



KENTUCKY DEPARTMENT OF INSURANCE: 2019 YEAR END REVIEW

INTERIM JOINT BANKING AND INSURANCE COMMITTEE MEETING

PATRICK O'CONNOR II

NOVEMBER 20, 2019

OVERVIEW

Our Mission: We promote sound, competitive insurance markets; protect the public through effective enforcement and regulations; and empower the public through outreach and education.

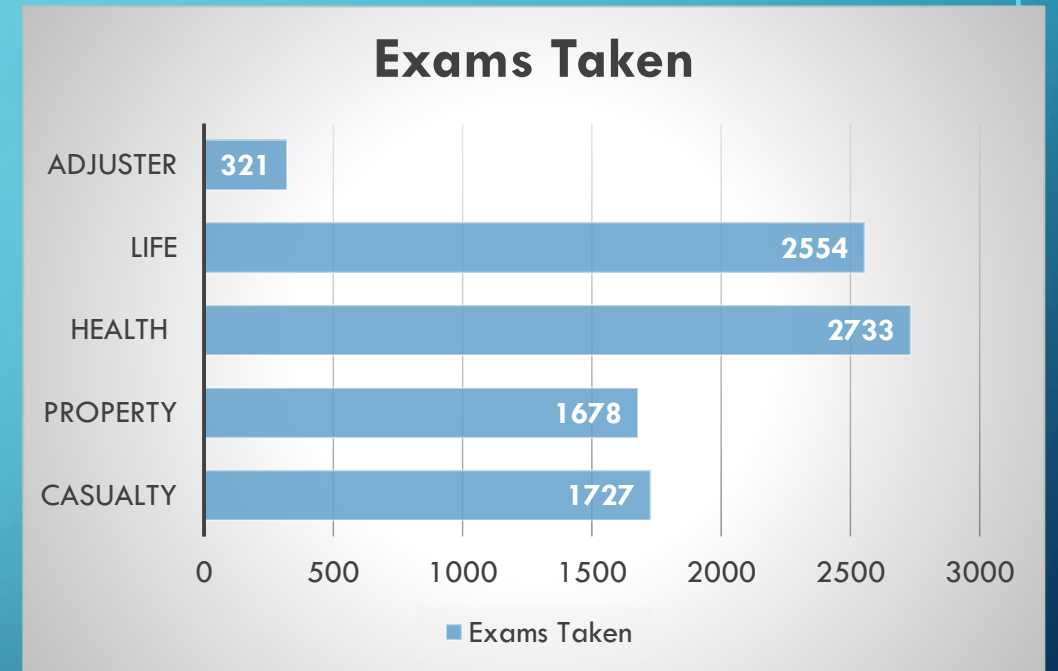
- The Department looks forward to continuing the work of protecting Kentuckians, and fairly regulating the insurance industry into 2020 and beyond to encourage growth and product innovation.
 - Insurance is a major economic driver in Kentucky employing tens of thousands Kentuckians in various capacities.
 - Kentucky ranks 27th in the country by insurance premium volume (\$29,068,328,770).
 - Opportunities for growth can be pursued.

HIGHLIGHTS

- Innovation Application Report
- New Health Insurance Options
- Big Data is King
- Fight Against Fraud Continues
- Grant Work Yields Positive Results
- Regulation Reduction
- Division Update

AGENT LICENSING DIVISION

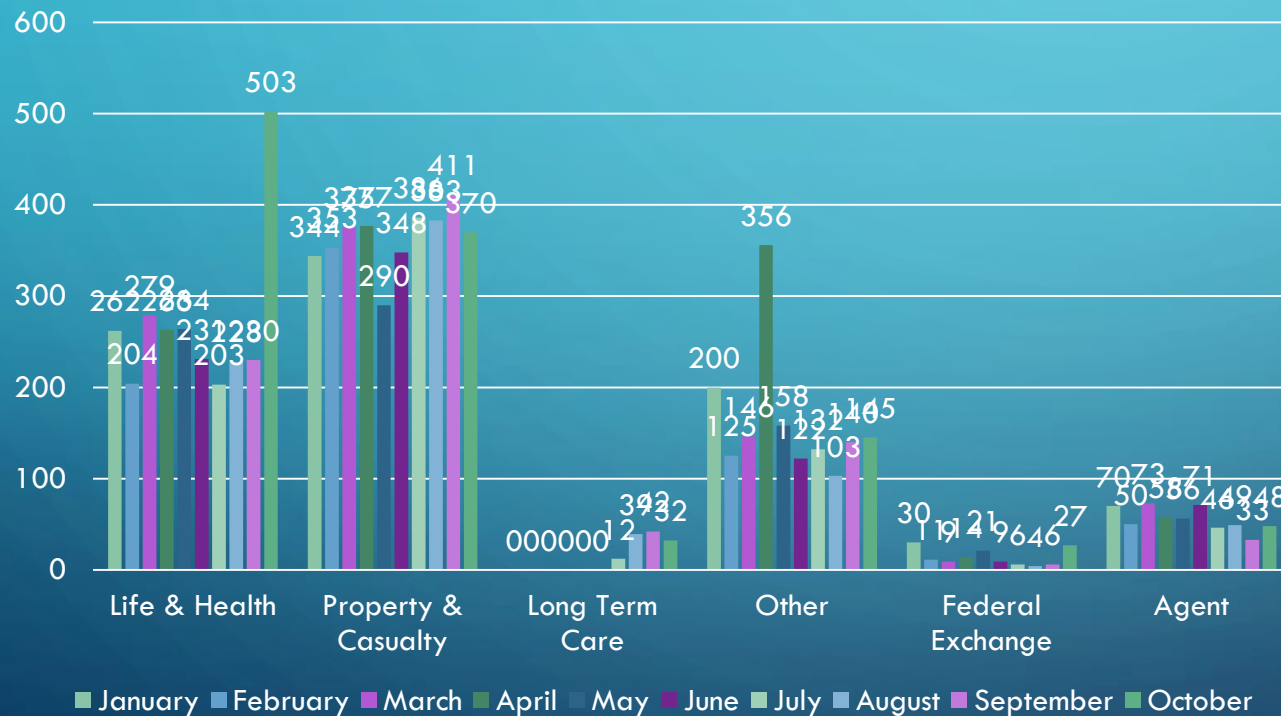
- Lee Ellen Webb, Director
- Aggregate Totals:
 - New License Applications – 82,756
 - Renewal License Applications – 67,140
 - Insurer Appointments: 407,764
- Individual licenses processed:
 - Agents
 - 22,790 Individual Resident Agent Licenses
 - 120,214 Individual Non-Resident Agent Licenses
 - Adjusters (Independent, Staff, Public)
 - 2,268 Individual Resident Adjuster Licenses
 - 88,669 Individual Non-Resident Adjuster Licenses
- Exams
 - Administered over 9,000 examinations through November 8, 2019.
- Continuing Education
 - Approved 559 new CE courses (6,110 are actively approved).
 - Approved 307 new instructors.



CONSUMER PROTECTION DIVISION

- Shawn Boggs, Director, and 14 staff members (6 H/L and 5 P/C Investigators)

Phone Calls



- 8,935 Phone calls received through October 2019.
- Majority P&C related issues.
- Subject matter fluctuates throughout the year

CONSUMER PROTECTION DIVISION

- Complaints Received (Online or Mail)
 - Through October 2019 CPD has received 2775 complaints.
 - CPD has recovered almost \$5 million for consumers and entities (\$4,983,969.09).

	January	February	March	April	May	June	July	August	September	October
Assigned	324	224	324	336	238	233	274	282	258	282
Open	324	224	324	337	238	233	276	282	260	283
Closed	294	275	313	348	301	228	259	247	293	247
Total Amount Recovered	\$338,609.26	\$570,636.71	\$514,544.28	\$275,151.08	\$304,272.76	\$705,419.94	\$594,878.03	\$698,941.77	\$561,106.52	\$420,408.74

MARKET CONDUCT DIVISION

- Russ Hamblen, Chief Market Conduct Examiner
 - 7 contract examiners and 6 staff members.
- Examinations
 - 17 open/closed examinations for 2019 to date.
 - 46 other actions/ongoing Corrective Action Plans
- Recoveries
 - Civil Penalty/Regulatory Settlement Agreements - \$163,732.30
 - Restitution to Consumers - \$37,213.38.
- Examinations are critical to review of company's for compliance.
 - Performed as targeted examinations if specific issues have been presented or general market conduct exams.
- Examination costs are billed to the specific company.

FINANCIAL STANDARDS DIVISION

- Sandra Batts, Division Director
 - 6 full-time staff members and 21 contractors/contract examiners
- Responsible for financial oversight and admissions of all regulated entities.
 - 20 completed financial examinations.
- Entities licensed in Kentucky:
 - 1605 insurers (renewal applications processed).
 - 14 “other” entities (service warranty providers, premium finance companies).
 - 52 captive insurers.
 - 3 domestic risk retention groups (73 registered RRGs).
- New Applications
 - 21 Foreign Company Certificate of Authority Applications Processed and Approved.
 - 3 Domestic Certificate of Authority Applications Processed and Approved.

INSURANCE PRODUCT REGULATION

- John Melvin, Director
 - Primary role is to review all product form and rate filings (property, casualty, health, life, limited line).
- Property & Casualty
 - Reviewed 3,827 form, rate, and rate/rule filings through October.
 - Received \$567,400 in form and rate filing fees.
- Health & Life
 - Reviewed 10,395 form and rate filings through October.
 - Received \$91,554 in form and rate filing fees.
- No-Fault Rejections
 - Received and processed 7224 requests (newly added, updated, and revocations).
- Surplus Lines
 - Updated affidavit and surplus lines tax/fee reporting process
 - Collected \$3,470,065 in surplus lines tax (3% of premium) in 2 quarters.

DIVISION OF INSURANCE FRAUD INVESTIGATION

- Willie Skeens, Director
 - Director Skeens, 15 investigators and staff receive and investigate insurance fraud referrals from various individuals and entities.
 - Work with local law enforcement, County and Commonwealth Attorney's, federal law enforcement agencies, and U.S. Attorney's Offices to bring meritorious investigations to indictment.
- 2019 Fraud Statistics
 - 1400 referrals received by Fraud Division.
 - Resulted in 155 open cases of which 136 have been closed.
 - 75 Felony convictions
 - \$309,092.80 in restitution.
- Insurance Fraud Day 2019 and attendance at multiple events.

OTHER NOTABLE DEPARTMENT RESOURCES

- Local Government Premium Tax – John Hord
 - Works directly with local government officials and annually notifies insurers of the LGPT rates for each city and county that has established a LGPT through enacted ordinance and notification to the Department.
 - Primary source of revenue for local governments.
- Administrative Services and Information Technology
- Legal Services- Michael Wilson, General Counsel

RESOURCES

- DOI Website for more information: insurance.ky.gov
- Consumer Complaints:
 - Online: http://insurance.ky.gov/PPC/Forms/Online_Complaint.aspx
 - Phone: 502-564-6034
- Agent Inquiries:
 - Email: DOI.Agentlicensingmail@ky.gov
 - Phone: 502-564-6004

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THANK YOU!!