

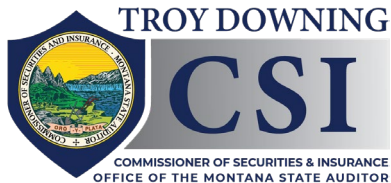


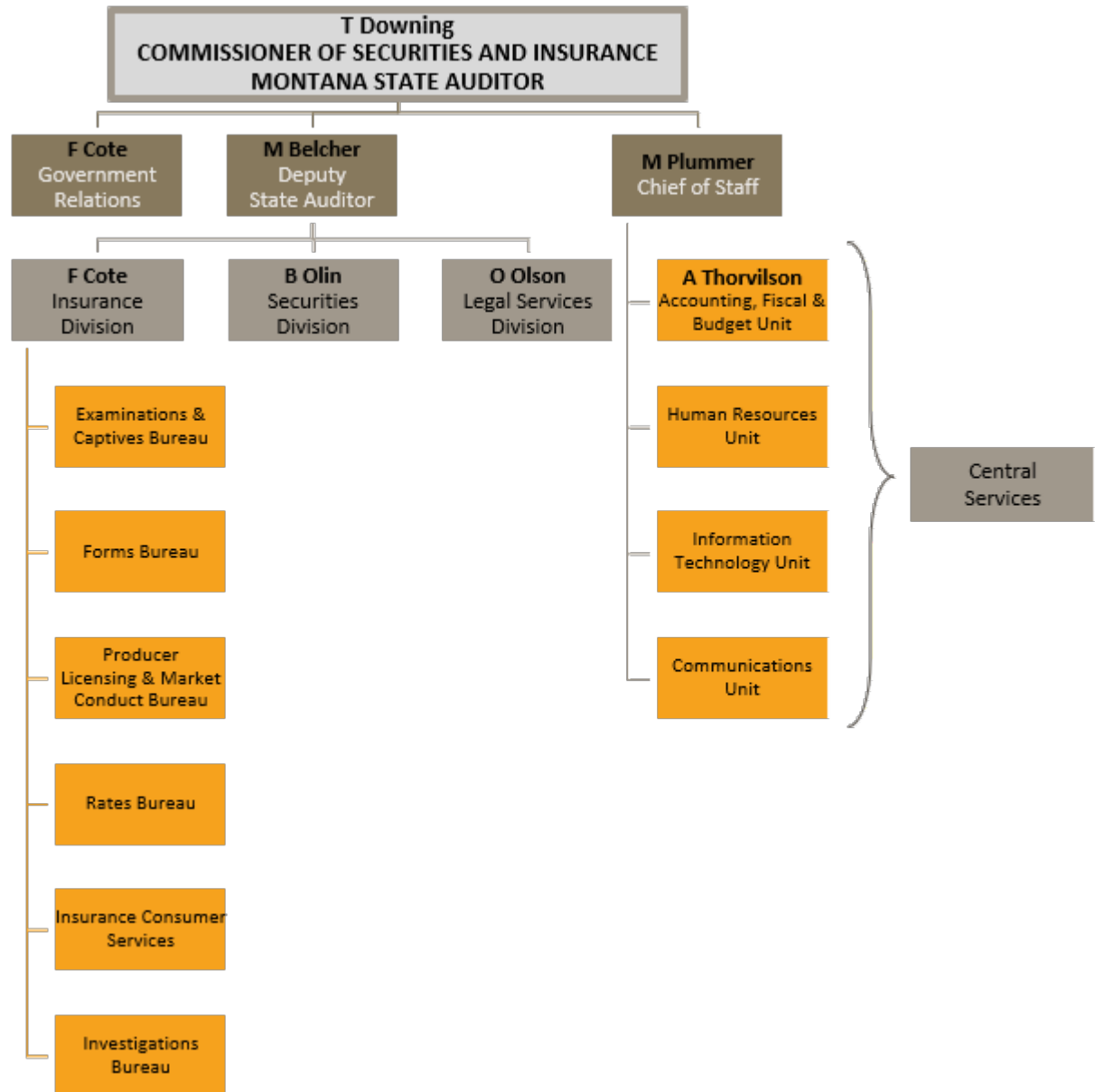
PROTECT.  
EDUCATE.  
GROW.

DECEMBER 13, 2023

---

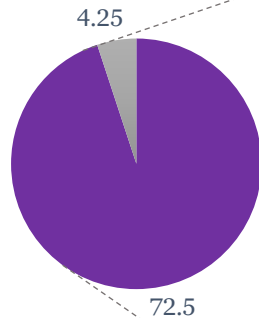
SECTION A IBC MEETING





# AGENCY STAFF

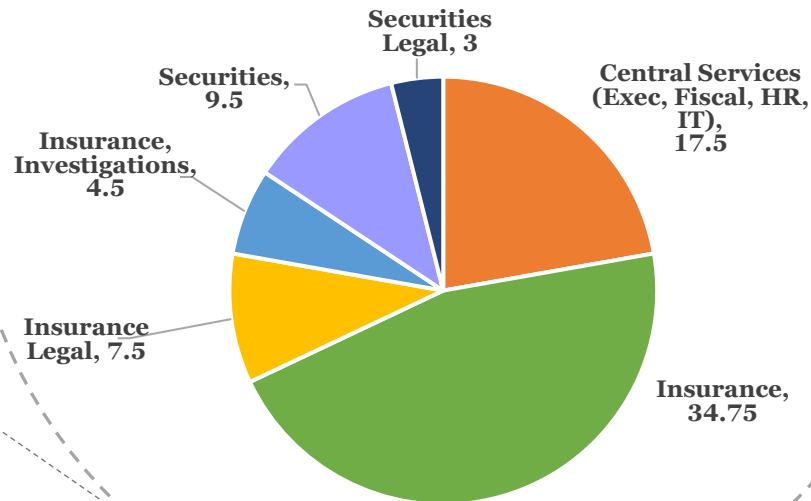
## 76.75 Total Positions



- Budgeted Positions (HB2)
- Modified, Non Budgeted Positions

- 2 Administrative Authority (MSF)
- 1 IT
- 2 (.5) Interns
- .25 Temp. Training - Succession

## Approved Staffing: 76.75 Full-time Equivalent (FTE) by Area



**62 Total Employee Count**

# 2025 BIENNIUM GOALS AND OBJECTIVES

## CSI STRATEGIC PLANNING, 2023 ROADMAP & OUTCOMES



### LEGISLATIVE EFFECTIVENESS

- **Build and execute a successful government relations strategy to protect consumers and foster a strong insurance and securities marketplace for Montanans through fair and efficient regulation**
  - › Work with legislators on their priorities to help protect consumers of securities and insurance
  - › Promote CSI 2023 legislative agenda
  - › Implement 2023 legislation impacting the CSI and conduct agency and stakeholder education



### EXPANDED OUTREACH

- **Deliver meaningful communication to educate, inform and empower consumers and industry**
  - › Enhance agency's online presence and information accessibility
  - › Deliver relevant consumer-focused training and education
  - › Promote Montana as the captive domicile
  - › Promote State Trust Land stakeholder engagement



### LEGAL PROSECUTION & ENFORCEMENT

- **Enforce compliance with state laws, hold bad actors accountable, advocate for victims**
  - › Maintain CSI as a lead in white collar crime investigation and enforcement
  - › Dedicate resources to handling enforcement actions in-house
  - › Support and promote CSI Financial Abuse Specialist Team (FAST) to protect seniors



### INTRA-AGENCY EFFICIENCY

- **Promote effective, efficient, and transparent management and stewardship of state resources**
  - › Assess agency desk-level policies and procedures and update as needed
  - › Encourage and support process improvement opportunities
  - › Expand market conduct oversight
  - › Build and foster agency talent management

## LEGISLATIVE EFFECTIVENESS

---

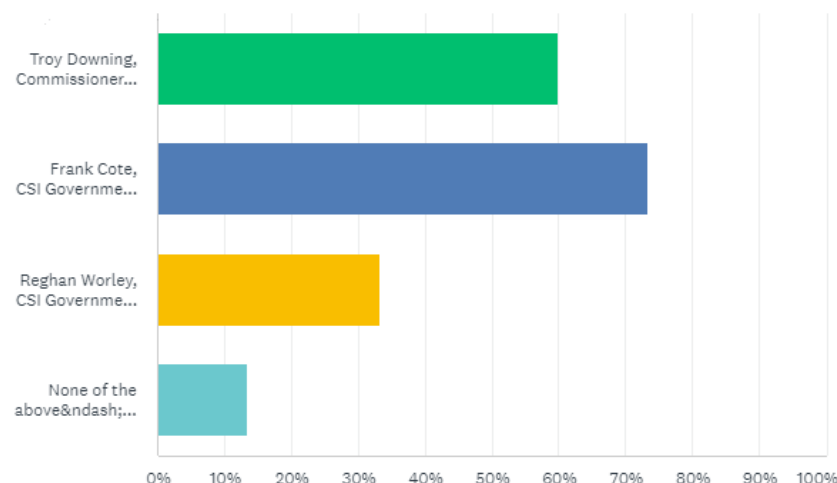
Build and execute a successful government relations strategy to protect consumers and foster a strong insurance and securities marketplace for Montanans through fair and efficient regulation

- Survey legislators post-session regarding agency interaction and helpfulness
- Agency success in passing its five bills
- Completion of implementation plans based on respective bill timeline
- Reduced red-tape and eliminated unnecessary councils through the housekeeping bill (CE advisory council; Surplus lines Advisory Council; Service of process procedures, etc.)

## 2023 LEGISLATIVE SURVEY

During the 2023 Legislative Session, did you have any interactions with the following CSI team members?

Answered: 15 Skipped: 0



### Q1

During the 2023 Legislative Session, did you have any interactions with the following CSI team members?

### Q2

5 - Excellent

How would you rate the quality of service provided by the CSI?

### Q3

4 - Good

How would you rate the communication with our team?

### Q4

Yes

Did our team promptly respond to the issues you raised during the legislative session?

### Q5

No

Was the CSI team professional in their communication?

### Q6

Yes

Was the information provided to you by the CSI accurate?

### Q7

Yes

Were you able to easily access our staff for any issues you had during the legislative session?

### Q8

Please provide any additional feedback you have for the CSI about the 2023 session.

Thank you for your public service



# EXPANDED OUTREACH

---

Deliver meaningful communication to educate, inform and empower consumers and industry

## SECURITIES

- Conducted Protecting the Big Sky Investor Protection Tour (12 events; 200 people)
- Participated in Elder Exploitation Bingo events (11 events; 230 people)
- Capital Formation Summit, and Investor Advisor Symposium

## INSURANCE

- Developed and taught 2023 Legislative changes continuing education program
- Represented Montana at captive industry conferences
- Montana is the 5<sup>th</sup> largest captive domicile in the US.
- Expanded CSI website to include resources and materials dedicated to Indian Country
- Held Insurance Summit

## LEGAL

- CSI Attorneys trained over 100 Montana prosecutors on criminal enforcement topics at the Montana County Attorneys Association and the Montana Law Enforcement Academy.

## OTHER

- Actively participated in Land Board meetings.
- Published the 2022 CSI Annual Report

# EXPANDED OUTREACH

Deliver meaningful communication to educate, inform and empower consumers and industry

We continue to develop our website with additional features and fresh, quality content to help consumers and industry easily locate information, report fraud, and submit documents. The team also produces a monthly internal newsletter to foster communication within agency staff and build strong team cohesion.

## 2023 OUTREACH SUMMARY

- 318 social media posts
- 32 News Stories on CSI
- 22 press releases
- 13 newsletters
- 7 podcasts
- 2 commercials
- 6 op eds/guest views

## EVENTS AND PUBLICATIONS

- 12 Fraud “Defending Your Dollars” Bingo Events
- 3 Career Fairs representing our agency to recruit positions and our internship program
- Developing Financial Literacy in Indian Country Program
- Developed 2023 Communication & Cultural Awareness Report
- Insurance Summit with over 200 attendees
- Investing in Montana Summit with over 120 attendees
- Investment Advisor Symposium
- Eastern Montana Protecting the Big Sky Tour included 12 cities
- Published the 2022 CSI Annual Report? Medicare Open Enrollment PSA
- Medicare open enrollment PSA
- Military Protecting Your Finances Radio Spots
- Wildfire Awareness TV Commercial
- Flood Awareness TV Commercial



# COMPLIANCE, LEGAL PROSECUTION & ENFORCEMENT

Enforce compliance with state laws, hold bad actors accountable, advocate for victims

## AGENCY EXAMINATIONS/REVIEWS

- **SECURITIES:** Securities conducted 12 targeted BD Exams and 20 IA exams (now funded by the IA's themselves)
- **INSURANCE MARKET CONDUCT:** Conducted 2 market conduct examinations
- **RATES BUREAU:** Completed review of approximately 4,000 rate filings
- **INVESTIGATIONS:** For CY 2022 and 2023, Investigations has experienced a cumulative 60% increase in fraud referrals
- In CY 2023, Investigations had 76 cases referred to Legal for either administrative or criminal action
- In CY 2023, fraud reports reflected a 12% decrease in consumer fraud reports and a 100% increase in producer fraud reports
- Summary of Investigations:

### ENTITY

Adjuster	2
Auto Body Repair	8
Bail Bonds	7
Company	4
Consumer	244
Contractor	8
Medical Provider	40
Producer	40
Public Adjuster	2
<u>Title Insurance</u>	<u>2</u>
Grand Total	<b>357</b>

# COMPLIANCE, LEGAL PROSECUTION & ENFORCEMENT (continued)

Enforce compliance with state laws, hold bad actors accountable, advocate for victims

- **LEGAL** prosecuted criminal administrative insurance fraud statewide, with 56 enforcement actions filed in 2023 and nearly \$1.5 million in ordered fines and restitution
  - Securities Enforcement Actions (5), resulting in over \$600K in ordered fines (CY2023):
    - Nexo Capital - \$212,264.15 fine ordered (1/31/23)
    - Lavish Auto – \$10,000 fine ordered (10/26/23)
    - Raymond James - \$100,000 fine ordered (11/16/23)
    - Vbit - \$180,000 fine ordered (9/25/23)
    - Robinhood - \$100,000 fine and \$100,000 in restitution assistance fund payment
- Working with U.S. Attorney's office on several joint federal-state investigations and prosecutions
  - ▶ In early 2023, CSI completed an investigation into premium diversion activities of Kileen Hagadone, owner of Rosebud County Insurance, Inc. She recently pled guilty in federal court to wire fraud and to aggravated identity theft. Hagadone faces a maximum of 20 years in prison, \$250,000 fine and three years of supervised release on the wire fraud crime and a mandatory minimum of two years in prison (consecutive to any other punishment), a \$250,000 fine and one year of supervised release on the aggravated identity theft crime.
- **CSI FINANCIAL ABUSE SPECIALIST TEAM** processed 28 referrals to date in 2023 of elder abuse, a 350% increase over 2022; referrals Complete initial review of referrals within 72 hours. Complete annual tracking of referral and outcomes
- 23 referrals resolved year to date that included coordinated responses by various agencies to bring justice to elderly Montanans
- **LEGAL:** CSI has almost doubled the number of criminal enforcement actions filed in 2023 compared to 2022, while cutting our outside counsel fees by 43%

# INTER-AGENCY EFFICIENCY

---

Promote effective, efficient, and transparent management and stewardship of state resources

- **INVESTIGATIONS/SECURITIES – INVESTIGATIONS CASE MANAGEMENT SYSTEM (SIIMS):** Commenced in 2023 as a means of improving our investigative process to reduce administrative time in tracking and documenting investigations, provide a central secure depository for documents and evidence, provide robust reporting to identify insurance fraud trends in the state, and provide easier access to reporting for consumers. Currently, implementation is the final stages of development with the contractor, with beta testing and commissioning anticipated in the first half of 2024
- **INSURANCE—INVESTIGATIONS AND INSURANCE COMPLIANCE SERVICES:** These two bureaus were combined into one, creating efficiency and synergy
- **LEGAL:** CSI has almost doubled the number of criminal enforcement actions filed in 2023 compared to 2022, while cutting our outside counsel fees by 43%
- **RATES:** Streamlined agency's ACA and Medicare Supplement online resources
- **AGENCY:** 70% of agency has completed comprehensive desk-level policies and procedures inventory, review and consolidation. Intranet has been created for master repository
- Promote and support of staff development

# Questions?