

Re-Engineering Insurance Business Processes**FY2005 Request: \$525,000****Reference No: 39280****AP/AL:** Appropriation**Project Type:** Information Systems**Category:** General Government**Location:** Statewide**Contact:** Tim Hahnen**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-1225**Estimated Project Dates:** 07/01/2004 - 06/30/2007**Brief Summary and Statement of Need:**

This project will automate and modernize the Division of Insurance's various on-line systems. The purpose is to redesign the business processes currently in place to assure competitive, viable, ethical and lawful insurance is available to Alaskans.

Funding:	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>Total</u>
Rcpt Svcs	\$525,000						\$525,000
Total:	\$525,000	\$0	\$0	\$0	\$0	\$0	\$525,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

None.

Project Description/Justification:

This project will automate and modernize the Division of Insurance's various on-line systems. The purpose is to redesign the business processes currently in place to assure competitive, viable, ethical and lawful insurance is available to Alaskans. Currently, programs in use by the division are outdated and are not supporting the business processes as they have developed. There is no streamlined internet method of providing information to the division. The receipting system for licensing does not correlate the payments made to the licensees making the payment. The licensing fees are confusing to the consumer requiring numerous refund checks to be processed.

The objectives are to: (1) streamline business processes to incorporate all areas of insurance regulation into a global tracking system, (2) incorporate a web based Internet environment to interface with the new tracking system to make faster decisions on all approval aspects of regulation, and (3) link to other agencies to ascertain compliance with Alaska statutes and regulations. The project will begin with major implementation of new systems in FY2005 and continue for 3 - 4 years.

Associated operating and maintenance costs will be determined during project development and will be dependent on the type of hardware and software implemented.

The impact and results of the project are:

- ? Reduce the number of errors on application forms requiring rework by increasing the current Internet capabilities to accept licensing applications from the licensee online. This would reduce the length of time it takes an individual or

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- entity to receive a license. The current percentage of errors/omissions on applications is 34%. The division's performance management target is to reduce the errors/omissions by 80%.
- ? Reduce the cycle time it takes an individual or entity to receive a license. The current average cycle time it takes a company to receive a certificate of authority is 7 months, the division's performance management target is 80% of the certificates of authority issued within 60 days. The current cycle time it takes an individual or a firm to receive a license is 50% in 15 days; the division's performance management target is 80% of producer licenses issued within 10 days.
 - ? Increase the completion rate of filing approvals and reduce cycle time. Currently, the average completion rate to approve a filing is 52 days. About 63% of the filings are currently completed within 30 days; the division's performance management target is an 80% filing approval rate completed within 30 days.
 - ? Begin electronic payments through the Internet with the performance management target of 80% of payments made through the Internet.
 - ? Increase ability to track fee payments through to the ultimate payee. Current handling of payments is in excel with no relationship between the payment and the oracle database.
 - ? Reduce cycle time on reviewing premium tax reports and tax payments from five months to complete 100% to two months to complete 100%.
 - ? Increase completed Market Conduct examinations with reduced cycle time. Currently 50% of the Market Conduct examinations are completed within nine months, the division's performance management target is 75% examinations completed within six months.
 - ? Reduce cycle time for financial examinations from 20 months to 18 months, as required by the National Association of Insurance Commissioners'(NAIC).

The project will be funded with receipt supported services from the Division of Insurance.