

# 2021 Budget Presentation

January 11, 2021

Joint Appropriations Subcommittee  
General Government





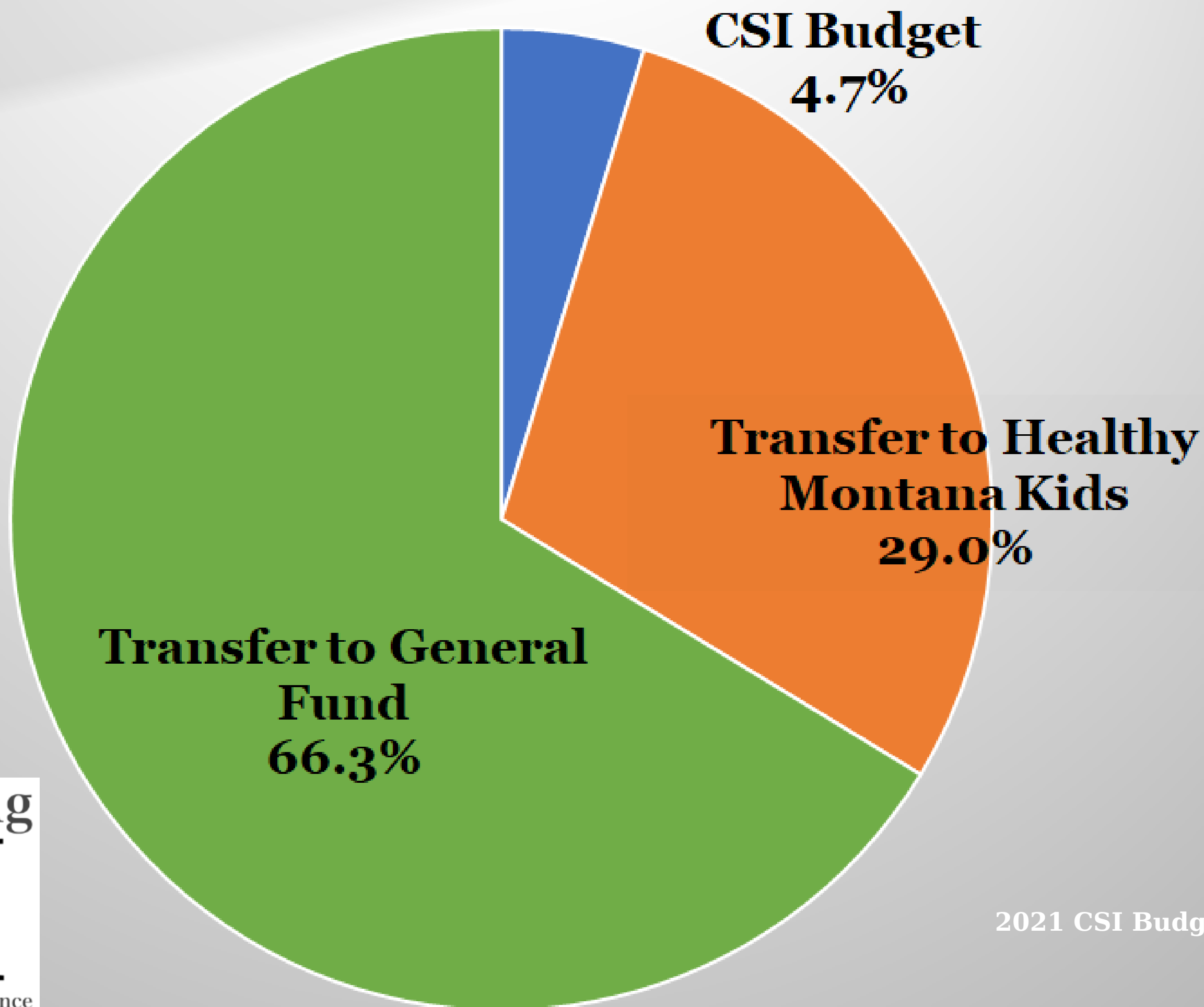
# Revenue Collected by CSI in 2021 Biennium

**\$296,107,569**

\*\* This includes license fees, taxes, fines, and grants.

Proper regulation allows for companies to thrive in the state and generate the maximum amount of revenue.

# Distribution of Revenue Collected by CSI in FY20

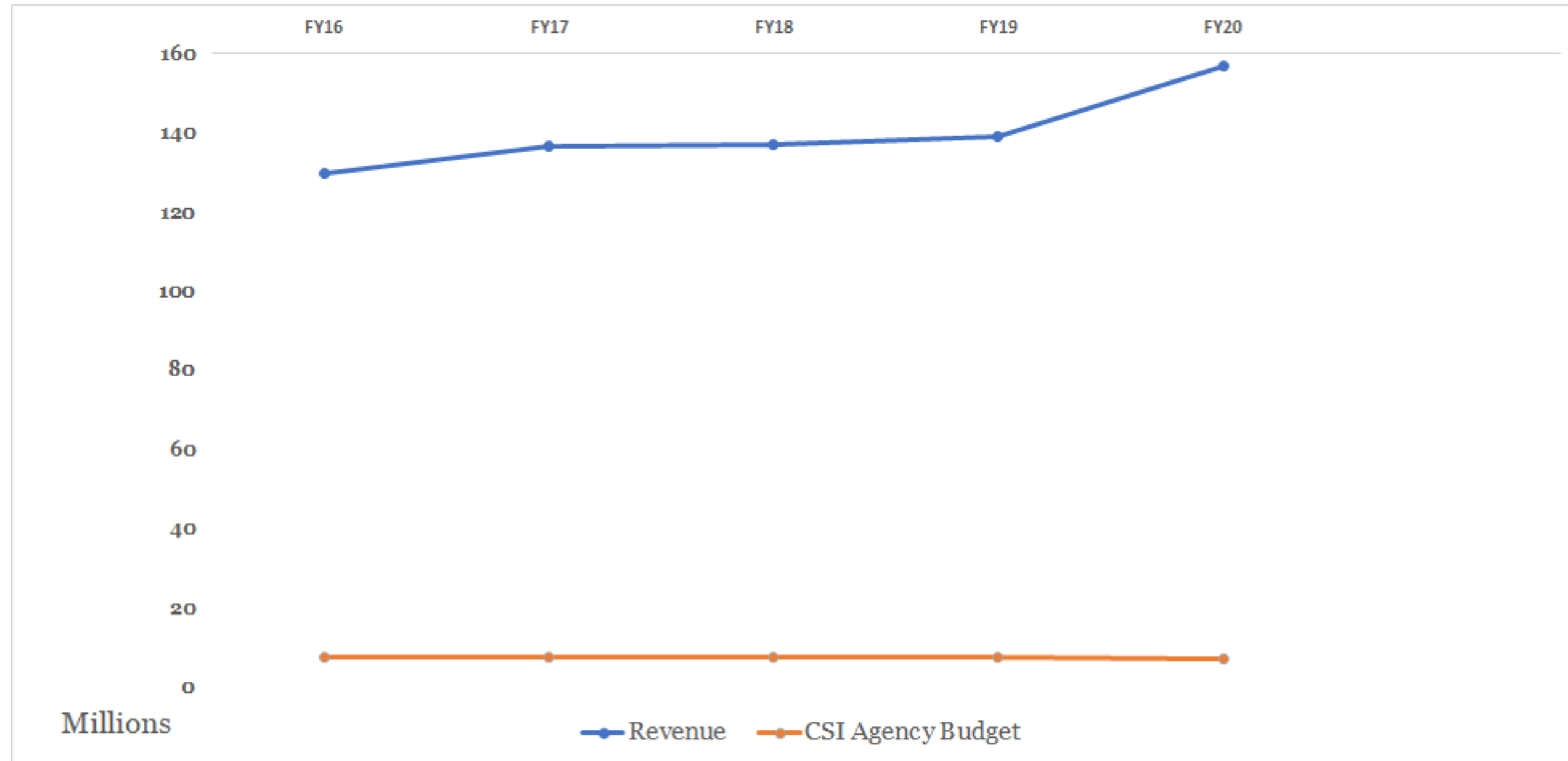




# 2023 Biennium General Fund Request by CSI

CSI continues to be efficient at providing high-quality regulation to the insurance and securities industries. CSI requests no appropriation from, and sends money to, the General Fund.

# Growth in Revenue vs Decrease in Expenditures FY16- FY20



# Office of Commissioner of Securities and Insurance



## **Insurance Division** **Bob Biskupiak, Deputy Insurance Commissioner**

**44.00 FTE:**

**Examinations Bureau** conducts financial exams to assure financial solvency of insurers.

**Captives Bureau** administers the captive insurance program in Montana.

**Policyholder Services Bureau** responds to and resolves consumer complaints involving all lines of insurance and surety products.

**Rates & Forms Bureau** reviews rate filing submissions for all lines of insurance and conducts actuarial analysis of reserves.

Annually, bureau approves form filings for all lines of insurance regulated by CSI. \*\*

**Licensing Bureau** issues and renews licenses, administers exams, conduct background checks and applications, and facilitates continuing education.

**Market Conduct Bureau** examines business practices of ensure companies are complying with state laws and rules.

## **Securities Division** **Lynne Egan, Deputy Securities Commissioner**

**12.50 FTE**

- Registers individuals, firms and companies that transact securities business in Montana.
- Protects consumers by investigating and taking action against fraudulent individuals and firms and violations of the Securities Act.
- Facilitates capital investment in Montana by holding workshops and conferences for business owners, economic development organizations and business incubators. *\$1.4 billion to date*
- Conducts investor education throughout Montana on how to protect oneself from securities fraud.

## **Legal & Investigative Services** **Michelle Dietrich, Deputy Chief Legal Counsel** **Ted Bidon, Bureau Chief Investigations**

**7.0 FTE**

Investigative Services investigate complaints and to ensure industry compliance with the Securities Act of Montana and the Montana Insurance Code.

Legal Services pursue civil and criminal actions to protect consumers. Additionally, Legal Services provide advisory opinions and conduct rulemaking.

\*\*Insurance lines include, but are not limited to: Individual Health Insurance, Large and Small Group Health Insurance, Dental, Vision, Long and Short Disability Income, Annuities, Life, Credit Life and Health, Surety, Title, Gap, Crop Hail, Personal and Commercial Property Casualty, Homeowner and Rental Insurance, and Pet Insurance.

## **Central Services Division** **Staci Litschauer, Administrator**

**9.0 FTE**

Central Services provides IT support, and includes all functions of agency support, which in turn supports protection of Montana consumers.



# Captive Insurance in Montana



## What Are Captives?

Captive insurance companies are a special type of insurer that are set up by a company to insure its own risk.

While there are many reasons to form a captive, the general theme is to formally manage risk that the company elects to self-insure.

In some instances, the use of a captive insurance company can offer tax advantages which are not available to companies that simply set money aside for future losses.

## Montana and Captives

Montana has been a domicile for captive insurance companies since 2001.

Montana is currently the *fourth largest state domicile* for captive formations with nearly **300 active captive insurance companies**.

CSI will continue to grow the captive industry in Montana through marketing, outreach and effective regulation of existing companies.

## Revenue to Montana

Montana receives revenue for licenses, permits and taxes of captive insurance companies domiciled here.

Additionally, captive insurance companies provide additional economic benefits to Montana, including: professional service jobs (accounting, legal, management), funds deposited with local banks, and increased business travel.



# 2021 Legislation that impacts CSI Revenue & Expenditures

## **SB 28 Captive Exams**

Due to the rapid growth of the captive industry, CSI would have to hire additional examiners or contract out services in order to keep up with the exam requirements. Due to the nature of the captive industry, the 5 year examination requirement is overburdensome and unnecessary.

## **SB 76 Captive Fees**

CSI requests to retain a greater portion of the fees collected in order to continue marketing efforts to attract more captive insurers to domicile in Montana, which will lead to more revenue.

## **HB 64 Securities Whistleblower Protection**

To encourage reporting of violations of the Montana Securities Act and financial abuse of consumers, CSI has brought a bill to protect whistleblowers from retaliation, as well as allow the whistleblower to collect a small portion of the fine collected.

Similar laws in Utah and Indiana has led to the collection of large fines, including \$950,000 against JP Morgan Chase.

## **Securities Restitution Fund**

For the past 10 years, CSI has the ability to provide restitution for victims of securities fraud by setting aside a portion of fines collected via enforcement actions. . CSI requests that the sunset date of the fund be extended.





Please reach out  
to our office with  
any questions or  
concerns.

**Troy Downing**  
**Commissioner**  
**406-444-2006**

**Jackie Jones**  
**Government Relations Director**  
**406-594-1088**  
**jackie.jones@mt.gov**

**[www.csimt.gov](http://www.csimt.gov)**