

The List of Approved Surplus Lines Insurers Portal

California Department of Insurance

Project Initiated: July 2016

Government to Business Go-Live Date: January 2018

Business Facing website address:

<https://cdilasli.insurance.ca.gov/>

Business and Government facing knowledge base:

<https://cdi-lasli-portal.zendesk.com>

NASCIO 2019

Digital Government:
Government to Business

(G to B)

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Executive Summary

The List of Approved Surplus Lines Insurers (LASLI) Portal is a digital government to business portal that allows four California Department of Insurance's (CDI) internal government units, the California Surplus Line Association (SLA)- a private-for-profit business, and the surplus lines insurers¹ to collaborate on all CDI's documentation submission requirements and when necessary, pay online. The LASLI Portal was first launched in January 2018. This solution includes a cloud-based open source custom portal connected to a mainstream CRM solution that is accessible by a majority of devices such as desktops, phones, and tablets and provides a context-sensitive knowledge base for instant customer service.

CDI's LASLI Portal has a high first-year adoption rate, connects multiple categories of government and businesses, helps guard billions of California consumer dollars, allows elimination of paper submissions, keeps highly sensitive information secure, increases speed and accuracy of business submissions with government and allows business to reference documents filed with the National Association of Insurance Commissions (NAIC). In 2016, the companies on the LASLI received over \$6.3 billion dollars in annual premiums paid by Californians².

The LASLI Portal solves the critical government to business problem of a business submitting a collection of highly confidential documentation requirements for a fee and needing government review and approval. A typical LASLI filing is several inches thick and includes sixteen separate multipage documents, for instance, audited financial statements, biographical affidavits and their plan of operation. Documents need to be securely shipped between Sacramento, San Francisco, and Los Angeles.

The stress of the paper-based submittals from the business community and the physical warehousing and security of all those paper submissions are primary business solution drivers. We've already prevented thousands of pounds of paper needing to be shipped and then re-shipped in the first year!

Concept

Problem

California Department of Insurance (CDI) is the largest consumer protection agency in the state of California. California is the largest insurance market in the United States and the sixth largest insurance market in the world. CDI ensures that insurers are solvent, consumer complaints are addressed in a reasonable manner, and insurers, and licensees, play fairly in the marketplace.

¹ The surplus lines market provide insurance for hard-to-place, unique or high capacity (i.e., high limit) risks. Surplus lines insurers cover hard-to-place risks as non-admitted insurers, they can react to market changes and the unique needs of insureds who are unable to obtain coverage from admitted carriers.

Source Wholesale & specialty Insurance Association:

² <https://www.insurancejournal.com/news/west/2017/01/27/440135.htm>

While the CDI’s Corporate Affairs Bureau (CAB) is the lead in administering this goal, the communication and collaboration is needed by the entire LASLI review team to provide a reliable way to securely and quickly work together to assure that all insurers offering coverage to Californians maintain the financial stability and viability necessary to provide the benefits and

protection they have promised their California policyholders.

BY THE NUMBERS

- ❖ CDI regulates a \$123 billion insurance industry in CA
- ❖ More than a hundred companies are on CDI’s List of Approved Surplus Line Insurers as non-admitted insurers in CA.
- ❖ “Non-admitted” means the companies are not licensed in, or strictly regulated by, CA and therefore are generally free from the rate regulations imposed on licensed insurers.
- ❖ About 10% of policies nationwide require insurance from companies on an LASLI.

Source: CA Dept. of Insurance

During 2018, tens of thousands of Californians were affected by a significant number of natural disasters and emergencies including mudslides, fires, and floods. Most recently the world-wide news story was the Camp Fire that destroyed thousands of homes and businesses and took the life of at least 85 Californians. The terrain and risk profile associated with the location of these homes and businesses have resulted in “traditional” admitted insurance companies not providing coverage. This is leading many more Californians turning to the

surplus line insurers for life and property insurance.

Before the LASLI portal was launched, 100% of these businesses wanting to be listed on the California LASLI were required to communicate with CDI using physical paper submissions. This resulted in each company being required to mail many pounds of paper to Sacramento’s intake office that in turn re-shipped to the other divisions within CDI and the SLA so that they could be reviewed. This was expensive and slow. Another problem that occurs during a review is when one of the documents needed to be updated or revised, the amendment often doesn’t make it into the hands of all four units reviewing the documents. When all of the reviews were completed, there was also an onerous process to combine all of the resulting outcomes to be warehoused for the historical record. Californians needed a process that allowed additional businesses to enter and remain in the surplus lines insurance market. This is particularly important in CA’s efforts to provide accessible and affordable coverage for all its citizens.

The pre-LASLI Portal way in which CDI solved other documentation submissions needs of the department included a custom system that used outdated technology, was hard to maintain and didn’t provide the flexibility to keep up with changing requirements. Instead of providing a solution, this legacy system would have introduced new problems to solve.

The submission requirements for the LASLI application, renewals and updates include a variety of documentation including financial, non-financial and biographical information, some of which is highly confidential. When submitting in physical form, the business is required to know these complex documentation requirements.

Solutions

The LASLI Portal is CDI’s first cloud-based solution that enables and enhances the digital business to government solution expected in today’s digital world.

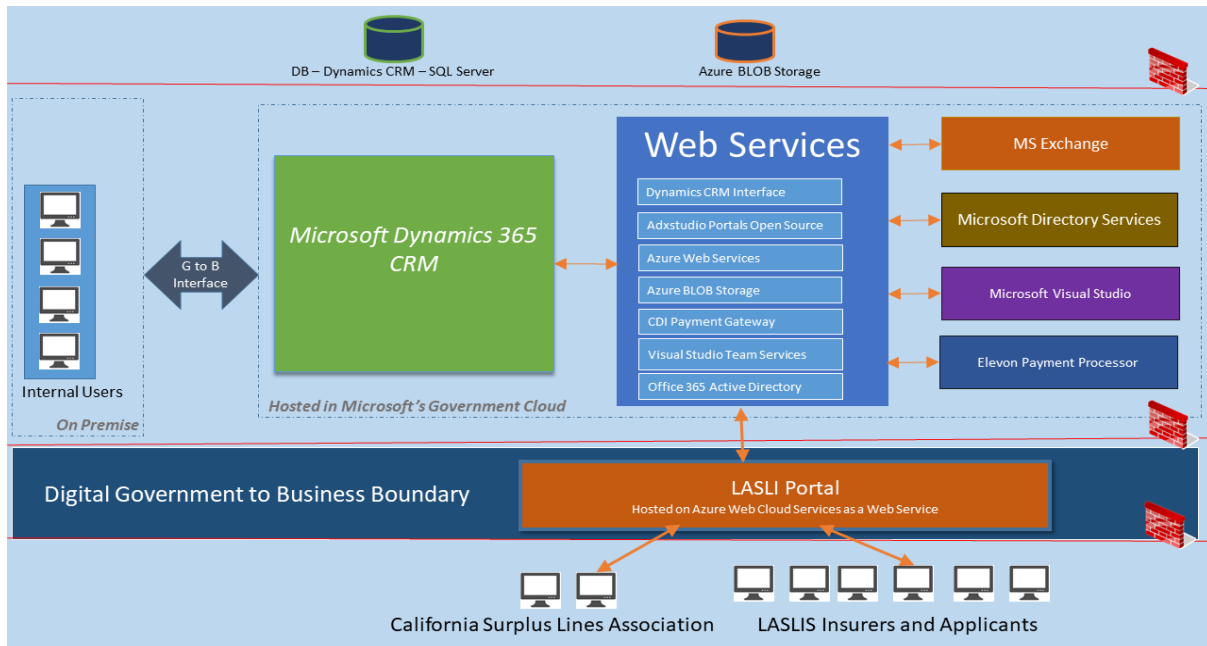


Figure 1 - LASLI Architecture

The new enterprise platform solution uses an all cloud-based technology solution stack including:

- Microsoft Dynamics 365 CRM
- Custom open source portal based on Adxstudio Portals 8.0
- Microsoft Azure BLOB storage
- Microsoft Azure Web Services
- Online Credit Card Processing through Elevon
- Microsoft Office 365 Integration
- Encrypts all data during transmission and when stored ensuring compliance with the CDI Privacy Policies as implemented by their Privacy Officer.
- Integrated real-time context-sensitive customer service knowledge base and support tickets system

The LASLI portal includes three solutions for two different business groups and several government groups within CDI to help support eight key performance indicators.

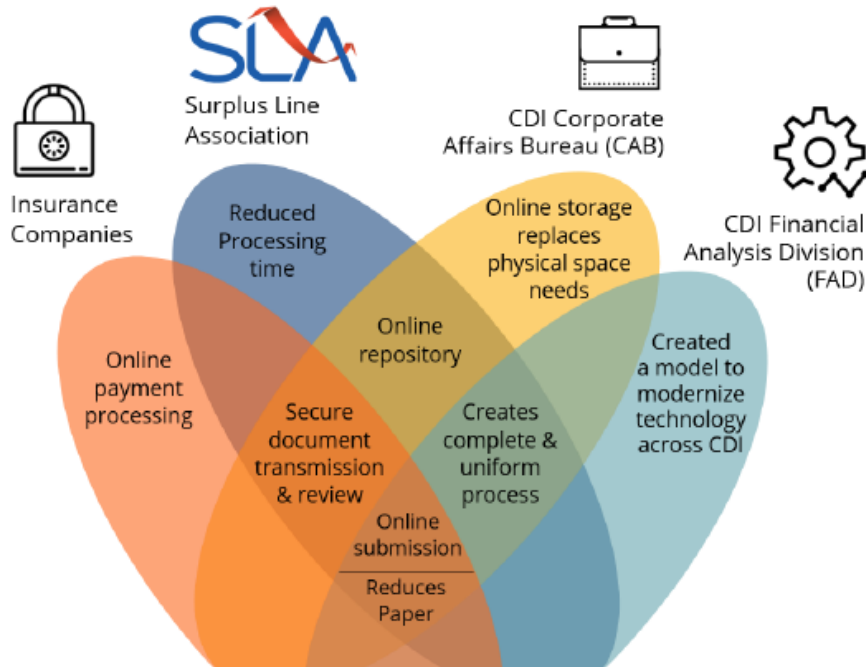


Figure 2 Context Diagram of the LASLI application of business to government and key benefits.

A Solution for Surplus Lines Insurers

A business facing Portal that securely allows a surplus line insurance company (or their delegate) to meet their documentation requirements. Our innovative solution provides insurance companies with a solution that includes a wizard approach where a LASLI Portal user starts a new submission by answering several questions that determines exactly what documentation requirements must be included with their submission. This data-driven approach also allows the LASLI Portal to be maintained by non-technical users as the documentation requirements evolve over time.

A Solution for the California Surplus Lines Association

A business facing portal that securely allows the California Surplus Lines Association to complete two crucial business processes including:

1. Review of all surplus lines insurer’s submissions as well as there complete the evaluation of the suitability of the business to be listed on the LASLI.
2. Assist in collaboration with CDI’s FAD unit to ensure the Association can meet its statutory requirement as the surplus line advisory organization so that it can monitor and direct surplus line brokers’ placements of insurance with eligible surplus line insurers.

A Solution for the California Department of Insurance

The government facing Dynamics 365 CRM solutions uses Microsoft’s Government Cloud including Office 365 for authentication, Dynamics 365 for internal CRM users, Azure for document storage solution and integrates with our Office 365 for authentication. Our staff can

immediately review any submitted documentation requirements from both surplus lines insurers and the SLA.

Customer Service for All

All three product community members from both business and government users are supported by a context-sensitive online knowledge base that provides self-service search and email customer service desk channels modeled after the popular “support ticket” approach expected by today’s users. This also allows users to give direct feedback based on their interaction with the LASLI Portal.

Significance

Unlike the previous process that was solely paper-based, LASLI Portal allows businesses to use the self-service portal to securely complete and pay online for documentation submission requirements online. Once the applicant submits the application, renewal or updates, the submission is securely stored and protected from alteration. Electronic submissions and supporting documents are never printed or stored in physical form and are ready for immediate review.

Our technology approach for this project was a cloud-first Agile approach. The LASLI Portal was the first CDI solution to connect Microsoft’s Government Cloud, Office 365, Dynamics 365 for CRM, Azure Storage, and a custom open-source portal based Adxstudio Portals 8.0. It provides a business facing portal that accepts secure online credit card payments and provides real-time context-sensitive customer service knowledge base and support tickets system.

Impact

The LASLI Portal is a high impact, innovative digital government to business solution. The primary business to government connection is with international surplus lines insurers to the CDI so that they can have 100% of their submission requirements satisfied online, even "reusing" the submissions they have made to the NAIC or previously at CDI. The LASLI Portal has a 32% first-year adoption rate with surplus lines insurers.

The secondary business to government benefit to highlight is with our non-government review partner, the SLA. The SLA uses the LASLI Portal to review submissions and to submit the required annual Security Summary Reports (SSR) to CDI. The SSR serves as a critical part of the validation process and serves as the basis for protecting Californians. The LASLI Portal has a 100% first-year adoption rate for SSR’s submissions.

For internal government users, the highest impact will be a consistent workflow for internal audit and review. Secondary impacts worth noting include the avoidance receiving and shipping tons of future paper submissions. From a cost-saving perspective, using the open source codebase saves tens of thousands of dollars in future licensing fees.

Although this project was developed and will serve as the primary electronic intake path for LASLI applications, renewals, and updates including the supporting documentation, and references to external sources of information, this system will likely impact all future document intake projects at CDI for years to come.