

**WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION**

Form #4 ■

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OFFICE OF THE WEST VIRGINIA
SECRETARY OF STATE

NOTICE OF RULE MODIFICATION OF A PROPOSED RULE

AGENCY: Insurance Commissioner TITLE NUMBER: 114

CITE AUTHORITY: W. Va. Code § 33-2-9

AMENDMENT TO AN EXISTING RULE: YES NO

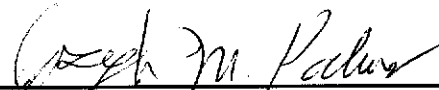
IF YES, SERIES NUMBER OF RULE BEING AMENDED: 15

TITLE OF RULE BEING AMENDED: Examiners' Compensation, Qualifications
and Classification

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: _____

TITLE OF RULE BEING PROPOSED: _____

THE ABOVE PROPOSED LEGISLATIVE RULES, FOLLOWING REVIEW BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE, IS HEREBY MODIFIED AS A RESULT OF REVIEW AND COMMENT BY THE LEGISLATIVE RULE MAKING REVIEW COMMITTEE. THE ATTACHED MODIFICATIONS ARE FILED WITH THE SECRETARY OF STATE.



Authorized Signature

\$4.60

114CSR15

**TITLE 114
LEGISLATIVE RULE
INSURANCE COMMISSIONER**

**SERIES 15
EXAMINERS' COMPENSATION, QUALIFICATIONS AND CLASSIFICATION**

Section

- 114-15-1. General.
- 114-15-2. Definitions.
- 114-15-3. Examination, Analysis and Review ~~Activities and Funding.~~
- 114-15-4. Examination, Analysis and Review Activities.
- 114-15-~~4~~5. Compensation and Accrued Time of Accredited Examiners.
- 114-15-~~5~~6. Travel and Living Expenses.
- 114-15-~~6~~7. Examiner Reporting Requirements.

FILED

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TITLE 114
LEGISLATIVE RULE
INSURANCE COMMISSIONER

OFFICE OF THE SECRETARY OF STATE
WEST VIRGINIA

SERIES 15
EXAMINERS' COMPENSATION, QUALIFICATIONS AND CLASSIFICATION

§ 114-15-1. General.

1.1. Scope. -- This legislative rule establishes standards for the compensation, qualifications and classification of persons who conduct or participate in any analysis, review or examination provided for in W. Va. Code § 33-2-9.

1.2. Authority. -- W. Va. Code §§ 33-2-9(n), 33-2-10.

1.3. Filing Date. -- ~~April 2, 1996.~~

1.4. Effective Date. -- ~~April 15, 1996.~~

§ 114-15-2. Definitions.

As used in this legislative rule:

2.41. "Accredited examiner" or "examiner" means a person who is an employee of the insurance commissioner and has been classified according to his or her qualifications as either Insurance Company Examiner or Supervising Insurance Company Examiner Supervisor Market Conduct Examiner or ~~Supervising Market Conduct Examiner~~ pursuant to the classification plan of the West Virginia Division of Personnel or such other equivalent classification plan as the State of West Virginia may adopt.

2.72. "Additional examination assessment fee" means any additional or increased examination assessment fee levied by order of the Commissioner in excess of the annual examination assessment fee as allowed by the provisions of W. Va. Code § 33-2-9.

2.13. "Commissioner" means the Insurance Commissioner of the State of West Virginia.

2.24. "Deputy" means any individual appointed by the Commissioner as Deputy or Special Deputy Commissioner of Insurance.

2.65. "Examination assessment fee" means the annual fee due on or before ~~July 1~~ the first day of July of every year, as specified in W. Va. Code § 33-2-9.

2.6. "Governor's Travel Rules" means those rules promulgated by the governor pursuant to the authority granted by section 11, article 3, chapter 12 of the Code of West Virginia.

2.7. "Incidental Expense" means any reasonable travel-related expense other than charges for lodging, meals or mileage, including but not limited to tolls, parking, gratuities or public transportation.

2.8. "Lodging" means a temporary place of abode, such as a hotel, maintained by the examiner for the convenience of being closer to the examination site, and at which the examiner has no intention of establishing residence.

2.9. "On-site" or "site" means at or conveniently proximate to the business location of the entity being examined, as listed on the examiner's semi-monthly days worked report, but does not include the offices of the Insurance Commissioner when work related to an examination is performed there.

2.310. "Other employee" means any individual who is an employee of the Department of Insurance of the State of West Virginia offices of the Insurance Commissioner of West Virginia, excluding the Commissioner's Accredited Examiners.

2.511. "Other individual" means any individual who is not an employee of the Department of Insurance offices of the Insurance Commissioner, to include but not be limited to independent certified public accountants, independent actuaries, qualified insurance examiners or other individuals with particular skills or areas of expertise, considered competent by the commissioner to conduct or participate in any examination, analysis or review as allowed by W. Va. Code § 33-2-9 or this rule.

2.12. "Residence" means a permanent or semi-permanent place of abode, maintained solely for the convenience of the examiner and not in connection with an on-site examination assignment, including the examiner's domicile and any temporary residence established by the examiner.

§ 114-15-3. Examination, analysis and review activities and funding.

3.1. Every entity subject to the provisions of W. Va. Code § 33-2-9 shall remit the examination assessment fee specified by the Code or as increased by the Commissioner on or before ~~July 1~~ the first day of July of each year.

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3.2. Every entity subject to the provisions of W. Va. Code § 33-2-9 shall remit any additional examination assessment fee ordered by the Commissioner on or before the date specified by the order.

3.3. The monies collected by the Commissioner from the examination assessment fee and any additional examination assessment fee shall be deposited as specified in W. Va. Code § 33-2-9. The monies deposited into the Commissioner's Examination Revolving Fund may be used for any of the following:

a. Salaries and expenses of the Insurance Commissioner's ~~Accredited Examiners~~ accredited examiners as specified in this rule for any activities conducted pursuant to W. Va. Code § 33-2-9 or this rule.

b. Salaries and/or expenses of the Insurance Department's special deputies or other employees for activities conducted pursuant to W. Va. Code § 33-2-9 or this rule.

c. Salaries and/or expenses of other individuals for activities conducted pursuant to W. Va. Code § 33-2-9 or this rule.

d. Equipment, supplies, travel, education, and training and other incidental expenses for the Commissioner, his or her deputies, other employees and accredited examiners as considered necessary by the Commissioner for the performance of the duties and activities conducted pursuant to W. Va. Code § 33-2-9 or this rule.

§ 114-15-4. Examination, analysis and review activities.

~~3.4.4.1.~~ Examination, analysis and review activities shall include the following as they relate to the operation of entities, individuals or persons subject to the provisions of W. Va. Code § 33-2-9:

a. Examination of the financial condition or market conduct practices of the entity, individual or person;

b. On-site analysis or review of any practice or condition affecting the entity, individual or person; and

c. Review of any statements, reports, or reviews of an entity, individual or person's financial condition, performance or market conduct practices including the review or development of any forecasts or projections or any type of filing made or intended to be made with the Insurance Commissioner. This review shall include but not be limited to the review or

investigation of any audited financial report, compilation or review performed by a certified public accountant, actuarial statement or certification, documents submitted in application for licensure or registration in the State, or other matters or materials deemed necessary by the Commissioner to fulfill his or her statutory obligations.

3.54.2. Other individuals may, as the Commissioner considers necessary, bill and receive payments directly from the entities subject to the provisions of W. Va. Code § 33-2-9 and this rule for their work, travel and living expenses at rates approved by the Commissioner while involved in any of the activities set forth in this section.

§ 114-15-45. Compensation and accrued time of accredited examiners.

45.1. Salary. -- Subject to the Commissioner's approval, ~~Supervising Insurance Company Examiners Supervisors and Supervising Market Conduct Examiners Supervisors~~ shall receive the salary recommended for Insurance Examiners In-charge by the Financial Condition Examiners Handbook of the National Association of Insurance Commissioners. ~~for Supervising Insurance Examiners:~~ Subject to the Commissioner's approval, insurance company examiners and market conduct examiners shall receive the salary recommended for Insurance Company Examiners by the Financial Condition Examiners Handbook of the National Association of Insurance Commissioners. ~~for Insurance Company Examiners:~~

45.2. An ~~Examiner's~~ examiner's salary shall be calculated based upon a five-day work week.

45.3. Accrued Time. -- Examiners shall accrue annual leave and sick leave at the rates and in the manner established by current West Virginia Division of Personnel rules for state employees or by such other equivalent method as may be adopted by the State of West Virginia.

a. On any West Virginia state or national holiday that a company being examined chooses to remain open and an examiner chooses to work, ~~such~~ the examiner shall be properly compensated.

b. Annual leave may be taken by the ~~Examiner~~ examiner only upon written approval by the Commissioner, Deputy Commissioner or Chief Examiner. The ~~Examiner~~ examiner must request approval at least as far in advance of the leave as the length of leave requested, i.e., for four (4) days leave, the request must be submitted at least four (4) days in advance. In a case of emergency, the requirement periods for advance request may be waived by the Commissioner, Deputy Commissioner or Chief Examiner.

c. Examiners shall not be reimbursed for travel or living expenses for any day authorized as annual leave, except travel expenses may be reimbursed in connection with an authorized trip home as provided for in subsection 6.5 hereof.

d. On any day that the examiner is absent due to ~~sickness~~ illness, the examiner shall telephone and inform the Chief Examiner directly of his or her planned absence before 9:30 a.m. on the day of the absence. In cases in which sick leave extends beyond three (3) working days, the reason for the absence shall be verified by a physician's statement. An examiner is subject to the appropriate disciplinary action for failure to comply with ~~these notification and physician's statement requirements~~ this subdivision.

e. Examiners shall continue to be reimbursed for living expenses during times of sick leave as long as the examiner ~~does not travel to his or her place of residence as a result of~~ remains at his or her on-site lodging during the illness.

§ 114-15-56. Travel and living expenses.

56.1. Travel. -- Travel by ~~Examiners~~ examiners in connection with activities conducted pursuant to W. Va. Code § 33-2-9 or this rule shall not be undertaken unless authorized by the Commissioner, Deputy Commissioner or Chief Examiner. Travel expenses shall be subject to the following limitations:

a. All travel shall be by automobile unless otherwise authorized by the Commissioner, Deputy Commissioner or Chief Examiner.

~~A.1. Examiners shall be compensated for the actual mileage traveled and other incidental expenses for in-state and out-of-state travel as allowed by the Governor's travel rules. or an equivalent compensation plan adopted by the State of West Virginia.~~

~~B.2. When an automobile is used, and the distance to an examination or to an assignment is equal to or greater than four hundred (400) miles four hundred (400) miles or more, the distance traveled per day shall not be less than four hundred (400) miles per day, as determined by the Rand McNally road map; Provided, ~~T~~that examiners shall be compensated for actual mileage traveled if the distance to an examination or to an assignment is less than four hundred (400) miles.~~

b. When air travel is authorized, a maximum of one (1) day's travel time is allowed and the examiner shall be reimbursed for actual travel expenses incurred.

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—5.2. Examiners shall be reimbursed for living expenses on a basis of seven (7) days per week for the duration of the on-site examination or assignment as follows:

—————a. Living expenses may be reimbursed by any one of the following three methods as authorized by the Commissioner:

—————A. Actual living expenses, provided that expenditures can be adequately substantiated and are approved by the Commissioner;

—————B. A per diem allowance selected by the Commissioner;

—————(a) The street address of the facility housing the examiners during their assignment shall be used in determining the per diem allowance.

—————(b) Changes in this per diem allowance due to the examiners performing work in connection with an assignment at a different street address shall only be authorized if the street address of the new facility is in excess of fifty (50) miles from the previous facility and if the examiner shall be housed in the new facility in excess of three (3) days; or

—————(C) The method recommended by the Financial Condition Examiners Handbook of the National Association of Insurance Commissioners.

~~—————6.2. Living expenses will be reimbursed as follows:~~

~~—————a. Lodging: The cost of the examiner's on-site lodging will be reimbursed at a rate equal to the actual cost of the lodging or \$100 per night, whichever is less, as verified by the lodging receipts attached to the request for reimbursement.~~

~~—————1. Examiners may be reimbursed for lodging expenses exceeding \$100 per night if they have obtained prior approval, in writing, from the Chief Examiner, Deputy Commissioner, or Commissioner.~~

~~—————b. Meals and incidental expenses will be reimbursed at a per-diem rate equal to the rate then in effect for travel under the Governor's travel rules. Receipts are not required for reimbursement of meals and incidental expenses.~~

~~—————1. Meals and incidental expenses for single-day travel are not reimbursable. Single day travel is travel without an overnight stay.~~

2. When meals are provided for an examiner, the traveler's maximum per diem rate shall be reduced by an appropriate amount as set out in paragraph 4 of this subdivision.

3. Meals and incidental expenses not actually incurred shall not be reimbursed, and the maximum per diem rate will be reduced by the amounts set forth in paragraph 4 of this subdivision.

4. The maximum per diem rate will be reduced as follows for each meal period which is not reimbursable:

A. Breakfast - 20% of the maximum per diem rate.

B. Lunch - 20% of the maximum per diem rate.

C. Dinner - 60% of the maximum per diem rate.

D. First day of travel - 20% of the maximum per diem rate.

c. The street address of the examiner's on-site lodging shall be used in determining the per diem allowance.

d. Weekend and holiday expenses: The examiner shall be reimbursed for lodging, meals and incidental expenses actually incurred on the basis of a seven-day week as long as the examiner actually occupies his or her on-site lodging on each day for which reimbursement is requested.

1. Examiners may be reimbursed for travel expenses incurred for their travel to their domiciles or residences on weekends and holidays if the expenses do not exceed the expenses the examiner would have incurred if he or she stayed on-site.

be. The Commissioner shall ~~may~~ not authorize living expenses if the examination takes place in a location within fifty (50) miles (one way) of an examiner's residence. However, the examiner shall will be compensated for actual mileage traveled and other incidental expenses as allowed by the Governor's travel rules. ~~or an equivalent compensation plan adopted by the State of West Virginia.~~

cf. Examiners and other employees may, with the approval of the Commissioner or Deputy Commissioner, be compensated for travel and living expenses in accordance with the Governor's travel rules ~~or an equivalent compensation plan adopted by the State of West Virginia~~ when attending training, educational courses, conferences, seminars or other activities authorized

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by the Commissioner. Registration fees ~~shall~~ may be included as expenses that can be reimbursed to the examiners or other employees.

~~e~~56.3. Examiners may, with the Commissioner's approval, be reimbursed for examination fees incurred as a consequence of examination for designation as a Certified Financial Examiner, provided that a passing score is achieved on the examination. Other expenses incurred in connection with the examination, including travel, lodging and meals, ~~shall~~ may not be reimbursed.

~~e~~56.4. Other individuals involved in activities conducted pursuant to W. Va. Code § 33-2-9 or this rule who are billing directly as authorized in ~~Section 3.4~~ subsection 4.1 of this rule shall file a schedule of their fees and charges with the Commissioner prior to incurring any charges. These individuals shall submit copies of their billings to the Commissioner simultaneously with their submission to the billed entity, individual or person.

~~f~~56.5. The Commissioner ~~shall~~ may authorize trips home for an examiner to return to his or her ~~place of residence~~ domicile ~~six~~ twenty-four (24) times in any one fiscal year. Provided, however, that the Commissioner ~~shall~~ may not authorize an examiner to return to his or her place of residence more than ~~three~~ eight (8) times in any one quarterly period. The examiner ~~shall~~ will be reimbursed the lesser of air fare or mileage in lieu of living expenses. An examiner shall utilize his or her accrued leave time for the travel. ~~It is understood that the~~ Travel will be done with a minimum amount of work time lost. For purposes of this subsection of this rule, "domicile ~~place of residence~~" refers to an examiner's place of legal residence as on file with the Insurance Commissioner. An examiner shall immediately inform the department of any change in legal residence.

a. Travel requests for authorized trips home must be submitted and approved at least twenty (20) days in advance. All airline travel arrangements must be made through the Commissioner's Director of Administration.

§ 114-15-67. Examiner reporting requirements.

67.1. Each examiner shall prepare an "Examiner's Semimonthly Days Worked Report" to be submitted on a form prescribed by the Commissioner. The form shall be submitted to the Commissioner within three (3) days of the end of each semimonthly pay period. The report shall contain the following information:

- a. The period of time the report covers;

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b. The name of entity, individual or person that examiner has been examining and their normal hours of operation;

c. The mailing address and street address, including county, of the ~~facility housing the examiner~~ business location of the entity being examined, and the mailing address and street address of the examiner's on-site lodging;

d. The telephone number(s) and extension(s) where the examiner can be reached at all times;

e. The domiciliary state, if the examination is being performed on a non-domestic entity;

f. The ~~examiner in charge~~ Examiner In Charge or Insurance Company Examiner Supervisor, if other than the reporting examiner;

g. A listing of any other examiners participating in the assignment and their domicile or zone representation;

h. A description of the phases of the examination or assignment that the examiner worked on during the reporting period;

i. Comments on any unusual or controversial items;

j. The tentative closing date of the assignment;

k. A schedule of each of the days in the reporting period and the examiners status on that day, to include the following work status categories:

~~A.1.~~ Work day, annual day, sick day, expense day;

~~B.2.~~ Each category shall be ~~totalled~~ totaled at the bottom of the schedule;

l. The examiners name, signature and a statement that the information provided is true and correct; and

m. The name and signature of the ~~examiner in charge~~ Examiner In Charge or Insurance Company Examiner Supervisor, if other than the reporting examiner, verifying the information.

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67.2. The information identified in ~~§~~subsection ~~6.1~~ 7.1 of this rule is necessary to satisfy the substantiation of business expenses requirement of the Internal Revenue Service placed upon the Insurance Commissioner as an employer. Failure on the part of the examiner to provide any of the information could require the ~~Insurance Department~~ offices of the Insurance Commissioner of West Virginia to report expense amounts as income of the examiner to the Internal Revenue Service.

67.3. An examiner shall report changes to his or her telephone number and extension to the Commissioner between reporting periods. Failure to report the changes could affect the ~~Insurance~~ Commissioner's ability to consider an examiners business expenses as substantiated.



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Legal Division

CECIL H. UNDERWOOD
Governor

HANLEY C. CLARK
Insurance Commissioner

November 17, 2000

HAND DELIVERED

Ms. Judy Cooper, Director
Administrative Law Division
Office of Secretary of State
State Capitol
Charleston, West Virginia 25305

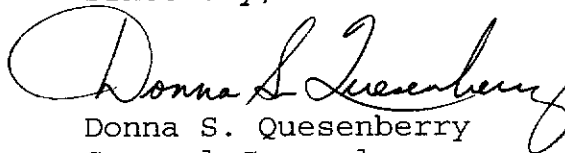
Dear Ms. Cooper:

Enclosed please find for filing one (1) copy of the following:

- 1) Notice of a Rule Modification of a Proposed Rule and Consent of Tax and Revenue Cabinet Secretary to Proposed Rule;
- 2) The proposed rule entitled "Examiners' Compensation, Qualifications and Classification" (Series 15).

Please contact me if further information is required.

Sincerely,


Donna S. Quesenberry
General Counsel

DSQ/jz
Enclosures