

2021-2027 Strategic Plan

June 2020

Mike Kreidler, *Insurance Commissioner*
www.insurance.wa.gov

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Message from the Commissioner



The revised agency strategic plan for 2021-2027 is now complete. I thank everyone who contributed and offered insights, new ideas and recommendations for change. This updated plan is the result of many hours spent on the employee survey, agency self-assessment, strategic planning workshops, and other opportunities to offer comments. This work can feel removed from our daily lives because we are planning so far in advance, but it's vitally important to setting up our agency for success in protecting consumers and regulating the insurance industry into the future.

Our mission remains constant – protect consumers, the public interest, and our state's economy through fair and efficient regulation of the insurance industry.

Our vision remains the same as well – continue to work toward our goal of being recognized as a model for consumer protection and state insurance regulation by:

- Protecting and educating consumers
- Promoting a healthy insurance environment
- Managing resources and leveraging technology to ensure effective and efficient operations
- Attracting and developing a capable, engaged, valued, and diverse workforce

Common messages we heard throughout the surveys and strategy sessions revolved around organizational communication and employee development. This reflects a continuing commitment to improve and reaffirmed the dedication to honoring our mission on behalf of consumers in our state.

While emerging countermeasures to combat the effects of COVID-19 have just begun, we will need to be ever more vigilant in our support to the industry and consumers. We have a great story to tell about our work to protect consumers. Each of us has a hand in this effort and we will continue to share our great story about the work we do every day.

Every person in our agency plays a vital role in our success. We all represent the OIC on a daily basis wherever we are and with whomever we encounter. The objectives and strategies we've developed to reach our goals aim to make the work of our agency effective and efficient, while regulating the industry in a fair and consistent way.

Thank you again for your dedication and hard work. Together, we will continue to make life better for so many in our state.

A handwritten signature in black ink that reads "Mike Kreidler". The signature is fluid and cursive, with a long horizontal flourish at the end.

Mike Kreidler
Insurance Commissioner

Our Mission, Vision, Values and Goals

It is the Office of Insurance Commissioner's *Mission* to protect consumers, the public interest, and our state's economy through fair and efficient regulation of the insurance industry.

It is our *Vision* to be recognized as a model for consumer protection and state insurance regulation.

We value...

Respect: Treating people with courtesy, recognizing contributions and honoring diversity.

Accountability: Taking responsibility for our actions and performance and responsibly using the authority and public resources entrusted to us.

Communication: Listening and being clear and forthright in all communications to enhance understanding.

Collaboration: Working together to achieve agency goals.

Excellence: Working effectively in a supportive environment to provide the best services possible.

Professionalism: Demonstrating competence, resourcefulness and the highest standards of conduct.

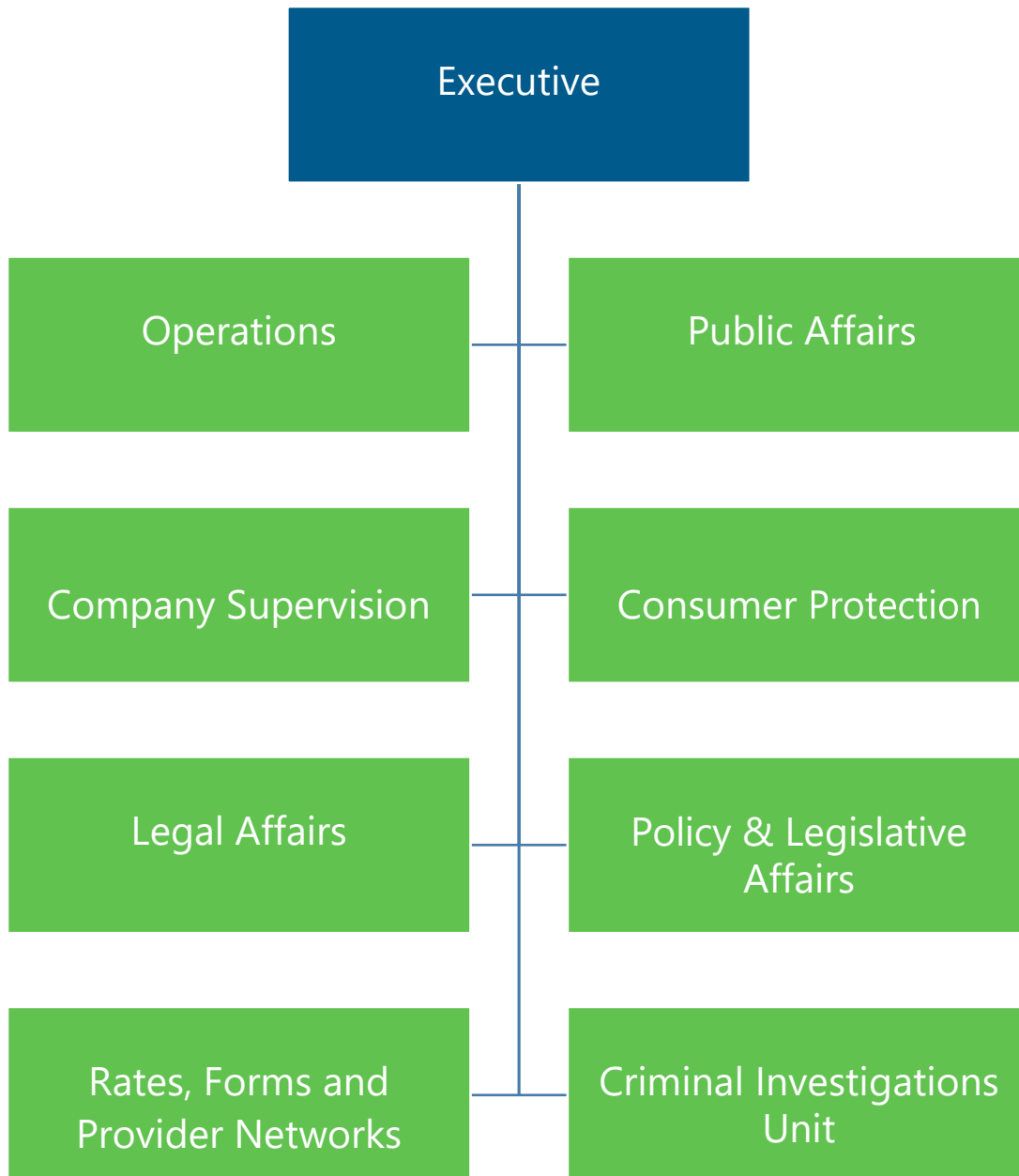
Integrity: Committing to honest and ethical behavior.

Our Goals

- *Protect and educate consumers*
- *Promote a healthy insurance environment*
- *Manage resources and leverage technology to ensure effective and efficient operations*
- *Attract and develop a capable, engaged, valued, and diverse workforce*

Agency Structure

Organizational Chart



Review of external environment

The insurance business

The insurance industry is critical to Washington's economy and to the well-being of our state's residents. Insurance transactions generate about \$46 billion in economic activity every year in the state and about \$648 million in annual state tax revenue, which is used to fund a wide range of public services.

National and state economy

The U.S. economy, including Washington, has been expanding at a steady rate. Unfortunately, the current experience with COVID-19 is destabilizing global economic markets and creating the very real possibility of a shock recession. Additional challenges to the stability of our economy also remain, including failing infrastructure, wage inequality and stagnation, rising pension and medical costs, a growing deficit, and a slowdown in manufacturing output.

Key indicators of the state of the economy include:

- **Business bankruptcies:** At 2019 year-end, business bankruptcies ended at 22,157, down from 23,106 in 2018.
- **Interest rates:** The Federal Reserve interest rates closed at 1.5 – 1.75% in the third quarter of 2019. The Federal Reserve cut rates to 0% in mid-March 2020 in response to an economic downturn caused by COVID-19. Reduction in interest rates will have a significant impact on the funding of employee pension plans.
- **Unemployment:** 2019 closed out with an official unemployment rate of 3.6 %, a return to pre-recession levels (2007). Workers who are part time, underemployed, or have ceased looking for work are not counted in the official unemployment rate. Individual employment correlates heavily with the purchase of insurance coverage. A continued low unemployment rate is reflected in increased coverage rates across several market sectors.
- **Premium income:** If economic growth slows or declines per the indications cited above, demand for insurance products will likely decrease. Premium tax continues to be an important revenue source to the state general fund, contributing about \$1.3 billion in revenue each biennium.

Changes in the insurance market

Rapid developments in new technology are spawning innovations in many services and markets, including insurance. These can present regulatory challenges. Some recent that have regulatory implications are shared services (e.g. Uber, Lyft, or Airbnb) and free digital platforms. Some are

on the horizon, such as autonomous vehicles. Specific to Washington state, the Washington State Legislature passed a law in 2019, making it mandatory to have liability coverage for motorcycles.

The Office of Insurance Commissioner (OIC) must dedicate expertise and resources to anticipating and understanding these challenges, and determining whether they are better regulated through adaptation of an existing model or require new and innovative methods of regulation. In coordination with the National Association of Insurance Commissioners (NAIC), the OIC will continue to work on the best approaches to state regulation.

Insurer Trends

- **Long-term care insurance:** The OIC continues to monitor with concern trends in long-term care insurance (LTCi). Since its development and introduction in the 1980s, it has become clear that this product was initially underpriced in relationship to the benefits offered and the retention rate of enrollees. Compounding this issue, average life expectancy has increased, and new treatment services have dramatically extended life-spans for those in need of care. The LTCi market has suffered a large contraction, with fewer insurers offering products and fewer consumers purchasing new policies. Consumers with LTCi policies are challenged by steep premium increases at the level necessary to fund existing obligations and face continual increases in those states that grant them. The OIC will continue to be called upon to provide expertise and analysis as the state Legislature considers support for LTCi supplemental options for consumers.
- **Medicare:** The OIC, through the Statewide Health Insurance Benefits Advisors (SHIBA) Program, actively monitors changes in Medicare, including national policy-level discussions, advocacy around adding an oral health benefit to Medicare, and options for adding supplemental benefits and LTC to Medicare supplements.
- **Regulatory challenges:** Challenges also arise from entities that participate in and influence insurance markets and companies, but are not directly regulated by the OIC. These include third-party administrators (TPAs), private-sector Employee Retirement Income Security Act (ERISA) health benefit plans, health care sharing ministries (HCSMs), and benefit managers of all types.

Traditional TPAs have provided services, such as claims handling for insurance companies. Newer TPA models include benefit managers, such as pharmacy benefit managers (PBMs), radiology benefit managers, and chiropractic services benefit managers. Benefit managers perform a range of services, often interacting directly with consumers on behalf of an insurance company. PBMs create and manage formularies used by health insurance companies, determining which prescription drugs are available and negotiating pricing. Washington's legislators continue to seek regulation of TPAs by the OIC, in an effort to reduce perceived administrative cost and improve benefit administration.

The OIC has seen bad actors claim exemption from State regulation, seeking shelter under Federal ERISA laws for which they do not qualify. These bad actors misrepresent their products to individual consumers and small businesses – with potentially serious financial consequences. The OIC has investigated many companies who claim a HCSM status for which they do not qualify, and misrepresent their products to consumers who often believe they are purchasing traditional insurance. Understanding the role these entities play in the cost and delivery of health care is important to protecting consumers, and maintaining a thriving market.

- **Cybersecurity, data privacy, and use of data:** Cybersecurity and data privacy is a significant concern in the state, impacting consumers, insurers, and regulators. More consumer data is being made available through social media, the internet, and email, increasing the exposure of consumer information and the likelihood that consumer information will be misused or insurance companies will experience cybersecurity breaches. The OIC regularly receives notifications about data breaches or situations where consumer data was potentially exposed. Security breaches pose a significant risk to consumers as thieves increasingly target personal information.

In response to these concerns, cyber security insurance for business is a growing market, though it is still relatively small. Insurance companies will be required to build even more secure computer systems.

Regulation of insurer data breaches is shared by the OIC, the Office of the Attorney General, and numerous federal agencies. In an effort to provide consistency among state insurance regulators, the NAIC developed the Insurance Data Security Model Law. The model law has been adopted by eight states; it remains under consideration for introduction in Washington. The cybersecurity landscape remains fluid at both the state and national levels, with several bills introduced into the legislature on the subject in each of the last several legislative sessions. It is expected that this trend will continue and that standards will continue to tighten both on private companies and state agencies alike.

- **Increasing complexity in rate filings:** Property and casualty rate filings became more complex several years ago when insurers introduced credit scoring in personal auto ratings. Over the years, credit scoring and other models have become more common in figuring ratings for other personal and commercial lines of property and casualty insurance. As computing power increases and insurers find more activity that can be linked to risk, these models are becoming increasingly complex. Further compounding the issue are efforts by insurers to make it difficult for competitors to copy their rating factors by obfuscating their rating algorithms. The result is that it is far more difficult to review newer filings that are sometimes in excess of 10,000 pages, where in the past a longer filing would have been only hundreds of pages. More time and effort is needed to review property and casualty rate filings, and rating plans are expected to grow even more complex in the coming years.

Consumer Trends

Consumers are interested in obtaining insurance that is both affordable and meets the needs of their families and businesses. The insurance industry is increasingly leveraging technology to transform the way that they interact with consumers and deliver streamlined services based on user preferences. The National Association of Insurance Commissioner'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. On the other hand, these new technologies pose challenges for insurance regulators to protect consumers from cybersecurity risks and potential negative consequences of bias embedded in algorithms that are based on historical patterns of inequality.

In Washington, the senior population grew 29.5% from 2012-2018, rising from 12.3% to 14.8% of the population and some sources show 17% of the population in Washington is 65 or older. This growing aging population means increased demands for services from home health workers to Medicare advisors. Fraud experts warn that people who are aging are particularly vulnerable to robo-calls scams, US Mail scams, scams that come through websites, emails, newspaper ads, etc. We need to have a workforce that can engage people across the lifespan to become savvy and not fall for scams that may compromise a person's identity, banking, social security and economic security.

American Indian/Alaskan Natives (AI/AN) have significant health disparities and addressing their health plan insurance needs is critical. There are 29 federally recognized Tribes in Washington state with 34 health clinics. The vast majority of specialty care cannot be provided by these clinics and is therefore purchased from private health care providers in nearby communities. If an AI/AN requires such care, private insurance, Medicare and Medicaid is considered the first payor, before Indian Health Services funding is applied. The OIC will continue to provide Tribes and health plans with guidance and subject matter expertise.

Insurance market cycles

The availability and affordability of personal and commercial lines of insurance are cyclical in nature. Life, health, auto, home, liability and other kinds of insurance are influenced by competitive market forces, the regulatory climate, inflation, investment returns, catastrophic events, and the accuracy of predicting future claims. The increased use of captive and surplus lines insurers also impact the insurance market.

The property and casualty insurance market, for example, is characterized by cyclical patterns in underwriting restrictions, rates, and profits. A full market cycle typically lasts seven to 15 years and is more significant for commercial product lines than for personal product lines. The cycle seems to have slowed in recent years, however, and for the most part, "soft market" conditions have prevailed since 2005. Markets are now hardening, with higher claims levels and low interest rates driving the need for premium increases, lower coverage limits, and narrower coverages.

Interstate uniformity

The insurance industry and its congressional allies have continued to push for greater uniformity among states in licensing and regulatory standards, as well as approval for single “points of entry” for various products. Congress continues to examine the role that the federal government should play in insurance regulation. In December of 2013, the Federal Insurance Office (FIO) published a report titled, “How to Modernize and Improve the System of Insurance Regulation in the United States.” This report raised concerns among state regulators about potential intrusion into the current system of state-based insurance regulation.

To promote uniformity among state regulators and reduce the perceived need for federal regulation, the NAIC has developed accreditation programs in financial examination and company licensing and is in the process of developing a market oversight accreditation program. Washington is a pilot state. It is anticipated the NAIC will continue to consider developing similar programs for insurance producer licensing and regulation to promote uniformity among the states. It is possible that national standards may be developed that offer a lower level of consumer protection standards than are currently in place in Washington and most of the larger states. In light of this risk, the OIC actively participates in the development of standards at the NAIC.

Washington is a member of the Interstate Insurance Product Regulation Compact (Compact), a system that consolidates insurance plan filing, review and approval. The Compact promotes uniformity through application of national product standards, and has strong consumer protections. Products approved by the Compact are available to all member states, allowing consumers to have quicker access and increased choice.

Federal regulatory reform

The current federal administration issued numerous regulations and executive orders impacting Washington’s insurance market, including eliminating payment for cost-sharing reduction subsidies and zeroing out the tax penalty for failure to purchase insurance as required by the individual mandate. The administration is also pursuing other major reforms, including repealing the Patient Protection and Affordable Care Act (ACA), rolling back regulations on small and medium lenders in the Dodd-Frank Act, expanding association health plans, and imposing cross-state insurance sales. Each of these would have a dramatic impact on the insurance market and the state’s regulation of the ACA. The OIC continues to closely monitor these federal activities, independently and through the NAIC, to anticipate actions that might affect insurance consumers.

International insurance environment

As in other markets, the insurance market is global. Although the United States is the largest insurance market in the world, international insurance concerns are more frequently creating

issues here in the U.S. as insurers are increasingly looking outside their country of domicile to expand their business.

The U.S. is a founding member of the International Association of Insurance Supervisors (IAIS) which creates and adopts standards in insurance regulation. Washington must ensure any standards adopted are in the best interest of Washington consumers and our state based system of insurance regulation.

Health care access

Since its passage in 2010, the ACA has been implemented in Washington and across the nation, with the goal of universal access to health care. However, the current federal administration's words and actions, as well as those of Congress, have created great uncertainty for health insurance consumers. Most people expected 2017 and beyond to be a time for state-level stabilization of the ACA. Instead, repeated calls to repeal and replace the ACA mean that the future of the health care insurance industry is uncertain.

The ACA has had a major impact in the state, specifically on the uninsured rate, which Washington's dropped from 14.5% in 2012 to 5.5% in 2018. The increase in insurance coverage positively impacted people throughout our state, across all races and income groups, and in urban and rural areas. However, for the first time since 2014, the uninsured rate in Washington state increased slightly, to 6.2% in 2018, with the potential for another increase in 2019. The increase was associated with coverage declines in both Medicaid and individual market coverage. The greatest coverage losses were among those with income between 139 – 400% FPL, the population that is extremely cost-sensitive, even with access to ACA premium tax credits.

Seniors and people with disabilities on Medicare are particularly cost conscious. SHIBA remains involved at the national SHIP Steering Committee level to highlight the impact of the high cost of prescription drugs for many state consumers. The reality for these vulnerable populations is that increased prescription drug costs force difficult financial decisions, which often lead to a negative impact on their health.

Fraud and illegal activities

It is estimated that insurance fraud costs the average insurance consumer between \$400 and \$700 per year in higher premiums. The Coalition Against Insurance Fraud estimates that fraud steals \$80 billion a year across all lines of insurance. Nationwide, growing criminal and civil caseloads are outpacing available fraud-fighting resources. The Criminal Investigations Unit continues to experience an increase in fraud referrals. In 2019, over 2,500 criminal fraud referrals were received.

Criminal insurance fraud can take many forms. They include filing false claims, exaggerating claims, submitting fraudulent documents or receipts, staged vehicle collisions, arson for profit

and medical provider fraud. Cases often involve multiple claims, multiple suspects and multiple victims. Criminal insurance fraud can occur over months or years. These types of cases require highly trained and dedicated investigative and prosecutorial resources.

As more insurance products are sold via the internet, without the benefit of advice from a licensed insurance producer, consumers may increasingly be victimized by unseen, distant scammers. The ease and convenience of purchasing insurance products via the internet has made it easier for those individuals choosing to submit fraudulent claims to do so, especially with auto claims. The rising cost of health insurance during the last several years also has provided a fertile landscape for fraudulent health plans. Medicare fraud, senior scams and other associated exploitation of vulnerable seniors and people with disabilities is growing in Washington, as scam artists continue to prey on people desperate to find adequate, affordable health care. Increased fraud in all areas of insurance, coupled with limited resources, requires difficult decisions about which cases to pursue.

The most commonly cited range for all health care fraud estimates is 3 to 10% of annual health care expenditures. And, in the Medicare program, it is estimated that \$60 billion is lost annually through fraud, errors and abuse. Examples include ambulance, identity, marketing, medical equipment, home health and hospice fraud. The OIC operates the Senior Medicare Patrol Program to help consumers detect, protect and report fraud.

Criminal activity can be difficult to detect until a victim comes forward, and often by then, it is too late to counter the damage done. The individual or entity selling illegal insurance cannot be located, or worse yet, has morphed into another illegal company under a different name, continuing to prey on vulnerable people.

The OIC closed 217 regulatory investigations in 2019 against insurance producers, agencies and insurers for administrative violations of the insurance code. Approximately half of these involved (1) intentional fraudulent activity by insurance producers against consumers, and (2) unauthorized activities of various kinds by companies that either misrepresented their products and/or had no authority to sell their plans in Washington. Notable examples in the latter category include emerging regulatory schemes such as fraudulent health care sharing ministries, and various sham, private-sector ERISA health benefit plans. Our number of investigative consumer complaints is rising dramatically year after year. These and similar plots will continue as bad actors seek creative ways to circumvent regulation and provide insurance “alternatives” to vulnerable consumer populations.

Climate risk and resiliency

Natural and man-made changes to our planet have resulted in increased risk of catastrophic weather events and natural disasters. As average temperatures rise, hazards such as heat waves, wildfires and floods grow in frequency and severity. These have resulted in increased property damage and insurance claims across the country. The industry considers any cause of loss that

results in \$25 million or more in insured property damage a catastrophe event. The number of catastrophes in 2018 was 55 events, up from 46 in 2017, and the most since the data began accumulating in 1949.

On the West Coast and throughout much of the drier climates in the country, the overall size, devastation, and number of wildfires is quickly increasing. In 2018, for example, the U.S. Forest Service recorded the largest and most destructive wildfire ever experienced in California's history. In Washington, "wildfire season" is now considered part of the state's year-round planning, with approximately 160,000 homes at high wildfire risk. The Washington State Commissioner of Public Lands has recently proposed a 10-year plan and \$55 million budget request to boost the state's wildfire fighting capability.

Due to our geographic location and topography, Washington is extremely susceptible to storm surge and river basin flooding; of the past 53 major disaster declarations, 47 have been the result of these perils. For the state, climate change will greatly impact these hazards. A rising sea level will cause increased storm surge damage and the predicted lower snow pack accumulation will cause a change in river flow rates that will result in more seasonal flooding.

A combination of recent climate change modeling, analysis by the U.S. Geological Survey concerning earthquake hazards, and risk of catastrophic losses has caused some insurance companies to review their own exposure and willingness to write coverage in certain areas. This will become more problematic as property claims cost continue to increase due to rise of climate risk, cost of repairs, severity of damage and frequency of events.

Climate change is not just a property and casualty issue; it has an impact on consumers' health and our socioeconomics. Wildfires impacted by climate change are larger, more intense, and harder to contain. Poor air quality from wildfires affects everyone it reaches and can lead to more medical conditions, which in turn increases health insurance claims. Survivors of the 2014 and 2015 massive wildfire events have also reported mental health concerns years after. Additionally it is evident that the socioeconomic impact of climate change adversely affects the less wealthy, as they have fewer options to mitigate its effects.

Access to government services

Public interest in government and demand for online access to various services represent a challenge for the agency to adapt to. The OIC has made significant strides in providing access through an improved website, live chat options, formats for those with disabilities and automated applications that permit round-the-clock filing and tracking of consumer complaints and more. The OIC must continue to evaluate and determine what tools will continue to improve access for consumers and industry. Financial resources, staff capacity and security concerns will be key factors in determining the access that will be made available to the public.

Assessment of internal environment

Financial health

The OIC is currently in good financial health. Executive staff in the agency are careful and deliberate in making strategic investments that optimize efficiencies and drive down overall costs. However, the future financial health of the OIC could be jeopardized by another recession, loss of revenue affecting all of state government, and the often-favored approach of across-the-board budget cuts, regardless of funding source.

The OIC's operating budget is funded by a regulatory surcharge paid in July each year by authorized insurers, health care service contractors (HCSCs), health maintenance organizations (HMOs), title insurance companies, and reinsurers. The surcharge is deposited into a dedicated account to cover the OIC's operating costs for the fiscal year. The regulatory surcharge is based on a percentage of premium volume from each insurer's previous year's tax return. If premium volume goes down, operating revenue goes down; if premium volume goes up, operating revenue goes up.

Although it is funded from a dedicated account and not from the state general fund, the OIC's operating budget – like those of other state agencies – must be approved by the Legislature as an appropriation in the biennial budget. The surcharge rate has remained the same since 2008; however, since 2011, the OIC has credited back to insurers and health insurers between \$4.8 million and \$8.5 million each biennium, effectively reducing the net regulatory rate.

A growing issue of concern is entities that do not contribute to the cost of their regulation. These entities, such as service contract providers, fraternal benefit societies, and independent review organizations, do not pay the regulatory surcharge. This means the companies that do pay the regulatory surcharge are covering the cost to regulate these entities that do not pay.

The regulatory surcharge rate is subject to a statutory cap; under state law (RCW 48.02.190), it cannot exceed one-eighth of 1% of receipts (premiums). Future budget enhancements will be necessary as the agency increases staff in response to new legislative requirements, undertakes key information technology projects, and develops new market oversight and anti-fraud programs. These budget proposals must be carefully managed because of the statutory cap. Ensuring the long-term viability of operating revenue to meet consumers' needs will require the agency to explore alternatives. Dedicated funding sources to pay for targeted programs such as fraud prevention and mandating that all regulated entities pay their share of the cost of regulation are two examples of funding alternatives.

Technology

To better position the OIC to protect consumers and keep pace with an increasingly-sophisticated regulatory climate, the OIC will continue to make substantial technology investments in its core business systems. With the push toward greater transparency and uniformity among states in the areas of licensing, rate review, market oversight and regulatory standards, the OIC must continue to leverage technology and build upon earlier information technology (IT) investments.

To maximize investments, the OIC will continue enhancing and modernizing its core business systems, data capabilities, and technology infrastructure. It will leverage current technologies and expand business functionality to satisfy new customer needs. The OIC must ensure adequate IT staffing levels to maintain and enhance existing systems, while also anticipating additional capacity needed to meet emerging business demand and responsibilities assigned to the OIC through legislation. Technology investments are rarely self-sustaining and will languish quickly in today's high-paced technology environment if they aren't considered a priority.

The OIC recognizes the value of technology and the connection it has to successfully protecting consumers and regulating the insurance industry. The agency is committed to sustaining its technology investments through business systems upgrades and by ensuring that IT staff possess the necessary knowledge and technical expertise to support the systems.

In the SHIBA program, staff are better prepared to train their network of more than 500 volunteer Medicare advisors across the state by using technology such as enhanced video conferencing and messaging.

The OIC understands the advantages of achieving economies of scale through statewide shared services. The agency efficiently uses its technology dollars by partnering with the state's central service agency, WaTech. Primary areas targeted for shared services include network bandwidth optimization, server virtualizations, technology procurement, data center hosting, and certain enterprise software and platform consolidation efforts aimed at strengthening the OIC's cybersecurity risk profile.

The OIC has utilized technology for insurance examinations through the development of the remote testing option, which allows a person to complete an insurance exam using a home computer and being proctored via webcam for the duration of the exam. This option eliminates the requirement to drive to a brick-and-mortar physical location, saving the applicant time, effort, and money while leveraging technology.

Social media, the internet, and email increase the exposure of consumer information and the likelihood that it will be misused or insurance companies will experience cybersecurity breaches. The OIC regularly receives notifications regarding data breaches or situations where consumer data was potentially exposed.

This increase in the availability of information creates additional security challenges for the OIC due to the need to store data and make it available for transactions. Insurance companies must build even more secure computer systems, and the OIC will have to become more sophisticated to ensure these computer systems continue to protect consumers' data. To maintain the public's trust in the agency and the insurance industry, the OIC investing in its own cybersecurity to protect data that is collected and held in OIC systems.

Workforce

Unlike other state agencies, the majority of the OIC workforce is comprised of seasoned professionals with long-term professional experience in their specialty fields, including the insurance industry. The median age of OIC employees is 50, with about 78% of employees being over 40. The workforce meets or exceeds the Washington state average in all diversity areas (persons of color, female, veterans, persons with disabilities, and over 40).

The agency has had success in recruiting for, and retention of, historically difficult to fill IT and actuarial positions. Through intentional efforts toward retention, the OIC has lower turnover numbers than the statewide average and the average tenure of employees is 8.7 years.

Retention efforts include: an active employee wellness committee, quarterly and annual employee recognition ceremonies, increasing percentages of teleworking and flexible scheduling, an intentional culture of work/life balance, and a generous tuition reimbursement policy that assists staff with earning degrees to make them competitive for promotion.

Employee input is actively sought in strategic planning, providing opportunities for them to understand the larger focus of the agency mission. Employees are surveyed annually and input is reviewed and acted upon by executive management each year.

In 2019, 94% of respondents to the employee survey indicated they understand how their individual work contributes to the goals of the agency. Because of the intentional efforts toward a positive workplace culture, 94% stated their supervisor treats them with dignity and respect, and 82% stated they would recommend the agency as a great place to work.

Facilities

Currently, the OIC's headquarters is in Tumwater; additional offices are in Olympia, Seattle, and Spokane. All facilities are leased, with the exception of the Olympia office in the Insurance Building on the state's Capitol Campus.

Staffing levels have consistently increased over the last five years, putting a strain on existing space needs, particularly in Thurston County. This has amplified the need to find alternative office space solutions. In response to this need, in 2019, the Legislature approved funding for a pre-design study of four sites in Olympia to determine a new building location on the Capitol

Campus. The final predesign is due to the Legislature on June 30, 2020. The Department of Children, Youth & Families (DCYF), another state agency, is partnering with the OIC on the predesign and plans to share the building. At this time there is no timetable beyond the predesign stage.

The agency's functions are relatively stable, but staffing levels can vary due to legislative action, making it difficult to predict future space needs. If the agency outgrows current leasing space before a new location is complete, acquisition of additional space in the interim requires working through the processes established by the Office of Financial Management to justify the need for space, as well as an update to the six year plan. This process can be complicated and there's no guarantee that OFM would approve the agency's request for additional space.

Consolidating operations into one building on the Capitol Campus will reduce energy, travel, and real estate leasing costs, and provide greater efficiency and continuity of operations for both agencies.

STRATEGIC PLAN

Goals and Objectives

- Increase consumer awareness of available agency services
- Help consumers access information to make insurance-related decisions and access insurance benefits



Protect and educate consumers

Manage resources and leverage technology to ensure effective and efficient operations



- Pursue improvements and innovations in the use of agency resources

Mission

We protect consumers, the public interest, and our state's economy through fair and efficient regulation of the insurance industry.

Vision

The Office of Insurance Commissioner is recognized as a model for consumer protection and state insurance regulation.

Values

Respect
 Accountability
 Communication
 Collaboration
 Excellence
 Professionalism
 Integrity

Attract and develop a capable, engaged, valued and diverse workforce



- Recruit top-tier staff using effective, efficient recruitment strategies and processes
- Support and retain a high-performing, engaged workforce
- Promote the achievement of work-life balance and wellness in our workforce

Promote a healthy insurance environment



- Increase company and producer compliance with state and federal insurance laws
- Cultivate a financially sound insurance industry
- Increase the stability of the individual health market
- Take action against unlawful activities, including fraud
- Increase awareness of impacts of climate change on insurance
- Preserve state-based insurance regulation

Goal 1: Protect and educate consumers

Objective 1: Increase consumer awareness of available agency services

Strategy 1: Review, update, and expand outreach to ensure we are effectively promoting OIC services

Strategy 2: Focus agency resources on outreach activities

Strategy 3: Partner with other state agencies to maximize outreach opportunities

Objective 2: Empower Washington state residents to be informed consumers of insurance

Strategy 1: Provide easy and equitable access to educational resources and outreach opportunities, with an emphasis on underserved communities and Limited English Proficiency consumers

Strategy 2: Pursue, preserve, and improve laws and rules that increase access to healthcare

Goal 2: Promote a healthy insurance environment

Objective 1: Increase company and producer compliance with state and federal insurance laws

Strategy 1: Clarify the regulatory environment to ensure producer and company requirements are clear and up to date

Strategy 2: Monitor company and producer financial and market activity

Strategy 3: Promote awareness of laws, rules and processes necessary to regulate the insurance industry

Strategy 4: Review activities of entities that influence and impact the insurance market

Objective 2: Cultivate a financially sound insurance industry

Strategy 1: Conduct market oversight and financial risk surveillance

Strategy 2: Ensure premium rate appropriateness and compliance with regulatory requirements

Strategy 3: Update and implement model laws affecting corporate governance and financial solvency that are consistent with OIC's regulatory oversight

Objective 3: Increase the stability of the individual health market

Strategy 1: Increase consumer access to health care

Strategy 2: Increase issuer participation

Strategy 3: Pursue and implement legislation that supports the stability of the individual and family health insurance market

Objective 4: Take action against unlawful activities, including fraud

Strategy 1: Identify, investigate and take enforcement action against unlawful insurance activity and refer fraud for criminal prosecution

Strategy 2: Educate consumers, law enforcement agencies, insurance companies' investigators and others on insurance fraud and unauthorized insurance activities

Strategy 3: Empower and assist Medicare beneficiaries, their families, and caregivers to prevent, detect, and report health care fraud

Objective 5: Increase awareness of the impact of climate change on insurance

Strategy 1: Maintain a leadership role in acting on climate change and its impact on the insurance industry and economy

Strategy 2: Increase consumer awareness of climate change impacts

Objective 6: Preserve state-based insurance regulation

Strategy 1: Ensure continued accreditation with the National Association of Insurance Commissioners (NAIC)

Strategy 2: Participate in and influence the development of nationwide standards

Strategy 3: Identify and support innovative regulatory system improvements at the state level

Goal 3: Manage resources and leverage technology to ensure effective and efficient operations

Objective 1: Pursue improvements and innovations in the use of agency resources

Strategy 1: Stimulate an agency-wide culture of collaboration, innovation and process improvement

Strategy 2: Regularly review and assess technology uses to align with evolving business needs and requirements

Strategy 3: Identify, implement, and maintain sustainable practices in operational management

Goal 4: Attract and develop a capable, engaged, valued and diverse workforce

Objective 1: Recruit, support and retain a high-performing, engaged workforce

Strategy 1: Identify and consistently use recruitment and hiring best practices

Strategy 2: Support and enhance development of all levels of staff through professional and career development

Objective 2: Promote work-life balance and wellness in our workforce

Strategy 1: Support and encourage workforce wellness

Strategy 2: Promote and enhance a positive and supportive work culture