

Re-Engineering Insurance Business Processes**FY2008 Request: \$2,000,000****Reference No: AMD 45699****AP/AL:** Appropriation**Project Type:** Renewal and Replacement**Category:** General Government**Location:** Statewide**Contact:** Sam Thomas**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-2506**Estimated Project Dates:** 04/13/2008 - 06/30/2013**Brief Summary and Statement of Need:**

Amendment: Redesign, automate, and modernize the Division of Insurance's regulatory systems to assure competitive, viable, ethical and lawful insurance is available to Alaskans.

Funding:	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Total
Rcpt Svcs	\$2,000,000						\$2,000,000
Total:	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$2,000,000

<input type="checkbox"/> State Match Required	<input 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 checked="" 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
<u>One-Time Startup:</u>	0	
Totals:	0	0

Additional Information / Prior Funding History:

\$525.0 - SLA04 Sec.1 Ch159 P3 L9 and \$1,300.0 - SLA06 Sec.1 Ch82 P3 L26.

Project Description/Justification:

This amendment provides additional funding to a prior year project to continue the redesign and modernization of the Division of Insurance's information systems used to regulate the insurance industry. This project continues the work to 1) incorporate web-based systems that interface with the Division's regulatory applications and 2) rewrite the Division's regulatory applications using newer technology that is becoming the industry standard.

Integration of web-based systems that interface with the division's regulatory systems streamline business processes and allow for customer self-service. Of Insurance's five regulatory programs incorporating web-based systems, funding has been received for two: licensing and surplus lines. Funding for the licensing web-based system was received from a previous project at a cost of \$300.0. Funding for the surplus lines web-based system will be completed under the original \$525.0 capital project. The three remaining programs will be completed with this request at an estimated cost of \$500.0: company build, consumer services, and filings.

Rewriting the division's regulatory applications from Oracle forms and reports to the newer VB.net technology will greatly enhance the division's ability to align itself with upcoming statewide upgrades and will provide a more seamless integration of applications. Of twelve programs that require re-writes, four have been or will be completed with funding from the original \$525.0 capital project: receipting, surplus lines internal, company planning, and System Electronic Rate Filing (SERF - National Association of Insurance Commissioners). The eight remaining programs will be completed with this request at an estimated cost of \$1,500.0: company, licensing, consumer services, market exams, filings, enforcement, administration, and orders.

Each system will require an average of approximately 2200 hours of programmer time to build. At current staffing levels of two state programmers, replacing the systems will take over six years. This request will enable the Division to utilize additional contractor resources to reduce the time required to two years. Utilizing newer technology will also provide

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better security and access to multiple systems with a single sign-on. No hardware costs are being requested.