

## PROGRAM DESCRIPTION

Department of Commerce and Insurance

HB Section(s): 7.410

Insurance Operations

Program is found in the following core budget(s): Insurance Operations

### 1a. What strategic priority does this program address?

- Provide help and educate stakeholders so they are better informed problem solvers
- Strengthen our regulatory relationships while ensuring a level playing field to protect and advocate for the general public
- Innovate to make it easier to connect and work with us
- Develop our team, reward great performance, and retain top talent

### 1b. What does this program do?

- Facilitate consumer protection by ensuring insurance companies conduct business according to state law.
- Investigate and mediate complaints against licensees, including agents and insurers to ensure proper handling of insurance transactions and compliance by companies, agents and other licensed entities.
- Maintain Insurance Consumer Hotline (800-726-7390) to answer questions and educate the public and industry on insurance matters.
- Participate in outreach and post-disaster events to provide insurance education and resources and empower Missourians to make informed insurance buying decisions.
- Conducts ongoing analysis of annual and supplemental filings of domestic insurance companies in accordance with NAIC accreditation standards to identify current and developing trends which may lead to insurer insolvency or non-conformance with Missouri law.
- Licenses insurers and insurance related entities to ensure financially sound companies are operating in a Missouri's insurance market.
- Processes and audits premium, surplus lines and captive premium tax filings to ensure the appropriate level of tax is submitted to the state.
- Licenses captive insurance companies used to manage businesses risks and as an economic development tool for the state.
- Reviews insurance policy forms, endorsements, illustrations, marketing materials, underwriting rules and rates to ensure compliance with state insurance law.
- Performs market analysis and investigations of insurance companies operating in this state.
- Licenses insurance producers (agents and agencies) operating within Missouri as well as licenses and registers various other insurance-related entities.
- Conducts financial examinations of domestic insurance companies as required by law to identify current or prospective risks that could lead to insurer insolvency or non-conformance with Missouri law.
- Performs market conduct examinations and investigations of insurance companies operating in Missouri to ensure that policyholders have been treated in accordance with the law and their insurance contracts.

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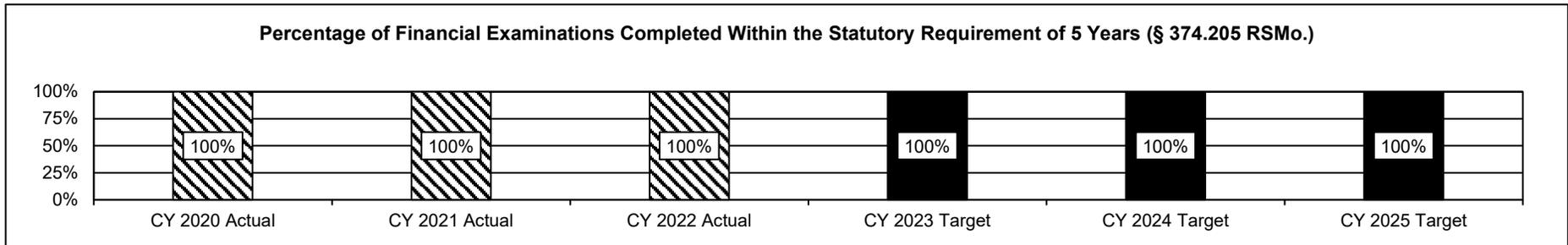
**2a. Provide an activity measure(s) for the program.**

	<b>CY 2020 Actual</b>	<b>CY 2021 Actual</b>	<b>CY 2022 Actual</b>	<b>CY 2023 Target</b>	<b>CY 2024 Target</b>	<b>CY 2025 Target</b>
Consumer Complaints	2,952	2,581	2,706	3,000	3,000	3,000
Agent Investigations	946	639	615	650	650	650
Consumer Communication (phone calls and e-mail)*	13,599	13,022	23,784	25,000	25,000	25,000
Inquiries	2,424	2,518	2,853	3,000	3,000	3,000
Walk-ins**	7	7	14	25	25	25
Outreach Event Public Interactions**	1,000	1,742	1,445	3,000	3,000	3,000
Number of Business Entity Producers, Producers, and Regulated Entities	216,923	258,635	282,714	313,000	346,000	382,000
Number of Domestic Companies	231	234	233	233	233	233
Number of Licensed Companies	2,061	2,068	2,100	2,100	2,100	2,100
Number of Surplus Lines Brokers	2,092	2,250	2,488	2,500	2,500	2,500
Insurance Related Entities	951	998	1,050	1,050	1,050	1,050
Property & Casualty Filings Received	5,345	5,102	4,975	5,000	5,000	5,000
Property & Casualty Insurance Filing Pages Reviewed***	622,583	412,952	464,990	400,000	400,000	400,000
Life & Health Filings Received	3,968	4,244	3,603	4,000	4,000	4,000
Life & Health Insurance Filing Pages Reviewed	1,751,946	1,471,983	1,772,682	1,400,000	1,400,000	1,400,000

\*Beginning in CY 2022, emails started being included in Consumer Communication counts.

\*\*CY 2020, 2021, and 2022 actual lower numbers are due to the COVID-19 Pandemic and its aftereffects.

\*\*\*The larger number of pages reviewed for CY 2020 is the result of a number of large filings that are not anticipated in future years.



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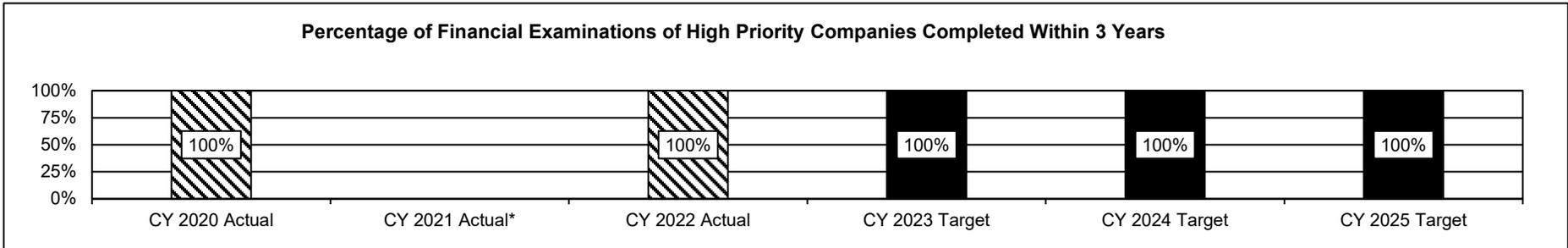
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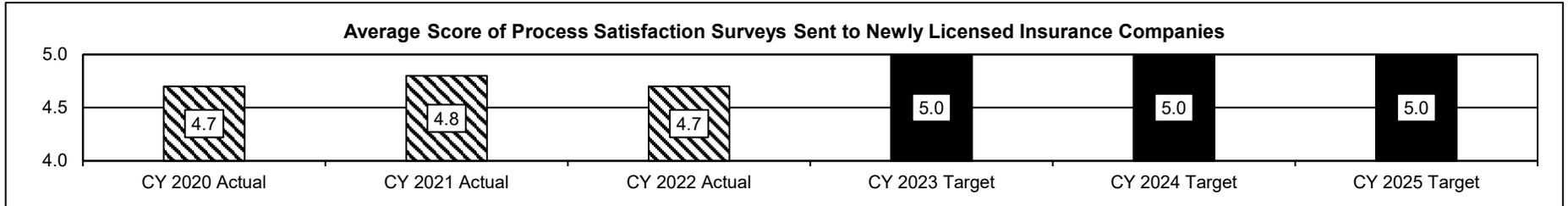
**2a. Provide an activity measure(s) for the program (continued).**



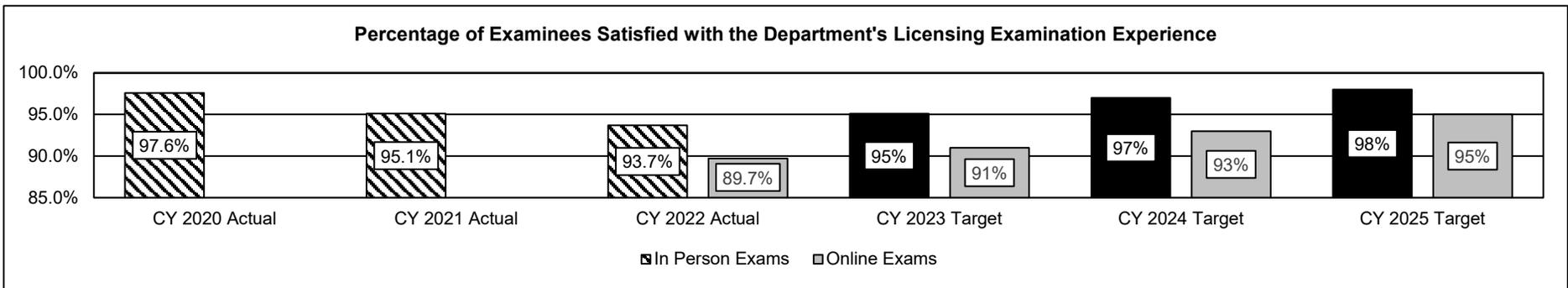
Note: Companies are considered high priority due to the significance of risk factors present or identified.

\*There were no high priority company examinations scheduled for review in CY 2021.

**2b. Provide a measure(s) of the program's quality.**



Scale: 1 = poor, 2 = needs work, 3 = average, 4 = good, 5 = outstanding.



Note: No data is available for online test takers prior to CY 2022.

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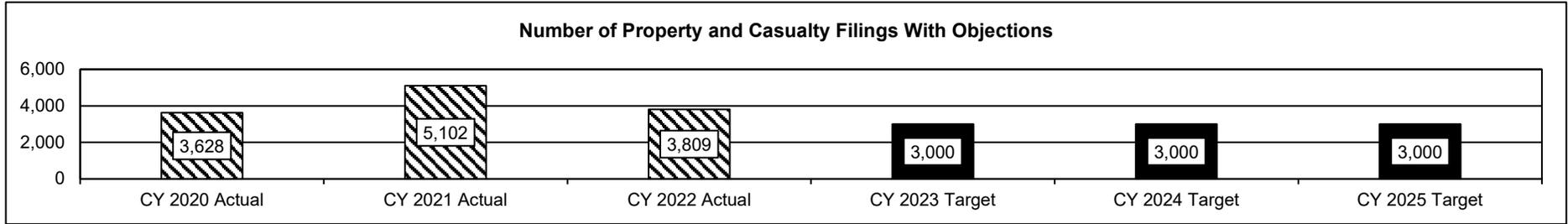
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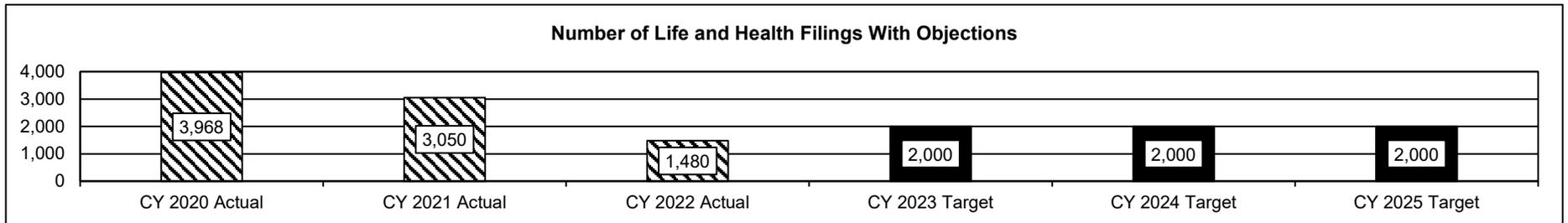
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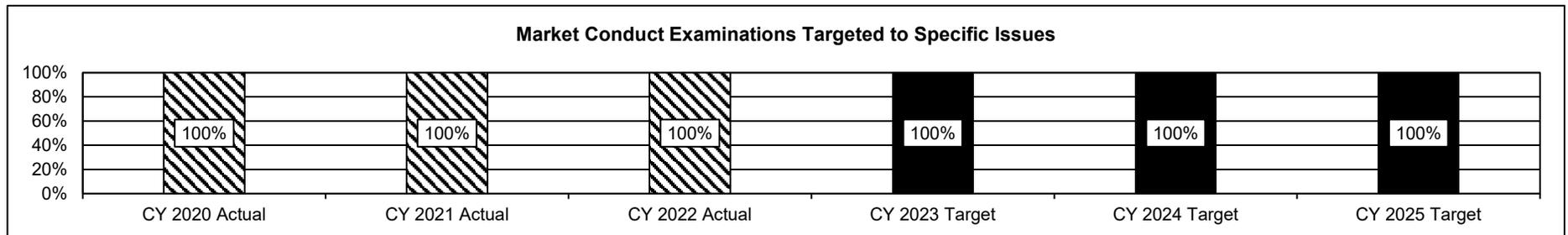
2b. Provide a measure(s) of the program's quality (continued).



Note: Staff notify insurance companies of compliance questions by sending "Objections," asking the insurance company for more information or to correct the compliance issue.



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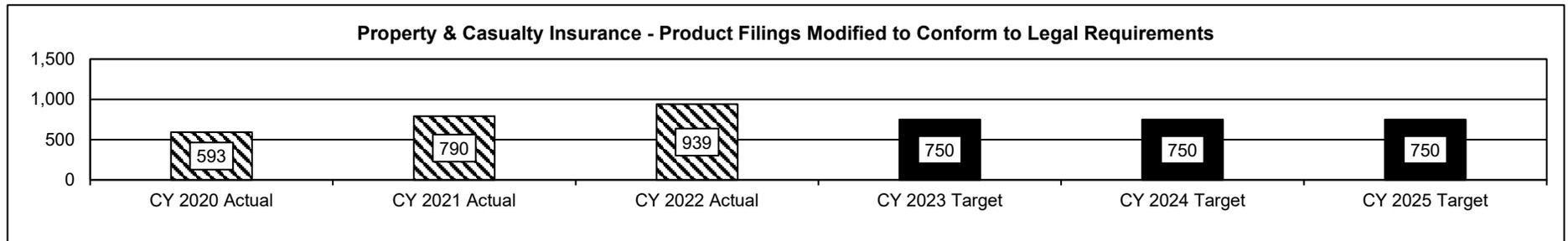
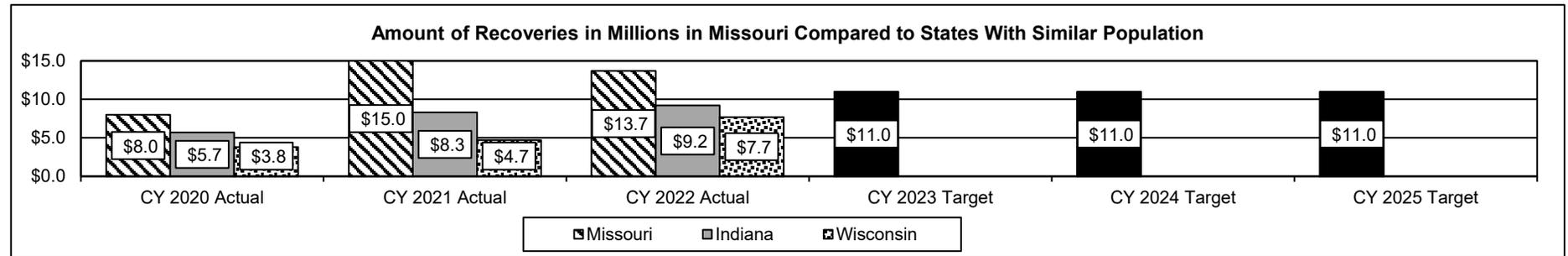
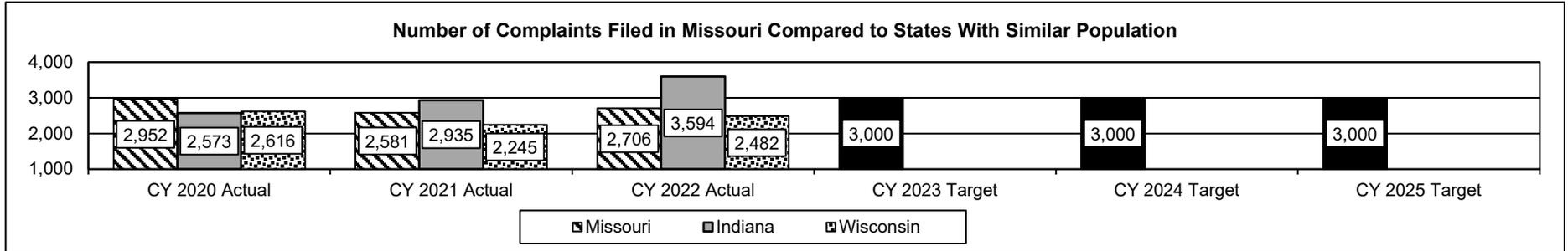
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2c. Provide a measure(s) of the program's impact.



Note: Without the identification and correction of these compliance issues, Missourians would encounter significant problems with their insurance coverage, for example, claims might be denied for services or benefits required under Missouri law.

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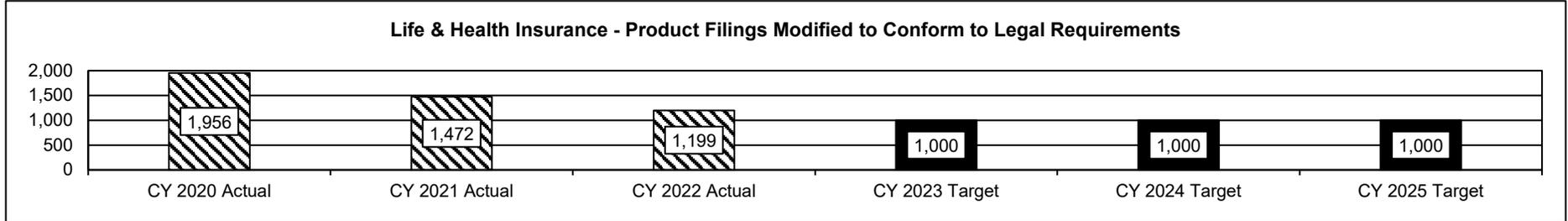
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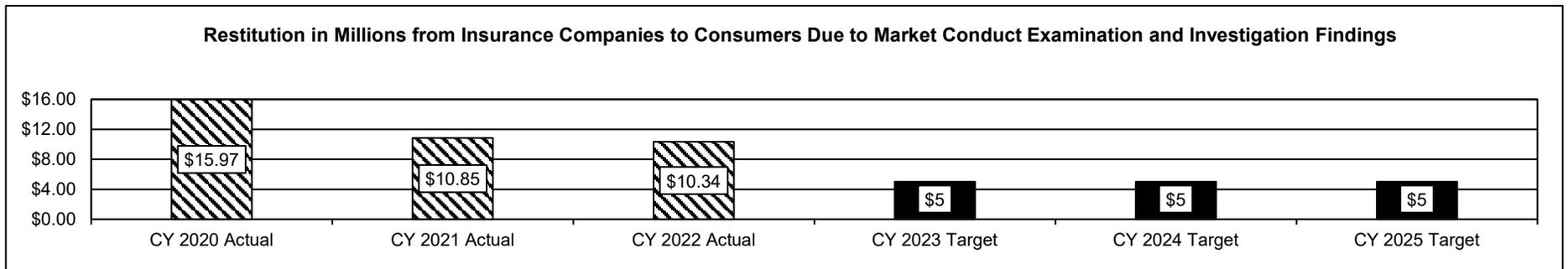
2c. Provide a measure(s) of the program's impact (continued).



Note: Without the identification and correction of these compliance issues, Missourians would encounter significant problems with their insurance coverage, for example, claims might be denied for services or benefits required under Missouri law.

**Tax Revenue Generated from Tax Filings Processed by the Department**

	<b>CY 2020 Actual</b>	<b>CY 2021 Actual</b>	<b>CY 2022 Actual</b>	<b>CY 2023 Target</b>	<b>CY 2024 Target</b>	<b>CY 2025 Target</b>
Surplus Lines Tax Collected	39.3 mil	47.8 mil	60.9 mil	60.0 mil	60.0 mil	60.0 mil
Premium Tax Collected	303.3 mil	341.0 mil	355.3 mil	350.0 mil	350.0 mil	350.0 mil
Captive Premium Tax	2.0 mil	2.0 mil	2.1 mil	2.0 mil	2.0 mil	2.0 mil



Note: There were several large recoveries in 2020 arising from regulatory actions undertaken in 2019. This positively impacted our restitution amounts; however, at this time, we do not anticipate the same level of regulatory activity going forward. That is always subject to change and dependent upon the industry's market behavior.

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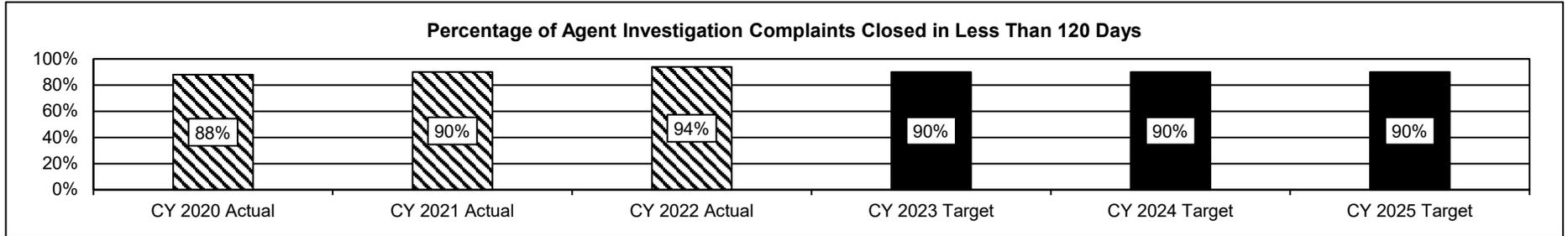
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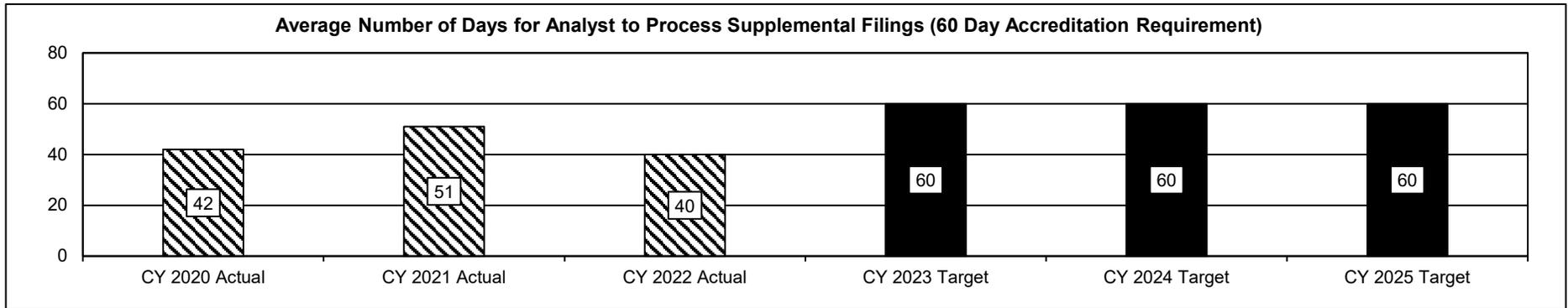
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**2d. Provide a measure(s) of the program's efficiency.**



Note: Regulated entities are required to provide a response within 20 days (20 CSR 100-4.100). An investigation of a consumer complaint against an insurer takes an additional 40 days. The Agent Investigations measure of 120 days is based on the fact that agent investigations, which sometimes involve fraud, court records, interview of witnesses, subpoenas, etc. take longer to investigate. One of the primary missions of the department is to mediate complaints in a timely manner while recognizing the importance of a complete investigation and protection of consumers.



Note: The accreditation requirements regarding the review of supplemental filings is 60 days for priority companies and 120 days for non-priority companies; however, we strive to adhere to a 60 day timeframe for all. Supplemental filings include the Management Discussion and Analysis, Audited Financial Reports, and various other exhibits and filings that are related to but due after the submission of the annual statement. It is important that these supplemental filings be adequately and timely reviewed so that issues and risks that may affect an insurance company's solvency can be identified and addressed during our risk-focused analysis process.

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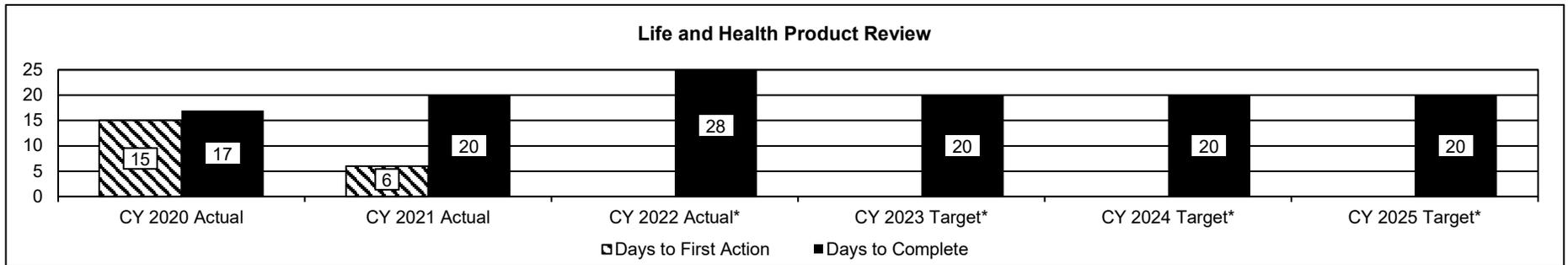
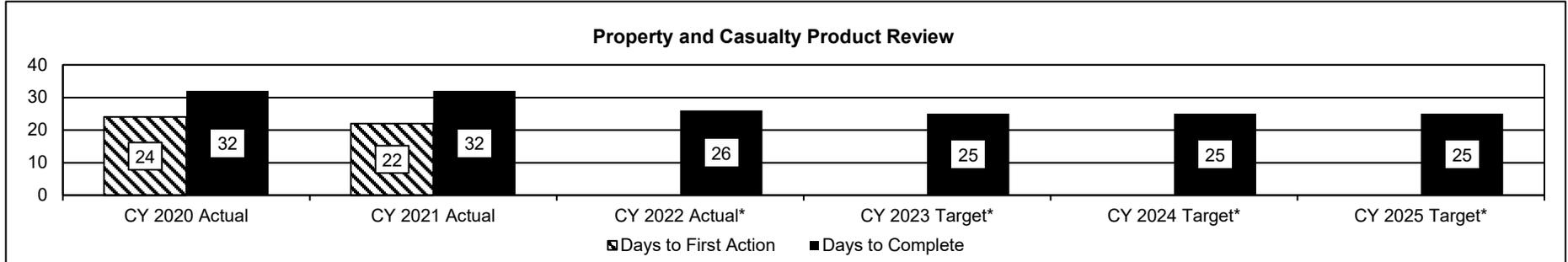
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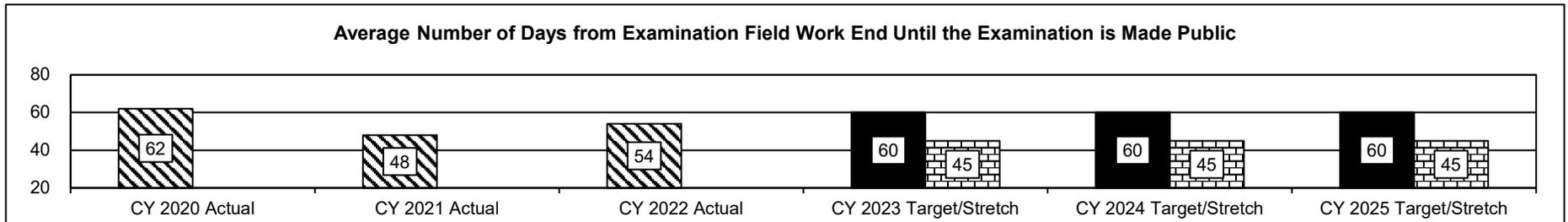
2d. Provide a measure(s) of the program's efficiency (continued).



Note: There are two measures of efficiency in the insurance product review process. The first is how quickly is the initial review completed, which is measured by "Days to Reviewer's First Action". The second measure is the total review time, from submission to final disposition, called "Days to Complete Compliance Review".

The Division looks to the National Association of Insurance Commissioners (NAIC) for a benchmark for this measure, which is 20 calendar days.

\*Beginning in CY 2022, the NAIC no longer calculates/reports the Days to First Action.



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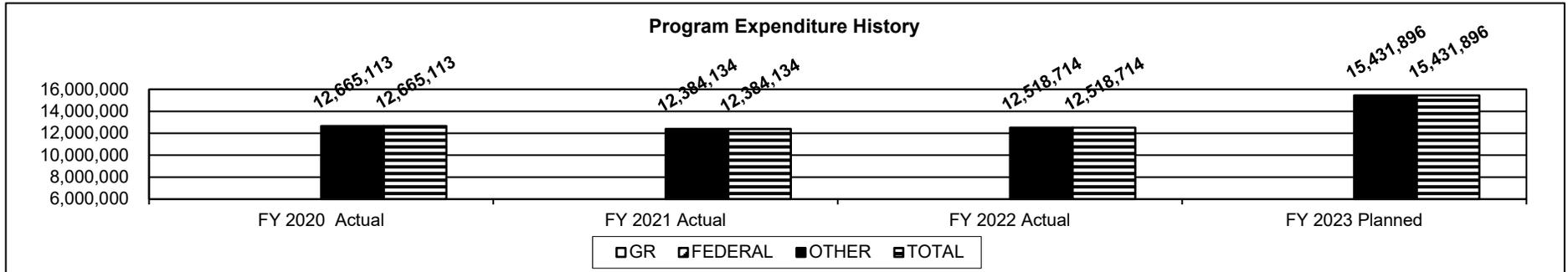
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



4. What are the sources of the "Other " funds?

Insurance Dedicated Fund (0566), Insurance Examiners Fund (0552), Consumer Restitution Fund (0792)

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

State Statute: Chapters 148, 287, 325, 354, 374, 375, 376, 377, 378, 379, 380, 381, 383, 384, 385 and 447 RSMo.  
and Article IV section 36(b) of the Missouri Constitution.

6. Are there federal matching requirements? If yes, please explain.

N/A

7. Is this a federally mandated program? If yes, please explain.

No