

Insurance Commissioner

Consumer protection is the most important job of the Insurance Commissioner.

When the office was created by the first state Legislature in 1889-90, its main function was simply to register insurance companies that wanted to do business in Washington. Today, the role has expanded to include overall industry regulation, making sure companies meet all their obligations and abide by the rigorous financial and legal standards set for doing business in this state.

About 50 of the 1,500 authorized insurers in Washington State today are domestic insurers, which means they have their headquarters in the state. In addition, the agency is responsible for the testing, licensing and oversight of more than 36,000 individual companies and licenses each year.

Any citizen may file a complaint with the Insurance Commissioner and request an investigation of that complaint. The Consumer Protection Division routinely fields more than 200,000 contacts a year, many of them via a special toll-free hot line: 1-800-562-6900.

Seniors on Medicare or other retirement benefits have access to a special arm of the agency. The Senior Health Insurance Benefits Advisors are trained by the experts on the Commissioner's staff and are available in most Washington communities to meet with other seniors to discuss health-insurance concerns.

The Commissioner's office collects a special tax levied on insurance companies and turns over more than \$100 million a year to the state's general fund. The insurance industry also must pay for its own regulation. Companies share that cost according to the amount of business they do in the state.

Washington Citizens' Commission on Salaries for Elected Officials

Official Position Description Form for Executive Branch Positions

July 1, 2024

Name: Mike Kreidler

Position Title: Insurance Commissioner

I. Position Objective: Briefly describe the overall purpose of this position and what is intended to be accomplished through your effort(s). This section should be broadly focused and summarized in two to four sentences.

Washington's insurance market is the 35th largest in the world, and insurance is the eighth-largest industry in the state, with \$62 billion in annual premiums. The Insurance Commissioner protects consumers through fair and effective regulation of the insurance business in Washington and affects the biennial collection of over \$1.7 billion in insurance premium tax. Through the agency, the Commissioner promotes a stable, competitive insurance market through policy and regulation, and develops and implements national and international standards in cooperation with state, federal, and international governments. The Commissioner's regulatory authority is granted by state law (Title 48, Revised Code of Washington) and through delegated enforcement of federal laws.

II. Financial Dimensions:

- Number of employees in your organization:**

The Office of the Insurance Commissioner (OIC) is authorized 286.7 FTEs for the 2023-2025 biennium. The Commissioner also administers the Statewide Health Insurance Benefits Advisors (SHIBA) program, which delivers services through a statewide network of more than 180 trained and certified volunteers.

- Your annual budget:**

\$91.8 million for the 2023-2025 biennium

- Other annualized dollar amounts your job controls or influences (biennium amounts):**

Revenue Collected (based on 2023-2025 budget submittal):	
<i>General Fund</i>	
Insurance Premium Tax	\$ 1,645,836,928
Penalties	\$ 5,200,000
Insurance Licenses and Fees	\$ 50,000,000
Total General Fund Revenue	\$ 1,701,036,928

<i>Insurance Commissioner's Regulatory Account</i>	
Regulatory Surcharge	\$ 70,483,000
<i>Insurance Commissioner's Fraud Account</i>	
Insurance Fraud Surcharge	\$ 3,671,000
<i>Health Benefit Exchange Account</i>	
Insurance Premium Tax	\$ 49,881,447
Total Biennium Revenue	\$ 1,825,072,375

- **Principal Responsibilities:** List in a series of brief factual statements*, starting with the most important, the accountabilities of your position. Each statement should be a complete sentence describing a single basic result your job is expected to accomplish. Typically, eight to 10 responsibilities are listed, but there is no limit.

1. As the OIC's chief executive, the Insurance Commissioner is accountable for the following consumer protection and regulatory activities:

- Authorize insurance companies to conduct business in Washington. Ensure companies meet capital and regulatory requirements.
- Actively monitor insurance company financial viability and market conduct thorough examinations and analysis – preventing insolvency and providing continued access to affordable insurance benefits.
- Detect and stop illegal business practices that harm consumers directly or through damages to the market, affecting the affordability or availability of insurance or other risks.
- Manage the daily operations of insurers in receivership. The Commissioner continually monitors domestic carriers for solvency.
- License and monitor insurance producers, adjusters, and surplus lines brokers, and respond to allegations of misconduct by any of these licensees.
- Review and approve insurance policy contract (form) language and rates (premium) to ensure compliance with state and federal laws, and ensure those rates are not excessive, inadequate, or unfairly discriminatory.
- Review and approve contracts between insurance companies and health care providers (provider contracts) for compliance with state laws.
- Review and approve contracts between insurance companies and health care benefit managers

(HCBMs) for compliance with state laws.

- Require insurance companies that offer health plans to provide access to health care providers (network adequacy) for all covered services, especially in rural areas.
- Provide information to consumers and work to resolve complaints against insurance companies to the extent allowed by law.
- Provide consumer education through a 24/7/365 online public-facing website, live chat, and telephone hotline during business hours; staff off-site outreach events at local, non-emergency events as community fairs; and deploy staff in emergent situations staffing Disaster Recovery Centers following wildfires, landslides, floods, or other catastrophic events.
- Protect consumers from balance billing or “surprise billing” and/or discrimination based on their health status, gender identity, race, ethnicity, or disability.
- Provide free, unbiased, in-depth, one-on-one insurance counseling and assistance to Medicare beneficiaries, their families, friends, and caregivers.
- Educate consumers to detect and report Medicare fraud, errors, and abuse through outreach, counseling, and individual education.
- Investigate alleged violations of the insurance code and bring enforcement actions against entities and individuals who violate the insurance code. This includes levying fines, penalties, and cease-and-desist orders when insurance companies or insurance producers violate the law, as well as imposing compliance plans where necessary.
- Investigate allegations of criminal insurance fraud and prepare and forward cases for prosecution.
- Collect revenue, including insurance premium taxes, regulatory and insurance fraud surcharges, fees, and penalties.
- Coordinate efforts with local insurance guaranty associations and national associations to ensure the payment of claims of liquidated insurers to Washington residents.
- Develop and disseminate administrative rules that govern regulated entities.
- Develop state and national policies and laws and advise the United States Congressional delegation for Washington and members of the Washington State Legislature on such matters.
- Actively participate in the National Association of Insurance Commissioners (NAIC), a body dedicated to developing national and international regulatory standards, national policy, and model laws, and work with legislators to implement model laws in Washington.
- Adjudicate claims by small pharmacies against pharmacy benefit managers over the reasonableness of reimbursement of multi-source generic drugs.
- Respond to and regulate new entities developed in the insurance market, such as insurance

technology companies, captive insurers, and health care benefits managers.

- Represent the agency with the media as well as at requested and approved speaking engagements from interested parties.

2. Summary of the Insurance Commissioner's consumer protection, regulatory, and enforcement activities from calendar year 2023.

- The OIC authorized or regulated 2,838 insurance companies, charitable gift annuity issuers, health care service contractors, health maintenance organizations, self-funded multiple employer welfare arrangements, health care discount plans, fraternal benefit societies, purchasing groups, risk retention groups, service contract providers, life settlement providers, accredited, certified and trusted alien reinsurers, reinsurance intermediaries, guaranteed asset protection waiver providers, direct practice providers, health care benefits managers, independent review organizations, captive insurers and mandated insurance associations.
- The OIC completed 217 market analysis reviews of domestic and foreign insurers, resulting in the opening of 72 market conduct continuum actions, 62 of which were closed, 37 with enforcement referrals. There was one enforcement action with a consent order for a lapsed producer appointment and no enforcement actions with consent orders for late Market Conduct Annual Statement (MCAS) filings.
- The OIC licensed 236,715 insurance producers, adjusters, and surplus line brokers, of which about 80 percent are non-resident.
- Consumer inquiries received and answered:
 - 92,453 consumers called the Insurance Consumer Hotline and received help.
 - 9,441 consumers filed complaints against insurance companies.
 - 8,496 consumers submitted electronic inquiries about insurance issues.
 - 6,518 consumers received answers through the agency's live chat service.
 - 3,181 insurance-related publications were distributed to consumers.
- Over \$27.4 million was recovered for consumers who were wrongfully denied claims or charged incorrect premiums. Provided free, unbiased Medicare counseling to over 108,507 Medicare beneficiaries, caregivers, and family members, and education to prevent, detect, and report Medicare insurance fraud, errors, and abuse.
- Submitted 170 consumer Medicare complaints to the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS).
- Received 6,322 referrals from the National Insurance Crime Bureau, NAIC, insurance companies, and Washington residents reporting possible criminal insurance fraud triaged, indexed, and researched in the 2021-2023 biennium.
- Opened 158 criminal fraud investigations and 64 for prosecution in the 2021-2023 biennium.
- Collected over \$4,909,351 in restitution and loss prevention from criminal fraud cases in the 2021-

2023 biennium.

- Completed 94 investigations in 2022 and 84 in 2023 regarding alleged violations of the insurance code.
- Initiated 560 enforcement actions in 2022 and 470 in 2023 against companies for violating the insurance code.

III. Knowledge and Skills

- **Education and Experience**

The Insurance Commissioner impacts every resident and business in our state and has far-reaching influence at the national and international levels, where Washington has long been a leader. The Commissioner's duties require a combination of professional education and leadership experience and a demonstrated ability to provide vision and leadership and make decisions in substantive areas of public policy. The position also requires experience in successfully managing complex organizations in public and private sectors, operating effectively in the political arena, and interacting with a broad range of constituencies.

- **Specialized (Job Content Knowledge and Skills)**

1. Strong, executive leadership skills to assess and balance competing needs and dynamic changes to the insurance market, financial solvency, and consumer protection.
2. Demonstrate knowledge of corporate governance standards and practices to carry out the role of financial and marketplace regulator.
3. Political and public policy judgment to successfully formulate, influence, and advance insurance regulatory issues at the state, national, and international levels.
4. Adept at balancing the issues and demands of a wide range of interest groups, including the insurance, securities, and banking industries, state and federal regulators, consumers, health care providers, legislators, other state agencies, tribal and federal governments, and the media.
5. Demonstrate knowledge of the interconnections of multiple forms of insurance entities, including intermediate entities, and their products with the larger economy.

- **Proven Ability To:**

1. Serve as the primary insurance consumer advocate for Washington state residents and businesses by providing assistance, information, and education on insurance issues.
2. Serve as the insurance industry regulator, emphasizing the values of consistency and fairness to foster a truly competitive industry environment.
3. Partner with consumer advocacy groups and the insurance industry to recognize, anticipate, and

adapt to unpredictable markets and maintain a viable, sustainable insurance environment.

4. Determine when a company's weak financial condition requires intervention (i.e., oversight, receivership, sale, or liquidation) necessary to protect policyholders and taxpayers.
5. Determine when an insurer's market activities impact consumers and the public, and when these impacts require regulatory intervention.
6. Manage the operations of an insurance company in receivership.
7. Use various methods required or permitted by law and consistent with sound public policy to secure from regulated entities (i.e., insurance and risk assumption providers, producers, and licensees) good faith operations, and regulatory and statutory compliance.
8. Develop consensus on contentious issues.
9. Set priorities and align resources, efforts, and services with the agency's vision and strategy.

IV. Nature and Scope

- **Organization (Organization Chart Enclosed)**

Size and role of this position and its importance to the state's mission and reputation. Diversity of job scope/responsibilities.

- Insurance plays an important role in our state's economy and the financial lives of Washington residents. The insurance industry in Washington generated more than \$44.5 billion in premiums in 2023. The same year, the Insurance Commissioner also regulated 2,707 companies and 202,172 licensees who work in the insurance industry in our state.
- Insurance companies pay tax based on premium volume written, which funds a wide range of state services by contributing to the state's General Fund. In fiscal year 2023, the OIC collected \$847.1 million in premium taxes from insurance companies. Without appropriate, affordable personal and commercial insurance products, commerce in Washington state would be in great peril, and individuals would be exposed to numerous financial risks.
- Washington's insurance industry is also critical to national and global economies. Domestic insurers generate approximately \$17 billion of premiums annually in the state and another \$6 billion in other states. Washington consumers annually pay about \$24 billion in insurance premiums to foreign insurers. This contributes to the state, national, and global economies through the purchase of reinsurance and by providing reinsurance on policies sold in other jurisdictions.
- The Commissioner's responsibilities range from consumer education and protection to monitoring the financial solvency of multi-billion-dollar companies. Preventing the financial failure of insurers is essential to the OIC's consumer-driven mission. Other critical responsibilities include preventing excessive insurance rate increases or insufficient rating plans, maintaining access to health care

services through insufficient provider networks, investigating insurance fraud, monitoring the professional conduct of insurers and licensees, and penalizing violators of the law.

- **Management Environment**
- **Key challenges, sensitivities, risks, etc., inherent in the position and political environment.**

Innovation and Technology

New technology and innovative business models are transforming the insurance landscape. Within the term “fintech”, which refers to technology applications within the greater financial industry, NAIC has coined the term “insurtech” to specify this niche specific to the insurance industry. Insurers are increasingly leveraging technology to transform how they interact with consumers and deliver streamlined services based on user preferences. Insurers are also outsourcing operations that were once done in house. This increases the complexities of overseeing innovations in technology.

The NAIC’s Center for Insurance Policy and Research has identified that big data, the Internet of Things, artificial intelligence, blockchain, mobile technologies, and wearable devices are transforming what consumers expect from insurance products and services. These technologies also pose challenges to insurance regulators, ensuring the protection of consumers from cybersecurity risks and potential negative consequences of bias embedded in algorithms based on historical patterns of inequality. New insurance products and services arising from these technology trends often require the consumer to provide personal data, such as health information, and/or geolocation, in return for access. The Commissioner and OIC staff are working at the national level to design and implement regulatory protections around these services to retain competition and consumer protections within these markets.

Flood Insurance

Damage due to rising flood waters has long been held as an uninsurable event by private insurance companies. The federal government established the National Flood Insurance Program (NFIP) in 1968 as a response to the lack of available flood insurance and to increase federal disaster assistance due to flood peril. The NFIP partners with private property and casualty insurance companies that administer national flood insurance policies. The federal government underwrites the cost of the program. Historically, the federal flood premium rates did not accurately reflect the risk associated with the covered properties. This has resulted in catastrophic losses, now NFIP debt is ultimately funded by U.S. taxpayers.

The NAIC and state insurance regulators support a long-term reauthorization of the NFIP to take steps to reduce the complexity of the program and strengthen the NFIP’s financial framework so that the program can continue helping individuals and communities secure flood insurance. Currently, the NFIP is authorized through September 30, 2024.

The NAIC’s NFIP reauthorization recommendations for Congress include encouraging more significant growth in the private flood insurance market. Congress faces the challenge of maintaining a three-

way balance: improving the program's financial solvency and reducing taxpayer exposure while also being mindful of affordability concerns for insureds.

The rise of private flood insurance products by insurance companies for areas that were traditionally considered uninsurable is changing in this market space. With the rise of sophisticated data modeling and the use of artificial intelligence, insurance companies are becoming more comfortable pricing to return to this market and sell flood insurance to consumers

Health Care Reform

The passage of the federal Affordable Care Act (ACA) in 2010 created the most comprehensive effort ever to reform the U.S. health care system. The Commissioner's involvement from the start was crucial to the successful implementation of the ACA in Washington state. Now we all are accustomed to the elimination of lifetime caps on health policies, adults up to age 26 maintaining coverage on their parents' health plans, the elimination of pre-existing conditions, prescription drug cost savings to seniors, and the elimination of out-of-pocket costs for preventive care.

Changes of this magnitude to the insurance market have required the Commissioner to communicate complex and sometimes unwelcome information. This illustrates that the OIC is equipped to do its part to withstand pressures from insurers when they disagree with decisions.

Federal health care reform issues and challenges continue fourteen years after the successful implementation of the Affordable Care Act. The Commissioner supports coordinated responses at the national level through involvement in the work of the NAIC, development of statewide initiatives, and leading the charge to implement and align Washington state's Balance Billing Protection Act with the federal No Surprises Act. OIC help develop processes to ensure ambulances were also part of the NO Surprises Act. The Commissioner adopted over ten sets of rules to imbed ACA and behavioral health parity protections into state law. He has also taken action to limit the sale of short-term, limited-duration medical plans that lack core consumer protections required by the ACA.

Regulating Health Insurance Markets, Including the Health Benefit Exchange (HBE)

In 2011, the Washington State Legislature established a state-run online insurance marketplace under the ACA known as the Washington Health Benefit Exchange. In 2012, the Legislature adopted E2SHB 2319, which guided market stabilization and clarity on roles and responsibilities and provided the Commissioner with significantly more responsibility and authority.

As the most senior insurance regulator in the nation and a proven leader in health care reform, the Commissioner continues to devote time, energy, and resources to maintaining stability in the healthcare market, both within the exchange and beyond it. Efforts include testifying before Congress as an invited expert, supporting legal action by the Washington State Attorney General, and actively engaging fellow insurance regulators on critical concerns. Work to maintain stable health insurance markets and protect consumers is anticipated to continue, with or without further action by the federal government.

Fostering Access to Affordable Health Care

With the implementation of the ACA, Washingtonians' access to health insurance increased exponentially. However, the cost of health insurance remains an issue even for those with coverage, as consumers cope with high deductibles and out-of-pocket costs. As the ACA expanded, more people joined the health care system. The percentage of people without health insurance in Washington state increased in 2018 for the first time since 2014. In March 2020, when unemployment claims surged in Washington due to the effects of the pandemic, our state's uninsured rate increased to 8 percent. Thanks largely to enhanced premium subsidies available through the American Rescue Plan Act, the uninsured rate in Washington state as of June 2021 had fallen to 5.2 percent. In 2022, the uninsured rate in our state was at 4.7 percent. The Commissioner is actively working with Congress, the Legislature, and the HBE to continue these federal subsidies beyond their current December 31, 2024, expiration date.

In 2019, the Washington Legislature adopted Engrossed Substitute Senate Bill 5526, also known as Cascade Care which provides standardized plans, designed by the HBE in consultation with the Commissioner. These first-in-the-nation public option plans are procured by the Washington State Health Care Authority (HCA) and are subject to approval as health plans by the Commissioner.

The Commissioner also prioritized holding health insurers accountable for maintaining adequate health care provider networks. This effort is particularly challenging in rural Washington, where a lack of general practitioners and specialists persists.

Ending "Surprise Billing" in Washington State

In 2019, the Washington State Legislature enacted comprehensive legislation to protect consumers from receiving surprise or balance bills from health care providers outside their plan's network when consumers have little control over which provider cares for them. It has served as a model for other states' surprise billing statutes. The law carefully balances the interests of health insurers and providers while removing consumers from the middle of such disputes. Effective January 1, 2020, consumers who need emergency care and seek care at in-network hospitals and surgical facilities but receive care from providers who are not in their health plan networks were no longer billed for the out-of-network costs. The Commissioner adopted rules to solidify the consumer protections in the newly passed law.

Although the Commissioner does not generally have the authority to regulate self-funded group health plans, Washington's law allows these plans to "opt-in" to balance billing protections for their employees. Only three states have this option in their laws. Over 380 self-funded group health plans, representing over 500,000 consumers, have chosen to opt-in.

In December 2020, Congress enacted the No Surprises Act, establishing balance billing protections under federal law, which became effective on January 1, 2022. With both the state and federal laws regulating the same conduct, the Commissioner proposed, and the Legislature enacted a new law during the 2022 legislative session to align these two layers of balance billing laws. Commissioner was careful to ensure critical consumer protections adopted in the Balance Billing Protection Act were

retained. The new law also expands health insurance coverage of mental health and substance use disorder crisis services when the COVID pandemic has laid bare the critical need for increased access to these services. Washington is the first state in the nation to enact such legislation. In 2024, the Legislature enacted laws to include ground ambulance services under the Balance Billing Protection Act.

Assessing Potential Effects of National Disasters

The Commissioner has long been concerned about the potential devastation to the state from natural disasters. In 2017, he directed a survey of insurers in Washington state to assess how many properties are covered by earthquake insurance. In the 2018 legislative session, the Commissioner proposed legislation to allow insurers to assist their insureds with risk mitigation goods or services, such as water monitors to prevent flooding, foundation strapping and brush clearing to mitigate losses due to wildfires. He also requested legislation to study risk mitigation and the state's ability to bounce back from natural disasters. After the Gray and Oregon Road wildfires in the Spokane area in August 2023 destroyed several homes and structures, the Commissioner issued a post disaster data call to insurers with fire loss claims due to the fires to submit pre-loss coverage limits and post-loss claim payouts. In 2023, Commissioner Kreidler dispatched OIC representatives to Spokane, Maui, and New Mexico to assist consumers affected by wildfires in those locations with questions regarding insurance coverage and claims.

Surplus Lines Insurance

With the passage of the Non-Admitted and Reinsurance Reform Act of 2010, the challenge has been to change surplus lines insurance regulation without reducing consumer protections, unduly burdening the insurance market, or causing significant loss of tax revenue to the state. The Commissioner continues to work with the admitted and non-admitted markets and the NAIC to seek solutions at the state and national levels. The goal is to modernize surplus lines regulation without reducing consumer protections, unduly burdening the insurance market, or causing significant loss of tax revenue to the state. As part of the modernization effort, the OIC worked with the NAIC to revise and update Model 870 – the Non-Admitted Insurance Act, published in 2023, which will require future legislation for alignment.

OIC staff continue to work with the Surplus Lines Association of Washington to improve the current process for the electronic filing of required reports, which provides data helpful in analyzing the extent of this insurance market in the state.

- **Other Unique Regulatory Challenges and Responsibilities**

Washington's Insurance Market

The health insurance market is perpetually ripe for scams. Illegal health insurance plans surface around the country, preying on vulnerable people struggling to find adequate and affordable health care. Early detection of and education about phony insurance plans is vital to consumer protection, as is prosecution where warranted.

Increased use of the internet to sell insurance has also creates regulatory challenges in the last two decades. A significant number of insurance transactions occur online without advice from insurance producers, and consumers are finding themselves in need of guidance from the OIC.

Insurers offering life and annuity policies continue to press for a national review system for rate-and-form filings. Washington is one of 46 states in the Interstate Insurance Product Regulation Compact (IIPRC). IIPRC-approved products generate over 75 percent of the national life and annuity premium volume. The Commissioner is an active participant and directly impacts the approval of products sold in all 46 compact states. The IIPRC promotes uniformity through the application of national product standards embedded with strong consumer protections that are the hallmark of our state-based regulatory system.

The Commissioner's leadership role addresses unanticipated issues that affect insurance markets. He has been a leader in addressing discrimination in health care insurance by scrutinizing insurers' pharmaceutical formularies to ensure that they do not use them as a discrete method of preventing enrollment. Through rulemaking and strong oversight of health insurers' practices, he continues to be a robust and effective proponent of ending entrenched and systemic discrimination in healthcare.

The Commissioner strongly advocates for effective treatments for medical service coverage and behavioral health (mental health and substance use disorder) benefits through rulemaking and strong oversight of health insurers' practices. Historically, this difference in treatment availability for medical services versus behavioral health services has left consumers with gaps in access to care, significantly higher costs for needed mental health and substance use disorder treatment, and difficulties obtaining access to these needed services. The Commissioner has actively engaged in oversight of health insurers' compliance with state and federal mental health parity laws.

The Commissioner has a national leadership role in addressing health care provider network access standards. Health insurers are creating narrower provider networks to reduce costs. Through Commissioner Kreidler's leadership, Washington became the first state in the nation to issue rules setting minimum standards for maintaining provider network access and adequacy under the ACA.

The Commissioner proposed legislation to help provide stability and ensure that 248,000 people could maintain health insurance coverage in Washington's market. He continues his advocacy to establish a federal reinsurance program to address affordability and market stability.

National Uniformity in Producer Licensing

The Commissioner continues to take steps to modernize Washington's producer licensing laws to meet national uniformity and reciprocity standards. The OIC accepts a full range of resident and non-resident licensing and renewal applications (producer, adjuster, surplus lines, etc.) through the National Insurance Producer Registry (NIPR) Gateway, a communication network that improves the efficiency and effectiveness of the state licensing process through automation, standardization, and reciprocity.

Big Data and Price Optimization

The increasing use of “big data” by property and casualty insurers requires that the Commissioner remain vigilant in protecting consumers from discrimination. Using new, non-traditional databases can result in insurance rates based on factors other than risk. For example, using a technique known as price optimization, insurers could determine premiums based partly on the likelihood of whether consumers will, when faced with a rate increase, shop around for insurance. The Commissioner refers to this practice as a “loyalty penalty” – consumers loyal to their insurance company and unlikely to shop around could be charged a higher premium. He disallowed the practice in 2015. Big data also presents the opportunity for regulators to analyze the filings and activities of insurers more efficiently and effectively in the Washington market.

Leveraging Big Data

The Commissioner is leveraging big data to determine mental health parity in Washington state. This has been facilitated by participating in the state’s all-payer claims database. The Commissioner also constantly monitors all the health insurance markets by requiring insurers to submit data in the individual, small- or large-group markets. Any fluctuations in curves like enrollment, price trend, and network adequacy are immediately noted and reported. This is possible only through monitoring big data regularly.

The Commissioner is working in partnership with the Health Care Authority and the Washington State Employment Security Department to leverage big data in developing accurate, precise, and real-time health insurance enrollment data statewide. This information highlights the uninsured population demographics. This partnership allows the Commissioner to monitor trends in different medical insurance markets, such as the flow of individuals from one market to another due to external economic changes. He is also beginning to leverage big data to examine automobile insurance trends in Washington.

The collection of big data on various topics like insulin, direct practice, network adequacy, and title insurance has allowed the Commissioner to provide important information to legislators as they evaluate bills on these topics

The commissioner issued regulatory guidance to insurers on the proper use of artificial intelligence, reminding insurers that decisions or actions impacting consumers made or supported by advanced analytical and computational technologies, including AI, must comply with all applicable insurance laws and regulations. This includes laws that address unfair trade practices and discrimination.

Health Care Sharing Ministries

The Commissioner has seen a proliferation of health care sharing ministries (HCSM) operating in Washington in the last decade. HCSMs are *not* health insurance and do not provide consumer protections codified in the ACA. HCSMs are comprised of members who pledge to follow a standard set of religious or ethical beliefs and provide a payment – typically monthly – to help cover the

qualifying medical expenses of other members. An HCSM will then either match funds of paying members with those whose health care cost needs are presented for payment, or pool all the monthly shares and administer payments to members directly. The Commissioner is a leader in the nation ensuring that all sharing ministries in Washington are acting lawfully, with full transparency regarding their function and obligations to members. Education to consumers considering HCSMs is ongoing.

ERISA Health and Welfare Plans

The Commissioner has seen many health and welfare plans promoted as ERISA-approved plans in Washington. The federally enacted Employee Retirement Income Security Act (ERISA) of 1974, regulates employee welfare benefit plans and, in some cases, exempts such plans from state insurance regulation. However, determining when a plan is exempt and therefore subject to state insurance regulation is complex. To protect consumers from fraudulent plans, the Commissioner initiates investigations to determine whether a plan complies with state and/or federal law. When necessary, the Commissioner brings enforcement actions against entities violating the state insurance code.

Medical Malpractice Liability

As part of comprehensive health care liability reform legislation enacted in 2006, the Commissioner submitted the Medical Malpractice Annual Report in October 2023. The report includes information identifying trends and provides insight into the overall economic impacts of medical malpractice costs.

Fighting Criminal Fraud

The Commissioner's Criminal Investigations Unit (CIU) identifies, investigates, and prosecutes criminal insurance fraud, estimated by the Coalition Against Insurance Fraud to cost each household as much as \$932 a year. CIU works with state and local law enforcement and other agencies, prosecutors, FBI and federal law enforcement, and other state insurance commissioners.

Major recent cases:

- An individual submitted a fraudulent insurance claim, stating a house he was renovating flooded when pipes froze in the kitchen. He supplied pictures and statements to further his claim and indicated he spent nearly \$19,000 to repair and renovate. CIU detectives learned the city had shut the water off to the property months before the alleged loss occurred. The suspect chose to go to trial on this first investigation, representing himself, and after a lengthy trial, the suspect was found guilty by a jury of his peers of two felonies: criminal attempt in the first degree, and presenting a false claim for insurance purposes. During the course of this investigation, CIU detectives discovered the suspect submitted a separate claim for damages to the City of Spokane for a paved parking lot he owned. The suspect claimed a contractor, hired by the city to remove another building owned by the suspect, had damaged the parking lot, and claimed the amount to repair the damage totaled \$324,000.00. CIU detectives learned the parking lot had been in disrepair for years before the alleged damage loss. Subsequently, the suspect entered a guilty

plea to a separate charge of presenting a false claim for insurance purposes because of this additional investigation.

- An individual filed a notice of loss, claiming he ran his vehicle into the car lift inside his automotive repair shop and provided photograph documentation. Investigators obtained a copy of another, previous claim filed by the same suspect, claiming the same damage, and providing the same photographic documentation. During the course of this investigation, CIU detectives received an additional suspicious claim, from the same suspect, through a third insurance company. In this claim, the suspect claimed he ran his vehicle into the car lift in his shop and provided photographic documentation that was the same he provided in the two previous claims. The suspect attempted loss claims totaling over \$18,500. When interviewed by CIU detectives the suspect provided statements that proved unrealistic. After being charged, the suspect pled guilty to two felony counts of false insurance claims and one misdemeanor count of making a false or misleading statement to a public servant.
- Suspect One was involved in a property damage collision and was cited by responding law enforcement. Within 30 minutes of the collision, Suspect One called and obtained a new automobile insurance policy. The suspect worked with an insurance agent (Suspect Two) to obtain the policy and make a subsequent damage loss claim for \$11,000. Investigators conducted interviews wherein Suspect One confessed to obtaining the policy after the collision had occurred. Suspect Two confessed to writing the new policy when he knew Suspect One did not have coverage prior. Suspect Two admitted to wanting to help a previous client. Suspects pled guilty to false insurance claims, criminal attempt, and criminal conspiracy.
- **Key Partners - Regulatory and Health Care Reform Partners**

National Association of Insurance Commissioners (NAIC)

Created in 1871 to assist state insurance regulators in serving the public interest, by setting standards and regulatory practices and to act as a forum for the exchange of information, today the NAIC is comprised of the chief insurance regulators of the 50 states, several U.S. territories, and the District of Columbia. The NAIC represents state insurance regulators' interests to the insurance industry, consumer groups, and Congress. To protect insurance consumers and improve efficiency, the Commissioner and his staff work closely with other states to develop common approaches to insurance regulation, including model laws and uniform procedures.

The Commissioner and his staff actively participate in many NAIC committees, task forces, working groups, and subgroups. Specific recent focus of this work:

- establish actuarial standards
- provide climate change oversight
- develop market conduct analysis and standards (to inform our risk surveillance, market conduct inquiries, and financial condition analyses and exams)
- an accreditation program to raise financial risk surveillance standards (including model laws, regulations, handbooks, instructions, and training)

- an own-risk solvency assessment program, risk-focused examinations, and company licensing and holding company oversight
- development of model legislation and model regulation for pet insurance, annuity sales, holding companies, and credit for reinsurance

Washington State Legislature

The Commissioner coordinates with members of the Washington State Legislature to ensure new laws continue to have strong consumer protections codified in state law across all lines of insurance. The Commissioner and staff provide technical assistance and offer expertise and information for consideration on insurance matters brought before legislators. This includes developing and presenting agency request legislation for consideration, including model legislation needed to maintain the OIC's accreditation with the NAIC, and technical review of legislation proposed by others.

International Influence on the Industry

The International Association of Insurance Supervisors (IAIS) represents insurance regulators and supervisors of over 200 jurisdictions in nearly 140 countries, accounting for 97 percent of the world's insurance premiums. IAIS is the global standard-setting body responsible for the promotion of effective and globally consistent supervision of the insurance industry. It seeks to promote supervision of the industry to ensure fair, safe, and stable insurance markets for the benefit and protection of policyholders.

The IAIS has more than 130 observers in its peer review process, to provide general recommendations and useful practices that jurisdictions can implement. As a co-signer on the IAIS Multilateral Memorandum of Understanding, the OIC reviews other states and countries for consistent reciprocal regulation.

The Commissioner also impacts the international marketplace through participation in NAIC committees focused on converging financial solvency requirements in the U.S. and other countries. This includes developing and adopting model acts on holding companies, own-risk and solvency assessment, credit for reinsurance, and corporate governance. The Commissioner and other members of the Sustainable Insurance Forum approved a paper (that OIC staff helped draft) for the IAIS to guide regulators on how they should engage insurers they regulate regarding climate change.

Partnership with United Nations on Climate Change

The Commissioner has partnered with the United Nations on climate change, disaster, and climate resiliency in the insurance industry. Efforts include signing on as a supporting institution to the UN Environment Program Finance Initiative and the UNEP FI Principles for Sustainable Insurance Initiative. Together, these initiatives provide a global framework for the insurance industry to address environmental, social, and governance risks and opportunities. This work is the largest collaboration between the UN and the insurance industry.

An outgrowth of the UN climate change activities was forming an international group of concerned

insurance regulators called the Sustainable Insurance Forum (SIF), which promotes supervisory and regulatory leadership on sustainability challenges and opportunities in the insurance sector. The Commissioner is actively pursuing SIF's agenda to have more insurers report using the guidelines created by the Task Force for Climate-Related Financial Disclosures (TCFD). Together with California, the Commissioner has represented the United States in the SIF since its inception. The NAIC and others, including the U.S. Department of Treasury's Federal Insurance Office and several states, have recently joined the SIF.

U.S. Department of Health and Human Services (HHS)

HHS is the lead federal agency for implementing health care reform. The OIC has worked closely with HHS and the NAIC to identify issues, develop processes, and answer numerous complex questions that continue to arise out of ACA reforms.

Washington Health Benefit Exchange

One of the Commissioner's highest priorities is to support the Washington Health Benefit Exchange's (WAHBE's) continuing operations and role as a marketplace for state residents to purchase individual health insurance and/or enroll in Apple Health coverage. The Commissioner serves as a non-voting member on the WAHBE Board and is responsible for reviewing and approving health insurance plans offered through the Exchange. The Commissioner also exercises regulatory authority over private health care plans not sold on the Exchange.

Under the Commissioner's leadership, the WAHBE marketplace has become one of the most robust in the nation. The Commissioner approved 120 individual health plans on the Exchange in 2022. With 15 insurers participating via the Exchange and in the private market, Washington provides many options for consumers and continues the trend of fostering healthy competition.

Tribal Consultations and the American Indian Health Commission for Washington (AIHC-WA)

In compliance with the 1989 Centennial Accord and state law, the Commissioner consults and collaborates with the 29 federally recognized Indian Tribes regarding potential development and implementation of any agency policies that affect their sovereignty or their tribal members.

The Commissioner is an active consultant to the American Indian Health Commission of Washington, a tribally driven non-profit organization with the mission of improving health outcomes for American Indians and Alaska Natives. The AIHC-WA works on health policy at the state level. The Commissioner works in partnership with the AIHC-WA on issues of tribal concern, including services by tribal health care providers under the ACA and other federal laws, and on improving access to Medicare savings programs for low-income elders and those with disabilities.

Washington State Department of Financial Institutions (DFI)

The Commissioner maintains established ties with DFI and regularly shares information about investigations and enforcement activities. OIC staff has trained DFI securities staff on annuities and

other insurance products, as well as licensing requirements for producers.

Washington State Attorney General's Office (AGO)

OIC staff regularly collaborate with staff from the state Attorney General's Office. The OIC and AGO coordinate fact-finding efforts when allegations concerning violations within the enforcement authority of both agencies are presented. For example, the agencies cooperate in investigating alleged misconduct concerning the sale of living trusts or reverse mortgages where a licensed insurance producer is involved. The Commissioner has also provided technical support for several multi-state cases involving attempts to repeal and replace the ACA across its existence.

Washington State Department of Licensing (DOL)

OIC staff regularly share information with DOL staff about investigations and enforcement activities concerning individuals holding bail bond licenses. OIC staff also provide information to DOL's licensed bail bond agents about laws and rules regarding surety bonds. DOL and OIC staff exchange information in other areas of mutual interest, including the regulation of realtors and title insurance.

Community Partners of Statewide Health Insurance Benefits Advisors (SHIBA) Program

The Statewide Health Insurance Benefits Advisors (SHIBA) program contracts with approximately 20 non-profit organizations for each county of the state to serve as local sponsors of the SHIBA program. Sponsor agencies recruit volunteers who are trained by OIC staff to provide free, unbiased, and personalized educational assistance to help consumers understand their health care rights and options. SHIBA provides consumers with timely access to education and assistance. Through contractors and volunteers, consumers receive specialized in-depth one-on-one counseling and assistance to Medicare beneficiaries, families, friends, and caregivers. SHIBA contracts with community-based agencies with a history of reaching out to low-income, minority populations and limited-English proficiency consumers.

King County Prosecuting Attorney's Office

The Commissioner contracts with the King County Prosecuting Attorney's Office for a dedicated prosecutor and support staff in the Economic Crimes Unit. This allows for focused and expedited charging of complex criminal fraud cases in the most populated area of Washington.

Financial Crimes Enforcement Network (FinCEN)

FinCEN, a division of the U.S. Treasury Department, is authorized to enforce anti-money laundering provisions added to the Bank Secrecy Act by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act. A joint effort of the NAIC and FinCEN was incorporated into the NAIC examination processes to support FinCEN's activities. The Commissioner's financial examiners now take on a more significant role concerning domestic insurers to stop money laundering.

Washington State Health Care Authority (HCA)

State law requires the Commissioner to conduct financial examinations of self-insured products offered to public employees and retirees and to determine the adequacy of reserves held for these vital health and dental insurance programs (e.g., Uniform Medical Plan). Underfunded reserves could jeopardize the financial viability of the programs and result in additional expenditures by the state to pay claims. The Commissioner's independent financial review and analysis assures ongoing fiscal prudence in the management of the programs and identifies any early indicators of financial distress.

Washington State Department of Health

The COVID-19 pandemic presented historic public health challenges. The Commissioner worked closely with the Department of Health and the Health Care Authority in the battle against COVID-19. Emergency orders issued by the Commissioner were developed in partnership with the Department of Health to enhance their effectiveness.

Surplus Lines Association of Washington

The Surplus Lines Association of Washington facilitates compliance of its member brokers with Washington state laws relating to surplus lines insurance transactions and collecting the insurance premium tax. It also serves as the initial recipient of surplus lines certifications that brokers must file with the Commissioner.

Surplus lines insurance is critical even though it represents only 3% of Washington's insurance marketplace. When a business or consumer cannot obtain insurance from an admitted or authorized insurer, the business or consumer is permitted to purchase insurance from a non-admitted insurer. However, a licensed surplus lines broker must buy this type of insurance through a licensed surplus lines broker.

Washington Health Care Facilities Authority (WHCFA)

WHCFA is charged with minimizing costs of capital construction and fees to the public for using health care facilities. The Commissioner is a statutory member of the WHCFA Board. By providing tax-exempt interest rate financing for non-profit health care providers in Washington, the authority assisted providers in 2023 in reducing their interest costs by \$35 million. The savings contribute to modern, well-equipped, and reasonably priced facilities and improved quality of health care in Washington.

Washington State High Risk Pool (WSHIP)

The Commissioner serves as an advisory member of the board of directors for the state's high-risk health insurance pool. Created by the Legislature in 1987, the high-risk pool provides access to Washington residents denied coverage in the individual market due to severe health conditions. Thanks to the ACA's rules against refusing coverage to those with pre-existing conditions, enrollment in WSHIP has steadily declined. WSHIP has an 11-member board of directors who are either appointed by the governor or elected by member plans.

Washington Life and Disability Insurance Guaranty Association

The Commissioner serves as a statutory member on the board of directors for this association of all authorized life and disability insurers. The association provides policy benefits to Washington resident policyholders of domestic and foreign liquidated insurers. Those benefits result in credits against premium tax collections, resulting in a reduction in funds available for other state government activities. The Commissioner must balance the interests of consumers, insurers, and the state.

Washington Insurance Guaranty Association

The Commissioner is statutorily charged with closely supervising this association of all authorized property and casualty insurers. The association provides policy benefits to Washington resident policyholders of domestic and foreign liquidated insurers. Those benefits result in credits against premium tax collections resulting in a reduction in funds available for other state government activities. The Commissioner must balance the interests of consumers, insurers, and the state.

- **Problem-Solving/Decision-Making Requirements**

The Commissioner faces the exact problem-solving and decision-making requirements as any other chief executive. He must constantly balance regulatory duties with the need to maintain vital services to Washington residents. The Commissioner addresses a variety of complex issues daily, requiring time-sensitive interim and strategic solutions to prevent disruptions to lives and commerce. He often addresses challenges requiring extensive analysis, synthesis of complex technical information, and consideration of competing opinions by industry and government experts in a complex political environment. The Commissioner uses his regulatory powers to expand the availability of insurance products through alternative mechanisms and to propose comprehensive legislative solutions to ease market disruptions.

- **Accountability**

As a statewide elected official, the Commissioner answers directly to the citizens of Washington. His actions and decisions have far-reaching impacts on all residents and insurance-related businesses.

As with virtually all governmental positions, there are precedents, standard practices, and statutory boundaries within which the Commissioner must operate. At the same time, he has reasonable liberty when carrying out his duties. As an independently elected official, he has the freedom to actively engage in significant policy initiatives at the state, national, and international levels through his membership in the NAIC and direct interactions with members of the state Washington State Legislature and United States Congress. In this way, the Commissioner has a significant role in determining policies, procedures, precedents, and standard practices that have an impact on Washington state, the rest of the nation, and the world.

- **Planning (Technical and Strategic)**

- **Focus on the requirement for and impact of planning on the state's mission and success of the**

agency.

The state’s mission is to offer a robust, efficient business environment, of which insurance is a crucial component. Regulating the insurance industry requires strategic planning, critical thinking, and tactical accuracy to deliver legally compliant and affordable products to market as efficiently as possible.

Effective planning and execution impact insurance companies and producers regulated by the OIC, and Washington consumers rely on insurance. The Commissioner strives to make continuous improvements and operates the agency in a fiscally prudent manner. To do this successfully and to ensure that the agency achieves its consumer protection mission, the agency must rely on deliberate, systematic short- and long-term planning.

The OIC uses a performance management system with a comprehensive long-term strategic plan and biennial agency-level business and division-level operational plans. Both the strategic plan and operational plans are developed with agency-wide participation. These living documents undergo multiple rigorous reviews to adjust for changing priorities and emerging issues.

The Commissioner is transparent in his work, which is one contributor to his success. For example, during the legislative session, he holds two weekly meetings, one with consumer advocates and another with industry lobbyists. These meetings allow the Commissioner to interact face-to-face with interested parties about various bills passing through the Legislature and impacting the insurance industry.

In addition to running legislation to improve the insurance market and expand protections for consumers, the Commissioner openly works with stakeholders throughout the year to perfect legislation impacting the insurance market. Additionally, the Commissioner responds to numerous policy and process questions year-round regarding insurance from legislative, congressional, and consumer groups.

The Commissioner’s Producer Advisory Committee is a body made up of licensed producers in Washington. Two groups – one for Property and Casualty, and one for Life and Disability – meet twice a year to discuss market issues.

V. Recent Changes in this Position

- **What significant changes have occurred in the job since its last review in 2020? Use the format outline to organize your comments.**

Bolstering Access for Consumer Complaints

The Commissioner’s Consumer Advocacy Program responds to more than 9,000 complaints annually from people encountering difficulties with a variety of insurance-related issues. Consumers submit complaints in writing, using mobile devices, and via an online portal. We also provide telephonic complaint services for individuals requesting reasonable accommodation. In 2016, the program also began a live-chat option for consumers. The program receives over 90 percent of consumer complaints and inquiries electronically.

Additionally, the Commissioner has a formal agreement with the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS) to forward Medicare Advantage and prescription drug plan consumer complaints. Approximately 170 complaints are submitted annually.

Improving Health Care Affordability and Access in Washington State

Protecting and sustaining the success of the ACA continues to be a high priority for the Commissioner, as well as the affordability of coverage for individuals, families, and employers purchasing health insurance coverage. The Commissioner's regulatory authority covers rates, forms, and consumer access to medical provider networks for health insurance sold in the commercial market. In addition to ensuring health insurance company compliance with annually revised federal regulations, the Commissioner established rules governing standards to meet and maintain provider network adequacy. The Commissioner responds to consumer complaints related to health care plans sold through the Exchange and cooperates with the Exchange in their responses.

Health Care Benefit Manager Regulation

In 2020, the Legislature enacted laws to enable the OIC to regulate all health care benefits managers. Recently, health insurers have begun contracting with health care benefits managers – a relatively new entity in health care insurance – to make a claim and authorization determinations on their behalf.

Examples of healthcare benefits managers include pharmacy benefit managers, mental health benefits managers, radiology benefit managers, and benefits managers specializing in a wide range of claims and authorization determination. These benefit managers now regularly make health care decisions on behalf of insurers, affecting the health care services recommended by providers and consumers' health care choices.

However, unlike insurers, health care benefits managers were not regulated by any state agency in Washington. While some states regulate pharmacy benefit managers, Washington is a leader in creating regulations for all types of benefits managers, ensuring that all benefits managers comply with Washington's insurance laws.

During the 2020 legislative session, the OIC worked closely with the Legislature and stakeholders to create a comprehensive regulatory program for health care benefits managers that includes registration, oversight, and the filing of all contracts related to the provisions of benefit management services. After the law passed, OIC staff began to create the processes for registering an estimated 500 health care benefits managers over the next few years and for accommodating thousands of new contract filings. The rulemaking was completed in 2020 to facilitate these processes and ensure the successful regulation of benefit managers.

During its 2024 session, the Washington State Legislature further amended the state's health care benefit manager law, specifically regarding pharmacy benefit managers. Senate Bill 5213 requires the Commissioner to investigate all complaints about the conduct of pharmacy benefit managers. This new duty to investigate includes specific statutory prohibitions and mandates that are imposed on

pharmacy benefit managers in how they reimburse pharmacies as well as sets standards for dispensing prescription drugs via mail order to covered people. Additionally, the new law bars retaliation against pharmacies and pharmacists for reporting alleged law violations to government, law enforcement, or judicial proceedings.

Market Conduct Oversight

Assumption of responsibility for independent review organizations (IROs) from the Department of Health which makes the final determination on appeals related to health care claim denials and pharmacy benefit managers, as well as the additional focus on network access, have increased the workload for market oversight staff.

NAIC Market Conduct Certification Program

To ensure coordination of market conduct activities, Washington state has developed and implemented a Market Conduct Certification Program with the NAIC Market Regulation Certification Working Group. The program includes certification standards, processes for state implementation, and the ability to measure state compliance and for future revisions of these standards. Washington is one of a select few states that has adopted this process.

Climate Change

As chair since 2006 of the NAIC's Climate Risk and Resiliency Working Group, until the NAIC formed a Climate Task Force in 2020 and an active member of this task force, the Commissioner is the recognized authority among state regulators for encouraging insurers to manage their exposure to climate risk and speed the path to a low-carbon economy. The Commissioner helped create the NAIC's "Climate Risk Disclosure Survey," which for the past dozen years has required larger insurers to report annually on their approach to climate change and how it affects their business. This survey captures over 1,200 company responses. The survey results are available to the public.

The Commissioner is one of the original signatories to the Paris Accord on Climate Change. He is an active participant in the United Nations Environment Program, which assists countries in coordinating environmental activities throughout the world. He is also a founding member of an international group of concerned insurance regulators that has grown out of the Paris Accords called the Sustainable Insurance Forum. The Commissioner is actively pursuing SIF (and IAIS)-endorsed the effort to get more insurers to report using the guidelines created by the Task Force for Climate-Related Financial Disclosures (TCFD).

The Commissioner has worked diligently to integrate the TCFD, the rapidly emerging global standard for private-sector climate reporting, into the NAIC Climate Risk Disclosure Survey. This effort succeeded when the NAIC adopted changes to the Climate Risk Disclosure Survey to transition to the TCFD guidelines at the 2022 Spring National Meeting.

As of 2022, all insurers required to complete the survey will respond under the TCFD regime.

As a result of the Commissioner's active role in climate change at the NAIC, OIC in 2022 was invited to participate in two new climate change-related workstreams of the US/EU Insurance Dialog.

This standing exchange between the U.S. and European Union insurance regulators has existed since 2015.

Commissioner Kreidler also continues to host a Climate Summit annually. Recent Summits have featured University of Washington climate scientists, representatives of the Tribes, the Yale Program for Climate Change Communication, a board member of Travelers Insurance (and former state regulator), and Washington-based companies such as Microsoft and Amazon. Recent virtual summits have enjoyed international viewership of over 2,000.

The Commissioner has expanded his climate work to focus on resiliency and responses to all climate-related perils such as floods and wildfires to other natural disasters such as earthquakes. In 2019, the Commissioner ran agency-request legislation to create a Disaster Resiliency Work Group because he believes it is critical for Washington state to better prepare for disasters and put in place strategies to mitigate the impacts of disasters on Washington citizens. In 2019, the Legislature passed Substitute Senate Bill 5106, making the Commissioner chair of the Washington Disaster Resiliency Workgroup. The work group's directive is to review disaster resiliency activities and make recommendations to the Legislature and Governor on whether the state should create a major disaster resiliency program. The 2021 Climate Commitment Act (SB 5126) included many of the recommendations that came out of the Disaster Resilience Working Group, including the definition of resilience:

"Resilience is the ability to prepare, mitigate and plan for, withstand and recover from, to more successfully adapt to adverse events and changing conditions, and reorganize in an equitable manner that results in a new and better condition."

As the U.S. expert regulator on the regulation of the insurance industry regarding climate change, the Commissioner is often called on to discuss these issues at national and international forums.

Surplus Lines Insurance

With the passage of the Non-Admitted and Reinsurance Reform Act (NRA) of 2010, the challenge has been to change surplus lines insurance regulation without reducing consumer protections, unduly burdening the insurance market, or causing a significant loss of tax revenue to the state. The Commissioner continues to work with the admitted and non-admitted industry, as well as the NAIC, to seek solutions at both the state and national levels, to modernize surplus lines regulation without reducing consumer protections, unduly burdening the insurance market, or causing significant loss of tax revenue to the state. The OIC is actively engaged with the NAIC and other states in the modernization of Model 870 – the Non-Admitted Insurance Act.

OIC staff also worked with the Surplus Lines Association of Washington to develop a system for the electronic filing of required reports, which provides data helpful in analyzing the extent of this insurance market in the state.

State Emergency Management

Washington faces many potential natural and technological hazards. The state has had 13 presidentially declared disasters since 2007. Natural disasters impact insurers, residents, and policyholders. The Commissioner hosted a Resiliency Summit in November 2018 and October 2019, providing opportunities for experts in several natural disaster fields to share their insight and expertise. The Commissioner also hosted a Climate Summit in October 2020 to further discussions on this topic.

The Commissioner's Emergency Management Manager serves as liaison to the Washington State Department of Emergency Management. The OIC liaison actively participates in planning, mitigation, and response activities for catastrophic disasters such as wildfires, mudslides, floods, earthquakes, and drought. As part of this effort, the Commissioner's staff maintains regular contact with insurers, the Governor's Interagency Continuity of Operations planners, and the State Emergency Operations Center.

The Commissioner maintains a list of frequently asked questions, and agency staff responds to urgent consumer insurance questions regarding winter weather, earthquakes, landslides, volcanos, wildfires, and other natural emergencies. The OIC has also provided on-the-scene assistance to consumers affected by wildfires and landslides.

Access to OIC Information and Services

As the face of the agency and its virtual front door, with more than 90,000 unique visitors each month, the OIC website is a critical channel for providing round-the-clock information and services to consumers and industry professionals. Improving website usability and content to adjust to changing technology and higher public expectations is an ongoing agency priority.

Analytics show that the use of mobile devices has doubled in recent years. The projection for future years is that more Americans will access the Internet via mobile devices than personal computers. The Commissioner has adopted mobile-friendly standards for the agency website and has also embraced the use of social media. The agency designated, as a priority, a significant overhaul of its information technology systems in the 2017-19 strategic plan to keep pace with consumer and stakeholder demand. The Commissioner also adopted an electronic and cloud-based messaging distribution system that enables all agency programs to immediately deliver targeted information to select audiences.

The OIC has 10 world-language landing pages on its website. The agency has also translated a host of critical information for consumers in many world languages to keep in sync with the growing linguistic diversity of our state's population. Most of this translated material is available online and/or through publication mailings. We also offer telephonic interpreter services to communicate with our world language consumers. Our staff offers telephonic complaint intake services for those requesting a reasonable accommodation. We are always recruiting bilingual staff who can engage directly with consumers in Washington state's most frequently requested world languages.

New OIC Technology

The Commissioner continuously extends the OIC's capacity to protect consumers, increase access, and provide services to regulated entities and the public by expanding the capabilities of the agency's technology.

Consumer complaint and inquiry processing: Since its launch in 2013, the Commissioner's Online Consumer Complaint Center has been a success, with many written inquiries and complaints filed online by consumers. Consumer complaints submitted to the OIC against insurance companies are referred to them electronically. The companies are required to respond to complaints using this secure online portal. OIC IT staff have worked with agency subject matter experts to enhance our complaint handling through a significant overhaul of our electronic case handling system. This includes efficiency improvements that now automatically set up written inquiries as cases and substantial streamlining to capture telephonic contact logs.

Our Consumer Advocacy and Statewide Health Insurance Benefits programs have fully implemented live chat to handle consumer questions in real time during business hours. In the calendar year 2023, our staff responded to a record-setting 6,518 inquiries from consumers using this feature. The agency was recognized as one of the top 100 of over 10,000 entities using the live chat vendor's service for providing excellent customer service.

Better interaction on consumer complaints with the Health Benefit Exchange (HBE): The Commissioner has successfully built a collaborative relationship with the HBE to respond to consumer complaints that involve Exchange plans. Since the Commissioner does not have regulatory authority over the Exchange, consumers who contacted the OIC with a complaint related to their Exchange plans were initially referred to the Exchange, and the OIC did not necessarily learn of the outcome of the complaints.

Since January 2016, the Commissioner's Consumer Advocacy staff has been able to share Exchange plan-related complaints with the Exchange via a custom-built, secure online portal that all insurance companies use to provide complaint responses to the OIC. Exchange staff use this portal to receive complaints from the OIC and to deliver outcomes of their work via the portal. This has allowed the Commissioner's staff to see the whole picture and provide a bridge between the consumer, the insurer, and the Exchange. In the calendar year 2023, over 101 Exchange-related complaints have been handled via this process.

Provider network access: In 2014, the Commissioner made Washington the first state to adopt rules requiring insurers to provide evidence that health plans had adequate medical provider networks. To further support the implementation of the ACA in Washington, the Commissioner enhanced the network access filing process. The new process collects more detailed data for analyzing networks and provides insurers with an automated, secure method to submit required data. The data collection system began production in March 2017.

Independent review organizations: New legislation in 2016 transferred the regulatory responsibility of Independent Review Organizations (IROs) from the Washington State

Department of Health to the Commissioner, and regulation and oversight began in January 2017. An online portal was created for IROs to register with the OIC and apply for renewal each year. In addition, the online portal used by companies to request an independent review was upgraded and enhanced to meet the requirements of the 2016 legislation, including the ability for the IROs to receive notification of company requests and the ability for IROs to report the outcome of reviews to the Commissioner. The Consumer Tools Online Application was also enhanced and continues to provide transparency of these appeal outcomes to the public via the agency's website. The agency has tracked, monitored, and made outcomes publicly available for 8,681 reviews since January 2017 while ensuring the confidentiality of personally identifiable information of the consumers.

Balance Billing Protection Act implementation: The Commissioner's implementation of the Balance Billing Protection Act (BBPA) is built upon a platform of transparency and technology. The self-funded group health opt-in process is managed with a simple online form, and the site includes an evolving listing of participating self-funded group health plans. Individuals and organizations apply to become arbitrators online. The site hosts the list of arbitrators and standardized forms for arbitration requests and reporting, as well as a database of claims information from the state's all-payer claims database to inform arbitrators, insurers, and providers. Consumers can also learn about their rights on the website. In 2024, ground ambulance services also are subject to the BBPA.

Technology modernization and continual improvement: To keep pace with technology and improve the agency's data security, the Commissioner approved an infrastructure modernization project in 2016. OIC put new infrastructure and security technologies in place in late 2017. The Commissioner understands the need to keep technology current and continually improve the agency's business processes. The agency is currently pursuing a modernization effort for the custom enterprise system that includes reviewing and streamlining business processes, upgrading user interfaces, and revamping technology components based on industry end-of-life expectations.

Continued modernization of insurance licensing: The commissioner approved a technology project to complete the online insurance licensing database. This project added the remaining license types (rental car agencies, portable electronics, self-service storage, and premium finance companies) to the online portal. These license types were previously available to apply for and renew by paper application. Additional streamlining of manual processes continues to be modernized to online availability.

Modernization of Insurance Licensing, Producer/Adjuster Laws

The Commissioner continues to bring the state closer to conformity with resident uniformity licensing standards established by the NAIC and reciprocity requirements provided under the federal Gramm-Leach-Bliley Act through active participation in the NAIC Producer Licensing Task Force, which recommends uniformity and reciprocity standards for adoption by the NAIC.

With the Commissioner's leadership, the OIC adopted rules in 2019 to create more national

standardization around license renewals.

In 2020, the Commissioner adopted legislation and regulations to align more closely with the adjuster licensing uniformity and reciprocity standards. This change included a more precise adjuster definition, added a continuing education requirement for resident adjusters, and a no-cost registration process for emergency adjusters who respond to Governor-declared disasters.

Efficiencies in Licensing of Producers and Adjusters

In 2024, the Commissioner streamlined the process for those seeking a license to sell insurance by joining the National Insurance Producer Registry (NIPR). NIPR is a not-for-profit technology company that provides cost-effective, streamlined, and uniform licensing data and compliance services for insurance professionals. Insurance professionals include agents and brokers (called producers), surplus line brokers, insurance agencies, adjusters, and others regulated by the OIC. Together with the NAIC and the insurance industry, NIPR protects and serves insurance consumers.

NIPR also provides the insurance industry with a data warehouse of producer licensing information from all fifty states, the District of Columbia, and three U.S. territories. NIPR's products and services eliminate paperwork and data entry, allowing for increased productivity, and faster turnaround time for the producer licensing process.

Adoption of NAIC Model Laws

The Commissioner has successfully guided NAIC model laws through legislative sessions during his tenure. His efforts enabled this office to retain NAIC accreditation and provide modern regulatory approaches to holding company regulations, credit for reinsurance, new reserve requirements for life insurers, risk management practices, and guaranty fund associations.

Criminal Prosecution of Insurance Fraud

During the 2021-2023 biennium, the Commissioner's anti-fraud Criminal Investigations Unit (CIU) continues to have great success, receiving a record number of fraud referrals, investigations, and prosecutions. During the biennium over \$4.9 million was collected in loss prevention and restitution from criminal fraud cases. During fiscal year 2023-2024, the CIU received 3,282 criminal referrals, opened 79 criminal cases, and submitted 18 criminal cases for prosecution. The agency was initially accredited through the Washington Association of Sheriffs and Police Chiefs in 2016 and re-accredited in 2020. CIU meets or exceeds all standards designated as best law enforcement practices in our state. Accreditation demonstrates increased operational effectiveness and professionalism. The Commissioner remains committed to pursuing the criminal prosecution of individuals who commit fraud against insurance companies or violate criminal laws in the context of insurance transactions.

Captive Insurance Companies

A captive insurance company is often a wholly owned subsidiary created to provide insurance to its parent, a major corporation. A captive operates like any commercial insurer – it issues policies, collects premiums, and pays claims – but it does not offer insurance to the public. The Washington

Insurance Code does not allow captives to operate in the state unless the OIC grants a certificate of authority, or the insurance is sold through a licensed surplus lines broker.

The Commissioner discovered that many captives were operating outside the law by not paying premium tax. The Commissioner began investigations and enforcement actions against several companies. During the 2021 legislative session, the Commissioner successfully shepherded SB 5315 through the Legislature to the Governor’s desk, where it was signed, authorizing captive insurers to operate under the state’s insurance code.

Consumer Protection – Premium Change Transparency


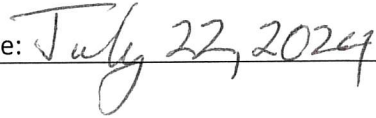
The Commissioner’s commitment to consumer protection led to rulemaking in 2023 regarding transparency in premium changes. The new rules take effect in two phases in 2024 and 2027. The rule aims to achieve transparency by defining the scope of insurer responsibility to explain the specific rate and rating factors that cause premiums to increase for consumers at renewal. The rule intends to furnish insurance consumers with additional protections in the form of financial transparency and fairness in insurance renewal transactions. Consumers then have the ability to make educated and informed decisions on purchasing or renewing policies, administering coverages, improving insurability, and managing insurance costs.

Phase 1 began June 1, 2024, and requires insurers to include a disclaimer to policyholders—on the first page or view renewal notices, or billing statements—to inform policyholders they can request more details about their premium increase. Phase 2 starts June 1, 2027, when insurers must start sending notices to policyholders at least 20 days before renewing a policy with an increase of 10% or more.

VI. General Comments

Please discuss anything else that may contribute to the understanding of your job responsibilities.

N/A.

Signature:  Date: 

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E-Mail Address: Commissioner.Kreidler@oic.wa.gov

OIC Employee Salaries > \$150,085.00
as of 07/01/2024

Full Name	Job	Organizational Unit	Annual Salary
KREIDLER, MYRON	INSURANCE COMM	INSURANCE COMMISSIONER	\$ 150,085.00
MARCHAND, MICHAEL	DEPUTY INSUR COM	Public Affairs	\$ 153,240.00
PATTERSON II, ROBERT	ACTUARY 3	RF-ACT SVCS1	\$ 156,732.00
GRONKA, PAUL	IT POLICY & PLANNING - SRMGR	Operations / IT / App Services	\$ 157,991.00
BAISCH, JUSTIN	IT POLICY & PLANNING - SRMGR	Operations / IT / Ops	\$ 157,991.00
HAWORTH, JOHN	DEPUTY INSUR COM	Company Supervision	\$ 160,920.00
MALONE, CHARLES	DEPUTY INSUR COM	Legal Affairs	\$ 160,920.00
WELCH, BRYON	DEPUTY INSUR COM	Policy & Legislative Affairs	\$ 160,920.00
WOOD, MICHAEL	DEPUTY INSUR COM	Executive	\$ 163,152.00
DIXON, MATTHEW	DEPUTY INSUR COM	Consumer Protection	\$ 165,732.00
OBERLE, JEFFREY	ACTUARY 3	RFPN / Actuarial Services / HC	\$ 173,040.00
SLAVICH, ERIC	ACTUARY 3	RFPN / Actuarial Services / P&C	\$ 181,788.00
PEACH, AMY	ACTUARY 3	RFPN / Actuarial Services / HC	\$ 186,372.00
HIPPEN, DAVID	ACTUARY 3	RFPN / Actuarial Services / HC	\$ 186,372.00
LEE, LICHIOU	ACTUARY 4	RFPN / Actuarial Services / HC	\$ 210,828.00