

OIC 2025 Overview

Presentation to Senate Business, Financial Services, and Trade Committee
January 10, 2023

OFFICE of the
INSURANCE
COMMISSIONER
WASHINGTON STATE

OIC Primary Responsibilities

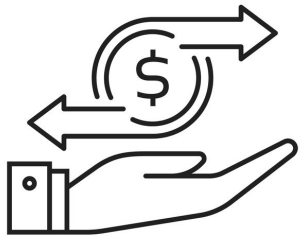
- Consumer Protection
- Collect premium tax for general fund
- Monitor insurance company solvency
- Producer licensing and oversight
- Rates and forms approval
- Enforcement of federal and state laws
- Implementation of new laws/Rulemaking

2023-2025 Revenue

- $1.7 Billion projected to the General Fund
  - $1.65B from premium taxes
  - $50M from licensing and appointment fees
  - $5M from penalties assessed
- $49.9 Million to the Health Benefit Exchange Account
- $70.6 Million to the OIC regulatory account
- $3.7 Million to the OIC Fraud account

2023-2025 Operating Budget

- OIC has no GF-S appropriation
- OIC's biennial appropriation is $91.837 million with 286 FTEs. It is funded via:
  - Regulatory surcharge account
  - Fraud surcharge account
  - Federal grants ($4.72M)



- Any excess fund balance in the OIC operating accounts is required to be returned to the organizations paying into the accounts.

Company Supervision 2024

OIC regulates over 3000 insurance and risk-bearing entities.

Financial examinations:

- To ensure insurers are solvent and can pay claims – at least once every 5 years per insurer/holding company
- 35 domestic insurers- quarterly and annually
  - Including 19 in-depth financial examinations
- 1,500 foreign insurers- quarterly
- 300 charitable gift annuities, 100 service contract providers- annually

Market Conduct:

- Market Analysis: Informed by, e.g. consumer complaints and enforcement actions in other states
  - Focus on compliance with all other state and federal laws, other than financial
  - 153 reviews of 120 companies – 65 entities had two levels of review
- Market continuum: Investigation to obtain data and information from companies
  - 70 continuums; some involve the same companies
  - Closed 32 continuums – with 14 with potential violations (could be multiple violations) referred for legal enforcement

Office of the Insurance Commissioner

Types of P&C companies OIC regulates

- Authorized companies (RCW 48.05)
  - Licensed (750 P&C companies and another 200 liability only)
  - Insurance producers (agent/brokers)
    - ~74k producers
  - Review and approve policy forms and rates
    - ~2000 policy filings and 1500 rate filings per year
- Unauthorized companies (RCW 48.15)
  - Unlicensed- About 14% of the market
  - Do NOT review and approve policy forms and rates
  - Surplus line brokers
    - ~4.3k licensed brokers
- Risk Pools (RCW 48.62)
  - Allows local governments to individual self insure or jointly create risk pools
  - Regulated the state risk manager office within DES
- Risk Retention Groups (RCW 48.92) (liability only)
  - Created by the federal govt., file a notice with OIC when doing business in WA.
  - OIC cannot reject a notice from an RRG.
  - Do NOT review and approve policy forms and rates

Rates, Forms, & Provider Network review

In 2024, we reviewed and approved:

- 11,360 health, life, and disability forms, which includes provider contracts
  - *7,909 provider contracts*
  - *294 health care benefit management contracts*
- 4,007 health, life, and disability rate filings
- 1,907 property and casualty forms
- 1,429 property and casualty rate filings

Producer Licensing and Oversight

July 1, 2023 – June 30, 2024

- Processed 62,704 applications
- Directly assisted 34,715 callers
- Responded to 26,198 email inquiries

Producer Licensing and Oversight

July 1, 2023 – June 30, 2024

With 5 FTEs, the Compliance Team:



- Reviewed 3,483 applications with felony *convictions* revealed
- Requested 11,418 FBI & WSP *background checks* on applicants
- Reviewed 2,811 *Administrative Actions* reported to the OIC
- Contacted 4,439 Licensees to correct issues of *non-compliance*
- Referred *291 cases* to OIC Legal Affairs division for action
- Approved 1,057 *continuing education courses*, and denied 107 other courses

Consumer Advocacy

During State Fiscal Year 2023-2024, OIC:

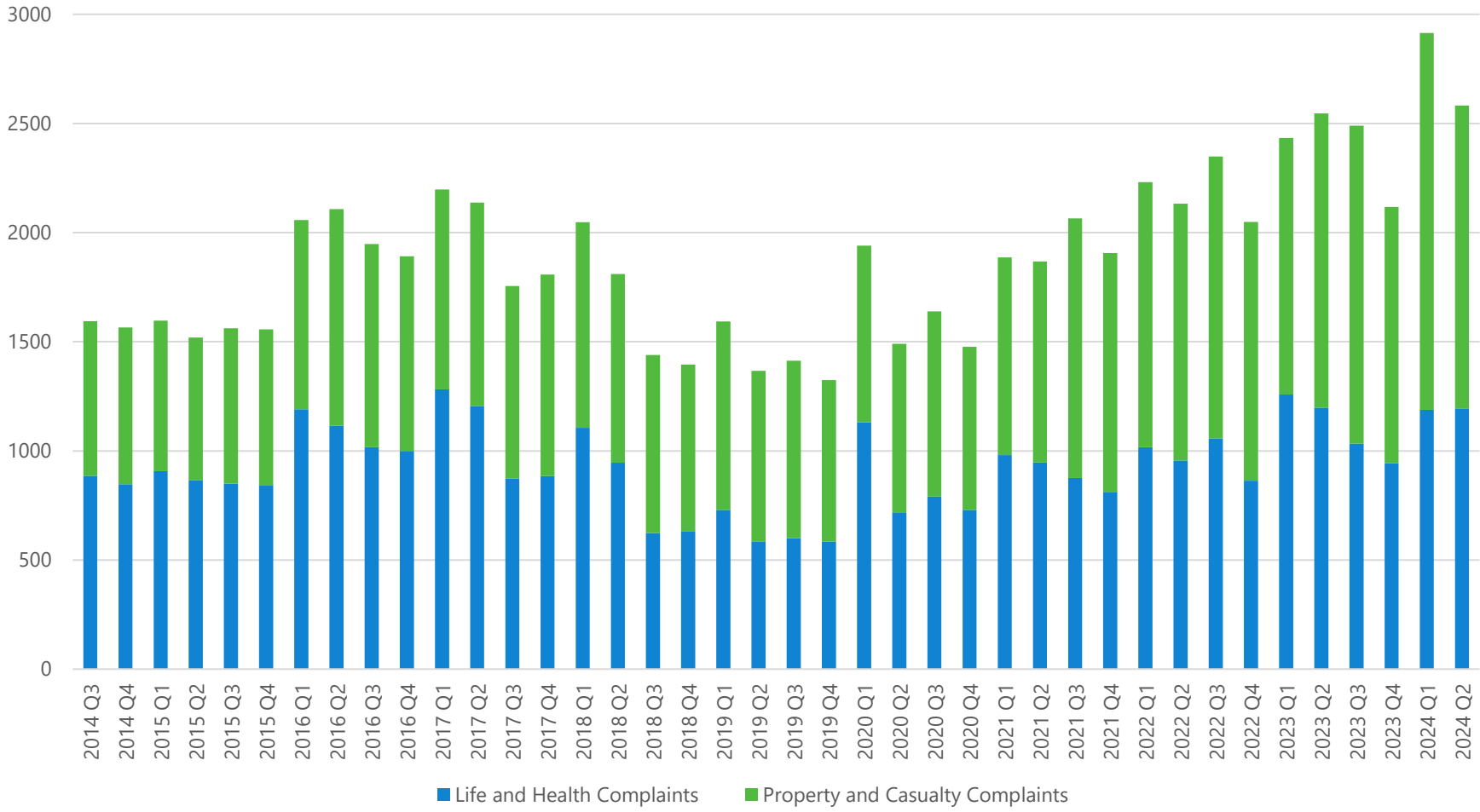
- Processed **almost 10,000 consumer complaints**, leading to **recovery of $45m** for consumers.
- **93,700 contacts with consumers** through:
  - Calls to the OIC consumer hotline
  - Live chat sessions
  - Written consumer inquiries
- Distributed **3,065 insurance-related publications** to consumers.

Top reasons consumers contact us

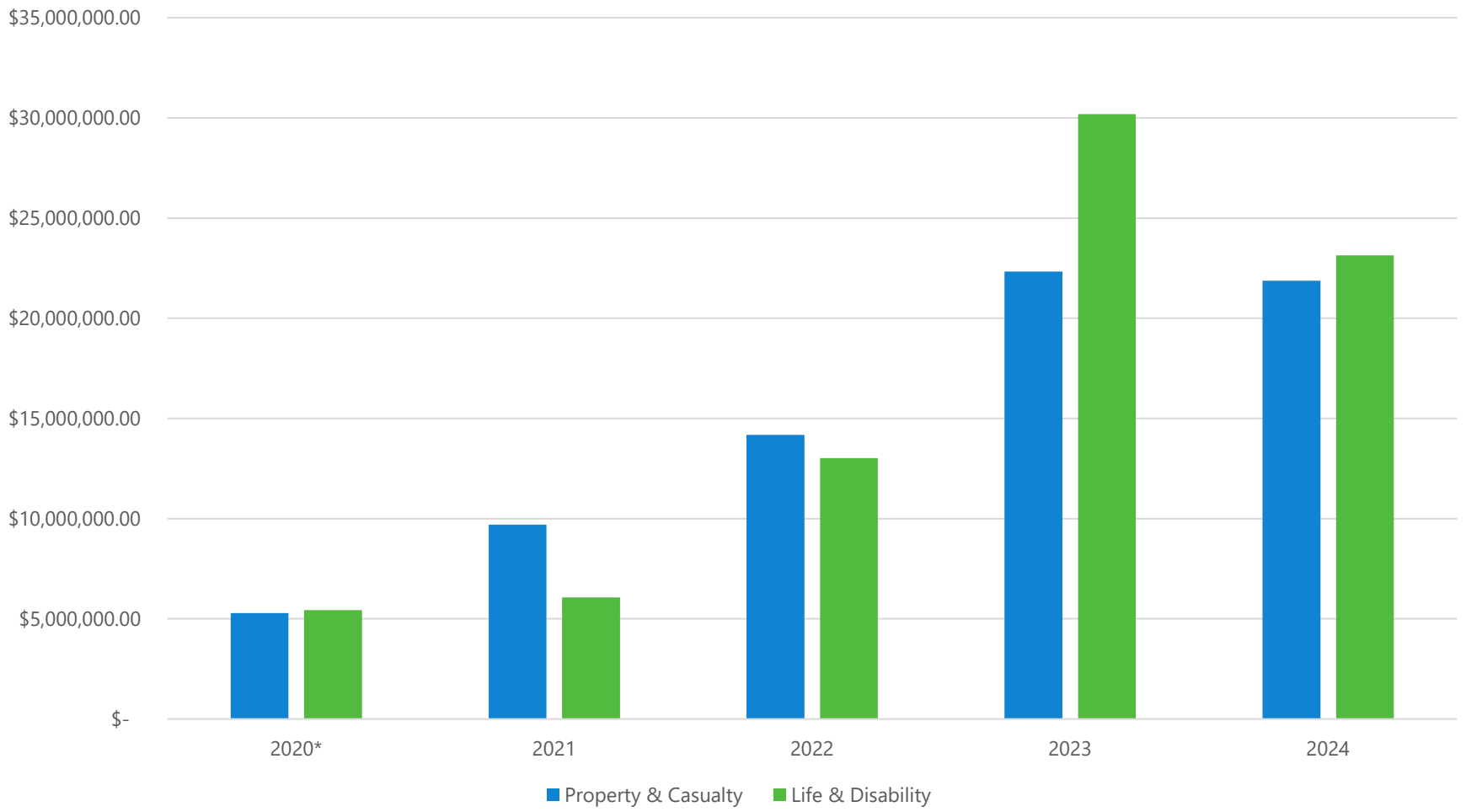
- Claim denials, delays, and disputes
- Coverage issues and appeals
- Network access issues
- Cancellations and renewals
- Rate Increases
- Help navigating their insurance policy and benefits



Complaints per quarter 2014 to 2024

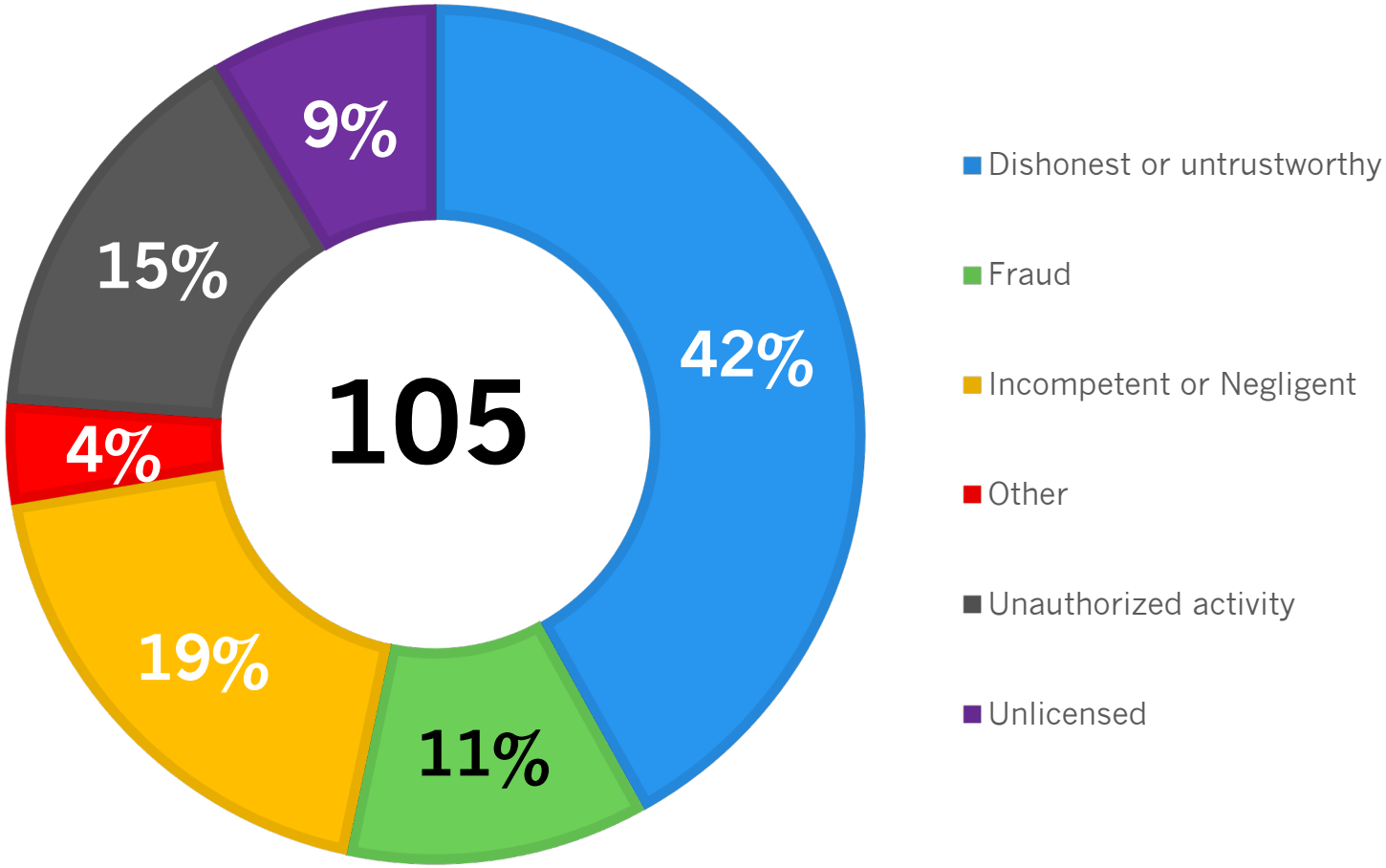


Consumer recoveries per year by unit



* Excludes Single Anomalous Recovery

Regulatory investigations completed in 2024



Enforcement orders issued 2024

159 total enforcement orders

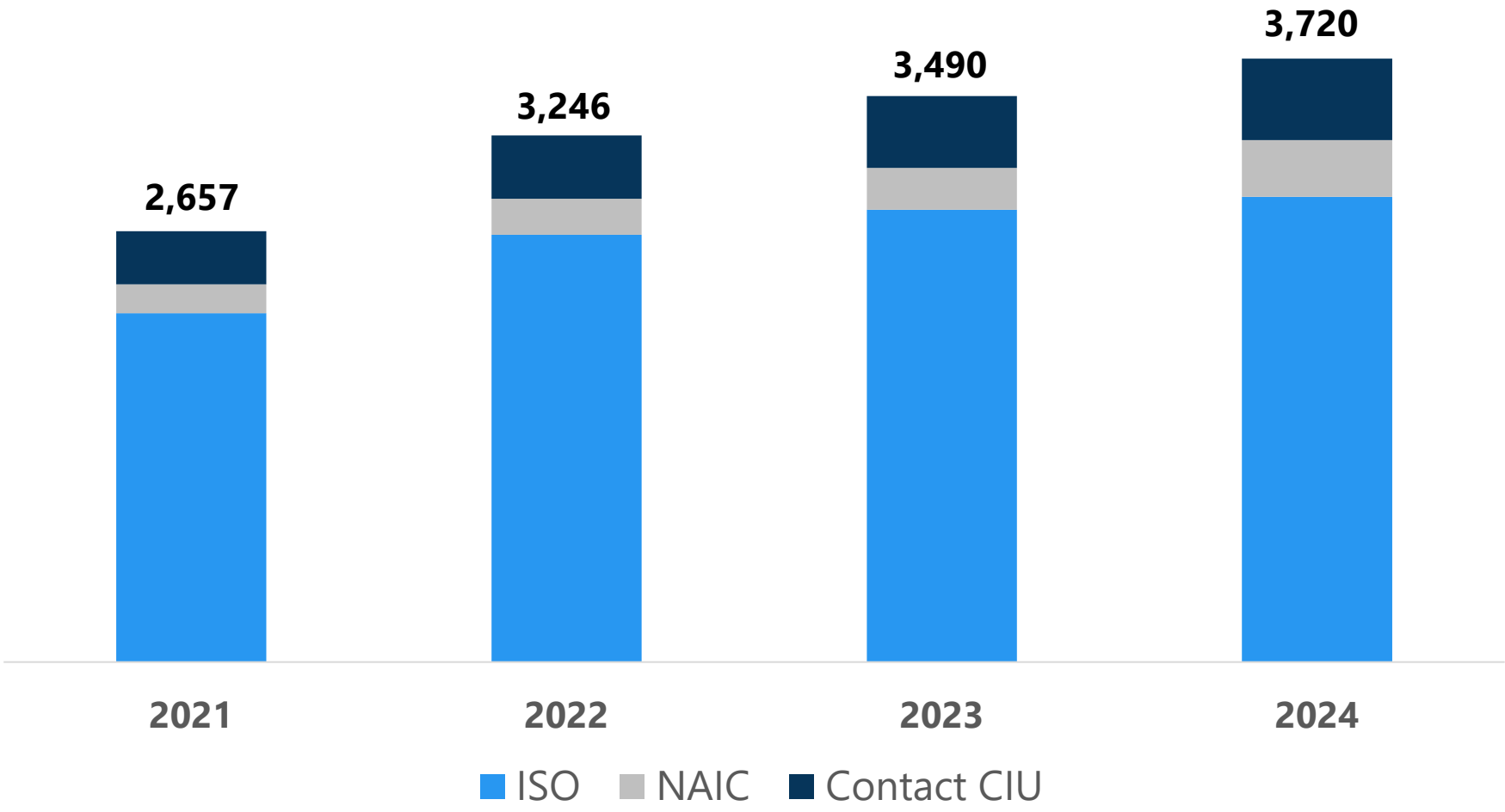
- Revocations
- Consent order with fine
- Cease and Desist

105 enforcement orders with fines

- Companies
- Licensees
- Unlicensed

All fines recovered are distributed into the state general fund

Criminal Fraud referred to OIC



Criminal cases opened

70
Cases opened in 2024

31
Companies represented

15
Counties in Washington State

61%
Property Crimes, 17% - medical providers, 22% - other

Questions?

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