



2024 - 2027

STRATEGIC PLAN

Content

<u>COMMISSIONER'S MESSAGE</u>	1
<u>OUR ORGANIZATION</u>	3
<u>OUR CORE VALUES</u>	7
<u>VISION, MISSION, AND STRATEGIC GOALS</u>	8
<u>GOAL ONE: CONSUMER PROTECTION</u>	9
<u>GOAL TWO: WORKFORCE STRENGTH</u>	10
<u>GOAL THREE: OPERATIONAL EFFICIENCY</u>	11
<u>GOAL FOUR: FISCAL STEWARDSHIP</u>	12
<u>GOAL FIVE: EFFECTIVE LEADERSHIP</u>	13
<u>REFERENCE SHEET: GOALS AND OBJECTIVES</u>	14

Commissioner's Message

I am pleased to present the California Department of Insurance's Strategic Plan for 2024-2027. This Strategic Plan will act as a roadmap for our Department over the next several years as we continue to realize our vision of "innovative insurance protection for all Californians."

This new Strategic Plan is the result of many months of gathering input and reflects the unique position the California Department of Insurance (CDI) and our team find ourselves in. CDI is facing many new and evolving challenges - from climate change and the sustainability of the insurance market, to addressing the needs of our workforce amidst increasing workload constraints. With these considerations in mind, we have built a comprehensive and intentional Strategic Plan with goals and measurable objectives to build on the work that has already begun, and to identify new initiatives to focus on.



In response to the ongoing risks associated with climate change, the Department has demonstrated its resolve to seek new solutions by such measures as issuing new wildfire mitigation regulations in 2022 that require insurance companies in California to provide incentives within insurance pricing for the risk reduction benefits of specific home and community wildfire mitigation actions that align with the new [Safer from Wildfires](#) framework created in partnership with the Governor's Administration. That same year, at the United Nation's Climate Change Conference of Parties (COP) 27 meeting, the Department, in partnership with the United Nations' Principles for Sustainable Insurance (PSI), released a first-of-its-kind Sustainable Insurance Roadmap for the nation's largest insurance market. This Roadmap marks a strategic shift for insurance's role combating the consequences of climate change for California residents and businesses, toward actively helping reduce emissions and increase community resilience while better aiding recovery from climate-linked disasters.

Furthermore, in 2023, we unveiled the [Sustainable Insurance Strategy](#), the largest insurance reform since voters passed Proposition 103 in 1988. The Strategy requires insurance companies to write no less than 85% of their statewide market share in distressed areas, seeks to return FAIR Plan policyholders to the admitted market, and allows new models recognizing mitigation and hardening requirements to appropriately price rates and provide discount benefits. We met with thousands of consumers in every county of the state to help inform the creation of the Sustainable Insurance Strategy, with more than 1,800 meetings, town halls, and events hosted since 2019.

CDI works tirelessly to provide essential services – overseeing insurer solvency, licensing agents and brokers, conducting market conduct reviews, resolving consumer complaints, assisting disaster survivors, expanding access to health care, investigating and prosecuting insurance fraud, championing consumer protection legislation, and stamping out discrimination in the Insurance Code. CDI continues to build on these and other consumer protection efforts with our new Strategic Plan.

We have worked together to define our values to reflect the resiliency needed to face these new challenging forces as well as our mission and vision, which now better reflect our commitment to innovation within the main pillars of our Department: regulating the insurance industry to ensure a competitive and sustainable market, investigating fraud, advocating for consumers, and expanding access to insurance.

My sincerest gratitude goes out to each and every one of our employees, branch leaders, and subject matter experts that aided in the development of the Strategic Plan. It is because of the dedication and collaboration of the Department's employees that we continue to set new expectations for ourselves. I am confident that, 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 stroke across the middle.

RICARDO LARA

Insurance Commissioner

Our Organization

The California Department of Insurance (CDI) was created in 1868 as part of a national system of state-based insurance regulation. Today, led by Insurance Commissioner Ricardo Lara, CDI is the consumer protection agency for the nation's largest insurance marketplace and safeguards all of the state's consumers by fairly regulating the insurance industry. With annual direct premiums of \$409 billion, California is the second largest insurance market in the world.

In 1998, California voters passed Proposition 103, a citizen-led initiative. Proposition 103 expanded CDI's authority as well as changed the Insurance Commissioner from an appointee of the Governor to an independent statewide officer elected by popular vote. Proposition 103 also required prior approvals of property and casualty rates, including personal auto and homeowner insurance as well as commercial insurance.

Nearly 1,400 dedicated employees work at CDI to oversee more than 1,600 insurance companies and license more than 495,000 agents, brokers, adjusters, and business entities. In the normal course of business, CDI annually processes more than 5,500 rate applications, issues approximately 260,000 licenses (new and renewals), and performs hundreds of financial reviews and examinations of insurers doing business in California. CDI annually receives more than 170,000 consumer assistance calls, investigates more than 56,000 consumer complaints and, as a result, recovers more than \$130 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 ensuring policy rates are not excessive, inadequate, or unfairly discriminatory, overseeing insurer solvency to pay claims, setting standards for agents and broker licensing, performing market conduct reviews of insurance companies, 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 co-chaired by California, 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. Together, 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 and agents/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.

Executive Operations Branch

The Executive Operations Branch comprises the Organization Accountability Office, which is responsible for risk and compliance, information security, and internal audits; the Office of Strategic Planning and Initiatives, which is responsible for strategic planning, the Workforce and Succession Plans, and organizational performance management; and the Office of Civil Rights, which ensures CDI's compliance with State and federal laws relating to discrimination, sexual harassment, and the Americans with Disabilities Act.

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 policy and legislative initiatives and 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, 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 is required to review 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.

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

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.
RESILIENCY	We are committed to fulfilling our mission, advancing our goals, maintaining expertise, and being responsive to Californians in the face of new and evolving challenges.
ACCOUNTABILITY	We are empowered to openly communicate, to be transparent, 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 Strategic Goals

VISION

Innovative insurance protection for all Californians.

MISSION

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

GOALS

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

- 1. Consumer Protection:** Ensure the protection of California consumers through outreach and education, responsiveness, industry regulation, fraud prevention, and investigation.
- 2. Workforce Strength:** Promote a diverse, forward-looking, engaged, and supportive workforce culture throughout our team.
- 3. Operational Efficiency:** Enhance and improve access to a standardized, resilient, and collaborative-focused administrative operations management system.
- 4. Fiscal Stewardship:** Responsibly manage our public resources with integrity and accountability while ensuring flexibility to address unforeseen impacts, emerging issues, and new priorities.
- 5. Effective Leadership:** Serve as a leader of insurance protection by providing expertise and proactively identifying and addressing emerging challenges and trending issues.

Goal One: Consumer Protection

Ensure the protection of California consumers through outreach and education, responsiveness, industry regulation, fraud prevention, and investigation.

Summary

CDI's primary functions, including overseeing insurer solvency, licensing agents and brokers, conducting market conduct reviews, resolving consumer complaints, and investigating and prosecuting insurance fraud, are designed to protect consumers. CDI is the consumer protection agency for the nation's largest insurance marketplace, and our strengths include responsive service, effectively educating consumers, disseminating necessary information, and organizing agile mobilization during disasters to aid victims.

Our consumer protection goal and objectives focus on exceling in our core mission. Implementation of these objectives will ensure that we strengthen our education and outreach efforts, advocate for consumers through policy and legislation, respond quickly and thoughtfully to all questions and complaints, and perform thorough and timely regulation of the insurance industry.

Consumer Protection Objectives

- 1.1 Increase reach through trusted messengers to diverse audiences, including community-based organizations.
- 1.2 Continue improving education of the public and major stakeholders.
- 1.3 Strengthen outreach partnerships with California tribes, local governments, and academia.
- 1.4 Provide timely assistance to consumers.
- 1.5 Sponsor and advocate for legislation that enhances consumer protections.
- 1.6 Implement policies that increase equity and access for all, including historically underrepresented communities.
- 1.7 Timely completion of financial examinations and early identification of troubled companies.
- 1.8 Timely completion of market conduct examinations.
- 1.9 Timely action on non-compliance in the industry.
- 1.10 Actively detect fraud and reduce incidences through training and increased outreach to strengthen partnerships.
- 1.11 Streamline efficiency and increase transparency in rate filing review process.

Goal Two: Workforce Strength

Promote a diverse, forward-looking, engaged, and supportive workforce culture throughout our team.

Summary

Approximately 1,400 employees work at CDI and are critical to advancing our mission. The workforce strength category focuses on the development of our workforce through recruitment and talent acquisition, professional development and retention, as well as knowledge transfer and effective succession planning.

A department is only as effective as its workforce. Thus, it is imperative that our employees are engaged, adequately trained, given timely feedback, recognized for excellence, and provided with opportunities to foster their personal and professional growth. The following objectives will focus on increasing the support of our employees through development opportunities, new programs for supervisors, and the promotion of a new department-wide equity program. Successful implementation of our goal will help CDI cultivate a supportive culture for our workforce, which then directly impacts the Department's ability to effectively serve the people of California.

Workforce Strength Objectives

- 2.1 Create and promote a Diversity, Equity, and Inclusion program.
- 2.2 Develop a continuous onboarding program for supervisors.
- 2.3 Create a comprehensive workforce plan that contains strategies for addressing recruitment, retention, team-building resources, employee development, knowledge transfer, and succession management.
- 2.4 Increase communication and collaboration among department branches.

Goal Three: Operational Efficiency

Enhance and improve access to a standardized, resilient, and collaborative-focused administrative operations management system.

Summary

In keeping with CDI's refreshed vision and values, our goal and objectives for CDI's administrative operations will focus on new ways of promoting collaboration between our offices, innovative ways to streamline our processes and ensure their resiliency, and a more unified system for accessing information and protecting data.

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 and accessibility 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.

Operational Efficiency Objectives

- 3.1 Improve ease of access to Department policies and procedures for CDI staff.
- 3.2 Reduce information and operations "silos" by promoting collaboration between operations staff and program staff.
- 3.3 Streamline, standardize, and ensure resiliency of operations processes.
- 3.4 Ensure security of information and data through enhanced policies and governance.

Goal Four: Fiscal Stewardship

Responsibly manage our public resources with integrity and accountability while ensuring flexibility to address unforeseen impacts, emerging issues, and new priorities.

Summary

To continue our dedicated stewardship of public resources, it is critical for CDI to build a flexible budget that allows us to adapt to new challenges with financial impacts. In the following financial objectives, CDI will take steps to build more collaborative partnerships between program and budget staff, which will allow us to build fiscal mindfulness in our staff and empower them with the needed resources to accomplish our priorities and deliver on our mission more efficiently. Accountability and increased communication on financial matters will enable every employee to be fiscally responsible and will create opportunities for us to improve education, to identify redundancies, and to streamline our processes. These objectives will ensure CDI's budget is aligned with not just our statutory requirements but also our strategic priorities, now and in the future.

Fiscal Stewardship Objectives

- 4.1 Ensure a balanced and flexible budget focused on supporting the Department's statutory responsibilities and key priorities.
- 4.2 Maintain collaborative internal partnerships and proactive communication.
- 4.3 Continuous improvement and education in financial accountability and processes.

Goal Five: Effective Leadership

Serve as a leader of insurance protection by providing expertise and proactively identifying and addressing emerging challenges and trending issues.

Summary

With the unprecedented challenges affecting our consumers and the insurance industry, CDI is looking for new ways to adapt, innovate, and streamline. Whether it's creating new products to meet our changing landscape, developing and sharing our expertise on emerging subjects such as Artificial Intelligence (AI) and Insurtech, or considering new methods to push for wildfire insurance availability, CDI is ready to tackle these issues with an openness for change and a strong commitment to innovation. Much has been done to mitigate the impact of climate change on consumers and the industry, and we will continue to maintain this as one of our top priorities. The Climate and Sustainability Branch, created by Commissioner Lara, will further develop and oversee new policy initiatives related to climate risk and promoting a sustainable insurance market in California.

With each new and developing challenge, we will take a holistic approach, considering how each and every branch within our department is affected and how each of our offices can proactively contribute to the work of addressing the issues and protecting our consumers. We will also continue to document our efforts and refine our internal and global strategies as California's insurance market continues to grow, making us now the second largest insurance market in the world.

Effective Leadership Objectives

- 5.1 Explore new partnerships to work collaboratively and provide expertise to other local, state, and global stakeholders.
- 5.2 Address insurance market sustainability given continued threat of wildfire and climate change.
- 5.3 Identify innovative ways for every branch to streamline processes, lead work, and develop and share our expertise on major issues including climate change, wildfire insurance availability, Insurtech, Artificial Intelligence, and anti-discrimination.
- 5.4 Advance supplier and board diversity in California's insurance industry.

Reference Sheet: Goals and Objectives

Goal 1: Consumer Protection

Ensure the protection of California consumers through outreach and education, responsiveness, industry regulation, fraud prevention, and investigation.

Objectives

- 1.1 Increase reach through trusted messengers to diverse audiences, including community-based organizations.
- 1.2 Continue improving education of the public and major stakeholders.
- 1.3 Strengthen outreach partnerships with California tribes, local governments, and academia.
- 1.4 Provide timely assistance to consumers.
- 1.5 Sponsor and advocate for legislation that enhances consumer protections.
- 1.6 Implement policies that increase equity and access for all, including historically underrepresented communities.
- 1.7 Timely completion of financial examinations and early identification of troubled companies.
- 1.8 Timely completion of market conduct examinations.
- 1.9 Timely action on non-compliance in the industry.
- 1.10 Actively detect fraud and reduce incidences through training and increased outreach to strengthen partnerships.
- 1.11 Streamline efficiency and increase transparency in rate filing review process.

Goal 2: Workforce Strength

Promote a diverse, forward-looking, engaged, and supportive workforce culture throughout our team.

Objectives

- 2.1 Create and promote a Diversity, Equity, and Inclusion program.
- 2.2 Develop a continuous onboarding program for supervisors.
- 2.3 Create a comprehensive workforce plan that contains strategies for addressing recruitment, retention, team-building resources, employee development, knowledge transfer, and succession management.
- 2.4 Increase communication and collaboration among department branches.

Goal 3: Operational Efficiency

Enhance and improve access to a standardized, resilient, and collaborative-focused administrative operations management system.

Objectives

- 3.1 Improve ease of access to Department policies and procedures for CDI staff.
- 3.2 Reduce information and operations “silos” by promoting collaboration between operations staff and program staff.
- 3.3 Streamline, standardize, and ensure resiliency of operations processes.
- 3.4 Ensure security of information and data through enhanced policies and governance.

Goal 4: Fiscal Stewardship

Responsibly manage our public resources with integrity and accountability while ensuring flexibility to address unforeseen impacts, emerging issues, and new priorities.

Objectives

- 4.1 Ensure a balanced and flexible budget focused on supporting the Department's statutory responsibilities and key priorities.
- 4.2 Maintain collaborative internal partnerships and proactive communication.
- 4.3 Continuous improvement and education in financial accountability and processes.

Goal 5: Effective Leadership

Serve as a leader of insurance protection by providing expertise and proactively identifying and addressing emerging challenges and trending issues.

Objectives

- 5.1 Explore new partnerships to work collaboratively and provide expertise to other local, state, and global stakeholders.
- 5.2 Address insurance market sustainability given continued threat of wildfire and climate change.
- 5.3 Identify innovative ways for every branch to streamline processes, lead work, and develop and share our expertise on major issues including climate change, wildfire insurance availability, Insurtech, Artificial Intelligence, and anti-discrimination.
- 5.4 Advance supplier and board diversity in California's insurance industry.