



2022 – 2023
ANNUAL EXAMINATION
AND ANALYSIS REPORT

ANNUAL EXAMINATION AND ANALYSIS REPORT
ANALYSIS OF EFFECTIVENESS
2022 - 2023

This report is published pursuant to the requirements of Act 41 of 2018. The purpose of Act 41 of 2018 is to provide an effective and efficient system for examining the activities, operations, financial condition, and affairs of all persons¹ transacting the business of insurance in this Commonwealth and subject to the jurisdiction of the Pennsylvania Insurance Department (“Department”). The provisions of Act 41 of 2018 enable the Department to adopt a flexible system of examinations which directs resources as may be deemed appropriate and necessary for the administration of the insurance and insurance-related laws of this Commonwealth.

As part of Act 41, the Department is committed to work with the insurance industry to utilize the most efficient means to conduct examinations, minimize costs, facilitate cooperation and communication between insurers and the Department, and to increase transparency and efficiencies to the greatest extent possible. As part of that commitment, within thirty days of the end of each fiscal year, the Department publishes an annual examination and analysis report that includes the total amount the Department billed companies, consultants, and contractors retained for financial examinations, market conduct examinations, examinations conducted under Section 1406 of the Act of May 17, 1921 (known as The Insurance Company Law of 1921), the review of certain transactions, the solvency monitoring of companies, and the retention of third-party consultants.² This annual examination and analysis report lists the identity of each contractor retained by the Department and the amount of money billed by the contractor to companies; discloses the total amount of deposits into the Insurance Regulation and Oversight Fund (“IROF”) as a result of financial and market regulation activities for which regulated entities are responsible to pay; and includes an analysis of the effectiveness of the procedures under Act 41 and recommendations to further improve the efficiency and transparency of the examination processes.³

In all respects, transparency, efficiency, and effectiveness are at the forefront of the Department’s examination process. Before examinations begin, the Department holds scheduling conferences and presents estimated budgets to the examined companies. Because of this process, companies and the Department were able to agree during 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 strive for efficiency with each subsequent exam.

¹ Act 41 of 2018 defines “Person” as “any individual, aggregation of individuals, trust, association, partnership or corporation or any affiliate thereof.” The term does not include agents. See 40 P.S. § 323.2

² 40 P.S. § 323.5a(a).

³ 40 P.S. § 323.5a(b).

In sum, the Act 41 reporting process has equipped the Department with the means to utilize consistent and in-depth monitoring techniques to ensure the accuracy and timeliness of information to be viewed by the public. The information provided in this report gives greater transparency which enables the Department to provide assurance to the public that regulatory examination costs are fair and reasonable.

FINANCIAL EXAMINATIONS⁴

BILLED

DEPOSIT INTO IROF⁵

Pennsylvania Insurance Department	\$4,666,246.54	\$4,647,479.30
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Third Party Contractors

Ashurst Beacon LLC	\$3,080.25	\$0.00 ⁶
Assurity Resources, Inc.	\$12,061.25	\$0.00
Baker Tilly US, LLP	\$645,381.15	\$0.00
Cerebres, LLC	\$37,573.00	\$0.00
EWM Group, PC	\$3,676.00	\$0.00
(ER) Examination Resources, LLC	\$270,320.75	\$0.00

⁴ Per 40 P.S. § 323.5a(a)(1) and 40 P.S. § 323.4.

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.

⁶ Vendors are paid directly by the company. No monies come back to the Department for deposit.

INS Regulatory Insurance Services, Inc.	\$2,628,167.64	\$0.00
Jennan Enterprises, LLC	\$8,295.00	\$0.00
Johnson Lambert	\$1,764,434.97	\$0.00
Kufer Consulting, Inc.	\$731.25	\$0.00
Lewis & Ellis, Inc.	\$972,860.47	\$0.00
Merlinos & Associates, Inc.	\$8,684.50	\$0.00
Noble Consulting Services, Inc.	\$547,204.75	\$0.00
Oliver Wyman Actuarial Consulting, Inc.	\$439,277.50	\$0.00
(RRC) Risk and Regulatory Consulting, LLC	\$1,571,330.74	\$0.00
Taylor-Walker Consulting, LLC	\$30,192.50	\$0.00
The Actuarial Advantage Inc.	\$2,666.25	\$0.00
The Thomas Consulting Group, Inc.	\$32,726.00	\$0.00
THIRD PARTY CONTRACTOR TOTAL BILLED:	\$8,978,663.97	\$0.00

MARKET CONDUCT EXAMINATIONS⁷

	BILLED	DEPOSIT INTO IROF ⁸
Pennsylvania Insurance Department	\$663,974.72	\$656,568.83

Third Party Contractors

INS Regulatory Insurance Services, Inc.	\$63,516.00	\$0.00
Lewis & Ellis, Inc.	\$98,748.00	\$0.00
(RRC) Risk and Regulatory Consulting, LLC	\$72,408.70	\$0.00
(RIA) Regulatory Insurance Advisers, LLC	\$185,965.25	\$0.00
(ER) Examination Resources, LLC	\$180,744.00	\$0.00
NorthStar Exams, LLC	\$47,340.00	\$0.00
Baker Tilly	\$66,828.00	\$0.00
THIRD PARTY CONTRACTOR TOTAL BILLED:	\$715,549.95	\$0.00

⁷ Per 40 P.S. § 323.5a(a)(2) and 40 P.S. § 323.4.

⁸ 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.

THIRD PARTY CONSULTANTS

Blank Rome LLP	BILLED: \$336,444.76
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