



ODI
Ohio Department
of Insurance

Securities Audit Process

By Melissa Chuvalas

Green Belt Project

4/14/16

LEANOhio

Project Team

- ▶ Tynesia Dorsey- Management
- ▶ Jianming Xia-Assistant Director
- ▶ Diane Wiggins-Project Sponsor
- ▶ Joya Baldwin-Team member; SME
- ▶ Steve Cole- Facilitator
- ▶ Mark Iannotta-Legal
- ▶ Dwight Radel-Risk Assessment
- ▶ Myself-Team member; SME
- ▶ Laura Swank-State Auditor

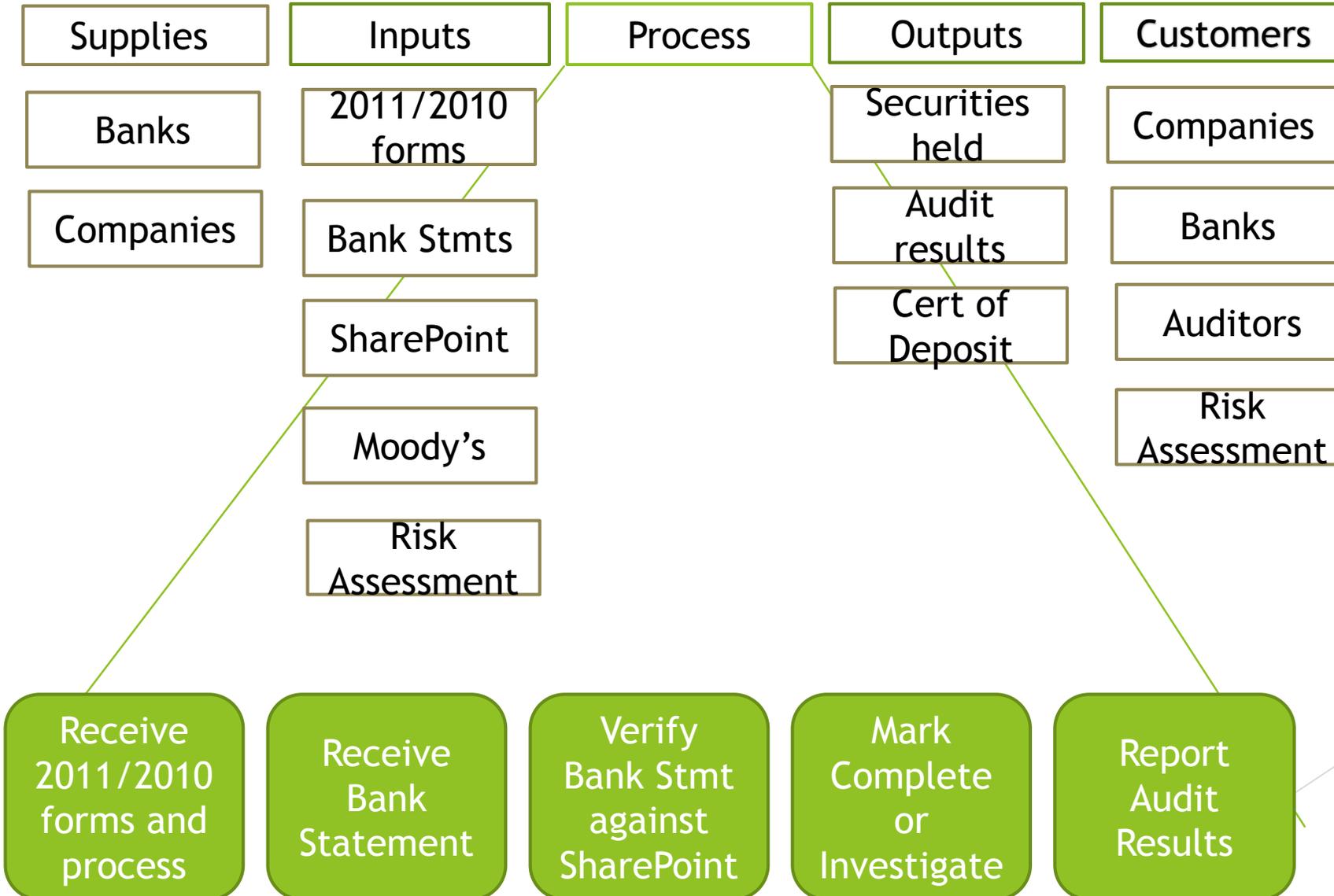
Background Data

- ▶ The Superintendent of the Ohio Department of Insurance has control over Securities held on deposit by licensed insurance companies in Ohio.
- ▶ Insurance companies domiciled in Ohio and companies who do not hold enough in their home state, must have a deposit of a specified amount required by Ohio Revised Code dependent on the type of company.
- ▶ The Department of Insurance oversees \$395,990,010.00 in security deposits for 300 companies.
- ▶ A fiscal year audit is done to make sure companies are holding what was stated on INS2011 form; keeping them compliant.
- ▶ State auditors will complete an audit on these same deposits to make sure we have the most current and dated information

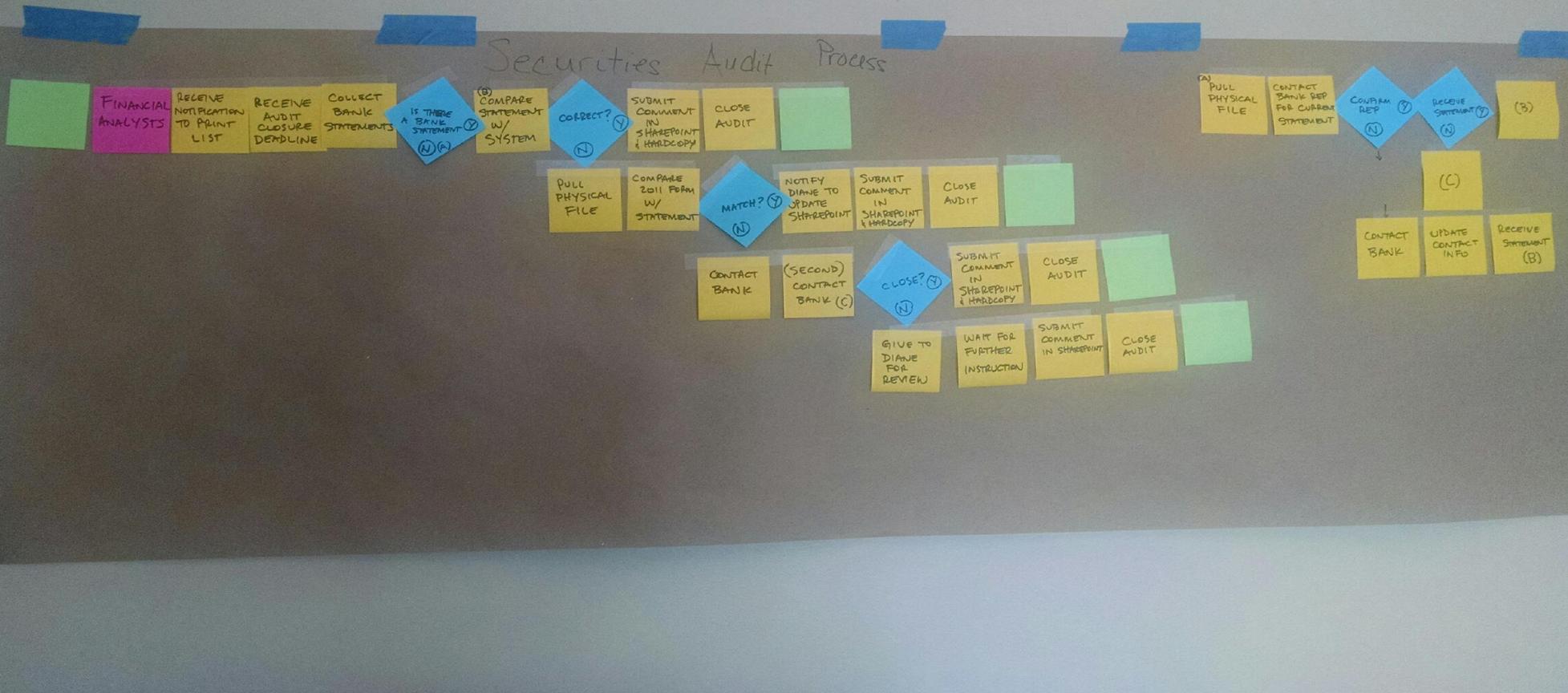
Goals

- ▶ Define the audit procedure- communicate with Risk Assessment team, Legal, Auditors office and management
- ▶ Set achievable deadlines for the audit procedure
- ▶ Process the audit with in deadlines
- ▶ Track the results with supervisor
- ▶ Update files with contact information
- ▶ Implement a scanning system and dual monitors

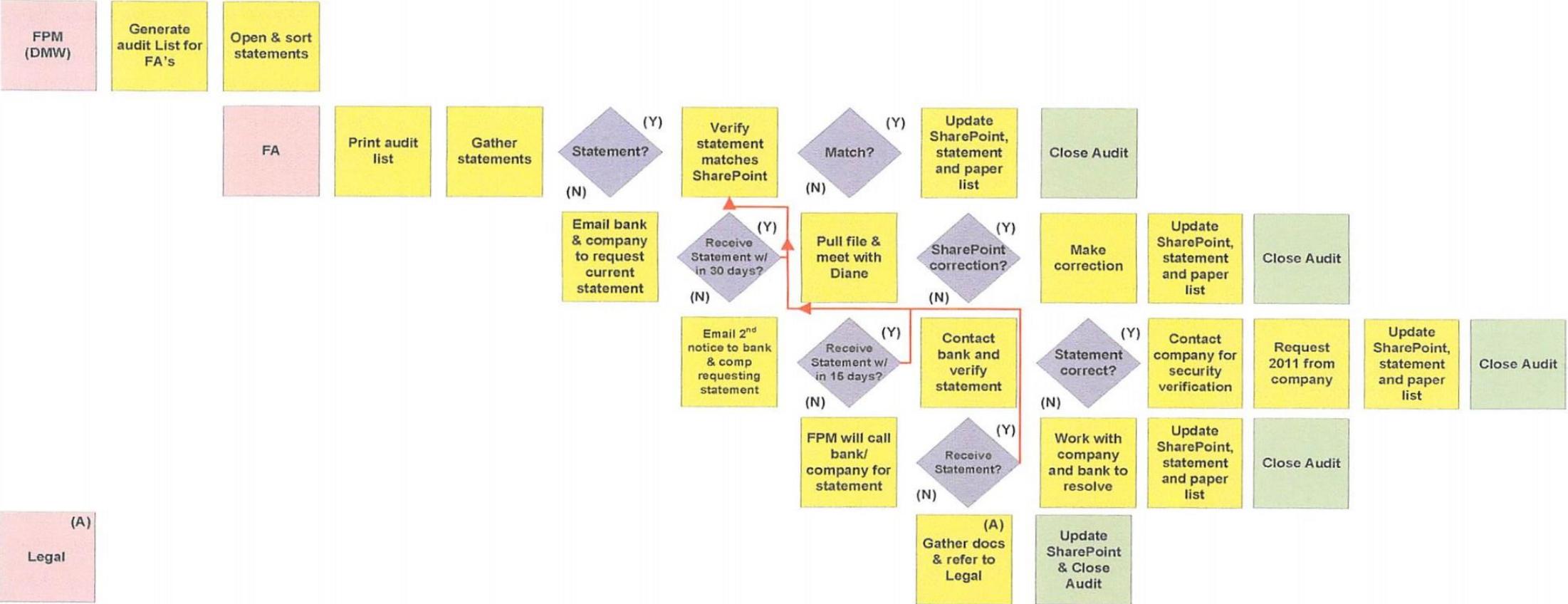
SIPOC



Current Process Map



Fiscal Audit Process – Future State



Schedule/Implementation

What	Who	When
Collect statements	Diane	Upon receipt
Distribute audit list and statements	Diane	Nov 2015
Audit 10 companies	Melissa and Joya	Weekly for 15 weeks
Make 1 st contact attempt via email to comp and bank	Melissa and Joya	By February 12, 2016
Make 2 st contact attempt via email to comp and bank	Melissa and Joya	By March 31, 2016
Make 3 rd and final attempt via phone call	Diane, Melissa, and Joya	By April 30, 2016
Close Audit and/or forward to legal	Melissa and Joya	By May 21, 2016

Improvement Summary

Current Key Issues



No true deadlines

No written procedure

Communication

Paper files

How We Improved



Deadlines defined

Procedures written

Accountability

scanning system in process

SharePoint Application

Select Company:

[add company comment](#)

Current Year (2016) Audit Status: **Closed**

Completed by: Melissa Chuvalas

[show audit comments](#) [past audits](#) [change assignment](#)

[Open Company Letter](#)

End of Year

+ **Progressive Casualty Insurance Company** [add new security](#) Location: Mayfield Village, Ohio [change](#) Total: \$2,630,000.00

US Treasury Notes (CUSIP: 912828VS6) [release](#) [modify details](#) [add value](#) [add audit](#)

	Rate	Where Held	Bank Affdvt	Issue Date	Maturity Date	(Last) Transaction Date	Current Value
+	2.50000	Citibank NA, New York NY	ODIBA656	8/15/2013	8/15/2023	1/14/2015 2:33 PM	\$2,630,000.00

[show no value securities](#)

Internal Supervisor Audit Record

1	COMPANY	AUDITOR	11/6	11/13	11/20	11/27	12/4	1
2	Key: X = complete, 1 = 1st email, R = need DW review							
3	21st Century National Insurance Company (133801089)	Joya Baldwin	X					
4	Aetna Better Health Inc OH (452764938)	Joya Baldwin	X					
5	Aetna Health Inc - PA (232169745)	Joya Baldwin	X					
6	Affinity Mutual Insurance Company (344317240)	Joya Baldwin	X					
7	Agents National Title Insurance Company (203840531)	Joya Baldwin	X					
8	All America Insurance Company (340935740)	Joya Baldwin	X					
9	Allied Insurance Company of America (270114983)	Joya Baldwin	X					
10	Alpha Dental Programs Inc (742447512)	Joya Baldwin	X					
11	American Automobile Insurance Company (221608585)	Joya Baldwin	X					
12	American Commerce Insurance Company (314361173)	Joya Baldwin	X					
13	American Empire Insurance Company (310973761)	Joya Baldwin		X				
14	American Family Home Insurance Company (310711074)	Joya Baldwin		X				
15	American Family Insurance Company (391835307)	Joya Baldwin		X				
16	American Guaranty Title Insurance Company (731071885)	Joya Baldwin		X				
17	American Heritage Life Insurance Company (590781901)	Joya Baldwin		X				
18	American Insurance Company (220731810)	Joya Baldwin		X				
19	American Modern Home Insurance Company (310715697)	Joya Baldwin		X				
20	American Modern Life Insurance Company (866052181)	Joya Baldwin		X				
21	American Modern Property and Casualty Insurance Company (431262602)	Joya Baldwin		X				
22	American Modern Select Insurance Company (382342976)	Joya Baldwin		X				
23	American Modern Surplus Lines Insurance Company (203901790)	Joya Baldwin			X			
24	American Mutual Share Insurance Corporation (237376679)	Joya Baldwin			X			
25	American National Property & Casualty Company (431010895)	Joya Baldwin			X			
26	American Retirement Life Insurance Company (592760189)	Joya Baldwin			X			

Project Metrics

- ▶ Based on 2015 audit to the 2016 audit we saved 261 days on our 1st audit attempt that's a **72%** improvement!
- ▶ 2nd attempt contacting banks and the company was done completely this year while the previous year it was not completed by the end of the fiscal year. The timeframe was extended to complete.
- ▶ 3rd attempt became an added step this year-successfully completed as well.
- ▶ Based on our projections we had a final date of 5/21/16 to finalize the audit. We finalized the audit 3/31/16; **51** days early!
- ▶ A scanning system is currently being looked into for our paper files.

Project Benefits-Intangible

- ▶ Increase in Auditor satisfaction
- ▶ Increase in employee motivation and satisfaction
- ▶ Accountability in the department
- ▶ Clear understanding of audit process

Special Thanks to.....

- ▶ Tynesia Dorsey- Deputy Director
- ▶ Carol Schubert-Black Belt and mentor
- ▶ Mugsy Reynolds- Black Belt and mentor
- ▶ Steve Cole-Black Belt and mentor
- ▶ Joya Baldwin and Diane Wiggins- Fiscal Division
- ▶ Laura Swank-State Auditor
- ▶ Mark Iannotta-Attorney