

Insurance Division Program Goal		Agency/Program #: 3401-03-G1
		Division: Insurance Division
		Program:
Agency Name:	State Auditor's Office	
Agency Contact:		444-2040
LFC Contact:	Representative Taylor, Representative Sesso	
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Program or Project Description:

The Insurance Division regulates the insurance industry in Montana. The Examinations Bureau is responsible for licensing insurance carriers, monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. The Rates and Forms Bureau is responsible for reviewing form filings and rate filings to ensure compliance with the applicable insurance code.

Appropriation, Expenditure and Source					
Fund Name:	2008		2009		Approp & Expenditure numbers are as of June 30, 2009
	Approp.	Expended	Approp.	Expended	
General Fund	0	0	0	0	
State Special	3,810,038	2,894,647	3,952,594	3,267,585.34	
Federal Funds	0	0	0	0	
Total:	\$3,810,038	\$2,894,647	\$3,952,594	\$3,267,585	

Legislative Goal(s):

Ensure that the insurance industry complies with the Montana Insurance Code, enforce anti-fraud provisions and provide consumer protection.

Legislative Performance Measures:

1. Review and approve forms within 60 days as required by 33-1-501(2), MCA.
2. Financially examine traditional domestic insurers as often as the commissioner considers advisable, but not less than once every 5 years and examine each captive insurer at least once in 3 years.
3. Respond to and resolve policyholder complaints in timely fashion.
4. Complete market conduct examinations for domestic insurance carriers once every five years as required by 33-1-401, MCA.

2009 Biennium Significant Milestones:	Completion Dates	
	Target	Actual
1		
2		
3		
4		
5		
6		

Agency Performance Report:

See attached file "combined goals"

LFD Narrative:

LFD Assessment: On-Track

Data Relevance: The information provided by the agency relates to the legislative goals and performance measures.

Appropriation Status: Appropriation and expenditure data were provided.

Comments: The agency has made a dramatic improvement in achieving the legislative goal regarding form filing.

Options:

- 1) Dismiss from further review
- 2) Review again in June, 2010
- 3) Request additional information
- 4) Upgrade or Downgrade the rating

Version	Date	Author
	11/23/2009	Stayner

Change Description
Load agency response and LFD Narrative

Review and approve or deny forms within 60 days as required by 33-1-501 (2), MCA.

Due to a law passed in 2005, the Forms Bureau is required to complete review and approve or disapprove on all form filings within 60 days of submission or the insurance company submitting may request to have the forms “deemed” approved (33-1-501 (2), MCA).

As of the August 29, 2008 reporting date, the Forms Bureau’s Performance Measurement was being met with a total average turnaround of 38, but for life and health filings the average was 75.3. As such, the 60 day deadline was still not being met on all life and health filings and filings were increasing.

As of April, 2009 the average turnaround per person was under 40 days with total average turnaround of under 14 days. Life and Health average turnaround was 15.45. Currently, the total average turnaround, Life and Health average turnaround and per person average is consistently under 15 days.

Although the first 4 months of FY 10 has seen an increase of almost 50% in form filings, we have been able to reach and exceed our goal. This is as a result of streamlined and improved form filing review and the addition of another FTE.

Financially examine traditional domestic insurers as often as the commissioner considers advisable, but not less than once every 5 years (Section 33-28-108(b) MCA, provides the commissioner the authority to stretch the 3 year requirement for captive insurance companies to 5.).

The Program is on track with this Performance Measurement. The captive examiners will be very busy in 2010, with 8 examinations scheduled. The additional examiner approved in the last legislative session should allow us to complete the exams.

Respond to and resolve policyholder complaints in timely fashion.

The Policyholder Services Division (PHS) responds to complaints in a timely manner. However each file has to be reviewed on its individual merits and complexities and files could be open for a period of time. The PHS staff expedites all cases.

Pursuant to MCA §33-1-313 (3) & (4), the office of the Commissioner of Insurance has the following obligations:

(3) The commissioner shall administer the department to ensure that the interests of insurance consumers are protected.

(4) The commissioner may conduct examinations and investigations of insurance matters, in addition to examinations and investigations expressly authorized, as the commissioner considers proper, to determine whether any person has violated any provision of the laws of this state or to secure information useful in the lawful administration of any provision. The cost of additional examinations and investigations must be borne by the state.

PHS of this agency is the department that conducts consumer complaint investigations related to insurance transactions or entities for Montana Consumers on behalf of the Commissioner of Insurance. These

investigations are done to ensure that insurance companies and their representatives are complying with the provisions of Title 33 and the terms of each contract of insurance in Montana.

PHS handles approximately 40,000 telephone inquiries each year from Montana consumers. While formal complaint files may fluctuate slightly each year, in fiscal year 2008 to 2009, we handled 1,388 formal complaints and 298 miscellaneous inquiries (which can typically be handled with a phone call or other less formal means). In the same fiscal year PHS recovered \$2,892,895.17 for Montana consumers.

Complete market conduct examinations for domestic insurance carriers once every five years as required by 33-1-401, MCA.

The Market Conduct Division is up to date on implementing market conduct examinations on a 3-5 year cycle for domestic insurance companies.