

Act 41 of 2018 (P.L. 273) Annual Examination

Report¹

Fiscal Year July 1, 2019 – June 30, 2020

FINANCIAL EXAMINATIONS²:

	<u>BILLED</u>	<u>DEPOSIT INTO IROF³</u>
Pennsylvania Insurance Department	\$4,991,427.97	\$5,517,219.24

THIRD-PARTY CONTRACTORS:

Actuarial & Technical Solutions, Inc.	\$5,028.00	\$0.00
Baker Tilly Virchow Krause LLP	\$605,573.46	\$0.00
Cerebres	\$287,683.52	\$0.00

¹ Costs reported for regulatory activities described under section 905.1 (a) (1) and (2) for examinations commencing 8.21.2018 and forward, as designated in the statute.

² Per Section 904.

³ The amount of monies *deposited* into IROF during the reporting year differs from the amount billed to companies because companies typically pay invoices up to thirty (30) days after invoices are received.

FINANCIAL EXAMINATIONS:

BILLED

DEPOSIT INTO IROF

THIRD-PARTY CONTRACTORS:

Huggins Actuarial Services Inc.	\$38,817.00	\$0.00
INS Regulatory Insurance Services, Inc.	\$435,323.55	\$0.00
Johnson Lambert	\$204,357.67	\$0.00
Lewis & Ellis, Inc.	\$503,854.65	\$0.00
Merlinos & Associates, Inc.	\$127,614.00	\$0.00
Noble Consulting Services, Inc.	\$215,477.41	\$0.00
Oliver Wyman	\$1,223,500.75	\$0.00

Risk & Regulatory Consulting, LLC	\$777,574.83	\$0.00
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FINANCIAL EXAMINATIONS:

BILLED

DEPOSIT INTO IROF

THIRD-PARTY CONTRACTORS:

Risk International Actuarial Consulting	\$20,032.50	\$0.00
Taylor & Mulder Inc.	\$46,861.50	\$0.00
Taylor-Walker Consulting, LLC	\$30,658.75	\$0.00

MARKET CONDUCT EXAMINATIONS⁴:

	<u>BILLED</u>	<u>DEPOSIT INTO IROF⁵</u>
Pennsylvania Insurance Department	\$1,040,555.39	\$1,149,480.26

THIRD-PARTY CONTRACTORS:

INS Regulatory Insurance Services, Inc	\$1,475,524.13	\$0.00
Risk & Regulatory Consulting, LLC	\$1,463,703.00	\$0.00
Regulatory Insurance Advisers, LLC.	\$891,361.25	\$0.00
Examination Resources, LLC.	\$99,303.75	\$0.00

⁴ Per Section 904

⁵ The amount of monies *deposited* into IROF during the reporting year differs from the amount billed to companies because companies typically pay invoices up to thirty (30) days after invoices are received.

Act 41 of 2018 (P.L. 273) Annual Analysis Report⁶
Fiscal Year July 1, 2019 – June 30, 2020

<u>THIRD-PARTY CONSULTANTS</u>	<u>BILLED</u>
Blank Rome LLP	\$471,238.50
Cantilo & Bennett LLP	\$601,243.01

Analysis of Effectiveness: In all respects, transparency and effectiveness are at the forefront of the Insurance Department’s examination process. Before examinations begin, the PID holds scheduling conferences and presents estimated budgets to the examined companies in order to provide them with transparent expectations on what to expect in the upcoming examination. Because of this process, companies and the PID were able to agree in pre-examination discussions that the Department’s proposed course of action was indeed the most effective. The Department is continuously aware of the need for transparency in examinations and continues to work to improve effectiveness with each subsequent exam.

⁶ Costs reported for regulatory activities described under section 905.1 (a) (3) (4) and (5) for the immediately prior fiscal year (7.1.2019 – 6.30.2020).