JAMES BROWN
CSI
COMMISSIONER OF SECURITIES & INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR

PROTECT. EDUCATE. SERVE.

2025 Annual Plan

Montana Commissioner of Securities and Insurance
Office of the Montana State Auditor

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THE OFFICE OF THE MONTANA STATE AUDITOR

THE AGENCY'S CORE PURPOSE – OUR WHY

Our Why

The core purpose of the State Auditor's Office, also known as the 'CSI', is to empower every Montana citizen by ensuring access to fair, reliable insurance products and by protecting the security and transparency of investment and capital opportunities while upholding the highest standards of integrity and excellence in operations.

Why our Why

Consumer Protection Mandate: The Montana Constitution and state law charge the State Auditor with the duty to regulate and oversee the insurance and securities industries and protect consumers from fraud and exploitation. The agency focuses on empowering and protecting Montanans by ensuring fairness, transparency, and trust.

Trust and Integrity: The Auditor's constitutional requirement to uphold trust and integrity in financial markets aligns with the agency's emphasis on safeguarding confidence in Montana's economic systems. This includes licensing, investigating, enforcing laws, and prosecuting violators who threaten the public.

Access to Reliable Services: The agency ensures access to fair and reliable insurance and transparent investment opportunities to meet its statutory responsibility to regulate insurance products, producers, and securities registration to maintain market stability and consumer access.

Advocacy and Accountability: The Montana Constitution empowers CSI to advocate for the people. The agency is committed to empowering Montanans financially and protecting their well-being in the face of a complex financial marketplace.

CSI VISION & MISSION

Vision

The Office of the State Auditor, Commissioner of Securities and Insurance (CSI), will continue to be a model state agency by:

- Being accountable to Montana citizens and to the Legislature.
- Being responsive to the public it serves.
- Being the financial fraud abuse watchdog.
- Safeguarding the financial interests of all Montanans.

CSI will achieve its mission through strong consumer advocacy, vigorously investigating fraud, prosecuting bad actors and conducting aggressive public education campaigns. Further, the agency will fairly enforce Montana's securities and insurance laws and ensure Montanans have easy access to reliable insurance products and transparent investment opportunities.

Mission

- Protect securities and insurance consumers.
- Provide consumers and businesses with exceptional customer service.
- Enforce Montana's securities and insurance laws and regulations.
- Investigate thoroughly consumer complaints, fraud reports, and prosecute bad actors.
- Inform consumers and industry through comprehensive education and outreach.
- Ensure securities and insurance products and services are affordable and accessible.
- Improve Montana business environment by removing unnecessary regulations.
- Encourage business growth and capital formation in the Treasure State.
- Support quality public education by faithfully executing the State Auditors constitutional role as a member of the Board of Land Commissioners.

DIVISION OVERVIEW

INSURANCE

- Bureaus: Examinations, Insurance Consumer Services, Rates, Forms, Producer Licensing, and Market Conduct
- Educate consumers and industry on insurance matters
- Ensure compliance with the Montana Insurance Code
- Oversee industry conduct and insurance company financial solvency
- Investigate insurance complaints and fraud
- Assist producers, adjusters, and consultants with licensing and continuing education needs
- Review and approve certain insurance rates and policy form filings for compliance and actuarial soundness

SECURITIES

- Educate Montana's consumers and investors on securities
- Investigate securities and financial fraud
- Encourage capital investment in Montana
- Oversee the securities industry for compliance with the Montana Securities Act
- Promote securities market uniformity through industry oversight
- Oversee Securities Restitution Fund

CENTRAL SERVICES

- Includes all functions of agency support (fiscal, human resources, and IT), which in turn supports the protection of Montana consumers

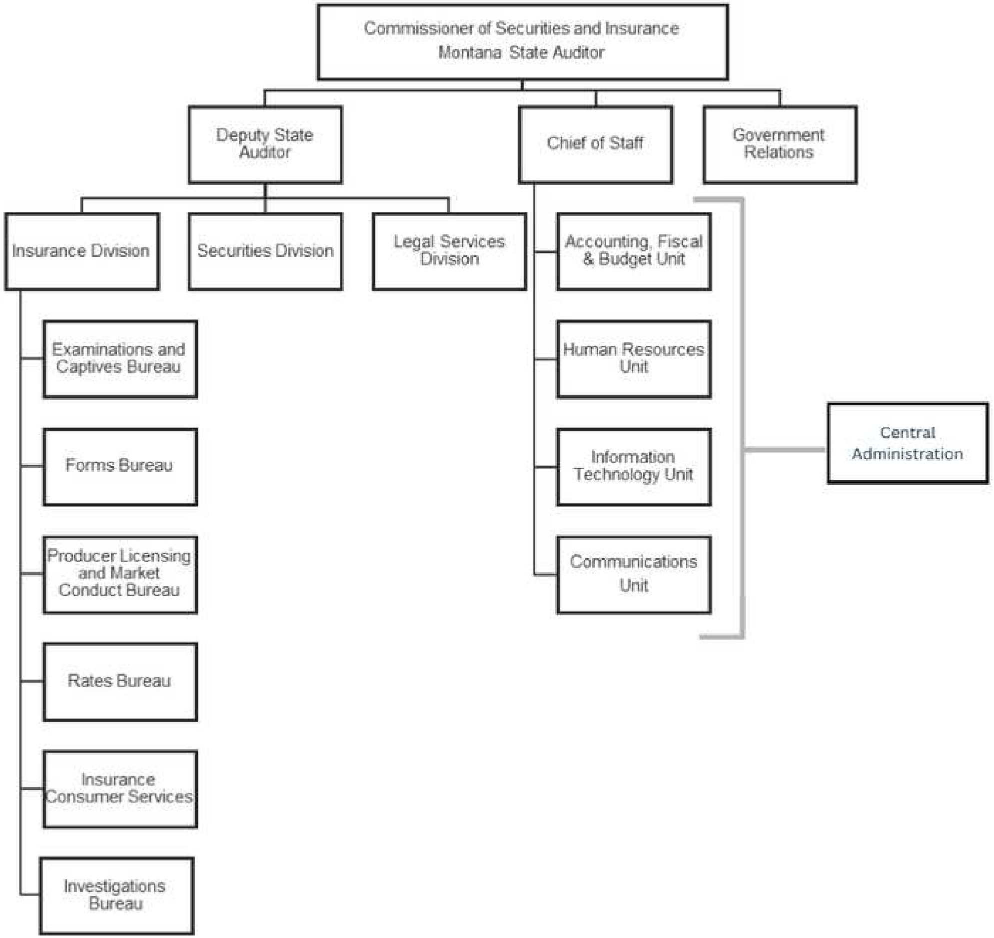
LEGAL

- Advise industry and the public on the laws relating to our agency
- Serve as general counsel for the CSI

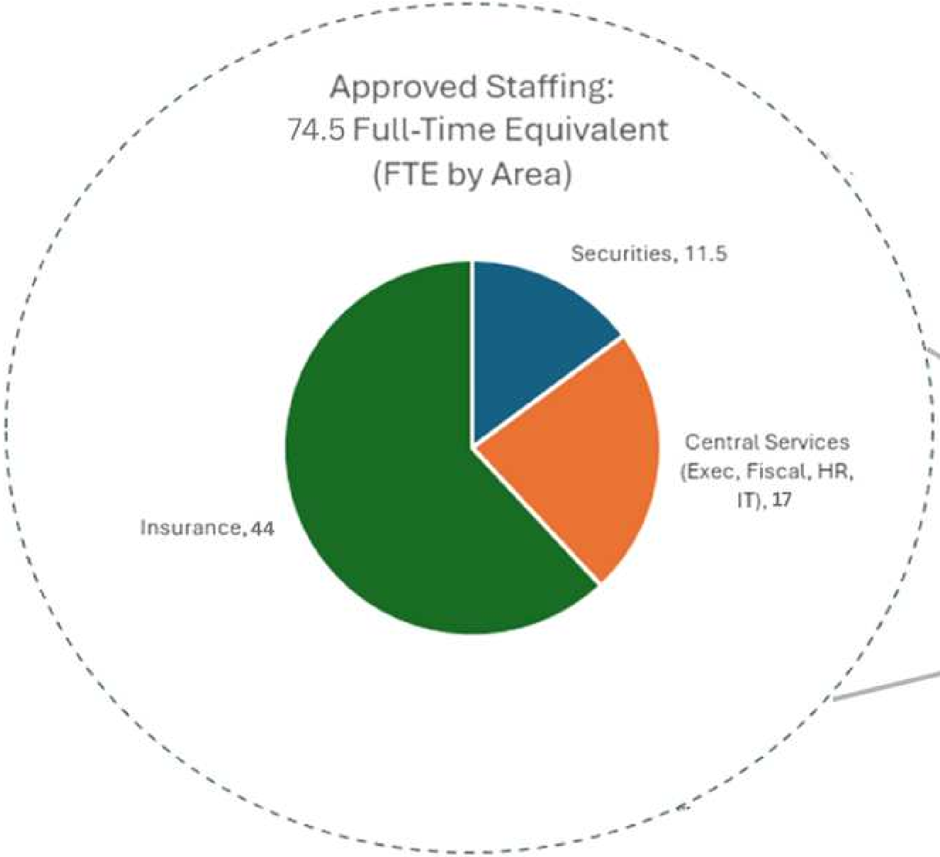
INVESTIGATIONS

- Oversee investigations and prosecute violations of Montana's insurance and security codes

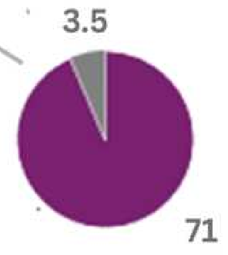
CSI ORGANIZATIONAL CHART



CSI BUDGETED FTE



74.5 Total Positions



- Budgeted Positions (HB2)
- Modified, Non Budgeted Positions
  - 2 Administrative Authority (Montana State Fund)
  - 1.5 Interns

INSURANCE DIVISION

Insurance Consumer Services

Insurance Consumer Services (ICS) is responsible for responding to and resolving consumer complaints involving all lines of insurance and surety products marketed in Montana, ICS is often on the front lines of discovering unfair trade practices, violations of law, or failures to perform as required by the policy committed by insurance companies that result in the recovery of millions of dollars for Montana insurance consumers. ICS is a group of people dedicated to helping Montana consumers. They also have a very important educational role in the agency-providing Montanans with a place to go to get answers to their important insurance related questions.

Montana Reinsurance Program

The Reinsurance Program was established in 2019 to reimburse health insurance exchange insurers for certain high-cost claims in the individual market using a mix of federal pass-through funding and association member assessments. Under the law, qualifying health insurers and reimbursed for a portion of the expense of certain high-cost claimants.

Examinations & Captives

The Examinations Bureau has three main responsibilities: monitoring the solvency or claim paying ability of insurance companies operating in Montana; licensing insurance companies; and collecting premium taxes, The Montana **Captive Insurance Program** is the fifth leading captive domicile in the United States.

Licensing, Market Conduct & Forms

The **Licensing Bureau** handles all licensing transactions of insurance producers, adjusters, consultants, and insurance agencies. **The Market Conduct Bureau** monitors the insurance marketplace to ensure companies comply with state laws and regulations. **The Forms Bureau** is responsible for ensuring every insurance contract, form, endorsement, and policy follows the Montana Insurnace Code prior to marketing.

SECURITIES DIVISION

The Securities Division educates consumers and investors, investigates fraud, encourages economic development, and generally oversees the Montana Securities Industry with both federal and self-regulatory partners.

LEGAL DIVISION

The Legal Services Division enforces Montana insurance and securities laws, holds bad actors accountable through the prosecution of criminal and civil cases, and represents the Commissioner and agency in legal matters.

CENTRAL SERVICES

Communications & Outreach

Communications and Outreach by the CSI is a comprehensive effort to inform the public of agency goals, plans, and activities through various media outlets. We deliver meaningful information to educate, inform, and empower consumers and industry. We continue to develop our social media presence and website with additional features and fresh, quality content to help consumers and industry easily locate information, report fraud, and submit documents.

Government Affairs

The Government Affairs team serves as the primary liaison between the agency and Montana's elected officials. They work closely with members of the Montana Legislature, providing expertise, research, and policy recommendations to support legislation that strengthens consumer protections in both the securities and insurance markets. In addition to tracking and analyzing proposed bills, Government Affairs staff communicate the potential impacts of legislation on Montana residents, businesses, and the broader financial landscape.

Human Resources

The Commissioner of Securities and Insurnace Human Resources (HR) department provides support, oversight, and direction to all CSI staff in the areas of recruitment and retention, staff recognition, payroll, personnel policies and procedures, HR programs, employee safety, and the CSI internship program.

CENTRAL SERVICES

Fiscal, Accounting & Budget

This Central Services unit is responsible for all agency financial decisions and establishing, implementing, and overseeing the financial administration and budgeting for the CSI. The unit is also responsible for the oversight and management of CSI federal grants, including the 1332 Innovation Waiver (Montana Reinsurance Program), to ensure compliance with state and federal regulations as well as the grant terms.

Information Technology

Information Technology (IT) provides reliable technology services and support that ensure the CSI can carry out its mission effectively. By maintaining secure systems, facilitating efficient operations, and fostering innovation, IT plays a vital role in supporting both internal staff and the public. With a focus on adaptability and continuous improvement, the IT team remains committed to delivering dependable solutions that strengthen the agency's overall performance.

2025 FISCAL UPDATE

TOTAL REVENUES

$264M

Up from $251M in FY 2024

- $155M went to the General Fund
- $81M to State Special Revenue
- $28M to Federal Special Revenue

OPERATING EXPENSES

$10.5M

Total CSI operating expenses in FY 2025

FISCAL UPDATE

Fiscal Year 2025 Revenue Sources

Revenue	Amount	Distribution: General Fund	State Special *	Federal Special
Insurance Premium Tax	164,060,956	113,269,477	50,791,479	
Fire Insurance Tax	14,551,940	14,551,940		
Retaliatory Tax	203,275		203,275	
Help Act Fee	4,342,784		4,342,784	
Insurance Licenses and Permits	8,161,648	43,012	8,118,637	
Genetics Program	1,473,690		1,473,690	
Insurance Fines	447,175	447,175		
Reinsurance Assessment	12,498,334		12,498,334	
Investment Earnings	589,848		589,848	
Reinsurance Program Grant	27,762,056			27,762,056
Insurance Other	663,766		663,766	
Securities Licenses and Permits	21,858,109	21,858,109		
Securities Portfolio Registratoin Fees	7,133,171		7,133,171	
Investor Protection Trust Grant	-		-	
Securities Other	42,068		42,068	
Transfer FYE Balance from the Captives & Securities Fees to the General Fund		5,130,191	(5,130,191)	
Total Agency Revenue	263,788,821	155,299,904	80,726,861	27,762,056

CSI STRATEGIC GOALS

Customer Service

- Deliver responsive and efficient service to consumers & industry professionals.
- Facilitate fair and equitable treatment of insurance and securities consumers.
    - ***Metrics***: *Number of consumer inquiries and complaints received and resolved, money recovered for consumers, licenses approved/renewed, and speed and fairness of complaint handling.*

Compliance & Enforcement

- Ensure compliance with applicable laws and regulations and hold bad actors accountable.
- Advocate for victims of insurance and securities fraud.
    - ***Metrics***: *Number of market conduct exams completed, fines assessed, restitution ordered, investigations conducted, enforcement actions filed, and rate increases denied to protect consumers.*

Consumer Outreach & Education

- Engage, educate, and empower consumers and industry through effective communication.
- Promote financial literacy, particularly among youth and underserved populations.
    - ***Metrics***: *website engagement, number and reach of stakeholder engagement and education programs.*

CSI STRATEGIC GOALS

Organizational Excellence

- Maximize efficiency and resource allocation, modernize business processes, and enhance transparency.
    - ***Metrics***: *Compliance with financial reporting transparency, technology and innovation modernization progress, and workforce development.*

Safe, Solvent, and Stable Markets

- Monitor financial stability and legal compliance of insurance and securities institutions.
- Promote competitive, reliable, affordable insurance markets.
    - ***Metrics***: *Number of financial reviews, market conduct monitoring, and premium tax audited and collected.*

These agency performance and strategic goals operationalize how CSI advances its "Why" by setting measurable outcomes for fairness, transparency, consumer protection, financial stability, and education. Public transparency of these metrics and continual improvement in these areas demonstrate alignment with the core mission and values of CSI. This structured framework helps the agency deliver stakeholder trust and protect Montanans through clear, measurable outcomes.

AUDITOR CONSTITUTIONAL OBLIGATION

BOARD OF LAND COMMISSIONERS

- Diligently carry out the State Auditor's constitutional role as a member of the Board of Land Commissioners
- Research and analyze agenda items under Land Board consideration for:
  - Revenue maximization for trust beneficiaries
  - Constitutional, statutory, and regulatory compliance
  - Transparency for those impacted by board decisions
  - Local community support and partnerships

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