

OVERVIEW

Elected Official: Troy Downing, State Auditor, also the Commissioner of Securities and Insurance

CONSTITUTIONALLY DESIGNATED OFFICE

Under Article VI, section 1, the State Auditor is listed with the other constitutionally named officers in the executive branch. Under Article VI, section 4, subsection (5), the duties of the state auditor are as "provided by law."

The statutory listing is under 2-15-601, MCA. A deputy state auditor is provided for in 2-15-602, MCA. The state auditor serves as the ex officio securities commissioner, pursuant to 2-15-1901, MCA, and as the ex officio commissioner of insurance, pursuant to 2-15-1903, MCA. The state auditor also serves on the Land Board and the Board of Hail Insurance.

Under SB 125, enacted in 2019, the State Auditor is to oversee the activities of the Montana Reinsurance Association and appoint an insurer director who is a member of the association. SB 125 assigns other duties to the State Auditor, including designation of staff to attend board meetings as an ex officio member, adoption of rules, and collection of assessments and federal funding, among other tasks.

DUTIES & RESPONSIBILITIES

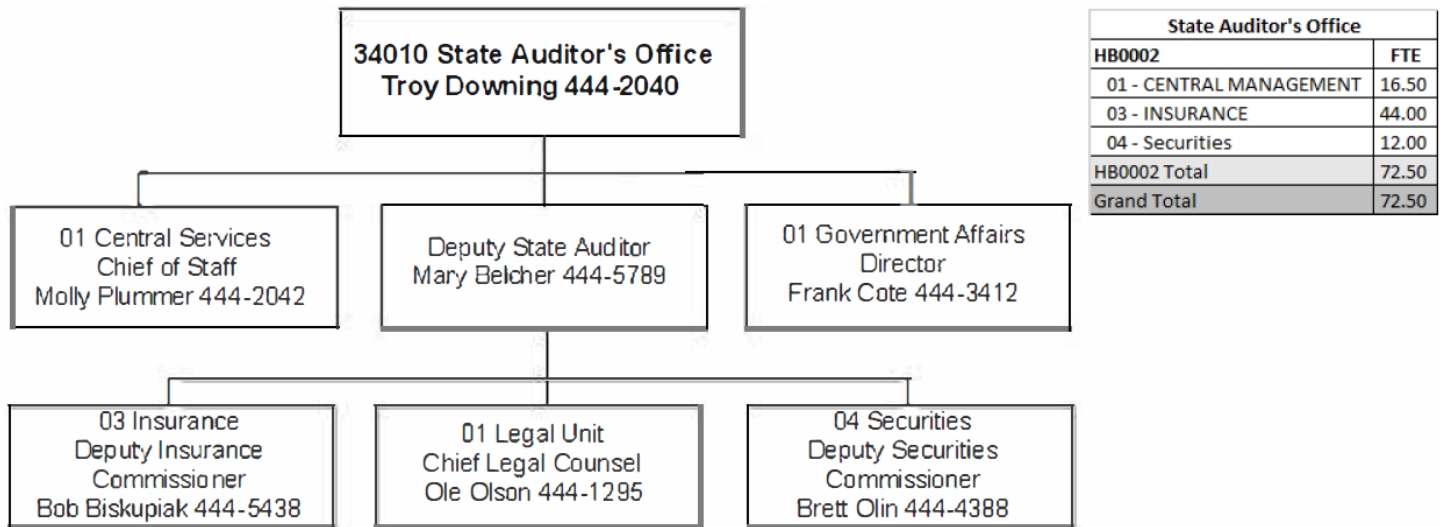
The State Auditor:

- Regulates certain securities activities in Montana under Title 30, chapter 10, parts 1 through 3 and part 10, including registration or filing of securities, registration, examination, investigation, and discipline of broker-dealers, investment advisers described in 30-10-201, or other securities salespersons.
- Regulates under Title 33 certain insurance products, insurers, and insurance producers in Montana as well as certain aspects of health service corporations and health maintenance organizations.
- Collects premium taxes on insurance policies.
- Oversees transfers of insurance premium taxes to certain pension and disability trust funds. Another transfer from the general fund is required for fire department relief associations.

BOARDS AND OTHER ENTITIES TO WHICH THE STATE AUDITOR IS STATUTORILY ASSIGNED:

- Land Board
- Board of Hail Insurance (which is statutorily assigned to the Department of Agriculture)
- Montana Reinsurance Association, which—although a nonprofit and not a state entity—is assigned as a component unit to the State Auditor's Office for auditing purposes. The State Auditor is on the association's oversight board.
- Board of State Canvassers (along with the Superintendent of Public Instruction and Attorney General under 13-15-502, MCA)

ORGANIZATION CHART



LEGISLATIVE AUDITS

- Financial Compliance Audit (2019-2020), March 2021. No recommendations.
- Current Financial Compliance Audit (2021-2022) in progress, expected completion later this year.

EAIC POTENTIAL AREAS OF INTEREST

- Bail Bond Industry
- Flood & Wildfire Rating for P & C Insurance
- Title Insurance

SAO - BIENNIUM BUDGET FOR FY 2024 AND FY 2025*

Divisions	FTEs	House Bill 2 via State Special Revenue	Statutory Appropriations	Total All Sources
Central Management	16.5	\$4,690,598		\$4,690,598
Insurance Division**	44	\$34,655,688		\$34,655,688
Securities Division	12	\$3,269,113	\$300,000	\$3,569,113
Other*			\$88,907,324	\$88,907,324
Total	72.5	\$42,615,399	\$89,207,324	\$131,822,723

* Other includes: General fund pass-through to fire and police retirement funds.
 ** Additional funding includes appropriation of \$19,862,286 for the Montana Reinsurance Association.

STATE AUDITOR'S OFFICE REVENUE SOURCES FOR FY2024

Type	Amount	Distribution	
		General Fund	State Special
Insurance Premium Tax	\$ 151,133,131	\$105,838,000	\$ 45,295,131
Reinsurance Assessment SB125	\$10,339,735		\$10,339,735
Fire Insurance Premium Tax	\$9,970,000	\$9,970,000	
Insurance Licenses and Permits	\$6,631,000	\$34,000	\$6,597,000
Captive Licenses and Permits	\$164,000		\$164,000
Retaliatory Tax	\$765,000		\$765,000
Insurance Fines	\$53,000	\$53,000	
Securities Licenses and Permits	\$20,741,000	\$20,741,000	
Securities Fines	\$7,000	\$7,000	
Securities Portfolio Registration Fees	\$10,294,039		\$10,294,039
Genetics Program	\$1,446,879		\$1,446,879
Total Agency Revenue	\$211,544,784	\$136,643,000	\$74,901,784

RELATED LEGISLATION PASSED IN 2023

During the 2021-2022 interim, the Montana State Auditor requested **seven** bill drafts. Of the **four** drafted and introduced, **all** were passed and approved:

- HB 61 Eliminates the Insurance Advisory Council; allows contracts for education course review.
- HB 62 Creates a surety bail bond insurance license; provides for application and training requirements; provides arrest authority to a surety bail bond insurance producer.
- HB 156 Revises securities laws relating to disclosure of financial exploitation of an older person; revises laws relating to commissioner access to insurance records; removes certain service of process fees; revises the penalty relating to certain surplus lines filings; defines pharmacy services administrative organizations; revises laws relating to the appointment of foreign or alien societies; revises laws relating to commercial lines policies; revises laws relating to the filing of variable life insurance contracts. (Housekeeping Bill)

SB 49 Revises cabin site sales; revises the cancellation of sale requirements.

Other insurance related legislation:

HB 178 Revise workers' compensation laws related to social or recreational activity.

HB 263 Requires insurance coverage for refill or prescription eyedrops under certain circumstances.

HB 302 Requires insurance coverage of a 12-month supply of prescription contraceptives.

HB 303 Implement Medical Ethics and Diversity Act.

HB 332 School district health insurance trust

HB 379 Continues the prohibition that prevents a pharmacy benefit manager from requiring federally certified health entities to identify 340B drugs; extends the termination date to June 1, 2025.

HB 505 Increases the initial policy or certificate limit for funeral insurance from \$15,000 to \$25,000.

HB 567 Revise health insurance navigator training

HB 591 Implements the model travel insurance act; provides for a limited lines license; provides for travel protection plans, sales practices, travel administrators, definitions, and rulemaking authority.

HB 612 Revises insurance coverage requirements for self-management training and education for diabetes.

HB 615 Revises deductible requirements for professional liability insurance coverage for real estate broker and salesperson licensees.

HB 665 Requires minimum insurance coverage for preventative, diagnostic, and supplemental breast examinations.

HB 668 Revises laws related to service contracts to include vehicle theft protection products; provides requirements for conducting business, definitions, disclosures for vehicle theft protection

product warranties, and that certain vehicle theft protection products and service contracts are not subject to the insurance code.

HB 808 (Vetoed) (Override failed)	Revises laws related to surety bail bond insurance; provides qualifications for a surety bail bond insurance license, license requirements and training, arrest authority of a bail bond surety insurance producer; revises surplus lines insurance laws; revises rulemaking authority.
HB 836	Allows for the Commissioner of Insurance to issue a regulatory sandbox waiver with respect to requirements of the insurance code; provides for considerations and limits, consumer disclosure, time limitations, fees and penalties, and rulemaking authority.
SB 165	Establishes a duty of cooperation of an insured or a third-party claimant toward in insurer when dealing with claims and seeking recovery of benefits under an insurance policy.
SB 236	Establishes standards to be satisfied by a third-party claimant when delivering a written time-limited demand to an insurer; requiring a third-party claimant to deliver available supporting documents; providing fair and reasonable opportunities for an insurer to investigate and evaluate claims.
SB 260	Exempts certain insurers from unfair claims settlement practice requirements; exempts captive insurance entities except for risk retention groups.
SB 310	Revise presumptive occupational disease laws.
SB 340	Establishes limits on cost-sharing amounts for insulin prescriptions.
SB 380	Generally revises health care insurance laws; provides for prior authorization requirements.
SB 492	Revises laws relating to the recovery of costs in an action for which an insurer has been found to now owe a duty to defend the insured; prohibits an insurer from recovering certain costs; provides an exception allowing an insurer to recover certain costs.
SB 516	Requires insurance coverage of fertility preservation services for people diagnosed with cancer. Requires State to defray costs of the mandate (Est. \$137,000/yr.)