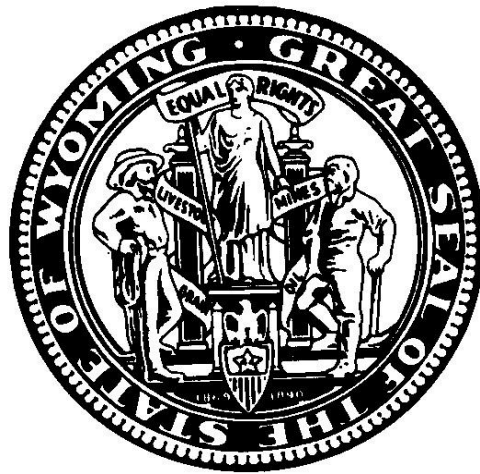


Wyoming Insurance Department

Agency Strategic Plan

July 1, 2018- June 30, 2020



August 31, 2017

WYOMING DEPARTMENT OF INSURANCE
STRATEGIC PLAN
FY2019-2020

Wyoming Quality of Life Objectives

Wyoming residents have access to all types of insurance including health care.

Wyoming state government is a responsible steward of state assets and effectively responds to the needs of residents and guests.

Agency

Wyoming Department of Insurance

Contributions to Wyoming Quality of Life

The Department contributes to the Wyoming quality of life through a combination of educational outreach, regulation, examination, licensing, enforcement and oversight activities which protect and assist Wyoming citizens with regard to insurance issues and concerns.

Basic Department Facts

This agency has 26 employees. The 2017-2018 biennium administrative budget of the Department is \$6,005,349 which includes no state general funds. The 1,100+ insurance companies licensed in Wyoming are each assessed annually an equal amount which funds the Department's budget. The Department oversees the budgets of the Board of Insurance Agent Examiners (\$11,962 for the 2017-2018 biennium), (the Board was repealed effective July 1, 2017, by W.S. §26-10-101), the Wyoming Health Insurance Pool (\$9,740,117 for the 2017-2018 biennium) and the Wyoming Small Employer Health Reinsurance Plan (\$26,801,280 for the 2017-2018 biennium). The Wyoming Health Insurance Pool budget includes \$4,448,703 in general fund monies for the 2017-2018 biennium.

The primary function of the Department is regulation of the insurance industry in the state of Wyoming. Emphasis is placed upon providing fair and consistent regulation of insurance in order to assure protection and information regarding insurance issues. This includes:

Consumer Assistance - providing assistance to consumers to assure that state laws are being followed regarding insurance claims and other areas of insurance in which consumers may request assistance.

Examination - conducting examinations of domestic insurers and pre-need funeral and cemetery trust funds to assure financial solvency and compliance with the Wyoming Insurance Code. The

Department also conducts examinations of producers (agents) to ensure compliance with the Wyoming Insurance Code.

Licensing - assuring that insurers, producers and others licensed by the Department meet the minimum standards contained in the Insurance Code.

Enforcement - taking enforcement action when necessary to ensure compliance with the Insurance Code.

Oversight - providing administrative oversight of insurance related programs. These programs include: the Wyoming Health Insurance Pool, the Wyoming Small Employer Health Reinsurance Program, the Wyoming State Health Insurance Information Program, the Wyoming Life and Health Insurance Guaranty Association, the Wyoming Insurance Guaranty Fund Association, the Employees' and Officials' Group Insurance Program, the Wyoming Health Benefit Plan Committee, the Wyoming Insurance Producer Continuing Education Program, and the Early Intervention Council.

Policy Form Review - reviewing policy forms and filings to assure that insurance companies are following state statutes and regulations before approving the forms and filings for use in the state of Wyoming.

Health Care Reform - providing information to insurers and consumers regarding implementation of the Affordable Care Act (ACA) monitoring the effects of the federal law on the state of Wyoming.

Market Regulation - monitoring insurance company compliance with state laws and regulations designed to protect the insurance consumer and promote a healthy competitive market.

These activities promote a well-regulated insurance market which provides Wyoming citizens and their families with important protections through life, health, homeowner, auto and other types of insurance. It is vitally important that the Department maintains its accreditation from the National Association of Insurance Commissioners (NAIC). These activities benefit all Wyoming citizens in addition to the specific businesses and individuals served by the consumer, licensing, examination and regulatory functions of the Department.

The following performance measures are important to the Department's work.

Performance Measure 1 - Outreach

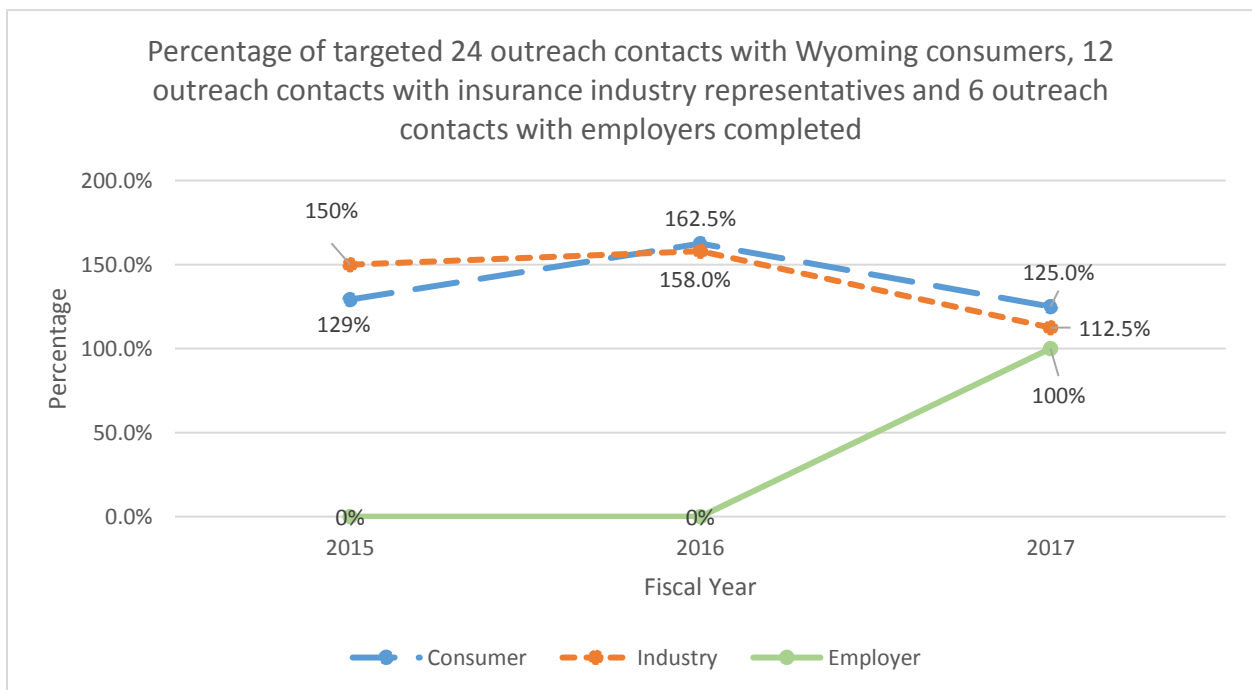
Story Behind the Performance

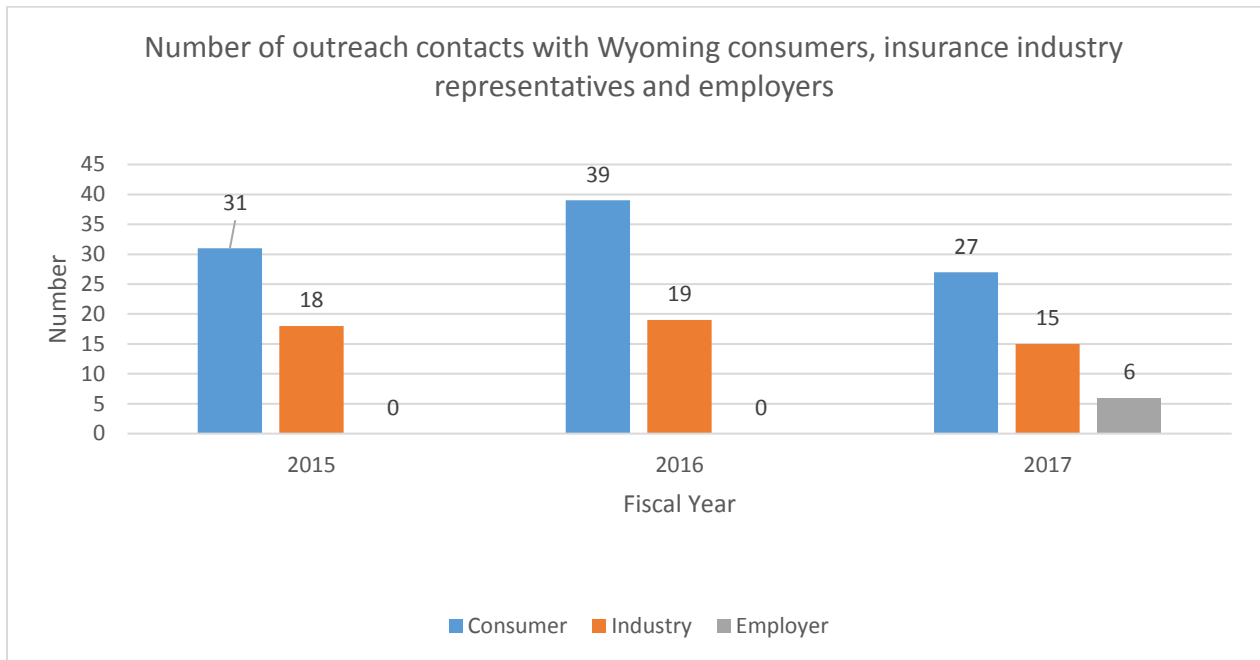
The Department believes outreach contact with Wyoming consumers, employers, and insurance industry representatives is very important. Insurance issues and concerns are increasingly complex and the Department has an important role in providing information. For example, with potential changes to the Affordable Care Act (ACA), Wyoming citizens have expressed greater interest in

educational information on health insurance in general, as well as ACA-specific considerations. The Department also provides assistance to Wyoming consumers, employers, and industry representatives regarding other types of insurance. During the 2016-2017 strategic plan years, the Department increased the number of outreach events from 35 to 42. The Department struggled, but ultimately met, its goal of 42 outreach events. The Department has provided insurance information through publications, presentations, and electronic media. The Department will continue its practice of providing programs and training for consumers, industry representatives, trade associations, and business groups.

Proposal for Improvement

The Department’s goal is to continue the outreach contacts of 42 annually. While this goal was difficult to meet in the previous years, we believe it is important to maintain the standard. In order to implement this goal and to continue the level of outreach to Wyoming citizens, the Department will divide its outreach so that at least 24 of these contacts will be directed at Wyoming insurance consumers; 12 outreach contacts will be with insurance industry representatives; and 6 outreach contacts will be with both large and small group employers. The outreach will be on a variety of insurance topics relevant to the particular group or audience. Outreach will include presentations and materials for consumer groups, face-to-face consultation with individual consumers, press releases, live presentations to appropriate groups or public gatherings, website postings, distribution of educational and informational pamphlets and publications, public service announcements, and other innovative methods including electronic and social media. The Department will partner with other state agencies to conduct outreach.





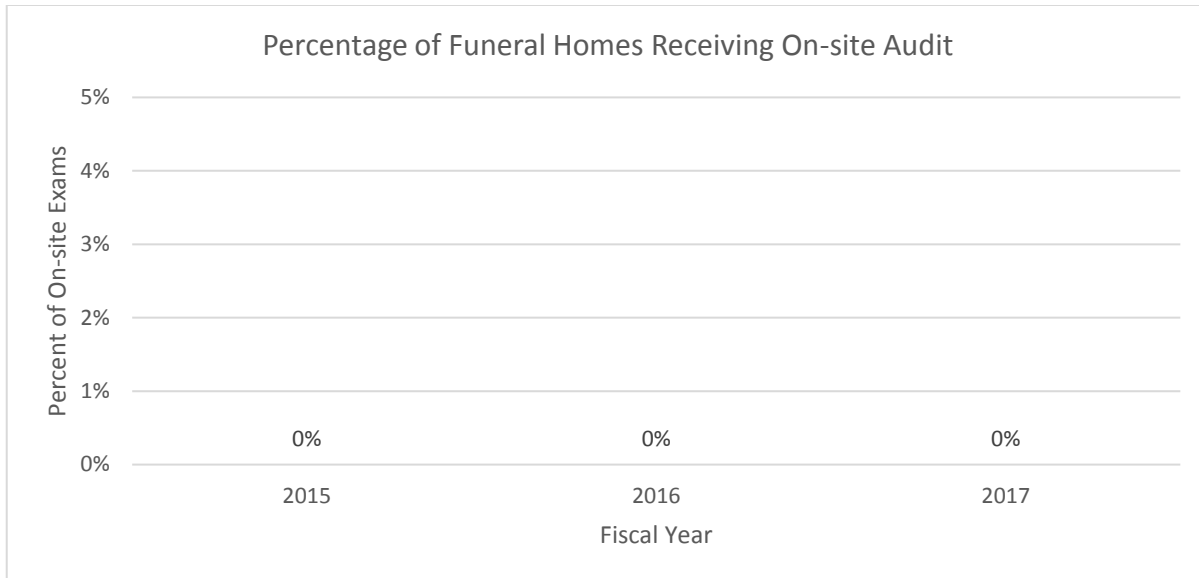
Performance Measure 2 – Audits of Pre-Arranged Funeral Contracts

Story Behind the Performance

The Department is required to supervise and audit the funds that are paid for pre-arranged funeral contracts per W.S. 26-32-101. There are currently 28 funeral homes that are licensed to sell pre-arranged funeral contracts in Wyoming. In order to ensure these funds are accounted for appropriately, the Department receives an annual report from the funeral homes showing how much was deposited and withdrawn from the trust accounts. Currently, the Department’s Auditor oversees the pre-arranged funeral contracts and performs a desk audit of the annual reports that are received. In addition, the Department previously undertook periodic on-site examinations of the funeral homes in order to verify the trust funds. However, over the past eight years, the examiners who have conducted those examinations have become busier with their insurance company solvency oversight duties and these on-site exams have not been performed since 2009.

Proposal for Improvement

The Department plans to continue the desk reviews of all 28 funeral homes each year based on their annual filings. This review will continue to be conducted by the Department’s Auditor. However; the Department will also ensure that at least 10% of the funeral homes receive an on-site examination by a certified Financial Examiner each year. In order to implement this goal the Department will proactively schedule the examiner to ensure proper priority is given to these exams.



Performance Measure 3 – Review of Forms

Story Behind the Performance

Insurance product speed to market has been slated by insurance regulators and industry representatives as one of the highest priorities of insurance departments. The Department has dedicated staff who review insurance contracts to ensure compliance with applicable state and federal laws. Many consumers either choose not to read their policies or cannot understand the legal complexities of their policies, therefore it is imperative the Department review all policies and filings for compliance in a timely manner. If the policy language does not conform to state law, a consumer is unlikely to know whether the policy complies with the law at the time a claim is filed and may not receive all the benefits to which the consumer is entitled under the law. It is also an important role of the Department to provide consumers with access to beneficial products at the earliest possible time.

In FY15, 43% of Property and Casualty filings were reviewed within 30 days, 32% of filings were reviewed within 30 days in FY16, and 38% for FY17. In FY15, 51% of Life and Health filings were reviewed within 30 days, and 68% of filings were reviewed within 30 days in FY16, and 92% within 30 days for FY17. In FY15 56% of all filings were reviewed in 30 days or less. For FY16, 57% of all filings were reviewed in 30 days or less and 62% for FY17.

Proposal for Improvement

The Department is dedicated to maintaining the timeliness and quality of the reviews given to insurer filings of insurance products and applicable advertising and rating systems. While the filing and review process is an important element of consumer protection, it is incumbent upon the Department to react to insurer filings in a timely and expedient fashion. The historical percentages for past filing review do not take into account the filings where the Department objected to policy

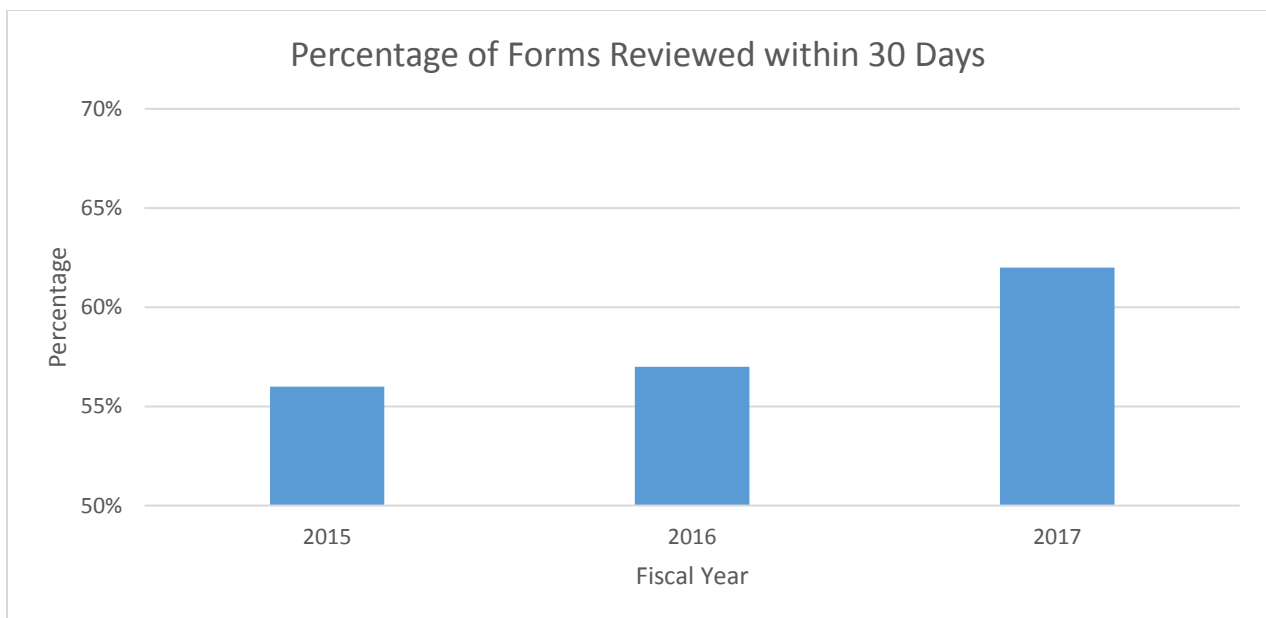
provisions not in compliance, and awaited insurer response. The timeframe for this response will be closely tracked and reflected in annual goal reporting.

The Department’s goal is to ensure Insurance Standards Consultants will either approve or disapprove 75 percent of all rate and form filings within 30 days of receipt. (State statute requires that all policy forms be approved or disapproved within 45 days of receipt or the policy filing is deemed approved.)

If the policy filing is not in compliance with state statutes and regulations, the Department will object to the filing within the above stated goal. Once the objection is rectified, or responded to by the insurer, the Department will respond within the same 30 day timeframe as above.

Response times will be closely monitored and reviewed throughout the year to ensure compliance with the goal and will be tied to staff performance goals.

Staff will continually update filing checklists to promote use by industry filers in order to streamline review and ensure no statutorily required provisions are missing.



Performance Measure 4 – Market Conduct

Story Behind the Performance

It is important that the Department conduct yearly reviews of market conduct issues. The NAIC has established a voluntary standard of completing market conduct analysis reviews, and is in the process of developing a market regulation accreditation program. One of the tools provided by the NAIC to identify market conduct issues is a level 1 market analysis. Initially, the Department was able to complete 15 level 1 market analysis reviews annually. However in recent years, the

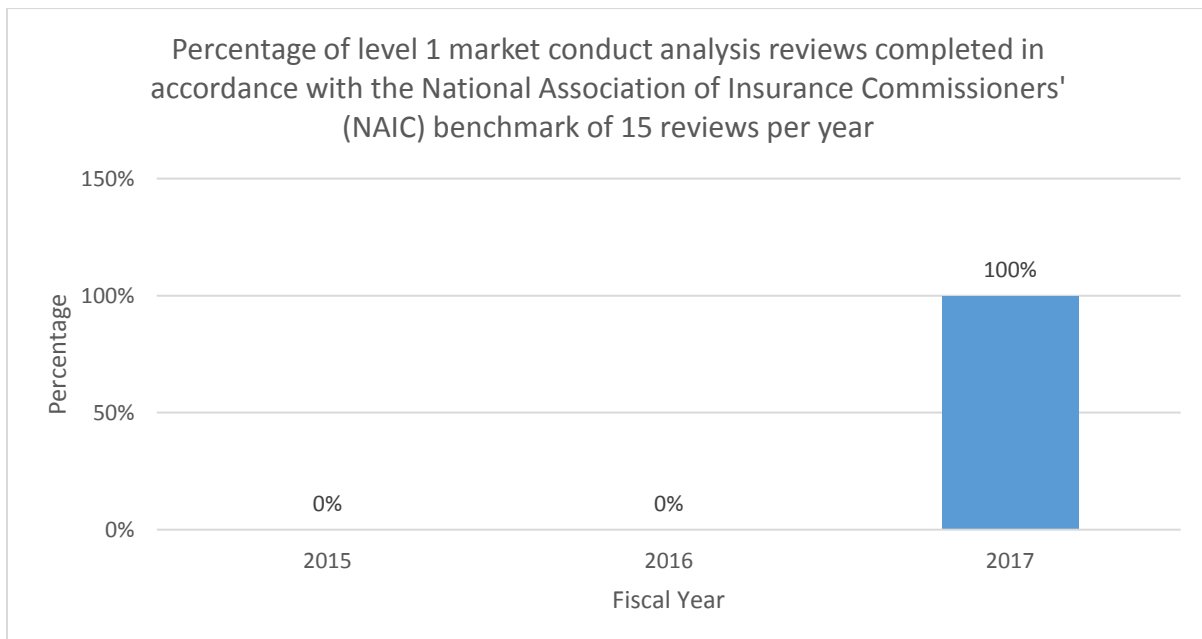
Department has not been able to meet this goal due in part to personnel changes and shifts in job responsibilities as detailed below.

The Department's market conduct position became vacant during FY09 and could not be filled because of a hiring freeze. In FY10, no level 1 market analysis reviews were completed as a result. Subsequently that position was lost due to budget cuts. The Department was able to reclassify a consumer advocate position to the market conduct position and that position was filled in September 2010. Because of training and activities relating to re-establishing the market conduct position, no level 1 market analysis reviews were completed in FY11. After completion of staff training, the level 1 market analysis reviews were again resumed with 1 review completed in FY12, 9 reviews completed in FY13, and 15 reviews completed in FY14. The market conduct position was reclassified and as a consequence there were no level 1 analysis completed in FY15 or FY16.

Proposal for Improvement

Replacement of personnel and training has resumed regarding market conduct issues. In FY17, 15 level 1 analysis were completed. The Department will continue to identify trends in the insurance industry that directly affect Wyoming policyholders, such as claims payments, advertising, underwriting and sales practices.

The Department will monitor the NAIC activities regarding the implementation of market regulation accreditation standards so that the Department can position itself to meet any market conduct requirements. During FY19 and 20, the Department will focus on market conduct evaluations of the Wyoming domestic insurers as part of its goal to complete 15 level 1 market analysis reviews each fiscal year. The Department will continue monitoring consumer complaint trends to determine what further action may be needed to correct any improper insurance practices affecting Wyoming citizens.



Budget

The Department will be requesting funding to retain consultants and actuaries to pursue a § 1332 State Innovation Waiver to help stabilize the individual health insurance market in Wyoming. Wyoming has only one insurance carrier participating in the individual market and they have proposed a 48.3% rate increase for 2018. Aside from requesting this additional funding, the Department should be able to improve its performance under this strategic plan without asking for any significant increase in funding. The Department will rely on the current budget level to fund the changes necessary to carry out this strategic plan, with the exception of asking for \$24,259 to replace computer hardware and update software on a regular rotation over the next biennium. Maintaining appropriate and up-to-date computer hardware and software assists the Department in achieving the proposals for improvement set forth in this strategic plan.