

EAIC

Montana State Auditor's Office,
Commissioner of Securities and Insurance (CSI)
September 11, 2019



Major Issues

- Growing Senior Population and Vulnerability
 - Senior Exploitation Task Force
- Hail Damage
- Wildfire Danger
- Evolving Nature of Insurance Due to Technology and Lifestyle
 - Big Data
- Health Insurance
 - Rising Health Costs and Lack of Options
 - Implementing Reinsurance Program



Health Insurance for Montana

Montana Coverage 2020:

- 3 health insurers filed rates for individuals - cover approximately 51,426
- 5 insurers filed rates for small group plans - cover approximately 46,053
- Open enrollment begins November 1, 2019



Proposed Rate Filings for 2020 Plans – Individual Market

Company Name	Requested Average Rate Change	Approx. Number Insured
HCSC (Blue Cross Blue Shield of Montana)	-14.1%	19,481
Montana Health Co-op	-11.92%	20,445
PacificSource	-13.4%	11,500



Proposed Rate Filings for 2020 Plans – Small Group

Company Name	Requested Average Rate Change	Approx. Number Insured
HCSC (Blue Cross Blue Shield of Montana)	+6.9%	25,739
Montana Health Co-op	-12.77%	179
PacificSource	+7.4%	20,000
UnitedHealthcare	+5.2%	135



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
- Reinsurance
- PBMs and drug prices



CSI Recommendations on Health Insurance at the Federal Level

- Allow States to Innovate.
 - Allow states more flexibility to meet the needs of their citizens and protect those with pre-existing conditions.
 - Reduce costly administrative burdens and issue block grants to states to model effective programs.
- Let Everyone Have a Health Savings Account
 - Allow anyone to set up an HSA, not just those with HDHP's
 - Massively Increase Contribution Limits
 - Expand Allowed Expenses
- Remove Barriers for Insurance Alternatives
 - Allow for Pathway 2 AHP's
 - IRS clarify that DPC and other Direct Care Arrangements are NOT Insurance
- Repeal Federal Mandates and Other Market Distortions
 - ACA – benefit, coverage and rating mandates
 - Tax Bias for Employer Sponsored Insurance



Consumer Options

- Clarify for Consumers Options that are not Traditional Insurance
 - Direct Primary Care Agreements
 - Health Care Sharing Ministries
 - Direct Primary Care Clinics
 - Short Term Health Plans
 - Association Health Plans



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 FY19 CSI collected \$132,510,800 from Securities and Insurance Fees
 - The General Fund received almost \$90 million
 - Healthy Montana Kids received over \$30 million



CSI Budget, Cont.

- FY 20: \$8,806,046
- FY 21: \$8,845,232
- Actual spending in FY18 was \$7,544,067
- Actual spending in FY17 was \$7,673,911
 - FY18 and FY19 are expected to remain at a similar level



Montana Land Board

Statistics:

- Opened up public access for 47,000 acres of public lands to date
- \$42 million in revenue generated for schools in 2018
- 61 million board feet of timber, 1,486 oil and gas leases, 35 coal leases in 2018

Legislative Changes:

- Repeal of timber conservation licenses

Legal Action:

- Land Board no longer has approval of Conservation Easements



Interim and 2020 Legislative Session

Legislative Finance Interim Committee:

- HB 715 Study: Budget Trends and Projections

2021 legislative session, potential items of interest:

- Health Insurance Alternatives
- Changing 'Disability' to 'Health' in Title 33
- Anti-Competitive Barriers to Competition
- Consumer Protection
- PBM/Pharmacy Costs
- Continued updating of Insurance and Securities laws



Insurance

CSI's Statutory Responsibility for Consumer Protection

By the numbers:

- Authorize Insurers to transact Insurance in Montana
1627 Insurers- of which 31 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
286 Captives are authorized in Montana
- Conduct Financial and Market Conduct Examinations on Insurers
- License Insurance Producers
Montana Residents- 7,673 up from 6,452 in 2017
Non-Residents- 102, 888 up from 73,411 in 2017



Insurance, cont.

- **Review/Approve Rates**
 - 4,100 rate submissions in FY19
 - Saved 26,000 Montanans \$8.1 million
- **Approve Insurance Policy Forms used by insurers**
 - Reviewed 60,699 forms in FY19
- **Provide Consumer Protection through Policy Holder Services Staff**
 - Handled 708 complaints & 181 Inquiries in CY18
 - Received over 700 calls per month in CY18
 - Recovered over \$3Million for consumers in CY18
- **Education of insurers, producers and consumers**
 - Hail Fraud Events – Lewiston, Havre and Great Falls – May 2019
 - Hail Fraud Summit – Billings – May 2018
 - Townhall Meetings on Hail with County Prosecutors and County Attorneys – Musselshell and Broadwater Counties - Summer 2019
 - CyberSecurity Summit – Billings – January 2018
 - Montana Insurance Summit – Helena, Sep. 2018

Upcoming Events:

 - Montana Insurance Summit – Helena, Sept. 18, 2019
 - Presentation to County Attorney’s Association – Fall 2019
- **Enforcement**
- **Fraud Investigation and Prosecution**
 - 221 investigations opened in FY19
 - \$15.5 million was ordered in restitution in FY19
 - \$1.3 million was ordered in fines in FY19



Securities

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

By the numbers:

Licensing and Registration

Individuals:

Securities Salespeople -114,396

Investment Advisory Reps 2,411

Firms

Broker Dealer Firms 1,299

Investment Advisory Firms 1,019

Broker Dealer Branch Offices 571

Products

Securities Issuers 38,327



Securities, cont.

Promote Capital Investment - CSI assures disclosure and transparency

By the numbers:

- Investor Capital Sought- \$475,657,607 in FY19
- Crowdfunding: The funding of a business by raising small amounts of money from many people, often through social media
 - CSI approved 14 companies in Montana to raise capital in FY19

Financial Examinations/Investigations

- 30 Securities investigations in FY19
- 6 Financial examinations in FY19

Education of Financial Advisors, Producers Brokers and consumers

- Invest in Montana Tour – 19 towns, 2 College classes – Spring 2018
- CryptoCurrency presentation for the MEA-MFT Conference – Fall 2018
- CPA Society presentation on Securities Fraud – Fall 2018
- Taught Class at MSU on cryptocurrency – Fall 2018
- Capital Formation Presentation for the Montana Small Business Development Center – Fall 2018
- Securities Fraud Presentation to the Montana Banks and Credit Unions Association – June 2019
- Protecting Yourself After Retirement Presentation – Helena – July 2019

Upcoming Events:

- Money Matters for Montana Women – Havre, Billings, Glasgow, Glendive – October 3-11, 2019
- Senior Fraud Events – Lewistown, Shelby, Malta, Fairview, Miles City and Columbus – October 3-11, 2019
- Investment Advisor Workshop – November 7, 2019
- Stopping Senior Exploitation 101(Training for Law Enforcement and County Attorneys), October. 2, 2019
- Presentations on Opportunity Zones in Montana - September 2019



Securities Enforcement Highlights

Fraud Investigation and Prosecution:

FY2019:

- 9 Fraud Cases (administrative, criminal, jointly prosecuted through the Federal system)
- 326 victims
- 26 total years jail time
- \$3,948,558 in restitution ordered

Securities Restitution Fund- For victims of securities fraud

- 20 victims received restitution assistance
- 15 of these victims were 60 or older (or 75% of the victims)
- \$175,112.30 total payments to these victims



Questions?

