and the various boards associated with the Department;
- Working closely with the Management Information Systems Division to maximize the use of available technology and systems, thus enhancing research and data sharing capabilities with the National Association of Insurance Commissioners (NAIC);
- Implementation of cross-training among attorneys to facilitate the development of expertise in all subject matter areas and providing better, more efficient legal support to the divisions within the Department. Sustained, periodical in house legal training;
- Development of a formal program whereby each attorney reviews all statutes and regulations in his or her subject matter area annually and makes recommendations to the Commissioner concerning necessary changes;
- Development and implementation of accountability protocols with respect to internal requests for legal advice requiring attorneys to acknowledge such requests immediately and to complete projects within a prescribed period of time;
- Development and implementation a meaningful and efficient format for regularly scheduled staff meetings which encourages the discussion and resolution of major legal issues facing the Department;
- Review NAIC and other model laws and regulations for prospective enactment in Mississippi.

Investigations and Consumer Protection Division

The Investigations and Consumer Protection Division reports directly to the Deputy Commissioner and is responsible for maintaining order in the Mississippi insurance market by reducing fraud and ensuring consumer protection for all Mississippi citizens.

Insurance fraud is one of the most costly white collar crimes in America. It affects every type of insurance and makes victims of all consumers by inflating premiums. The Division confronts the problem of insurance fraud through prevention initiatives and the investigation of fraudulent insurance acts in an effort to reduce the amount of premium dollars spent by Mississippi consumers.

Agent and insurance company fraud is investigated by the Division. The Division collects, coordinates and presents evidence to the MID legal staff for use in administrative hearings and to law enforcement agencies for use in the prosecution of criminal activities. The Division consults with staff attorneys and Special Assistant Attorneys General assigned to the Department to develop rules, regulations and guidelines to protect the consumer.

The Division's goals for the period FY 2013 to FY 2017 include:

- Expanding the role of the Investigations and Consumer Protection Division to concentrate on financial and marketing practices at the insurance company level;
- Increase the number of Investigators/Positions within the Division;
- Attend NAIC Conferences/Seminars in order to maintain a current understanding of issues in the insurance industry;
- Reduce the amount of premium dollars spent by Mississippi consumers through prevention initiatives and the investigation of fraudulent insurance acts.

Life and Health Actuarial Division

The Life and Health Actuarial Division is responsible for reviewing and analyzing all individual/group forms and rates for life, health and accident and annuity insurance in Mississippi. This is necessary to ensure that such forms are readable, fair, comply with state law and that the initial premiums and premium rate changes sought are calculated in accordance with state law. The Division also closely regulates premium rate changes in order to ensure that said changes comply with state law. In addition, the Division is tasked with implementing and enforcing provisions of the Patient Protection and Affordable Care Act (PPACA) that relate to health insurance.

The Division's goals for the period FY 2013 to FY 2017 include:

- Expand the use of our electronic filing system (SERFF) with the intention of eventually becoming a completely paperless filing state for all life, health & accident and annuity form and rate filings;
- Maintain our actuarial review time for filing to a maximum of 60 days;
- Educate insurance companies regarding our Expedited Review Program for Forms and Rates in an effort to expand and improve the application of said Program;
- Improve public access to health insurance rate information by posting said information on the Department's website;
- Promote the Interstate Insurance Product Regulation Commission to domestic companies in order to increase participation by Mississippi companies in said Compact;
- Effectively implement and enforce health insurance reforms enacted by PPACA and properly report insurance information to the United States Department of Health and Human Services as required by PPACA.
- Successfully apply for and manage all available and necessary PPACA related federal grant opportunities that are available to the Department.
- Work in conjunction with the Mississippi Comprehensive High Risk Pool Association to implement and operate a Health Benefit Exchange that will provide value to the citizens of the State of Mississippi and operate in an efficient and effective manner.

Statutory Compliance Division

The Statutory Compliance Division is responsible for the licensing and annual renewal of all types of insurance companies. The Division processes insurance company corporate changes, such as adding/deleting lines, name/address changes, redomestications, demutualizations, conversions, assumptions and mergers of foreign insurance companies, health maintenance organizations, societies, and associations. The corporate documents of the foreign insurer admission applications are reviewed for compliance and licensure. Domestic insurance company formations, acquisitions and corporate changes are analyzed in partnership with the Legal and Financial and Market Regulation Divisions.

The Division provides service of legal process, licensing, corporate and historical information of insurance companies to insurance professionals, attorneys, other State Agencies and the general public.

The Division's goals for the period FY 2013 to FY 2017 include:

- Implementation of procedures for processing by electronic submission the admission applications, license renewals and corporate amendments of insurance companies, associations and societies. Receipt of license and filing fees for these transactions would also be processed electronically. This will require employee training and computer enhancements;
- Acquisition of an imaging system, including staff and training, to preserve the over 4,300 insurance company permanent files that are currently maintained. This system would handle both electronic and paper submissions;
- Enhancement of information on the Department's website to include the historical information of current and previously licensed insurance companies.

Financial and Market Regulation Division

The Financial and Market Regulation Division (Division) assists the Commissioner of Insurance (Commissioner) in the execution of his duties by monitoring entities' compliance with Mississippi insurance laws. For the protection of Mississippi policyholders, the Regulation Division monitors entities' activities, operations, financial condition, accounting practices, consumer complaints, producer licensing, policies, rates, products, marketing, advertising, sales, claims, and policyholder service.

The Division monitors the solvency of approximately 2,200 entities, reviews the applications of entities applying for admission to operate in Mississippi, maintains the Mississippi Insurance Department's (MID) National Association of Insurance Commissioners (NAIC) accreditation certification by meeting all 37 of the legal, financial, and organizational accreditation standards, manages approximately \$42,000,000 in securities that entities operating in Mississippi must pledge for the protection and benefit of policyholders in the event of the entity's insolvency, assists the Commissioner with companies that are in administrative supervision, rehabilitation, or liquidation, recommends legislation to the Commissioner, and represents the Commissioner at meetings and hearings.

The Division's goals for the period FY 2013 to FY 2017 include:

- Developing standards and procedures to address and adapt to the insurance, accounting, and regulatory environments that are changing and evolving so quickly on the state, federal, and international levels;
- Enhancing and improving the standards for monitoring the financial solvency of insurance companies affected by the Federal Healthcare Reform;
- Developing standards for monitoring the financial solvency of insurance companies affected by the Federal Financial Reform;
- Developing a disaster reporting system for monitoring the financial solvency of insurance companies when a storm, tornado, hurricane or flood occurs;
- Maintaining the MID's NAIC accreditation certification for financial regulation;
- Obtaining the MID's NAIC accreditation certification for company admissions and for changes in insurance company ownership;
- Developing standards for monitoring the nonfinancial activities of insurance companies using the market conduct annual statement;
- Developing electronic processes for entities' attestation of compliance with Mississippi laws and regulations that are verifiable via the MID's examination mechanism (e.g. financial statement jurat, audited financial reporting, timeliness of claim payments, etc.).

Licensing Division

The Licensing Division is responsible for licensing insurance producers, agents and business entities. The Division ensures that all applicants have complied with the licensing laws prior to receiving a license to engage in the business of insurance in the State of Mississippi. The Division's primary goals are to provide prompt and efficient customer service, attain uniformity with other states and comply with the provisions of the Gramm-Leach-Bliley Act.

To accomplish these goals, the Division has implemented a new database system (SIRCON) and electronic licensing service (NIPR). The electronic services now available to the general public include:

- Initial license applications for resident and non-resident producers and business entities;
- Producer license renewals, name and address changes;
- Appointment termination processing with instant on-line confirmation;
- Real-time Producer Letters of Certification;
- Appointment status and other producer inquiries;
- Active Producer/Company search engine;
- Download Producer/Company Listings.

The Division's goals for the period FY 2013 to FY 2017 include:

- Increase uniformity with all states relating to regulation of producer licensing;
- Increase efficiency for producer renewals through an increased utilization of SIRCON;
- Expand the current functions of SIRCON and NIPR to include the availability for appointment renewals and automatic approval of electronic applications;
- Continue to daily monitor the licensing records of producers and business entities which are provided to the National Producer Database (SPLD);
- Provide educational opportunities for Division employees;
- Reduce storage space and increase efficiency by converting all paper filings to electronic documents through the purchase and use of a document management system;
- Continue quality customer service.

Property and Casualty Rating Division

Pursuant to the statutory requirements found under Miss. Code Ann.§83-2-1 et.seq, the Property and Casualty (P&C) Rating Division (Division) is responsible for the review of rates, rules and forms of property and casualty products sold by licensed insurance companies in the State, other than lines excepted by statutory reference.

The code establishes Mississippi as a prior approval state. Licensed insurance companies, rating and advisory organizations must submit their rates, rules and forms for P&C products to the Division for review and approval prior to being used in the state. The Division must act on all filings within 30 days of receipt under the “deemer” provision of the code.

The Division’s staff provides the Commissioner of Insurance a summary of findings and recommendations for approval or disapproval on any new P&C program and/or changes in rates on existing programs.

The staff provides technical assistance to companies prior to and during the filing process. Division Analysts oversee the actuarial review process of the consulting actuaries on new product filings and those which involve changes in rates. Division staff regularly assist consumers with insurance problems, provides educational materials, and answers questions on state insurance laws. Assistance is provided to the Commissioner and other MID Divisions in support of the Department’s mission. The Division Director is the Commissioner’s representative to various Associations and Boards.

The performance of the Division was enhanced by the implementation of the System for Electronic Rate and Form Filing (SERFF) in 2002. The Division began accepting electronic filings in all property and casualty lines and other specialty products as a part of the ongoing National Association of Insurance Commissioner’s (NAIC) Speed to Market initiative. This national initiative by the NAIC is intended to modernize and streamline market regulation and provide a more competitive environment. It allows companies to make filings in multiple states using uniform product coding and standardization of forms and state requirements. Additional benefits have been a reduction in the time between submission and approval of filings, a reduction in cost of storage of paper filings, and a retrievable document system for past SERFF filings. The Division’s most recent 12 month analysis reflects 94% of Property and Casualty filings were made through the SERFF system.

The Electronic Fund Transfer (EFT) component of SERFF was implemented in August of 2009. This allows MID fees for P&C filings to be electronically sent by companies to the Department.

The Division's goals for the period FY 2013 to FY 2017 include:

- Establish standardized procedures for intercommunication with other MID Divisions;
- Set staff education credit goals and schedule training courses for Division employees;
- Work in conjunction with NAIC to develop an auto premium comparison system using common set of facts and circumstances.
- Require all filings to the P&C Rating Division be made through the SERFF system.

Consumer Services Division

The Consumer Services Division is responsible for mediating and resolving conflicts between the insurance industry and Mississippi residents. The Division provides information to the public, assisting consumers in all phases of their insurance business. The Division receives complaints from and interviews policyholders who feel they have not received fair consideration by insurance companies or agents. This Division takes corrective action against such practices when appropriate. A toll free telephone line is available for consumers calling this division.

The primary responsibility of the Division is to intervene and resolve disputes between insurance companies and insureds regarding claims and/or refunds. More than 30 lines of insurance are written in Mississippi.

The Division reviews insurance policies for residents, a service for which demand is rapidly increasing. No recommendations are made as to whether coverage is adequate or suitable; the aim is to help the insured better understand their policies. The Division's educational efforts also include presentations to various groups, including training sessions conducted for the various Area Agencies on Aging and the Mississippi Cooperative Extension Service. Finally, the Division is capable of setting up a temporary on-site claims assistance office in the aftermath of major disasters to expedite claims services by temporarily reassigning duties within the Division.

The MID Gulf Coast office through coordination with other MID staff, provides on-site claims and educational services for residents of the Gulf Coast.

The Division's goals for the period FY 2013 to FY 2017 include:

- Participating in a minimum of four outreach programs annually (i.e. booths at health fairs and/or exhibits at annual underwriter's conventions.);
- Overseeing development and distribution of more printed consumer-oriented information, including the development of additional consumer education pamphlets, available hard copy or electronically;
- Requiring employees to attend a minimum of 24 hours of training programs biannually;
- Working closely with Management Information Systems Division to enhance and utilize capabilities to monitor complaints by type, line of coverage, and geographic location;
- Enhancing and expanding services of the Coastal Office through staff education and training.

Administrative Services Division

The Administrative Services Division is responsible for providing support to the agency in the most professional and efficient manner possible, enabling the Department to carry out its mission at the lowest possible cost to the state's taxpayers.

The Division continues to develop, implement and enhance administrative and budgetary support to the agency by providing a broad array of services.

The Accounting and Finance area is responsible for the financial management and record keeping of the agency, contract administration, inventory control, accounts payable, accounts receivable, payroll, statutory deposits and travel. This area processes, through the Agency Receipting System, the special funds obtained to maintain our annual budget. This area oversees all purchasing, coordinates maintenance of departmental office equipment, procurement of blackberry and cell phones, property control, fleet management, and handles all out source of print jobs.

The Budgeting area is responsible for managing the Department's appropriation by compiling the necessary information for budget development, budget projections, and monitoring budget changes through expenditures, revenue collections, legislation, and mid-year budget adjustments.

The Human Resources area facilitates all personnel-related matters for the Department, including employee recruitment, staff development, staff retention, performance appraisal, employee benefits, compensation and assistance. The Human Resources area handles Grievances and Appeals, Workers Compensation and Safety Programs, and Compliance with Civil Service Rules and Regulations. The Department has approximately 131 positions and 13 divisions with employees assigned all over the state. Advanced planning and budgeting contributes to more work being accomplished by dedicated employees, thereby creating more efficient operations. Devoted long-term employees and continuous training keeps the agency moving ahead professionally, maintaining productivity and providing quality services to the people of Mississippi.

All daily office operation support provided to the department by this division includes: centralized document processing, mail services (incoming/outgoing mail and deliveries), fleet management, supply management, records management, and communications services including telephone, telefax, and photocopying.

Management Information Systems Division

The Management Information Systems Division (MIS) is responsible for serving as a strategic planning partner and proactive participant with the other divisions of the Mississippi Insurance Department, other state agencies and other state's Insurance Commissioners (through the National Association of Insurance Commissioners (NAIC)). This ensures quality and timely insurance and fire protection regulation for the citizens of Mississippi. This is accomplished by continuously evaluating and using the most appropriate and cost effective technological hardware, software and processes that can be implemented. The Division enhances its knowledge by training, reviewing trade journals and attending technology seminars to better serve the Department.

The Division's goals for the period FY 2013 to FY 2017 include:

- Providing the technological support to other divisions of the Department to accomplish their goals stated herein;
- Assisting the Department in achieving the necessary steps to meet the goals as prescribed by the Commissioner and the NAIC. Ensure that the initiatives of the NAIC are current through processes we maintain. Protect the consumer, market regulation, speed-to-market initiatives, uniformity of producer licensing requirements, standardized filings and reviews, solvency regulation, and streamlined merger processes are the parts of the Action Plan that make the whole.
- Working in conjunction with our Actuarial staff, IS is adding data to the MID website pertaining to health care reform as required by the Federal guidelines and making available user friendly, viable data on rate reviews for providers of health care insurance.
- Providing a document management system to help eliminate paper overflow and provide easily accessible document retrieval for the divisions. This will be a long-term process.

Public Relations Division

The Public Relations Division is responsible for coordinating a public information program to publicize and advance Department objectives and consumer-related issues. The Division's goals include achieving full use of technology, including the Internet, and to maximize the publicity of the Department's achievements and goals.

The Division's goals for the period FY 2013 to FY 2017 include:

- Expanding the public outreach of the Department through press releases, publications and appearances at community events and conferences;
- Achieving a higher degree of automation of the Department's information dissemination functions through the use of the Internet and other technologies;
- Expand use of available social media tools to increase outreach audiences for Department messages;
- Researching and utilizing new methods of distribution of Department message i.e. pod casts, bloggers, etc;
- Maintaining professional appearance of Department staff by conducting annual media training for senior staff and employees most likely to be contacted for media interviews.

State Fire Marshal's Division

The State Fire Marshal is responsible for fostering, promoting and developing ways and means of protecting life and property from fire and related perils through direct action and coordination with Mississippi fire and law enforcement services. According to Miss. Code Ann., § 45-11-1 et. seq., the Commissioner of Insurance, by virtue of his office, is also the State Fire Marshal and appoints the State Chief Deputy Fire Marshal. It is the duty of the State Chief Deputy Fire Marshal to investigate, by himself or his deputy, the origin of every fire occurring within the state to which his attention is called by the chief of the fire department or other law enforcement authority of any county or municipality. It shall also be his duty to investigate any case requested by any party in interest, whenever, in his judgment, there be sufficient evidence or circumstances indicating that such fire may be of incendiary origin.

The State Fire Marshal is charged with the enforcement of the Mississippi Fire Prevention Code, Miss. Code Ann., § 45-11-101 et. seq., regarding the inspection of all buildings owned by the state or state agencies, buildings for public assembly, except for buildings that are in any county or municipality which has adopted a fire code as stringent as the Mississippi Fire Code; and sprinkler systems of high-rise buildings. Effective July 1, 2004, the State Fire Marshal's Division assumed the duty to inspect private correctional facilities and buildings upon request from interested persons, and shall also inspect buildings of public assembly upon complaint made by an interested party or at the discretion of the State Fire Marshal's Division, except in counties and municipalities that have adopted a fire prevention code that is as stringent as the Mississippi Fire Prevention Code, Miss. Code Ann., § 45-11-101 (1) (d) (e). In addition, the State Fire Marshal is charged with regulating factory-built homes, Miss. Code Ann., § 75-49-1 et. seq., which requires licensing of retailers, developers, modular home contractors, manufacturers, and independent contracted installer/transporters. The State Fire Marshal's Division serves for the State of Mississippi as the State Administrative Agency (SAA) for the U.S. Department of Housing and Urban Development (HUD). Effective July 1, 2006, the Mississippi Residential Electronic Protection Licensing Act, Miss. Code Ann., § 73-69-1, requires licensure of individuals and companies which offer electronic protective systems to the general public, and during the 2011 General Session, HB 1385 amended § 17-2-3 of the Miss. Code Ann., to enforce wind and flood mitigation requirements of certain nationally recognized codes and standards for Jackson, Harrison, Hancock, George, Stone and Pearl River counties and municipalities located therein. The State Fire Marshal participates in both programs to reduce damage from hurricanes.

The State Fire Marshal's Division's functional areas are divided into eight main areas: Fire Investigations; Fire Code Enforcement; Child Residential Homes Notification Act; Factory-Built Homes Law; Fire Services Development; Fire Safety Education Division; the Mississippi Residential Electronic Protection Licensing Act (REP); and the Liquefied Compressed Gas Division (L. C. Gas).

Because of the increased responsibilities in the functional areas of fire investigation, manufactured housing, fire code enforcement, fire safety education, licensure of the REP alarm systems, and the L. C. Gas Division, there is a need for additional funding for personnel, vehicles and other equipment to carry out the statutory duties currently assigned to the State Fire Marshal's Division.

The State Fire Marshal's Division's goals for the period FY 2013 to FY 2017 include:

Fire Investigations (Miss. Code Ann., §§ 45-11-1 through 45-11-105)

The State Fire Marshal's Division assists law enforcement agencies and fire services in specialized arson investigations. Historically, downturns in the national economy result in increases in the number of incendiary fires. Recent trends show this to be continuing. Additionally, increases in the price of fuel have resulted in decreasing resale value of trucks and sport utility vehicles while dramatically increasing their operating costs. It appears that more of these vehicles are being deliberately burned. Fraud increases the cost to insurers that is passed to consumers. Successful detection and prosecution of arson cases helps to contain these costs. The arrest rate has increased from 26% in FY 2005 to 43% in FY 2010. This is the result of Deputy Fire Marshals spending more time and effort on follow-up investigations and coordinating with local law enforcement and fire services. However, the increase in arrests will result in deputy fire marshals spending more time in court to successfully prosecute these cases. To maintain the current level of service, additional Deputy Fire Marshals will be required. To attract potential Deputy Fire Marshals with law enforcement and fire service backgrounds, a more attractive salary package will be necessary. Additional Deputy Fire Marshals will result in:

- Reducing the response time of a deputy to a county's request for assistance;
- Reducing the number of counties a deputy is assigned, to provide more efficient, timely and accurate investigations and inspections and reduce travel costs;
- Allowing deputies to continue to devote adequate time to cases to increase the arrest and conviction rate;

The goal of this Division is to reduce the number of incendiary fires by 5% over five years and increase the number of arrests and convictions of arsonists by 5% over five years.

Fire Code Enforcement (Miss. Code Ann., § 45-11-101)

Due to the increased number of requests for inspections of private prisons and plan reviews for private prisons, regional jail facilities and power generating plants, the State Fire Marshal's Division revised the Mississippi Fire Prevention Code effective July 1, 2004, Miss. Code Ann., § 45-11-101(1), which includes inspections of: (d) All buildings utilized for private prisons and regional correctional facilities; (e) Any building upon request of an interested person regarding fire codes; and (f) All sororities and fraternities (private) on state college campuses. Under fire code inspection duties, the State Fire Marshal's Division anticipates a 50% increase of activities by FY 2013 for state buildings, places of public assembly and high-rise structures, pursuant to Miss. Code Ann., § 45-11-101 (amended), by:

- Conducting fire inspections on all private fraternity and sorority houses located on state property in accordance with Miss. Code Ann. § 45-11-101(1)(f) (amended);
- Establishing rules and regulations as necessary to carry out the provisions of Miss. Code Ann. §§ 45-11-71 through 45-11-75 regarding the sale and installation of burglar bars in accordance with Miss. Code Ann., §§ 45-11-71 through 45-11-75;

- Conducting inspections and the issuance of permits for all pyrotechnic (fireworks) displays held on state-owned property;
- Conducting annual inspections of all state-owned buildings in accordance with Miss. Code Ann., § 45-11-101(1)(a);
- Conducting inspections of all buildings utilized for public assembly when advised by interested persons of a dangerous condition(s);
- Conducting inspections of all detention/correctional facilities under federal court orders. NOTE – U.S. District Court Order in Case # 4:71CV6-JAD issued 6-9-2011 REQUIRES this office to inspect ALL facilities where state prisoners are housed, regardless of the length of time. This equates to ALL county jails or detention/correctional facilities;
- Conducting investigations of all fires on state properties (Miss. Code Ann., § 45-11-105);
- Expanding the Special State and Local Inspector program;
- Decreasing the number of fire-related deaths by promoting the adoption of nationally recognized building and fire codes and through effective code inspections and enforcement.

The goal of this Division is to train and certify all Fire Code Enforcement Division deputy fire marshals in Fire Inspector I and II, Plans Examiner, Fire Protection Systems, and Arson Investigator I within the next five years.

Child Residential Homes Notification Act, (Miss. Code Ann., § 43-16-1)

The State Fire Marshal's Division, in the interest of public safety, is responsible for making annual inspections of all Mississippi residential childcare homes. Additional responsibilities include identifying violations of state law on the premises of such child care residential homes, immediately reporting violations to appropriate law enforcement officials, and maintaining records of all inspections.

Factory-Built Homes Law (Miss. Code Ann., § 75-49-1)

Effective July 1, 2005, the State Fire Marshal began amending the regulations for modular homes and established new installation section requirements. This requires licensing, plan review and site inspections across the state. The projected workload will increase approximately 100% in FY 2013 through FY 2017. During the 2008 Legislature, HB1388 was passed regarding insurance coverage and bonding for factory-built homes' licensees and HB1435 for inspections of factory-built homes installed and/or transported by licensees. (See 75-49-9[11]) Our office was charged with the 100% inspections compliance and will require additional staff and vehicles. We anticipate this will require at least four deputy fire marshals per year over the next three years. Each Deputy Fire Marshal will be equipped with a vehicle and other equipment to perform their duties. This will result in:

- Reducing time necessary to complete a consumer complaint on a manufactured home by increasing the manpower in the Factory-Built Home Division;
- Reducing the number of consumer complaints relating to installation;
- Requiring installers to be certified through a state certification program;
- Educating the public as to proper set-up procedures;
- Issuing truck decals to all licensed installer/transporters of factory-built homes;
- Inspecting all new installations within 30 days;
- Issuing installation / inspection decals to deputy fire marshals and LC Gas inspectors to place on factory-built homes when inspection is approved;
- Decreasing the number of unlicensed installers in Mississippi by requiring a certification sticker (installation / inspection decal) on all factory-built homes prior to connection of public utilities;
- Increasing the efficiency of maintaining the Factory-Built Home Division's license and records system;
- Identifying and bringing into compliance individuals and companies in the factory-built housing industry currently operating in violation of the law;
- Increasing the efficiency and reducing the cost per inspection.

Emergency Management (Miss. Code Ann., § 33-15-53)

The State Fire Coordinator is a member of the Homeland Security Council established by the Mississippi Emergency Management Agency (MEMA) to deal with terrorist threats. The Coordinator is the emergency coordination officer for Emergency Support Function (ESF) 4, Firefighting. To accomplish this, the State Fire Marshal's Division will:

- Provide staff for the State Emergency Operations Center at MEMA to carry-out its responsibilities as a primary agency for ESF-4;
- To fulfill its duties in ESF-4; ESF-9; Search and Rescue and ESF-13, Law Enforcement, as assigned according to the Mississippi Comprehensive Emergency Management Plan;
- Identify resources and response capabilities of State Fire Services;
- Serve as coordinator of fire service response resource requests during major disasters;
- Continue to develop and refine the State Fire Marshal's Response Team to effectively interact with and support other Law Enforcement Agencies.

The goal of this effort is to increase the number of staff trained and available to serve in the State Emergency Operations Center. Also, to increase the number of trained and equipped members of the State Fire Marshal's Response Team from eight to twelve and to meet NIMS training requirements for all personnel and provide an All Hazards Response Capability.

Fire Services Development (Miss. Code Ann., § 45-11-7 (9) (10))

The Division of Fire Services Development was created in 1988 for the purpose of assisting the Commissioner of Insurance implementing the provisions of HB 693, and overseeing the accountability and distribution of state fire funds to counties and municipalities. The State Fire Coordinator is responsible for developing guidelines for the use of and accountability for these funds. In addition, works in conjunction with the 82 county fire coordinators and various fire departments to increase fire service capabilities.

The objectives of Fire Services Development include the following:

- Enhance awareness of state guidelines regarding the use of accountability for state fire funds as outlined in Miss. Code Ann., §§ 83-1-37 through 83-1-39;
- Annually pre-audit all rebate funds disbursed to counties and municipalities;
- Annually develop a list of eligible counties and municipalities for receipt of state fire rebate funds;
- Calculate each qualified and disburse each qualified entity's share of these funds;
- Provide program management and systems administration for the state's fire service incident reporting program;

- Establish, implement and provide systems administration for a state-wide uniform fire services incident reporting system;
- Provide useful data about fire service activities for both public fire safety educators and fire protection policy makers at both state and local levels;
- Provide training, technical assistance, and support to County Fire Coordinators, Fire Administrators, and state and local public officials in fire service organizational management to include planning and fire data analysis.

In 1995, the State Legislature passed the Rural Fire Truck Acquisition Assistance Program (Miss. Code Ann., § 17-23-1), giving the responsibility for promulgating guidelines and the administration of this fire truck grant program to this Division. During the third extraordinary session of 2004, a Supplemental Rural Fire Truck Acquisition Program was passed creating a means for counties to apply for additional fire truck grants after exhausting all available Rounds in the regular program. In addition to an additional Round a second provision was provided to match grant funding a county might receive for a fire truck from another program other than RFTAAP. As of this writing the Division has received 735 applications and has paid out 676 totaling \$33.8 million.

The Division's goals for the period FY 2013 to FY 2017 include:

- Continue to provide training and technical support to the 82 county fire coordinators, county and local officials throughout the state that will enhance fire protection and lead to lower fire insurance premiums for citizens;
- Develop and implement web page compliance reporting for the 297 municipalities and 82 counties receiving state funds;
- Participate in the Mississippi GIS Remote Sensing Map Council to develop and implement a state map layer to include all fire service locations, fire incidents' hydrant and fill locations, and fire districts. This will greatly enhance the development of the state's fire service and aid many State Agencies such as Mississippi Development Authority, Department of Environmental Quality, Mississippi Emergency Management, and Mississippi State Rating Bureau;
- Provide continuing education for County Fire Coordinators on new program implementation and on-going issues;
- Add one (1) additional administrative assistant and one (1) assistant fire coordinator in FY13.

Fire Safety Education Division (Miss Code Ann., § 45-11-9)

Effective July 1, 2004, Miss Code Ann., § 45-11-9, established the new Fire Safety Education Division to help prevent and reduce loss of life, injuries and property from fires. One of the previous year's goals was to:

- Work with Fire Services Development to improve fire data collection by obtaining training of personnel that will enable more thorough training of fire service personnel in the use of the National Fire Incident Reporting System. This data is needed to determine the most appropriate messages for the fire safety education program to be developed and implemented.

In an effort to achieve this goal, the Fire Safety Education Division was merged administratively with the Fire Services Development Division. This has allowed better functional coordination and more effective use of resources. The other activities of the Fire Safety Education Division continue to be:

- Developing and implementing a Fire Safety Education Program using nationally recognized standards;
- Providing a list of recommended fire safety messages that includes teaching techniques to fire departments;
- Working with the State Fire Academy to provide training in fire safety education teaching techniques to fire department personnel;
- Providing tools to teach fire safety education to fire departments;
- Maintaining a committee to discuss, study, evaluate, and implement remedies to reduce deaths, injuries, and property loss due to fires and burns in the State;
- Developing and implementing media messages consistent with the fire safety education program to be developed;
- Developing and implementing a program to provide grant funded smoke alarms to homeowners within the State living at or below the poverty level;

During the 2009 Legislative Session, Senate Bill No. 2249, codified as Section 45-12-1 et seq., "Mississippi Fire Safety Standard and Firefighter Protection Act" was passed regarding fire standard compliant cigarettes. Effective July 1, 2010, the Fire Marshal's Division is charged with the enforcement and inspections of Mississippi manufacturers of fire standard compliant cigarettes. Manufacturers of these cigarettes are required to submit certification that the cigarettes have been tested in accordance with certain recognized test methods and performance standards and mark cigarette packaging to indicate compliance with this Act.

During the 2009 Legislative Session, HB 722, codified as Section 45-11-281, "Burn Injury Notice Act" was passed. Effective July 1, 2009, this Act requires any licensed medical facility to notify the State Fire Marshal or his designee within 24 hours when treating an individual for a burn injury. The term "burn injury" means a burn injury: which causes second- or third-degree burns to nine percent (9%) or more of the patient's body; which causes injury to be upper respiratory tract or laryngeal edema caused by inhaling super-heated air; or which causes death. During FY 2011, there were 108 burn injury reports received in our office.

During the 2010 Legislative Session, HB 232, codified as Section 45-10-1, was passed which prohibited the retail sale of any "novelty lighter" that "is designed to resemble a cartoon character, toy, gun, watch, musical instrument, vehicle, animal, food or beverage, or similar articles, or that plays musical notes, or has flashing lights for entertainment or has other entertaining features."

The goals of this Division are to reduce fire deaths by 15% over five years.

Mississippi Residential Electronic Protection Licensing Act
(Miss. Code Ann., § 73-69-1 through 73-69-31)

On July 1, 2006, the State Fire Marshal's Division formed the Mississippi Residential Electronic Protection Licensing Division in order to administer and enforce the provisions of Miss. Code Ann., §§ 73-69-1 thru 73-69-31. The purpose of this chapter is to assure the general public of the competence of individuals and companies which offer electronic protective systems, burglar alarm systems, closed circuit television alarm systems, or services relating to such alarms or systems to the general public by establishing statewide uniform procedures and qualifications for the licensure of such individuals and companies. The duties of this Division are to:

- Promulgate and adopt rules and regulations as may be necessary for proper administration and enforcement;
- Approve written training programs or acceptable equivalents for meeting the training requirements;
- Perform criminal history background checks;
- Issue licenses and ID cards to approved companies and individuals;
- Inspection of all licensed Class A contracting companies.

The goal of this Division is to add two additional Deputy Fire Marshals to adequately provide services throughout the state within the next two years.

PROGRAM 2: Liquefied Compressed Gas

Liquefied Compressed Gas Division

The Liquefied Compressed Gas Division enforces laws and regulations impacting liquefied compressed gases, which include butane, propane and anhydrous ammonia. The Division is empowered to make inspections of premises where liquefied compressed gases may be received, stored, transported, sold, offered or exposed for sale, manufactured, refined, distilled, compounded or blended.

Liquefied Compressed Gas inspectors have the responsibility of inspecting any liquefied compressed gas container, system, pump, equipment, tank car, storage tank, and other vehicles in which any liquefied compressed gas may be present. All domestic, commercial and industrial installations of liquefied compressed gas systems are subject to inspection.

The Liquefied Compressed Gas Division of the Mississippi Insurance Department is responsible for administering and enforcing the Liquefied Compressed Gas Equipment Inspection Law of Mississippi, Miss. Code Ann., § 75-57-1 through 75-57-63. The State Liquefied Compressed Gas Board is vested with the power to regulate matters pertaining to liquefied compressed gas, according to Miss. Code Ann., § 75-57-101. The Board also is charged with promoting the growth and development of the propane industry in Mississippi through the Propane Education and Research Program, Miss. Code Ann., § 75-57-119.

Duties of the Liquefied Compressed Gas Division include:

- Establishing and enforcing liquefied compressed gas regulations for the safe use and handling of butane, propane and anhydrous ammonia;
- Inspecting liquefied compressed gas containers, systems, equipment, tank cars, storage tanks, cargo tanks and vehicles;
- Issuing permits and licenses to liquefied compressed gas retail dealers, wholesalers, transporters and distributors and service technicians of propane;
- Investigating liquefied compressed gas accidents, if requested, to determine the involvement of Liquefied compressed gas;
- Conducting service and training schools for liquefied compressed gas dealers and their employees;
- Conducting annual reviews on all propane stores throughout the state;
- Promulgating liquefied compressed gas regulations and establishing classifications for permits through the work of the Liquefied Compressed Gas Board;
- Establishing personnel training qualifications for liquefied compressed gas handlers;
- Inspecting all public and private schools using propane gas as a source of energy;

- Reviewing expenditures of Propane Education and Research Program funds collected from Liquefied Compressed Gas dealers.

The Division's goals for the period FY 2013 to FY 2017 include:

- Enhancing investigations, inspections and reporting by use of laptop computers and digital cameras;
- Expanding existing inspection performance standards;
- Expanding training of liquefied compressed gas inspectors and private industry personnel in the Fire Safety Education Program in order to help prevent fire related deaths;
- Reviewing with the Liquefied Compressed Gas Board and the Fire Safety Education Program to secure smoke alarms in residential homes using propane gas as a source of energy;
- Increase inspections of liquefied compressed gas installations, containers, systems, equipment, tank cars, storage tanks, cargo tanks and vehicles;
- Increase service and training schools for all liquefied compressed gas dealers and their employees;
- Decrease accidents through strict enforcement of Miss. Code Ann., § 75-57-1 through 75-57-119, and increase training and education of the Liquefied Compressed Gas industry;
- Add two supervisors to maintain proper span of control of field personnel within the next three years.

3. Performance Effectiveness Objectives for Each Program for FY 2013 through FY 2017:

FY 2013

Program 1 - Licensing and Regulation Mississippi Companies & Agents

1. Increase licenses issued for insurance companies, agents, agencies, bail bondsmen, and manufactured housing through regulation and enforcement of all licensing laws and regulations.
2. Increase claims processed through greater public awareness of the Department by participating in four outreach programs annually, and through development and distribution of more printed consumer-oriented information.
3. Increase agent Certificates of Authority issued through regulation and enforcement of all licensing laws and regulations.
4. Increase fire code inspections by the State Fire Marshal's Division of all state-owned buildings, Miss. Code Ann., § 45-11-101, universities, residential child care homes, detention/correctional facilities, factory-built homes, Miss. Code Ann., § 75-49-1, and other buildings or facilities as requested throughout the state.
5. Increase fire investigations pursuant to Miss. Code Ann., § 45-11-101 and 45-11-103 with the goal to continue the reduction of incendiary fires by 3% in a 12 month period by increasing the number of investigations conducted in cooperation with local fire and law enforcement officials by the State Fire Marshal's Division.

Funding: \$11,918,961 Other
\$11,918,961 Total

Program 2 - Liquefied Compressed Gas

1. Increase inspections of Liquefied Compressed Gas installations, containers, systems, equipment, tank cars, storage tanks, cargo tanks and vehicles.
2. Increase service and training schools for all Liquefied Compressed Gas dealers and their employees.
3. Decrease accidents through strict enforcement of Miss. Code Ann., § 75-57-1 to 75-57-119, and increase training and education of the Liquefied Compressed Gas industry.
4. Educate the public on the use of propane as a cleaner alternative fuel source for motor vehicles, lawn maintenance equipment and other motorized devices.

Funding: \$ 612,301 Other
\$ 612,301 Total

FY 2014

Program 1 - Licensing and Regulation Mississippi Companies & Agents

1. Increase licenses issued for insurance companies, agents, agencies, bail bondsmen, and manufactured housing through regulation and enforcement of all licensing laws and regulations.
2. Increase claims processed through greater public awareness of the Department by participating in four outreach programs annually, and through development and distribution of more printed consumer-oriented information.
3. Increase agent Certificates of Authority issued through regulation and enforcement of all licensing laws and regulations.
4. Increase fire code inspections by the State Fire Marshal's Division of all state-owned buildings, Miss. Code Ann., § 45-11-101, universities, residential child care homes, detention/correctional facilities, factory-built homes, Miss. Code Ann., § 75-49-1, and other buildings or facilities as requested throughout the state.
5. Increase fire investigations pursuant to Miss. Code Ann., § 45-11-101 and 45-11-103 with the goal to continue the reduction of incendiary fires by 3% in a 12 month period by increasing the number of investigations conducted in cooperation with local fire and law enforcement officials by the State Fire Marshal's Division.

Funding: \$12,276,530 Other
\$12,276,530 Total

Program 2 - Liquefied Compressed Gas

1. Increase inspections of Liquefied Compressed Gas installations, containers, systems, equipment, tank cars, storage tanks, cargo tanks and vehicles.
2. Increase service and training schools for all Liquefied Compressed Gas dealers and their employees.
3. Decrease accidents through strict enforcement of Miss. Code Ann., § 75-57-1 to 75-57-119, and increase training and education of the Liquefied Compressed Gas industry.
4. Educate the public on the use of propane as a cleaner alternative fuel source for motor vehicles, lawn maintenance equipment and other motorized devices.

Funding: \$ 630,670 Other
\$ 630,670 Total

FY 2015

Program 1 - Licensing and Regulation Mississippi Companies & Agents

1. Increase licenses issued for insurance companies, agents, agencies, bail bondsmen, and manufactured housing through regulation and enforcement of all licensing laws and regulations.
2. Increase claims processed through greater public awareness of the Department by participating in four outreach programs annually, and through development and distribution of more printed consumer-oriented information.
3. Increase agent Certificates of Authority issued through regulation and enforcement of all licensing laws and regulations.
4. Increase fire code inspections by the State Fire Marshal's Division of all state-owned buildings, Miss. Code Ann., § 45-11-101, universities, residential child care homes, detention/correctional facilities, factory-built homes, Miss. Code Ann., § 75-49-1, and other buildings or facilities as requested throughout the state.
5. Increase fire investigations pursuant to Miss. Code Ann., § 45-11-101 and 45-11-103 with the goal to continue the reduction of incendiary fires by 3% in a 12 month period by increasing the number of investigations conducted in cooperation with local fire and law enforcement officials by the State Fire Marshal's Division.

Funding: \$12,644,826 Other
\$12,644,826 Total

Program 2 - Liquefied Compressed Gas

1. Increase inspections of Liquefied Compressed Gas installations, containers, systems, equipment, tank cars, storage tanks, cargo tanks and vehicles.
2. Increase service and training schools for all Liquefied Compressed Gas dealers and their employees.
3. Decrease accidents through strict enforcement of Miss. Code Ann., § 75-57-1 to 75-57-119, and increase training and education of the Liquefied Compressed Gas industry.
4. Educate the public on the use of propane as a cleaner alternative fuel source for motor vehicles, lawn maintenance equipment and other motorized devices.

Funding: \$ 649,590 Other
\$ 649,590 Total

FY 2016

Program 1 - Licensing and Regulation Mississippi Companies & Agents

1. Increase licenses issued for insurance companies, agents, agencies, bail bondsmen, and manufactured housing through regulation and enforcement of all licensing laws and regulations.
2. Increase claims processed through greater public awareness of the Department by participating in four outreach programs annually, and through development and distribution of more printed consumer-oriented information.
3. Increase agent Certificates of Authority issued through regulation and enforcement of all licensing laws and regulations.
4. Increase fire code inspections by the State Fire Marshal's Division of all state-owned buildings, Miss. Code Ann., § 45-11-101, universities, residential child care homes, detention/correctional facilities, factory-built homes, Miss. Code Ann., § 75-49-1, and other buildings or facilities as requested throughout the state.
5. Increase fire investigations pursuant to Miss. Code Ann., § 45-11-101 and 45-11-103 with the goal to continue the reduction of incendiary fires by 3% in a 12 month period by increasing the number of investigations conducted in cooperation with local fire and law enforcement officials by the State Fire Marshal's Division.

Funding: \$13,024,171 Other
\$13,024,171 Total

Program 2 - Liquefied Compressed Gas

1. Increase inspections of Liquefied Compressed Gas installations, containers, systems, equipment, tank cars, storage tanks, cargo tanks and vehicles.
2. Increase service and training schools for all Liquefied Compressed Gas dealers and their employees.
3. Decrease accidents through strict enforcement of Miss. Code Ann., § 75-57-1 to 75-57-119, and increase training and education of the Liquefied Compressed Gas industry.
4. Educate the public on the use of propane as a cleaner alternative fuel source for motor vehicles, lawn maintenance equipment and other motorized devices.

Funding \$ 669,078 Other
\$ 669,078 Total

FY 2017

Program 1 - Licensing and Regulation Mississippi Companies & Agents

1. Increase licenses issued for insurance companies, agents, agencies, bail bondsmen, and manufactured housing through regulation and enforcement of all licensing laws and regulations.
2. Increase claims processed through greater public awareness of the Department by participating in four outreach programs annually, and through development and distribution of more printed consumer-oriented information.
3. Increase agent Certificates of Authority issued through regulation and enforcement of all licensing laws and regulations.
4. Increase fire code inspections by the State Fire Marshal's Division of all state-owned buildings, Miss. Code Ann., § 45-11-101, universities, residential child care homes, detention/correctional facilities, factory-built homes, Miss. Code Ann., § 75-49-1, and other buildings or facilities as requested throughout the state.
5. Increase fire investigations pursuant to Miss. Code Ann., § 45-11-101 and 45-11-103 with the goal to continue the reduction of incendiary fires by 3% in a 12 month period by increasing the number of investigations conducted in cooperation with local fire and law enforcement officials by the State Fire Marshal's Division.

Funding: \$13,414,896 Other
\$13,414,896 Total

Program 2 - Liquefied Compressed Gas

1. Increase inspections of Liquefied Compressed Gas installations, containers, systems, equipment, tank cars, storage tanks, cargo tanks and vehicles.
2. Increase service and training schools for all Liquefied Compressed Gas dealers and their employees.
3. Decrease accidents through strict enforcement of Miss. Code Ann., § 75-57-1 to 75-57-119, and increase training and education of the Liquefied Compressed Gas industry.
4. Educate the public on the use of propane as a cleaner alternative fuel source for motor vehicles, lawn maintenance equipment and other motorized devices.

Funding: \$ 689,150 Other
\$ 689,150 Total

5. Significant External Factors Which May Affect Performance:

External factors that may affect the performance of Mississippi Insurance Department can be broken down into five areas: Industry Trends, State Policy and Economic Trends, Federal Policy Trends, Socio-Economic and Demographic Trends and Natural Disasters.

Industry Trends:

Consolidation in the insurance industry through the involvement of banking and the introduction of managed care in the delivery of health care services and other insurance products is likely the most significant trend affecting the insurance industry. Additionally, increased use of technology by the insurance industry, exhibited by trends such as sales of insurance over the Internet, presents new regulatory challenges for the Department. These changes in the insurance delivery system could substantially change the mission, function, and structure of the Department in the future.

The use of technology provides many opportunities for the Department in terms of:

- Increasing financial solvency activities;
- Real time reporting of consumer complaints through use of web based technology;
- Educating consumers via the Internet and providing greater surveillance of insurance companies;
- Providing capability via the Internet for the industry to have greater access to the Department, including searches for licensing information, and applications for new and/or renewal licenses and appointments;
- Increasing efficiency in dealing with the public in areas of licensing of companies and agents, electronic filing of rates, rules, forms and appointment/terminations of agents.

An increase in the number of class-action lawsuits filed against insurance companies has resulted in increased demands on the Department's consumer assistance and legal resources.

State Policy Trends:

State policies that would impact the Department's regulatory duties include the mandated regulation of bank employees, implementation of compulsory auto liability, the expansion of the Department's regulatory oversight of employee-leasing organizations, viatical settlements, and mandated changes in pre-licensing and continuing education programs for agents.

Federal Policy Trends:

The primary changes in federal laws affecting the Department include those changes that promote greater penetration of the banking and other financial industries into the insurance industry. Underlying this issue is the long-term trend of continued exertion of federal control over the regulation of insurance. Activities at the federal level continue to assert more pressure on state insurance regulators to follow their lead or continue to relinquish substantial control over many facets of the insurance industry that are the subject of federal concern.

Additionally, PPACA (Health Care Reform) will result in a greater number of insured citizens thereby creating additional workload for the Department who will be tasked with implementing and enforcing the provisions of PPACA as well as handling inquires on healthcare insurance and complaints against insurers.

Transfer of responsibility for regulation of self-funded insurance programs from the federal government to the Department and the expansion of the Medical Savings Account pilot program in the State would expand the Department's consumer assistance workload.

The Factory-Built Homes Law administered by the State Fire Marshal's Division is under contract with the U.S. Department of Housing and Urban Development (HUD), and serves as the state administrative agency for Mississippi. HUD is generating programs to implement the 2000 Manufactured Housing Improvement Act. This will require additional resources including personnel, supplies, and equipment to carry out the Division's inspection duties.

On March 23, 2010, President Obama signed comprehensive health reform, the Patient Protection and Affordable Care Act (PPACA), into law. Said reform imposes on states the duty to implement several Federal programs and enforce certain Federal mandates. These new regulatory requirements include, but are not limited to, the following: establishing a mechanism to receive and review the expected substantial increase in the number of health insurance rate and form filings as a result of new Federal mandates and rating requirements; establishing a new health insurance premium rate review process in order to review health rate increase requests according to Federal standards; compiling rate increase information in order to submit it to the Department of Health and Human Services (HHS) and in order to post said data on our website; compiling and Publishing health insurance policy information on our website; reviewing all policies to ensure that the new Federal medical loss ratio requirements are being met and ensuring that all rebates to consumers are being paid, where applicable, in a timely manner; reviewing all policies to ensure that all health insurers in Mississippi are complying with new Federal benefit mandates; preparing legislation and/or promulgating regulations in order to bring Mississippi into compliance with new Federal benefit mandates, reporting mandates, rate review requirements and medical loss ratio requirements; preparing legislation and/or regulations implementing the new Federal transparency of coverage and explanation of benefits requirements; enforcing said transparency of coverage and explanation of benefits requirements; preparing legislation and or promulgating regulations in order to create an external claims review system pursuant to PPACA requirements; implementing, regulating and operating said external claims review system; resolving issues arising from various plan's attempts to maintain the "grandfathered" status of their plans and determining when and if a plan loses its "grandfathered" status; establishing via legislation and/or regulations and regulating a comprehensive Health Care Exchange in order to have said Exchange fully functional on or before January 1, 2014, as required by PPACA; and maintaining staff capable of being intimately knowledgeable about the health insurance reforms in PPACA so that they may inform and educate citizens of Mississippi about their rights under said law, their potential access to affordable health insurance and assist them in obtaining said health insurance.

The foregoing requirements represent only a fraction of what will be required of the Mississippi Insurance Department (MID) in the coming years. Over the next four to five years, we expect the Federal Government to issue thousands of pages of regulations regarding the aforementioned issues as well as other matters concerning healthcare reform.

Socio-Economic and Demographic Trends:

The continued expansion of Mississippi's economy, and the possibility of an increase in the state's population base, will increase all facets of the Department's workload, particularly regulation and consumer assistance. As the amount of activity and the health of Mississippi's economy increases, it is likely the number of companies doing business in Mississippi will increase and the amount of competition within the state will intensify, requiring additional insurance regulation.

Demand for the Department's consumer assistance services is expected to increase as citizens take a greater interest in their own financial well-being and purchase more complex insurance products. The gradual aging of the state's population base, exacerbated by the active effort by state government to recruit retirees to Mississippi, will result in an increased consumer services workload.

Historically, the rates of arson increase during periods of economic downturn. Mississippi has achieved one of the highest arrest rates for arson in the nation. It will take effort and resources to be able to sustain this, but failure to do so could result in significant losses to insurance companies resulting in higher rates for policy holders.

During the present economic downturn, it is projected that fire investigations will increase due to the increased filing of fraud-related insurance claims.

Due to the economy, the Investigations and Consumer Protection Division has already seen an increase in cases of agents involved in illegal conversion of premium money for personal use, advanced commission schemes and unauthorized/unlicensed entities offering products that appear to be legitimate health care coverage but turn out to be worthless when it comes time to file a claim. These fraudulent trends are expected to continue until the economy takes an upward turn.

Natural Disasters:

External factors that affect the agency's operations include natural disasters such as tornadoes and hurricanes. Greater emphasis is being placed on department-wide emergency planning activities in operational areas.

The Consumer Services Division is capable of setting up a temporary on-site claims assistance office in the aftermath of major natural disasters to expedite claims services.

The State Fire Marshal's Division works in conjunction with the Mississippi Emergency Management Agency (MEMA) to conduct on-site inspections for manufactured housing damage caused by tornadoes, hurricanes and other natural disasters.

5. Agency's Internal Management System Used To Evaluate Its Performance:

The Mississippi Insurance Department has an in-house strategic plan to establish the direction of the agency. Through a process of monthly meetings, the Commissioner determines how well the needs of the Mississippians served have been met. Management policies are in place to address deficiencies in the process. Budgetary constraints are considered when new or expanded projects are requested.

The Department maintains an open door policy and is receptive to every inquiry, whether by the Insurance Department's staff or the general public.

All inquiries are investigated, with the premise that it is the duty and responsibility of this agency to serve the citizens of Mississippi. MID closely monitors a range of issues affecting Mississippi insurance policyholders through the cooperation of the insurance committees of the Mississippi Senate and House of Representatives, and the agency's membership in the National Association of Insurance Commissioners (NAIC), the National Conference of Insurance Legislators (NCOIL) and other national associations serving the insurance industry.

The Consumer Services Division compiles monthly reports on the following:

- Requests for assistance processed
- Claims payments secured
- Premium refunds secured
- Other claims handled
- Total claims handled
- Actual dollar amounts of claims paid and premium refunds secured

The success of the various initiatives proposed by the Licensing Division, including automation of the agent's continuing education program and implementation of the NAIC Producer Information Network (PIN) application, will be measured by a survey form distributed to continuing education providers and insurance companies, respectively.