



State of the State's Insurance Market & NAIC Key Initiatives

Monica J. Lindeen

Montana Insurance Commissioner

NAIC President



CSI is Taking Care of Business



Closed 1,312 consumer complaints
Recovered \$5.7 million for consumers



**5,600 RATE FILINGS
REVIEWED!**



Approved 67,097 forms
Average turnaround time: 7.87 days



**\$81.6 million in premium
tax collected in**



30+

Captives licensed,
Surpassing more than **\$1.4 million**
in premium taxes collected
186 domiciled Captives



More Business...



275,000 licensing transactions in 2014
86,000 licenses maintained
16,000 new applications processed in 2014



New agency website
Now we look as good as we feel



Assurant refunds nearly
\$1.7 million and pays
\$25,000 fine for charging sick customers more



Storm help sessions in
Billings, Havre and Missoula

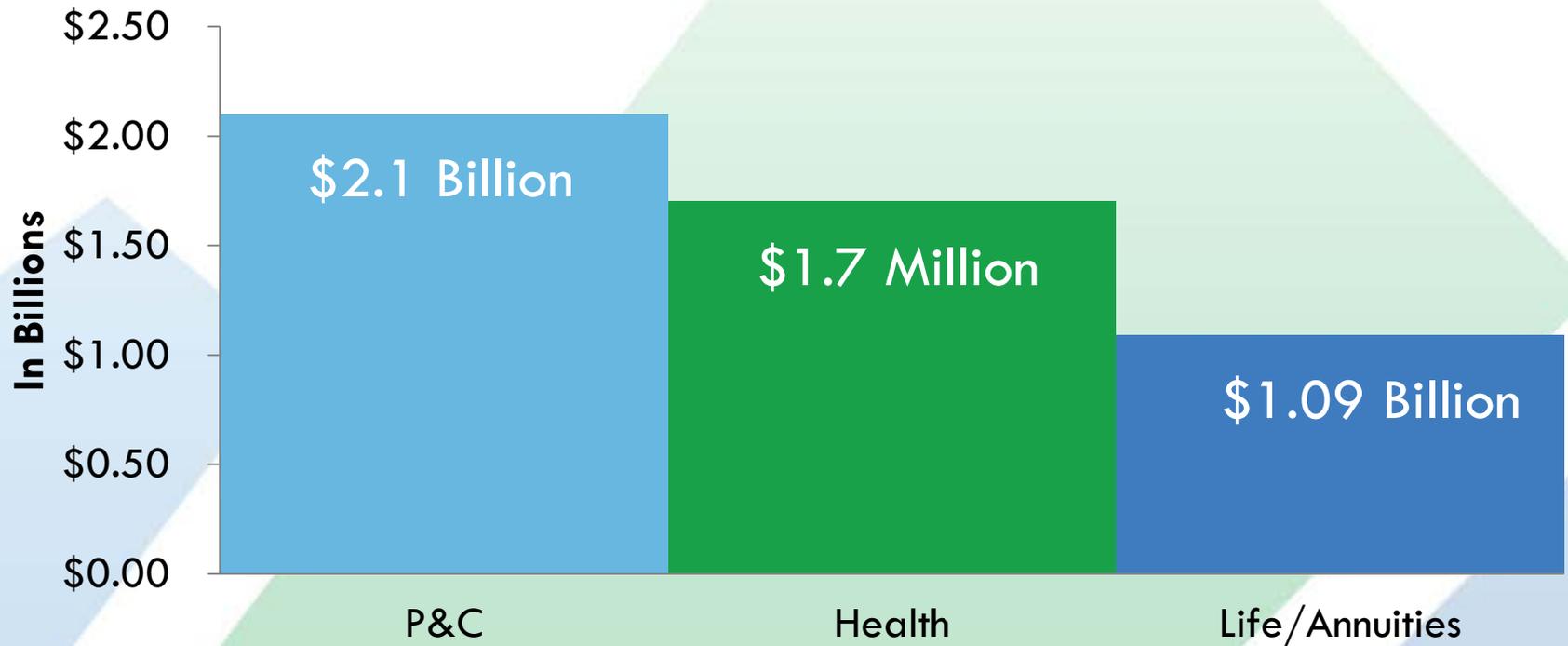


Network adequacy project in full swing since 2014
Networks now actively monitored



The Bird's Eye View

2014 Premium Numbers





Biggest Writers

Property & Casualty

State Farm
Mutual Auto

\$131 Million

Health

BCBS

\$599 Million

Life/Annuities

Mass Mutual
Life

\$73.6 Million



Challenges to Montana's P&C Markets

HAIL

- Billings and Southeast Montana
- Havre

WIND

- Missoula

FIRE

- Western Montana



Health Insurance Market

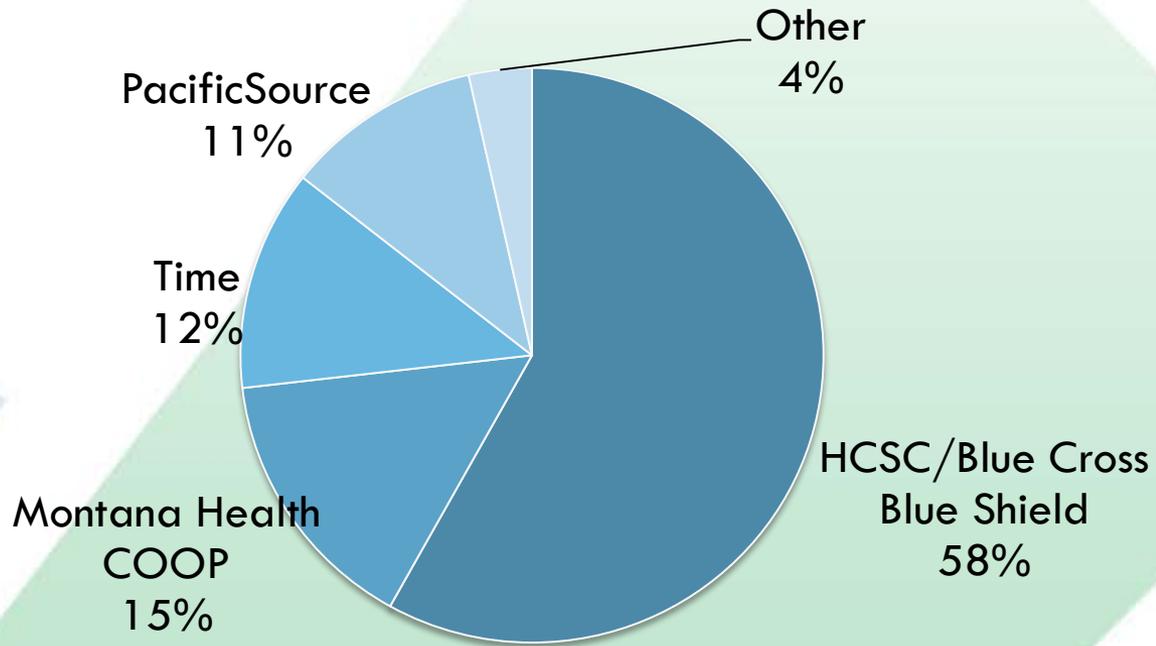
Premiums Written





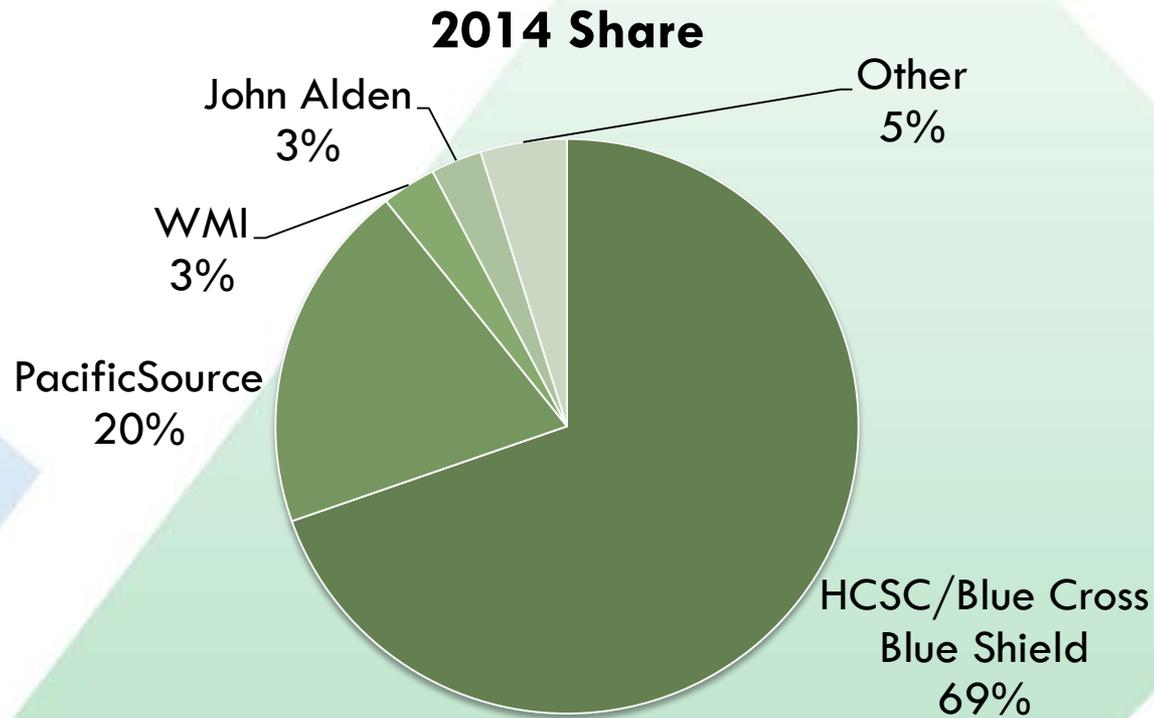
Individual Market

2014 Share





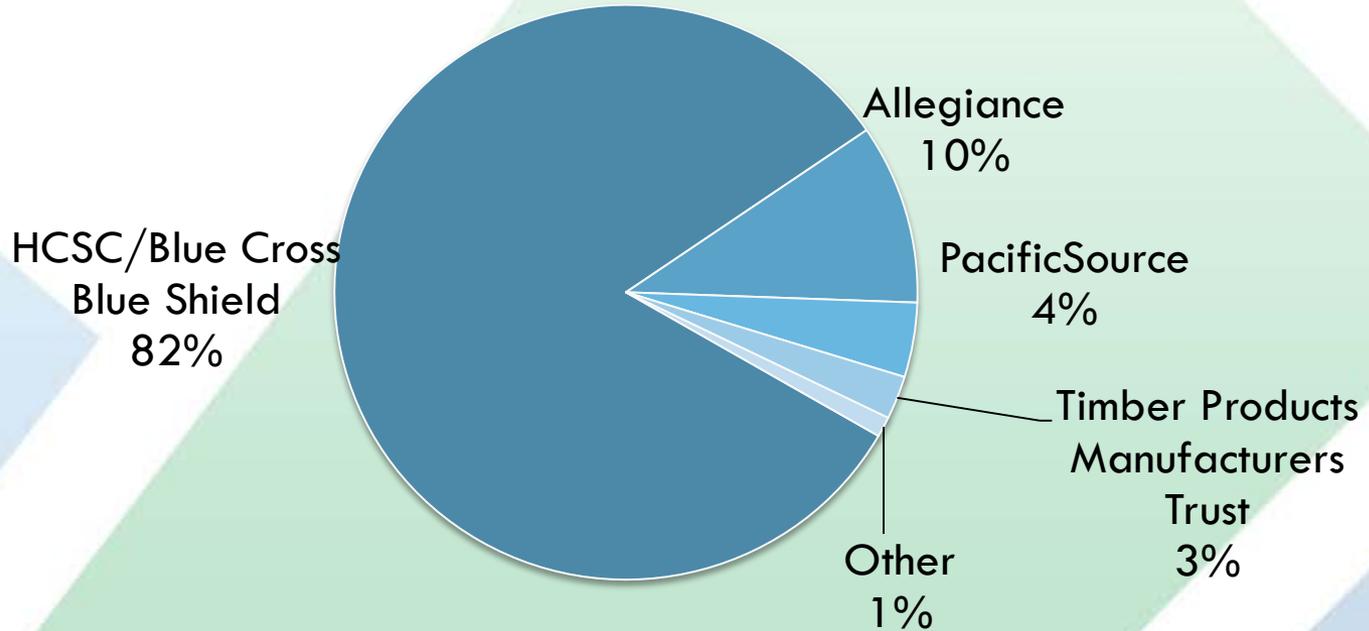
Small Group Market





Large Group Market

2014 Share





Insure Montana

Insure Montana made a positive impact on Montana small businesses for ten years



Currently:

Purchasing Pool: 494 active businesses covering 2,600 lives

Tax Credit Program: 431 active businesses covering 2,550 lives

The program will end on Dec. 31, 2015

Working with current enrollees to transition to new coverage



NAIC Key Initiatives



What is the NAIC?

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories

Offices in Kansas City, Washington, D.C., and New York City



Affordable Care Act Implementation

- March 23, 2010, the PPACA was signed into law
- U.S. Congress recognized the credibility and technical expertise of the NAIC and specifically assigned the NAIC a number of critical responsibilities
- States continue to regulate the health insurance industry despite expanded federal involvement



Policyholder Protection Act

- Montana Senator Jon Tester
- Clarifies our authority to protect insurance consumers, regardless of a company's organizational structure or financial circumstance



Principle-Based Reserving Implementation

- 36 states have adopted the SVL (Standard Valuation Law) including Montana
- Represents about 60 percent of the market
- **PBR could be operational by early 2017**
- Six states in the process of adopting PBR



NARAB Implementation

- Supported by NAIC, Congress enacted NARAB II in early 2015 and signed into law on Jan. 12, 2015
- Intended to streamline non-resident producer licensing process and preserve states' ability to protect consumers and regulate producers
- White House currently considering appointment of NARAB Board of Directors



Covered Agreement on Reinsurance Collateral

- 32 states have adopted the revised model law, which allows certified foreign reinsurers from qualified jurisdictions to reduce the amount of collateral they must hold when doing business in these states
- European Commission pushing for covered agreement for reinsurance collateral
- If Treasury and USTR move forward, it is imperative that we be directly involved in these negotiations



Group Capital

- A risk-based global insurance capital standard (ICS) was proposed in 2014 to apply to internationally active insurance groups (IAIG's)
- U.S. state insurance regulators are engaged in the IAS capital standards development process
- In particular, the NAIC ComFrame Development and Analysis (G) Working Group (CDAWG) has been meeting on a regular basis since its formation last year to discuss the IAS capital initiatives



Cybersecurity

- Cyber risk is real and is no longer an IT problem, but a CEO problem
- Two major health insurance breaches: **Anthem and Primera**
- NAIC formed Cybersecurity Task Force to coordinate insurance issues related to cybersecurity



Thanks for coming!

Have a great day!