



DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION

Bureau of
Insurance

STATE OF MAINE



MAINE BUREAU OF INSURANCE
127TH MAINE LEGISLATURE
INSURANCE & FINANCIAL SERVICES COMMITTEE
ORIENTATION MEETING

ERIC A. CIOPPA, SUPERINTENDENT

JANUARY 22, 2015

OVERVIEW

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- Overview of the Maine Bureau of Insurance
- The Insurance Industry in Maine
- Solvency Regulation
- Examination, Financial Analysis, and Licensing
- Health Care Division and Insurance Market
- Property & Casualty Division and Insurance Market
- Enforcement of Maine's Insurance Laws

THE MAINE BUREAU OF INSURANCE

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- **Mission Statement:**

The Maine Bureau of Insurance regulates the insurance industry to protect and to serve the public.

- **Maine Insurance Code: Title 24 and 24-A M.R.S.A.**

- **A State-based National Regulatory System**

The state of Maine is part of the U.S. insurance regulatory framework which is a highly coordinated state-based national system designed to protect policyholders and to serve the greater public interest through the effective regulation of the U.S. insurance marketplace.

Through the **National Association of Insurance Commissioners (NAIC)**, U.S. insurance regulators establish national standards and best practices, conduct peer reviews and coordinate their regulatory oversight to better protect the interests of consumers while ensuring a strong, viable insurance marketplace.

THE MAINE BUREAU OF INSURANCE

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Divisions and Units

- Examinations Division
 - Alternative Risk Markets Unit
- Financial Analysis
 - Market Conduct Unit
- Licensing Division
- Administrative Division
 - Staff Attorneys
 - Support Unit
 - Research/Statistical Unit
 - Outreach
- Consumer Health Care
- Life & Health Actuarial Unit
- Property and Casualty (PC)
 - PC Actuarial Unit

THE BUREAU - WHAT WE DO

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- Examine and regulate insurance companies selling products in Maine to ensure companies remain solvent and able to pay claims on policies
- Regulate insurance companies and producers (agents and brokers) to ensure compliance with Maine law
- Assist consumers with insurance questions, appeals and complaints
- Conduct policy cancellation and nonrenewal hearings
- Review proposed insurance rates and forms

MAINE'S INSURANCE INDUSTRY

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Mainers paid \$6.2 billion in premiums in 2013

Companies

- 1,304 insurance companies licensed in Maine
- 19 domestic insurers (*headquartered* in Maine)

Producers

- 123,456 active licenses during 2014 (resident and non-resident)
 - 13,584 *new* producer licenses issued during 2014

Numbers are current as of 1/13/15 unless otherwise noted.

SOLVENCY REGULATION

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Accreditation

- The accreditation program of the National Association of Insurance Commissioners (NAIC) aims to establish and maintain standards to promote sound insurance company financial solvency regulation.
 - Accreditation review occurs once every five years
 - Importance of NAIC model laws
- The Bureau has been continuously accredited since September 20, 1993.

Risk-Focused Examination Approach

- Financial examination approach designed to focus resources on areas posing greatest risk.
- Examiners must assess an insurer's corporate governance and risk management process to ensure that they can appropriately respond to both current and prospective risks.

WHAT WE DO

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Examination Division

- Examines domestic insurers not less than once every five years to ensure financial soundness

Alternative Risk Markets Unit

- Reviews and evaluates applications for Workers' Compensation Self-Insurance Authority, Captive entities, and Multiple Employer Welfare Arrangements.
- Regulates for solvency; applies rules and regulations in a fair, consistent, and timely manner to assure that Maine businesses utilizing alternative risk do so in an effective and responsible manner.

Financial Analysis Division

- Licenses and monitors Foreign Insurance Companies, Managing General Agents, Third Party Administrators, Risk Retention Groups, Reinsurance Intermediaries, Surplus Lines Entities and Reinsurance Companies.
- On-going financial review of domestic companies.
- Processes mergers, acquisitions, amendments to authority, redomestications, name changes.

Market Conduct Unit

- The Market Conduct Work Unit is responsible for monitoring compliance with Maine laws.

WHAT WE DO

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LICENSING

- Process and maintain permanent license records on producers and business entities (agencies), including issuing and terminating licenses.
- Participate in NAIC's reciprocal National Insurance Producer Registry (NIPR); report/share licensing data and enforcement actions.
- Oversee licensing examination process
- Supervise producer continuing education program.

WHAT WE DO

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Consumer Health Care Division

The Consumer Health Care Division oversees Maine's life and health market which includes:

- Life
- Annuities
- Long-term Care
- Disability
- Medicare Supplement (“Medigap”)
- Health
 - Individual
 - Small Group
 - Large Group

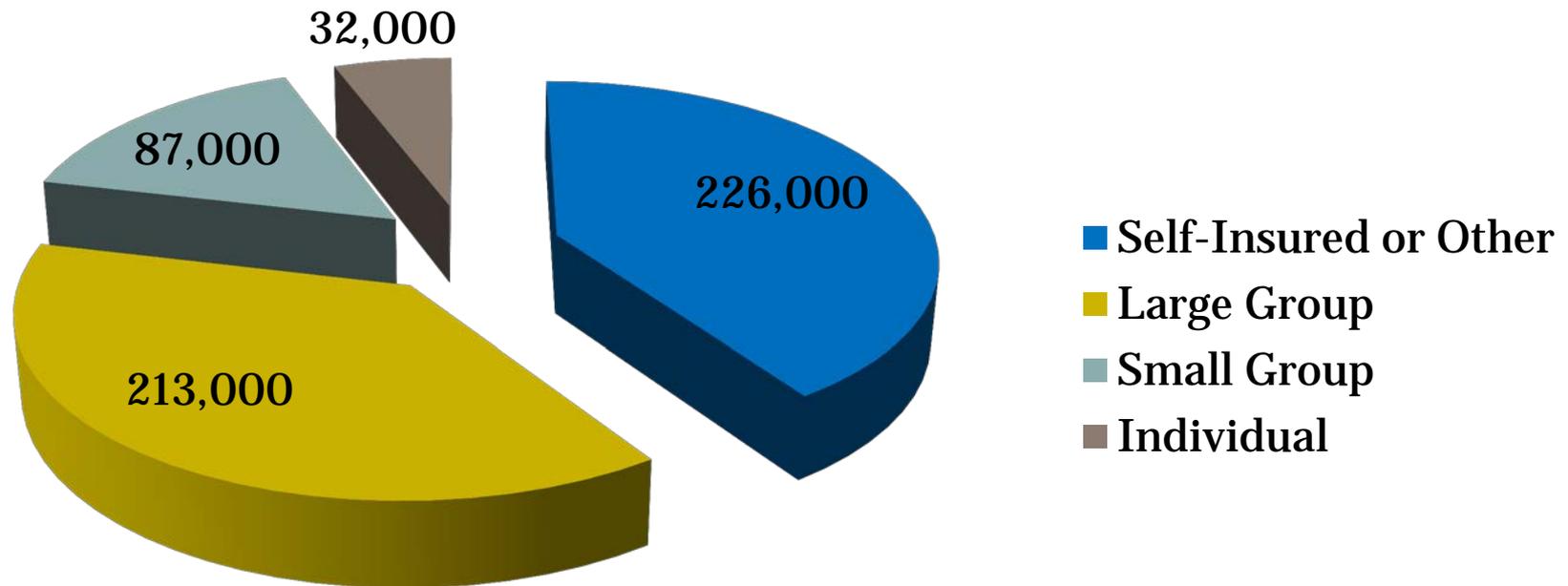
Life & Health Actuarial Unit

- Reviews rate filings made by licensed insurance companies
- Compiles statistics on mandated health insurance benefits.

MAINE'S HEALTH INSURANCE MARKET

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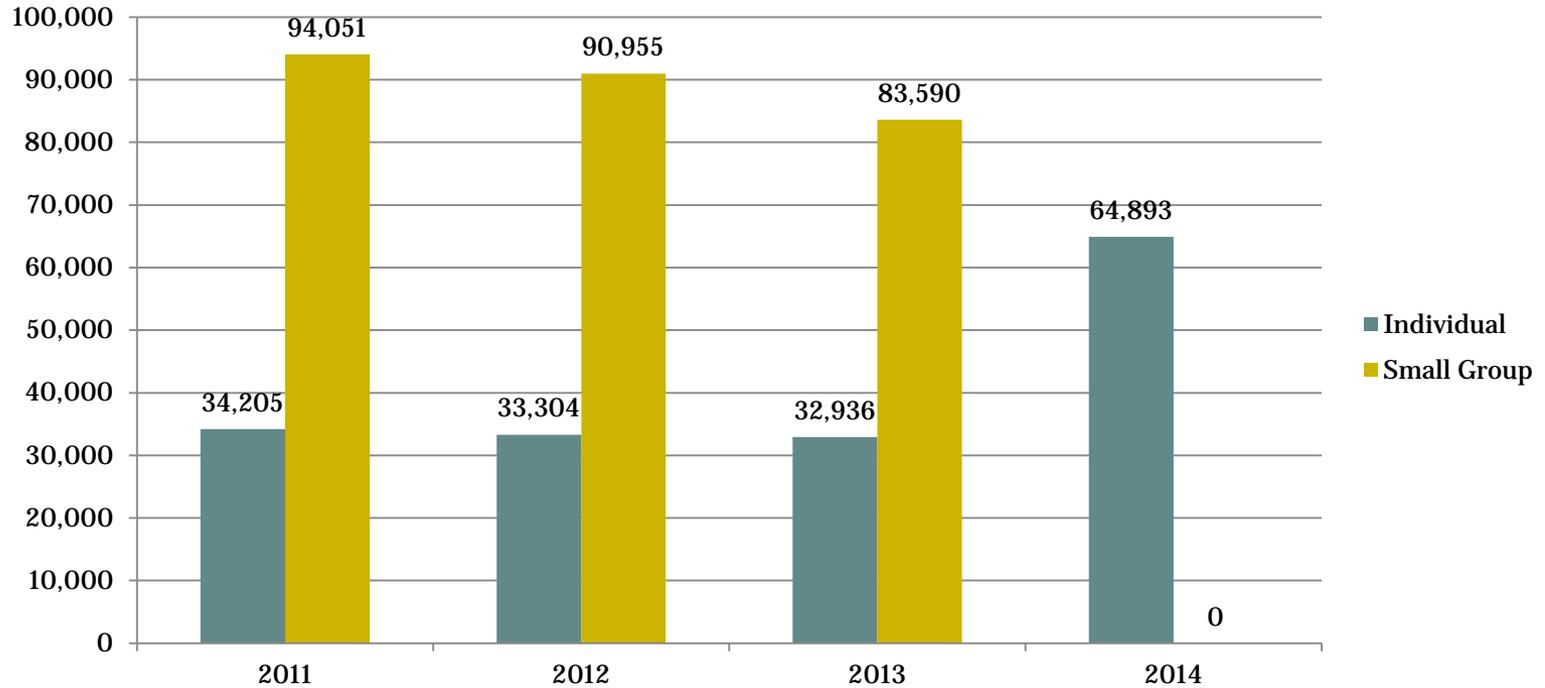
Members



Source: 2013 Financial Results for Health Insurance Companies in Maine.
Self-Insured estimated from most recent US Census Data.

Maine's Health Insurance Market

Insured Lives



Small group enrollment for 2014 has not been reported yet.

WHAT WE DO

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Property & Casualty Division

The Property & Casualty Division oversees insurance on homes, cars, and businesses available to individuals (personal) and businesses (commercial) in Maine.

- *Property insurance* protects a person or business with an interest in physical property against its loss or the loss of its income-producing abilities.
- *Casualty insurance* generally protects a person or business against legal liability for losses caused by injury to *other* people or damage to the property of *others*.
- Lines include: auto, homeowners, inland marine, workers' compensation, medical liability, farm, and personal liability.

MAINE'S PROPERTY & CASUALTY INSURANCE MARKET

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Catastrophic Weather Events: Maine 2000 – 2013

- **Expenditures reported from FEMA: \$100 M**
 - Generally: spring flooding or snow-related
- **2000-2005: total \$32.5M**
 - All of the disaster or emergency declarations were for events occurring from Dec-April, with about two-thirds of the expenditures going to snow events.
- **2006-2013: total \$67.5M**
 - April 2007 “Patriot’s Day storm”: \$26M
 - December 2008 ice storm: \$10M
 - December 2010 ice storm: \$1.6M
 - February 2013 blizzard: \$1.5M

Maine Emergency Management:

- Two BOI staff members are part of the Disaster Assistance and Response Teams.

MAINE'S PROPERTY & CASUALTY INSURANCE MARKET

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Personal Auto

Maine - 8th lowest change in avg. auto insurance expenditure 1989-2010

Consumer Federation of America's Nov. 2013 *What Works: A Review of Auto Insurance Regulation in America* (a 2-decade national study of auto insurance regulation)

Maine - 3rd lowest average premiums nationally in 2012

National Association of Insurance Commissioners Dec 2014 *Auto Premium Ranking*

Homeowners

Maine – 10th lowest average premiums nationally in 2012

National Association of Insurance Commissioners Dec 2014 *Homeowners Premium Ranking*

2012 is the most recent year for which data is available.

WHAT WE DO

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Property & Casualty Division – 2014

- Investigated 296 written consumer complaints
 - Handled nearly 3,800 consumer phone inquiries
 - Obtained \$963,110 in restitution for consumers
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- Received 3,877 company filings
 - Reviewed 23,171 forms

Consumer Health Care Division – 2014

- Investigated 586 written consumer complaints
 - Handled nearly 4,287 consumer phone inquiries
 - Obtained \$2,432,187 in restitution for consumers
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- Received 1,820 company filings
 - Reviewed 6,345 forms

PENALTIES FOR VIOLATIONS OF MAINE'S INSURANCE LAWS

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- Civil penalty up to \$500 per violation for an individual
- Civil penalty up to \$10,000 per violation for a corporation
- Cease and Desist Order
- Reprimand/Censure
- Refunds of Overcharges
- Restitution (payments to consumers)

Total 2014 Penalties:

\$585K

Total 2014 Recoveries:

\$3.4M

Insurance Companies

Suspension or revocation of certificate of authority to sell insurance in Maine

Insurance Licensees

(Brokers, Producers)

Denial of license, suspension, revocation, probation status

MAINE BUREAU OF INSURANCE

CONTACT INFORMATION

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General Contact Information

Consumer Help Line (in-state only) 1-800-300-5000

Website: www.maine.gov/pfr/insurance

Email: insurance.pfr@maine.gov