



BRINGING MONTANA'S *best* TOGETHER

SEPTEMBER 24 - 25, 2025
FAIRMONT HOTSPRINGS RESORT



CSI

COMMISSIONER OF SECURITIES & INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR



INSURANCE RATES 101



MARI KINDBERG
CSI CHIEF ACTUARY



LYN ELLIOT
VP OF GOVERNMENT
RELATIONS, APCIA



ERIK WOOD
PACIFIC SOURCE
MT MARKET PRESIDENT



ASHLEY PEREZ
CSI DEPUTY BUREAU
CHIEF - RATES



CSI AUTHORITY FOR REVIEWING INSURANCE RATES

Required to be filed:

- ✓ Medicare Supplement and Credit Life and Disability (Prior Approval)
- ✓ Long-Term Care Insurance and Affordable Care Act (ACA) Health (Modified File and Use)
- ✓ Homeowners, Auto and Commercial Insurance (File and Use)

Not required to be filed:

- Life Insurance other than credit life and non-ACA Health
- Certain Federal Programs

RATE REVIEW PROCESS

1

Filing the Rate

The filing includes:

- Financial data
- Historical claims experience
- Other actuarial analyses that explain why the company believes the rate change is necessary

2

Review Process

- Determine whether the rate change is justified
- Ensure proposed rates are not inadequate, excessive, or unfairly discriminatory
- Ensure the Company complies with applicable statutes and regulations

3

Final Decision

After reviewing all submitted data, we assess whether the proposed rates are justified and compliant with applicable regulations.

WHY DO INSURANCE RATES INCREASE?

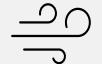
 Rising Costs (Inflation)

 Sicker/Aging Population

 Regulatory Changes

 Increase in Claims

 Increases in Fraud/Theft/Vandalism

 More Frequent Natural Disasters

 Increases in Reinsurance Costs

 Higher Vehicle Prices& Parts

 Changes in Drivers Behavior

WHAT IS THE CSI DOING?

1

Rate Reviews

If a rate increase is not justified, we work to bring it in line with what is supported



2

Insurance Marketplace

Encourage new insurers to enter the market



3

Innovation Waivers

Can help to increase coverage options and competition



TIPS FOR CONSUMERS PURCHASING INSURANCE



Shop Around



Understand Your Policy



Review Your Deductible Levels



Verify Information Utilized in Determining Your Premium



Verify that Your Amount of Coverage is appropriate



Wildfire Mitigation



Discount and Surcharge Check



CSI Summit – Individual & Small Group Rates

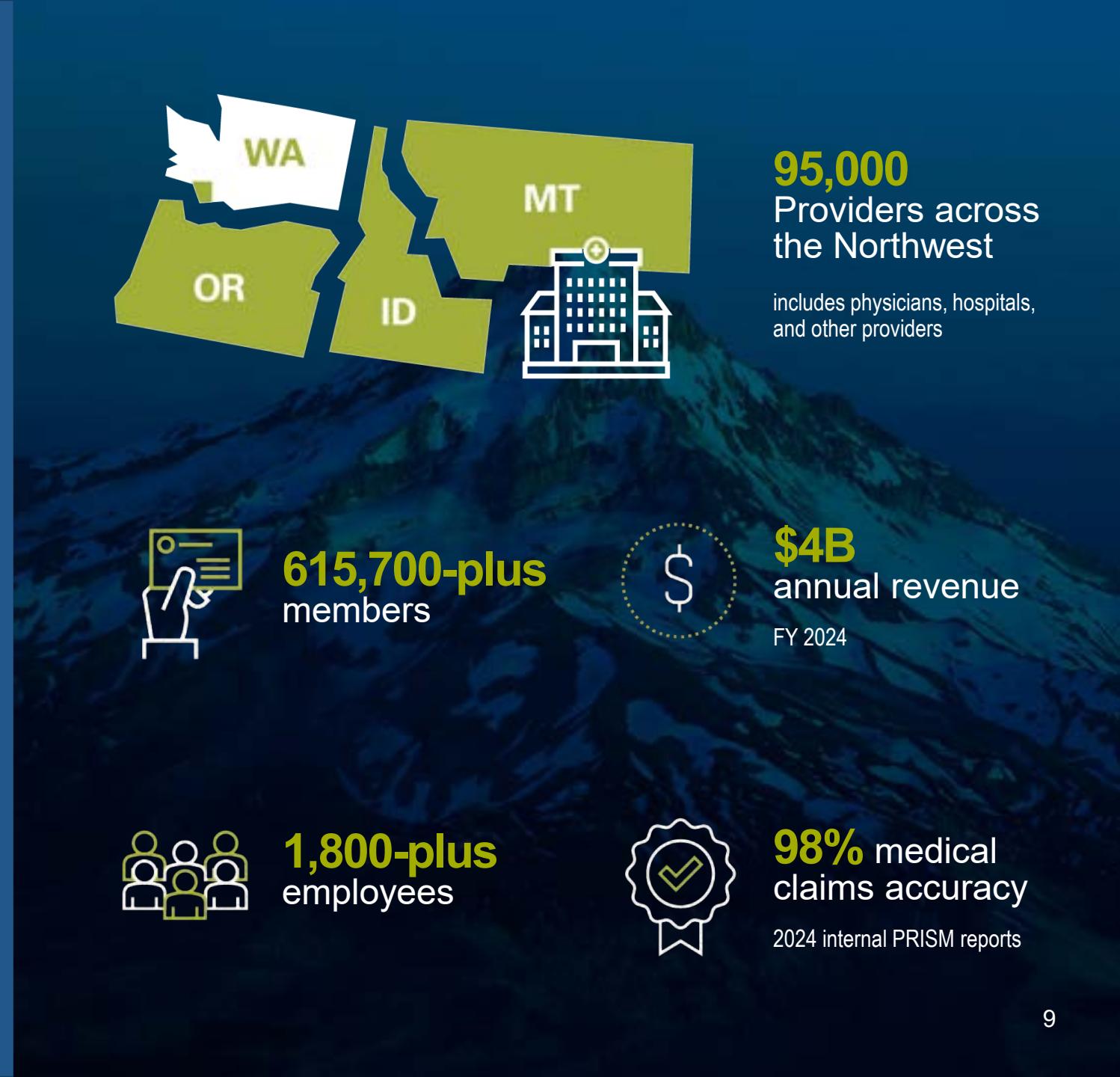


Company snapshot

- Not-for-profit health plan
- Founded in 1933
- Serving markets throughout the Northwest
- Headquartered in Oregon

Lines of business

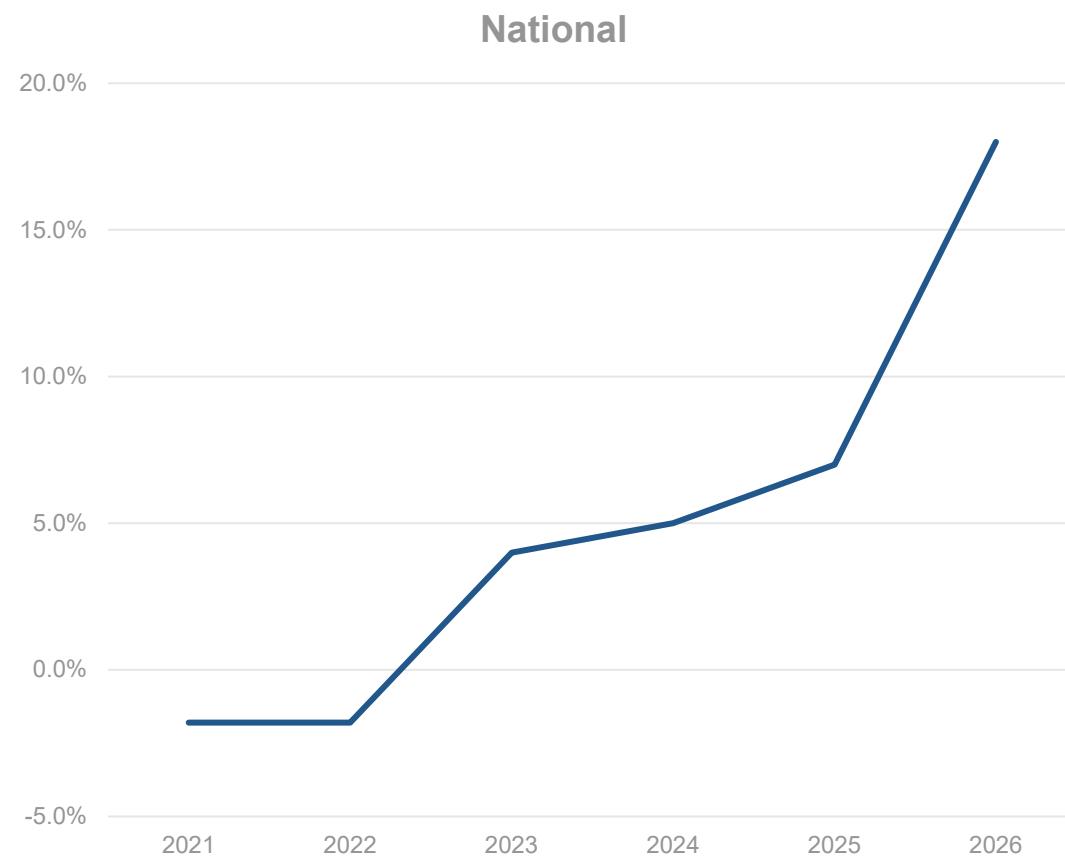
- Individuals and families
- Small and large employers
- Medicaid
- Medicare
- PACE (beginning in 2026)
- PacificSource Administrators (COBRA)



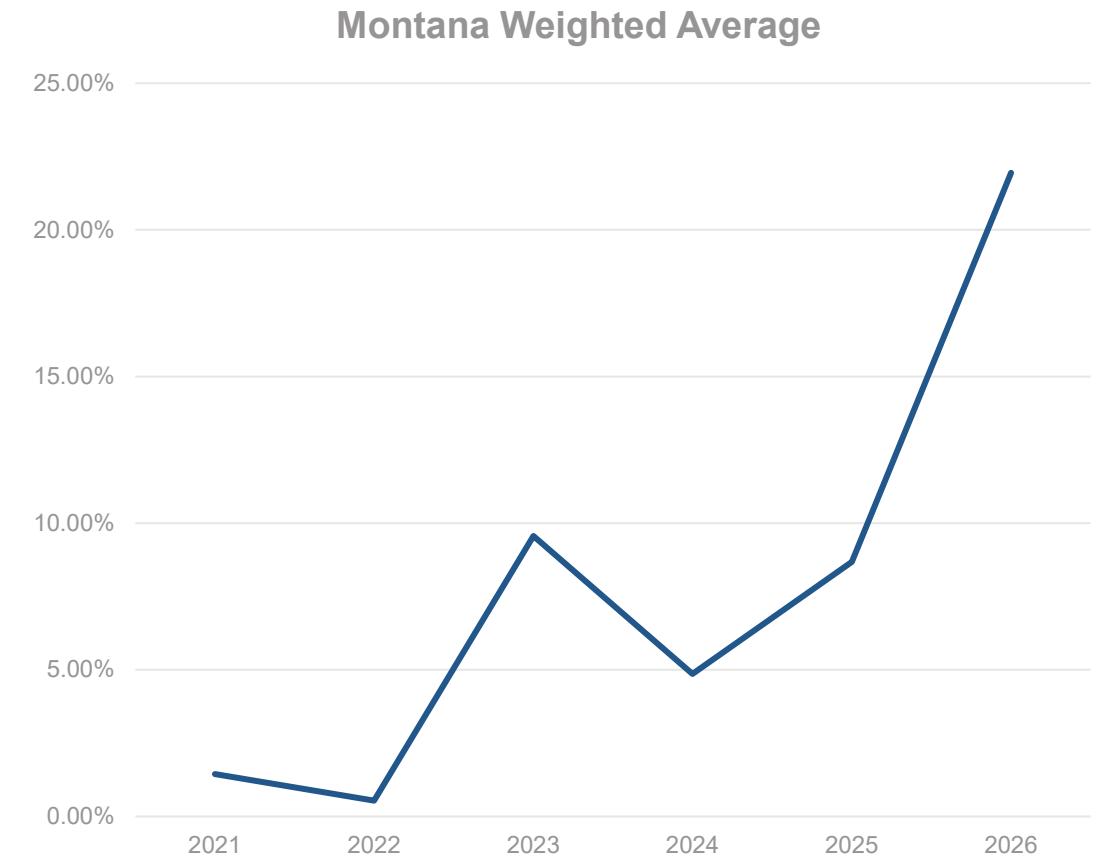
Definitions

- **Individual plans** are defined as health insurance coverage that a person buys on their own, either for themselves or their family. These plans are for people who don't get coverage from an employer or a government program like Medicare or Medicaid with many individuals eligible for government subsidies based on their income
- **Small-group plans** are defined as health insurance for businesses with 50 or fewer employees
- Both are filed products through CMS, offer essential health benefits required by the Affordable care Act (ACA), cover preexisting conditions, cannot use medical history to set premiums, have specific rules about premium variation, and can be purchased through the Marketplace or an insurance broker

Historical Individual Rate Increase Trends



-Data from KFF with 2026 being current estimate for median proposed increase

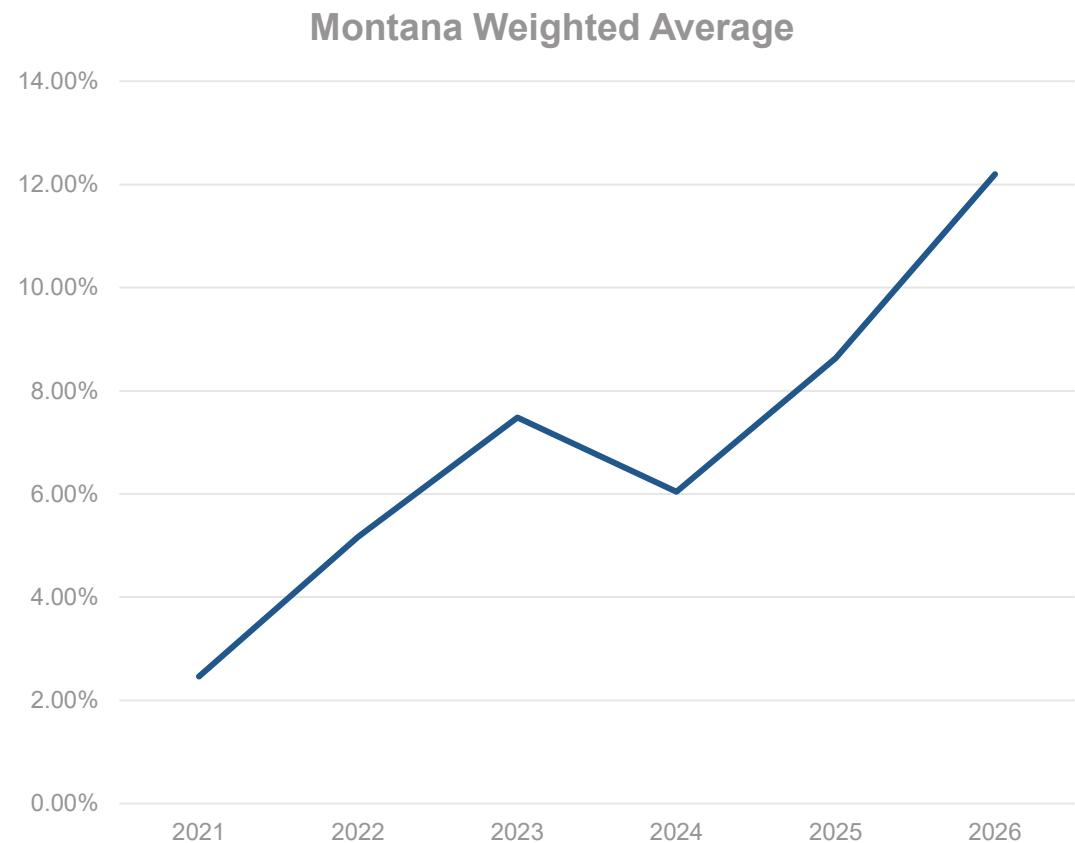
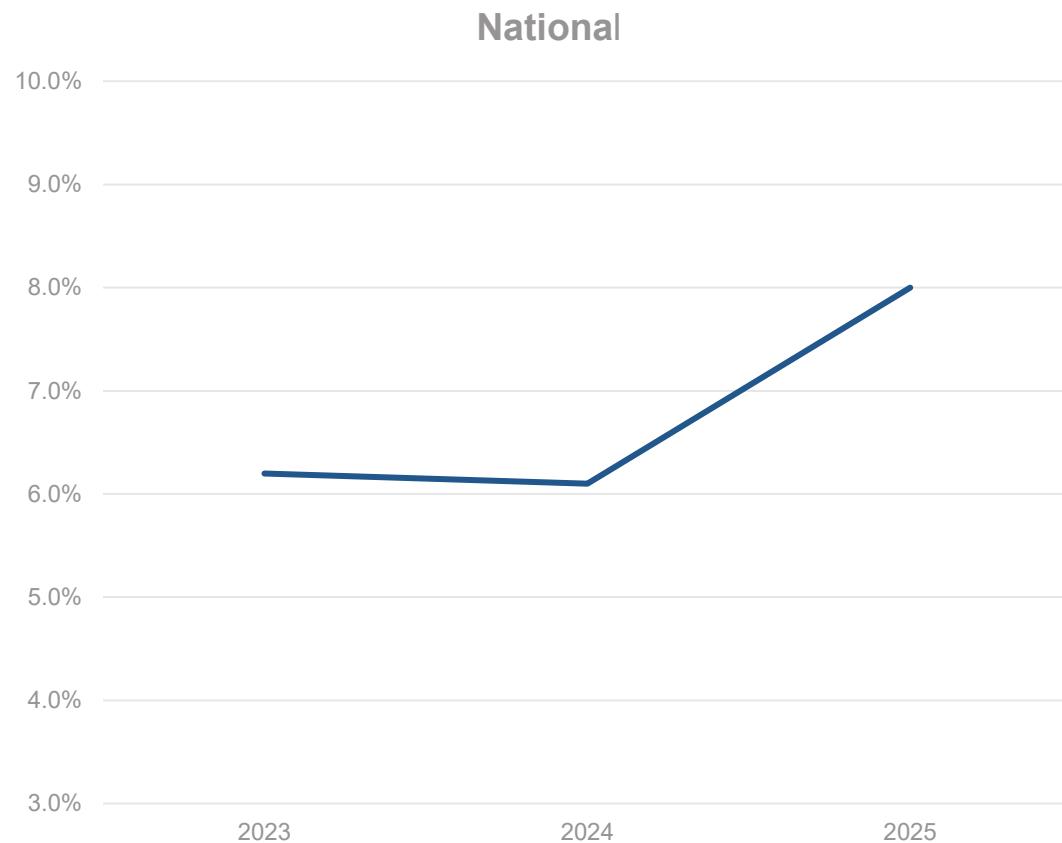


*-Data from CSI - *2026 Rates are being revised due to injunction*

2026 Individual Cost Drivers

- American Rescue Plan Act (ARPA) enhanced premium tax credits expiration
 - Market shrinkage
 - Risk Pool
- Reinsurance funding
- Trend
 - Provider costs
 - Inflationary factors (labor, supplies, etc)
 - Contracting realities
 - Pharmacy
 - Increased utilization
- Fraud
- Uncertainty and margin projection

Historical Small Group Rate Increase Trends



-Data from Milliman & Mark Farrah Associates

-Data from CSI

2026 Small Group Cost Drivers

- Provider costs
 - Inflationary factors (labor, supplies, etc)
 - Contracting Realities
- Pharmacy
- Increased utilization
- General trend
- AV Calculator impact to benefits

What does this mean for consumers?

- Higher premiums
- More uninsured (sicker population)
- Cost shifting
- Narrower networks
- Changes to national wrap network services
- Product changes
- Potentially less access, particularly in rural communities

What can be done to fix some of this?

- Federal & State legislative remedies
 - Subsidies/tax credits
 - Mandates & administrative burden
- More insured (limits cost shifting)
- Continued efforts to drive wellness, better outcomes, and curb utilization



Homeowners Insurance

Issues and Constructive Ways Forward

September 24, 2025

Lyn Elliott,
Vice President

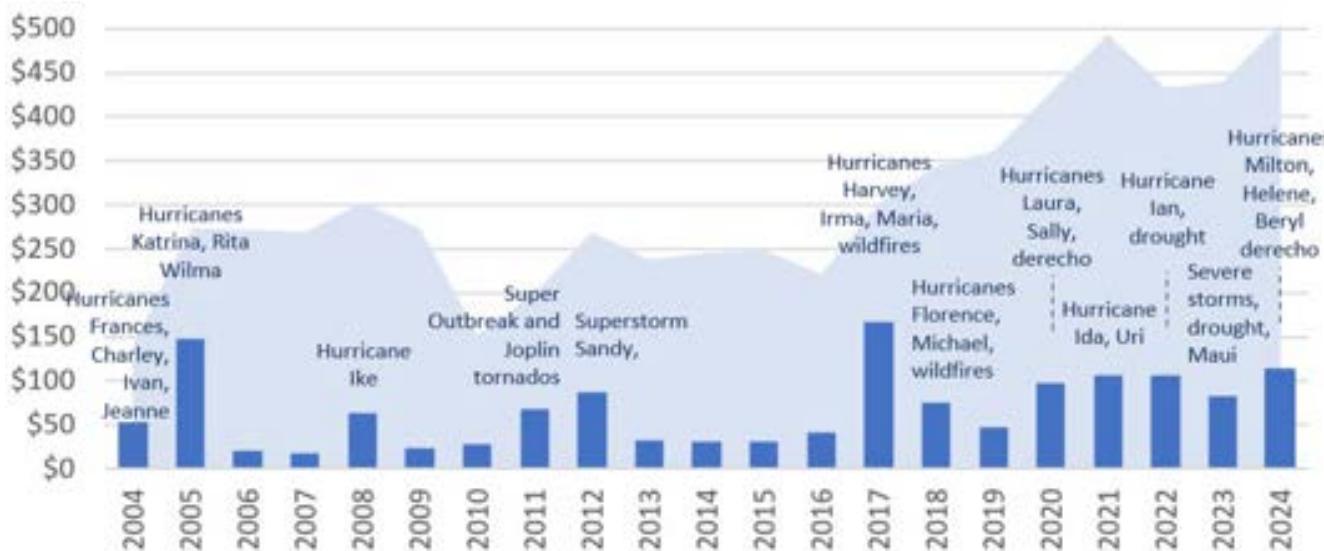


U.S. Natural Catastrophe Losses - 2024

Costliest 5-year period ever for U.S. insurers (\$505.9 billion since 2020, in 2024 dollars)

U.S. Insured Natural Catastrophe Losses 2004-2024

(USD Billions, in 2024 prices)



Data Source: APCIA, via Aon Climate & Catastrophe Insight

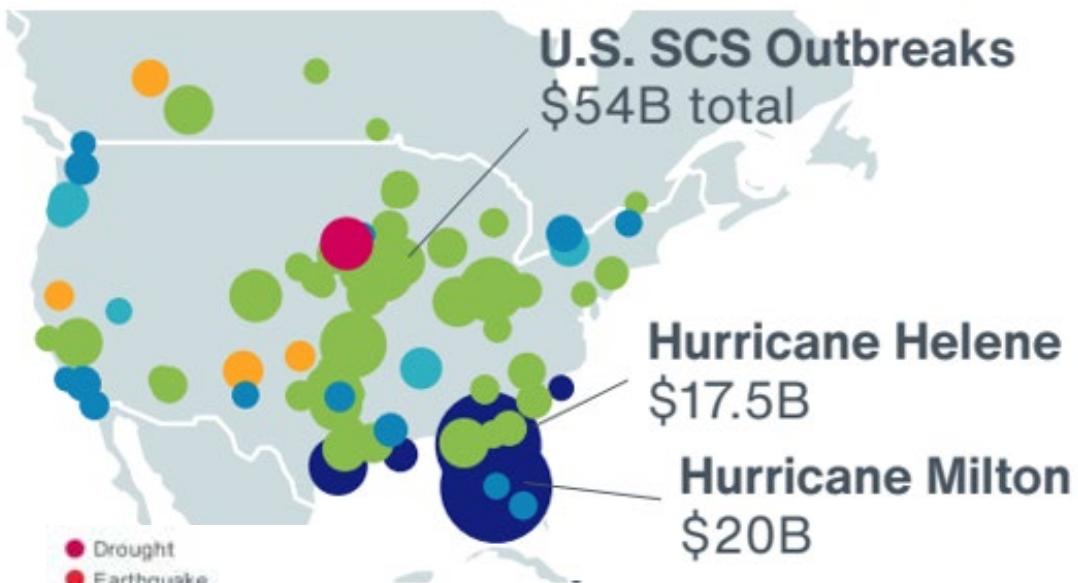
Includes 50 U.S. States & Territories (Puerto Rico, U.S. Virgin Islands and other U.S. territories)

■ Annual Losses □ Rolling 5-Year Total

Source: Aon 'Catastrophe Insight' (Global Catastrophe Recap-2024)

Billion Dollar Weather and Climate Events

(2024 Insured Loss Events)

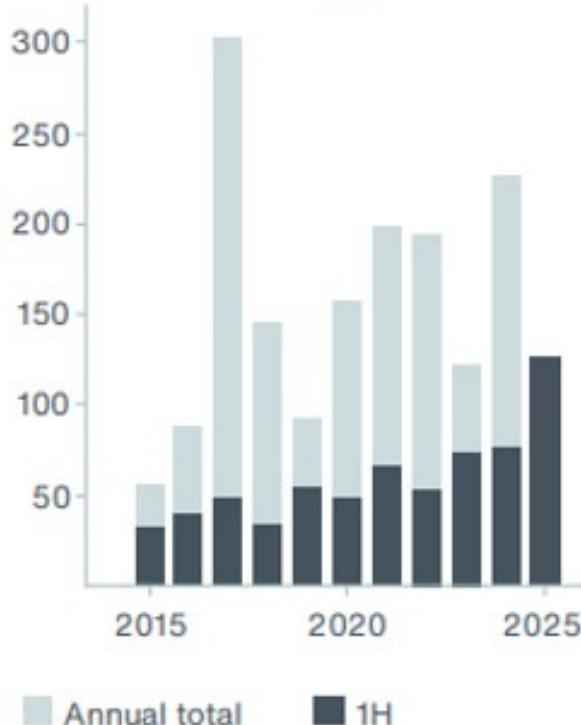




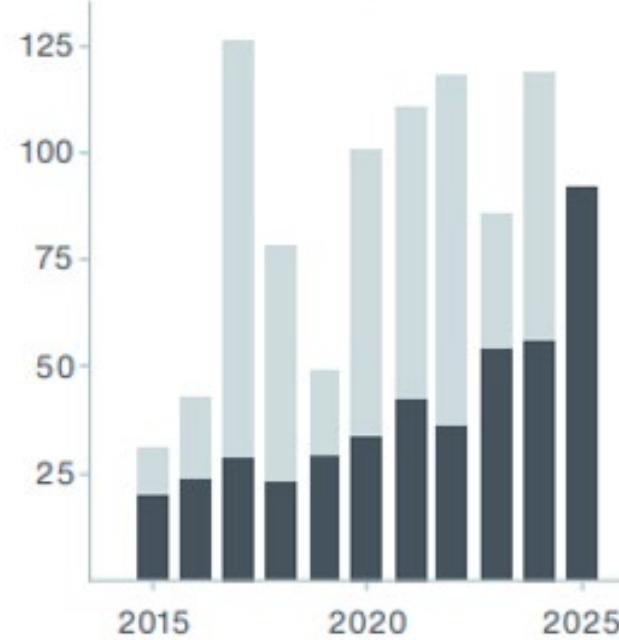
U.S. Natural Catastrophe Losses - 2025 H1

Second costliest first half on record, surpassing 2011 H1 insured losses

1H Economic Losses
(2025, \$B)



1H Insured Losses
(2025, \$B)



Billion Dollar Weather and Climate Events
(Insured Loss Events)





What is Causing Increased HO Losses



MACROECONOMIC PRESSURES

- Increasing exposure values and replacement costs
(e.g., continued construction in high-hazard areas and inflation that is driving up repair and rebuild costs)



CLIMATE

- The natural variability that comes from selecting any 5-year sample of natural catastrophe experience
- The effects of climate change on different atmospheric perils



GOVERNMENT RISK

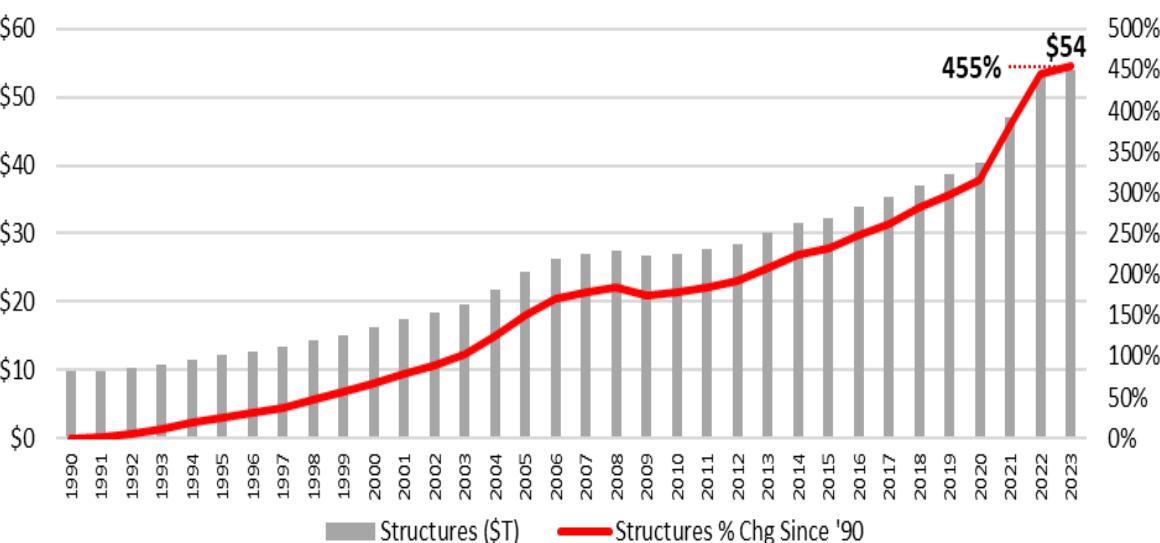
- The impacts of man-made loss drivers
(e.g., state coverage mandates, rate suppression, legal system abuse)



Cost Indicators for Home Insurance

U.S. Replacement Cost of Structures

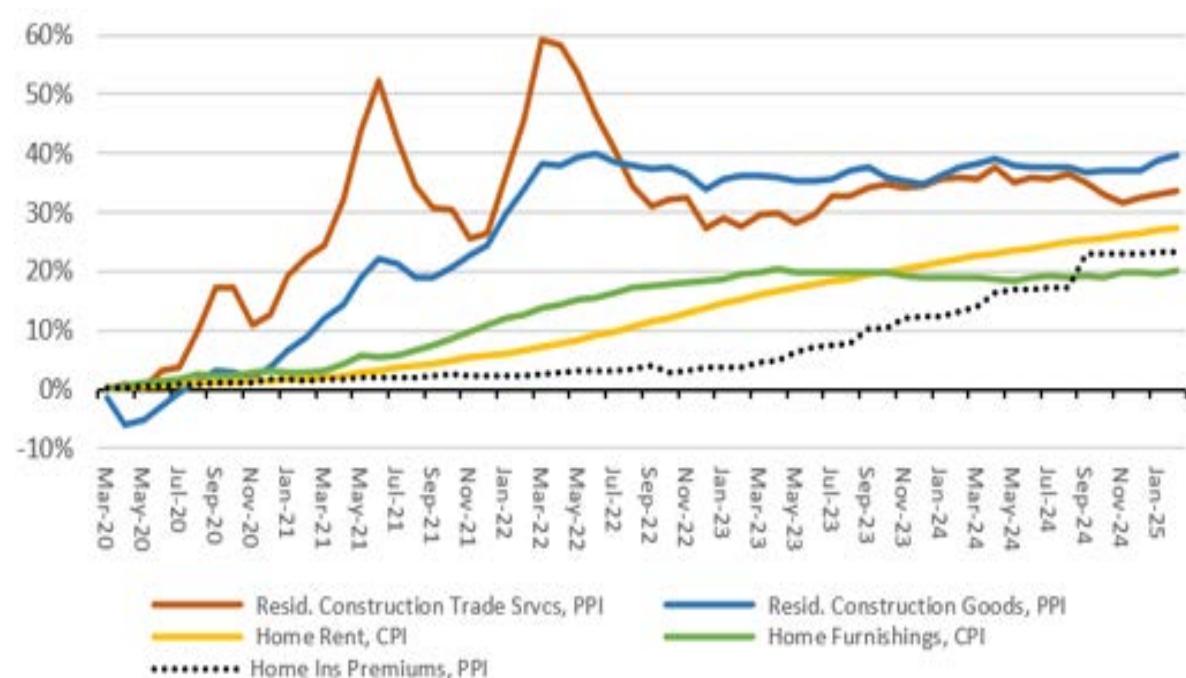
BEA Current-Cost Net Stock of Private Fixed Assets (\$T)



Source: APCIA using U.S. Bureau of Economic Analysis, Fixed Assets Accounts Tables year-end estimates, Table 2.1. Current-Cost Net Stock of Private Fixed Assets, Equipment, Structures, and Intellectual Property Products by Type.

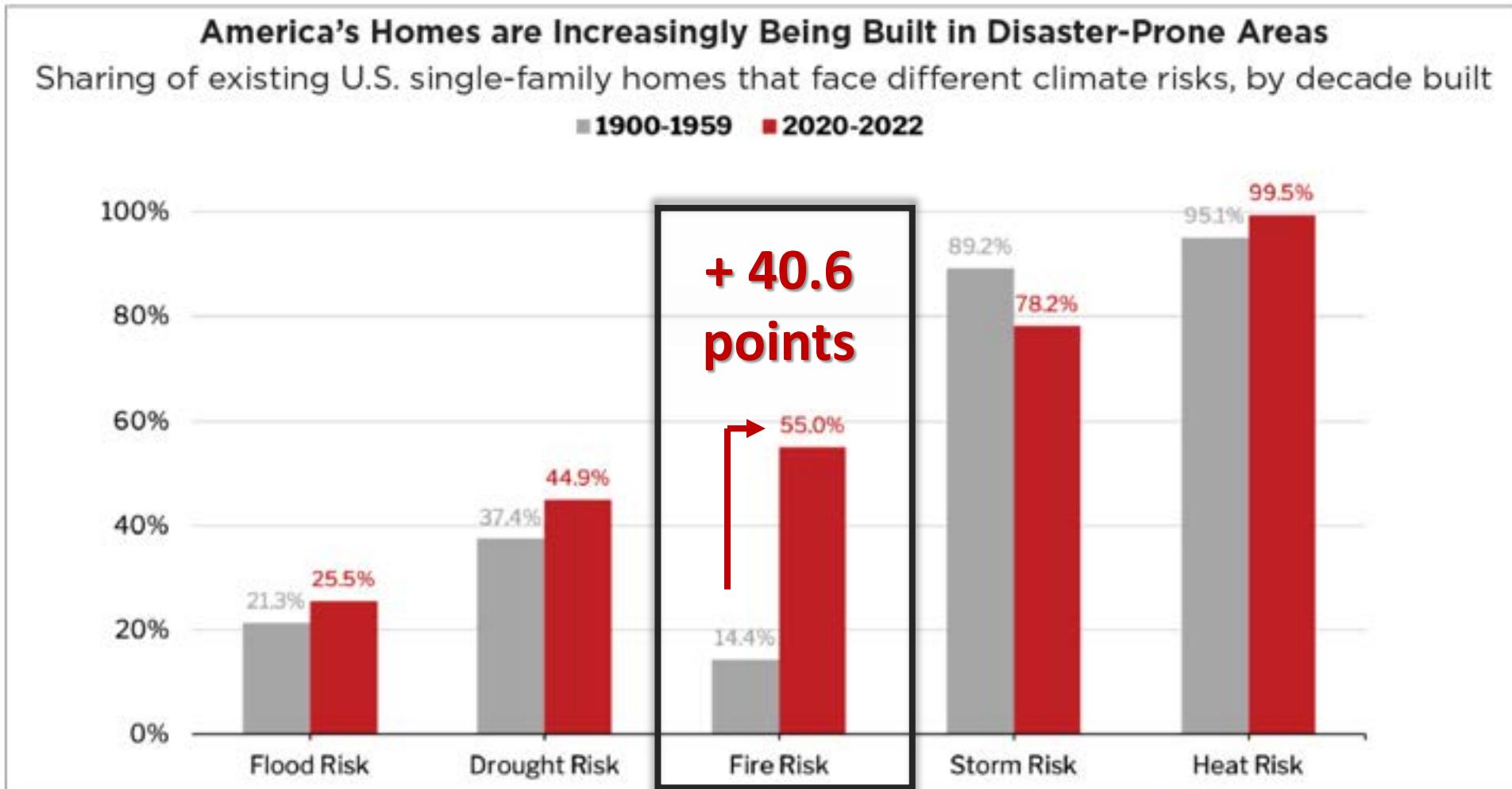
Residential Home Rebuild/Repair Costs

Cumulative Change over last 5 years





Risky Growth Patterns



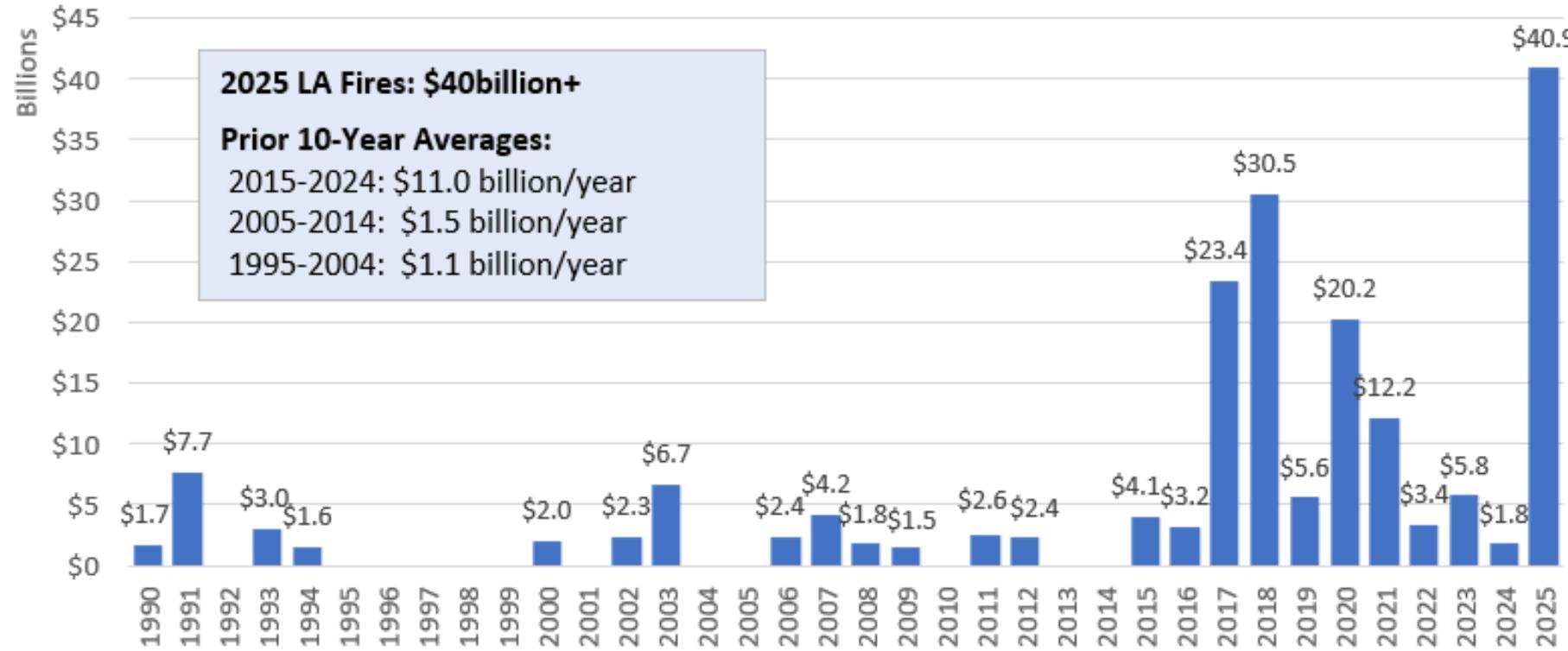
Source: Redfin analysis of data from ClimateCheck, county records.

REDFIN



Estimated annual cost wildfires

(for wildfires events exceeding \$1bn)



CPI-adjusted as of March 2025.

Source: APCIA, via Allianz Commercial (Wildfire: Emerging Risk Trend Talk 4)

Source: <https://commercial.allianz.com/content/dam/onemarketing/commercial/commercial/pdfs-risk-advisory/ARC-Emerging-Risk-Trend-Wildfires.pdf>

Data Notes: Compiled by Tom Carmichael. Data from 1990 to 2024 was sourced from the National Oceanic and Atmospheric Administration (NOAA) National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters.

Data for 2025 represents the Los Angeles Wildfires of January 2025, based on mid-range of cost estimates (\$28bn to \$53.8bn) by the Los Angeles County Economic Development Corporation.

Wildfire events with costs of less than \$1bn are not represented. Data predominantly relates to physical property, infrastructure, business interruption and wildfire suppression costs.



Increasing Severe Storm Losses

DAMAGE POTENTIAL

Small Hail (0-1")

- *Accumulated effect on Susceptibility*
- *Individual granule loss*

Large Hail (1-1.75")

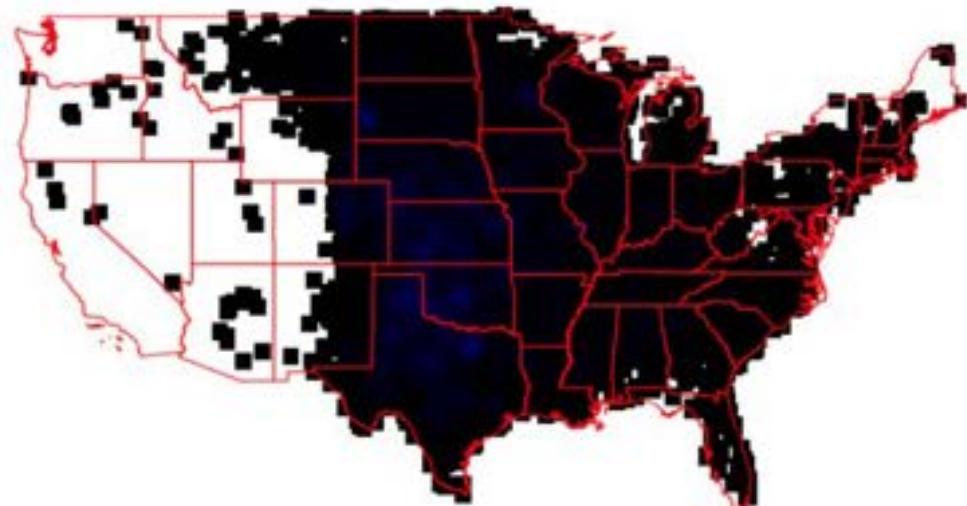
- *Moderate granule loss*
- *Possible threat of water entry*

Very Large Hail: (1.75"+)

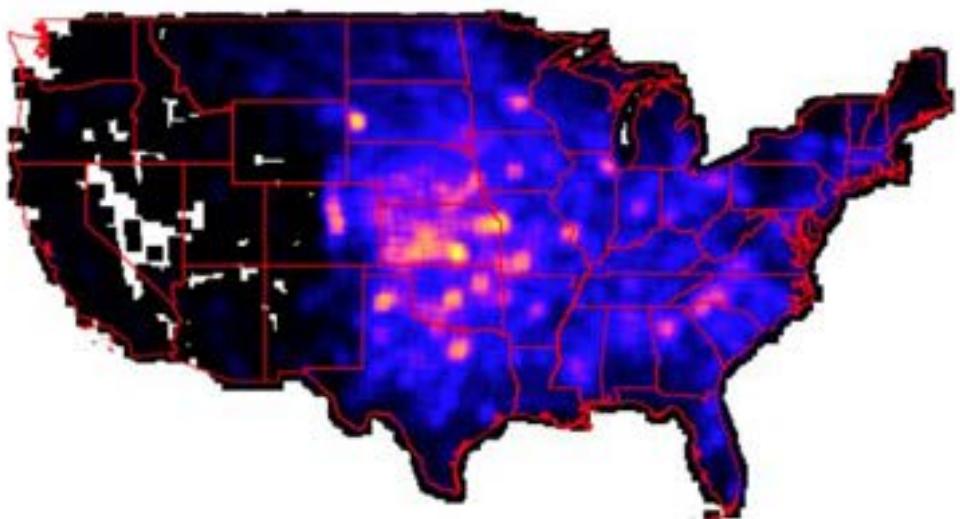
- *Granule loss in patches*
- *Immediate threat of water entry*

Average Annual Frequency for Hailstorms by Maximum Stone Size

Very Large Hail (2 inches+)



Small/Large Hail (<2 inches)



Data: NOAA Storm Prediction Center (SPC) – hail reports 0.75 in.+ (1955-2020)



Less Productive Responses

- **Government Catastrophe Backstops**

- Reinsurers have ample disaster capital on the sidelines
- Alternative capital markets can be similarly elastic
- THE PROBLEM IS RATE, NOT LONG-TERM CAPACITY – Government subsidized backstops displace private markets and mask societally beneficial climate risk signals

- **Rate Approval Delays**

- Mitigation and resiliency funding helps consumers
- Rate suppression contracts capital and deters new investment capital – creating long-term availability challenges that takes decades to recover from
- Rate suppression encourages overbuilding & masks the costs of climate change



Real Solutions



Survivability = Insurability

Insurers are leading efforts to mitigate risks, to make communities more resilient

- Working with federal & state policymakers
- Supporting resiliency & mitigation programs, such as infrastructure improvements and wildfire solutions
- Advocating for stronger building codes & land use policies
- Funding science-based research into risk mitigation
- Advocating for financial support to increase resilience for vulnerable populations
- Investing/underwriting in climate and renewable technology



Survivability = Insurability

Mitigation Impact Potential

Benefit-To-Cost Ratios

	Overall	Riverine Flood	Hurricane Surge	Wind	EQ	Wildland-Urban Interface Fire
Retrofit vital infrastructure	4:1	8:1	N/A	7:1	3:1	N/A
Retrofit existing buildings	4:1	6:1	N/A	6:1	13:1	2:1
New builds meet codes	11:1	6:1	N/A	10:1	12:1	N/A
New builds exceed codes	4:1	5:1	7:1	5:1	4:1	4:1

Source: APCIA via National Institute of Building Sciences and Swiss Re; vital infrastructure includes utilities, roads, other.



APCIA Policy View

Keys to an Effective Insurance-Based Mitigation Incentive

1. Voluntary, flexible, and limited in scope

Voluntary actions are preferred, however, laws or regulations prescribing requirements for insurance premium credits must provide insurers flexibility in setting rates and related credits (not one-size-fits-all), to ensure rates are adequate and companies can individually manage their unique exposure. Laws and regulations should also be limited to residential property lines due to the complexity of large commercial lines accounts.

2. Verifiable, grounded in science, and risk-based

To help meaningfully reduce losses, insurers must be able to verify actual implementation of mitigation actions via an independent and credible source. Additionally, prescribed mitigation actions must scientifically demonstrate a reduction in risk, with premium credits commensurate to the actual level of risk reduction. Discounts must be based on actuarially credible data and applied to actuarially supported premium components for the peril (e.g., wildfire, wind, hail) being mitigated against.

3. Cost-effective, consistent, and complementary

The cost and measures needed to implement an insurance-based mitigation incentive program should not be excessive, thus negating the potential savings a mitigation program may provide for consumers. Mitigation actions should also be consistent with local codes and ordinances, so insurance incentives help reinforce efforts of state and local government officials and amplify other financial incentives, such as tax credits or grant programs, to maximize consumer benefits and resilience.



Concluding Takeaways

Affordability

Key is risk mitigation, loss prevention and flexibility to tailor coverages to consumer needs and ability to pay

Availability

Key is allowing risk-based rates

Real Solutions

Key is society-wide/government-wide multi-sector focus on resilience and sustainability



QUESTIONS

???



FRUAD IN THE 406



TED BIDON
CSI INSURANCE CONSUMER
SERVICES BUREAU CHIEF



CHRIS MCCONNELL
CSI ATTORNEY



NEIL BRUNETT
CSI INVESTIGATOR



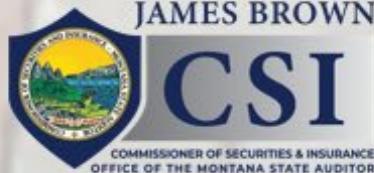
BRENT MEAD
DEPUTY SOLICITOR GENERAL
MONTANA DOJ



FIGHTING FRAUD

IN THE 406

Cases and Trends



33



406.444.3815



csi.securities@mt.gov



csimt.gov/securities



840 Helena Avenue
Helena, MT 59601

Get social with us

Offender Information

Jessica Leigh Siegel



DOC ID# 3035166

NAME: **Jessica Leigh Siegel**

CURRENT STATUS: Probation

LAST STATUS CHANGE: Tuesday, October 10, 2023

SEX: Female

INFORMATION CURRENT AS OF: Friday, August 29, 2025

Probation:

Billings Probation And Parole

2615 4th Ave. South

Billings, MT 59101

(406) 896-5400

[Victim Notification Request](#)



406.444.3815



csecurities@mt.gov



csimt.gov/securities



840 Helena Avenue
Helena, MT 59601

Get social with us
   



2021

2025

Administrative Proceedings

Criminal Case - State

Criminal Case - Feds



3/29/21



11/30/21



10/10/23



1/17/24



7/18/24



7/2/25



406.444.3815



csi.securities@mt.gov



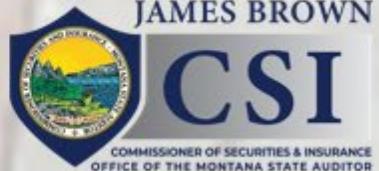
csimt.gov/securities



840 Helena Avenue
Helena, MT 59601



Get social with us



37



406.444.3815



csi.securities@mt.gov

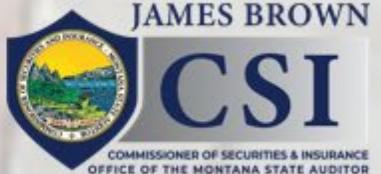
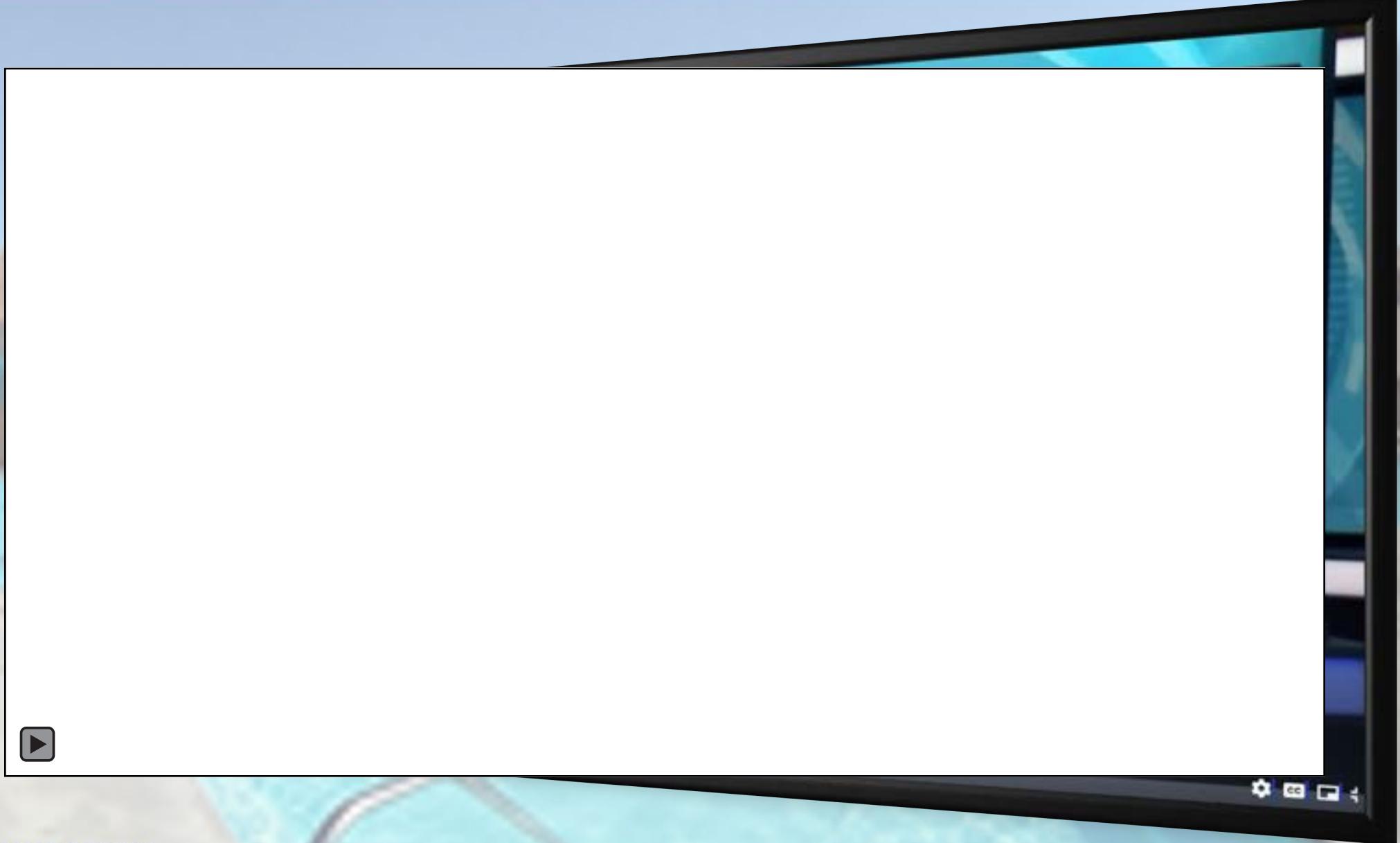


csimt.gov/securities



840 Helena Avenue
Helena, MT 59601

Get social with us



38



406.444.3815



csi.securities@mt.gov



csimt.gov/securities



840 Helena Avenue
Helena, MT 59601



Get social with us



406.444.3815



csi.securities@mt.gov



csimt.gov/securities



840 Helena Avenue
Helena, MT 59601



Get social with us



406.444.3815



csi.securities@mt.gov



csimt.gov/securities



840 Helena Avenue
Helena, MT 59601



Get social with us



GRASSROOTS ADVOCACY: NAIFA



BRIAN SALONEN
NAIFA MT GOV. RELATIONS



PETER DAN SULLIVAN
NAIFA MT GOV. RELATIONS



MIKE PAFFHAUSEN
NAIFA MT IFAPAC CHAIR



DAN RUST
NAIFA MT GOV. RELATIONS



DIANE HELLMAN
NAIFA MT HEALTH CHAIR





COMMISSIONERS' CORNER



JAMES BROWN
MONTANA STATE AUDITOR
COMMISSIONER OF
SECURITIES AND INSURANCE



DEAN CAMERON
DIRECTOR OF THE IDAHO
DEPARTMENT OF INSURANCE



TROY DOWNING
CONGRESSMAN MT-02
FORMER CSI COMMISSIONER





BRINGING MONTANA'S *best* TOGETHER

SEPTEMBER 25, 2025
FAIRMONT HOTSPRINGS RESORT



CSI

COMMISSIONER OF SECURITIES & INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR



2025 LEGISLATIVE SESSION UPDATE



TREVOR GRAFF
CSI GOVERNMENT RELATIONS
DIRECTOR



REP. SCOTT DEMAROIS
MONTANA HOUSE OF
REPRESENTATIVES



JAMESON WALKER
MONTANA LEGISLATIVE
SERVICES







AI IN INSURANCE: DEEP FAKES, ETHICS, AND THE TRANSFORMATION OF REALITY



ROBERT HOFFMAN
ARLO SOLUTIONS
SENIOR MANAGER IN AI-
ENABLED LEARNING



TREVOR GRAFF
CSI GOVERNMENT RELATIONS
DIRECTOR





AI in Insurance: Deep Fakes, Ethics, and the Transformation of Reality.

Robert Hoffman, M.Ed., CAIS, AIMP, CCME
Senior Manager & AI Scientist, Arlo Solutions
Arlo Learning and AI Services Division

9/25/2025

arlo-solutions.com

ARLO SOLUTIONS
★ ★ ★

ABOUT PRESENTER

Rob Hoffman, Senior Manager, AI Enabled Learning and Project Innovation



Rob Hoffman is a Senior Manager in AI-Enabled Learning and Project Innovation with more than 30 years of cross-sector leadership spanning government, academia, and private industry. Known for transforming complex challenges into scalable, future-ready solutions, he brings deep expertise in artificial intelligence, agile program delivery, instructional design, and strategic innovation.

In his current role at Arlo Solutions, Rob leads enterprise-level initiatives at the intersection of emerging technology, adaptive learning, and workforce transformation. He oversees R&D programs, designs custom learning management systems (LMS), and develops large language model (LLM) integrations to drive mission-aligned training strategies across federal agencies including the DoW and the USDA.

Academic Credentials

- Doctoral Candidate, EdD in Higher Education Leadership
- M.Ed. in Educational Leadership and Change
- M-MBA in Information Technology
- M-MBA in Leadership
- B.A. in Criminal Justice with a concentration in Forensics

Professional Certifications

- Certified Artificial Intelligence Scientist
- Certified Artificial Intelligence Management Professional
- Certified SAFe 6.0 Agilist
- Certified Change Management Expert
- Certified Criminal Investigator (Financial & Forensic Specializations)

ABOUT COMPANY (ARLO)



Arlo Solutions Ranked No. 14 in
Washington, DC on 2025 Inc.
5000 Fastest-Growing
Companies List



Areas of Expertise

Cybersecurity



- Cybersecurity Program Development
- Governance, Awareness & Outreach
- Governance, Risk & Compliance
- Risk Advisory Support
- Risk Management Framework (RMF) Optimization
- Security, Policy & Compliance

Program Management



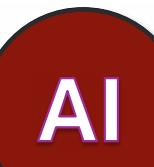
- Change Management
- Program Assessment & Evaluation
- Program Management Office (PMO) Support
- Strategic Communications
- Technology Integration & Implementation
- Front Office & Administrative Support
- Events Management

Intelligence



- Strategic Policy and Compliance
- Partner Engagement
- PMO Support
- Special Access Program Support
- Counterintelligence Support

Artificial Intelligence & Learning



- AI-Enabled Learning Strategy & Design
- Adaptive Learning Systems Development
- LMS/LLM Platform Integration
- AI Integrated Instructional Design & Curriculum Architecture
- AI Frameworks
- Generative AI Implementation & Workflows

Introduction: What Is AI, and Why It Matters for Insurance

Definition of AI

- AI refers to computational systems that perform tasks requiring human-like intelligence.
- Capabilities include learning from data, recognizing patterns, understanding language, and making predictions or decisions.

Core AI Techniques in Insurance

- Machine Learning (ML)
- Natural Language Processing (NLP)
- Computer Vision
- Generative Models



In Insurance, AI Drives:

Faster Risk Assessment

AI models analyze thousands of variables simultaneously, going beyond traditional actuarial methods. This allows insurers to price policies more accurately and make underwriting decisions in hours instead of days.

Smarter Fraud Detection

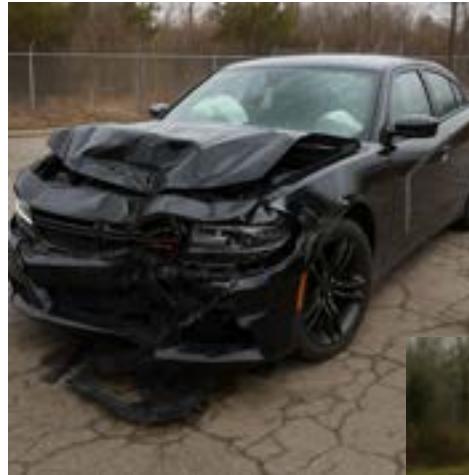
Advanced algorithms and deep fake detection tools uncover suspicious patterns and fabricated evidence that humans might miss. By analyzing networks of claimants, providers, and documents, insurers can prevent fraudulent claims before payouts occur.

Personalized Customer Experience

AI tailors insurance products and communications to individual needs, using data from life events, IoT devices, and past behavior. This creates more relevant coverage options, proactive support, and improved customer satisfaction.

New Risks

New risks emerge as AI can create *convincing but false realities* (deep fakes, synthetic data, manipulated claims evidence).



Why AI Matters Now



- **Data-rich environment:** insurers sit on vast structured & unstructured data
- **Shifting expectations:** customers want digital-first, real-time interactions
- **Rising risks:** generative AI can be misused to fabricate documents, identities, or accidents
- **Strategic imperative:** adopting AI responsibly is no longer optional

Deep Fakes in Insurance



What are deep fakes?

AI-generated synthetic media (photos, videos, documents, voices)



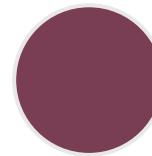
Fraud implications

- Fake accident photos/videos for claims
- Manipulated medical records
- Synthetic identities for policy abuse



Operational impact

- Increases fraud detection complexity
- Raises need for AI-driven authenticity verification tools

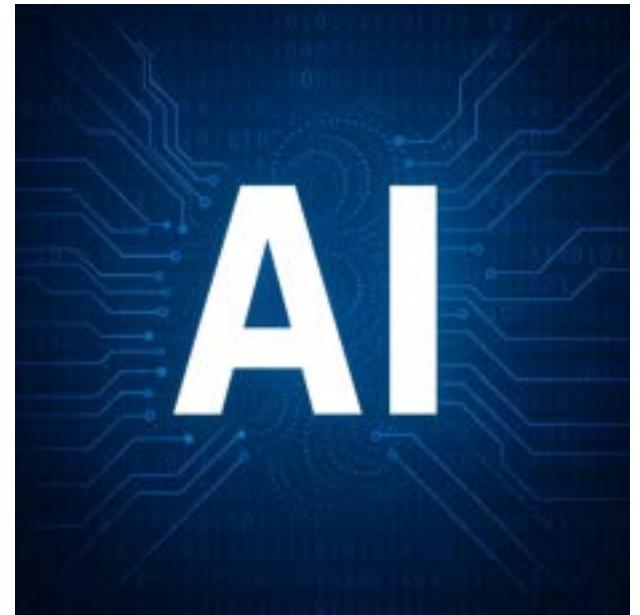


Fighting Against Deepfakes

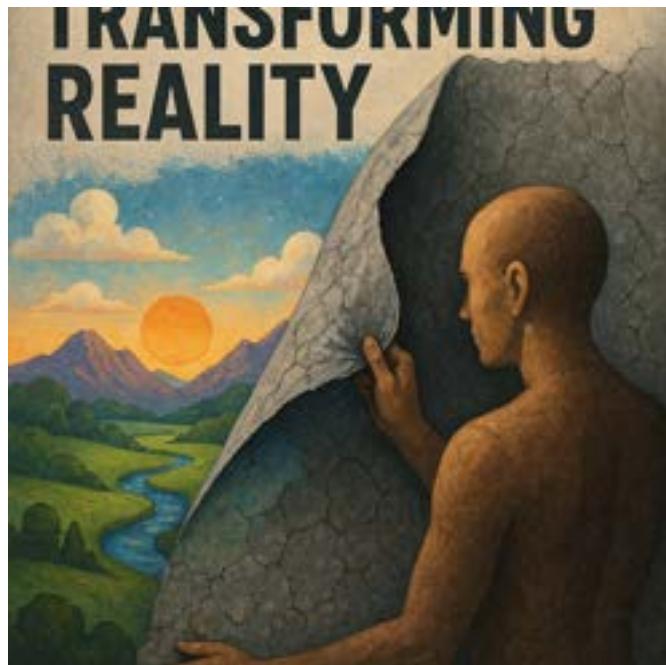
- Detection and Verification Tools
- Authentication and Validation
- Operational Defenses
 - Governance and Human Oversight

Ethical & Regulatory Challenges

- **Bias and fairness:** algorithms must not disadvantage any groups
- **Explainability:** decisions on premiums, coverage, and claims must be transparent
- **Privacy:** handling sensitive personal and behavioral data responsibly
- **Deep fake regulations emerging:** insurers must anticipate legal requirements on detecting/managing synthetic media



Transforming Reality - Opportunity and Threat



Opportunity:

- Synthetic data for safe model training without privacy risks
- AI simulations to model disaster impacts, behavioral risk, or claims outcomes

Threat:

- Blurred line between authentic vs fabricated evidence
- Increased reputational risk if false claims pass undetected
- Customer trust erosion if AI is seen as intrusive or unfair

Example AI Implementation Framework

Phase 1: Foundation

- Strengthen data governance & fraud controls
- Establish ethical AI oversight boards

Phase 2: Expansion

- Deploy AI in underwriting, claims, and customer service
- Integrate authenticity verification tools (deep fake detection, forensic AI)

Phase 3: Transformation

- Launch AI-enabled, personalized, adaptive insurance products
- Create partnerships for shared fraud intelligence networks

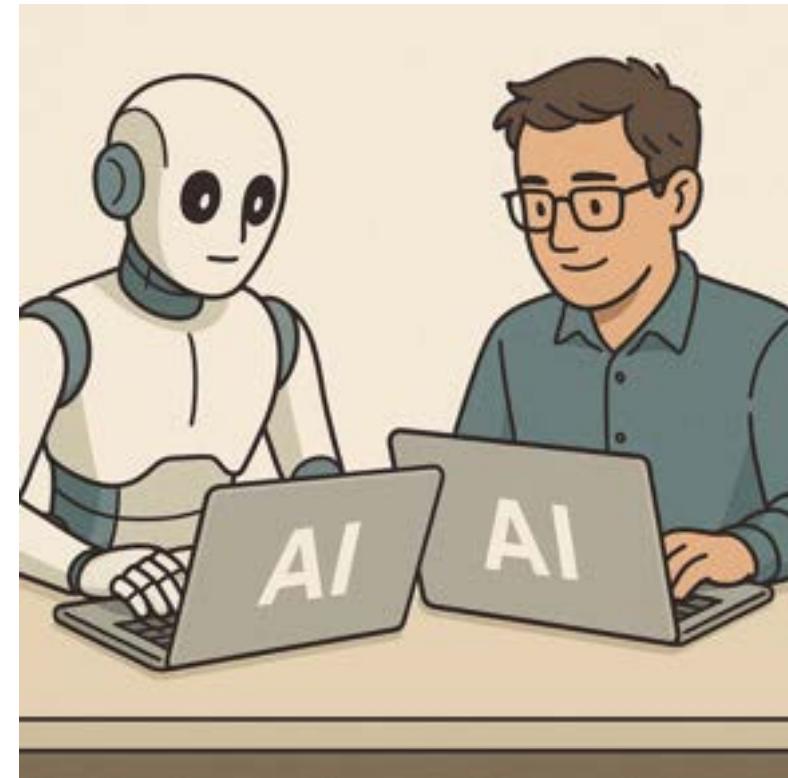
Critical Success Factors



- High-quality, well-governed data
- Transparency & explainability for regulators and customers
- Workforce training on AI ethics & fraud detection
- Cybersecurity & deep fake detection infrastructure
- Ongoing audits & monitoring for compliance

Call to Action

- Recognize AI's dual role: **value creator** and **risk amplifier**
- Actively address deep fake risk in fraud strategies
- Embed ethics & compliance into every AI deployment
- Balance innovation with customer trust
- Those who act now gain competitive advantage – those who delay risk obsolescence





Questions?

ARLO SOLUTIONS
★ ★ ★



INSURANCE FOR AGING: A BLUEPRINT FOR THE FUTURE



ERIN SNYDER
CSI DEPUTY INSURANCE
COMMISSIONER



JANET STELLMON
MT STATE HEALTH INSURANCE
ASSISTANCE PROGRAM



DANIELLE MOREAU
CSI COMPLIANCE SPECIALIST



DANIELLE WALLER
BAILEY INSURANCE
AGENT





CSI BUREAU PRESENTATIONS



JACK CONNORS
CSI CHIEF LEGAL COUNSEL



TED BIDON
CSI INSURANCE CONSUMER
SERVICES BUREAU CHIEF



DAVID DACHS
CSI INSURANCE SERVICES
BUREAU CHIEF



ERIN SNYDER
CSI DEPUTY INSURANCE
COMMISSIONER





LEGAL BUREAU



Jack Connors
Chief Legal Counsel





LEGAL BUREAU

Mark Mattioli





LEGAL BUREAU

Chris
McConnell





LEGAL BUREAU



George Nemie





LEGAL BUREAU



Rune
Vander Wey





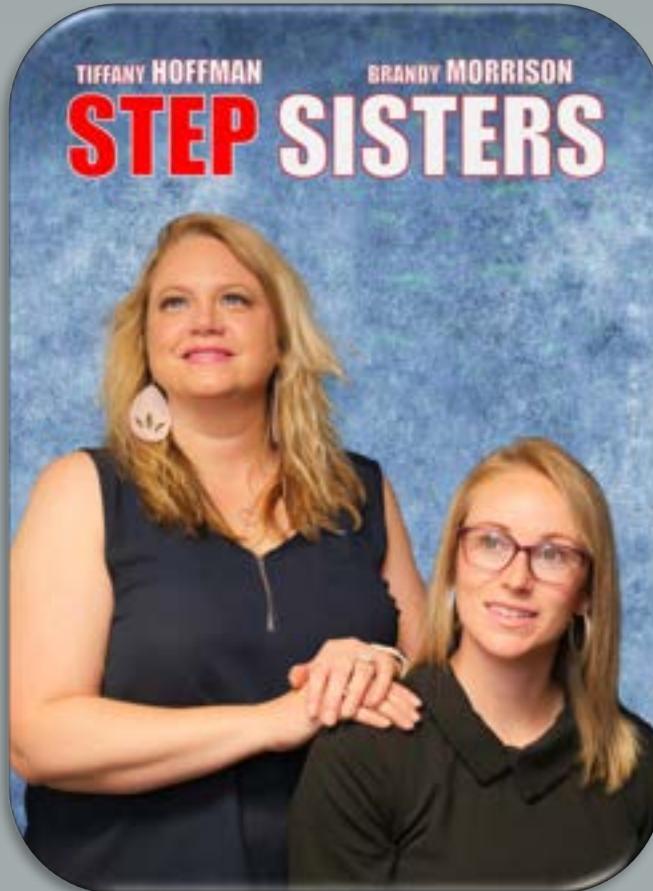
LEGAL BUREAU

Kelsey
Prestesater





LEGAL BUREAU



The
Paralegals





LEGAL BUREAU

Tiffany
Hoffman



Brandy
Morrison





LEGAL BUREAU

What does the Legal Bureau do?

- ▶ Represent CSI in administrative, civil, and criminal cases
- ▶ Assist with drafting legislation and administrative rules
- ▶ Provide legal advice to the Commissioner and CSI staff
- ▶ Provide guidance to regulated entities and the public concerning Montana insurance laws





LEGAL BUREAU

What's new in
administrative,
civil, and
criminal cases

ADMINISTRATIVE ACTIONS

- ▶ Insurance after-the-fact cases
- ▶ Producer licensing

CIVIL LITIGATION

- ▶ Randall (2021 HB 379)
- ▶ Victory Insurance (2025 MT 180)

CRIMINAL PROSECUTIONS





LEGAL BUREAU

Legislation and Administrative Rules

Upcoming Administrative Rules to implement recent laws

- ▶ Rules to implement SB 335 regarding dental insurance





LEGAL BUREAU

Advise the
Commissioner
and CSI staff

- ▶ Confidentiality reviews
- ▶ Trade secret affidavits
- ▶ Public records requests
- ▶ Producer licensing issues
- ▶ Forms checklists





LEGAL BUREAU

Guidance to
Regulated
Entities and
the Public

ADVISORY MEMORANDUMS

- ▶ Open Container and Marijuana Possession Laws (July 2, 2025)
- ▶ Insurance Refusals and Wildfire Risks (July 2, 2025)
- ▶ Defense Within Limits (November 6, 2024)





LEGAL BUREAU

QUESTIONS





INSURANCE DIVISION

165+
YEARS

COMBINED INSURANCE
EXPERIENCE

Insurance Consumer Services (ICS)

BUREAU CHIEF

LIFE & HEALTH COMPLIANCE SPECIALISTS

PROPERTY & CASUALTY COMPLIANCE SPECIALISTS

Ted Bidon

Elisa Pierce
Jeanne Massey
Danielle Moreau
Jake Dennehy

Ben Vukonich
Dan Clark
Colton March
Wanda Shields





INSURANCE DIVISION

Market Conduct | Insurance Services



BUREAU CHIEF

DAVID DACHS

CIE, CPCU, PIR, ALMI, CWCP,
AMCM



EXAMINER

MATTHEW EBERHARDT

MBA, CPCU, MCM, CIE, PIR,
ALMI



EXAMINER

TROY SMITH

MS, HCAFA, FAHM, MCM,
CWCP, PIR, CIE, ALMI





INSURANCE DIVISION

Market Conduct | Insurance Services

The Market Conduct Bureau oversees the insurance marketplace to ensure that insurers' business practices adhere to state laws, regulations, and contractual obligations. To address systemic compliance concerns, the Bureau employs a range of regulatory actions, including direct communication, formal examinations, and enforcement referrals.

WHAT WE DO?

- Data Calls
- Market Analysis
- Market Conduct Exams
- Network Adequacy Reviews
- Approve Independent Review Organizations
- Review Appeal and Grievance Reports
- License Pharmacy Benefit Managers
- PBM Transparency Report
- Review Public Adjuster & MGA Contracts

FREQUENT ISSUES ADDRESSED

- Claim Timeliness
- Proper Notice
- Producer Licensing Status & Appointments
- Loss of Use
- Comparative Negligence
- Data Breaches





INSURANCE DIVISION

Market Conduct | Insurance Services

IMPROPER MARKETING: REGULATORY FOCUS AND ACTION

Improper marketing involves misleading, aggressive, or deceptive advertising and sales practices—often targeting vulnerable consumers or misrepresenting limited coverage as comprehensive coverage.

- The NAIC has demonstrated increased regulatory attention to improper marketing practices, citing a surge in consumer complaints regarding plan switches without consent, deceptive lead generation, and misrepresentation of benefits.
 - The NAIC formed the Improper Marketing of Health Insurance (D) Working Group, charged with:
 - Coordinating with federal and state regulators on enforcement and consumer protections
 - Reviewing and updating model laws and guidelines concerning lead generators and digital marketing.
 - The Working Group actively tracks market trends, hears from stakeholders (including CMS and industry groups), and helps shape legislative and regulatory responses to evolving sales tactics.
- For producers and agencies, remaining vigilant about compliant, transparent marketing and avoiding even inadvertently misleading practices is more important than ever as regulatory scrutiny intensifies.





INSURANCE DIVISION

Market Conduct | Insurance Services

THE IMPORTANCE OF SUITABILITY IN INSURANCE

Suitability ensures the insurance or annuity product recommended is a good fit for the consumer's specific financial needs, goals, age, income, risk tolerance, and liquidity.

- Nearly all states require producers to follow the NAIC Suitability in Annuity Transactions Model (Regulation #275), now updated with a “best interest” standard that puts the client’s needs ahead of personal financial incentive. Montana adopted updates in 2021.
- Producers must gather and document detailed personal and financial information—such as income, assets, tax status, financial objectives, and intended use of the product—to determine appropriateness.
- There are standard minimum disclosure requirements: Explain fees, surrender charges, risks, and any conflicts of interest up front, ensuring the client understands the basic features of annuity contracts.
- Compliance with suitability rules is essential to protecting consumers, maintaining producer licenses, and avoiding regulatory enforcement—violations that can lead to corrective orders, sanctions, or license loss.
- Producers must undergo suitability and product-specific training on annuity suitability and best-interest standards. Montana requires a one-time, minimum 4-credit training before engaging in sales.





INSURANCE DIVISION

Market Conduct | Insurance Services

THE IMPORTANCE OF RECORD KEEPING

Accurate record keeping is legally required: Producers must maintain complete records of transactions conducted for three to five years, depending on state law and policy type.

(§ 33-17-1101, MCA & § 33-2-310, MCA)

- Records may include applications, policy contracts, endorsements, premium receipts, payment records, all correspondence with clients and carriers, disclosure and consent forms, and requests for policy changes.
- Clear and complete files help protect producers and agencies during audits, market conduct exams, client disputes, or E&O claims, ensuring all actions can be traced and verified.
- Good record keeping supports compliance with consumer protection, suitability, and complaint response requirements, and is essential for verifying producer licensing and appointment status at the point of sale.
- Poor record keeping can lead to fines, license suspension, or legal liability, while organized documentation supports efficient business operations and client service.





INSURANCE DIVISION

Market Conduct | Insurance Services

CSI ADVISORY MEMOS: A KEY RESOURCE FOR PRODUCERS

The CSI regularly issues advisory memos and bulletins to provide guidance and clarification on state laws, rules, and regulatory changes for insurance companies and producers.

- Advisory memos may cover important topics such as:
 - New and updated regulations affecting product sales, marketing, and compliance
 - Consumer disclosure requirements and complaint handling standards
 - Certification of compliance, underwriting practices, and claims handling.
- These memos offer practical insights that help producers:
 - Stay up to date with legal and regulatory changes
 - Advise clients accurately, ethically, and in line with the latest industry standards
 - Avoid compliance pitfalls and support suitable, well-documented recommendations.
- Producers should regularly check the CSI advisory memo page and review all applicable memos when providing client guidance or updating business procedures.



Access all current memos at: <https://csimt.gov/advisory-memos/> .





INSURANCE DIVISION

Market Conduct | Insurance Services

CSI ADVISORY MEMOS: UNDERWRITING RESTRICTIONS DUE TO WILDFIRES

- The July 2025 CSI memo reaffirms that insurers cannot refuse, cancel, or limit property/casualty coverage solely because of wildfire risk unless there is a substantially increased risk of loss.
- Blanket denials based only on general wildfire exposure—or based on area rather than a property's actual risk—may violate state law and be subject to investigation.
- Producers should report client denials or cancellations that appear to be tied to wildfire risk without a case-specific underwriting assessment.



[Advisory Memorandum Regarding Insurance Refusals and Wildfire Risk](#)





INSURANCE DIVISION

Market Conduct | Insurance Services

CSI ADVISORY MEMOS: LOSS OF USE

- The CSI advisory memo clarifies that, in third-party claims for loss of use of property, damages are based on the reasonable rental value of comparable property for the period of time necessary to repair or replace the damaged property, regardless of whether a rental was obtained..
- Producers should be aware that claim payments are not limited to the cost of repairs but should also account for loss of use if applicable.
- For vehicles that are repairable but not safe and legal to drive, loss of use damages run until the repairs are complete and the vehicle returned, and not only the days the vehicle is in the repair shop.
- If the vehicle is a total loss, the person is entitled to loss of use damages for the reasonable amount of time to obtain a replacement in addition to the vehicle's replacement value. The loss of use damages for a total loss run from the day of loss until payment is received for at least the undisputed amount of the loss.



[Advisory Memorandum Regarding Third-Party Claims for Loss of Use of Property](#)





INSURANCE DIVISION

Captive Insurance Primer



Erin Snyder
Deputy Insurance Commissioner





INSURANCE DIVISION

Captive Insurance Primer

WHAT IS CAPTIVE INSURANCE?



A risk-financing method or form of self-insurance formed to serve the insurance needs of a parent organization and to escape the uncertainties of commercial insurance availability and cost.





INSURANCE DIVISION

Captive Insurance Primer



FREEDOM?
MAYBE





INSURANCE DIVISION

Captive Insurance Primer

In 2001, the Legislature passed legislation enabling captive insurance company formation in Montana.

- **MCA Title 33 Chapter 28** – Captive Insurance Companies
- **ARM Subchapter 6.6.68** – Formation and Regulation of Captive Insurance Companies

TYPES OF CAPTIVE INSURANCE COMPANIES

- Pure captive
- Association captive
- Branch captive
- Protected cell company
- Special purpose captive
- Industrial insured
- Group captive

HIGHLIGHTS

- Can only write for the owners; no third party
- Ability to insure uncommon or difficult-to-insure risks
- Not required to register in any state other than the domicile
- Must have an approved captive manager
- Cannot write personal lines, health, workers' compensation
- Must have at least one director who is a Montana resident
- ALL changes in the business plan require pre-approval of CSI
- Tax benefits





CAPTIVE INSURANCE COMPANY OUTLOOK

INSURANCE DIVISION

Captive Insurance Primer

- 37 states allow captive insurance companies
- 3,000+ captive insurance companies in the U.S.
- Montana is in the top 10 U.S. captive insurance domiciles
 - 256 captive insurance companies
 - \$769 million in premium
- Trend in increasing captive insurance growth
 - Risk retention groups
 - LLC Series business units
 - Downturn in IRS Section 831(b) companies
- NAIC attention





INSURANCE DIVISION

Captive Insurance Primer

YOUR
MONTANA
CAPTIVE
TEAM



BUREAU CHIEF
KARI LEONARD
CFE, CPA



DAKOTA TERRY
ANALYST/EXAMINER



JASON RODRIGUEZ
ANALYST/EXAMINER



RAMONA BIDON
CAPTIVE TECHNICIAN





INDUSTRY INSIGHTS: WHAT COMPANIES ARE SEEING IN THE MARKET



BOB BISKUPIAK
INDEPENDENT INSURANCE
AGENTS OF MONTANA,
FIRESAFE MT



KADEE ADAMS
BISON INSURANCE, PLLC
MANAGING MEMBER



SCOTT TUXBURY
EXECUTIVE VP
MOUNTAIN STATES - XPT





BURNING PRIORITIES: WILDFIRE INSURANCE & MITIGATION STRATEGIES



TED BIDON
CSI INSURANCE CONSUMER
SERVICES BUREAU CHIEF



BOB BISKUPIAK
INDEPENDENT INSURANCE
AGENTS OF MONTANA,
FIRESAFE MT



BLAKE SEXTON
FIRE ADAPTED COMMUNITIES
SPECIALIST, MT DNRC



SCOTT COUNTRYMAN
GOOSEHEAD INSURANCE





thank you & safe travels



CSI

COMMISSIONER OF SECURITIES & INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR