

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

1/25/2019

2. Department

State Compensation Insurance Fund

3. Organizational Placement (Division/Branch/Office Name)

Field Operations/Small Commercial and Customer Service Operations

4. CEA Position Title

SVP, Small Commercial & Customer Service Operations

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

The Senior Vice President of Small Commercial & Customer Service Operations serves as a member of the senior management team and is responsible for the strategic leadership of the department. Essential responsibilities have a statewide impact and include the planning, development and execution of strategic business objectives for State Fund's Small Commercial and Customer Service functions.

6. Reports to: (Class Title/Level)

Chief Operating Officer (an Exempt)

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): Will regularly report to the Executive Committee on program initiatives and updates.

8. Organizational Level (Select one)

- 1st 2nd 3rd 4th 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The Senior Vice President of Small Commercial & Customer Service Operations is a member of the senior management team and will serve as the tactical leader and policy advisor in the planning, development, and execution of strategic business objectives for State Fund's Small Commercial and Customer Service functions. The incumbent will drive organizational, leadership and management excellence to achieve functional measures of success as established in collaboration with the Chief Operating Officer. S/he will identify and develop strategies for the specific dynamics of each function and establish long-term objectives, plans and policies related to revenue generation and customer service. S/he defines and provides strategic direction over account management and servicing strategies and creates function-specific Key Performance Indicators (KPI's) to assess performance.

Develop, implement and assess policies and plans to deliver long-term corporate objectives for Small Commercial Operations and Customer Service Operations.

- Develop and initiate policies and strategies in response to legislative, regulatory and industry changes to meet competitive demands and corporate objectives and values.
- Collaborate with the Executive leadership team and other senior leaders as needed to plan, formulate and implement corporate programs, policies, procedures and technology/system changes.
- Provide technical / professional advice to State Fund's executive leadership on department specific issues.
- Chair special projects, committees or task forces to evaluate strategic business challenges/opportunities, and develop solutions and strategies
- Develop and monitor KPIs to assess strategy effectiveness.
- Serve as a State Fund representative to industry, community, professional and regulatory groups.
- Promote and practice State Fund's commitment to building business relationships that create and maintain customer service and loyalty.
- Build partnerships with internal and external stakeholders impacting the department and the organization.
- Support organizational efforts to develop and maintain effective business relationships with key elements of our distribution channel.

Establish policies and procedures for SCO underwriting practices in compliance with legislative or regulatory requirements and corporate objectives.

- Provide leadership and direction in the development and/or refinement of underwriting guidelines and best practices in accordance with corporate and regulatory guidelines
- Respond to operational challenges, underwriting hazards and emerging risks that are detrimental to operations and to State Fund; develop and execute approved courses of action.
- Act as the highest referral source for the department on individual account pricing decisions.

Clearly set expectations for the department's leadership. Enable the successful performance and development of employees by establishing expectations and goals.

- Mentor and coach leaders to achieve high performance.
- Create, promote and maintain a formal succession planning tool to ensure that State Fund has a qualified candidate pool available for its leadership positions.
- Develop a personal Development Plan – managed against specific goals for all direct reports and ensure that the plan is implemented effectively; Provide regular coaching and feedback.
- Provide timely feedback to all direct reports to encourage, motivate and improve staff development and performance.
- Establish and manager department guidelines to hire and effectively train new employees; actively network to seek out new talent to add strength to the organization.
- Create an environment that empowers and supports others in the change process by establishing and articulating the vision, objectives and expectations.
- Exhibit thorough knowledge of agency process, and ensure compliance with all standard policies and procedures.
- Follow the principles of State Fund's Equal Employment Opportunity guidelines.
- Maintain a safe working environment.

Plan for and allocate resources to achieve organizational objectives; monitor resource usage to ensure efficiency and effectiveness.

- Request discretionary budget items and amounts for approval by the Executive Committee.
- Ensure that the department operates within budget and monitor expenditures to ensure sound fiscal control.
- Facilitate the Program's budget planning process and maintain accurate position control.
- Measure and ensure effective and efficient use of budgeted funds.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: This position is responsible for the strategic and operational leadership of two critical programs within State Fund; one that accounts for nearly 50% of State Funds annual premium revenue (approximately \$550 million) and the other that is responsible for delivering a positive customer service experience for more than 110,000 policy holders and 750 brokers. This position is therefore critical to the success of State Fund's ability to carry out its statutory and business role as a direct provider of workers' compensation insurance on behalf of the State of California.

State Fund is not the only provider of workers' compensation insurance in the state, and therefore must, in addition to meeting its statutory mandates, provide competitive pricing and service to effectively serve California employers. The establishment of the Senior Vice President/CEA provides senior-level leadership that is narrowly focused on these two key functions; a structure that is necessary to achieve State Fund's goal of attracting and retaining business, and business development in a competitive environment.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

As part of fulfilling its mission to serve California employers, State Fund evaluated the effectiveness of its pricing and service and arrived at two critical conclusions. The first is that several departments (e.g. Marketing/Sales, Underwriting, Loss Prevention, Claims, and Fraud Detection) can be organized so that their function is better coordinated and communication among them is optimized to promote efficiency and effectiveness. Second, information and authority gaps exist between operations management, the State Fund Executive Committee and State Fund's Board. This gap can be filled by increasing the independent decision-making authority of the highest-level, operationally-focused Policy leadership.

The first conclusion led to a partial reorganization of State Fund's management structure so that the various departments operate as a matrix organization. This means that, where possible, management responsibility is shared among two or more departments. For example, a workers' compensation claim arising out of a catastrophic workplace injury might have implications for Underwriting because the injury indicates a work activity not taken into account in the original pricing of the account, and the fact of the injury necessitates a site visit to obtain more information relevant both to preventing additional workplace injuries and pricing the account according to the activity actually taking place in the workplace of the policyholder.

Under the new matrix management structure, the managers of each department affected by an issue or event have responsibility for ensuring that the event or issue is followed up on comprehensively with appropriate involvement by each affected department. Driving this interaction, and ultimately responsible for the outcome within Small Commercial Operations and Customer Service Operations throughout the state will be the proposed Senior Vice President (CEA), who will have a significant span of control and level of responsibility.

In response to the second conclusion, State Fund proposes to create the Senior Vice President (CEA) position to provide the incumbent with sufficient authority to make policy-level decisions without having to await decision-making at higher levels. This position will have authority to make and execute on policy decisions at the program level and report out to the State Fund Executive Committee and the Board periodically. Under the current structure, programs must submit time-sensitive proposals for policy changes or decisions on issues affecting customer service and pricing and await a response. Some examples of new authority held by the SVP with an obligation to inform the State Fund Executive Committee instead of having to seek its approval include are:

- (1) Engaging in process creation and design in all areas within Small Commercial and Customer Service Operations with independent authority to implement these changes.
- (2) Developing, implementing, and assessing strategic plans to deliver long-term corporate objectives for Small Commercial and Customer Service Operations.
- (3) Exercising independent authority to approve payment plans and/or waive premium up to a predetermined amount.
- (4) Owning the underwriting processes and having independent authority to make changes while involving Corporate Underwriting and Field Operations in the decision making process.
- (5) Being accountable for customer experience that focuses on the type and quality of State Fund services.
- (6) Being accountable for full collaboration with Corporate Marketing and Field Operations in support of broker management.

With this change, the process of servicing Small Commercial and Customer Service Operations' needs at the policy level can become much more responsive to immediate needs and more efficient overall by vesting more decision-making authority in the proposed position. This structural change tracks existing management structures in the private insurance industry, and will bring State Fund to a state-of-the-art level of management practice.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

Business Operations Policy: Small Commercial Operations is responsible for underwriting and servicing the majority of insurance policies underwritten by State Fund (approximately 100,000). To remain competitive, State Fund must continuously assess market and economic conditions that drive business in the SCO worker's compensation insurance market. The CEA will oversee efforts to assess, develop, test, and implement and/or revise policies that change or adjust product offerings and distribution channels. These changes will impact operations across multiple areas of State Fund, including the operations of IT, Corporate Underwriting, Safety & Health, Billing and Collections, and Premium Audit. The policies set in this area directly impact State Fund's capacity to attract and retain business, which carries a significant financial impact.

New and Continuing Policy Holder Customer Experience Functions: The CEA will set the operating policy, protocols, and procedures for the myriad ways Small Commercial and Customer Service Operations interact with internal and external customers. Examples include: evaluating and implementing customer interaction tools such as the internet-based Chatbot, and the Avaya phone system; developing and establishing information requirements/standards for new and existing business applications that impact customer experience that are based on account characteristics; evaluating policies for issuance of insurance policies that enhance and streamline the process from information required to implement the policy to the efficiency and effectiveness of interactions with customers. The policies set in this area impact State Fund's efficiency and effectiveness in issuing insurance policies, which directly impacts State Fund's financial viability as well as California's employer's access to timely, effective customer service.

Lapsed Coverage and Unpaid Account Policy Issuance: The CEA will develop policies and practices for issuing insurance policies in the SCO area to returning employers who owe State Fund premium from previous policy years, and for issuing insurance policies to policy holders who have allowed their coverage to lapse for various time periods. The policies set in this area impact costs to policy holders, and have a potentially large cost to State Fund in coverage liability.

The CEA will have the authority and direct responsibility to ensure that managers of various departments are operating effectively within the matrix structure to coordinate their operations. This will lead to determining changes departments must make to ensure they are fulfilling their responsibility to work in tandem with their counterparts in other departments and meet revenue and customer experience expectations. This responsibility impacts staffing decisions and policies for all functions supporting Small Commercial and Customer Service Operations (e.g. Corporate Underwriting, Billing and Collection, Premium Audit and Safety & Health services).

The CEA sets policy over two areas that have significant interface with California businesses and customers. Decisions and actions rely on the CEAs exceptional good judgment to enhance State Fund's reputation and marketability while ensuring SCO & CSO do not face negative public or media scrutiny.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The purpose of creating this position is to vest virtually complete authority over decision-making that affects Small Commercial and Customer Service Operations – subject to periodic review by the State Fund Executive Committee, CEO, and the Board. The new position reflects a decision that authority over Small Commercial and Customer Service Operations can presumptively be exercised independently, with oversight by higher authority exercised through review and adjustment as necessary as opposed to the granting of permission.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

Yes, this role will develop and implement new policy in addition to revising, interpreting and ensuring existing policy is compliant and being upheld. This will be done by the SVP developing relationships with stakeholders, becoming heavily involved in the industry market through professional organizations and/or institutions and collaborating with counterparts within the unit and throughout the State Fund organization. The SVP will present and develop a plan for new and/or existing policy to the CEO, the Board and other State Fund executive committee members.