

California Department of Insurance  
**STRATEGIC PLAN**

**2021-2023**



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# Commissioner's Message

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I am pleased to present the California Department of Insurance's Strategic Plan for 2021-2023. This Strategic Plan will guide our efforts to maintain Californians' confidence in the state's insurance regulatory system by reinforcing consumer protections and enhancing business processes to better address emerging and future challenges in a dynamic environment.

This new Strategic Plan is the culmination of over a year-long process of gathering input from Department staff and external stakeholders. As we began the strategic planning process, we were met with varying challenges - from the global pandemic, to civil unrest, and budgetary constraints. Within the context of these forces, we have modernized how we work in order to continue to live up to our vision: "Insurance protection for all Californians."



Throughout the COVID-19 pandemic, the Department has demonstrated that it can overcome challenges to continue providing critical essential services to all Californians. Since the pandemic, we have:

- Realized more than \$1.75 billion in consumer cost savings by directing insurance companies to provide premium relief to drivers and businesses due to reduced risk of loss.
- Adopted emergency workers' compensation regulations to reduce pandemic-related costs for businesses.
- Protected more than 2.4 million policyholders from residential policy non-renewal for one year following declared wildfire disasters in 2020, and more than 1 million policyholders in the prior year.
- Outreached to more Californians than ever before - the newly created community outreach team organized 66 townhalls across California with 22,000 attendees covering a myriad of issues important to consumers. Event topics included wildfire prevention and recovery; homeowners' insurance non-renewals and California's FAIR Plan; small business insurance resources and economic recovery specific to the pandemic and civil unrest; health care access; and, fighting back against fraud and scams. Each event was tailored to the needs of local communities throughout the state, including renters and homeowners, small businesses, nonprofit organizations, LGBTQ+ individuals, seniors, and women.

The Department continues to champion legislation that provides new consumer protections in the Insurance Code for wildfire survivors, domestic workers, and working families as well as stamps out discrimination. The newly-established Climate and Sustainability Branch also continues to develop and oversee policy initiatives related to climate risk and promote a sustainable insurance market in California.

Additionally, in an effort to keep the insurance market moving forward, ensure that people remain employed, and maintain social distancing protocols, the Department successfully moved to offer remote virtual licensing examinations for those interested in becoming CDI-licensed insurance producers. I'm proud to say because of the dedication and collaboration of the Department's employees, we continue to set new expectations for ourselves and deliver results so that we can continue to provide exceptional service to the people of California.

This updated Strategic Plan is a bold and comprehensive road map with goals and measurable strategies that reflect our priorities – increasing both consumer and insurer access in the insurance marketplace, working towards equity in health care, leading on climate and sustainability initiatives, and advocating for consumer protections.

I am excited about our new Strategic Plan. My sincere gratitude goes to all who had a role in its development -- your dedication to this Department is my pride. I encourage each of you to explore this Strategic Plan and find meaningful ways to connect it with the work you do for consumers every day. Together, we can accomplish our goals and continue providing exceptional service and consumer protection to all Californians.

In Partnership,

A handwritten signature in black ink, appearing to read "Ricardo Lara". The signature is fluid and cursive, with a prominent horizontal line across the middle.

**RICARDO LARA**

Insurance Commissioner

# Introduction

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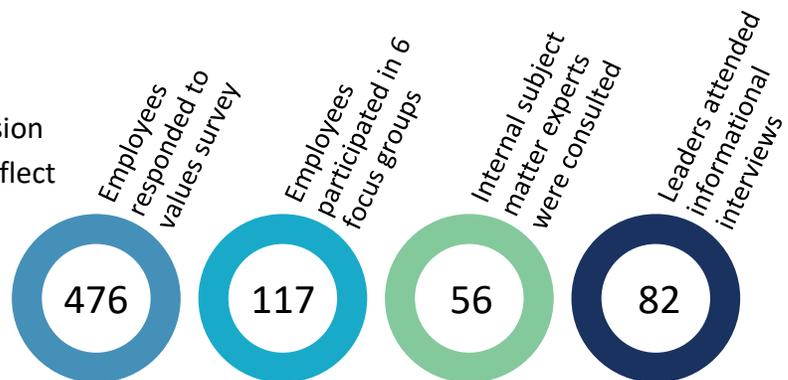
CDI's 2021-2023 Strategic Plan furthers our commitment to our vision, mission, and core values through the launch of an innovative set of goals that focus our efforts on a united path forward. The Plan is the result of a collaborative process with input and engagement from all levels of staff and leadership. It outlines opportunities around consumer protection, workforce development and succession planning, modernization of operations, management of risk, and fiscal responsibility, so we can continue advocating for and protecting all Californians as well as ensuring a competitive insurance marketplace.

Implementation of the Strategic Plan will align our organization, build partnerships, and modernize business processes, which will increase our organizational efficiency and help us achieve our inspiring vision.

## METHODOLOGY

The 2021-2023 Strategic Plan is the result of an extensive process focused on collecting data and feedback from Department staff and external stakeholders. Input was gathered through surveys, focus groups, facilitated meetings, and informational interviews to better understand the organization's strengths, challenges, and priorities, as well as identify risks and opportunities. This collaborative process sought feedback from employees at all levels and in all branches, providing a breadth of perspective.

Following analysis of this information, executive leadership refined CDI's mission statement and core values to better reflect who we are as an organization, what we believe in, and where we are going. Overarching goals were developed to guide CDI for the next several years.



After our goals were established, internal subject matter experts developed supporting strategies and key performance indicators to help determine success. This high-involvement approach empowered all levels of Department employees to participate in development of the Strategic Plan. Further, all programs are encouraged to review the goals and create supporting actions to help bring us closer to goal achievement. Each employee should continue to be involved in furthering our strategic direction, ultimately helping accomplish our mission.

*This Plan is subject to updates based on the evolving needs of our workforce, all Californians, and the insurance industry we regulate. To share your ideas, please email us at [OfficeofStrategicPlanning@insurance.ca.gov](mailto:OfficeofStrategicPlanning@insurance.ca.gov).*

# Our Organization

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The California Department of Insurance (CDI) was created in 1868 as part of a national system of state-based insurance regulation. With annual direct premiums of \$340 billion, California is the largest insurance market in the United States and the fourth largest insurance market in the world.

Nearly 1,400 dedicated employees work at CDI to oversee more than 1,400 insurance companies and license more than 425,000 agents, brokers, adjusters, and business entities. In the normal course of business, CDI annually processes more than 6,800 rate applications, issues approximately 225,000 licenses (new and renewals), and performs hundreds of financial reviews and examinations of insurers doing business in California. CDI annually receives more than 168,000 consumer assistance calls, investigates and resolves more than 44,000 consumer complaints and, as a result, recovers more than \$136 million a year for consumers. CDI also annually receives and processes tens of thousands of referrals regarding suspected fraud against insurers and others and conducts criminal investigations resulting in thousands of arrests every year.

All of CDI's functions, including overseeing insurer solvency, licensing agents and brokers, conducting market conduct reviews, resolving consumer complaints, and investigating and prosecuting insurance fraud, are to protect consumers. Consumers, insurance companies, and licensees rely on CDI to ensure that insurance products and services are available to consumers in a timely fashion, and that those products and services deliver fair and equal benefits. To meet these expectations, CDI ensures that insurers are solvent, consumer complaints are addressed in a reasonable manner, and insurers and licensees operate fairly in the marketplace.

## BRANCHES:

### Administration and Licensing Services Branch

The Administration and Licensing Services Branch provides administrative support services to the Department including budgets, accounting, business services, human resources, and information technology, as well as providing licensing services to insurance agents, brokers, adjusters, bail agents, and business entities. The Branch includes the Administrative Hearing Bureau that supports the Insurance Commissioner's adjudicatory authority by providing a neutral forum for conducting fair and independent evidentiary hearings and mediations.

## Climate and Sustainability Branch

The Climate and Sustainability Branch was established in January 2019 to develop and oversee policy initiatives related to climate risk and promoting a sustainable insurance market in California. The climate and sustainability portfolio includes contributing to wildfire resilience policy development, building on the existing Climate Risk Carbon Initiative, exploring new scenario analysis of physical and transition risks, leading new initiatives through the NAIC Climate Risk and Resilience Executive Task Force, and implementing recent legislation.

## Communications and Press Relations Branch

The Communications and Press Relations Branch coordinates communication within the Department and disseminates the Department's key messages to consumers, the insurance industry, media, CDI staff, and other stakeholders.

## Community Relations and Outreach Branch

The Community Relations and Outreach Branch was established in January 2020 and is dedicated to consumer outreach and education, creating and sustaining partnerships with community groups, consumer organizations, small businesses, nonprofits, insurance industry organizations, federal, state and local government entities and individuals. The Branch expands CDI's efforts to assist wildfire survivors, local governments, small businesses, community service organizations, neighborhood associations, and consumers in accessing the Department's services, including educating consumers through the development and distribution of insurance informational guides, in print and online.

## Consumer Services and Market Conduct Branch

The Consumer Services and Market Conduct Branch focuses on consumer assistance and protection by educating consumers, mediating consumer complaints, and enforcing insurance laws. The Branch enforces insurance laws during the investigation of individual consumer complaints against insurers, agents and brokers and through on-site examinations of insurer claims and underwriting practices.

## Enforcement Branch

The Enforcement Branch investigates suspected fraud committed by consumers or organized criminal elements perpetrated against insurance companies. Additionally, the Branch investigates suspected fraud committed by insurance agents, brokers, public adjusters, bail agents, insurance companies and other individuals and entities transacting the business of insurance who perpetrate fraud against consumers. The ultimate goal is to protect consumers from the increased costs of insurance caused by the fraudulent behavior of others.

## Enterprise Planning, Risk and Compliance

Enterprise Planning, Risk and Compliance manages four programs: Information Security Office, Internal Audits Unit, Office of Strategic Planning, and Risk and Compliance Unit. Collaboratively they are responsible for establishing and implementing short and long term strategic plans, policies, goals, objectives, and operating procedures related to regulatory changes, risk management, control failures, breaches in physical and data security, compliance activities, internal audits, privacy, and ethics. The office provides heightened leadership and improved coordination of planning, risk, and compliance for the Department.

## Financial Surveillance Branch

The Financial Surveillance Branch works to assure that all insurers licensed to do business in California (as well as those insurers operating on a non-admitted or surplus lines basis) maintain the financial stability and viability necessary to provide the benefits and protection promised to California policyholders. The Branch pursues this goal by conducting risk-focused financial surveillance of the insurance industry.

## Legal Branch

The primary function of the Legal Branch is to ensure compliance with the California Insurance Code by all admitted insurers, insurance agents and brokers, and any other person or organization engaging in the business of insurance in California. The Legal Branch serves an integral part of the CDI's mission by litigating enforcement actions, reviewing and analyzing insurance policies to determine whether they should be approved for sale to consumers, analyzing and reviewing rate filings to ensure they comply with the requirements of Proposition 103, and providing legal assistance to other units of CDI. The Legal Branch also provides legal services supporting the Enforcement Branch in the prevention of insurance fraud activity within the state, promulgates regulations implementing California statutes, and provides legal services to the Department relating to service of process and records requests.

## Policy and Legislation Branch

The Policy and Legislation Branch was established in January 2019 and oversees the development and implementation of major policies, legislative initiatives, and key cross-branch projects of the Insurance Commissioner and Department, in partnership with all other departmental branches. It houses several offices including the Legislative Office, the Health Equity and Access Office, the Health Actuarial Office, the California Organized Investment Network, the Insurance Diversity Initiative, the Appointments Office, and the Office of Innovation.

## Rate Regulation Branch

The Rate Regulation Branch determines whether rates charged to consumers in California are fair and not excessive, inadequate, or unfairly discriminatory. Under the provisions of Proposition 103 enacted by the voters in 1988, the Department of Insurance is required to review and approve rates for most property and casualty lines of insurance before they can be used. The Branch analyzes filings submitted by property and casualty insurers and other insurance organizations under California's prior approval statutes for most property and casualty lines of business and analyzes filings submitted by property and casualty insurers and other insurance organizations under California's file and use statutes for a limited number of property and casualty lines of insurance.

## Office of the Special Counsel to the Commissioner

The Special Counsel provides independent legal advice directly to the Insurance Commissioner, provides oversight of departmental rulemaking projects and regulations, directs the interaction with the National Association of Insurance Commissioners (NAIC), and manages various special projects and Commissioner initiatives.

## Office of Civil Rights

The Office of Civil Rights ensures CDI's compliance with State and federal laws relating to discrimination, sexual harassment and the Americans with Disabilities Act (ADA). Title VII of the 1964 Civil Rights Act and the California Fair Employment and Housing Act (FEHA) prohibit discrimination and harassment of employees, applicants for employment, clients, visitors, and others based on certain enumerated protected characteristics. The Office also ensures that all CDI staff are trained to comply with these policies and practices in the employment, development and treatment of its employees, and the consumers that we serve.

## Conservation and Liquidation Office

The Conservation and Liquidation Office performs conservation and liquidation services on behalf of the Commissioner with respect to insurance companies domiciled in California. The Insurance Commissioner acts under the supervision of the Superior Court and is statutorily charged with the responsibility of taking possession and control of the assets and affairs of financially troubled insurance enterprises. Under a conservation order, the Commissioner conducts all business of the estate and begins an investigation to determine, based on the estate's financial condition, if the estate can be rehabilitated, or if continuing business would be hazardous to its policyholders, creditors, or the public. The Conservation and Liquidation Office has become one of the premier receivership operations in the country and will continue to manage the affairs of conservatorship and receivership in California for the benefit and protection of policyholders and creditors.

# Our Core Values

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These shared core values serve as our foundation. They embody who we are as an organization, what we believe in, and where we are going. As public servants, we strive to adhere to these core principles and reflect them in our interactions with each other, our stakeholders, and all Californians.

## **As public servants, we value:**

**Integrity:** We operate ethically and honestly, treating all with dignity and respect.

**Dedication:** We are committed to fulfilling our mission, advancing our goals, maintaining expertise, and being responsive to Californians.

**Accountability:** We are empowered to openly communicate, consistently engage in our work, and take responsibility for our actions.

**Adaptability:** We promote a culture of creativity and problem-solving by valuing new ideas, processes, and technologies to further serve Californians and their needs.

**Teamwork:** We foster a diverse and inclusive environment to lead, support, motivate, and achieve.

# Vision, Mission, and Goals

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## VISION

Insurance protection for all Californians.

## MISSION

We protect all Californians by fairly regulating the insurance industry to ensure a competitive and sustainable market, investigating fraud, and advocating for change through awareness, public policy, and service.

## GOALS

CDI will meet its mission by working toward four long-term strategic goals:

- 1. Consumer Protection:** Empower Californians through education, advocacy, service, regulation, and fraud protection.
- 2. Workforce Development:** Engage and develop employees to maintain a highly-skilled and diverse workforce.
- 3. Operational Efficiency:** Modernize operations for optimal performance and risk management.
- 4. Fiscal Responsibility:** Responsibly manage and optimize Department resources and utilize them to further priorities.

# Goal One: Consumer Protection

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## GOAL

**Empower Californians through education, advocacy, service, regulation, and fraud protection.**

## SUMMARY

CDI's functions, including overseeing insurer solvency, rate regulation, licensing agents and brokers, conducting market conduct reviews, resolving consumer complaints, and investigating and prosecuting insurance fraud, are designed to protect consumers. CDI regulates the largest insurance market in the United States and excels at responsive service, effectively educating consumers, disseminating necessary information, and mobilizing during disasters to aid affected communities and survivors.

CDI will continue to improve the customer experience and increase accessibility of services through utilization of technological advances. Implementation of these strategies will further CDI's consumer protection agenda and work to ensure quality insurance products, services, and health care are accessible to all Californians equitably and fairly.

## CONSUMER PROTECTION STRATEGIES

- 1.1 Deliver responsive service and improve the consumer experience through utilization of technological advances such as service automation and expanding self-service options.
- 1.2 Outreach to the highest number of Californians through engaging digital content and leveraging partnerships with community leaders.
- 1.3 Conduct risk-focused surveillance through in-house analysis and financial exams of insurers, and continue to coordinate with other state and federal regulators to best leverage resources and serve Californians.
- 1.4 Protect consumers by decreasing incidences of fraud.

# Goal Two: Workforce Development

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## GOAL

**Engage and develop employees to maintain a highly-skilled and diverse workforce.**

## SUMMARY

Approximately 1,400 employees work at CDI and are critical to advancing our mission. The workforce development category focuses on advancement of the workforce from talent acquisition to professional development, promotional opportunities and retention, to knowledge transfer and effective succession planning. Employees contribute when they are engaged, adequately trained, given timely feedback, recognized for excellence, and provided with opportunities to foster their personal and professional growth.

Success in this category ensures CDI's workforce is prepared to meet the Department's needs as they evolve – it directly impacts the Department's mission and our ability to effectively serve the people of California.

The following strategies will encourage a healthy and robust organizational culture, dedicated to a strong and supported workforce. Successful implementation will help CDI nurture and retain exceptional, engaged staff, and recruit qualified staff, who are dedicated to achieving our mission.

## WORKFORCE DEVELOPMENT STRATEGIES

- 2.1 Increase the percentage of employees who have documented procedures and critical tasks to aid in successful knowledge transfer, succession planning, and retention of organizational knowledge.
- 2.2 Increase engagement through implementation of a new employee recognition program that will increase the number of employees recognized.
- 2.3 Expand recruitment efforts to engage a skilled and diverse pool of applicants through increased awareness, social media presence, and collaboration with networking platforms by the end of 2022.
- 2.4 Conduct annual performance appraisals for all employees to provide meaningful professional development opportunities.

# Goal Three: Operational Efficiency

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## GOAL

**Modernize operations for optimal performance and risk management.**

## SUMMARY

Administratively, CDI excels at ensuring day-to-day functions happen seamlessly. Beyond these day-to-day successes, CDI will leverage advanced technology to optimize operations by developing new methods, integrating systems, and improving efficiency, accessibility, and safety of information. Business processes will be standardized to further align operations, policies, and procedures by promoting organizational collaboration and strategic partnerships across all lines of business. As CDI moves to integrate a long-term telework strategy post-pandemic in coordination with the Governor's Administration, organizational space may be updated to more efficiently utilize space and resources. Staff will also continue to be encouraged to collaborate, provide input, and ask questions at every step of problem-solving.

Additionally, going forward, CDI will focus on improving risk management by creating an environment in which a culture of high productivity and integrity can flourish at all levels of the organization. Senior leadership will continue to set the tone and encourage open communication and collaboration across CDI to facilitate disciplined and transparent risk mitigation. The Department will build on existing risk management activities and provide ongoing Enterprise Risk Management (ERM) updates and continuing education to all staff. ERM will be embedded into the fabric of the organization to facilitate operational efficiency.

## OPERATIONAL EFFICIENCY STRATEGIES

- 3.1 Reduce operational risk through robust utilization of an enterprise risk management system.
- 3.2 Update, standardize, and align business processes throughout the organization for optimal performance.
- 3.3 Transform workspaces to increase efficient use of organizational space.

# Goal Four: Fiscal Responsibility

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## GOAL

**Responsibly manage and optimize Department resources and utilize them to further priorities.**

## SUMMARY

In the following financial strategies, CDI will take steps to engage all employees through awareness and financial transparency. Empowering staff to be fiscally mindful will help us accomplish our priorities and deliver on our mission more efficiently. Accountability and transparency in communicating financial matters will enable every employee to be fiscally responsible. CDI will launch a fiscal responsibility awareness campaign, and provide ongoing information. Using resources wisely, eliminating redundancies, and creating efficient processes will help CDI conserve and be more climate-conscious.

These strategies will ensure CDI's budget is aligned with not just our statutory requirements but also our strategic priorities, now and in the future.

## FISCAL RESPONSIBILITY STRATEGIES

- 4.1 Engage all employees in fiscal responsibility through open communication, financial transparency, and awareness of larger environmental challenges.
- 4.2 Align resources to the Department's mission and promote budget discipline.
- 4.3 Use resources wisely and create agility with positions and program structure.
- 4.4 Acquire and maintain a suite of enterprise-wide services and technology capabilities that optimize staff productivity and are cost-effective.

# Reference Sheet: Goals and Strategies

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## **Goal 1: Consumer Protection**

**Empower Californians through education, advocacy, service, regulation, and fraud protection.**

### *Strategies*

- 1.1 Deliver responsive service and improve the consumer experience through utilization of technological advances such as service automation and expanding self-service options.
- 1.2 Outreach to the highest number of Californians through engaging digital content and leveraging partnerships with community leaders.
- 1.3 Conduct risk focused surveillance through in-house analysis and financial exams of insurers, and continue to coordinate with other state and federal regulators to best leverage resources and serve Californians.
- 1.4 Protect consumers by decreasing incidences of fraud.

## **Goal 2: Workforce Development**

**Engage and develop employees to maintain a highly-skilled and diverse workforce.**

### *Strategies*

- 2.1 Increase the percentage of employees who have documented procedures and critical tasks to aid in successful knowledge transfer, succession planning, and retention of organizational knowledge.
- 2.2 Increase engagement through implementation of a new employee recognition program that will increase the number of employees recognized.
- 2.3 Expand recruitment efforts to engage a skilled and diverse pool of applicants through increased awareness, social media presence and collaboration with networking platforms by the end of 2022.
- 2.4 Conduct annual performance appraisals for all employees to provide meaningful professional development opportunities.

## **Goal 3: Operational Efficiency**

**Modernize operations for optimal performance and risk management.**

### *Strategies*

- 3.1 Reduce operational risk through robust utilization of an enterprise risk management system.
- 3.2 Update, standardize, and align business processes throughout the organization for optimal performance.
- 3.3 Transform workspaces to increase efficient use of organizational space.

## **Goal 4: Fiscal Responsibility**

**Responsibly manage and optimize Department resources and utilize them to further priorities.**

### *Strategies*

- 4.1 Engage all employees in fiscal responsibility through open communication, financial transparency, and awareness of larger environmental challenges.
- 4.2 Align resources to the Department's mission and promote budget discipline.
- 4.3 Use resources wisely and create agility with positions and program structure.
- 4.4 Acquire and maintain a suite of enterprise-wide services and technology capabilities that optimize staff productivity and are cost-effective.