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
- Approved 67,097 forms
- Average turnaround time: 7.87 days
- 5,600 RATE FILINGS REVIEWED!

- $81.6 million in premium tax collected
- 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

Storm help sessions in
Billings, Havre and Missoula

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

Network adequacy project in full swing since 2014
Networks now actively monitored
The Bird’s Eye View

2014 Premium Numbers

- **P&C**: $2.1 Billion
- **Health**: $1.7 Million
- **Life/Annuities**: $1.09 Billion
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: $238,844,024
- Small Group: $217,784,668
- Large Group: $375,853,617
Individual Market

2014 Share

- HCSC/Blue Cross Blue Shield: 58%
- Montana Health COOP: 15%
- Time: 12%
- PacificSource: 11%
- Other: 4%

Individual Market
Large Group Market

2014 Share

- HCSC/Blue Cross Blue Shield: 82%
- Allegiance: 10%
- PacificSource: 4%
- Timber Products Manufacturers Trust: 3%
- Other: 1%
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
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
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
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
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.
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 IAIS 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 IAIS 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!