

# Wyoming Insurance Department

## Agency Strategic Plan

July 1, 2012 - June 30, 2014



July 26, 2011

WYOMING DEPARTMENT OF INSURANCE  
STRATEGIC PLAN  
FY2013-2014

Wyoming Quality of Life Results

Wyoming residents have affordable and accessible health care and insurance.

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 regulation, examination, licensing, enforcement and oversight activities which protect and assist Wyoming citizens with regard to insurance issues and problems.

Basic Department Facts

This agency has 24 employees. This number represents a reduction from 27 employees in the prior biennium as a result of budget cuts. The 2011-2012 biennium administrative budget of the Department is \$5,502,852 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 also oversees the budgets of the Board of Insurance Agent Examiners (\$15,918 for the 2011-2012 biennium) and the Wyoming Health Insurance Pool (\$29,362,277 for the 2011-2012 biennium). The Wyoming Health Insurance Pool budget includes \$6,000,000 in general fund monies for the current biennium. The Department also oversees the budget of the Wyoming Small Employer Health Reinsurance Plan (\$24,283,575 for the 2011-2012 biennium).

Five primary functions of the Department include:

Regulation – providing fair and consistent regulation of the insurance industry in order to assure that consumers receive assistance, protection and information regarding insurance issues.

Examination – conducting examinations of domestic insurers, producers (agents) and other licensees, and pre-need funeral and cemetery trust funds to assure financial solvency and compliance with the Insurance Code and other Wyoming law.

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.

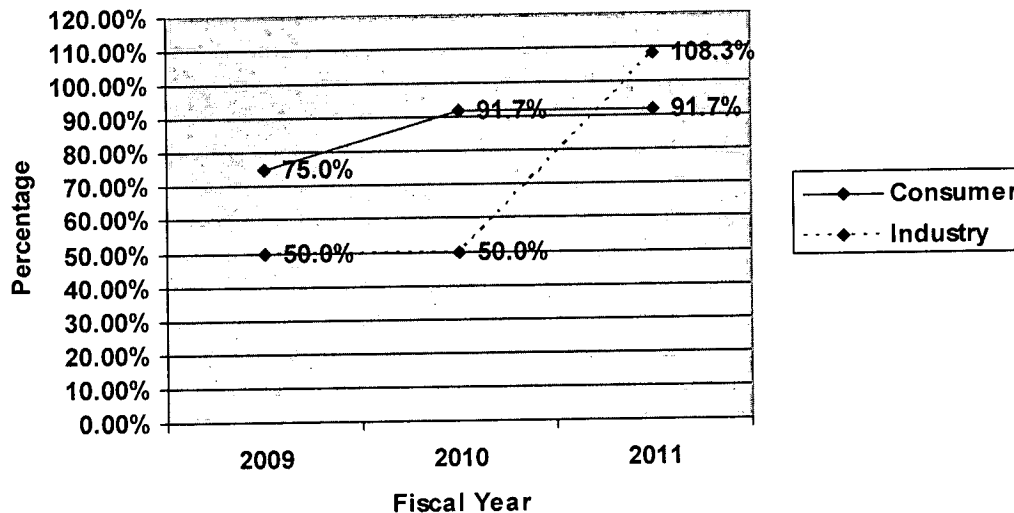
Oversight – providing administrative oversight of insurance related programs created under Wyoming law.

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. 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.

### Performance Measures

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

**Percentage of targeted 12 outreach contacts with Wyoming consumers and 12 outreach contacts with insurance industry representatives completed**



### Story Behind The Performance

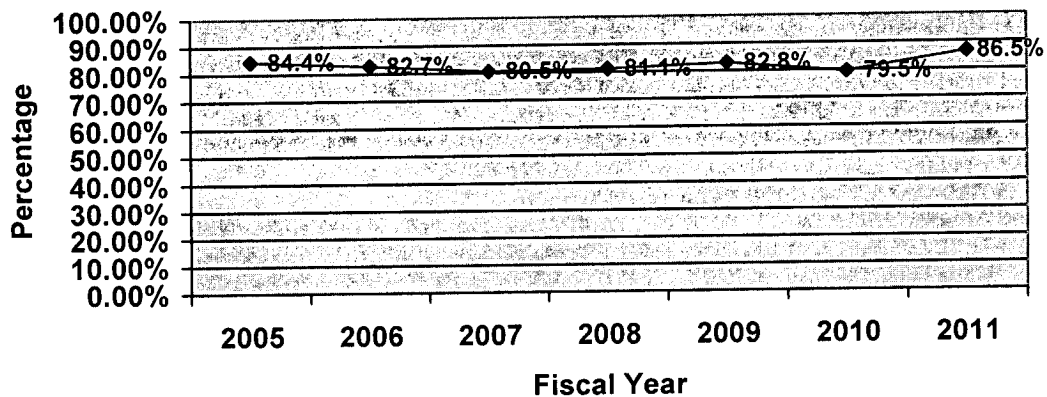
The Department believes it should have a minimum of 24 outreach contacts per fiscal year with Wyoming consumers and insurance industry representatives. The Department provides assistance to Wyoming citizens regarding insurance issues and problems. During fiscal year 2011, the Department opened 366 formal complaint files concerning insurance disputes. This represents a drop from the 376 formal complaint files opened in fiscal year 2010. The trend in complaints opened has decreased in recent years. While assistance was provided to Wyoming

people who were aware of the Department’s services, the Department is concerned that many Wyoming citizens may not be aware they can receive help from the Department’s consumer advocates. The Department needs to increase the number of outreach contacts so that more consumers know of, and take advantage of, the Department’s services. Our goal is to increase the number of outreach contacts with Wyoming consumers. This outreach will also include insurers, producers and other insurance industry representatives who can refer consumers to the Department for assistance.

Proposal for Improvement

To improve outreach to Wyoming citizens the Department will further divide its outreach contacts so that of the 24 contacts, at least 12 of these contacts will be directed at insurance consumers specifically. This will include more press releases, live presentations to appropriate groups or at appropriate public gatherings, website postings, distribution of educational and informational pamphlets and publications, public service announcements, and other innovative outreach methods including electronic contacts with consumers.

**Percentage of consumer complaints resolved within 75 days of receipt by the department**



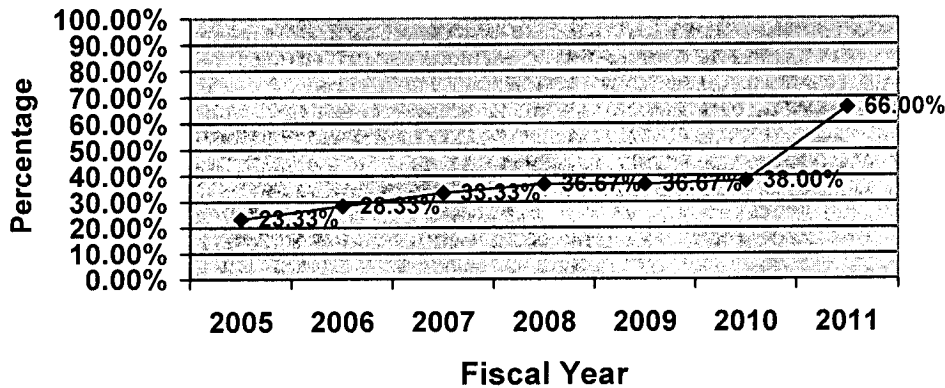
Story Behind The Performance

It is important that the Department provide timely assistance to Wyoming people seeking help with insurance disputes. In fiscal year 2011, the Department helped Wyoming citizens recover \$356,336 from insurance companies that they might not otherwise have received. The Department’s consumer advocates strive to provide efficient resolution of problems so that others needing assistance will not be discouraged from contacting the Department. Although the Department’s percentage of complaints resolved within 75 days is good, we need to continue to improve the resolution of problems so that Wyoming people can receive their appropriate insurance benefits in a timely manner.

Proposal for Improvement

The Department’s consumer advocates will continue to strive to improve the time needed to resolve complaints. The additional consumer advocate position authorized by the Wyoming Legislature in 2006 was lost due to reclassification of the position to a market conduct position which had been lost as a result of budget cuts. The remaining consumer advocates will need to find innovative ways to increase response time.

**Percent of transactions for all types of licenses that can be processed electronically**



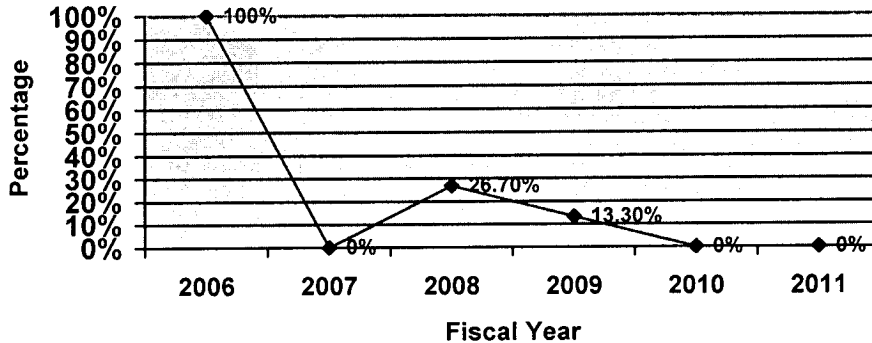
Story Behind The Performance

There are over 58,000 individuals and 5,300 business entities currently licensed by the Department. In order to deal with these licensees and with new license applications, the Department has become more and more electronic in its licensing processes. Although much progress has been made in this area, still more of the licensing functions must become electronic in order to provide efficient and proper licensing. Proper licensing of insurance providers is essential to protecting Wyoming people by assuring that only qualified individuals are engaged in the business of insurance. The Department’s goal is to increase the percentage of licensing processes that can be done electronically.

Proposal for Improvement

Department staff will develop forms, procedures and electronic formats so that more of the Department’s licensing processes can be accomplished electronically.

Percentage of level 1 market conduct analysis reviews completed in accordance with the National Association of Insurance Commissioners' (NAIC) benchmark of 15 reviews per year



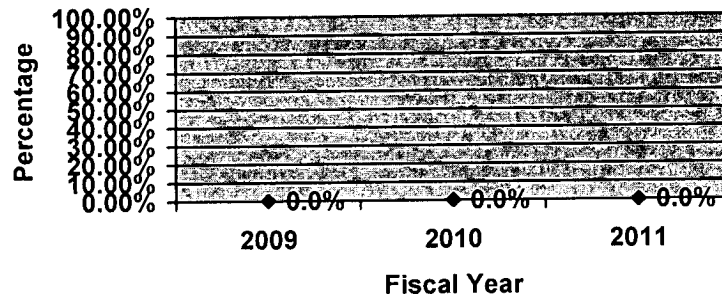
Story Behind The Performance

It is important that the Department conduct yearly reviews of market conduct issues that affect Wyoming citizens. The NAIC has set a standard of completing 15 market conduct analysis reviews annually in order to identify significant trends in market conduct practices of insurers that may adversely affect consumers. Initially, the Department was able to complete 15 reviews annually. However, in recent years, the Department has not been able to meet this goal. In FY10 and FY11, no level 1 reviews were completed. The Department's market conduct position became vacant during FY09 and could not be filled because of a hiring freeze. 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 reviews were completed. Regardless of this circumstance, the Department must continue to identify Wyoming and national trends regarding consumer issues such as claims payments, advertising, underwriting and sales practices that directly affect Wyoming policyholders.

Proposal for Improvement

Now that the market conduct position has been filled, the Department should be able to conduct market conduct reviews and complete the appropriate number of reviews. It is important that the Department continue monitoring consumer complaint trends regardless of staffing issues. Now that the market conduct position is filled reviews can be completed, and staff will then determine what further action, if any, is needed to correct any improper insurance practices.

## Percentage of OPTins System or Similar System Implemented for Premium Tax and Surplus Lines Tax Collection



### Story Behind The Performance

The Department is charged with collecting both premium taxes and surplus lines taxes pursuant to the Wyoming Insurance Code. Currently, these taxes must be paid to the Department by insurance companies with paper checks and paper tax returns. Department staff must then scan the checks so that they can be electronically sent to the Treasurer’s Office. Once the checks have been scanned they are shredded. Department staff must also process paper tax returns. For calendar year 2010, the Department collected \$12,181,468 in premium taxes and \$1,816,729 in surplus lines taxes. These monies are deposited into the General Fund for the general use of state government operations. The National Association of Insurance Commissioners (NAIC) has developed a program called OPTins (Online Premium Tax for Insurance). This program allows insurance companies to file both their tax returns and tax payments electronically. This program is available to states at no cost. The program allows insurance companies to pay taxes through electronic funds transfers (EFT’s) rather than by paper checks. This will mean that clerical staff will not have to distribute by hand the paper tax returns and checks of over 1100 insurers authorized to sell insurance in Wyoming and of approximately 179 surplus lines insurers that operate in Wyoming. It also means that fiscal staff will not have to scan and shred the paper checks now used by these companies. Examination staff that reviews tax returns will be able to do so electronically instead of dealing with paper returns. Overall, the tax returns and checks should be processed more quickly than under the current system.

### Proposal for Improvement

The Department will institute the OPTins or a similar system in order to streamline the filing of premium tax and surplus lines tax returns and payments. This will include the acceptance of EFT payments which will eliminate the need to process paper checks. Implementing this type of system will have the overall effect of making the Department more efficient in processing tax returns and checks. This implementation should be accomplished at no or low cost to the Department.

## Budget

The Department should be able to improve its performance under this strategic plan without asking for significant additional funds in its upcoming biennial budget request. The Department will rely on the current level of budget dollars to fund the low cost or no cost changes necessary to carry out this strategic plan with the exception of asking for \$42,283 to replace computer hardware on a regular rotation over the next biennium. The maintenance of appropriate and up-to-date computer hardware in the Department helps meet the proposals for improvement set out in this plan.