



CY2023 Annual Report

Allan L. McVey
Insurance Commissioner

The information in this report reflects the current financial condition and economic importance of the overall insurance industry in West Virginia.



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Allan L. McVey
Insurance Commissioner

March 28, 2024

The Honorable Jim Justice
Governor of the State of West Virginia
State Capitol
Charleston, WV 25305

Dear Governor Justice:

The Annual Report of the Insurance Commissioner of the state of West Virginia for the calendar year 2023 is hereby submitted in accordance with Chapter 33, Article 2, Section 15, of the Code of West Virginia. An Executive Summary immediately follows this memorandum.

The information contained in this report reflects the economic importance and current financial condition of the insurance industry in our state. The included insurance entity statistics are compiled from the December 31, 2023 annual statements filed with this agency by the insurance companies licensed in this state. The information and statements in this report align with the insurance statistics as well as the Offices of the Insurance Commissioner's functions, operations and activities occurring during 2023 as is required of this report.

Respectfully submitted,

Allan L. McVey
CPCU, ARM, AAI, AAM, AIS
Insurance Commissioner



EXECUTIVE SUMMARY

This report to the Governor of West Virginia provides details of the previous calendar year operations and activities of the West Virginia Offices of the Insurance Commissioner (OIC). The report is divided into three major sections. Each section is detailed below.

Section 1 of this report highlights the organization of the office and provides detail for \$224.8M in total revenue collected from the previous fiscal year. It includes an interdepartmental organizational chart, historical list of insurance commissioners, and proceeds to identify the individual revenue funds managed by the Offices of the Insurance Commissioner.

Section 2 of this report further identifies the functional divisions of this office and enumerates each division's individual activities during the past year. A summarization of those activities follows:

- The **Board of Review** (Workers' Compensation) exercises exclusive jurisdiction over all objections (also called protests) from decisions issued by the Insurance Commissioner, private carriers, and self-insured employers pursuant to West Virginia Code §23-5-11a.
- The **Office of Consumer Advocacy** assisted consumers with first- and third-party complaints which yielded financial awards totaling \$144,097.92 in 2023. The Office of Consumer Advocacy also participated in the review of 65 Certificate of Need applications.
- The **Financial Accounting Division** is responsible for the preparation of the agency's financial statements. In 2023, the Division received its eighteenth consecutive unmodified or "clean" opinion on the audited financial statements. The Accounting Division also prepares monthly financial reports, the agency's annual budget, and manages any federal grant funds. The Division is responsible for the agency's cash management and investment processing. During 2023, the Accounting Division collected \$236,068,039 in revenues and issued \$214,346,509 in disbursements and provided fiscal oversight for \$1.2 billion in assets. The Division also contains the Tax Unit which collects premium taxes and surcharges for approximately 3,538 insurance companies and surplus lines licensees licensed in West Virginia.
- The **Financial Conditions Division** is responsible for the licensing, financial monitoring, and financial examinations of the insurance companies/entities admitted to do business in West Virginia, ensuring that policyholders are secure in purchasing insurance products from financially solvent and compliant insurance companies. The Division oversaw a total of 2,937 separate insurance entities transacting business in West Virginia during 2023.
- The **Legal Division** provides legal counsel to the Insurance Commissioner and staff, drafts and promulgates statutes, investigates code/rule violations, responds to litigation, holds hearings and coordinates receivership activities. During 2023, the Division received 651 referrals to the Regulatory Compliance Unit which resulted in 121 orders issued totaling \$613,900.00 in fines, 41 hearings scheduled, and 19 hearings held.
 - The **Market Conduct Unit** performs analysis and examinations of insurance companies doing business in West Virginia for the purpose of determining statutory compliance. In 2023, the unit conducted thirty-eight (38) level one and twenty (20) level two analysis reviews of licensed companies relating to compliance. Twenty-six (26) Agreed Orders were entered by the Insurance Commissioner with assessed penalties totaling \$222,000.00 because of violations discovered during various examinations and other regulatory actions performed by the Market Conduct Unit.

- The **Licensing and Education Division** presides over licensing, processing, and maintaining records for more than 249,000 licensees transacting insurance business in West Virginia. In 2023, over 402,000 company appointments and appointment cancellations were processed and monitored by the division. The division maintains ongoing compliance with all Federal Bureau of Investigation (FBI) and West Virginia State Police criminal background search requirements. In 2023, the division has enabled farm mutual companies and certain late renewal license holders to pay by credit card. The division is monitoring both professional bail bonds and surety bail bond license holders. The OIC is working to implement the new bail bond exam as required.
- The **Life and Health Division** is responsible for handling filings, reviewing complaints, and establishing policies and procedures related to the regulation of Life and Health insurance. The Division was created in 2023 by combining three existing divisions: Consumer Services, Health Policy, and Rates and Forms. The creation of the Life and Health Division has helped improve communication between the three departments.
- The **Property and Casualty Division** handles inquiries and complaints from our consumers on their automobile, homeowners and other property and casualty lines of insurance. The Division also reviews and makes disposition on proposed rates and forms for all regulated property and casualty lines of insurance in West Virginia. The Division was created in 2023 by combining two existing divisions: Consumer Services and Rates and Forms. The Property and Casualty Division was created to improve processes and procedures by helping to facilitate better communication between the two departments.
- The **Special Investigations Division (Office of the Inspector General)** is responsible for facilitating a cooperative approach in the detection, investigation, and prosecution of insurance fraud as well as making the public aware of insurance fraud and providing a way to report instances of suspected insurance fraud. In 2023, the Division received a total of 640 insurance fraud referrals from the insurance industry, public and law enforcement. The Special Investigations Division completed 266 field investigations, delivering investigative reports to State and Federal prosecutors, identifying \$6,076,756 of fraudulent activity, resulting in 122 indictments and warrants issued.
- The **State Agency Workers' Compensation (SAWC) Program** is a group insurance policy that provides workers' compensation coverage for more than 100 state agencies and boards. The program includes over 900 locations throughout the state and provides coverage for approximately 25,000 state employees.
- The **Workers' Compensation Division** is comprised of four (4) workers' compensation units. This division receives, reviews, investigates, and processes applications for benefits from the West Virginia Uninsured Employer Fund. Regulatory duties also include Managed Health Care Plans and Professional Employer Organizations. The separate units are Claims Services, Employer Coverage, Revenue Recovery and Self-Insurance.
 - The **Claims Services Unit** provides oversight of the claims management of the State-run workers' compensation funds. Those funds include the Old Fund, the Coal Worker's Pneumoconiosis Fund, the Uninsured Employer Fund, the Self-Insured Guaranty Fund and the Self-insured Security Fund. In addition, the Claims Services Unit is responsible for supporting the Occupational Pneumoconiosis (OP) Board and for maintaining the claim index, which includes monitoring the claim data submitted by insurers, third-party administrators and self-insured employers via Electronic Data Interchange (EDI).

- The **Employer Coverage Unit** is responsible for reviewing requests from employers who are not required to maintain workers' compensation coverage for a "verification of exemption from workers' compensation" letter. Employer Coverage is the point of contact for other agencies and individuals regarding confirmation of workers' compensation compliance.

- The **Revenue Recovery Unit** is responsible for the collection of all monies due the Uninsured Employers' Fund and the Old Fund. Monies collected on behalf of the Uninsured Employers' Fund include fines imposed upon employers operating without the statutorily mandated workers' compensation coverage and reimbursements for the costs associated with injuries incurred by employees of uninsured companies.

- The **Self-Insurance Unit** is responsible for regulating 51 employers that currently self-insure their workers' compensation coverage in West Virginia and approximately 100 employers who no longer self-insure but continue to administer claims incurred during their periods of self-insurance. One company was approved for self-insured status in calendar year 2023.

Section 3 of this report provides enhanced detail from each regulated line of insurance. This section shows the premium, market share, losses and pure loss ratios from lines of insurance separated into categories for Property and Casualty, Life, and Accident and Health.

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SECTION 1: GENERAL

ORGANIZATIONAL CHART



WEST VIRGINIA INSURANCE COMMISSIONERS

D. S. Butler	July 1, 1947 to April 30, 1948
Robert A. Crichton	May 1, 1949 to June 30, 1952
Hugh N. Mills	July 1, 1952 to June 30, 1953
Thomas J. Gillooly	July 1, 1953 to September 30, 1956
Louis Miller, Jr.	October 1, 1956 to June 30, 1957
Harold E. Neely	July 1, 1957 to February 5, 1958
C. Judson Pearson	February 7, 1958 to January 15, 1961
Hugh N. Mills	January 16, 1961 to May 16, 1961
Virginia Mae Brown	May 17, 1961 to September 3, 1962
Harlan Justice	September 4, 1962 to January 15, 1966
Frank Montgomery	January 16, 1966 to September 30, 1968
Robert J. Shipman	October 1, 1968 to January 30, 1969
Samuel H. Weese	January 31, 1969 to January 16, 1975
Donald W. Brown	January 16, 1975 to January 14, 1977
Richard G. Shaw	January 17, 1977 to January 11, 1985
Fred L. Wright	February 21, 1985 to June 30, 1988
Hanley C. Clark	July 1, 1988 to January 17, 1989*
Hanley C. Clark	January 18, 1989 to January 15, 2001
Jane L. Cline	January 15, 2001 to June 30, 2011
Michael D. Riley	July 1, 2011 to January 8, 2012*
Michael D. Riley	January 9, 2012 to January 31, 2017
Andrew R. Pauley	February 1, 2017 to March 31, 2017*
Allan L. McVey	April 1, 2017 to January 24, 2019
Erin K. Hunter	January 25, 2019 to March 1, 2019*
James A. Dodrill	March 2, 2019 to September 21, 2021
Allan L. McVey	September 22, 2021 to present

**Acting Insurance Commissioner during interim period*

FINANCIAL INFORMATION

FEES AND TAXES COLLECTED DURING THE LAST 5 FISCAL YEARS

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GENERAL REVENUE					
INSURER EXAMINATION ASSESSMENT FEE	\$516,375	\$561,500	\$563,629	\$617,811	\$596,871
PENALTY FEE	\$541,348	\$368,470	\$196,667	\$894,283	\$1,069,667
TOTAL FOR GENERAL REVENUE	\$1,057,723	\$929,970	\$760,296	\$1,512,094	\$1,666,538
SPECIAL REVENUE					
*INSURANCE TAX FUND	\$128,049,651	\$129,116,290	\$117,465,268	\$134,752,448	\$134,348,212
INSURER EXAMINATION ASSESSMENT FEES	\$903,000	\$1,025,235	\$975,800	\$1,042,300	\$998,200
FEES & CHARGES	\$35,596,021	\$36,137,323	\$36,749,322	\$36,906,012	\$39,683,096
FIRE MARSHAL	\$2,130,494	\$2,184,470	\$2,201,978	\$2,317,662	\$2,471,066
MUN. PENSION & PROTECTION FUND	\$30,816,675	\$31,602,509	\$27,602,477	\$32,985,428	\$35,945,430
VOL. FIREMEN & TEACHERS RETIREMENT	\$14,965,354	\$14,738,860	\$12,888,827	\$15,297,811	\$16,326,620
TOTAL FOR SPECIAL REVENUE	\$212,461,195	\$214,804,687	\$197,883,673	\$223,301,661	\$229,772,624
GRAND TOTAL COLLECTED	\$213,518,918	\$215,734,657	\$198,643,969	\$224,813,755	\$231,439,162

**APPROPRIATED EXPENDITURE SCHEDULE
EXAMINATION FUND 7150
FISCAL YEAR 2023
JULY 1, 2022 - JUNE 30, 2023**

APPROPRIATED

Personal Services	541,186	
Increment	10,912	
Employee Benefits	196,666	
Other Expenses	<u>1,461,290</u>	
		<u>\$2,210,054</u>

ACTUAL EXPENDITURES

Personal Services	276,465	
Increment	3,180	
Employee Benefits	65,659	
Other Expenses	<u>918,698</u>	
TOTAL EXPENDITURES		1,264,002

APPROPRIATION BALANCE

Personal Services	264,721	
Increment	7,732	
Employee Benefits	131,007	
Other Expenses	542,592	
TOTAL FUNDS REMAINING		<u>946,052</u>
		<u>\$2,210,054</u>

**APPROPRIATED EXPENDITURE SCHEDULE
 CONSUMER ADVOCATE FUND 7151
 FISCAL YEAR 2023
 JULY 1, 2022 - JUNE 30, 2023**

APPROPRIATED

Personal Services	399,865	
Increment	9,360	
Employee Benefits	162,751	
Other Expenses	<u>265,702</u>	
		<u>\$837,678</u>

ACTUAL EXPENDITURES

Personal Services	222,130	
Increment	5,562	
Employee Benefits	72,991	
Other Expenses	<u>92,797</u>	
TOTAL EXPENDITURES		393,480

APPROPRIATION BALANCE

Personal Services	177,735	
Increment	3,798	
Employee Benefits	89,760	
Other Expenses	<u>172,905</u>	
TOTAL FUNDS REMAINING		444,198
		<u>\$837,678</u>

**APPROPRIATED EXPENDITURE SCHEDULE
INSURANCE COMMISSION FUND 7152
FISCAL YEAR 2023
JULY 1, 2022 - JUNE 30, 2023**

APPROPRIATED

Personal Services	16,093,741	
Increment	489,982	
Employee Benefits	7,448,798	
Other Expenses	<u>11,096,773</u>	
		<u>\$35,129,294</u>

ACTUAL EXPENDITURES

Personal Services	11,104,182	
Increment	241,173	
Employee Benefits	3,606,523	
Other Expenses	<u>5,205,095</u>	
TOTAL EXPENDITURES		20,156,973

APPROPRIATION BALANCE

Personal Services	5,090,879	
Increment	217,489	
Employee Benefits	3,908,775	
Other Expenses	<u>5,755,178</u>	
TOTAL FUNDS REMAINING		14,972,321
		<u>\$35,129,294</u>

Financial Statements

To view the OIC's FY2023 Financial Statements in their entirety, as well as access prior years' Financial Statements, please refer to the [OIC website](#).

West Virginia Office of the Insurance Commissioner
Statement of Net Position
June 30, 2023 (In Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 36,587	\$ 1,163,957	\$ 1,200,544
Receivables, Net:			
Statutory Allocations	-	3	3
Assessments	231	60	291
Employer Surcharge	2,133	-	2,133
Premiums	-	10	10
Other	3	605	608
Prepaid Assets	94	1,277	1,371
Loss Reserve Fund	-	13,743	13,743
Total Current Assets	39,048	1,179,655	1,218,703
Noncurrent Assets			
Other Receivables	89	-	89
Capital Assets, Net	92	-	92
Lease Assets-Building, Net	401	-	401
SBITA Assets, Net	1,461	-	1,461
Total Noncurrent Assets	2,043	-	2,043
Total Assets	41,091	1,179,655	1,220,746
Deferred Outflows of Resources			
Deferred outflows related to pension	2,515	-	2,515
Deferred outflows related to other post-employment benefit	325	-	325
Total Deferred Outflows of Resources	2,840	-	2,840
Total Assets and Deferred Outflows of Resources	43,931	1,179,655	1,223,586
LIABILITIES			
Current Liabilities			
Estimated Liability for Unpaid Claims and Claim			
Adjustment Expense	-	126,200	126,200
Compensated Absences	417	-	417
Accrued Expenses and Other Liabilities	627	466	1,093
Short Term Lease Liability	216	-	216
Short Term SBITA Liability	289	-	289
SBITA Interest Payable	10	-	10
Total Current Liabilities	1,559	126,666	128,225
Noncurrent Liabilities			
Estimated Liability for Unpaid Claims and Claim			
Adjustment Expense	-	928,300	928,300
Compensated Absences	448	-	448
Long Term Lease Liability	202	-	202
Long Term SBITA Liability	368	-	368
Net Pension Liability	974	-	974
Net OPEB Liability	206	-	206
Total Noncurrent Liabilities	2,198	928,300	930,498
Total Liabilities	3,757	1,054,966	1,058,723
Deferred Inflows of Resources			
Deferred Inflows related to pension	59	-	59
Deferred Inflows related to other post-employment benefit	1,211	-	1,211
Total Deferred Inflows of Resources	1,270	-	1,270
Total Liabilities and Deferred Inflows of Resources	5,027	1,054,966	1,059,993
Net Position			
Invested in Capital, Lease, and SBITA Assets, Net of Related Debt	869	-	869
Restricted for:			
Bell Bondsmen	25	-	25
Pensions	1,482	-	1,482
WC Old Fund	-	7,445	7,445
Coal Workers' Pneumoconiosis	-	39,381	39,381
Uninsured Fund	-	14,755	14,755
Self-Insured Funds	-	53,581	53,581
State Entities Workers' Compensation			
Program Fund	-	9,527	9,527
Unrestricted (Deficit)	36,528	-	36,528
Total Net Position	\$ 38,904	\$ 124,689	\$ 163,593

See accompanying notes.

West Virginia Offices of the Insurance Commissioner
Statement of Activities
For the Fiscal Year Ended June 30, 2023 (In Thousands)

Functions/Programs	Expenses and Claims Provisions	Program Revenues	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Governmental Activities	Business-Type Activities	Totals
Primary Government					
Governmental Activities					
General Government	\$ 17,904	\$ 40,094	\$ 22,190	\$ -	\$ 22,190
Depreciation, Unallocated	18	-	(18)	-	(18)
Lease Amortization, Unallocated	887	-	(887)	-	(887)
Total Governmental Activities	18,789	40,094	21,305	-	21,305
Business-type Activities					
Workers' Compensation	31,265	711	-	(30,554)	(30,554)
State Entities Workers' Compensation Program Fund	6,459	8,874	-	2,415	2,415
Total Business-Type Activities	37,724	9,585	-	(28,139)	(28,139)
Total Primary Government	\$ 56,513	\$ 49,679	21,305	(28,139)	(6,834)
General Revenues:					
Investment Earnings			23	58,779	58,802
Severance Tax			-	14	14
Total General Revenues			23	58,793	58,816
Change in Net Position Before Interfund Transfers					
			21,328	30,654	51,982
Payments on Behalf of the WVOIC					
Interfund Transfers			(227)	-	(227)
			(20,000)	20,000	-
Change in Net Position					
			1,101	50,654	51,755
Net Position, Beginning of year					
			37,803	74,035	111,838
Net Position, End of Year					
			\$ 38,904	\$ 124,689	\$ 163,593

See accompanying notes.

SECTION 2: DIVISION REPORTS

BOARD OF REVIEW (WORKERS' COMPENSATION)

The statutory role of the Workers' Compensation Board of Review is set forth in West Virginia Code §§23-5-9a and 23-5-11a. West Virginia Code §23-5-9a provides in part as follows: "Objections to a decision of the Insurance Commissioner, private carrier, or self-insured employer, whichever is applicable, made pursuant to the provisions of §23-5-1a of this code, shall be filed with the Workers' Compensation Board of Review."

Pursuant to West Virginia Code §23-5-11a, the Board is composed of five attorneys who are appointed by the Governor. In February of 2023, the Board began the transition to a new computer system, and additional development of the computer system continued throughout the year.

The primary goal of the Board of Review is to resolve protests in a fair, efficient, and timely manner. The Board of Review is governed by procedural rules found in 102 CSR 1, Rules of Practice and Procedure. At the conclusion of the protest process, the Board issues a written decision, which may be appealed to the Intermediate Court of Appeals as set forth in West Virginia Code §23-5-12a.

CONSUMER ADVOCATE DIVISION

In 2023, the Office of Consumer Advocate served the interests of the West Virginia insurance consumer and fulfilled the expanded duties conferred upon the Office in the tort reform measures passed in 2005 in Senate Bill 418. A large portion of the Office of the Consumer Advocate's time and resources were devoted to first- and third-party administrative cases.

During 2023, the efforts of the Office of the Consumer Advocate on behalf of West Virginia insurance consumers included:

- Yielded financial awards totaling \$144,097.92, which went directly into the pocket of the consumer.
- Been involved in obtaining financial settlements totaling \$4,486,557.11 since November 2007.
- Reviewed 65 Certificate of Need applications.
- Participated in mandatory continuing legal education with a focus on insurance and consumer related education.
- Stayed informed of any cases before the West Virginia Supreme Court of Appeals and the West Virginia Intermediate Court of Appeals regarding insurance law issues.
- Read any pertinent opinions and attended or watched via live web camera oral arguments at the Supreme Court and Intermediate Court when insurance related cases were on either Court's docket.
- Maintained progress toward the ongoing goal of consumer outreach and education, including fielding hundreds of calls and contacts from consumers.

REPRESENTATION IN FIRST- AND THIRD-PARTY ADMINISTRATIVE HEARINGS

In 2023, the Office of the Consumer Advocate provided formal representation to insurance consumers in thirty-five (35) consumer complaints before the West Virginia Insurance Commission.

FIRST PARTY COMPLAINTS

The Office of the Consumer Advocate worked eleven (11) first party cases in 2023. The results of said cases are as follows:

- A total of \$16,233.77 was awarded directly to West Virginia Consumers in the form of settlements in two (2) of the consumer complaints with one (1) of the cases appealed to the West Virginia Intermediate Court of Appeals that resulted in a \$9,000.00 settlement.
- Three (3) consumer complaint cases, the consumers retained private counsel.
- Three (3) consumer complaint cases, the Consumer failed request representation.
- Three (3) consumer complaint cases, the matters are still pending and/or awaiting hearing.

THIRD PARTY COMPLAINTS

The Office of the Consumer Advocate worked twenty-four (24) third party cases in 2023. The results of said cases are as follows:

- A total of \$127,864.15 was awarded directly to West Virginia consumers in the form of settlements in twelve (12) of the consumer complaints.
- Four (4) consumer complaint cases, the consumer opted to obtain private counsel for representation.
- Four (4) consumer complaint cases, the consumer failed or declined to request representation.
- Four (4) consumer complaint cases are still pending.

CERTIFICATE OF NEED REVIEWS

In 2023, the Office of the Consumer Advocate participated in the review of 65 Certificate of Need (CON) applications before the Health Care Authority.

FINANCIAL ACCOUNTING DIVISION

The Financial Accounting (FA) Division is responsible for the preparation of the annual audited financial statements for the OIC which includes preparation of the trial balance, footnotes, required supplementary information, and other disclosures as required by Generally Accepted Accounting Principles (GAAP.) The FA Division works closely with consulting actuaries to assist with the annual reserve study of the OIC's claims liabilities. Work performed includes the preparation and coordination of data and the preliminary review and analysis of actuarial indications. The FA Division coordinates the information for the independent auditors and provides all supporting documentation for the financial statement.

The FA Division performs all daily cash management and investing activities of the OIC, and serves as the liaison with the Treasurer's Office, the Auditor's Office, the WV Investment Management Board, and the Board of Treasury Investments. The FA Division monitors investment performance and performs monthly investment analysis for all invested assets held by the OIC.

Daily operations of the FA Division include accounts payable processing through the State's accounting system. The FA Division coordinates with the OIC's contracted Third Party Administrators and claims services to disburse the claims payments to beneficiaries of the insurance programs administered by the OIC, including the workers' compensation related funds. The FA Division is also responsible for handling and processing all the OIC's cash receipts through the State's accounting system and for depositing all non-lockbox checks with the Treasurer's Office.

The FA Division prepares and submits the OIC annual budget and budget narrative, as well as the appropriation and expenditure schedules as required for all OIC funds. The FA Division prepares and monitors budgets for sixteen separate OIC funds. An analysis of budget to actual expenditures is also prepared and analyzed.

The FA Division prepares and distributes monthly financial reports to the Commissioner. The OIC funds reported on a monthly basis consist of the Workers' Compensation Old fund, the State Entities Workers' Compensation fund, the Coal Workers' Pneumoconiosis fund, the Self-Insured Guaranty fund, the Self-Insured Security fund, the Uninsured fund, the Insurance Commissioner fund, the AccessWV fund, the Examination Revolving fund, the Consumer Advocate fund, the Unfair Claims Settlement Practice Trust fund, the Workers' Compensation Debt Reduction fund, the Consolidated Federal funds, the Insurance Fraud Prevention fund, the Bail Bondsmen Cash Security fund and the Closed Estate fund. These reports are used for internal analysis and for use at legislative interim meetings.

The FA Division is responsible for the management and administration of federal funds for the agency including preparation of required reports and the drawing down of funds on the federal payment management system.

The Tax Unit in the FA Division is responsible for ensuring that insurance companies and brokers operating in West Virginia report and pay the appropriate taxes levied by West Virginia statutes. This process involves the reconciliation of companies' quarterly reports and payments to their year-end tax returns. This function also includes the tracking and collection of taxes generated by the surplus lines market. Surplus lines refer to business placed with companies that are not admitted in West Virginia. This occurs when certain lines of business are not readily available from companies licensed in West Virginia. Coverage is written with these surplus lines insurers by a licensed insurance broker that has obtained an excess lines broker's license from

the Licensing and Education Division. The surplus lines licensee must provide reports to the Tax Unit on individual policies written and remit the appropriate tax payment as detailed by the West Virginia code.

The Tax Unit is responsible for the collection of the examination assessment which covers the cost of examining the activities, operations, financial conditions and affairs of all persons transacting the business of insurance in WV and all persons otherwise subject to the jurisdiction of the commissioner. The assessment must be paid by July 1st of each year. This examination is performed in accordance with the guidelines set by the National Association of Insurance Commissioners (NAIC).

FINANCIAL ACCOUNTING ACCOMPLISHMENTS FOR 2023

- Received an eighteenth consecutive unmodified or “clean” opinion on the OIC’s financial statements.
- Performed year end work on an interim basis when possible to do so and greatly reduced the amount of time necessary for the completion of the annual financial statement preparation.
- Prepared and distributed monthly financial reports for all OIC funds on a timely basis.
- Prepared the annual budget and all related documents on a timely basis.
- Collected \$114,266.23 for underpayment of taxes and \$427,999.65 in penalties and interest in 2023 for the prior calendar year.
- Achieved all formal staff training goals and objectives.

FINANCIAL CONDITIONS DIVISION

The primary functions of the Financial Conditions (FC) Division include, but are not limited to:

- Licensing/Registration of Insurance Risk-Bearing Entities
- Financial Analysis/Surveillance of Admitted Insurance Companies
- Financial Examinations of Domestic Insurance Companies

The types of insurance companies/entities licensed and monitored include, but are not limited to, traditional Life and Health and Property and Casualty insurers as well as health care corporations and Health Maintenance Organizations (HMOs). The FC Division is also responsible for registering, licensing and/or monitoring Risk Retention Groups, Risk Purchasing Groups, Managing General Agents, Third-Party Administrators, Reinsurance Intermediaries, Viatical Settlement Providers, Charitable Gift Annuities, and Surplus Lines Insurers planning to do business in the state of West Virginia.

Prior to being admitted, companies must file an application with the West Virginia Offices of the Insurance Commissioner. The FC Division utilizes the National Association of Insurance Commissioners (NAIC) Uniform Certificate of Authority Application (UCAA) process which is designed to allow insurers to file copies of the same application for admission in numerous jurisdictions. These applications, either foreign or domestic, are reviewed by the FC Division to ensure that all applicable insurance laws and regulations have been satisfied regarding the companies' general corporate organization and financial strength. Recommendations are then made to the Commissioner as to the admissibility of the applicant companies.

Companies admitted by the OIC are then monitored by the FC Division to ensure they maintain financial stability and solvency requirements necessary for the protection of West Virginia policyholders. Monitoring of the insurance industry is effectuated through complex analysis and/or financial examinations performed by Financial Analysts and Certified Financial Examiners.

The FC Division is also responsible for processing various corporate amendments submitted by a licensed entity. Corporate amendments include, but are not limited to, name changes, re-domestications, mergers, and amendments to articles of incorporation or bylaws.

2023 TOTAL CORPORATE AMENDMENTS	
Modifications/Address Changes	83
New Applications	59
Acquisitions (Change of Control)	43
Name Changes	49
Amended By-Laws/Articles	72
Withdrawal/Deletion of lines of authority	45
Redomestications	33
Expansion Applications	29
Extension of Authority	5
Mergers	6
Conversions	4

LEGAL DIVISION

The OIC's Legal Division performs many functions including providing legal counsel to the Offices of the Insurance Commissioner and all associated divisions thereof, as well as carrying out many day-to-day legal responsibilities entrusted to the Insurance Commissioner by the West Virginia Legislature. Responsibilities of the Legal Division include:

LEGAL SUPPORT FOR ASSOCIATED DIVISIONS - The Legal Division provides general legal support for all other divisions of the OIC, including all insurance and workers' compensation related regulatory functions. This involves attending meetings with the directors and staff of other divisions, consulting on legal issues relating to activities of other divisions, and assisting with legal interpretations of statutes, rules, and case law, as appropriate.

LEGISLATION AND RULES - The Legal Division drafts proposed legislation and legislative rules that are submitted for Legislative approval. Some bills and rules are based on models promulgated by the National Association of Insurance Commissioners ("NAIC") and others are custom drafted. Further, the Legal Division drafts legislative exempt workers' compensation rules that are submitted to the Workers' Compensation Industrial Council for review and approval. During the legislative sessions, Legal Division attorneys attend committee meetings to respond to questions relating to the proposed bills and rules. The Legal Division attorneys also attend Workers' Compensation Industrial Council meetings to answer questions during the public hearing process for workers' compensation rules. During the rulemaking process, Legal Division attorneys receive and respond to public comments.

INSURANCE BULLETINS - When the Insurance Commissioner needs to provide information to the public and to regulated entities, an Insurance Bulletin, formerly called an Informational Letter, is drafted by the Legal Division. Insurance Bulletins are issued for many reasons, including the provision of guidance for compliance with laws or rules, or the introduction of clarity to an area that may be subject to differing legal interpretations. Other means of dissemination of policy and legal guidance from the Insurance Commissioner may also be drafted in the Legal Division.

ADMINISTRATIVE HEARINGS – Pursuant to W.Va. Code §33-2-13, the Insurance Commissioner may call and hold hearings for any purpose deemed necessary in the performance of his or her duties. The Legal Division investigates complaints relating to alleged violations of unfair claims settlement practices, provisions of the Unfair Trade Practices Act or other alleged violations of the West Virginia Code and determines whether merit exists to proceed with hearing on the complaint. The process is described respectively in W.Va. Code of State R. §114-13-1, *et seq.* and §114-76-1, *et seq.* The OIC may also hold administrative hearings regarding filings pursuant to W.Va. Code §33-27-1, *et seq.* regarding the acquisition and control of insurance companies, complaints filed against pharmacy benefit managers (PBMs) regarding alleged violations of W.Va. Code §33-51-1, *et seq.* and W.Va. Code of State R. §114-99-1, *et seq.*, and hearings on insurance premium tax disputes requested pursuant to the *Insurance Tax Procedures Act*, W.Va. Code §33-44-1, *et seq.* The Legal Division participates on a committee to investigate and make recommendations on applications received from convicted felons for an 18 U.S.C §100 waiver and may hold hearings thereon if an applicant requests a hearing on the Insurance Commissioner's final order in regard to the waiver request. The Legal Division also annually solicits public comments regarding the Surplus Lines Export List and may hold hearings on requests for inclusion of insurance coverages and classes of insurance eligible for the Surplus Lines Export List, if needed.

INVESTIGATIONS - The Legal Division investigates complaints dealing with all aspects of insurance compliance contained in Chapters 33 and 23 of the West Virginia Code. The Legal Division receives referrals from various sources including the public, the insurance industry, and other divisions within the Insurance Commission, relating to possible misconduct by insurance industry representatives, insurance producers, and unauthorized insurers. These allegations are investigated to determine if West Virginia insurance laws or rules have been violated, and if so, the investigation will result in administrative action against the target of the investigation.

ADMINISTRATIVE ACTIONS - When necessary, the Legal Division files an administrative complaint against insurance companies seeking penalties and/or suspension or revocation of the Certificate of Authority, as appropriate. Administrative complaints may also be filed before the Insurance Commissioner to penalize an unauthorized insurer, or injunctive relief may be sought in Circuit Court to end the illegal operations of these entities. Administrative action may also be taken against insurance producers (agents), business entities (agencies), professional employer organizations (PEOs), third-party administrators, pharmacy benefit managers (PBMs), criminal bail bondsmen, and many other entities regulated by Chapter 33 of the West Virginia Code when violations of statutes or rules have been committed.

LICENSURE ACTIONS - The Legal Division assists in license suspensions, revocations and/or fines regarding insurance producers (agents) and other licensees including, but not limited to, insurers that are found to be financially insolvent or in hazardous financial condition as to render their continued transaction of insurance business hazardous to their policyholders, the people of West Virginia, pharmacy benefit managers (PBMs), and criminal bail bondsmen.

APPEALS AND LITIGATION - When an order entered by the Insurance Commissioner is appealed, a Legal Division attorney may appear in Circuit Court to defend the Insurance Commissioner's action. The Legal Division also files actions in the Circuit Court of Kanawha County against employers who fail to maintain workers' compensation insurance to enjoin the employer from operating until it complies with the law.

FRAUD PROSECUTION - The Legal Division can directly represent the OIC in prosecution of fraudulent insurance activity or provide support to state and federal prosecutors on similar criminal issues.

WORKERS' COMPENSATION - The Legal Division supports the "Old Fund" as created by workers' compensation privatization legislation in 2005, as well as various other workers' compensation funds administered by the OIC, including the Uninsured Employers' Fund, the Self-Insured Employers' Guaranty Risk Pool, the Self-Insured Employers' Security Risk Pool, and the Coal Workers' Fund. Assistance may include working with claimants and their counsel, outside defense counsel, and third-party administrators in all tribunals and courts including West Virginia circuit courts, the Board of Review, the West Virginia Intermediate Court of Appeals, and the West Virginia Supreme Court of Appeals. The Legal Division also provides legal support and representation to the OIC's Employer Accounts Division, which, among other things, regulates and takes action against uninsured employers and licensed self-insured employers and PEOs. The Legal Division represents the agency in Rule 11 proceedings regarding an employer's failure to maintain mandatory workers' compensation insurance and may also handle National Council on Compensation Insurance (NCCI) appeals filed by employers and appealed to the OIC.

CONSUMER, INDUSTRY AND OTHER STAKEHOLDER INQUIRIES - While the Legal Division cannot provide legal advice to outside parties, it does endeavor to assist consumers and stakeholders, point inquiries in the appropriate direction where possible, provide analysis for the insurance and workers' compensation market as a whole, and opine on issues of broad importance.

FREEDOM OF INFORMATION ACT (FOIA) REQUESTS - All FOIA requests are directed to, and processed by, the Legal Division. Legal Division staff gathers all public records that are responsive to the request and provides them to the requester, pursuant to and in compliance with the Act.

LEGISLATION

The Insurance Bulletin, available through the hyperlink below, summarizes significant insurance and workers' compensation legislation enacted during the 2023 Regular Session of the West Virginia Legislature. It does not necessarily include all legislation that may affect the insurance industry or insurance consumers and is only intended to highlight the major points in the more important regulatory bills. The explanations contained herein should in no way be construed as being indicative of the Insurance Commissioner's views on, or interpretation of, the legislation.

The 2023 Legislative summary noted herein is available for review using the following hyperlink: [2023 Legislation](#)

INSURANCE BULLETINS

Five (5) Insurance Bulletins were issued by the Insurance Commissioner in 2023:

23 - 01	Special Enrollment Period for Medicaid Disenrollment
23 - 02A	Amended Summary of 2023 Legislation
23 - 03	Workers' Compensation Regulatory Surcharge
23 - 04	Assignment of Benefits for Dental Insurance
23 - 05	Medicare Supplement Guaranteed Issue Eligibility

The Insurance Bulletins noted herein are available for review using the following hyperlink: [Insurance Bulletins](#)

FREEDOM OF INFORMATION REQUESTS AND RESPONSES

One hundred twenty (120) requests for information were received and responded to by the Legal Division in accordance with the Freedom of Information Act in 2023.

EMERGENCY ORDERS

There was one Emergency Order issued by the Insurance Commissioner in 2023, which rescinded prior emergency orders issued due to the COVID-19 pandemic.

Emergency Orders are available for review using the following hyperlink: [Emergency Orders](#)

REFERRALS OPENED

A total of 651 matters were opened by the Legal Regulatory Compliance Unit in 2023 upon referrals from various divisions within the OIC, the public, and outside state or federal agencies.

TYPE OF REFERRAL	NUMBER OF REFERRALS
Company	9
Financial Conditions	37
First Party	103
General Inquiries	8
Market Conduct	14
Other Litigation	2
Pharmacy Benefit Manager (PBM)	10
Producer	35
Third Party	216
WC Compliance - Failure to Timely Act	44
WC Compliance - Injunctions	26
WC Compliance - Postings	147
TOTAL	651

ADMINISTRATIVE PROCEEDING CASES CLOSED

A total of 633 administrative proceeding cases were closed by the Legal Regulatory Compliance Unit in 2023.

TYPE OF REFERRAL	# CASES CLOSED
Company	13
Company – Tax	30
Financial Conditions	3
First Party	42
Market Conduct	22
Market Conduct – Self-Insured	3
Pharmacy Benefit Manager (PBM)	105
Producer	36
Third Party	171
WC Compliance-Failure to Timely Act	35
WC Compliance-Postings	173
TOTAL	633

HEARINGS

A total of 19 hearings were held in 2023 and 41 were scheduled by the Legal Regulatory Compliance Unit.

TYPE OF HEARINGS	# HEARINGS SCHEDULED	# HEARINGS HELD
1033 Committee Hearing	2	2
Company	2	2
Company - PEO	0	0
Company - Tax	2	2
Financial Conditions	1	1
First Party	5	2
General Inquiries	0	0
Pharmacy Benefit Manager (PBM)	0	0
Producer	6	5
Restitution Hearing	0	0
Third Party	18	0
Third Party - Appeal	0	0
WC Compliance - Contempt	1	1
WC Compliance - Injunction	4	4
WC Compliance - Rule 11	0	0
TOTAL	41	19

POSTINGS AND COMPLIANCE CHECKS

In 2023, 147 referrals were made to the Legal Regulatory Compliance Unit for employer postings or employer compliance checks in regard to employers that failed to maintain mandatory workers' compensation coverage or were suspected of having lapsed workers' compensation coverage. Of those, 91 employers were formally posted. The remainder of referrals were resolved through compliance checks with the employers and/or other resolution of their accounts.

WORKERS' COMPENSATION SUBROGATION

With respect to workers who suffered compensable injuries prior to July 1, 2005, resulting from the negligence of third parties, W. Va. Code §23-2A-1 creates subrogation liens in favor of the Insurance Commissioner against any amounts recovered by these workers from such third parties. In 2023, the OIC opened zero (0) and closed one (1) subrogation case. The OIC collected \$41,786.05 from settlements or awards.

ORDERS AND COLLABORATIVE ACTIONS

A total of 121 orders were prepared by the Legal Regulatory Compliance Unit in 2023.

TYPE OF CASE	FINAL ORDERS	COLLABORATIVE ACTION	FINE AMOUNT	RESTITUTION AMOUNT
Bail Bondsmen	0	-	\$0.00	-
Company	2	-	\$20,000.00	-
Company – Rates & Forms	0	-	\$0.00	-
Financial Conditions	34	-	\$162,000.00	-
First Party	1	-	\$0.00	-
Market Conduct	24	-	\$298,000.00	-
Pharmacy Benefit Manager (PBM)	3	-	\$74,000.00	-
Producer	9	-	\$36,750.00	-
Third Party	2	-	\$0.00	-
WC Compliance - Contempt	0	-	\$0.00	-
WC Compliance - Failure to Timely Act	42	-	\$23,150.00	-
WC Compliance - Injunction	4	-	\$0.00	-
TOTAL	121	-	\$613,900.00	-

MARKET CONDUCT UNIT

The Market Conduct Unit performs market-wide research, analysis and examinations of insurance entities regulated by the West Virginia Offices of the Insurance Commissioner. The Market Conduct Unit executes its primary activities as a section of the OIC Legal Division.

Market conduct examiners are charged with reviewing insurers on a regular basis as well as reacting to developments in the marketplace. Examiners validate the business operations of insurers to ensure compliance with all applicable laws and rules.

Market analysis consists of gathering large volumes of data from insurers that reveals how insurers are operating in the marketplace and, from that data, determining which companies may need further analysis or review. West Virginia cooperates with other jurisdictions in this process to foster possible collaborative actions.

Twenty-six (26) agreed orders were entered by the Insurance Commissioner in 2023 because of market conduct examinations and other regulatory actions conducted in accordance with W. Va. Code §33-2-9. Penalties totaling \$222,000.00 were assessed due to violations discovered during seven (7) completed market conduct examinations. West Virginia also participated in two (2) multi-state collaborative actions resulting in \$3,535.71 in penalties and other assessments and fifteen (15) state-specific non-exam regulatory interventions, resulting in \$76,000.00 in penalties. Furthermore, the Market Conduct Unit completed two (2) comprehensive compliance examinations of employers which are self-insured for workers' compensation, resulting in no assessed monetary penalties to these entities.

Additionally, the Market Conduct Unit conducted thirty-eight (38) level one and twenty (20) level two analysis reviews on licensed companies concerning compliance with the West Virginia Code and the West Virginia Code of State Rules, as well as claims compliance analysis of employers that are actively self-insured for workers' compensation.

In 2023, the West Virginia Offices of the Insurance Commissioner also received a total of 623 market conduct annual statements per the National Association of Insurance Commissioners' (NAIC) guidelines, further broken down by the following lines of business: Life, 194 filings; Annuity, 108 filings; Private Passenger Auto, 75 filings; Homeowners, 75 filings; Long-Term Care, 71 filings; Health, 13 filings; Lender-Placed Insurance (LPI), 13 filings; Disability Income (DI), 54 filings; Travel, 13 filings; and Short-Term Limited Duration (STLD), 7 filings.

LICENSING AND EDUCATION DIVISION

The Licensing and Education Division is responsible for processing and maintaining records on individual producers and business entities licensed to transact business in West Virginia. Licensees include residents who must complete educational and testing requirements to obtain a license. Residents of other states who have completed similar requirements in their states of domicile may apply for a West Virginia non-resident license by submitting the appropriate application and documentation for review. In addition to licensing of individual producers, the division oversees the licensing of Adjusters, Surplus Lines Licensees, Business Entities, Public Adjusting Firms, Independent Adjusting Firms, Viatical Settlement Brokers, Viatical Settlement Business Entities, Travel Insurance Business Entities, Professional Bail Bonds, and Surety Bail Bonds.

Producers must be appointed to represent each insurance company for which they are transacting business in West Virginia. Insurance companies are responsible for submitting appointment information and fees to our Licensing and Education Division for processing.

Resident producers must periodically complete continuing education to maintain their licenses. The continuing education program is governed by a six-member board appointed by the Insurance Commissioner. The representatives (all of whom are West Virginia resident insurance producers) of this Board represent various areas of the insurance industry as prescribed by law.

Administrative functions for the continuing education program are handled by Prometric. Prometric reviews provider and course applications under guidelines established by the Board of Insurance Agent Education. Additionally, Prometric banks the continuing education credits to the producers' records and, at compliance time, provides the Insurance Commissioner with data on compliant and noncompliant producers.

The Licensing and Education Division is underway renewing company, independent, and public adjusters for the first time with continuing education requires. Continuing education is required for West Virginia resident adjusters and those non-resident adjusters designating West Virginia as the home state. The Licensing and Education Division continues to follow FBI and West Virginia State Police background requirements.

In 2021, House Bill 2758 was passed into law. This bill overhauled the bail bond process in West Virginia and placed the regulatory authority of bail bonds under the OIC. This created two new license types, a professional bail bond license and a surety bail bond license. Beginning July 2024 bail bond license holders will be renewed for the first time and new bail bond applicants will be required to pass an examination. West Virginia Office of the Insurance Commissioner exams are administered by Pearson Vue.

The division continues to move toward more electronic applications and less paper. In 2023, over 97% of applications were processed electronically.

The following tables and graphs are current statistics for the various activities of the Licensing and Education Division.

LICENSING ACTIVITY

NEW LICENSES ISSUED	2023
Resident Producer	1,487
Non-Resident Producer	29,710
Resident Adjuster	50
Non-Resident Adjuster	7,548
Surplus Lines	264
Viatical Settlement Broker	1
Business Entities (Includes all Types)	1,122
Professional Bail Bonds	5
Surety Bail Bonds	29
TOTAL NEW LICENSE ISSUED	40,216

LICENSING TRANSACTIONS	2023
Licenses Denied	344
License Suspended including for CE	1,618
Licenses Revoked	3
TOTAL	1,965

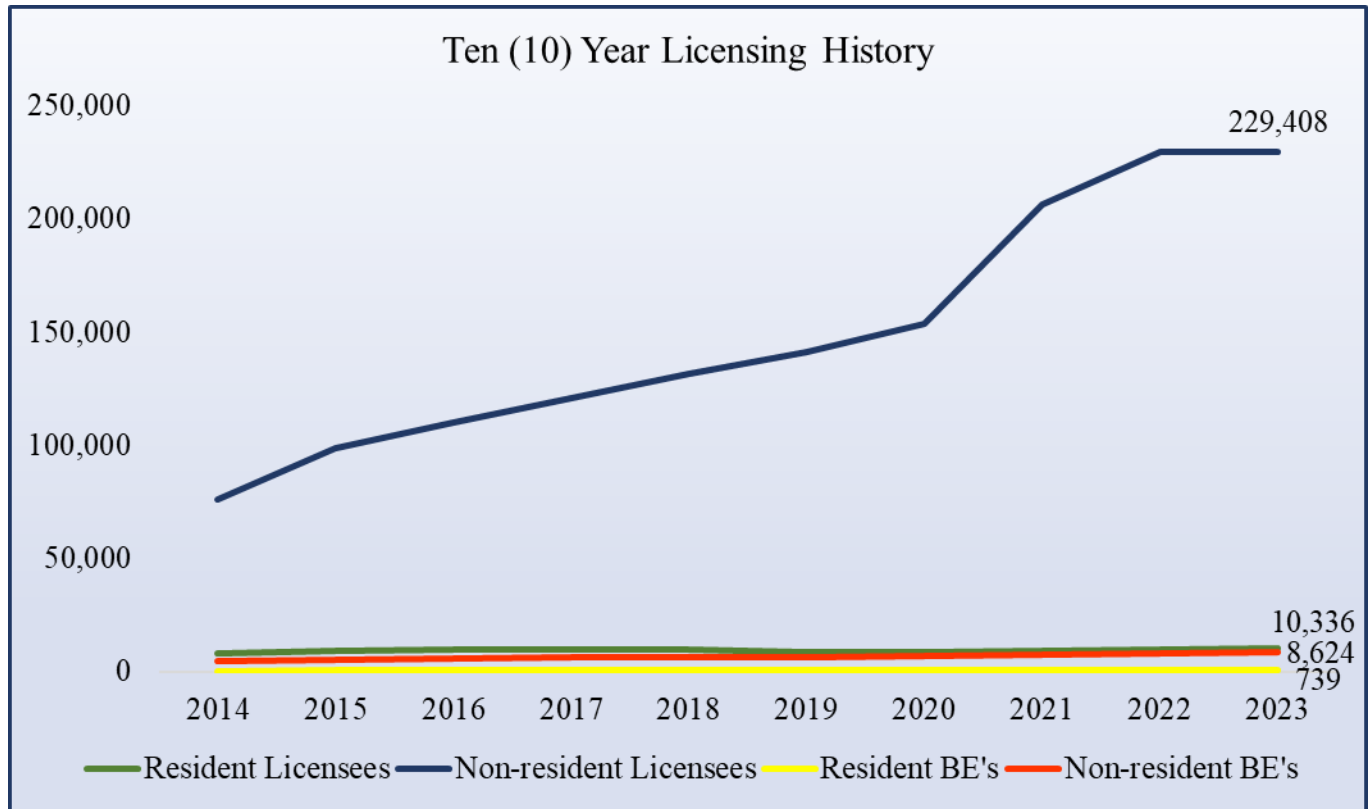
LICENSING CONTACT	2023
Telephone Activity	7,173
Office Visits	18
TOTAL	7,191

COMPANY APPOINTMENTS	2023
Companies with appointments	983
Number of company appointments	402,920

LICENSING EXAMINATION SUMMARY

TYPE OF EXAM	2023 Tested	2023 Passed	Percent Passed
Life	2,613	1,720	65.8%
Accident and Sickness	3,066	1,998	65.2%
Property and Casualty	1,760	943	53.6%
Property	30	16	53.3%
Casualty	16	6	37.5%
Company / Independent Adjuster	206	112	54.4%
Surplus Lines	0	0	-
Public Adjuster	5	4	80.0%
Workers' Compensation Adjuster	22	13	59.1%
Personal Lines	48	29	60.4%
TOTAL	7,766	4,841	62.3%

TEN YEAR LICENSING HISTORY



As shown in the graph above, issued licenses have shown steady growth over the years with stabilization occurring in 2023. The 2023 non-resident licensees remained static with a slight decrease from the 2022 count and has increased more than 200% over the last ten (10) years.

LIFE AND HEALTH DIVISION

The Life and Health Division is responsible for handling filings, reviewing complaints, and establishing policies and procedures related to the regulation of Life and Health insurance. The Division was created in 2023 by combining three existing divisions: Consumer Services, Health Policy, and Rates and Forms. The creation of the Life and Health Division has helped improve communication between the three departments.

HEALTH POLICY UNIT

The Health Policy Unit assists other OIC divisions in communications with the Federal government, interpretation of the ACA Federal statute and regulations, Qualified Health Plan (QHP) review and certification decisions. The Unit liaises with the West Virginia Legislature and implements state law across all units in the OIC. It also conducts annual training for agents and assisters on West Virginia QHP products to be offered each year, as well as new state mandated coverage.

MENTAL HEALTH PARITY

During the 2020 Regular Legislative Session, SB 291 passed requiring health insurance providers to provide mental health parity in benefits. The data call collected in 2023 for the 2022 plan year continued to show deficiencies, so the West Virginia Offices of the Insurance Commissioner engaged an industry consultant to complete market conduct exams and educational campaigns with the carriers.

NETWORK ADEQUACY

West Virginia State Code § 33-55-1, et seq. and W.Va. Code of St. R. § 114-100-1, et seq. provides the Offices of the Insurance Commissioner the authority to regulate Network Adequacy for all commercial health plans in West Virginia. In addition, the West Virginia OIC partners with the Centers for Medicare and Medicaid Services to regulate network adequacy for Qualified Health Plans offered on the Health Insurance Marketplace.

Health Insurers must provide information on projected enrollment and time and distance standards for all providers in their network. The insurer must also provide a publicly available Access Plan, including but not limited to information on telehealth, factors used by the health carrier to build the network and criteria to select providers. After approval, networks must file any material changes within 15 business days. Provider Directories must be updated every 30 days and audited at least three times during an 18-month period.

In 2022, CMS released its own set of guidelines for Network Adequacy, which were similar but not identical to the standards rules set forth in W.Va. Code of St. R. § 114-100-1, et seq. To facilitate Network Adequacy filings and to eliminate conflict and redundancy, W.Va. Code of St. R. § 114-100-1, et seq. was amended during the 2024 Legislative Session to adhere to the CMS guidelines and to maintain state supremacy of reviews.

PRIOR AUTHORIZATION

West Virginia State Code § 33-15-4s, 33-16-3dd, 33-24-7s, and 33-25A-8s provide for Prior Authorization Standards in the commercial medical insurance market. The legislation requires insurance carriers to create an electronic portal to receive prior authorization requests and delineates strict timelines for review. The reporting component of this legislation will begin in the first quarter of 2024.

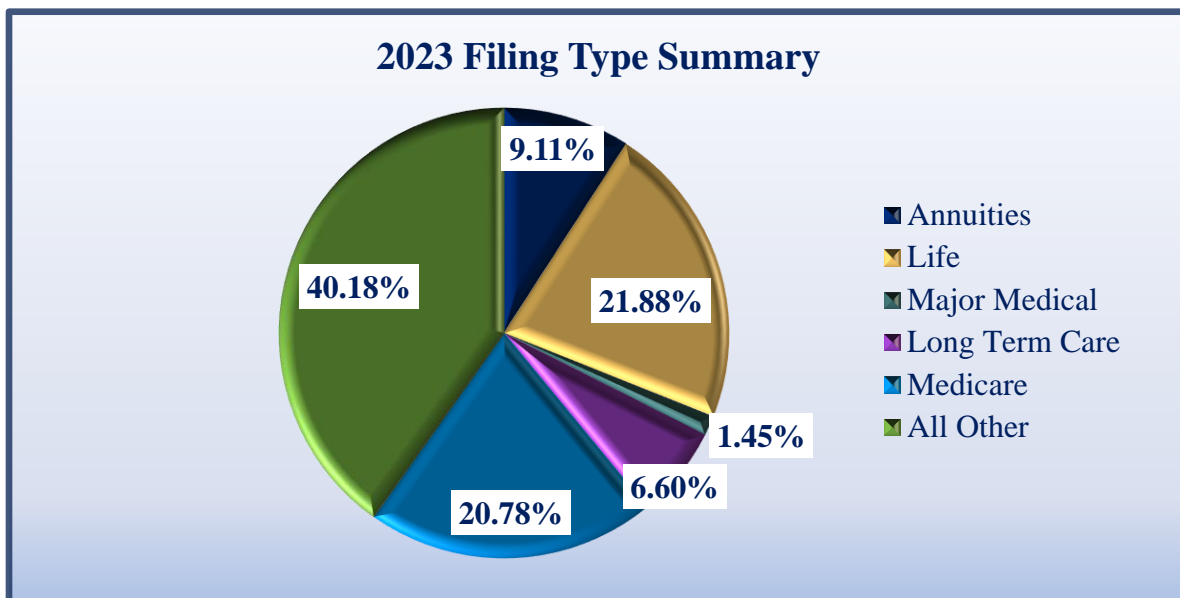
PHARMACY BENEFIT MANAGERS

Pharmacy Benefit Managers (PBM) have been regulated by the West Virginia Offices of the Insurance Commissioner since 2019 per W. Va. Code 33-51-1, et seq. and W.Va. Code St. R. §114-99-1, et seq. PBMs must apply for licensure biennially as well as submit quarterly and annual reporting to the WV OIC. The legislation requires that a PBM pay the national average drug acquisition cost (NADAC) plus a dispensing fee and does not permit a PBM to direct a consumer to a specific pharmacy. In addition, all rebates for a prescription drug must go directly to cost control for consumers, first at the point of sale, with any remaining rebates to be taken off the annual rates.

2023 PBM Complaint Summary	
Cases Opened	167
Cases Closed	118

RATES AND FORMS UNIT

The Rates and Forms Unit analyzes all policy rate, form, and advertisement filings proposed by licensed insurance companies for use in the West Virginia insurance markets. Analysts review all such filings for group and individual Accident and Sickness, Life, Disability, Medicare Supplements, Long Term Care, and Annuity products. They ensure that the proposed material complies with West Virginia State Code, legislative rules, and federal statutes. Filings are submitted through the System for Electronic Rate and Form Filings (SERFF) and divided among the OIC's analysts. West Virginia is a "prior approval" state, which means rates, rules, and forms must be approved by the West Virginia Insurance Commissioner prior to marketing plans to West Virginia consumers for most product lines.

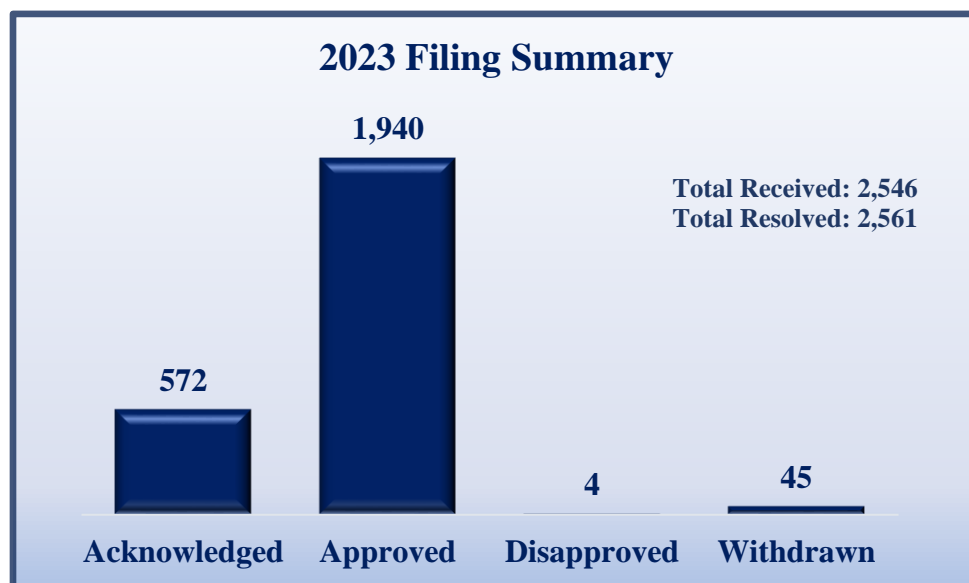


In addition, analysts review binders submitted by major medical and dental companies as part of the certification process for Qualified Health Plans (QHPs) within the statutes of the Patient Protection and Affordable Care Act (ACA). Binders are also submitted through SERFF and consist of a series of templates that are used to transfer the plan data to the federal marketplace (www.Healthcare.gov). W. Va. Code §§ 33-6-8, 33-15-1b and 33-16B-1, is the primary authority for West Virginia to review and recommend Qualified Health Plans (QHPs) for certification.

Analysts participate on various committees with the NAIC (National Association of Insurance Commissioners) to work on national solutions to issues that extend beyond our West Virginia borders. The NAIC has members from every state working together to protect consumers and stabilize insurance markets. For example, our Analysts continue to work on the NAIC’s Long-Term Care Executive Task Force, along with the Insurance Commissioner. This Task Force is working on the tough issues surrounding long-term care using a multifaceted approach, and its efforts will affect and, hopefully, benefit West Virginia Long-Term Care Insurance consumers as they continue to receive extraordinary rate increases.

Filings for noncommercial lines must be filed with the Unit no less than 60 days in advance of the desired effective date per W.Va. Code §§ 33-6-8(b)(1) and 33-16B-1, and unless more information is requested from the insurance company, will be deemed approved at the end of the 60-day timeframe. Commercial lines and casualty risks, as well as any mass-marketed life and health product offered to members of an association must be filed with the Unit as noted in W.Va. Code §33-6-8(b)(2). However, there is no OIC prior approval needed before an insurer can implement the filing. The Commissioner may take action on such forms within 30 days. W.Va. Code §33-6-9(e) requires the Insurance Commissioner to disapprove a form “if the coverages provided therein are not sufficiently broad to be in the public interest.”

Below is a chart of the 2023 filing summary.



CONSUMER SERVICES UNIT

The Consumer Services Unit is responsible for the review of facts surrounding complaints received against insurance companies, adjusters, and agents. It is our mission to evaluate the facts of each complaint received to ensure compliance with the West Virginia Insurance Laws and contract in question. This unit ensures a fair resolution of each complaint and provides a better understanding among the parties of their rights and responsibilities.

Consumer Services also manages inquiries and aids consumers regarding legislation, benefits, and other life and health insurance-related questions. Common examples include life insurance claims, major medical insurance questions and implementation questions by providers. Unit staff can help consumers enroll in commercial medical coverage as well.

This unit receives consumer complaints and inquiries by phone, fax, email, public walk-ins or through the [web portal](#).

Below is a summary of the calendar year 2023 inquiries and complaints.

Activity Type	Total
Email and Phone Call Consumer Inquiry	1,672
Walk-in Consumer Inquiry	10
Complaints Opened	807
Complaints Closed	843
External Review	17

Coverage Complaint Type	Total
Life & Health	602
Health	131
Life	58
Annuity	4
Long Term Care	1
Medicare	2
Medicare Advantage	5
Medicare Supplement	4

In addition, the unit educates the public concerning insurance topics through conferences and presentations. The staff identifies problem areas and trends by collecting information gathered from complaints and performs research and surveys about areas that need special attention.

In 2023, the unit conducted or participated in the following outreach opportunities:

- 2024 Marketplace Assister Training
- 2024 ACA Agent Training
- Consumer Assistance Training
- Cover West Virginia

ACA/HEALTH INSURANCE MARKETPLACE

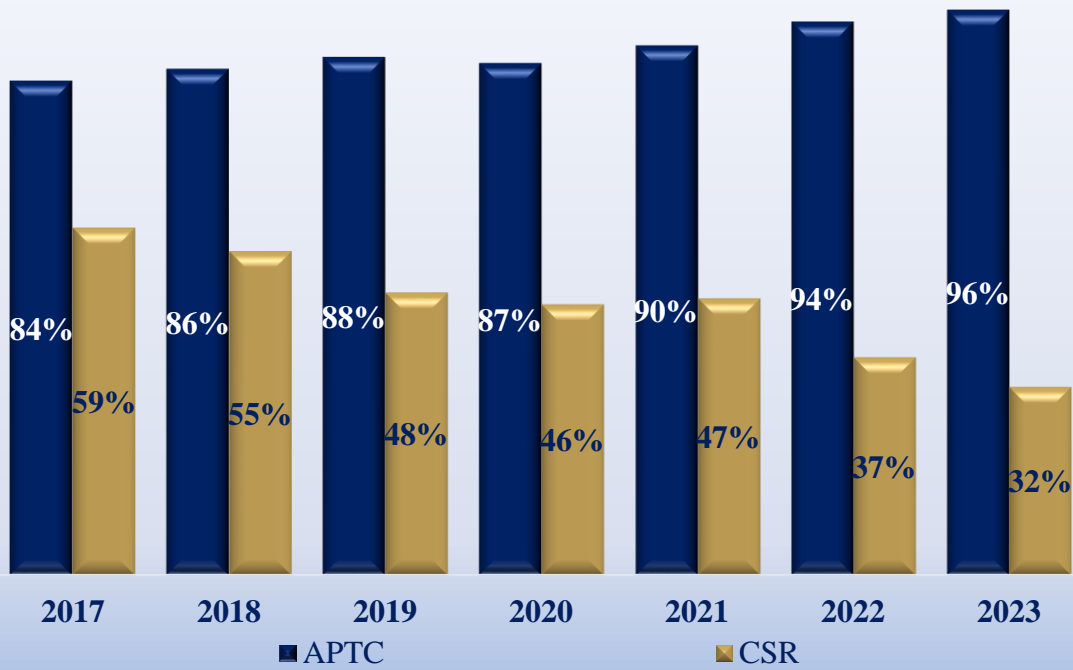
West Virginia maintains a Partnership Exchange Model keeping local control of plans, rates and consumer services while leveraging the federal call centers and technology platforms (healthcare.gov).

Open Enrollment runs each year from November 1 – December 15, with any extensions controlled by the Centers for Medicare and Medicaid Services (CMS). West Virginia continues to leverage the state navigator team and Certified Applications Counselors in the Federally Qualified Health Centers, as well as OIC Consumer Services Staff, to lead enrollment activities.

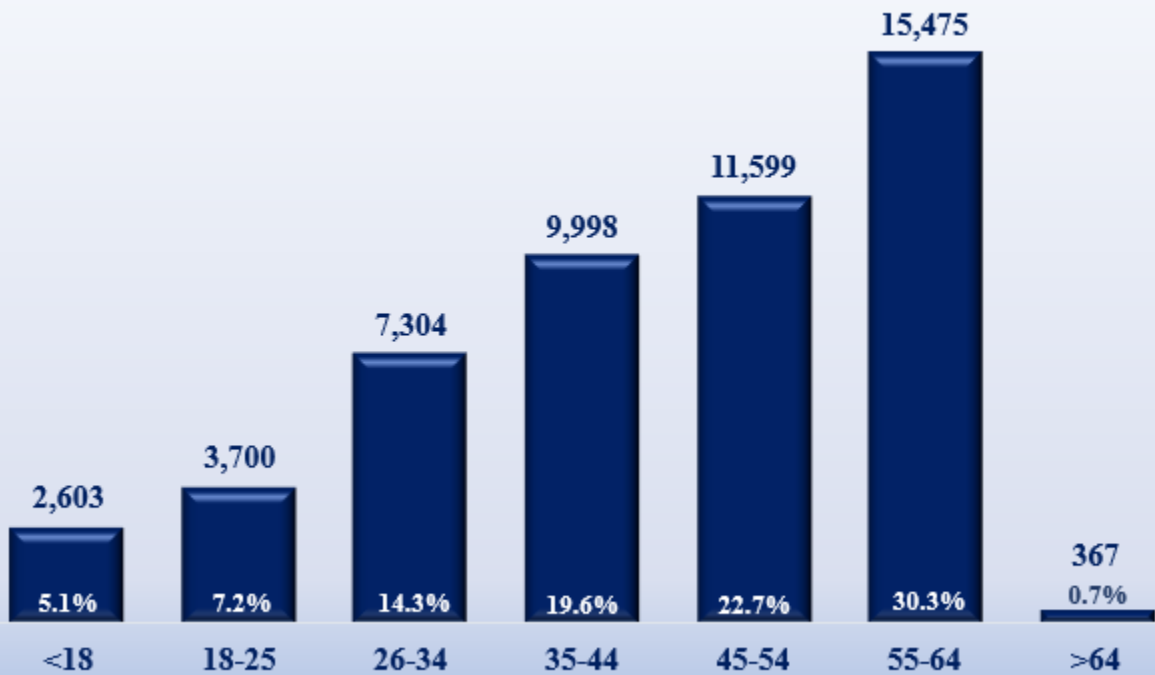
The charts below provide the total enrollment counts, ACA information pertaining to Advanced Premium Tax Credits (APTC), Cost Sharing Reduction (CSR) payments, and demographics. All participants that received CSRs also received APTCs.



ACA Credits and Reductions



2023 Enrollment by Age



PROPERTY AND CASUALTY DIVISION

The Property and Casualty Division is responsible for handling consumer assistance complaints and filings related to Property and Casualty insurance. The Division was created in 2023 by combining two existing divisions: Consumer Services and Rates and Forms. The Property and Casualty Division was created to improve processes and procedures by helping to facilitate better communication between the two departments.

CONSUMER SERVICES UNIT

The Consumer Services Unit receives consumer inquiries by mail, webmail, email, telephone, online complaint form, and public walk-ins. A complaint file is set up for each written inquiry. In 2023, a total of 1,255 open complaints were filed and 4,076 consumer assistance calls and emails were exchanged.

The Consumer Services section handled 319 third-party liability complaints during 2023. Of those, 93 were not resolved during the cure period resulting in those files being referred to the Legal Division for a determination of merit.

Below is a summary of the calendar year 2023 inquiries and complaints.

Activity Type	Total
Email and Phone Calls, Consumer Inquiry	4,076
Complaints Opened	1,255
Complaints Closed	1,238

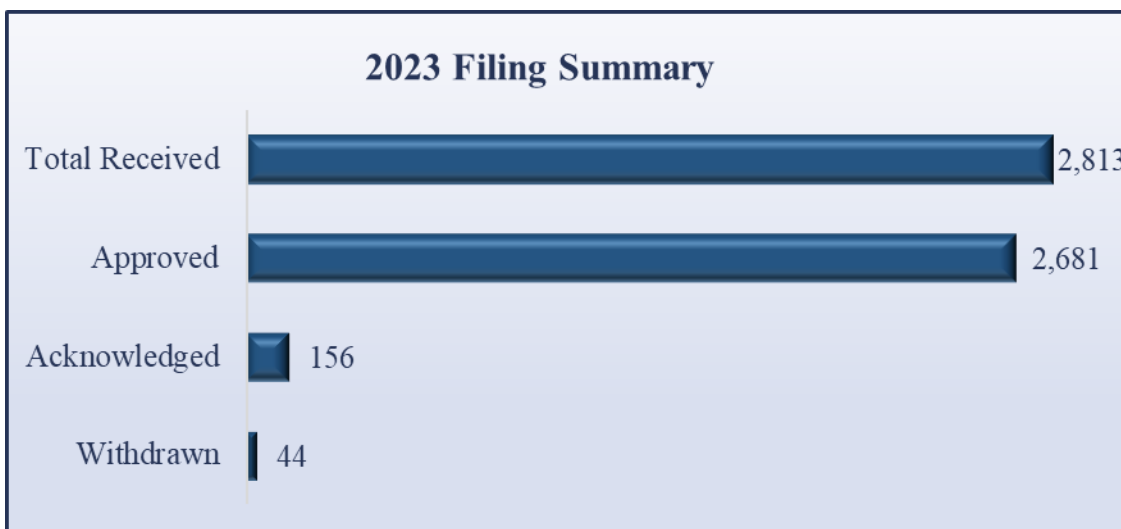
Coverage Complaint Type	Total
Private Passenger Auto	621
Homeowners	262
Workers' Compensation	169
Bail Bonds	11
All Other Property and Casualty Lines	192
Total	1,255

RATES AND FORMS UNIT

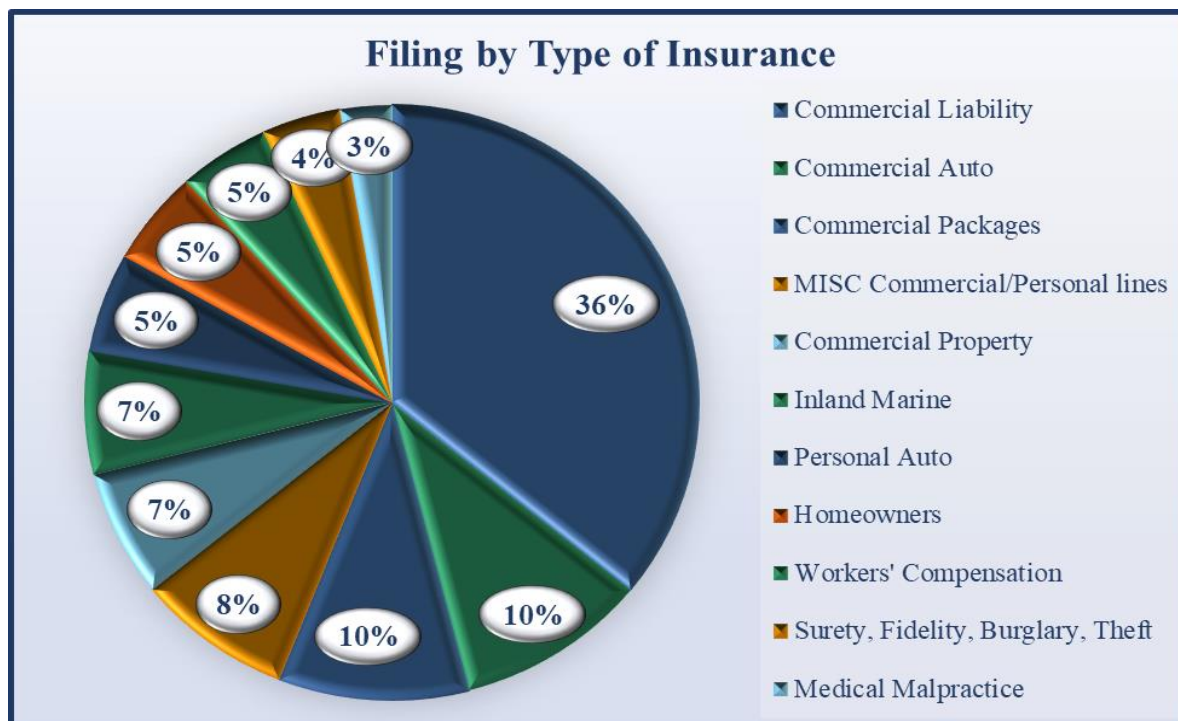
The Property and Casualty Rates and Forms Unit analyzes all rate, rule, and form filings proposed by licensed insurance companies for use in the West Virginia insurance markets. Analysts review all such filings for automobile, homeowners, motorcycle, mobile homes, umbrella, business owners, inland marine, medical malpractice, credit, and workers' compensation insurance products. Filings are submitted through the System for Electronic Rate and Form Filings (SERFF) and divided among the OIC's analysts. West Virginia is a "prior approval" state, which means policy rates, rules and forms must be approved by the West Virginia Insurance Commissioner prior to marketing plans to West Virginia consumers for most products.

Filings for noncommercial lines must be filed with the Unit no less than 60 days in advance of the desired effective date as noted in W.Va. Code §§ 33-6-8(b)(1) and 33-16B-1, and unless more information is requested from the insurance company, will be deemed approved at the end of the 60-day timeframe. Commercial lines and casualty risks must be filed with the Rates and Forms Unit as noted in W.Va. Code §33-6-8(b)(2). However, there is no OIC prior approval needed before an insurer can implement the filing. The Commissioner may act on such forms within 30 days. W.Va. Code §33-6-9(e) requires the Insurance Commissioner to disapprove a form “if the coverages provided therein are not sufficiently broad to be in the public interest.”

Below is a summary of the 2023 filings.



The majority of filings are ultimately approved. However, many filings are incomplete and regularly require additional information, data, and time to complete a comprehensive review. The rate review process can involve several parties. Consulting actuaries and opinions from the Legal Department are often relied upon before a final determination is made.



There are 346 insurers eligible to write workers' compensation insurance in West Virginia. Of the 346 carriers, 276 are writing at least one policy. At yearend 2023, 36,533 policies were written in the West Virginia voluntary market.

The West Virginia residual market had 1,923 policies as of December 31, 2023. These are policies that do not qualify for coverage in the voluntary market. The Volunteer Fire Departments makes up 391 of the policies in the residual market.

As of November 2023, there have been nineteen (19) consecutive annual workers' compensation loss cost decreases filed since the privatization in 2006. These decreases represent an overall premium savings to West Virginia employers of approximately \$466 million or 83.5% reduction from pre-reform workers' compensation levels.

Top 5 Workers' Compensation Carrier Groups by Policy Count for CY2023		
Company	Policy Count	Market Share
15762 – Brickstreet Mutual Ins. Co	8,268	22.63%
18457 – Erie Insurance Exchange	4,919	13.46%
10448 – Hartford Accident and Indemnity	4,852	13.28%
10804 – Travelers Insurance Co	3,438	9.41%
10863 – Zurich American Ins Co	1,431	3.92%

The Special Investigations Division is responsible for facilitating a cooperative approach in the detection, investigation, and prosecution of insurance fraud, as well as making the public aware of insurance fraud and providing a way to report instances of suspected insurance fraud. Further, the Special Investigations Division is tasked with investigating persons suspected of engaging in insurance fraud and referring cases with merit to the appropriate authorities for criminal prosecution.

The Special Investigations Division currently consists of twelve (12) allocated field investigative positions, four (4) field investigative supervisors (who also conduct investigations), one (1) West Virginia State Police Trooper, four (4) allocated analysts and support positions, one (1) Computer Forensic Specialist, one (1) Account/Auditor, one (1) Director of Operations and one (1) Inspector General. Field Investigators currently occupy field offices in the following cities:

- Beckley
- Charleston
- Fairmont
- Martinsburg
- Wheeling

The geographic locations of these field offices allow Special Agents to respond quickly to reports of alleged insurance fraud. It also allows Special Agents to foster relationships with federal, state and local law enforcement and prosecutors that the Special Investigations Division relies on to bring about successful prosecutions.

There are three ways in which the public and the insurance industry can report suspected insurance fraud to the Special Investigations Division:

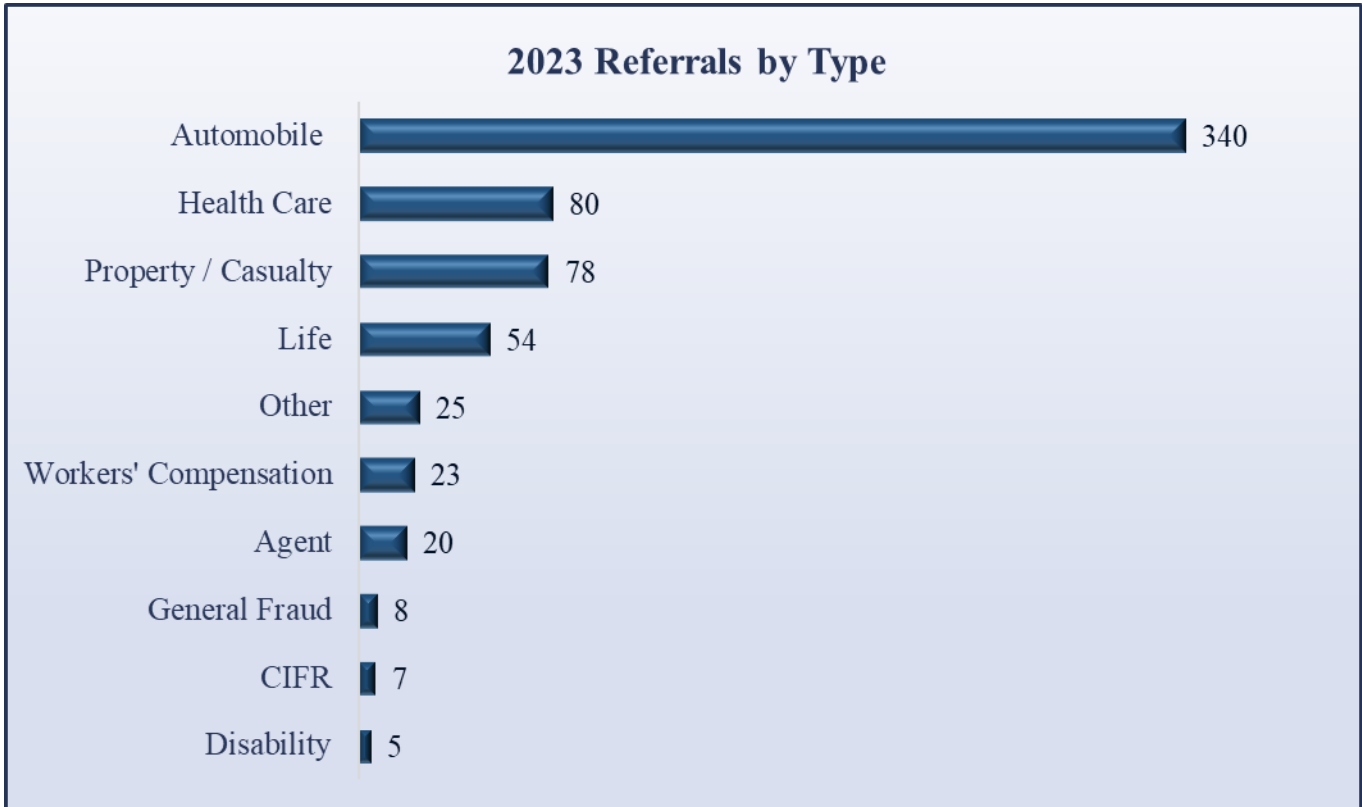
- by calling toll free at 1-800-779-6853
- online reporting at www.wvinsurance.gov
- by email OICFraud@wv.gov
- and by correspondence at P.O. Box 2901; Charleston, WV; 25301-2901

The Special Investigations Division's case management and reporting application has been recognized as one of the premier systems in the nation for its ability to manage cases, detect trends in fraud, and create investigative reports suitable for presentation to prosecutors. It has also been designed to receive referrals from the online reporting function of the National Association of Insurance Commissioners (NAIC) online reporting tool.

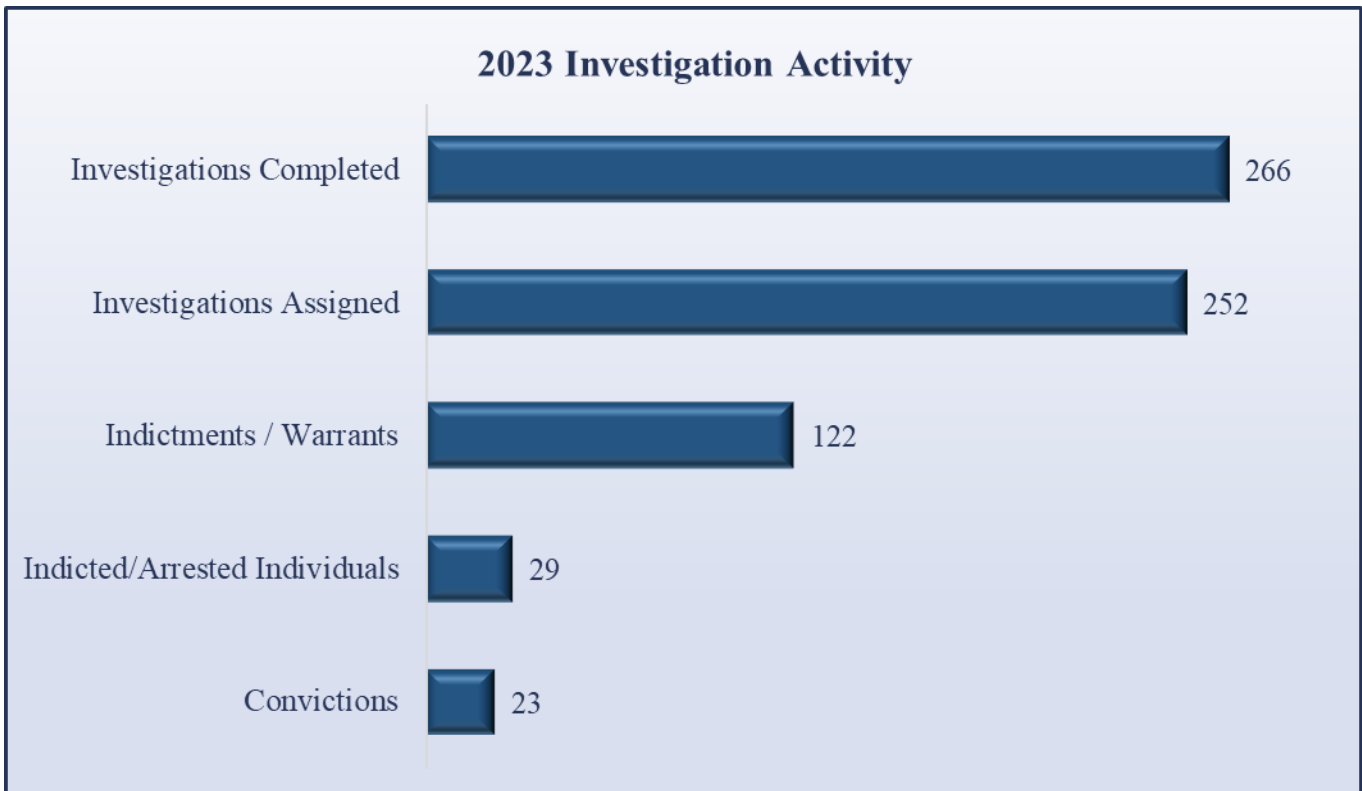
The Special Investigations Division has been proactive in its approach to educating the public and industry on what constitutes insurance fraud. Representatives from the division appear at various statewide functions, events, and meetings educating the insurance industry, public and law enforcement on what constitutes fraud, and the requirements for reporting.

The West Virginia Insurance Commission Special Investigations Division received 640 referrals or reports of suspected insurance fraud in 2023 from the insurance industry, public and law enforcement.

The following chart breaks down the referrals received:



The Special Investigations Division completed 266 field investigations with reports submitted to State and Federal Prosecutors. The Special Investigations Division also identified \$6,076,756.80 of fraudulent activity, resulting in 122 indictment/warrants issued. Twenty-nine (29) defendants were identified with twenty-three (23) convictions in State and Federal Courts.



STATE AGENCY WORKERS' COMPENSATION (SAWC) PROGRAM

As the State Agency Workers' Compensation Program (SAWC) entered its thirteenth policy year in 2023, the program has had some volatility but, in general, continues to experience a positive trend with decreased frequency and severity of claims and losses. The program currently includes ~100 agencies, boards and commissions with 900 locations across our state. It is estimated that approximately 25,000 public employees are covered under this consolidated policy.

As the plan administrator, the West Virginia Offices of the Insurance Commissioner (OIC) continually monitors and evaluates loss trends and exposures to determine if they are being properly addressed as well as makes safety recommendations to help mitigate workplace injuries. Encova Insurance Group (formerly BrickStreet Mutual Insurance Company) is the current coverage provider.

SAFETY VISIT SUMMARY

Safety visits and evaluations continue to play an important role in all aspects of the SAWC Program. During the first SAWC policy year (October 2011), all plan members were visited by a safety professional. After the initial visits to all agencies and the follow-up reports were evaluated, safety resources were focused on agencies with a higher frequency and severity of losses. The table below displays the number of agency visits performed by safety professionals over the last ten (10) years.

Policy Year	Number of Visits
2014	90
2015	93
2016	90
2017	200
2018	173
2019	161
2020	84
2021	163
2022	160
2023	175
Total	1,389

Many state agencies have already implemented safety programs or are in the process of implementing safety committees, policies, and procedures. Some notable safety initiatives that have been developed and implemented include:

- **Department of Health and Human Resources** – Workplace Violence Prevention Training, Return to Work Program, and installation of video cameras in some locations. The agency is conducting weekly employee injury meetings in an effort to prevent injuries.
- **Department of Veterans Assistance** – Workplace Violence Prevention Training and Return to Work Program.

- **Department of Military Affairs** – The Division of Corrections, Division of Juvenile Services and the Regional Jail and Correctional Facility Authority have combined resources in the past to focus on workplace and employee safety programs by forming a multi-Agency Shared Services Committee on Safety, Workplace Violence Prevention Training, and Return to Work Programs. Effective July 2018, HB 4338 merged these agencies into a single entity called the Department of Corrections and Rehabilitation (DCR). DCR now shares a centralized safety and health program and return-to-work program. DCR has hired a return-to-work coordinator and is considering expanding its safety department.
- **Division of Highways** – Slip, Trip and Fall Training, Confined Space Training, Silica Training, and additional OSHA training. DOT is also conducting additional training for safety in construction zones.

The OIC has worked extensively with SAWC Program members to develop Return to Work programs. The Return-to-Work programs have been finalized and implemented by several SAWC Program members. SAWC Program members have implemented functional Return to Work programs and continue to look for ways to improve the process for returning injured workers to the workplace. This is a critical area of success for the program and all agencies are encouraged to focus on implementing and maintaining an effective return to work program. The SAWC Program Manager is continuously monitoring the success of the program and is providing support to agencies that face challenges related to return-to-work program implementation.

SAFETY AND RETURN TO WORK INITIATIVES

Many of the SAWC Program members have welcomed the safety initiatives and have worked diligently in implementing suggestions for improvement from the safety professionals. These initiatives include:

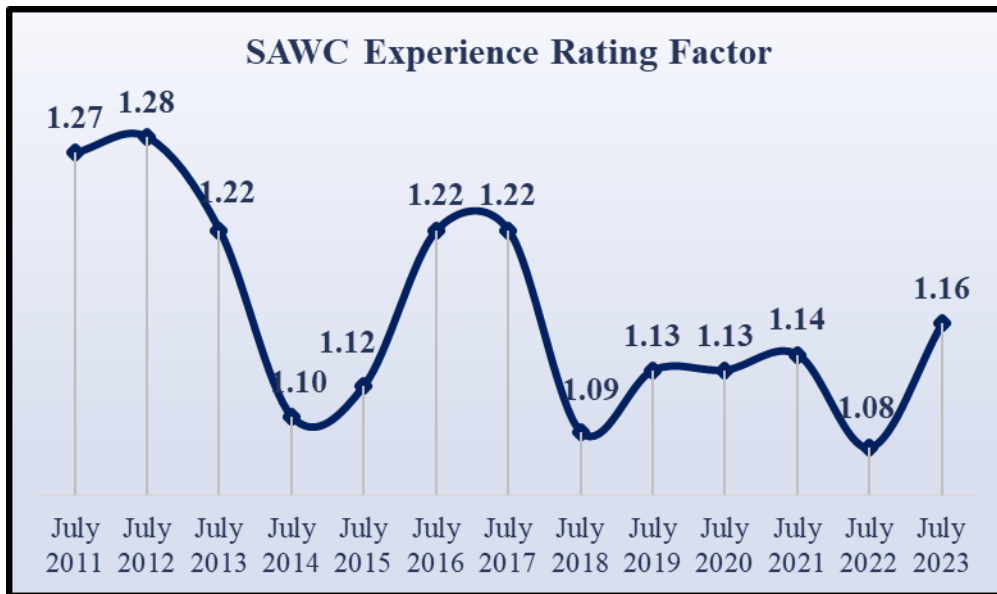
- Establishing safety committees
- Establishing transitional work assignments that provide employees the opportunity to return to work on a limited basis (Return to Work Program)
- Incident and accident investigation training
- Defensive drivers' training
- Developing Emergency Action Plans
- Workplace violence training
- Enhanced patient observation by using cameras to reduce workplace violence
- Industrial hygiene studies were completed to address noise and air quality
- Industrial hygiene survey was completed related to airborne contaminants
- BRIM and OIC site visits to agencies to discuss strategies for reducing Motor Vehicle Accidents
- COVID-19 prevention training
- Personal protective equipment training
- Hazardous material training
- Chainsaw Safety Training
- Fall Prevention Training

SAWC EXPERIENCE RATING FACTOR (EMOD)

An experience rating factor (emod) is an industry standard calculation that compares a policy’s expected losses to actual losses for a three (3) year period. An emod can increase or decrease premium based on a policy’s loss experience. If an insured has actual losses that are greater than the expected losses, a debit emod is applied to the policy. If an insured has fewer actual losses than expected losses, a credit emod is applied.

The experience is cyclical but the variability from 2018 to 2023 has less dispersion and has more consistency in the trend analysis. The OIC is monitoring the emod trends and is working with Encova to ensure the safety of all state employees is the number one priority.

The chart below shows the current and historical experience rating factor progression throughout the SAWC Program by policy year.



The aggregate policy emod is shown above and individual agency emods are actuarially calculated to allocate the premium by the risk, exposure and loss experience of each participating agency.

For the July 2023 policy, the individual agency emods summary is as follows:

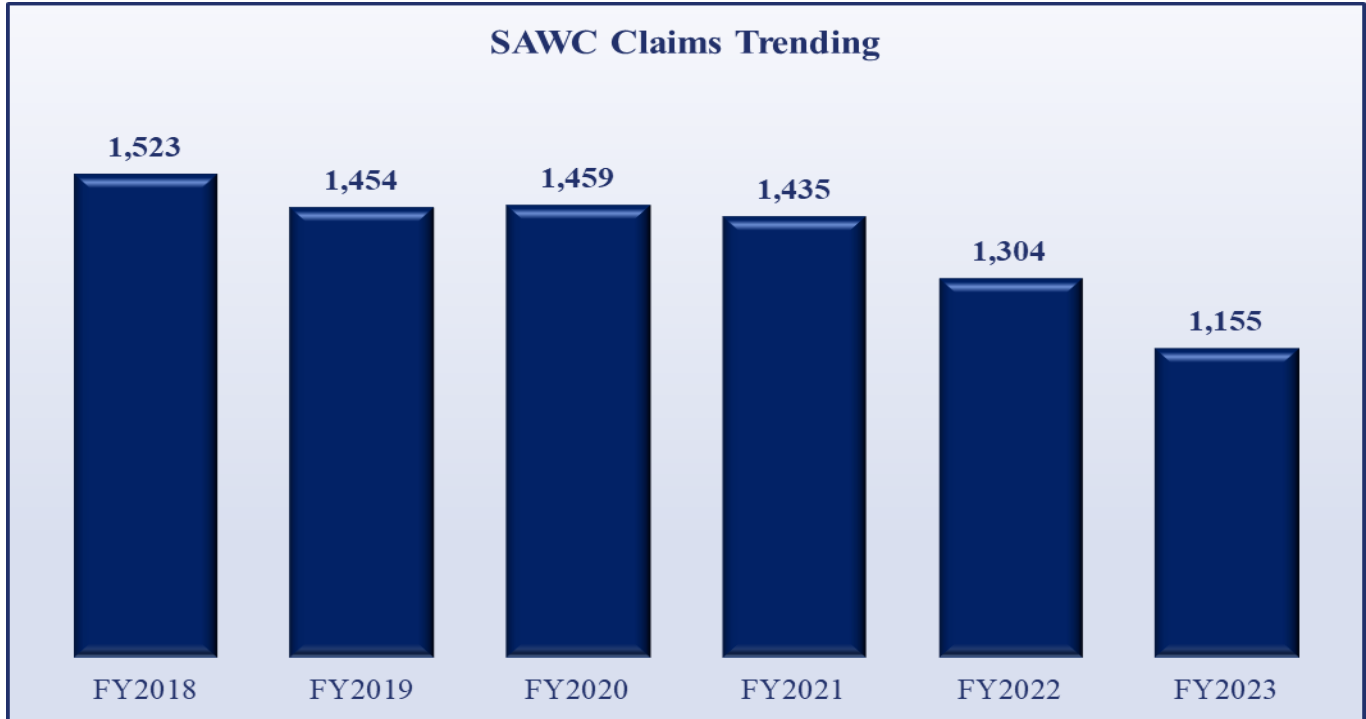
Emod Range	Agency Count
Less than 1.00	33
Equal to 1.00	52
Greater than 1.00	15

For the July 2023 policy, the agencies with the lowest emods were the Governor’s Office (0.53) and Department of Environmental Protection (0.56). The agencies with the highest emods were Mildred Mitchell Bateman Hospital (2.48), Regional Jail Authority (1.93) and Bureau of Juvenile Services (1.76).

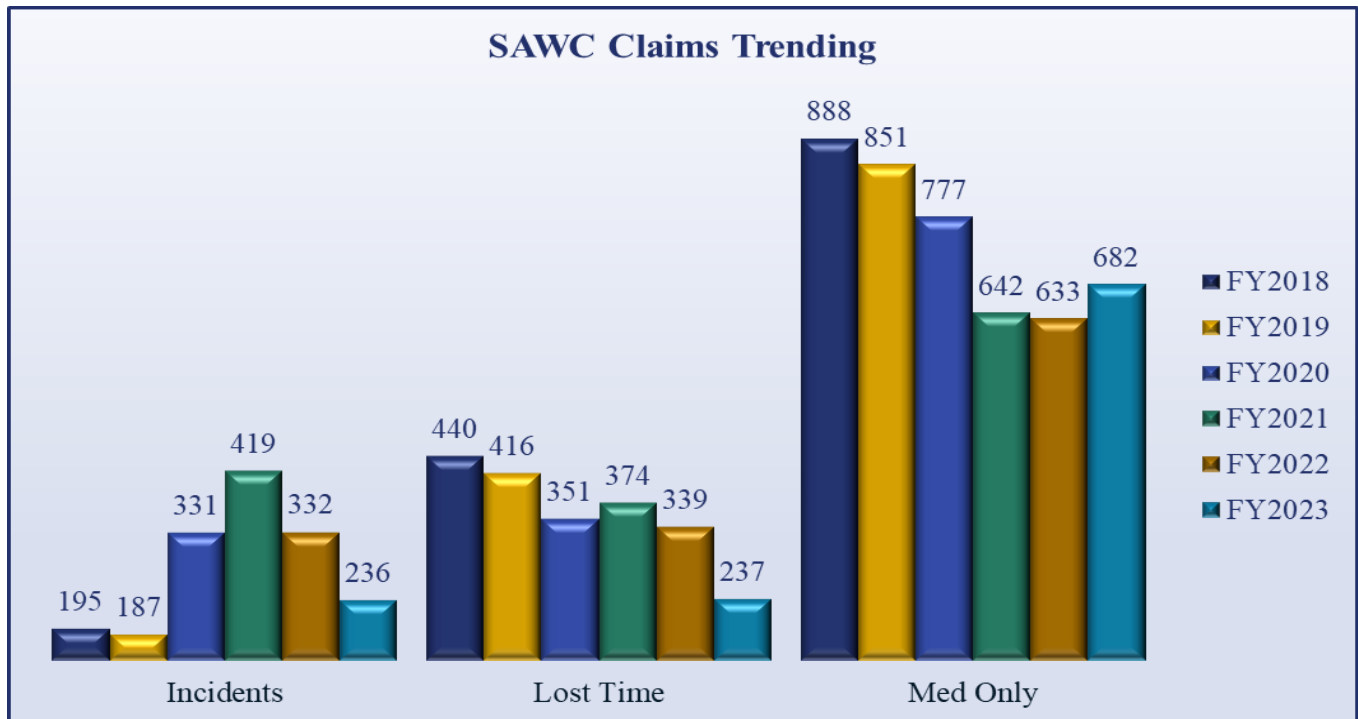
SAWC CLAIMS SUMMARY

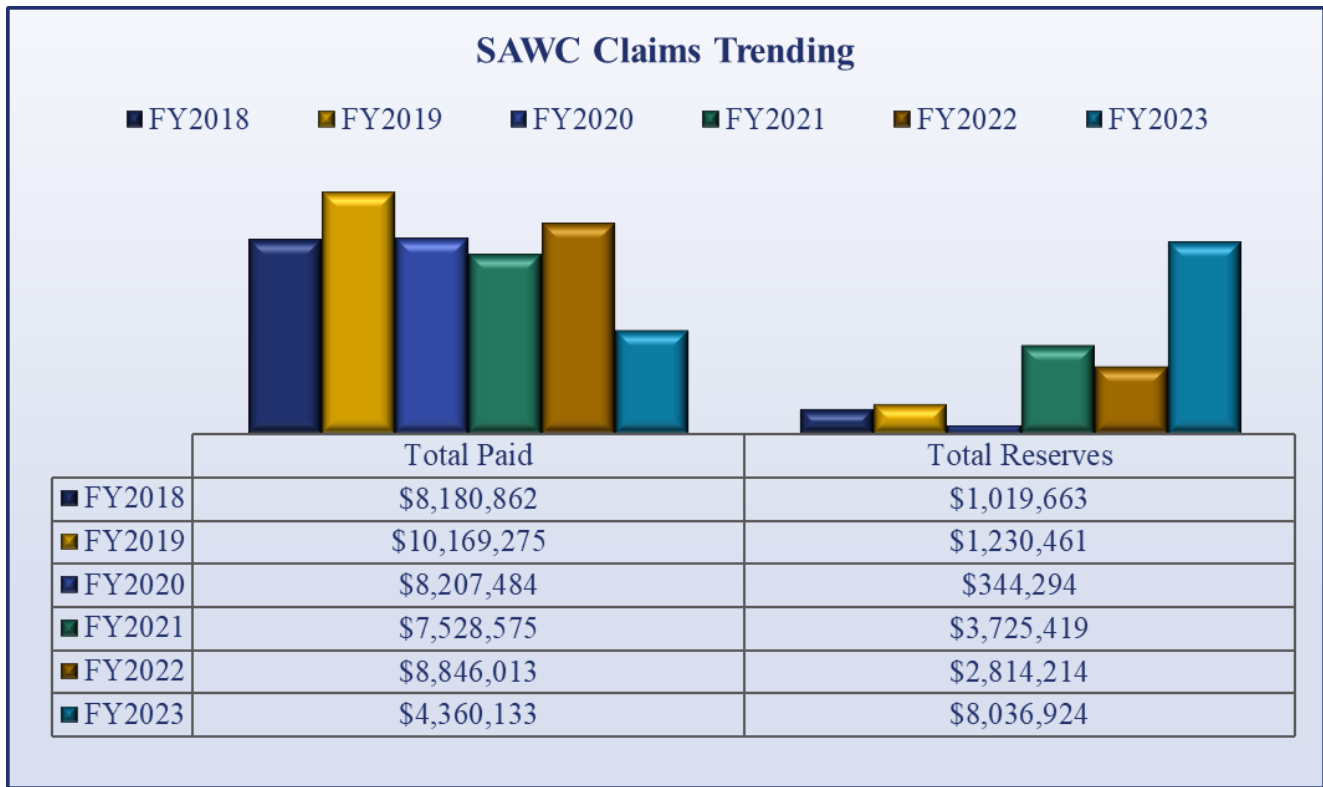
This section includes claims, losses and data analysis on Encova claims with dates of injury between July 1, 2017 through June 30, 2023.

There are a total of 8,330 claims filed with Encova for the SAWC Program.



Of the 8,330 total claims, 1,700 (20.4%) resulted in being closed with no payments (incidents); 2,157 (25.9%) are lost time requiring wage replacement benefits and 4,473 (53.7%) are medical only claims requiring medical payments but no lost wage replacements.





As indicated by the trending charts, the SAWC Program has realized decreasing or static frequency throughout the years. The frequency declined by more than 24% from FY2018 to FY2023. The severity continues to be volatile with significant fluctuations but steadily increased over the last three (3) years due to large loss claims.

The SAWC Program currently has 15 claims in excess of the \$250,000 deductible per claim limit. These 14 claims have a total incurred cost of \$14,382,624 or 22% of the aggregate costs of the entire SAWC program.

SAWC SUMMARY

The SAWC Program has a complex workforce doing tasks that at times place employees in danger. Our employees are our greatest asset, and their safety is of the utmost importance. Safety policies and procedures have been developed for employees to follow to minimize these risks. Efforts have been made in all agencies to ensure that policies and procedures are in place and are being followed by all employees to prevent workplace injuries. Accident prevention efforts have increased due to the relaxation of the previous COVID-19 restrictions in most facilities. Employee turnover in state agencies remains a challenge in implementing safety programs, initiatives, and return-to-work programs.

Major training campaigns will continue throughout 2023 and into 2024 for motor vehicle accident (MVA) prevention strategies, defensive driving training, Return-to-Work Implementation, workplace violence, sprain, and strain reduction as well as fall prevention.

The OIC has partnered with BRIM in a shared services approach to provide motor vehicle accident prevention techniques and strategies to agencies with a goal of reducing the frequency and severity of MVAs. For the FY2018 through FY2023 policies written by Encova, MVAs accounted for 310 of the total 8,330 claims or 3.7% of the overall frequency. Those 310 claims account for \$7,499,975 of the total incurred costs or 11.6% of the overall severity. One of the large loss MVA claims was a fatality with \$3.4M incurred costs.

The SAWC Program conducted the SAWC Annual Conference on October 17, 2023, at Encova Headquarters in Charleston, West Virginia. The information distributed during the conference is now available to all members of the SAWC, even those who do not attend the conference. This information, and additional Program specific information is available on the OIC's dedicated website at www.wvinsurance.gov/SAWC.

WORKERS' COMPENSATION DIVISION

The Workers' Compensation Division is responsible for the workers' compensation regulation of West Virginia employers and includes the following units:

- Claims Services Unit – manages the third-party administrator contract for the administration of the various workers' compensation claims funds, supports the Occupational Pneumoconiosis (OP) Board and regulates Electronic Data Interchange (EDI) reporting.
- Employer Coverage Unit - ensures employers are compliant with current workers' compensation laws as related to requirements for mandatory coverage.
- Revenue Recovery Unit – calculates and collects fines in addition to the costs associated with claims administered by the Uninsured Employer Fund, from uninsured employers who are out of compliance with mandatory workers' compensation coverage requirements.
- Self-Insurance Unit – regulates self-insured employers and ensures compliance with West Virginia Code as well as monitors employers who no longer self-insure but continue to administer claims incurred during their periods of self-insurance.

CLAIMS SERVICES UNIT

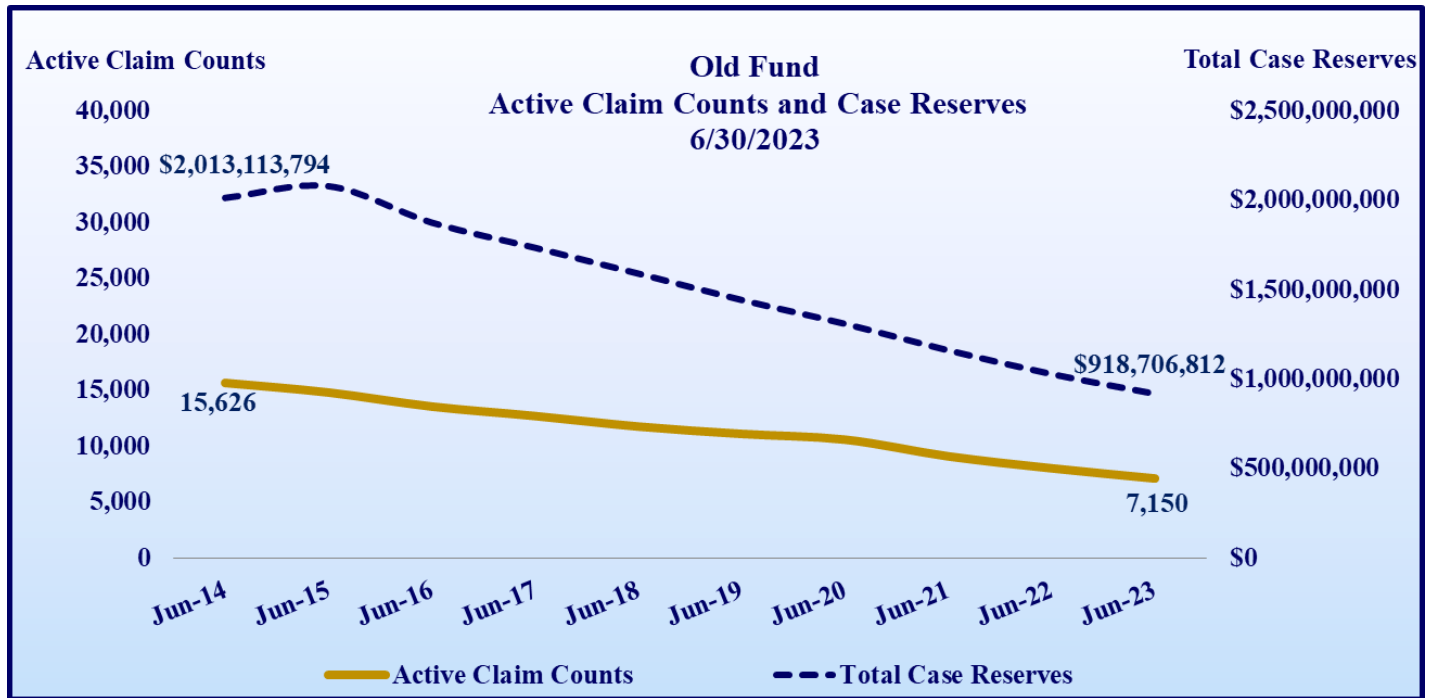
The Claims Services Unit provides oversight of the third-party administrator engaged to manage the State-run workers' compensation funds. The Old Fund consists of the legacy claim liability that existed at the time of the privatization of the State's formerly monopolistic workers' compensation program.

Effective December 1, 2021, the WV Offices of the Insurance Commissioner contracted with the third-party administrator (TPA), Sedgwick CMS, to provide administrative claim services for the Old Fund, Uninsured Employer Fund, Coal Workers' Pneumoconiosis Fund (Federal Black Lung Program), Self-Insured Guaranty Fund and Self-Insured Security Fund. The primary objectives are to ensure that claims are properly reserved and administered according to the Best Claims' Practice standards and in compliance with statutory and regulatory provisions.

The Claims Services Unit seeks to ensure proper administration of claims by performing on-going quality assurance reviews of the third-party administrator (TPA), reviewing large reserve increases or decreases and indemnity settlement approval at a threshold of \$25,000.00 or greater. The Claims Services Unit also reviews the TPA's monitoring of the eligibility status of claim beneficiaries.

Regulatory duties of the unit include maintaining the Occupational Pneumoconiosis (OP) Board docket and the Claim Index. The Claims Services Unit coordinates with the West Virginia State Auditor's Office and TPAs to establish Electronic Fund Transfers (EFTs) and US Bank Cards for injured workers or their dependents who receive benefits.

Annual active Old Fund claim counts are as follows in both graphical and data table formats:



Date	Claim Counts	Reserves
6/30/2014	15,626	\$2,013,113,794
6/30/2015	14,782	\$2,078,164,717
6/30/2016	13,534	\$1,874,692,246
6/30/2017	12,694	\$1,734,597,924
6/30/2018	11,758	\$1,590,003,891
6/30/2019	11,110	\$1,442,613,733
6/30/2020	10,597	\$1,309,223,532
6/30/2021	9,115	\$1,161,465,174
6/30/2022	8,055	\$1,028,911,343
6/30/2023	7,150	\$918,706,812

QUALITY MEDICAL CARE AND COST CONTAINMENT INITIATIVES

The TPA sub-contracts with Coventry, a managed health care plan, for the Old Fund, UEF, Guaranty and Security Fund claims. Sedgwick is utilizing the OneCall Network for efficient and cost-effective services for hearing loss claimants. In addition, Sedgwick has streamlined their drug formulary with Optum, eliminating opioids from the formulary. Advance notice of the elimination of opioids from the formulary was provided to the claimants prior to implementation. This initiative was implemented to further reduce the opioids in our book of claims and significantly reduce the potential for abuse.

OCCUPATIONAL DISEASE CLAIMS

New occupational disease claims, such as Occupational Pneumoconiosis (OP) and Hearing Loss (HL) claims with dates of last exposure prior to July 1, 2005, are submitted to the Claims Services Unit for entry and establishment of a new claim. The claim is then assigned to the TPA for administration. The State OP claims are included in the Old Fund. Two other funds may receive new claim filings: the Uninsured Employer Fund (UEF), which began accepting claims on January 1, 2006 and the Coal-Workers' Pneumoconiosis Fund (Federal Black Lung program), which accepts claims with a date of last exposure prior to January 1, 2006. The Claims Services Unit establishes these claims and assigns them to the TPA for administration.

New Claim Filings	FY2019	FY2020	FY2021	FY2022	FY2023
State OP	53	41	35	14	43
HL & OD	6	1	4	0	1
Uninsured Employer Fund	4	5	4	8	5
FBL	448	392	385	248	339

REGULATORY BOARDS

Regulatory duties of the Claims Services Unit include maintaining the Occupational Pneumoconiosis (OP) Board docket. The Claims Services Unit prepares the files, maintains the docket for the OP Board, and prepares the files for hearings before the Board of Review. In FY2022, there were 838 examinations scheduled before the OP Board and 26 fatality reviews.

Regulatory Boards	FY2019	FY2020	FY2021	FY2022	FY2023
OP Board Examinations	561	375	943	838	464
OP Board Fatal Reviews	44	30	13	26	31

CLAIMS INDEX AND ELECTRONIC DATA INTERCHANGE (EDI)

The Claims Index is a method for indexing the claims of injured workers filing for West Virginia workers' compensation benefits that will make information concerning West Virginia's injured workers available to insurers or self-insured employers, as required by the Industrial Council pursuant to W. Va. Code §23-2C-5(c)(8). The Claims Index contains basic demographic data to assist insurers in obtaining information from other insurers regarding previously filed workers' compensation claims. The data utilized to populate the Claim Index is transmitted to the OIC by insurers, third-party administrators and self-insured employers (collectively referred to as trading partners) via EDI, a consistent method of data transmission developed by the International Association of Industrial Accident Boards and Commissions through a cooperative effort between participating states (jurisdictions) and the trading partners. The Claims Services Unit reviews and approves or denies applications for access to the Workers' Compensation Claims Index, maintains updated trading partner profiles for those entities submitting data via EDI and ensures that the claim data submitted via EDI is correct, complete and updated according to the specifications set forth in the EDI Implementation Guide.

EMPLOYER COVERAGE UNIT

The Employer Coverage Unit is responsible for confirming if West Virginia businesses with employees are in compliance with current workers' compensation coverage requirements as established by W. Va. Code Chapter 23.

COMPLIANCE WITH MANDATORY WORKERS' COMPENSATION COVERAGE

Workers' compensation compliance reviews begin by extracting canceled and expired policy data provided by the National Council on Compensation Insurance (NCCI) and researching various databases to determine if coverage is required. If an employer is found to be non-compliant, the unit establishes an account to assess a fine to the employer. 593 uninsured employer fine accounts were created in calendar year 2023.

VERIFICATION OF EXEMPTION FROM MANDATORY COVERAGE

Certain employers are not required to maintain workers' compensation coverage, although they may elect to do so: an employer of domestic services, some employers in the agricultural service, an employer deemed to be a casual employer, an employer who is a church, an employer engaged in professional sports activities, a volunteer rescue squad or volunteer police auxiliary, and an employer whose employees are provided workers' compensation benefits under the Long Shoremen and Harbor Workers' Compensation Act. Employers who fall within any of these categories may request that a verification of exemption from workers' compensation coverage letter be issued by the OIC. Employer Coverage reviews such requests and issues the letters where appropriate. 110 such requests were received during calendar year 2023 and 91 verifications of exemption from workers' compensation coverage letters were issued by Employer Coverage. Employers who are confirmed to be exempted from workers' compensation coverage are entered into the NCCI POC system for compliance verification purposes.

PROOF OF COVERAGE

Employer Coverage also has the responsibility of overseeing insurer compliance within the Proof of Coverage (POC) system. Insurers that fail to report information timely as required by the POC guidelines are reported to OIC Legal for further review.

Employer Coverage assists members of the public, as well as other State agencies, with the utilization of the Proof of Coverage system, which is available on the OIC's website. Employer Coverage staff provides guidance to third party users on how to search the POC database and verify whether specific employers are maintaining the statutorily mandated workers' compensation coverage or are exempt from the requirement to maintain workers' compensation coverage. Increased usage of the POC database improves the likelihood that employers who are not in compliance will be reported to the OIC to be brought into compliance.

CY2023 Statistics	
Compliance Requests Completed	1,598
DOL Reports Investigated	94
Uninsured Employer Accounts Established	593

MANAGED HEALTH CARE PLANS

Employer Coverage also regulates managed health care plans (MHCP's) and the medical provider networks of insurance carriers, third-party administrators, and self-insured employers. These plans provide managed care to West Virginia workers whose employers participate in an approved West Virginia MHCP. Regulation of these plans includes processing new and renewal certification applications as well as reviewing and approving modifications to existing plans and ongoing medical provider networks. Nine (9) MHCP's and three (3) medical provider networks are currently certified to operate in West Virginia.

PROFESSIONAL EMPLOYER ORGANIZATION LICENSING

Professional Employer Organizations (PEO's) operate under numerous descriptive names, the most common being staff leasing companies, employee leasing companies and administrative employers. Services provided by PEO's may include, but are not limited to employee benefits, payroll, workers' compensation coverage, recruiting, training and development, and risk/safety management. Licenses are renewed annually or if not renewed, expire six months following the PEO's fiscal year-end. New applicants and renewal applicants are required to provide audited financial statements, among other documents, and must meet certain minimum financial requirements. Approximately 217 PEO's are licensed to do business in West Virginia.

REVENUE RECOVERY UNIT

The Revenue Recovery Unit is responsible for the collection of all monies due to the State for (1) past due balances related to the Old Fund, (2) expenditures from the West Virginia Uninsured Employer Fund, and (3) fines imposed upon employers who have not maintained statutorily required workers' compensation coverage.

Revenue Recovery contacts employers that have defaulted on their workers' compensation premium payments, and may take actions such as:

- Placement of employer on the Employer Violator System (EVS), and the Defaulted Employer Database.
- Compliance Posting (notice to inform employees of the employer's default on workers' compensation coverage).
- File liens (for fines and claims charges owed) against the business and its individual owners, officers, partners or members.
- Request revocation of state issued licenses.
- Seek to enjoin the employer's operations.

Revenue Recovery also works with the OIC's Regulatory Compliance (Legal) Division to enforce employer compliance with West Virginia workers' compensation laws, rules and regulations.

DEFAULT NOTIFICATIONS AND EMPLOYER CONTACT

Revenue Recovery sends written notification to all employers that are reported as not having mandatory workers' compensation insurance. During CY 2023, 1,190 such notices were sent to employers. Additionally, Revenue Recovery engaged in over 1,853 contacts by telephone with uninsured employers.

EMPLOYER VIOLATOR SYSTEM (EVS)

Revenue Recovery reviews all employers reported as out of compliance with the statutory requirement to carry workers' compensation insurance and places all confirmed uninsured employers and the individual owners, officers, partners or members of the business on the Employer Violator System (EVS). This electronic report allows other state agencies to search for and identify out of compliance businesses and the related officers, owners, partners or members when said businesses apply for other state licenses or permits. If the employer and its associated individual owners, officers, partners or members are on EVS, other agencies may not grant licenses or permits until the out of compliance status is cured and the business is appropriately insured. In CY 2023, an average of 2,500 businesses along with the individual owners, officers, partners and members were listed on EVS every month.

LIENS, INJUNCTIONS, AND REGULATORY COMPLIANCE

Liens are filed when an employer has not cured the fine or claim charges caused by uninsured periods and the lien releases are filed when amounts due to the State are paid. Revenue Recovery prepared and mailed 847 liens to West Virginia County clerks in CY 2023. The liens were placed on the businesses as well as on the individual owners, officers, partners or members of the business as listed on the West Virginia Secretary of State's website. During the same timeframe, 386 lien releases were prepared and mailed to the county clerk offices.

REVENUE RECOVERY COLLECTIONS

CY2023 Collections	
January	\$40,742.13
February	\$48,729.94
March	\$54,965.71
April	\$55,407.84
May	\$25,594.01
June	\$33,598.05
July	\$27,474.33
August	\$76,946.23
September	\$51,083.49
October	\$32,814.66
November	\$26,513.09
December	\$34,860.88
Total	\$507,730.36

SELF-INSURANCE UNIT

The Workers' Compensation Self-Insurance Unit is responsible for regulating 51 employers that currently self-insure their workers' compensation coverage in West Virginia and the approximately 100 employers that no longer self-insure but continue to administer claims incurred during their period of self-insurance.

Self-insured employers in West Virginia self-administer their claims. Ordinarily, the employer hires a third-party administrator (TPA) to manage and process claims, although a small number of employers truly self-administer through an internal claim management department or a subsidiary company. Self-administration provides the self-insured employer with a greater degree of control over the claim management process than participation in guaranty cost or deductible programs.

Regulation of the self-insured employers focuses primarily on two areas: maintenance of the risk pools and annual financial condition reviews. W. Va. Code St. R. § 85-19-1 et seq. establishes two risk pools in which the self-insured employers participate: the Security Risk Pool that covers claims with dates of injury, last exposure or death prior to July 1, 2004 (the date self-administration began) and the Guaranty Risk Pool that covers claims with dates of injury, last exposure or death on or after July 1, 2004. Active and inactive self-insured employers participate in the risk pools dependent upon each employer's exposure base since self-insured employers are joint and severally liable for defaults of other self-insured employers. The purpose of the risk pools is to provide the means to pay claims for defaulted self-insured employers without placing the burden on the taxpayers of West Virginia.

SECTION 3: INSURANCE BUSINESS IN WEST VIRGINIA

2023 WEST VIRGINIA PROPERTY AND CASUALTY SUMMARY REPORT FOR LICENSED COMPANIES

Line of Business	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
Private passenger auto physical damage	\$755,945,465	22.0%	\$719,877,168	\$511,913,590	71.1%
Other private passenger auto liability	\$714,018,295	20.8%	\$698,852,915	\$462,877,094	66.2%
Homeowners multiple peril	\$561,310,707	16.3%	\$543,161,198	\$338,664,878	62.4%
Workers' compensation	\$237,528,168	6.9%	\$239,435,347	\$119,301,699	49.8%
Commercial multiple peril (non-liability portion)	\$172,993,678	5.0%	\$164,414,493	\$100,888,640	61.4%
Other commercial auto liability	\$159,498,418	4.6%	\$155,265,413	\$86,832,049	55.9%
Other liability - occurrence	\$157,551,953	4.6%	\$144,572,534	\$87,344,180	60.4%
Inland marine	\$105,309,145	3.1%	\$99,785,135	\$28,589,420	28.7%
Commercial multiple peril (liability portion)	\$86,870,216	2.5%	\$85,193,410	\$40,869,692	48.0%
Fire	\$66,604,334	1.9%	\$61,582,340	\$22,464,029	36.5%
Commercial auto physical damage	\$66,016,429	1.9%	\$62,746,454	\$39,603,059	63.1%
Other liability - claims-made	\$52,736,420	1.5%	\$53,033,144	\$40,775,558	76.9%
Surety	\$52,703,785	1.5%	\$51,925,320	\$4,629,476	8.9%
Allied lines	\$50,427,012	1.5%	\$46,227,338	\$13,034,937	28.2%
Medical professional liability - claims-made	\$35,601,446	1.0%	\$33,426,422	(\$1,584,172)	(4.7%)
Farmowners multiple peril	\$20,742,947	0.6%	\$20,069,047	\$9,111,785	45.4%
Other Health	\$17,867,782	0.5%	\$18,050,000	\$13,546,943	75.1%
Mortgage guaranty	\$17,214,968	0.5%	\$17,690,149	(\$851,250)	(4.8%)
Boiler and machinery	\$13,866,056	0.4%	\$11,838,227	\$13,386,478	113.1%
Federal flood	\$10,629,696	0.3%	\$10,386,170	\$1,165,790	11.2%
Comprehensive (Hospital and Medical) Group	\$8,715,512	0.3%	\$8,758,302	\$15,028,679	171.6%
Medical professional liability - occurrence	\$7,718,614	0.2%	\$8,166,222	\$2,339,373	28.6%
Credit	\$6,834,642	0.2%	\$7,429,155	\$3,903,191	52.5%

Line of Business	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Losses Incurred	Pure Direct Loss Ratio
Products liability - occurrence	\$6,635,641	0.2%	\$6,754,734	(\$4,272,824)	(63.3%)
Medicare Supplement	\$6,138,906	0.2%	\$6,141,615	\$5,396,987	87.9%
Excess workers' compensation	\$6,060,194	0.2%	\$5,795,175	\$1,781,124	30.7%
Aircraft (all perils)	\$5,065,179	0.1%	\$5,508,049	(\$925,683)	(16.8%)
Warranty	\$4,748,538	0.1%	\$4,137,058	\$3,077,214	74.4%
Ocean marine	\$4,653,956	0.1%	\$4,511,154	\$167,449	3.7%
Multiple peril crop	\$4,344,575	0.1%	\$4,406,767	\$3,274,377	74.3%
Fidelity	\$3,893,393	0.1%	\$3,904,170	\$1,759,272	45.1%
Aggregate write-ins for other lines of business	\$3,253,310	0.1%	\$3,276,736	\$747,824	22.8%
Financial guaranty	\$3,145,348	0.1%	\$195,939	\$0	0.0%
Private flood	\$2,957,318	0.1%	\$2,958,771	\$362,555	12.3%
Earthquake	\$2,467,175	0.1%	\$1,405,656	(\$26,666)	(1.9%)
Long-Term Care	\$1,446,255	0.0%	\$1,432,103	\$1,961,194	136.9%
Burglary and theft	\$937,978	0.0%	\$865,111	\$137,166	15.9%
Disability Income	\$670,259	0.0%	\$675,551	\$132,054	19.5%
Products liability - claims-made	\$272,614	0.0%	\$174,100	\$1,726,081	991.4%
Dental Only	\$54,521	0.0%	\$54,613	\$22,609	41.4%
Commercial auto no-fault (personal injury protection)	\$27,200	0.0%	\$27,970	(\$20,317)	(72.6%)
Private crop	\$15,465	0.0%	\$15,465	\$2,601	16.8%
Vision Only	\$16,470	0.0%	\$16,508	(\$249)	(1.5%)
Credit A&H (group and individual)	\$671	0.0%	\$671	(\$472)	(70.3%)
International	\$1,050	0.0%	\$1,026	\$487	47.5%

WV Totals for all Property and Casualty Business \$3,435,511,704 100.0% \$3,314,144,845 \$1,969,137,901 59.4%

2023 WEST VIRGINIA LIFE SUMMARY REPORT FOR LICENSED COMPANIES

Line of Business	Direct Premiums Written	Market Share	Direct Losses Paid	Pure Direct Loss Ratio*
All Other A&H	\$4,081,178,194	69.7%	\$291,178,009	7.1%
Individual Life (Total Life and Annuity Considerations)	\$1,047,169,069	17.9%	\$488,975,293	46.7%
Other Health A&H	\$247,926,187	4.2%	\$158,961,492	64.1%
Group Life (Total Life and Annuity Considerations)	\$193,243,846	3.3%	\$256,277,785	132.6%
Group A&H	\$149,200,050	2.5%	\$159,813,149	107.1%
Medicare Title XVIII	\$115,489,663	2.0%	\$94,235,522	81.6%
Federal Employee Health Benefit Program	\$11,879,635	0.2%	\$7,695,825	64.8%
Credit Life (Total Life and Annuity Considerations)	\$6,769,976	0.1%	\$2,387,686	35.3%
Credit A&H	\$4,145,576	0.1%	\$1,932,689	46.6%
Industrial Life (Total Life and Annuity Considerations)	\$97,008	0.0%	\$1,473,600	1519.0%

WV Totals for all Life Business \$5,857,099,204 100.0% \$1,462,931,050 25.0%

* Pure Direct Loss Ratio is generally calculated by dividing direct losses incurred by earned premium. This summary uses direct losses paid divided by written premium due to reporting constraints from the NAIC.

2023 WEST VIRGINIA ACCIDENT AND HEALTH SUMMARY REPORT FOR LICENSED COMPANIES

Line of Business*	Direct Premiums Written	Market Share	Direct Premiums Earned	Direct Claims Incurred	Pure Direct Loss Ratio
Title XVIII Medicare	\$2,964,073,062	41.93%	\$2,959,967,232	\$2,605,910,732	88.04%
Title XIX Medicaid	\$2,292,640,397	32.43%	\$2,314,334,585	\$1,925,920,256	83.22%
Group Comprehensive	\$660,642,551	9.35%	\$660,418,981	\$605,213,907	91.64%
Federal Employees Health	\$549,273,195	7.77%	\$562,989,550	\$536,048,407	95.21%
Individual Comprehensive	\$444,727,951	6.29%	\$444,752,616	\$351,659,568	79.07%
Other Health	\$69,129,298	0.98%	\$70,135,628	\$50,336,849	71.77%
Dental Only	\$37,312,553	0.53%	\$37,251,996	\$25,016,564	67.16%
Medicare Supplement	\$37,164,970	0.53%	\$37,169,568	\$31,647,778	85.14%
Vision Only	\$13,728,835	0.19%	\$13,728,476	\$11,648,526	84.85%
Disability Income	\$1,213	0%	\$1,225	\$10,430	851.43%

WV Totals for all A&H Business \$7,068,694,025 100% \$7,100,749,857 \$6,143,413,017 86.52%

* Long Term Care and Medicare Supplement lines of insurance are removed from the analysis due to reporting constraints from the NAIC.