



CY2024 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

February 21, 2025

The Honorable Patrick Morrisey
Governor of the State of West Virginia
State Capitol
Charleston, WV 25305

Dear Governor Morrisey:

The Annual Report of the Insurance Commissioner of the state of West Virginia for the calendar year 2024 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 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 2024 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 \$241.7 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 W. Va. Code §23-5-11a.
- The **Office of Consumer Advocacy** assisted consumers with first- and third-party complaints which yielded financial awards totaling \$165,994.24 in 2024. The Office of Consumer Advocacy also participated in the review of 34 Certificate of Need applications.
- The **Financial Accounting Division** is responsible for the preparation of the agency's financial statements. In 2024, the Division received its nineteenth consecutive unmodified or "clean" opinion on the audited financial statements. The Financial 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 2024, the Financial Accounting Division collected \$391,775,435 in revenues and issued \$217,766,311 in disbursements and provided fiscal oversight for \$1.2 billion in assets. The Division includes the Tax Unit which collects premium taxes and surcharges for approximately 3,667 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 2,973 separate insurance entities transacting business in West Virginia during 2024.
- 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 2024, the Division received 819 referrals to the Regulatory Compliance Unit which resulted in 235 orders issued totaling \$2,301,191 in fines, 34 hearings scheduled, and 8 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 2024, the unit conducted forty-one (41) level one and eighteen (18) level two analysis reviews of licensed companies relating to compliance. Forty-seven (47) Signed Orders were entered by the Insurance Commissioner with assessed penalties totaling \$158,615.00 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 239,000 licensees transacting insurance business in West Virginia. In 2024, over 401,000 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. The division monitors both professional bail bonds and surety bail bond license holders. The OIC has implemented the new bail bond exam as required.
- The **Life and Health Division** is responsible for establishing policies and procedures, analyzing filings, and examining complaints related to the regulation of Life and Health insurance.
- The **Occupational Pneumoconiosis (OP) Board** is responsible for determining pulmonary impairment ratings of occupational pneumoconiosis (black lung) based on medical evidence for any person filing a claim for OP benefits.
- The **Property and Casualty Division** handles inquiries and complaints from our consumers about their automobile, homeowners and other property and casualty lines of insurance. The Division also reviews and makes dispositions on proposed rates and forms for all regulated property and casualty lines of insurance in West Virginia.
- 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 2024, the Division received a total of 822 insurance fraud referrals from the insurance industry, public and law enforcement. The Special Investigations Division completed 268 field investigations, identified \$6.8M of fraudulent activity resulting in 76 indictments and warrants issued.
- The **State Agency Workers' Compensation (SAWC) Program** is a group insurance policy that provides workers' compensation coverage for approximately 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.

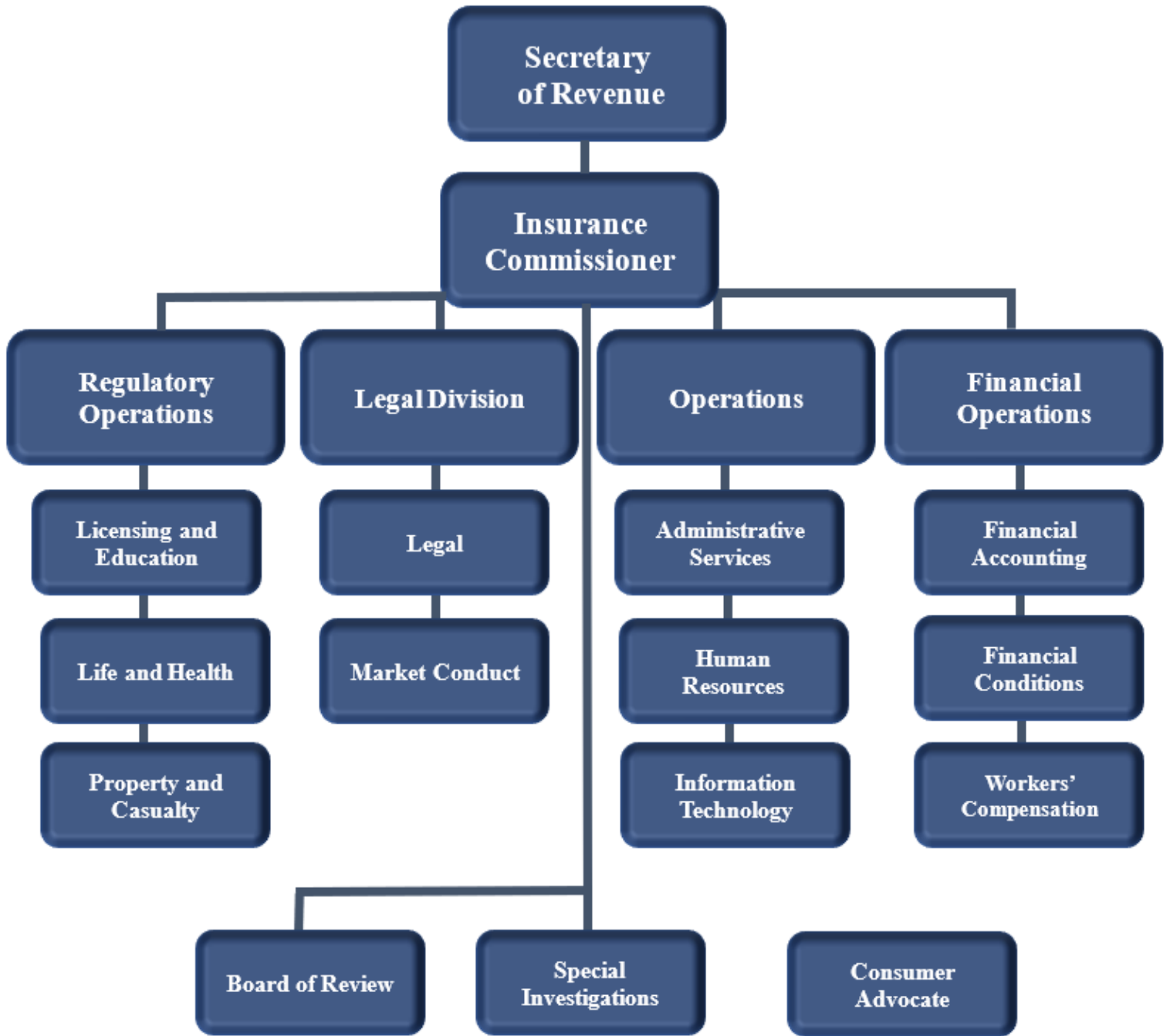
- The **Self-Insurance Unit** is responsible for regulating 49 employers that currently self-insure their workers' compensation coverage in West Virginia and approximately 100 employers who no longer self-insure but continue to administer claims incurred during their periods of self-insurance. One company was approved for self-insured status in calendar year 2024.

TABLE OF CONTENTS

Executive Summary	1
Table of Contents	4
Section 1: General	5
Organizational Chart	5
West Virginia Insurance Commissioners	6
Financial Information	7
Section 2: Division Reports	14
Board of Review (Workers' Compensation)	14
Consumer Advocate Division	15
Financial Accounting Division	17
Financial Conditions Division	19
Legal Division	20
Market Conduct Unit	25
Licensing and Education Division	26
Life and Health Division	28
Consumer Services Unit	28
Health Policy Unit	29
Rates and Forms Unit	31
Patient Protection and Affordable Care Act Health Insurance Marketplace	32
Occupational Pneumoconiosis Board	33
Property and Casualty Division	34
Consumer Services Unit	34
Rates and Forms Unit	34
Special Investigations Division - Office of Inspector General	37
State Agency Workers' Compensation (SAWC) Program	39
Workers' Compensation Division	44
Claims Services Unit	44
Employer Coverage Unit	47
Revenue Recovery Unit	49
Self-Insurance Unit	50

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 2020	FY 2021	FY 2022	FY 2023	FY2024
GENERAL REVENUE					
INSURER EXAMINATION ASSESSMENT FEE	\$561,500	\$563,629	\$617,811	\$596,871	\$575,634
PENALTY FEE	\$368,470	\$196,667	\$894,283	\$1,069,667	\$858,989
TOTAL FOR GENERAL REVENUE	\$929,970	\$760,296	\$1,512,094	\$1,666,538	\$1,434,623
SPECIAL REVENUE					
INSURANCE TAX FUND	\$129,116,290	\$117,465,268	\$134,752,448	\$134,348,212	\$142,885,013
INSURER EXAMINATION ASSESSMENT FEES	\$1,025,235	\$975,800	\$1,042,300	\$998,200	\$952,700
FEES & CHARGES	\$36,137,323	\$36,749,322	\$36,906,012	\$39,683,096	\$38,416,832
FIRE MARSHAL	\$2,184,470	\$2,201,978	\$2,317,662	\$2,471,066	\$2,686,989
MUN. PENSION & PROTECTION FUND	\$31,602,509	\$27,602,477	\$32,985,428	\$35,945,430	\$38,163,430
VOL. FIREMEN & TEACHERS RETIREMENT	\$14,738,860	\$12,888,827	\$15,297,811	\$16,326,620	\$17,217,551*
WC DEBT REDUCTION SURCHARGE	\$5,788,663	(\$1,546,854)	(\$291,470)	(\$1,671,490)	(\$99,071)
TOTAL FOR SPECIAL REVENUE	\$220,593,350	\$196,336,818	\$223,010,191	\$228,101,134	\$240,223,444
GRAND TOTAL COLLECTED	\$221,523,320	\$197,097,114	\$224,522,285	\$229,767,672	\$241,658,067

* During FY 2024, there was an additional \$12,000,000 received in the Fire Protection Fund in addition to the revenue collected by the Offices of the Insurance Commissioner reported above. There was \$6,000,000 received in August 2023 per SB 1022 and \$6,000,000 in June 2024 per HB 5128, which was transferred to the Fire Protection Fund 1315 in August 2023 and June 2024, respectively. The above amount for FY 2024 does not include this additional revenue.

**APPROPRIATED EXPENDITURE SCHEDULE
EXAMINATION FUND 7150
FISCAL YEAR 2024
JULY 1, 2023 - JUNE 30, 2024**

APPROPRIATED

Personal Services	564,203	
Increment	11,212	
Employee Benefits	196,366	
Other Expenses	<u>1,461,290</u>	
		<u>\$2,233,071</u>

ACTUAL EXPENDITURES

Personal Services	144,835	
Increment	2,040	
Employee Benefits	41,435	
Other Expenses	<u>1,352,272</u>	
TOTAL EXPENDITURES		1,540,582

APPROPRIATION BALANCE

Personal Services	419,368	
Increment	9,172	
Employee Benefits	154,931	
Other Expenses	<u>109,018</u>	
TOTAL FUNDS REMAINING		<u>692,489</u>
		<u>\$2,233,071</u>

**APPROPRIATED EXPENDITURE SCHEDULE
 CONSUMER ADVOCATE FUND 7151
 FISCAL YEAR 2024
 JULY 1, 2023 - JUNE 30, 2024**

APPROPRIATED

Personal Services	420,153	
Increment	9,600	
Employee Benefits	162,511	
Other Expenses	<u>265,702</u>	
		<u>\$857,966</u>

ACTUAL EXPENDITURES

Personal Services	209,323	
Increment	3,960	
Employee Benefits	73,851	
Other Expenses	<u>38,207</u>	
TOTAL EXPENDITURES		325,341

APPROPRIATION BALANCE

Personal Services	210,830	
Increment	5,640	
Employee Benefits	88,660	
Other Expenses	<u>227,495</u>	
TOTAL FUNDS REMAINING		<u>532,625</u>
		<u>\$857,966</u>

**APPROPRIATED EXPENDITURE SCHEDULE
INSURANCE COMMISSION FUND 7152
FISCAL YEAR 2024
JULY 1, 2023 - JUNE 30, 2024**

APPROPRIATED

Personal Services	17,233,213	
Increment	506,922	
Employee Benefits	7,470,958	
Other Expenses	<u>10,960,273</u>	
		<u>\$36,171,366</u>

ACTUAL EXPENDITURES

Personal Services	9,999,571	
Increment	321,276	
Employee Benefits	3,184,386	
Other Expenses	<u>6,945,088</u>	
TOTAL EXPENDITURES		20,450,321

APPROPRIATION BALANCE

Personal Services	7,233,642	
Increment	185,646	
Employee Benefits	4,286,572	
Other Expenses	<u>4,015,185</u>	
TOTAL FUNDS REMAINING		<u>15,721,045</u>
		<u>\$36,171,366</u>



Basic Financial Statements

To view the OIC's FY2024 Financial Statements in their entirety, as well as access prior years' Financial Statements, please refer to the [OIC website](#).

West Virginia Offices of the Insurance Commissioner

Statement of Net Position

June 30, 2024 (In Thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 53,762	\$ 1,160,553	\$ 1,214,315
Receivables, net:			
Statutory allocations	-	5	5
Assessments	290	98	388
Employer surcharge	3,327	-	3,327
Premiums	-	10	10
Other	34	615	649
Prepaid assets	270	1,416	1,686
Loss reserve fund	-	12,411	12,411
Total current assets	<u>57,683</u>	<u>1,175,108</u>	<u>1,232,791</u>
NONCURRENT ASSETS			
Other receivables	80	-	80
Net pension asset, restricted	26	-	26
Net OPEB asset, restricted	255	-	255
Capital assets, net	143	-	143
Lease assets-building, net	209	-	209
SBITA assets, net	1,185	-	1,185
Total noncurrent assets	<u>1,898</u>	<u>-</u>	<u>1,898</u>
Total assets	<u>59,581</u>	<u>1,175,108</u>	<u>1,234,689</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,538	-	1,538
Deferred outflows related to OPEB	101	-	101
Total deferred outflows of resources	<u>1,639</u>	<u>-</u>	<u>1,639</u>
Total assets and deferred outflows of resources	<u>61,220</u>	<u>1,175,108</u>	<u>1,236,328</u>
LIABILITIES			
CURRENT LIABILITIES			
Estimated liability for unpaid claims and claim Adjustment expense	-	112,000	112,000
Compensated absences	436	-	436
Accrued expenses and other liabilities	423	260	683
Short term lease liability	104	-	104
Short term SBITA liability	209	-	209
SBITA interest payable	6	-	6
Total current liabilities	<u>1,178</u>	<u>112,260</u>	<u>113,438</u>
NONCURRENT LIABILITIES			
Estimated liability for unpaid claims and claim Adjustment expense	-	902,800	902,800
Compensated absences	456	-	456
Long term Lease liability	116	-	116
Long term SBITA liability	305	-	305
Total noncurrent liabilities	<u>877</u>	<u>902,800</u>	<u>903,677</u>
Total liabilities	<u>2,055</u>	<u>1,015,060</u>	<u>1,017,115</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	13	-	13
Deferred inflows related to OPEB	546	-	546
Total deferred inflows of resources	<u>559</u>	<u>-</u>	<u>559</u>
Total liabilities and deferred inflows of resources	<u>2,614</u>	<u>1,015,060</u>	<u>1,017,674</u>
NET POSITION			
Invested in capital, lease, and SBITA assets, net of related debt	797	-	797
Restricted for:			
Bail bondsmen	110	-	110
Pension and OPEB	281	-	281
WC old fund	-	33,602	33,602
Coal workers' pneumoconiosis	-	38,766	38,766
Uninsured fund	-	16,556	16,556
Self-insured funds	-	59,312	59,312
State entities workers' compensation Program fund	-	11,812	11,812
Unrestricted	57,418	-	57,418
Total net position	<u>\$ 58,606</u>	<u>\$ 160,048</u>	<u>\$ 218,654</u>

The Notes to Financial Statements are an integral part of this statement.

West Virginia Offices of the Insurance Commissioner

Statement of Activities For the Year Ended June 30, 2024 (In Thousands)

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses and Claims Provisions	Charges for Services	Governmental Activities	Business-Type Activities	Totals
Primary Government					
Governmental activities					
General government	\$ 20,205	\$ 40,730	\$ 20,525	\$ -	\$ 20,525
Depreciation, unallocated	18	-	(18)	-	(18)
Lease amortization, unallocated	654	-	(654)	-	(654)
Total governmental activities	20,877	40,730	19,853	-	19,853
Business-type activities					
Workers' compensation	72,545	944	-	(71,601)	(71,601)
State entities workers' compensation program fund	7,549	9,429	-	1,880	1,880
Total business-type activities	80,094	10,373	-	(69,721)	(69,721)
Total primary government	\$ 100,971	\$ 51,103	19,853	(69,721)	(49,868)
General revenues:					
Investment earnings			33	105,070	105,103
Severance tax			-	10	10
Total general revenues			33	105,080	105,113
Change in net position before on behalf payments					
			19,886	35,359	55,245
Payments on behalf of the WVOIC					
			(184)	-	(184)
Change in net position					
			19,702	35,359	55,061
Net position, beginning of year					
			38,904	124,689	163,593
Net position, end of Year					
			\$ 58,606	\$ 160,048	\$ 218,654

SECTION 2: DIVISION REPORTS

BOARD OF REVIEW (WORKERS' COMPENSATION)

The statutory role of the Workers' Compensation Board of Review is set forth in W. Va. Code §§23-5-9a and 23-5-11a. W. Va. 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 W. Va. Code §23-5-11a, the Board is composed of five attorneys who are appointed by the Governor. The Board is in the process of moving to 112 California Avenue. In 2024, the Board made the necessary decisions and arrangements for the move in addition to maintaining the day-to-day operations of the office.

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 W. Va. Code §23-5-12a.

CONSUMER ADVOCATE DIVISION

In 2024, 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 2024, the efforts of the Office of the Consumer Advocate on behalf of West Virginia insurance consumers included:

- Yielded financial awards totaling \$165,994.24, which went directly into the pocket of the consumer.
- Reviewed 34 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 2024, the Office of the Consumer Advocate provided formal representation to insurance consumers in forty-nine (49) consumer complaints before the West Virginia Offices of the Insurance Commissioner.

FIRST PARTY COMPLAINTS

The Office of the Consumer Advocate worked nineteen (19) first party cases in 2024. The results of said cases are as follows:

- A total of \$28,360.24 was awarded directly to West Virginia consumers in the form of settlements in four (4) of the consumer complaints.
- In two (2) consumer complaint cases, the consumers retained private counsel.
- In ten (10) consumer complaint cases, the consumer failed or declined to request representation.
- In three (3) consumer complaint cases, the consumer opted to withdraw the complaint.

THIRD PARTY COMPLAINTS

The Office of the Consumer Advocate worked twenty-nine (29) third party cases in 2024. The results of said cases are as follows:

- A total of \$136,654.77 was awarded directly to West Virginia consumers in the form of settlements in seven (7) of the consumer complaints.
- In thirteen (13) consumer complaint cases, the consumers retained private counsel.
- In four (4) consumer complaint cases, the consumer failed or declined to request representation.
- In three (3) consumer complaint cases, the consumer opted to withdraw the complaint.
- One (1) consumer complaint case is still pending.
- One (1) consumer complaint case went to a full hearing and the Hearing Examiner found Unfair Trade Practice Act (UTPA) violations.

APPEALS TO THE INTERMEDIATE COURT OF APPEALS

The Office of Consumer Advocate represented one (1) consumer in a case appealed to the West Virginia Intermediate Court of Appeals in 2024. The results of said case are as follows:

- A total of \$979.23 was awarded directly to the consumer in the form of a settlement.

CERTIFICATE OF NEED REVIEWS

In 2024, the Office of the Consumer Advocate participated in the review of 34 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 2024

- Received a nineteenth consecutive unmodified or “clean” opinion on the OIC’s financial statements.
- Performed year end work on an interim basis when possible 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 \$1,177,982 for underpayment of taxes and \$213,654 in penalties and interest in 2024 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.

2024 TOTAL CORPORATE AMENDMENTS	
Modifications/Address Changes	138
Amended By-Laws/Articles	101
New Applications	76
Withdrawal/Expired	56
Name Changes	38
Redomestications	33
Acquisitions (Change of Control)	31
Expansion Applications	16
Mergers	8
Extension of Authority	6
Assumptions	4
Conversions	2

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 the 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 2024 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 2024 Legislative summary noted herein is available for review using the following hyperlink: [2024 Legislation](#)

INSURANCE BULLETINS

Six (6) Insurance Bulletins were issued by the Insurance Commissioner in 2024:

- 24-06 Artificial Intelligence Systems
- 24-05 Pharmacy Audit Integrity Act and Drug Discount Plans and Pharmacy Coupon Cards
- 24-04 Homeowners' and Automobile Insurance Rates
- 24-03a Prior Authorizations
- 24-02 Summary of 2024 Legislation
- 24-01 Prior Authorization Prohibited for Prescription Drugs at Inpatient Discharge

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

FREEDOM OF INFORMATION REQUESTS AND RESPONSES

One hundred (100) requests for information were received and responded to by the Legal Division in accordance with the Freedom of Information Act in 2024.

EMERGENCY ORDERS

There were no Emergency Orders issued by the Insurance Commissioner in 2024.

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

REFERRALS OPENED

A total of 819 matters were opened by the Legal Regulatory Compliance Unit in 2024 upon referrals from various divisions within the OIC, the public, and outside state or federal agencies.

TYPE OF REFERRAL	NUMBER OF REFERRALS
Bail Bondsmen	3
Company	70
Financial Conditions	10
First Party	138
General Inquiries	1
Market Conduct	42
PEO	5
Pharmacy Benefit Manager (PBM)	12
Producer	10
Third Party	210
WC Compliance - Alive and Well Checks	15
WC Compliance - Failure to Timely Act	32
WC Compliance - Injunctions	36
WC Compliance - Postings	235
TOTAL	819

ADMINISTRATIVE PROCEEDING CASES CLOSED

A total of 802 administrative proceeding cases were closed by the Legal Regulatory Compliance Unit in 2024.

TYPE OF REFERRAL	NUMBER OF CASES CLOSED
Bail Bondsmen	2
Company	61
Financial Conditions	7
First Party	142
Market Conduct	37
Market Conduct - Self-Insured	6
Pharmacy Benefit Manager (PBM)	10
Producer	10
Third Party	212
WC Compliance - Alive and Well Checks	15
WC Compliance - Failure to Timely Act	35
WC Compliance - Injunctions	30
WC Compliance - Postings	235
TOTAL	802

HEARINGS

A total of 34 hearings were scheduled in 2024 by the Legal Regulatory Compliance Unit and 8 hearings were held. The remaining 26 hearings that were scheduled, but not held, were settled and withdrawn resulting in a compromise that was satisfactory to the parties involved.

POSTINGS AND COMPLIANCE CHECKS

In 2024, 235 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.

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 2024, the OIC opened zero (0) and closed one (1) subrogation case. The OIC collected \$20,000.00 from settlements or awards.

ORDERS AND COLLABORATIVE ACTIONS

A total of 235 orders were prepared by the Legal Regulatory Compliance Unit in 2024.

TYPE OF CASE	FINAL ORDERS	COLLABORATIVE ACTION	FINE AMOUNT	RESTITUTION AMOUNT
Bail Bondsmen	2	-	\$700	-
Company	1	-	\$0	-
Financial Conditions	127	-	\$192,000	-
First Party	6	-	\$0	-
Market Conduct	35	-	\$428,000	-
Market Conduct - Annual Statements	5	-	\$15,000	-
Market Conduct - Self-Insured	5	-	\$11,500	-
Pharmacy Benefit Manager (PBM)	12	-	\$1,585,000	-
Producer	7	-	\$16,250	-
Third Party	5	-	\$7,500	-
WC Compliance - Failure to Timely Act	28	-	\$42,500	-
WC Compliance - Injunction	2	-	\$2,741	-
TOTAL	235	-	\$2,301,191	-

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.

Forty-seven (47) signed orders were entered by the Insurance Commissioner in 2024 because of market conduct examinations and other regulatory actions conducted in accordance with W. Va. Code §33-2-9. No monetary penalties were assessed due to findings observed in two (2) completed market conduct examinations. West Virginia also participated in three (3) multi-state collaborative actions resulting in \$3,115.00 in penalties and other assessments and thirty-five (35) state-specific non-exam regulatory interventions, resulting in \$144,000.00 in penalties. Furthermore, the Market Conduct Unit completed seven (7) comprehensive compliance examinations of employers which are self-insured for workers' compensation, resulting in \$11,500.00 being assessed in monetary penalties to these entities.

Additionally, the Market Conduct Unit conducted forty-one (41) level one and eighteen (18) 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 2024, the West Virginia Offices of the Insurance Commissioner also received a total of 715 market conduct annual statements per the National Association of Insurance Commissioners' (NAIC) guidelines, further broken down by the following lines of business: Life, 193 filings; Annuity, 106 filings; Other Health, 81 filings; Private Passenger Auto, 81 filings; Homeowners, 78 filings; Long-Term Care, 70 filings; Disability Income (DI), 53 filings; Travel, 21 filings; Lender-Placed Insurance (LPI), 13 filings; Health, 12 filings; and Short-Term Limited Duration (STLD), 7 filings.

One of our team members earned the Accredited Insurance Examiner (AIE) professional designation offered through the Insurance Regulatory Examiners Society (IRES) in October 2024.

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 non-compliant producers.

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 2024, bail bond license holders renewed for the first time and new bail bond applicants are required to pass an examination. The West Virginia Offices of the Insurance Commissioner exams are administered by Pearson Vue.

The division continues to move toward more electronic applications and less paper. In 2024, 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

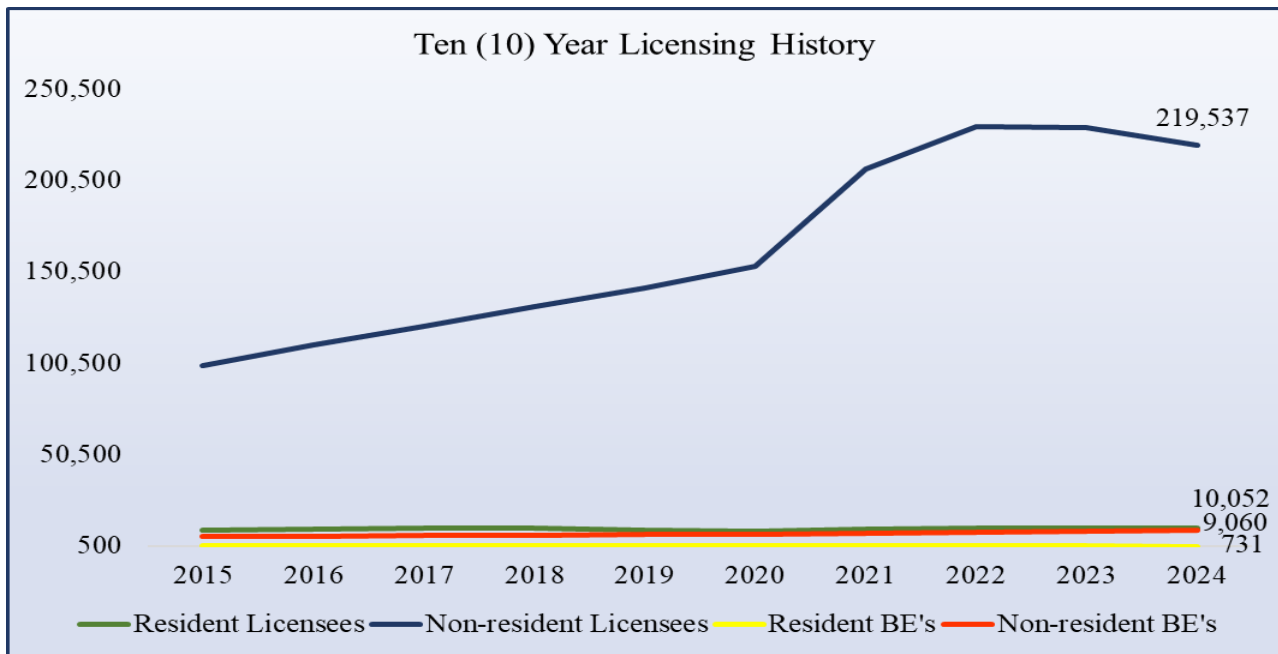
NEW LICENSES ISSUED	2024
Resident Producer	1,288
Non-Resident Producer	29,689
Resident Adjuster	68
Non-Resident Adjuster	8,373
Surplus Lines	351
Viatical Settlement Broker	1
Business Entities (Includes all Types)	1,134
Professional Bail Bonds	3
Surety Bail Bonds	10
TOTAL	40,917

LICENSING TRANSACTIONS	2024
Licenses Denied	310
License Suspended including for CE	1,952
Licenses Revoked	5
TOTAL	2,267

LICENSING CONTACT	2024
Telephone Activity	6,687
Office Visits	26
TOTAL	6,713

COMPANY APPOINTMENTS	2024
Companies with appointments	1,108
Number of company appointments	401,857

TEN YEAR LICENSING HISTORY



LIFE AND HEALTH DIVISION

The Life and Health 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 streamlined the process of conducting business in West Virginia as it relates to Life and Health Insurance and allows consumers to have a more seamless experience for any issue that may arise.

Division staff actively participates in 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. The Life and Health Division Director is the Chairperson for the Pharmacy Benefit Manager (PBM) Working Group and participates in many of the B (Health) Committee activities.

CONSUMER SERVICES UNIT

The Consumer Services Unit is responsible for the investigation of insurance complaints and provides a call center for West Virginia consumers to answer questions concerning policy, coverage or claims process. The Consumer Services Unit is often the “face” of the OIC and as such, the unit is continually striving to provide the highest quality services to our West Virginia consumers.

The Unit monitors the regulation of insurance companies to ensure compliance with the West Virginia Code and legislative rules. The Unit performs evaluations of each formal complaint by obtaining documentation, reviewing the facts, determining fulfillment of contractual obligations, and identifying any statutory violations, if applicable. Complaint types consist of, but are not limited to, Life, Annuities, Healthcare Claims, Medicare, Disability and Long Term Care. Complaints are received by the OIC via online submission, standard mail, fax or walk-in. Each complaint is assigned to an insurance specialist for processing. The specialist acts as a liaison between the consumer and the insurance company.

Resolutions consist of refunding premiums, restoration of a cancelled contract, overturning denied claims and/or payments, or benefits being approved. This section works closely with both the consumer and the insurance industry so that an equitable resolution can be achieved. If deemed appropriate the specialist will refer a case to the OIC’s Legal Team for further investigation.

Below is a summary of the calendar year 2024 inquiries and complaints.

Activity Type	Total
Email and Phone Call Consumer Inquiry	2,069
Complaints Opened	707
Complaints Closed	639
Walk-in Consumer Inquiry	34
External Review	33

Coverage Complaint Type	Total
Health	277
Life/Annuity	221
Life and Health	108
Dental/Vision	40
Medicare/Medicare Supplement	22
Disability	18
Long Term Care	12
Medicare Advantage	9
Total	707

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 require special attention.

HEALTH POLICY UNIT

The Health Policy Unit of the Life and Health Division digests and implements state and federal healthcare legislation. The Unit acts as a liaison between other parts of the Division and other Divisions within the OIC to educate and explain all facets of health policy. The Health Policy Unit includes a Pharmacy Benefit Managers Team.

DISCOUNT PLANS

A Discount Medical Plan Organization (DMPO) requires licensure per W. Va. Code §33-15E and Legislative Rule 114-83. A DMPO is an entity that contracts with providers, provider networks, or other discount medical plan organizations to offer access to medical or ancillary services at a discount to plan members.

A Discount Prescription Drug Plan Organization (DPDPO) is an entity that contracts with providers, pharmacy networks, or other discount prescription drug plan organizations to offer access to pharmacy services to plan members at a discount.

In 2024, the Life and Health Division renewed 27 DMPO licenses and completed registration renewals for seven (7) DPDPOs.

MENTAL HEALTH PARITY

During the 2020 Regular Legislative Session, SB 291 was enacted requiring health insurance carriers to provide mental health parity benefits. The required data call in 2024 for 2023 data continued to show deficiencies. In response, the Life and Health Division called targeted market conduct exams on the major health carriers to review Mental Health Parity and Addition Act (MHPAEA) practices. One (1) exam was completed in 2024, with an administrative penalty assessed of \$300,000. The remaining four (4) exams will be completed in early 2025.

NETWORK ADEQUACY

W. Va. 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 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, telehealth information, 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, the Centers for Medicare & Medicaid Services (CMS) released its own set of guidelines for Network Adequacy, which were similar but not identical to the standard 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. On or before July 1, 2024, all health plans offering coverage in West Virginia were required to file updated network information with the Health Policy Unit. All networks were reviewed and certified prior to the beginning of the 2025 plan year.

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 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 removed from the annual rates.

In 2024, the PBM Unit reviews led to ten (10) regulatory actions, with a total of \$1,575,000 in penalties assessed. The unit approved licenses for eleven (11) new PBMs and renewed 34 licenses in 2024, bringing the total to 48.

2024 PBM Complaint Summary	
Cases Opened	76
Cases Closed	87

PRIOR AUTHORIZATION

W. Va. 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.

As of July 1, 2024, all commercial carriers, PEIA and the Medicaid Managed Care Organizations began reporting prior authorization data via a secure shared file to the Life and Health Division quarterly. The Health Policy Unit, in conjunction with a contractor, reviews the data for compliance. This reporting also quantifies the Gold Card requirement across all health insurance carriers. A Gold Card is presented to a provider who receives a 90% approval rate for at least 30 procedures in a six-month period. Once a provider earns a Gold Card, they are not required to obtain a prior authorization from that insurance carrier for the next six months.

In the third quarter of 2024, there were 93,930 prior authorizations reported. West Virginia carriers reported 804 Gold Cards awarded. A provider is eligible for a Gold Card with each of his or her contracted carriers.

RATES AND FORMS UNIT

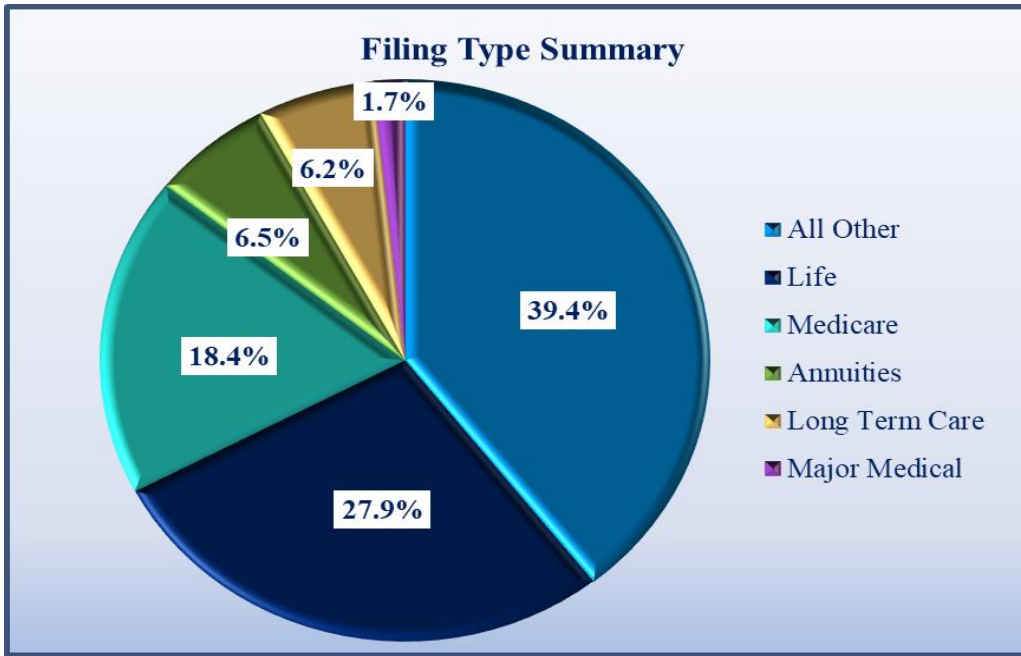
The Rates and Forms Unit analyzes all policy rate, form, and advertisement filings proposed by licensed insurance companies for use in the West Virginia insurance markets.

The analysts ensure that the proposed materials are in compliance 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 including life, annuities, major medical, Medicare, and long-term care.

Long Term Care rates have been a major challenge for not only West Virginia policyholders, but on a national level. The Rates and Forms Unit has been an active participant in an NAIC Long Term Care Working Group that is tasked with developing and adopting a method of actuarial review that will stabilize rates for consumers, allow carriers to maintain their long term care book of business, and solidify the long term care market.

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.

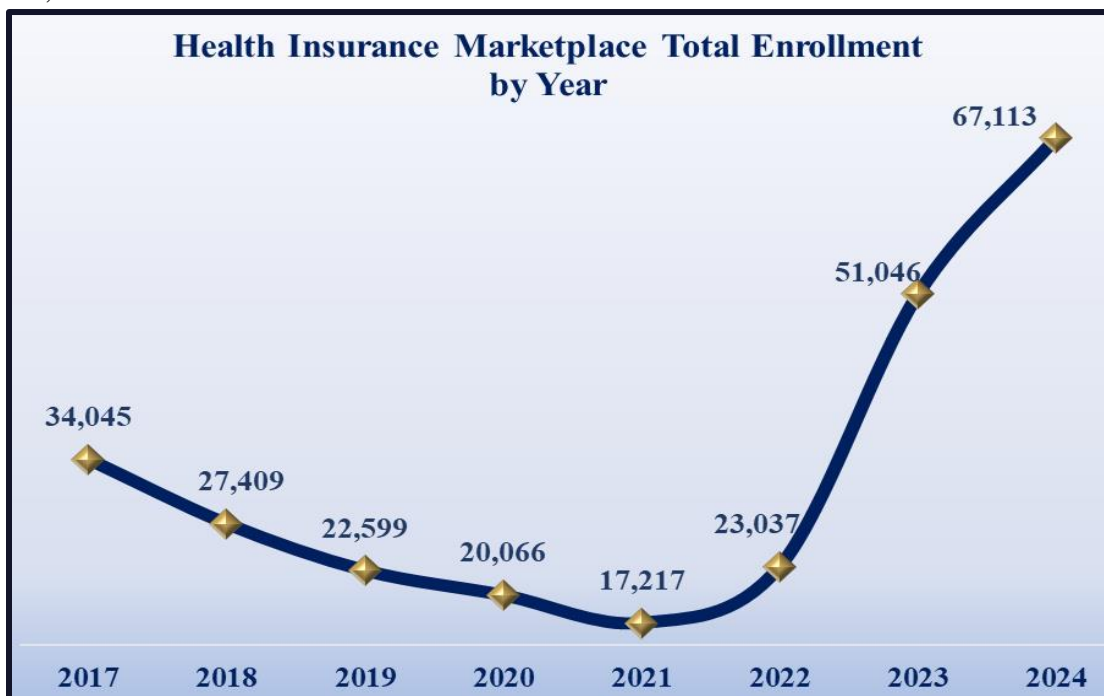
Below is a graph of the 2024 filing type summary.



PATIENT PROTECTION AND AFFORDABLE CARE ACT 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 (www.healthcare.gov). West Virginia has two (2) carriers available in every county.

Open Enrollment runs each year from November 1 – January 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.



OCCUPATIONAL PNEUMOCONIOSIS BOARD

The Occupational Pneumoconiosis Board (OP BOARD) is comprised of five (5) medical professionals who are qualified with the appropriate expertise to accurately determine the type and extent of lung impairment due to occupational pneumoconiosis, or black lung.

The OP Board obtains a complete medical history of the claimant, including any treatment for heart and lung disorders and other conditions that restrict the persons' activity. The medical history includes current and past tobacco use and to what extent. Clinical members of the Board conduct a physical examination of the claimant, giving special attention to heart and lungs, as well as any disabling injuries. Under close supervision, claimants able to exercise safely, perform a simple, standardized exercise test.

The Occupational Lung Center at Charleston Area Medical Center performs pulmonary diagnostic testing for the Board and reports on loss of lung function and to the extent to which lost lung function impairs the claimant's ability to work.

In FY2024, The Occupational Lung Center performed examinations on 331 claimants filing for Occupational Pneumoconiosis. In addition, there were 47 Fatal claims reviewed and 2 Out of Town claims reviewed. There were 18 new cases of Progressive Massive Fibrosis identified during the fiscal year.

A summary of incidence follows:

Total Number of Claimants Examined	331
First Time Claimants	253 (76%)
First Time Claimants Receiving No Diagnosis	71 (28%)
First Time Claimants Receiving Initial Award	103 (41%)
Total Number of Cancels/No Shows	87

First Time Claimants Receiving OP/O (no award)	12
Repeat Claimants Receiving OP/O (first time-no award)	2
Total Claimants Receiving OP/O	14

Claimants Receiving Repeat Examination	157 (47%)
Repeat Exam of Claimants Receiving No Additional Award	78 (50%)
Repeat Exam of Claimants Receiving Additional Award	77 (49%)

Total Number of Fatal Claims Reviewed	47
Fatal Claims Due to Occupational Pneumoconiosis	5 (11%)
Fatal Claims Not Due to Occupational Pneumoconiosis	42 (89%)

Out of Town Reviews Examined	2
Out of Town Reviews Receiving No Award	2
Out of Town Reviews Receiving an Award	0

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 2024, a total of 1,369 open complaints were filed and 5,700 consumer assistance calls and emails were exchanged.

The Property and Casualty Consumer Services Unit assisted West Virginia consumers in 2024 by helping them collect over \$5.6 million in insurance settlements.

Below is a summary of the calendar year 2024 inquiries and complaints.

Activity Type	Total
Email and Phone Calls, Consumer Inquiry	5,700
Complaints Opened	1,369
Complaints Closed	1,403

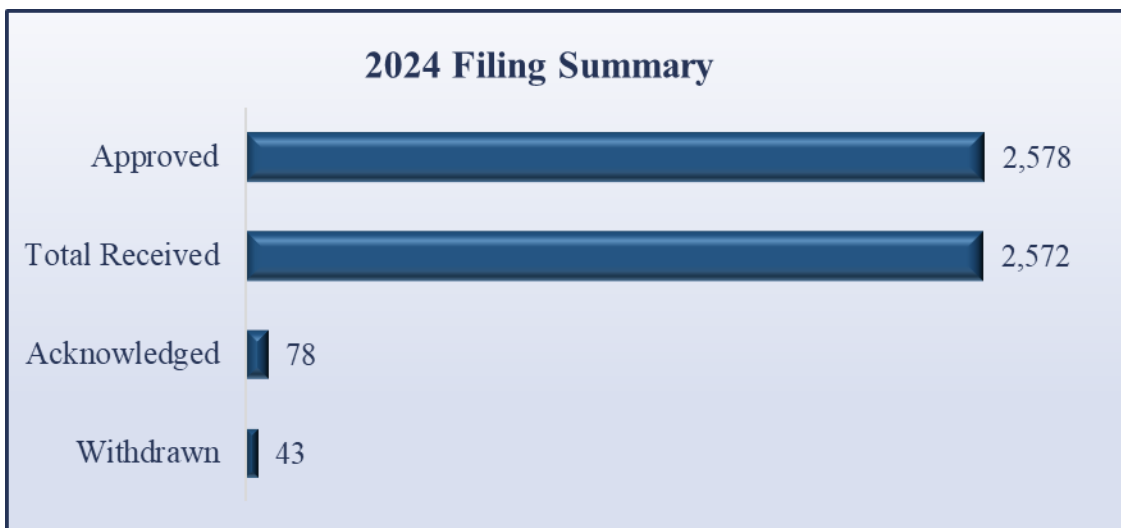
Coverage Complaint Type	Total
Private Passenger Auto	648
Homeowners	285
Workers' Compensation	156
Bail Bonds	65
All Other Property and Casualty Lines	215
Total	1,369

RATES AND FORMS UNIT

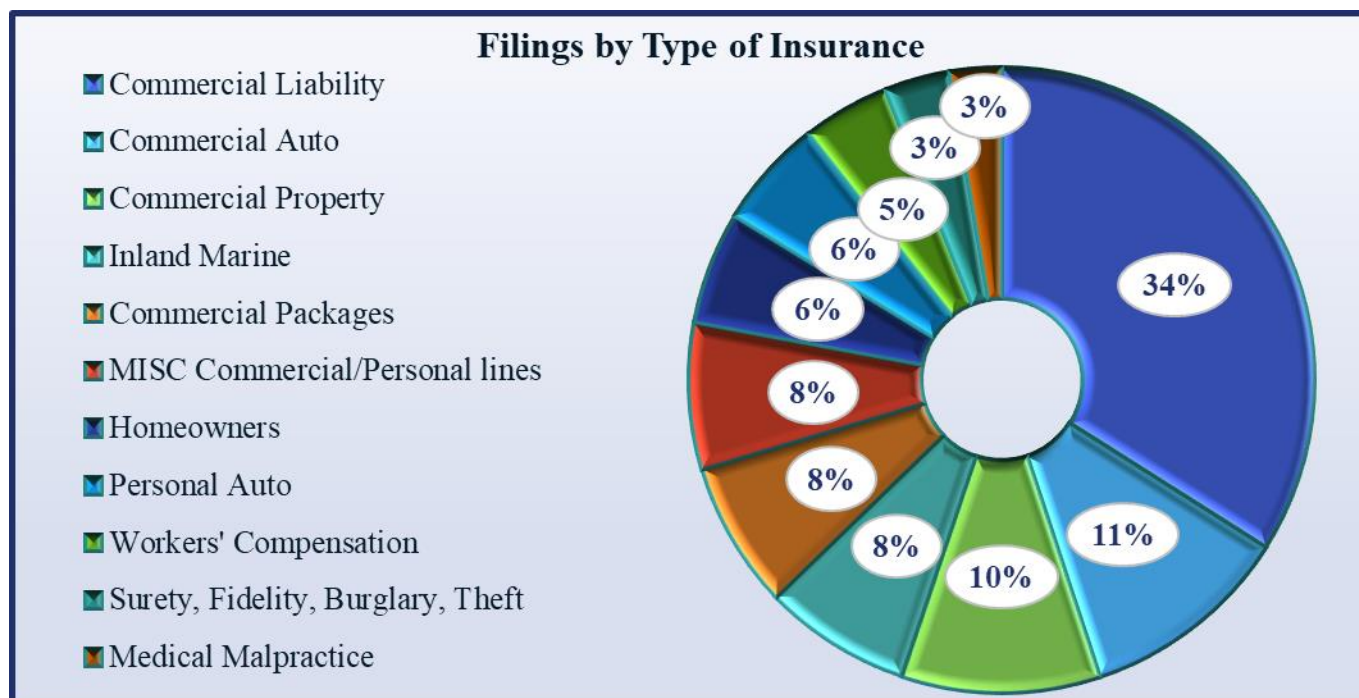
The Property and Casualty Rates and Forms Unit analyzes all rate, rule, and form filings proposed by licensed insurance companies for use in the West Virginia insurance markets. Analysts review all such filings for automobile, homeowners, motorcycle, mobile homes, umbrella, business owners, inland marine, 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 non-commercial 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 2024 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 354 insurers eligible to write workers’ compensation insurance in West Virginia. Of the 354 carriers, 281 are writing at least one policy. At year end 2024, 38,660 workers’ compensation policies were written in the West Virginia voluntary market.

The West Virginia residual market had 1,868 policies written as of December 31, 2024. These are policies that do not qualify for coverage in the voluntary market for multiple reasons. The Volunteer Fire Departments make up 387, or 21%, of the policies in the residual market.

Since the workers’ compensation program was privatized in 2006, the market has experienced approximately \$481 million in premium savings. This latest filing, effective 1/1/2025, represents the 20th consecutive year of loss cost decreases and accounts for a cumulative 82.6% reduction from pre-reform workers’ compensation levels.

Top 5 Workers’ Compensation Carriers by Policy Count for CY2024		
Company	Policy Count	Market Share
15762 – Brickstreet Mutual Ins. Co	8,011	20.72%
10448 – Hartford Accident and Indemnity	5,170	13.37%
18457 – Erie Insurance Exchange	4,999	12.93%
10804 – Travelers Insurance Co	3,676	9.51%
10863 – Zurich American Ins Co	1,705	4.41%

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) WV State Police Trooper, four (4) allocated support analysts, 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 investigators to respond quickly to reports of alleged insurance fraud. It also allows investigators 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 several ways in which the public and the insurance industry can report suspected insurance fraud to the Special Investigations Division:

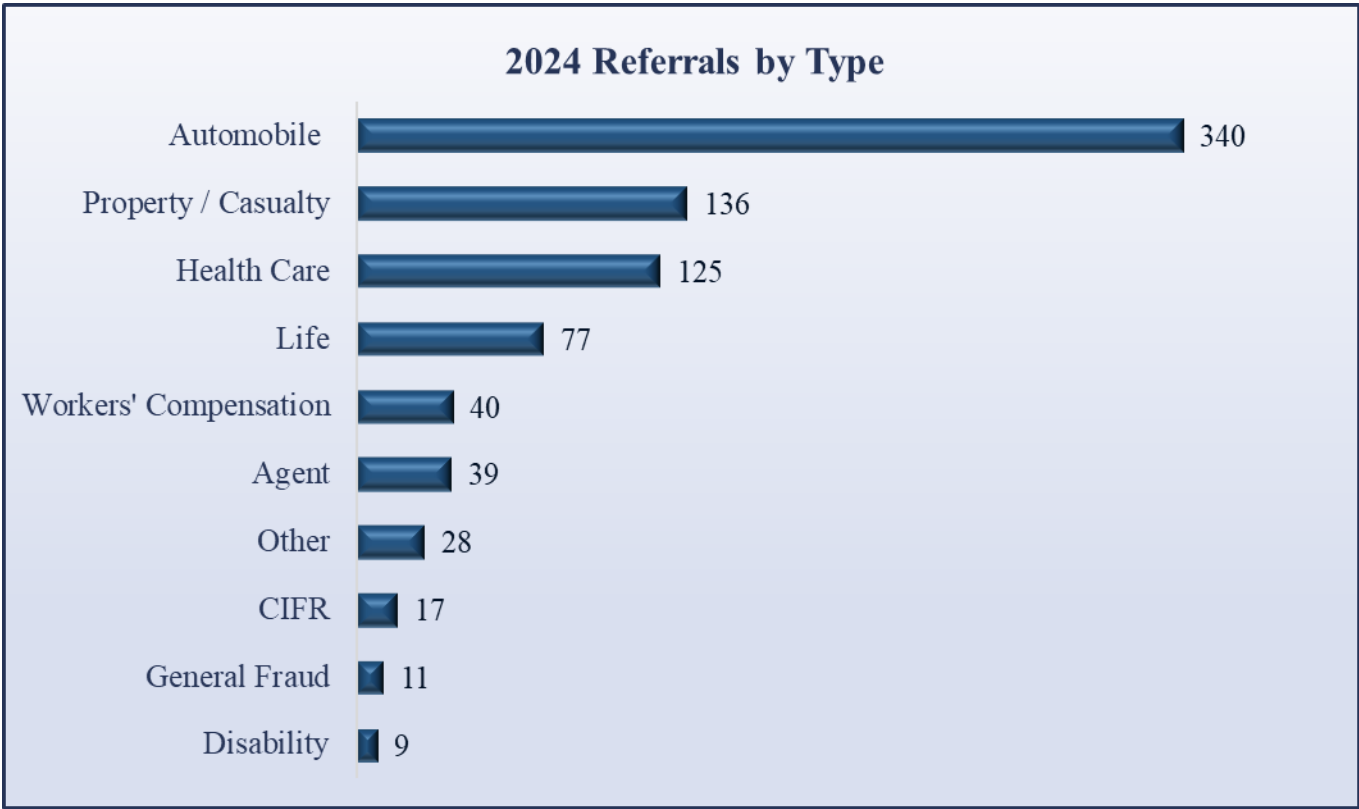
- by calling toll free at 1-800-779-6853
- online reporting at www.wvinsurance.gov
- by email OICFraud@wv.gov
- through the online reporting function of the National Association of Insurance Commissioners (NAIC)
- and mailing information to 900 Pennsylvania Ave, 5th Floor; Charleston, WV; 25302

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 and create investigative reports suitable for presentation to prosecutors.

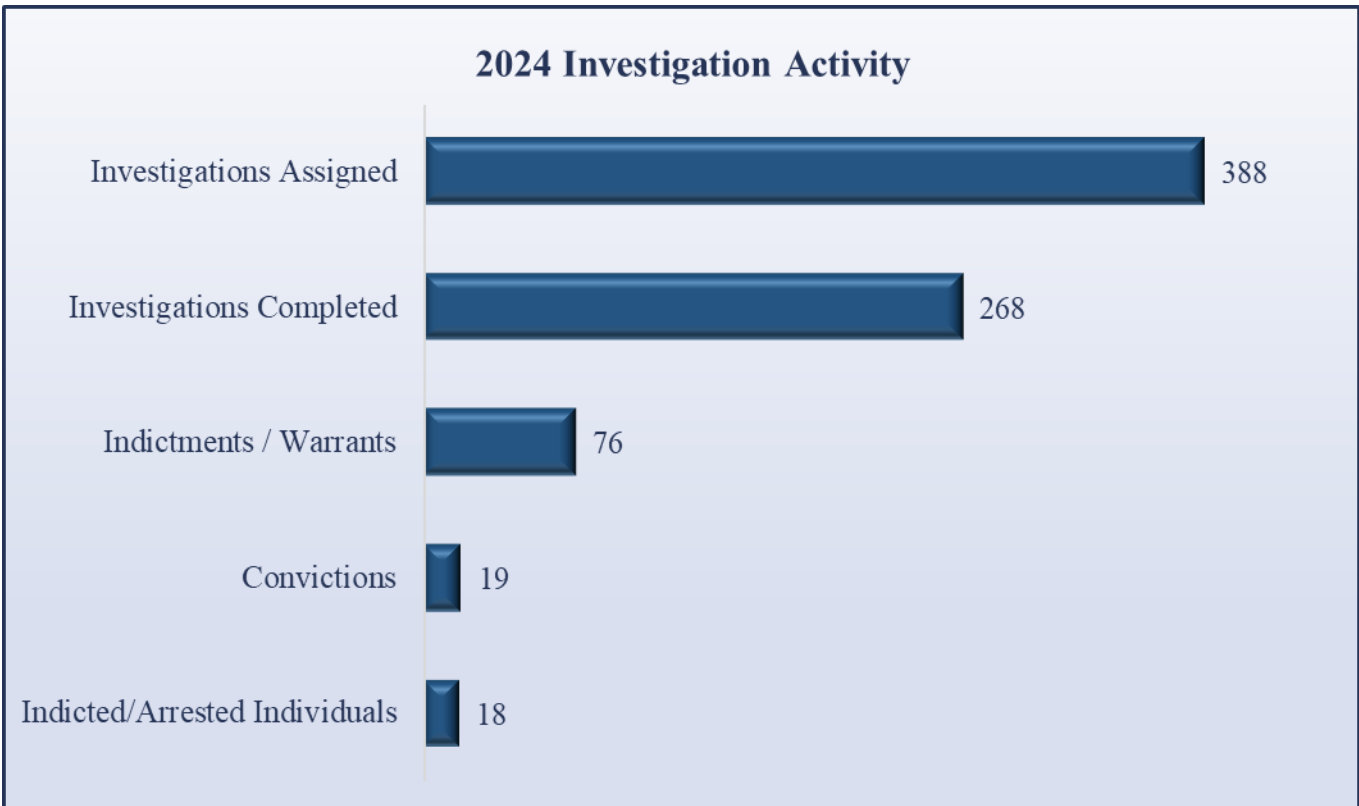
The Special Investigations Division has been proactive in its approach to educating the public and industry on what constitutes insurance fraud. Representatives from the division appear at various statewide functions, events, and meetings educating the insurance industry, public and law enforcement on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

The Special Investigations Division received 822 referrals or reports of suspected insurance fraud in 2024 from the insurance industry, public and law enforcement.

The following chart breaks down the referrals received:



The Special Investigations Division completed 268 field investigations with reports submitted to State and Federal Prosecutors. The Special Investigations Division also identified over \$6.8 million dollars of fraudulent activity, resulting in 76 indictment/warrants issued.



STATE AGENCY WORKERS' COMPENSATION (SAWC) PROGRAM

As the State Agency Workers' Compensation Program (SAWC) entered its fourteenth policy year in 2024, 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 claim data to ensure injured state employees receive appropriate care and claim administration. The OIC also offers safety recommendations to all agencies to help mitigate workplace injuries to keep public employees safe. Encova Insurance Group (formerly BrickStreet Mutual Insurance Company) is the current insurance 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
2015	93
2016	90
2017	200
2018	173
2019	161
2020	84
2021	163
2022	160
2023	175
2024	158
Total	1,457

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 Homeland Security** – 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:

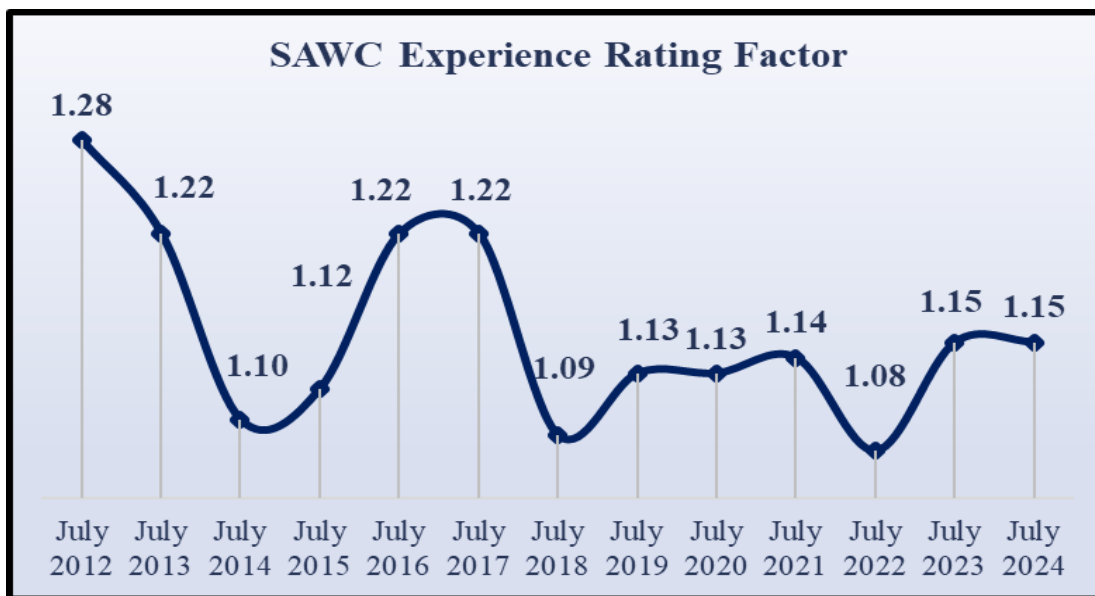
- Establishing safety committees
- Establishing transitional work assignments that provide employees the opportunity to return to work on a limited basis (Return to Work Program)
- Incident and accident investigation training
- Defensive drivers' training
- Developing Emergency Action Plans
- Workplace 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 2024 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 2024 policy, the individual agency emods summary is as follows:

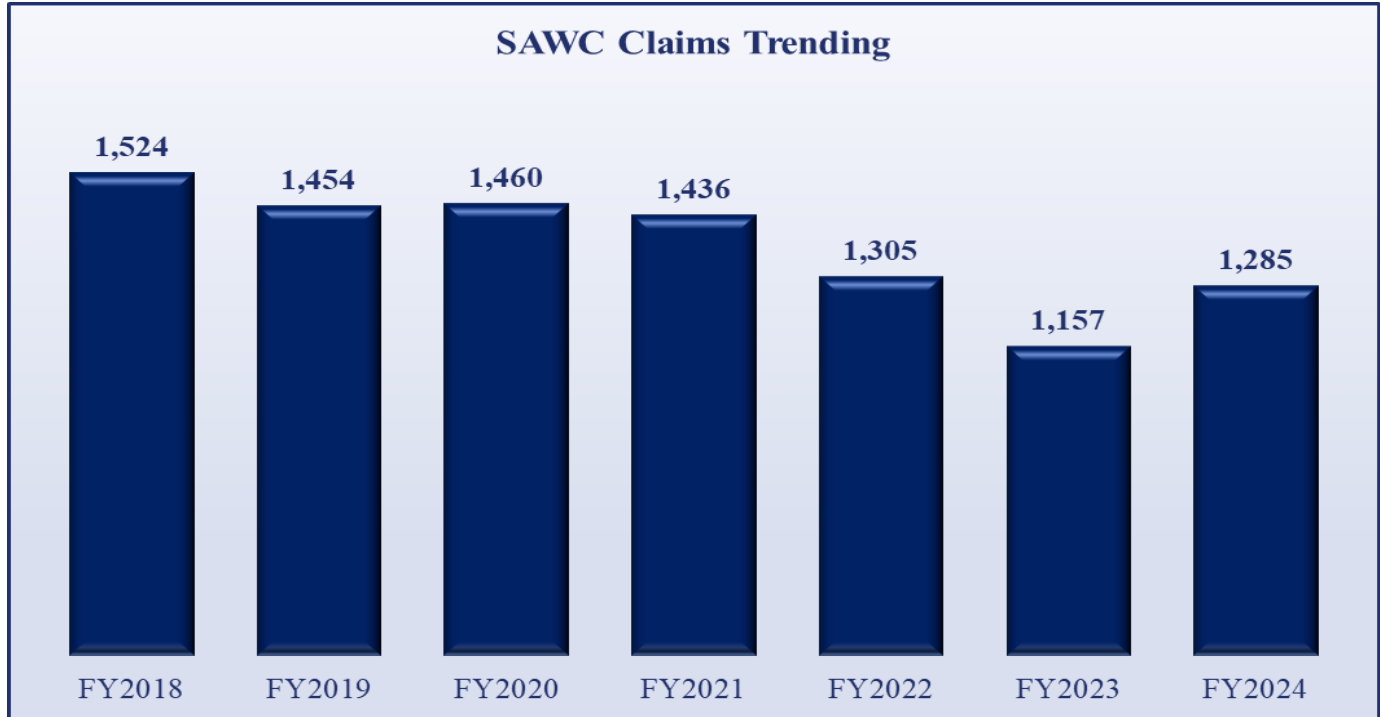
Emod Range	Agency Count
Less than 1.00	31
Equal to 1.00	53
Greater than 1.00	14

For the July 2024 policy, the agencies with the lowest emods were the Department of Environmental Protection (0.54) and the Department of Health and Human Resources (0.60). The agencies with the highest emods were Bureau of Juvenile Services (2.04), Mildred Mitchell Bateman Hospital (1.86) and Regional Jail Authority (1.63).

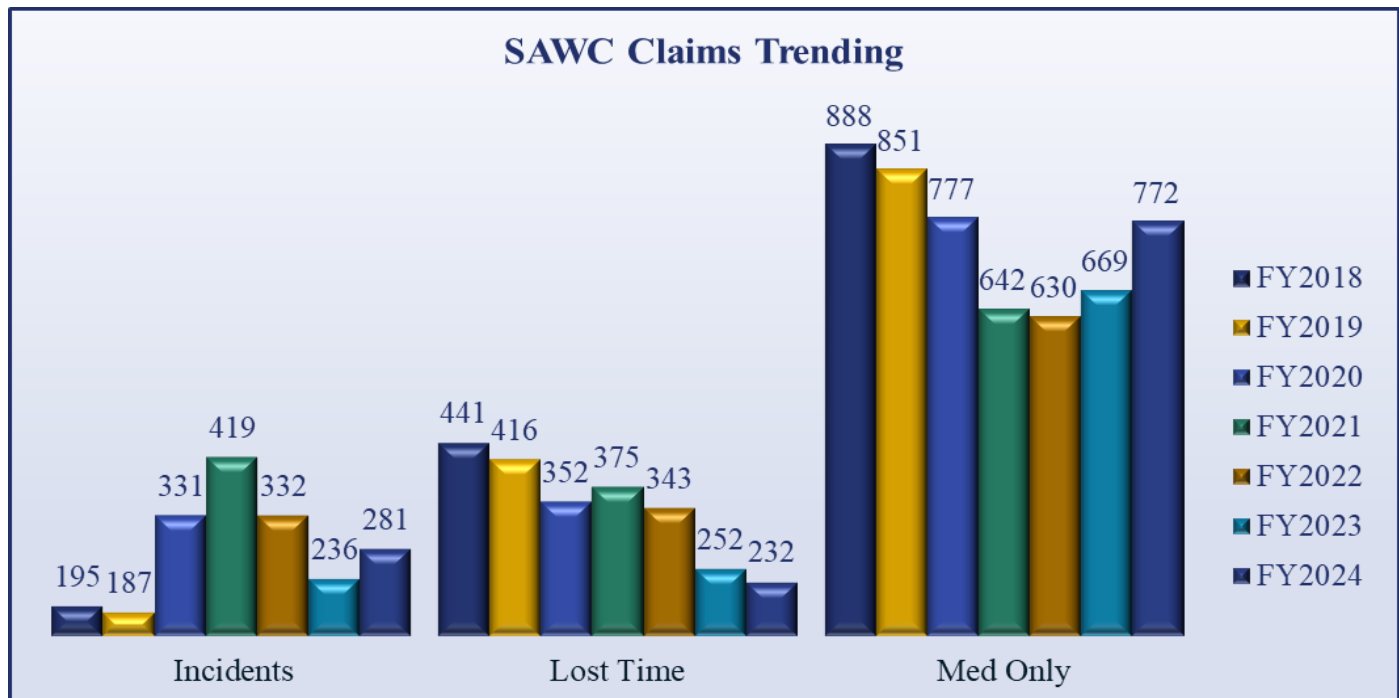
SAWC CLAIMS SUMMARY

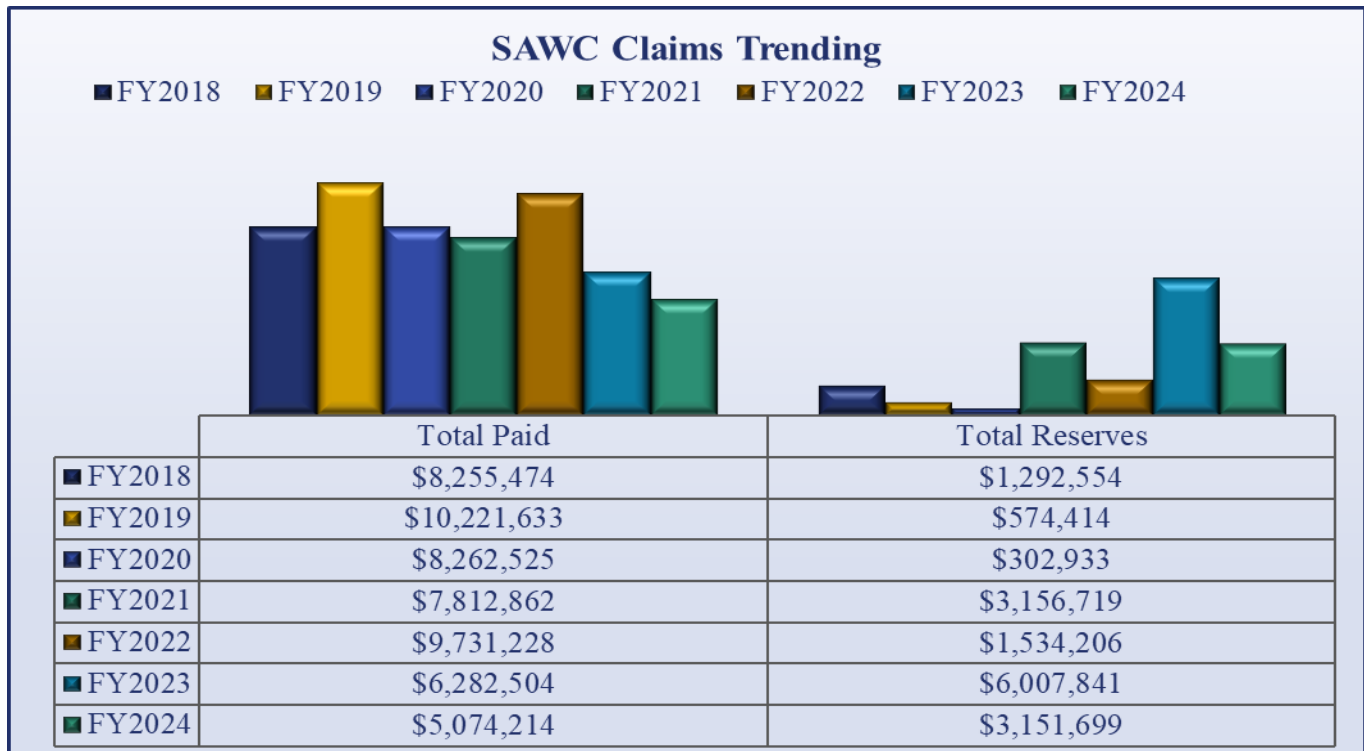
This section includes claims, losses and data analysis on Encova claims with dates of injury between July 1, 2017 through June 30, 2024.

There are a total of 9,621 claims filed with Encova for the SAWC Program.



Of the 9,621 total claims, 1,981 (20.6%) resulted in being closed with no payments (incidents); 2,411 (25.0%) are lost time claims requiring wage replacement benefits and 5,229 (54.4%) 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 with the latest three (3) years showing a favorable trend with lowered claim counts. The frequency declined by 16% from FY2018 to FY2024. The severity continues to be volatile with significant fluctuations over the years. FY2024 had a reduction of \$4M or 33% from FY2023 incurred amounts (paid + reserves).

The SAWC Program currently has 20 claims in excess of the \$250,000 deductible per claim limit. These 20 claims have a total incurred cost of \$15,861,409 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.

Major training campaigns continued throughout 2024 and will continue into 2025 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. MVAs account for 401 of the total 9,621 claims or 4.2% of the overall frequency. The same 401 claims account for \$8,383,545 incurred costs or 11.7% of the overall severity. One of the large loss MVA claims was a fatality with \$3.4M incurred costs.

The OIC conducted the SAWC Annual Conference on November 14, 2024, at Encova Headquarters in Charleston, West Virginia. A virtual attendance option was added this year. The information distributed during the conference is now available to all members of the SAWC, even those who did 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

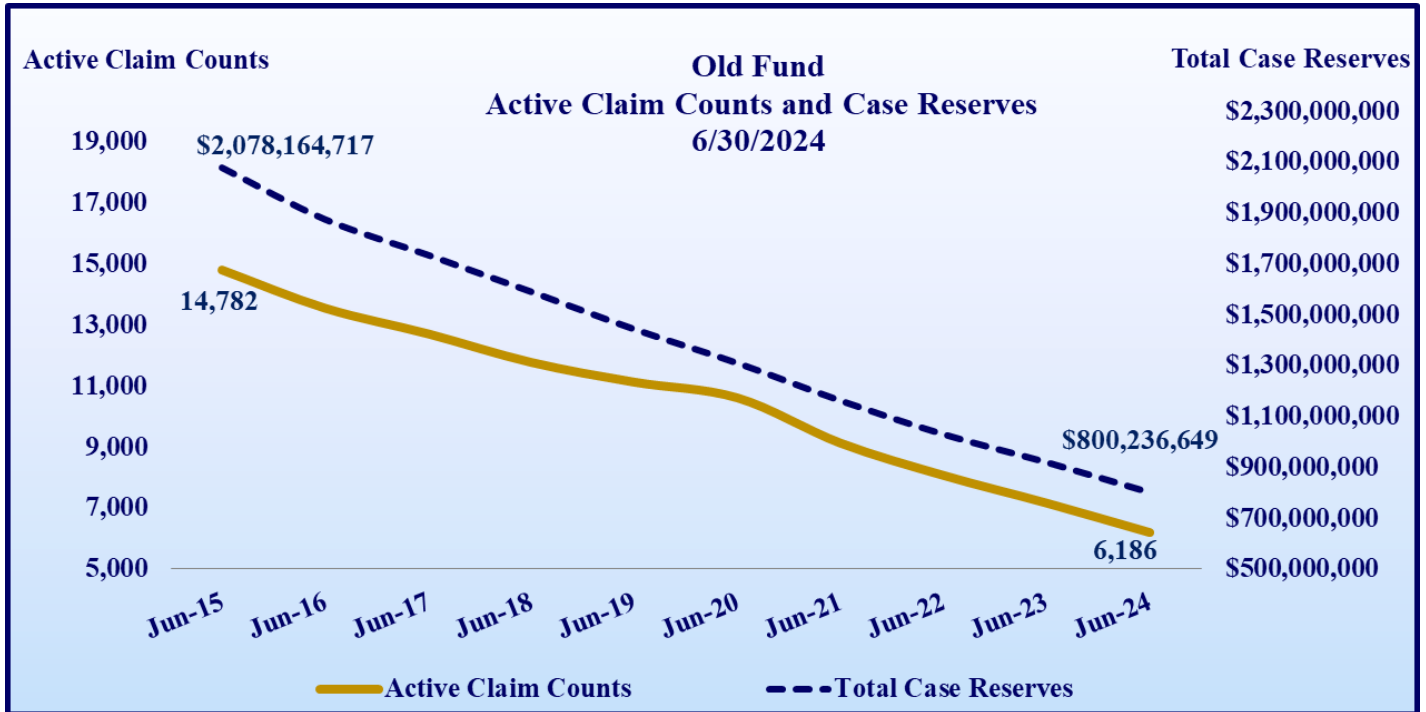
The Claims Services Unit provides oversight of the third-party administrator engaged to manage the State-run workers' compensation funds. The Old Fund consists of the legacy claim liability that existed at the time of the privatization of the State's formerly monopolistic workers' compensation program.

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
6/30/2015	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
6/30/2024	6,186	\$800,236,649

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. State OP claims are included in the Old Fund. Federal OP claims are included in the Coal Workers' Pneumoconiosis Fund; also known as the Federal Black Lung (FBL) Program. The CWP Fund accepts claims with a date of last exposure prior to January 1, 2006.

New Claim Filings	FY2020	FY2021	FY2022	FY2023	FY2024
State OP	41	35	14	43	33
HL & OD	1	4	0	1	3
FBL	392	385	248	339	320

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.

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.

UNINSURED EMPLOYER FUND

The Uninsured Employer Fund (UEF) was established to accept claims with dates of injury, dates of death and dates of last exposure on or after January 1, 2006. New applications for benefits from the Uninsured Employer Fund are submitted to the Workers' Compensation Unit to determine if, on the alleged date of injury, death or last exposure, (1) the applicant was an employee of an employer who was statutorily required to carry West Virginia workers' compensation coverage, and, (2) if the employer was required to statutorily

required to carry West Virginia workers’ compensation coverage, was a policy in place on the alleged date of injury, death or last exposure. If the applicant is determined to be eligible for benefits from the UEF, the Claims Services Unit establishes a new claim, which is then assigned to the TPA for administration. Five applications for benefits from the UEF were received during calendar year 2024: two applications were accepted and assigned to the TPA for administration, one application was not accepted because the employer provided proof of workers’ compensation coverage and two applications are still pending the receipt of additional information from the applicant.

New Applications Received	CY2020	CY2021	CY2022	CY2023	CY2024
Uninsured Employer Fund	5	10	12	7	5
Accepted into the UEF	4	7	6	2	2
Not Accepted into the UEF	1	3	6	5	1
Pending	0	0	0	0	2

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. 554 uninsured employer fine accounts were created in calendar year 2024.

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. 114 such requests were received during calendar year 2024 and 81 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 Proof of Coverage (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.

CY2024 Statistics	
Compliance Requests Completed	1,887
DOL Reports Investigated	101
Uninsured Employer Accounts Established	554

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 for 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 (PEOs) 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 231 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 2024, 1,210 such notices were sent to employers. Additionally, Revenue Recovery engaged in over 2,072 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 calendar year 2024, an average of 2,066 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 632 liens to West Virginia County clerks in calendar year 2024. 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, 302 lien releases were prepared and mailed to the county clerk offices.

REVENUE RECOVERY COLLECTIONS

CY2024 Collections	
January	\$30,404.85
February	\$41,010.43
March	\$39,539.08
April	\$51,177.13
May	\$50,858.35
June	\$101,117.94
July	\$67,860.96
August	\$38,694.27
September	\$37,016.88
October	\$73,025.07
November	\$61,821.56
December	\$41,754.72
Total	\$634,281.24

SELF-INSURANCE UNIT

The Workers' Compensation Self-Insurance Unit is responsible for regulating 49 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 severely 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.