

EAIC

Montana State Auditors Office,
Commissioner of Securities and Insurance (CSI)
September 14, 2017



Major Issues

- Growing Senior Population and Vulnerability
 - HB 24 passed in 2017 legislature
 - Education and Outreach is Key
- Long Term Care Insurance
- Evolving nature of insurance due to technology and life style
 - For example: On Demand Insurance
 - Requires adaptation by CSI and potential need for legislation
- Health Insurance



Health Insurance for Montana

Montana Coverage 2018:

Health insurance rates for Individuals and Small Group were submitted and fulfilled statutory requirements

- 3 Health Insurers filed rates for Individuals - cover approximately 63,000
- 5 Insurers filed rates for Small Group plans - cover approximately 49,751
- Open enrollment begins November 1, 2017



Proposed Rate Filings for 2018 Plans – Individual Market

Company Name	Requested Average Rate Change	Approx. Number Insured
HCSC (Blue Cross Blue Shield of Montana)	22.3%	31,828
Montana Health Co-op	4.0%	20,127
PacificSource	7.4%	12,000



Proposed Rate Filings for 2018 Plans – Small Group

Company Name	Requested Average Rate Change	Approx. Number Insured
HCSC (Blue Cross Blue Shield of Montana)	4.1%	35,567
Montana Health Co-op	2.0%	244
PacificSource	6.4%	13,000
UnitedHealthcare	6.7%	146



Health Insurance Issues- On going

- Increasing high cost of insurance for consumers
- Consumers need health care options
- Montana's ability to address health care issues
- CSR's-will they be paid in 2018?



CSI Recommendations on Health Insurance at the Federal Level

Support additional options at the federal level addressing the cost of health care

- Short Term Insurance Policies, Catastrophic policies
- Support payment of CSR's in 2018 to provide stability
- Support legislation that returns regulatory authority on insurance matters back to states
- Support for states to have flexibility to address reinsurance mechanisms
- Focus resources on chronic and pre-existing conditions whether 1332 waivers or another tool to support the most vulnerable
- Equalization of tax treatment of health insurance plans
- HSA's-raise limits and expand access



Consumer Options

- Clarify for consumers options not traditional insurance
 - Direct Primary Care Agreements
 - Christian Health Care Sharing Ministries

Montana Legislative Actions

Interim Legislative Studies by:

Children, Families, Health, and Human Services Interim
Committee:

- HJR 20 Study: Health Care Price Transparency
- HJR 17 Study: Prescription Drug Prices



CSI Budget

CSI funding is obtained from industries, which we are mandated by law to regulate, and is deposited into a State Special Revenue Account

- Insurance Industry
 - CSI retains Insurance license fees
 - Captives-CSI retains fees, assessments & 5% of premium tax
- Securities Industry- CSI retains portion of fees and examination expense
- In FY17 CSI collected \$129,538,429 from Securities and Insurance Fees
 - The General Fund received almost \$90 million
 - Healthy Montana Kids received over \$30 million



CSI Budget, Cont.

- CSI – agreed to 5% budget cuts in 2017 Legislative session
- Meeting Vacancy Savings
- FY18 Budget is \$8,425, 813
- FY19 Budget is \$8,490,523
- Actual spending in FY16 was \$7,617,092
- Actual spending in FY17 was \$7,602,380
 - FY18 and FY19 are expected to remain at a similar level



Montana Land Board

- Update



Interim and 2019 Legislative Session

Economic Affairs Interim Committee:

- SB 369- “There is a study commission to study the feasibility of terminating the state compensation insurance fund (state fund) and conversion of the entity to a successor domestic mutual insurance entity.”
 - CSI will closely monitor potential impacts on employers/businesses anticipated by any potential legislation
 - 75% (19,370) of Montana State Fund Policyholders are small businesses
 - Would not like to see a reversal of the downward trend in rates since 2011

2019 legislative session, potential items of interest:

Health Insurance/Health Care

Support streamlining processes for industry, where safe for consumers

Support industry Innovation in Insurance and Securities, where safe for consumers

Continued updating of Insurance and Securities laws

Assure accreditation by NAIC



Insurance

CSI's Statutory Responsibility for Consumer Protection

By the numbers:

- Authorize Insurers to transact Insurance in Montana
1,395 Insurers- of which 33 are domestic Insurers
- Authorize Montana Captive Insurers
Captives are the Self Insurance for the company that owns the Captive-does not sell to the public
329 Captives are authorized in Montana
- Conduct Financial and Market Conduct Examinations on Insurers
- License Insurance Producers
Montana Residents- 6,452
Non-Residents- 73,411



Insurance, cont.

- Review/Approve Rates
 - 4,304 rate submissions in FY17
 - Saved 43,629 Montanans \$11.6 million
- Approve Insurance Policy Forms used by insurers
 - Reviewed 66,537 forms in FY17
- Provide Consumer Protection through Policy Holder Services Staff
 - Handled 923 complaints & 280 Inquiries in CY16
 - Recovered \$2.6 Million for consumers in CY16
- Education of insurers, producers and consumers
- Enforcement
- Fraud Investigation and Prosecution



Securities

CSI's Statutory Responsibility- Protect Investors and Encourage and Promote Capital Investment in Montana

By the numbers:

Licensing and Registration

Individuals:

Securities Salespeople -106,081

Investment Advisory Reps 2,293

Firms

Broker Dealer Firms 1,323

Investment Advisory Firms 964

Broker Dealer Branch Offices 637

Products

Securities Issuers 36,443



Securities, cont.

Promote Capital Investment - CSI assures disclosure and transparency

By the numbers:

- Investor Capital Sought- \$300,512,771 in FY17
- **Crowdfunding:** The funding of a business by raising small amounts of money from many people, often thru social media
 - CSI has approved 5 companies in Montana to raise up to the amount of \$2,550,000 from Montana investors

Financial Examinations/Investigations

Education of Financial Advisors, Producers Brokers and consumers



Securities Enforcement Highlights since January 1st, 2017

Fraud Investigation and Prosecution

- 4 cases
- 113 Victims
- \$4,773,268 was ordered in restitution
- 111 years in jail

Securities Restitution Fund- For victims of securities fraud

- Total dollars awarded in restitution: \$299,866
- 75% was awarded to Seniors over 60 years of age



Questions?

