

# Office of the Insurance Commissioner annual report

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2022 insurance regulation overview  
July 1, 2023

**Mike Kreidler**, *Insurance Commissioner*

[www.insurance.wa.gov](http://www.insurance.wa.gov)

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## About the Office of the Insurance Commissioner

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The Washington state Office of the Insurance Commissioner (OIC) protects insurance consumers and oversees the insurance industry. We make sure insurance companies follow laws and rules and people get the coverage they've paid for. Each year, we answer questions and investigate problems for over 110,000 people and maintain a statewide network of volunteers who helped almost 44,000 consumers with their health-coverage issues.

In 2022, the insurance commissioner regulated 2,675 companies and 246,000 licensees who work in the insurance industry.



In fiscal year 2022, we collected \$823.9 million in premium taxes from insurance companies.

Of that amount:

- We sent \$799.1 million to the state general fund to support K-12 education, higher education, human services and general government operations.
- We sent \$24.8 million to the Washington Health Benefit Exchange account at the state treasury. The Exchange sells insurance plans to Washington consumers and to the state's Medicaid recipients.

We employ 272 people in Olympia, Tumwater, Spokane and Seattle. Our budget for 2021-2023 — called a biennium — is \$79 million.

Insurance plays an important role in our state's economy. The insurance industry in Washington generated more than \$58.2 billion in premiums in 2022.

The OIC is a member of the National Association of Insurance Commissioners (NAIC), which is the national standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally.

## About Insurance Commissioner Mike Kreidler

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Mike Kreidler is Washington's eighth insurance commissioner.

A former member of Congress, he was first elected as insurance commissioner in 2000 and was re-elected to a sixth term in 2020.

A doctor of optometry with a master's degree in public health, Kreidler practiced at the former Group Health Cooperative in Olympia for 20 years, with 16 of them shared with the Washington state Legislature. He served as a member of the Northwest Power Planning Council and as regional director for the U.S. Department of Health and Human Services. He retired as a lieutenant colonel from the Army Reserves with 20 years of service. His first elected office was on a public school board in 1973.

Commissioner Kreidler is a staunch advocate for consumer protection and has earned a reputation as a fair and balanced regulator. He was honored in 2009 with the "Excellence in Consumer Advocacy Award," presented by consumer advisors to the National Association of Insurance Commissioners. Commissioner Kreidler helped implement the Affordable Care Act in Washington state, worked to pass the strongest law in the country protecting people from surprise medical bills, supported efforts to protect reproductive rights and access to health coverage for transgender people. He is a national and international voice on climate change risk and resilience and how it affects insurance companies and consumers. In June 2020, Insurance ERM [named Commissioner Kreidler an insurance industry leader on climate change](#).

From his local school district to the state legislature and halls of Congress, Commissioner Kreidler has served Washingtonians for 50 years.

### OIC's MISSION

WE PROTECT THE PUBLIC  
INTEREST AND OUR STATE'S  
ECONOMY THROUGH FAIR AND  
EFFICIENT REGULATION OF THE  
INSURANCE INDUSTRY.

# The OIC's work in 2022

## Coronavirus pandemic

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During the last year, we continued to offer guidance to insurers on what they needed to do for their policyholders related to COVID-19.

### **Health insurance**

Commissioner Kreidler extended his emergency orders to make sure that insurance companies pay for:

- Medically necessary coronavirus testing with no copay or deductible for the test and associated visit. Insurers must pay for testing whether the provider is in the plan's network or not, and they cannot balance bill policyholders.
- Telemedicine services at the same rates they pay for in-person visits and cover additional methods of telehealth.

He also continued to let people in Washington know that [all coronavirus vaccines are free of charge](#) to anyone, regardless if they have insurance or not. Additionally, all insurers must waive copays and deductibles for vaccines.

### **Insurance licensees (producers, adjusters, surplus lines brokers)**

During 2022, a record number of applicants entered the insurance business. It's not unusual for people to start an insurance business during an economic downturn due to the low overhead required to begin your own insurance business. With much of the normal employment opportunities closed due to the ongoing pandemic, a greater number of people turned to starting their own insurance business to earn a living or to supplement their income. This dramatic increase in license applications was also driven by the implementation of [WA Cares](#) and the sale of long-term care products that would exempt Washington state consumers from mandatory participation in the program.

Every September through October brings the highest level of licensing activity, which coincides with Medicare Open Enrollment and the sale of Medicare Supplement products. However, coupled with the COVID employment factors and the WA Cares implementation, October 2021 saw dramatic increases in submitted applications for insurance producer licenses - 8,710 transactions were submitted during this month, an increase of 42% for the same period in 2020. Compare that number to the typical number of transactions received during a month (2,000 – 4,000 transactions per month).

The number of phone calls for our record-breaking month also rose by 49% (37,262, up from the previous year (29,652).

The dramatic increase placed a great deal of pressure on the Producer Licensing & Oversight team. To assist the team from struggling to maintain processing goals, the Commissioner granted additional staffing (one full-time, one seasonal) to accommodate the record number of transactions submitted.

## Law changes

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### **Updates to the Balance Billing Protection Act**

In response to federal legislation addressing surprise medical bills, OIC worked with the legislature in 2022 to enact [E2SHB 1688](#). This aligns the benefits of Washington's Balance Billing Protection Act with the new federal law, while preserving or enhancing several consumer protections. Under Washington state's law, a health care provider can never ask a consumer in Washington state to waive their balance billing protections. Our state law also extends balance billing protections to behavioral health and substance use disorder services that are delivered in crisis triage centers and evaluation and treatment facilities. [Read more about surprise billing](#) and protections for Washington state consumers.

### **The Washington Life and Disability Insurance Guaranty Association**

Recently the National Association of Insurance Commissioner's adopted changes to their *Life and Health Guaranty Association Model Act (# 520)* to address concerns stemming from insolvencies of insurers writing long-term care insurance. The revisions broaden the assessment base for LTC insurance insolvencies to include both life and health insurers, and establish a new assessment methodology with a 50%/50% split between the life and health insurance industries. The amendments also provide for the inclusion of health care service contractor and health maintenance organizations as members of related state guaranty associations. These updates reflect insurance regulators' continued commitment to protecting policyholders from losses due to insurer insolvencies.

Based on the NAIC's updates to this model act, Commissioner Kreidler requested legislation in 2022 that provides adequate funding and an equitable allocation of assessments for LTC insurance insolvencies. This effort took the form of [SB 5508 \(2021-22\)](#), which passed the legislature unamended and was signed by Governor Inslee as effective June 9, 2022 ([RCW Chapter 48.32A](#)). The agency's successful pursuit of this updated legal framework ensures consumers with LTC insurance policies in Washington state are protected from future failures or insolvencies and creates equity within the Washington Life and Disability Insurance Guaranty Association.

## Other noteworthy accomplishments

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### **2022 Climate Summit Series**

Commissioner Kreidler's biannual climate summit shifted to a virtual video format in 2022. The series of interviews, webinars and presentations offered information and insight from climate scientists, researchers tracking public attitudes toward climate change, and insurance executives addressing climate change to understand and explore how climate change affects our communities, regulatory efforts and public health. Speakers included from Dr. Kris Ebi of the University of Washington; Dr. Anthony Leiserowitz, the head of Yale University's Program on Climate Change Communication; Dr. Nathan Gillett, a research scientist with Environment & Climate Change Canada; and a panel discussion from the 2022 Sun Valley Forum. [Find more information or watch the 2022 Climate Summit Series](#).

### **Continuing care retirement community study**

In 2022, the Washington state Legislature appropriated agency funds to be used by the OIC to contract for a study on the potential for updating Washington's continuing care retirement communities (CCRC) regulations. The budget proviso required the OIC to submit a report to the health care committees of

the Washington state Legislature by Dec. 1, 2022. The OIC elected to conduct its own limited internal study after two attempts to solicit contractors for the study did not result in any proposals.

The OIC coordinated its efforts with Washington state agencies (Dept. of Social and Health Services, Office of the Attorney General and the Dept. of Financial Institutions, other state CCRC regulators (CA, CT, FL, NC, NM, NY, OR, PA, and TX), Washington state's Continuing Care Residents Association, LeadingAge WA, CCRC representatives and CCRC providers and residents. The OIC learned CCRC financials are subject to varying levels of administrative review and financial scrutiny across the country and that Washington state exhibits lower regulatory oversight of CCRCs in comparison with other states. The OIC recommended a sole regulator model rather than shared regulatory oversight to achieve additional resident consumer protections. The report highlighted the potential for legislation to require CCRCs to become licensed, rather than just registered and the potential for increased regulatory oversight and financial scrutiny of CCRCs. More information on key findings and the OIC's recommendations are located in the [full report](#).

### ***Medicare supplemental insurance study***

As directed in [Engrossed Substitute Senate Bill \(ESSB\) 5693 \(Chapter 297, Laws of 2022\)](#), the OIC contracted for an actuarial study to assess options for:

- Enhancing consumer protections for Washington state Medicare enrollees including people younger than age 65.
- Expanding access to coverage.
- Accompanying regulations regarding Medicare supplemental insurance (as defined in [RCW 48.66.020](#)).

The study found there would be increased access to this coverage under these options, with wider access if the coverage was guaranteed issue (enrolling in a Medicare supplement plan during the first six months you signed up for Medicare Parts A and B) throughout the year as compared to only during an annual open enrollment period. However, the study results also estimated the following for these options:

- Increased premiums, with an estimated increase of 16% (possibly ranging from 8-24%) for the annual open enrollment period option and an estimated increase of 34% (possibly ranging from 15-53%) for the year-round option.
- Decreased enrollment, with an estimated decrease of 7% (possibly ranging from 1-13%) for the annual open enrollment period option and an estimated decrease of 22% (possibly ranging from 10-34%) for the year-round option.

The [study's findings](#) did indicate that these impacts to premiums and enrollment could potentially be mitigated to some degree by spreading the rate increases over three or five years.

## Consumer Protection

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Our Consumer Protection division helps Washington consumers understand insurance and answer questions about all types of products, including annuities, auto, business, health, home, life and more.

We help Washington consumers understand their insurance rights, including how to file a health insurance appeal, submit a complaint against an insurance company, and verify if an agent, agency, or company is authorized to sell insurance in Washington.

In 2022, our consumer advocates:

- Processed 8,603 consumer complaints, resulting in recovery of over \$26.9 million related to insurance billings, refunds and various claim-handling issues.
- Answered 83,761 calls to our consumer hotline regarding insurance issues, rights and responsibilities.
- Conducted 7,511 live chat sessions.
- Responded to 7,365 written consumer inquiries.
- Distributed 1,681 copies of insurance-related publications to consumers.
- Helped consumers resolve policy issues, including claims, billing and underwriting problems.
- Provided thousands of referrals to other places that can provide help, including the Washington Cares Fund and Washington Health Benefit Exchange.

Consumers can contact our consumer advocates at 800-562-6900 or at [www.insurance.wa.gov](http://www.insurance.wa.gov).

## Statewide Health Insurance Benefits Advisors (SHIBA)

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SHIBA provides free, unbiased and confidential assistance with Medicare and health care choices through a network of 16 sponsor agencies and hundreds of volunteers who counsel Washington consumers via one-on-one appointments and at outreach events.

SHIBA receives federal funding from the U.S. Department of Health and Human Services Administration for Community Living.

In 2022, SHIBA continued to serve people on Medicare with a mix of virtual methods of and face-to-face interactions.

- More than 250 volunteers donated their time to train and help consumers with Medicare.
- SHIBA educated more than 43,000 people and assisted more than 30,000 people with one-on-one counseling.
- SHIBA held more than 1,250 outreach events across the state.

## Reviewing insurance rates and forms

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Insurance companies submit their insurance policy forms and proposed rates to the insurance commissioner for approval. Our Rates, Forms and Provider Network division reviews them to determine if they meet state law requirements. In 2022, we reviewed more than 13,224 form filings, which include policies, amendments and endorsements.

Health insurers submit rates each year for the following calendar year for individual and small-group plans. They submit rates for large-group plans anytime they want to change them.

Property and casualty insurers submit rates anytime they want to change them.

Rates must be sufficient to cover claims and expenses but must not overcharge consumers or result in unfair discrimination.

### **Health insurance**

In 2022, 15 insurers sold health insurance inside the Washington state Health Benefit Exchange (Exchange), outside the Exchange, or both inside and outside the Exchange on the individual market. The insurance commissioner approved an average rate increase of 4.14% for those plans.

### **Network access, provider contracting, and health care benefit manager contracting**

Insurance companies submit their provider contracts to the OIC for approval and file health care benefit manager contracts, and network access reports. Network access reports demonstrate a company's ability to provide access to medically necessary services guaranteed in the insurance plan, at in-network cost sharing, without billing an enrollee for extra charges.

Our Rates, Forms and Provider Networks division reviews these network documents to determine if they meet requirements in state law. In 2022, insurance companies submitted 6,000 provider contracts for approval, 1,410 health care benefit manager contracts for review, and 2,475 network access reports.

### **Property and casualty insurance**

Property and casualty insurance covers things like your house and the contents of your house or rental residence; vehicles, including cars, motorcycles and boats; business property or liability; and even pets.

The top five insurance companies that sell homeowner's insurance in Washington state are:

1. **State Farm Fire and Casualty Co.:** 17.5% of the market; last approved average rate change was a 3.9% decrease in July 2022.
2. **SAFECO Insurance Co. of America:** 11% of the market; last approved average rate increase was 4.9% in December 2022.

### **REGULATING HEALTH INSURERS**

The Insurance Commissioner doesn't regulate self-insured health plans, offered by employers including Microsoft, Boeing and some plans in Washington state government.

Self-insured plans are regulated by the U.S. Department of Labor.

3. **PEMCO Mutual Insurance Co.:** 5.7% of the market; last approved average rate increase was 16.3% in November 2022.
4. **Allstate Vehicle and Property Insurance Co.:** 3.9% of the market; last approved average rate increase was 9% in April 2021
5. **United Services Automobile Association:** 3.5% of the market; last approved average rate increase was 7.9% in April 2019.

The top five insurance companies that sell auto insurance in Washington state are:

1. **State Farm Mutual Automobile Insurance Co.:** 14.9% of the market; last approved average rate increase was 7.1% in June 2022.
2. **Progressive Direct Insurance Co.:** 8.8% of the market; last approved average rate increase was 2.3% in September 2017.
3. **Allstate Fire and Casualty Insurance Co.:** 6.7% of the market; last approved average rate increase was 7% in June 2022.
4. **First National Insurance Co. of America:** 6.6% of the market; last approved average rate increase was 5.3% in January 2023.
5. **GEICO Advantage Insurance Co.:** 5.3% of the market; last approved average rate increase was 3.1% in May 2018.

## Overseeing insurance companies

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Our Company Supervision division oversees all companies that conduct insurance business in Washington state. The division oversees companies' licensing and monitors insurance companies for financial health, ability to pay claims and their market conduct. You can [look up insurance companies](#) that are authorized to do business in Washington state.

In 2022, we regulated 2,675 insurance and risk-bearing entities, are registered as:

- 234 domestic companies
- 2,402 foreign companies
- 39 alien companies

The registered companies are:

- 1,375 insurers, health carriers and fraternal benefit societies.
- 698 other risk-bearing entities such as eligible captives, charitable gift annuity issuers, discount health plans, life settlement providers, risk retention groups and service contract providers.
- 509 registered entities doing business with risk-bearing entities, such as advisory and rating organizations, independent review organizations, health care benefit managers, reinsurance intermediaries, risk-purchasing groups and organizations administering state and national programs.
- 32 accredited, certified, reciprocal jurisdiction and single-trusted alien insurers.

We also track and report activity of 61 direct-practice providers to the state legislature.

Each year, we post information from the NAIC that includes:

- A list of domestic insurers and their market share.
- A summary of Washington premiums and loss ratios.
- A summary of each line of business for all authorized companies to provide direct premiums written, market share and loss ratios.
- Top 40 authorized companies and top 10 groups with direct written premiums, market share, loss ratios and enrollment.

You can find our annual [market information reports](#) on our website.

We also conduct financial examinations of insurance companies and other companies that are incorporated in Washington. In 2022, our financial examiners completed one qualifying examination and nine full-scope examinations of the following companies:

**Health insurance companies:**

- Timber Products Manufacturers Trust
- Regence BlueShield
- Asuris Northwest Health
- Arcadian Health Plan, Inc.
- Aetna Better Health of Washington, Inc.

**Life insurance companies:**

- Farmers New World Life Insurance Company
- Commencement Bay Risk Management Insurance Company

**Rating Organizations:**

- Washington Insurance Examining Bureau, Inc.
- Washington Surveying & Rating Bureau

We also performed financial examinations of the following entities that are not insurance companies but are required by Washington state law to be examined:

- Nine charitable gift annuities issuers

***New admissions***

In 2022, we admitted the following companies as new insurers in Washington state:

- Accredited Specialty Insurance Company
- Arch Reinsurance Ltd.
- Aspen Bermuda Limited
- Convex Insurance UK Limited
- Convex RE Limited

- Fidelis Insurance Bermuda Limited
- Fidelis Underwriting Limited
- Group Ark Insurance Limited
- Lancashire Insurance Company Limited
- Long Iron Insurance Risk Retention Group, Inc.
- Mountain Laurel Risk Retention Group, Inc.
- Nutmeg Insurance Company
- Overdrive Risk Retention Group, LLC
- Partner Reinsurance Europe SE
- Security Casualty Risk Retention Group Inc
- Trinity Risk Solutions Reciprocal Insurance Company, a Risk Retention Group
- Underwriters at Lloyd's

### ***Revoked or suspended companies***

Insurance companies must have a certificate of authority to legally sell insurance in Washington state. In 2022, we revoked or suspended certificates of authority for these companies:

#### **Revoked:**

- Emergency Physicians Insurance Exchange Risk Retention Group

#### **Suspended:**

- Autoguard Advantage Corporation
- Bankers Life Insurance Company
- Boy Scouts Of America
- Colorado Bankers Life Insurance Company
- Converge
- CPA Mutual Insurance Company of America Risk Retention Group
- Daybreak Youth Services
- HP Inc.
- Rampart Insurance Company
- Siskin Enterprises Inc.
- Time Insurance Company
- ACCC Insurance Company
- Americas Home Warranty
- American Service
- Axiom Production Administration
- Boy Scouts of America
- Corporation of the Catholic Archbishop of Seattle
- Daybreak Youth Services
- Emergency Physicians Insurance Exchange Risk Retention Group
- HP Inc
- Kornerstone Administrative Services LLC

- Ministry Advance Foundation
- NUI of Florida
- Project Hope The People to People Health Foundation
- Puget Sound Bloodworks
- Regents of the University of California
- Siskin Enterprise
- United Church Funds
- Western Grocers Employee Benefits Trust

### ***Companies in receivership***

Although rare, if an insurance company becomes financially unstable, we step in to make sure it stops selling new policies and run the company until its financial condition is stable. There were no companies in receivership in 2022.

### ***Accreditation***

In August 2020, the NAIC Financial Regulation Standards and Accreditation Committee voted to accredit the OIC's Company Supervision division. Accredited insurance departments undergo comprehensive, independent review every five years to ensure they meet financial solvency oversight standards.

The purpose of the accreditation program is for state insurance departments to meet baseline standards of solvency regulation, particularly with respect to regulation of multi-state insurers. NAIC accreditation allows non-domestic states to rely on the accredited domestic regulator to fulfill a baseline level of effective financial regulatory oversight. This creates substantial efficiencies for insurance regulators, who are then able to coordinate and rely on each other's work.

## **Licensing insurance professionals**

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We regulate people who do business in the insurance industry in Washington, called producers. There are several types of producers, including agents, brokers, adjusters and business entities. All producers are classified as "resident" (they live in Washington) or "nonresident" (they live outside of Washington).

In 2022, we licensed:

- 220,162 producers
- 17,361 adjusters
- 3,895 surplus line brokers

The number of insurance licensees in Washington state increased 32.39% in 2022. Since 2012, we've had a 514% increase.

We also licensed 292 insurance education providers and approved 5,921 education courses. Each resident insurance producer is required to complete 24 hours of continuing education to renew a license. Each continuing education provider and the courses they offer are reviewed to ensure each course meets requirements before being approved.

## Enforcing insurance laws and rules

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Our Legal Affairs division is responsible for interpreting and enforcing insurance laws and rules, encouraging compliance through clear and consistent interpretation of the law, and monitoring enforcement of agency actions. The division assists with the state's legislative agenda, provides prompt and meaningful responses to the public, industry and government inquiries, participates in agency policy development and creates procedures to support the organization's framework.

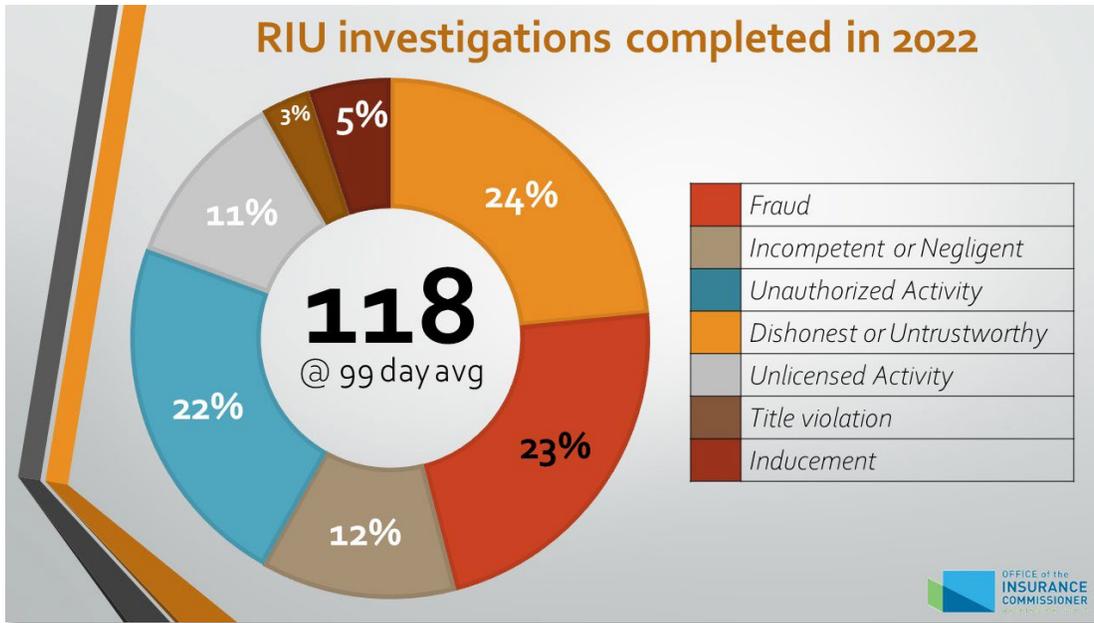
In 2022, our Legal Affairs division issued 635 enforcement orders against insurance producers, insurance companies, other regulated entities, and unauthorized entities. Through these enforcement actions, Legal Affairs imposed approximately \$1.7 million in fines. The fines we collect are sent to the state's general fund.

The division's Regulatory Investigations Unit (RIU) conducts administrative investigations of insurance producers, insurance companies, and unlicensed and unauthorized companies that violate insurance laws and rules. Typical cases include:

- Illegal inducement and rebating
- Title insurance error
- Demonstrating incompetence or negligence
- Dishonesty or untrustworthiness
- Unlicensed producers
- Fraud
- Unauthorized companies

If RIU obtains evidence to suggest an insurance producer's actions violate criminal law, the unit completes its investigation related to a potential enforcement action involving the producer's license and also refers the matter to law enforcement.

In 2022, RIU closed 118 investigations, as follows:



## Investigating insurance fraud

Our Criminal Investigations Unit (CIU) investigates criminal insurance fraud and works with the state and local prosecutors to prosecute insurance fraud.

An advisory board of representatives from the insurance industry, consumers, the National Insurance Crime Bureau, county prosecutors and law enforcement provides advice to the commissioner to combat fraud.

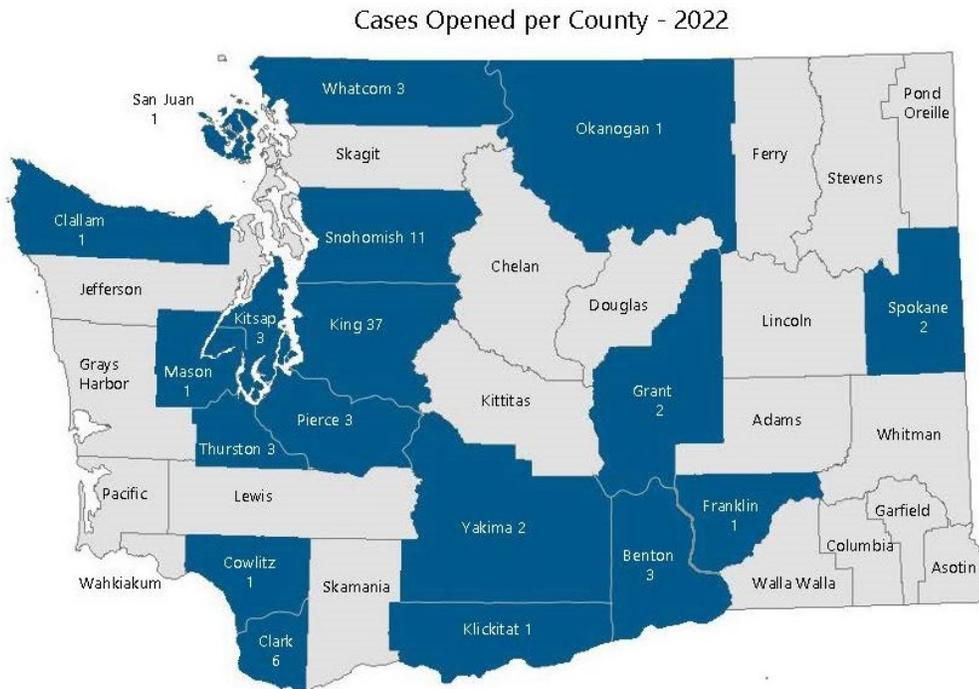
Due to pandemic-related restrictions, access to courts for criminal proceedings in all counties was dramatically affected. Many court proceedings were delayed, postponed and reset for future dates.

Many referred criminal cases remain filed, awaiting formal adjudication in the courts.

In 2022, CIU:

- Received 3,246 fraud referrals from insurance companies, law enforcement agencies, the National Insurance Crime Bureau (NICB), other government agencies and the public.
- Opened 83 criminal cases.
- Submitted 25 criminal cases to a prosecutor.
- Had 20 criminal guilty pleas or convictions for false insurance claims, theft and wire fraud.

We investigated insurance fraud cases in the following Washington locations:



## Other divisions

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We have employees who support the agency's mission and work in other ways too, including:

- **Policy and Legislative Affairs** writes and implements rules, advises the commissioner and executive team on policy issues and works with the legislature on bills and laws. In 2022, policy staff analyzed 167 bills, 81 fiscal notes and initiated rulemaking on eight topics. This included updates to the Balance Billing Protection Act rules, clarifying cost-sharing requirements for prescription drug coverage and providing transparency to consumers for premium changes to auto and homeowner's insurance coverage. Find information about our [legislation and rulemaking](#) and [legislative and commissioner reports](#).
- **Operations** keeps many IT systems running, makes sure our buildings are working, helps plan for emergencies and serves as a liaison to the state Emergency Management Division. Operations also manages all financial and budget matters and recruits and hires qualified staff.
- **Public Affairs** works with the media and manages the agency's website and social media channels. In 2022, the OIC communicated with more than 460,000 consumers, media and insurance industry professionals through our subscription news service; reached more than 8,700 people on social media; and had over a million visitors to our website, [www.insurance.wa.gov](http://www.insurance.wa.gov).



*The Legislative Building and Insurance Building at the Washington state Capitol campus in Olympia.*

## Connect with us

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