

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

07/19/2017

2. Department

State Compensation Insurance Fund

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

Operations / Field Operations

4. CEA Position Title

Senior Vice President, Field Operations (SVP)

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

The SVP, Field Operations will have full oversight of an assigned State Fund region and be responsible for providing strategic management, guidance and leadership to execute enterprise policies, goals and deliver State Fund services throughout the region.

6. Reports to: (Class Title/Level)

Chief Operating Officer / 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): Responsible for reporting out to Executive Management on a recurring basis on the delivery of State Fund services within the region.

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.

- Responsible for the overall performance of the region with regard to quality, customer service, policy servicing and the effectiveness of operating policies and processes for all State Fund activities within the region (Premium Audit, Safety & Health/Loss Prevention Services, Claims, Small Commercial underwriting, Middle Market underwriting and Large/Specialty Account underwriting).
- Promote and practice State Fund's commitment to building business relationships that create and maintain customer service and loyalty; this involves being deeply involved in the market (e.g. professional organizations and institutions) within the assigned region
- Build and maintain partnerships with internal and external stakeholders impacting the program and the organization.
- Serve as State Fund's operational and policy representative to industry, community, professional and regulatory groups.
- Develop and maintain effective business relationships with key elements of State Fund's distribution channel (i.e. brokers).
- Responsible for broker management, acquisition and retention of policy holders, and ensuring appropriate pricing to include the authority to approve and negotiate pricing decisions.
- Develop, implement, and enforce State Fund policy with respect to all operational and administrative field operations; presenting and reporting out to the State Fund executive committee and the State Fund Board of Directors (Board) on updates, changes, initiatives, and new developments.
- Coordinate all decision-making with regional counterparts to ensure statewide consistency of policies, procedures, vision and approach.
- Communicate new policy plans and challenges to the executive leadership team and partner with them to resolve identified areas of weakness and opportunity.
- Responsible for deciding all issues raised by brokers, policyholders, and other stakeholders regarding State Fund field operations.
- Serves as the primary driver, in coordination with regional counterparts, for the implementation and ongoing development of State Fund's matrix management structure and culture to ensure maximum coordination among the different departments within State Fund (e.g. Underwriting, Claims, Safety & Health, Billing and Audit).
- Responsible for achieving corporate and department- specific objectives and industry benchmarks through effective and efficient use of available resources.
- Provide leadership and direction for the development of program objectives and measurements based on State Fund's mission, objectives, values, policies and procedures.
- Collaborate with State Fund's Chief Executive Officer (CEO), Executive Committee, SVP counterparts, SVP of Safety & Health and Loss Prevention, Operation's management team, and other program managers as needed to plan, formulate and implement corporate programs, policies, procedures and technology/system changes.
- Develop, evaluate and implement policies and procedures for the region's field operations in compliance with legislative, regulatory requirements and corporate objectives.
- On average, the SVP will have responsibility for:
 - a. 232 contracted brokers
 - b. 32,075 policy holders
 - c. 15,218 new business applications annually
 - d. \$381,750,000 of premium earned
 - e. a \$34 Million annual budget
- Develop operating budgets and be responsible for adhering to the all financial parameters; facilitate the program's budget planning process and maintain accurate position control.
- Responsible for accurate and timely risk evaluation and pricing of new and renewal business.
- Maintain timely and quality services which include, but are not limited to, Loss Prevention, Premium Audit, general service activity and billing of business for the region, including assessing efficacy and altering as necessary to improve effectiveness.
- Manage both the direct and brokered business development channels.
- Initiate, recommend, and implement strategic policy and operational changes impacting the program and the organization in response to legislative, regulatory and industry changes to meet competitive demands and corporate objectives and values.
- Create an environment that empowers and supports others in the change process by establishing and articulating the vision, objectives and expectations.
- Provide input to non-discretionary budget accounts; request discretionary budget items and amounts for approval by the State Fund Executive Committee.
- Enable the successful performance and development of employees by establishing and communicating expectations and goals.
- On average, the SVP will have approximately 38 employees directly assigned to their program and an additional 54 employees within the matrix structure (i.e. employees who are assigned to supporting programs, but whose work impacts the region and is managed by both the SVP and the supporting program's Program Manager).
- 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, implement and maintain a Development Plan – managed against specific goals for all direct reports; provide regular coaching and feedback.
- Conduct timely performance appraisals of all direct reports to encourage, motivate and improve staff performance, and to ensure consistency and uniformity in its application in accordance with agency standards.
- Ensure compliance with all laws, rules and regulations, as they relate to Regional Underwriting and Marketing.
- Develop appropriate and relevant training plan programs and ensure they are implemented.
- Collaborate with the CEO and COO in defining and achieving both short and long term goals formulated within the context of the mission of the organization.
- Develop and monitor the departmental budget.
- Stay abreast of new legislation, regulations and/or laws and access and ensure State Fund attains and maintains compliance.

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: As the primary interface between State Fund and its customer base, the program is essentially the most critical to the success of State Fund's operation and 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 SVP in all regions is necessary to achieve this degree of service.

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 has evaluated the effectiveness of its pricing and service and come to 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, an information and authority gap exists between field 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 regionally focused field managers.

The first conclusion has led to a partial reorganization of State Fund's management structure so that the various departments operate as a matrix organization meaning 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 is the Regional Vice President (proposed SVP), who now has an expanded span of control and significant increase in responsibility.

In response to the second conclusion, State Fund proposes to create the four SVP positions so that the staff who fill them will have sufficient authority to make policy-level decisions without having to await decision-making at higher levels. These positions will have authority to make and execute on policy decisions at the field level and report out to the State Fund Executive Committee and the Board periodically, as opposed to the current structure under which they 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 SVPs with an obligation to inform the State Fund Executive Committee instead of having to seek its approval include:

- (1) engaging in process creation and design in all areas within Field Operations on their own with independent authority to implement these changes;
- (2) exercising independent authority to approve payment plans and/or waive premium up to a predetermined amount.
- (3) owning the underwriting processes and having independent authority to make changes while keeping Corporate Underwriting apprised of these changes;
- (4) being accountable for customer experience that focuses on the quantity and quality of State Fund services;
- (5) being accountable for full collaboration with Corporate Marketing in support of broker management.

With this change, the process of servicing field needs at the policy level can be made much more responsive to immediate needs and more efficient overall by vesting more decision-making authority in the four proposed positions. 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 field 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.

With respect to each of these policy areas, authority is split among the four proposed regions reflecting the sphere of authority of each CEA. Any decision arising out of a need that has surfaced in one region will be made in conjunction with input from the CEA having authority over the other regions to ensure statewide uniformity.

(1) The CEA will have direct authority to determine pricing in any particular instance were a pricing issue or dispute arises. State Fund is striving to make its pricing as effective and responsive as possible, and this will serve both to improve the accuracy of pricing decisions made as well as customer satisfaction with pricing.

(2) The CEA will have direct authority to determine the status of a broker's business relationship with State Fund in all respects. The relationship State Fund creates and defines with brokers is one of the most critical areas of State Fund's sales and service relationship with the employer community it serves. Improving its broker relationships is one of State Fund's top priorities.

(3) 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 each department must make to ensure they are fulfilling their new responsibility to work in tandem with their counterparts in other departments.

(4) The CEA will set policy on how their assigned region will develop and maintain stakeholder relationships.

(5) The CEA will set the operating policy on protocol, process and procedures for Middle Market Underwriting and Marketing standards.

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 provide complete authority over decision-making that affects field operations, subject to periodic review by the State Fund Executive Committee, CEO, and the Board. The new position reflects a decision that authority over field 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 their 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.