



South Carolina
House of Representatives
Government Efficiency &
Legislative Oversight Committee

2026

STUDY of the
SOUTH CAROLINA
DEPARTMENT OF INSURANCE

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South Carolina House of Representatives
**GOVERNMENT EFFICIENCY &
LEGISLATIVE OVERSIGHT COMMITTEE**

AUTHORITY

The Legislative Oversight Committee, created in December 2014, is a vehicle for oversight used by the House of Representatives. The Committee's specific task is to conduct legislative oversight studies and investigations of state agencies at least once every seven years. The Committee has the authority to conduct studies at any time of state agencies within the Committee's jurisdiction, even outside of the seven-year cycle.

MISSION

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed, or eliminated. Inform the public about state agencies.

VISION

For South Carolina agencies to become, and continuously remain, the most effective state agencies in the country through processes which eliminate waste and efficiently deploy resources thereby creating greater confidence in state government.

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SOUTH CAROLINA DEPARTMENT OF INSURANCE

ABOUT

The Department of Insurance is an agency of the Governor's Cabinet. It is managed and operated by the Director appointed by, and serves at the will of, the Governor upon the advice and consent of the South Carolina Senate.

MISSION

The mission of the State of South Carolina Department of Insurance (SCDOI) is to protect the insurance consumers, the public interest, and the insurance marketplace by ensuring the solvency of insurers; by enforcing and implementing the insurance laws of this State; and by regulating the insurance industry in an efficient, courteous, responsive, fair, and equitable manner.

VISION

The Department of Insurance envisions a competitive and financially stable insurance marketplace. To this end, the Department regulates the insurance marketplace by firmly and fairly implementing and enforcing the insurance laws.

HISTORY

1908 - The Insurance Department was a part of the Comptroller General's Office until 1908 when the South Carolina Insurance Commission was created.

1947 – The Commission became a formal department, with the SCDOI becoming the state agency responsible for regulating the insurance industry in SC.

1995 – State Government Restructuring Act

In 1995, the Department became a cabinet agency with a director appointed by the Governor upon advice and consent of the Senate. Lee Jedziniak was appointed the first Director of Insurance in 1995.

LEADERSHIP

Agency Director

Michael Wise

Deputy Director, Consumer and External Affairs

Diane Cooper

Deputy Director, Legal, Legislative, and Regulatory Affairs

Gwen Fuller-McGriff

Deputy Director, Financial Regulation and Solvency

Geoffrey Bonham

Deputy Director, Administration

Tom Watson

Deputy Director, Actuarial and Market Services

Karl Bitzky

DEPARTMENTS

- Executive Services
 - Division of Administration
 - Division of Licensing and Consumer Services
 - Office of Legal, Legislative & External Affairs
 - Fraud Division
 - Division of Financial Regulation & Solvency
 - Division of Actuarial and Market Services
-

2007 – The South Carolina Safe Home Program was established through the Omnibus Coastal Property Insurance Reform Act of 2007.

2019 – South Carolina began regulating Pharmacy Benefit Managers (PBMs) in accordance with SC Act No. 48.

2021 – The Office of the Attorney General, SLED, and the Department of Insurance executed a Memorandum of Understanding to relocate the Insurance Fraud Division to the Department of Insurance.



FINDINGS

During the study of the South Carolina Department of Insurance (DOI), the Healthcare and Regulatory Subcommittee adopted 9 findings pertaining to agency operations, insurance market regulations, financial oversight, emerging technologies, and building codes.

Findings note information a member of the public or the General Assembly may seek to know, or upon which they may desire to act.

AGENCY ROLE, GOVERNANCE, & OPERATIONS

FINDING 1

The agency director views his role as providing technical expertise and information upon request, rather than making policy decisions. The director supports informed decision-making by offering objective insights, assisting with outreach efforts, and addressing constituent needs, while refraining from advocating for or against specific policies.

Agency director Michael Wise¹ defines his role as providing technical expertise rather than shaping policy. Consistent with this view, the director provides clear, objective information to legislators and stakeholders when requested. By supplying accurate analysis, participating in outreach initiatives, and assisting in the resolution of constituent concerns, he provides decision-makers with a factual foundation necessary to evaluate policy matters. The director emphasizes the importance of maintaining a strict separation between technical guidance and policy advocacy, one that refrains from expressing support for or opposition to any specific proposals. In doing so, he upholds the principle that policy decisions rest with elected officials, while the agency's function is to inform those decisions through impartial and reliable expertise.² While this practice may provide insulation from implied policy advocacy, the General Assembly may be at a disadvantage if the Department does not provide analysis or insight regarding potential insurance related issues affecting the contemporary insurance marketplace or possible paradigm shifts

in future markets. The Director is appointed by the Governor and confirmed by the Senate, and is charged with regulatory oversight, legal enforcement, consumer outreach, and reporting responsibilities to ensure a fair, stable, and well-functioning insurance marketplace in South Carolina.

According to Sections 38-3-60 and 38-3-110³ of the South Carolina Code, the Director is responsible for carrying out the General Assembly's policies and objectives for the regulation of the insurance industry in the State. As the state's chief regulatory authority, the Director and agency leadership are tasked with monitoring and assessing insurance rates, as well as industry related services and business practices.⁴ In addition, enforcement of laws and regulations governing the insurance marketplace, both preemptive and corrective, are under the purview of the Director.⁵ This includes referring potential criminal matters to law enforcement and pursuing civil enforcement actions when needed.⁶

FINDING 2

The agency has conducted a review of all regulations and policies every five years since 2012 to ensure they remain relevant and aligned with current industry practices.

Since 2012, the Department has conducted a comprehensive review of its regulations and internal policies on a five-year cycle⁷ to help ensure its regulatory framework remains current and responsive to developments within the insurance industry. The Department indicated that broad regulatory reviews were completed in 2012, 2017, and 2022, with reports submitted to the Legislative Council, and that prior review materials have informed subsequent internal evaluations.⁸

evolve due to changes in products, consumer needs, and broader economic and risk conditions. Through this process, the Department considers whether its rules and internal guidance reflect modern regulatory practices, address emerging issues, and support consistent oversight of insurers operating in South Carolina. The ongoing review cycle is intended to maintain regulatory relevance and support the responsibilities related to consumer protection, market stability, and enforcement of state insurance laws.

This periodic review allows the Department to assess whether existing regulations remain appropriate as insurance markets

FINDING 3

According to the agency budget, Form E – Agency Cost Savings & General Fund Contingency Reduction Plan, a 3% reduction would impact all programs with the agency needing to reduce some operating costs.

The state's annual budget guidelines require agencies to identify how a 3% reduction in state appropriations would be incorporated into their budgets. The exact reduction amount is provided by the Department of Administration's Executive Budget Office. Budget materials provided by the Department, including its Form E – Agency Cost Savings and General Fund Contingency Reduction Plan,⁹ indicate that a three percent funding reduction, or \$327,861,¹⁰ would have implications across all programs and operations under the Department's purview.¹¹ Although the dollar amount associated with the reduction is relatively modest, the Department emphasized that the impact must be understood within the context of its overall funding structure.¹² The

Department noted that state appropriations account for approximately 60 percent of its total budget, which explains why the projected reduction reflected in Form E appears comparatively small.¹³

In its Form E submission, the Department noted that accommodating such a reduction would require scaling back certain operating expenses while continuing to maintain essential regulatory and consumer protection services.¹⁴ Specifically, the delay or elimination of certain security and privacy related information technology initiatives, the reduction or discontinuation of public

awareness and advertising campaigns, and a reduction in expenditures on contract or temporary labor.¹⁵ The Department suggested that these types of reductions would be preferable to more disruptive measures, such as widespread layoffs, particularly given the limited size of the cut.¹⁶

FINDING 4

In Fiscal Year 2024, the agency collected \$376 million in revenue from taxes, fees, assessments, and fines. Of that amount, approximately \$361 million was transferred to the state's General Fund.

During Fiscal Year 2024, the Department collected approximately \$376 million in revenue from taxes, fees, assessments, and fines associated with its regulatory activities.¹⁷ Of this total, the Department retained approximately \$15 million, as provided by state law, with over \$361 million deposited into the state's General Fund,¹⁸ reflecting the Department's significant role as a conduit for the collection of state revenues. According to the Department, the financial resources it retains are essential for monitoring industry compliance, responding to consumer concerns, and maintaining the integrity and fairness of the state's insurance and regulatory markets. Additionally, leadership noted that this represents a full year of collections and emphasized that, aside from pass-through program lines, personnel costs, including salaries and fringe benefits, make up the largest portion of the Department's expenditures, highlighting the importance of careful financial oversight.¹⁹

INSURANCE MARKET REGULATION & FINANCIAL OVERSIGHT

FINDING 5

Risk-Based Capital (RBC) is a key tool used by the Department to ensure insurers have enough funds to cover their risks. It sets minimum capital levels based on company size and risk, with different formulas for life, health, and property and casualty insurers.

Risk-Based Capital (RBC) is a key tool the Department uses to monitor the financial health of insurance companies and ensure those companies maintain sufficient funds to cover their risks.²⁰ RBC sets minimum capital requirements based on the size, structure, and risk profile of each insurer, recognizing that different lines of insurance, such as life, health, property and casualty, carry varying levels of risk.²¹ It is calculated from insurers' financial statements and functions as a mathematical stress test.²²

RBC considers many factors including asset risk, underwriting risk, interest rate risk, business risk related to management and operations, and risks from affiliates or subsidiaries.²³ The resulting ratio informs regulatory oversight and determines the level of intervention required. By monitoring RBC, the Department can identify undercapitalized insurers early, take corrective action before problems threaten policyholders, and promote the solvency and reliability of South Carolina's insurance market.

Risk-Based Capital (RBC)²⁴

What is RBC?

RBC is a tool used by state insurance regulators for ensuring insurance companies are solvent and this can fulfill their financial obligations to policyholders. The statutory minimum level of capital that the RBC requires is based on two factors:

1. an insurance company's size
2. the inherent riskiness of its financial assets and operations.

State insurance regulators are given legal authority to take preventative and corrective measures depending on the level of capital deficiency indicated by the RBC ratio.

RBC Ratio

The RBC ratio is expressed as the total capital of the company divided by the company's risk-based capital. Four levels of regulatory action are prescribed, increasing in levels of intervention depending on the RBC ratio:

Company Action Level:

Less than 200% but greater than or equal to 150%

- Company must submit a Company Action Plan to the Department for approval
- May also apply to a company with a RBC ratio between 200% and 300% that meets certain specific statutory criteria, i.e., triggers the "trend test" described in S.C. Code Ann. § 38-9-330.

Regulatory Action Level:

Less than 150% but greater than or equal to 100%

- The Department is authorized to take minimally intrusive regulatory action.

Authorized Control Level:

Less than 100% but greater than or equal to 70%

- The Department is authorized but not mandated to take regulatory control.

Mandatory Control Level:

Less than 70%

- The Department must take control. Supervision, rehabilitation or liquidation is mandatory.

Types of Captive Insurance²⁵

Pure Captive

Insures the risks of its parent and affiliated companies or controlled unaffiliated business.

Association Captive

Any company that insures risks of the member organizations of the association, and their affiliated companies.

Branch Captive

An alien captive insurance company licensed by the Director to transact the business of insurance in this State through a business unit with a principal place of business in this State.

Industrial Insured Captive

A company that insures risks of the industrial insureds that comprise the industrial insured group and their affiliated companies.

Sponsored Captive

A captive insurance company in which the minimum capital and surplus required by applicable law is provided by one or more sponsors.

Protected Cell

An identified pool of assets and liabilities of a sponsored captive insurance company for one or more participants that is segregated and insulated from the remainder of the sponsored captive insurance company's assets and liabilities as set forth in this chapter.

Risk Retention Groups

Captive insurer organized under the Liability Risk Retention Act.

Special Purpose Captive

One that is formed or licensed under South Carolina law but that does not meet the definition of any other type of captive insurance company defined in the Code.

FINDING 6

South Carolina is a well-established domicile for captive insurance companies. Captive insurance allows businesses to form their own insurance companies to insure their specific risks. The state laid the foundation for this industry with the passage of the Captive Insurance Act in 2000.

South Carolina is recognized as a leading onshore domicile for captive insurance companies,²⁶ allowing businesses to form their own insurance entities to manage and insure specific risks. Captive insurance allows companies to retain greater control over coverage and costs while meeting unique risk management needs.²⁷

The General Assembly established the foundation for this industry through the Captive Insurance Act of 2000,²⁸ which created a legal and regulatory framework for companies interested in forming captives. Since the enactment of the Act, the state has continued to foster a supportive and competitive environment, attracting businesses that operate nationally and globally and offering flexible, tailored solutions that promote both innovation and economic growth.²⁹

The Department regulates and promotes the captive insurance industry through its Captives Division, overseen by the Deputy Director of Financial Regulation and Solvency.³⁰ This division licenses and monitors captives to ensure they operate safely, meet solvency requirements, and provide value to the state's economy. Captives are generally wholly owned subsidiaries that insure the risks of their parent companies or affiliated businesses.³¹ Their day-to-day operations are usually managed by professional captive managers approved by the Department. Captives may also provide tax advantages and allow companies to address specialized risk management needs.³²

FINDING 7

Under Section 38-75-740 of the South Carolina Code, insurance companies must provide written notice of nonrenewal at least 60 days prior to a policy's expiration or anniversary date. The notice must include a specific reason for the nonrenewal.

Section 38-75-740³³ of the South Carolina Code establishes the statutory requirements governing notice of insurance policy nonrenewal. Under Section 38-75-740, insurers must issue written notice to the policyholder and to the agent of record, if applicable, at least 60 days prior to the policy's expiration or anniversary date.³⁴ Automobile insurance is slightly different though as it requires a 15-day nonrenewal notice per Section 39-77-120.³⁵ The notice must be sent to the addresses reflected in the policy, or the last known addresses, and proof of mailing constitutes sufficient proof of notice. In addition, the notice must include a clear and specific explanation of the reason for the nonrenewal.³⁶

Concerns regarding the nonrenewal of insurance policies, particularly among long-term policyholders who have consistently paid premiums, were raised by members of the public to members.³⁷ Insurance, as described by agency leadership, is a financial arrangement in which an individual or organization transfers the risk of potential loss to an insurer in exchange for a payment (called a premium). If an insurance company finds the risk of loss is balanced against them, the company is under no obligation to renew an unfavorable policy regardless of the duration or amount of premium paid by the policyholder.

PROGRAMS & EMERGING TECHNOLOGIES

FINDING 8

The Department of Insurance administers the SC Safe Home program, which provides matching and non-matching grants to help coastal homeowners strengthen their owner-occupied, single-family homes against hurricane and high-wind damage.

During the study, members discussed extreme weather events, like Hurricane Helene, and the impact the storm had on inland and mountainous areas not historically prone to such events. The existing SC Safe Home Program does not provide grants to these areas, and members considered the merits of expanding the program statewide.³⁹

The South Carolina Safe Home Program is a coastal mitigation initiative designed to reduce residential property losses from hurricanes and high-wind events. The program provides matching and non-matching grants to eligible homeowners in designated coastal counties to strengthen their owner-occupied,⁴⁰ single-family primary residences against storm damage. Its purpose is to promote proactive structural improvements that enhance home resilience, reduce insurance losses, and support long-term stability in high-risk coastal insurance markets.⁴¹

Approved improvements focus on strengthening key structural components, including roof retrofits such as enhanced roof deck attachment, secondary water barriers, high wind-rated roof coverings, gable end bracing, roof-to-wall connection reinforcements, and other structural enhancements. The program also supports installation of code-approved protection for exterior openings, including impact-rated windows, doors,

SC Safe Home Qualifying Mitigation Retrofits³⁸

Grant funds may only be used for approved mitigation retrofits that strengthen homes against wind damage. They cannot be used for general home repairs or maintenance.

Eligible retrofit projects include the following:

Roof Retrofits

- Strengthening roof deck attachment
- Installing a secondary water barrier to reduce water intrusion
- Installing a high wind-rated roof covering
- Bracing gable ends
- Reinforcing roof-to-wall connections

Opening Protection

- Installing code-approved protection for all exterior openings, including windows, doors, and garage doors
- Installing impact-rated windows, doors, and garage doors

BUILDING CODES

FINDING 9

The Department of Insurance has no regulatory role in building codes but maintains communication with the Building Codes Council and refers licensing and continuing education matters to Department of Labor, Licensing, and Regulation (LLR). While not a construction authority, the Department stresses that stronger building practices and improved industry education can reduce claim risks and support efforts to stabilize or lower insurance premiums in South Carolina.

Although the Department does not directly regulate building codes, it maintains close communication with the South Carolina Building Codes Council to stay informed on developments affecting the construction industry. The Council is responsible for adopting or modifying model building codes for the state and overseeing the registration of Building Codes Officers, Special Inspectors, and the Modular Building Program⁴³.

Through this relationship, the Department maintains a vested interest in the broader licensing and regulatory framework of the construction industry, including contractors and code

enforcement professionals⁴⁴. The Department emphasized the connection between strong building practices, professional education, and overall stability within the insurance market.

In coordination with the South Carolina Department of Labor, Licensing and Regulation (LLR)⁴⁵, which licenses and regulates key aspects of the construction industry, resources continue to be made available to support industry professionals. These include guidance on examination requirements and study materials, continuing education opportunities, licensure applications and renewals, and access to relevant board information.



RECOMMENDATIONS

During the study of the South Carolina Department of Insurance, the Healthcare and Regulatory Subcommittee (“Subcommittee”) of the House Government Efficiency and Legislative Oversight Committee (“Committee”) adopts 19 recommendations.

With any study, the Committee recognizes these recommendations (e.g., continue, curtail, improve areas potentially, and/or eliminate agency programs, etc.) will not satisfy everyone nor address every issue or potential area of improvement at the agency. Recommendations are based on the agency’s self-analysis requested by the Committee, discussions with agency personnel during multiple meetings, and analysis of the information obtained by the Committee. This information, including, but not limited to, the Initial Request for Information, Accountability Report, Restructuring Report, and videos of meetings with agency personnel, is available on the Committee’s website.

RECOMMENDATION 1

The Committee recommends that the agency assesses its current human resources to determine whether adding data scientists with expertise in machine learning and predictive modeling would enhance its ability to evaluate insurance rates and identify market trends. This assessment should consider the agency's current analytical capacity, the volume and complexity of data used in rate review, and the potential benefits of advanced modeling techniques in improving regulatory oversight, detecting emerging patterns, and supporting data-driven decision-making.

Insurance regulation has become increasingly data intensive. Modern rate filings often rely on large datasets, complex actuarial assumptions, catastrophe modeling outputs, and multivariate risk analyses. Insurers calculate base rates using a combination of personal risk factors, coverage details, historical data, and broader economic conditions. These base rates must be actuarially sound, unfairly discriminatory, and approved by state regulators. Base rates represent the baseline cost set by insurers based on pooled risk, market conditions, and regulatory standards. Premiums, by contrast, are the actual amounts policyholders pay, adjusted based on individual risk factors, asset characteristics, coverage choices, and any applicable discounts. As insurers incorporate more advanced analytical techniques into pricing and underwriting, regulatory review must evolve accordingly. An evaluation of the agency's existing staffing model would help determine whether current personnel and tools are sufficient to effectively analyze this growing volume and complexity of information.

The complexity of rate review is further illustrated by recent testimony from the Department referencing insurers that use artificial intelligence and data mining.⁴⁶ Data scientists with expertise in machine learning and predictive modeling could strengthen the Department's ability to validate actuarial assumptions, stress-test rate filings, and identify outliers requiring further review. Advanced analytics may also help detect emerging trends in claims, regional risk shifts, and market concentration before they become systemic concerns, supporting a more proactive approach to oversight.

As insurance markets grow more complex and data-driven, the Department must ensure its internal capabilities keep pace. A structured evaluation of current resources will support informed decisions about whether additional data science expertise is needed to maintain effective oversight.

Insurance Rates vs. Insurance Premiums

Insurance Rates

- An insurance rate is the price per unit of coverage set by an insurance company to determine how much a policyholder will pay for insurance.
- It is used as the base figure used to calculate the total premium.
- Usually expressed as a cost per \$1,000 of coverage, or a percentage.

Example: If the rate is \$5 per \$1,000 of coverage, and you want \$100,000 of coverage, the base cost would be \$500. After adding risk factors and fees, your final premium might be \$650 annually.

Insurance Premiums

- An insurance premium is the amount of money an individual or business pays to an insurance company in exchange for coverage under an insurance policy.
- Typically paid monthly, quarterly, semiannually, or annually.
- It's calculated by applying the rate to your level of coverage, then adjusting for:
 - ❖ Your risk profile (age, health, driving record, etc.)
 - ❖ Discounts or surcharges
 - ❖ Policy features (deductibles, riders, term length)
- The rate builds the foundation, but the premium is the final cost.

RECOMMENDATION 2

The Committee recommends that the agency implements a modern, data-informed public outreach strategy emphasizing digital engagement, accessibility, and trust. Key initiatives should include leveraging social media platforms for interactive and timely communication, incorporating multimedia storytelling to highlight the impact of agency services, and hosting both in-person and virtual events to broaden community reach. The agency should also use analytics to evaluate outreach effectiveness, employ audience segmentation to tailor messaging, and maintain a mobile-friendly website written in plain language. Real-life testimonials and responsive digital communication will further enhance transparency and strengthen public confidence.

During the study, Department leadership acknowledged that public awareness of the agency's functions and available services remains low and confirmed the need to more effectively inform the public of services provided by the Department. The Department has taken steps to centralize agency communication efforts through its Office of Public Information. This internal office, staffed by a public information coordinator, has worked with agency divisions to develop a coordinated communications strategy. Currently, external communication efforts are decentralized across divisions.⁴⁷

The Department currently hosts community outreach events, including informational workshops, public forums, and educational sessions for consumers. The Department should expand the availability of these events through both in-person and through virtual platforms to ensure broader geographic access, particularly for rural communities and individuals who may not be able to attend in person. Partnerships with local organizations, community groups, and professional associations may further assist the Department's plan to expand the reach of

its outreach efforts to ensure that critical consumer information is distributed widely. To ensure that outreach efforts are effective in meeting their goals, the Department should make greater use of analytics and performance metrics to evaluate engagement and identify areas for improvement. Digital engagement data may provide valuable insight into which messages resonate with audiences, which platforms are most effective, and how outreach efforts may be refined over time. Audience segmentation may further assist in tailoring messaging for different groups, including homeowners, renters, small business owners, and senior citizens, each of whom may face distinct insurance concerns and informational needs.

Finally, the Department's website serves as a central, user-friendly resource for consumers seeking information or assistance. Periodic review and evaluation of website content, organization, and accessibility may help ensure that customers can easily locate key resources such as complaint filing procedures, consumer guides, regulatory updates, and disaster preparedness information.

RECOMMENDATION 3

The Committee recommends that the agency evaluate available Customer Relationship Management (CRM) platform options to enhance complaint tracking, data organization, and targeted outreach. As part of this review, the agency should work with the Division of Procurement Services to assess CRM vendors available through the Statewide Term Contract for Constituent Management Services, as well as any other viable solutions. The agency should evaluate how these systems could improve responsiveness, trend analysis, and overall consumer service, and report its findings to the Committee.

The Department currently utilizes a State Based Systems (SBS)⁴⁸ platform to document and manage consumer feedback and complaint information. Through this system, the agency tracks data related to consumer assistance calls, formal complaints, complaint categories, case dispositions, and monetary recoveries obtained on behalf of consumers. While this system provides a strong foundation for complaint intake and recordkeeping, an evaluation of modern Customer Relationship Management (CRM) platforms may identify opportunities to expand functionality, improve data organization, and support more advanced analysis of consumer issues.

As the volume and complexity of consumer inquiries continue to grow, the Department acknowledged that its utilization of a CRM platform, including how the data informs decision making and internal/external communications and processes, is not well established⁴⁹. Given the undetermined nature of how the Department uses its existing CRM, and the information entered into the system, the evaluation and comparison of competing platforms may provide better analysis of the use of existing tools.

Every division within the Department should be aware of the type of information captured in the CRM and involved in resolving issues that may touch various aspects of agency policy, practice, or function.

Department leadership should coordinate with the Division of Procurement Services to review CRM vendors available through the Statewide Term Contract for Constituent Management Services. Conducting a structured review of available platforms will allow the Department to compare system capabilities, integration requirements, security standards, and long-term costs before determining whether adoption of an enhanced CRM platform would provide meaningful benefits. Following this evaluation, the Department should report its findings to the Committee. The report should summarize the CRM options reviewed, the potential operational benefits, estimated implementation considerations, and whether adopting an enhanced system would improve the Department's ability to deliver efficient, transparent, and responsive consumer services.

RECOMMENDATION 4

The Committee recommends that, in coordination with the SC Safe Home Advisory Committee, the agency review the Omnibus Coastal Property Insurance Reform Act and identify opportunities to expand and sustainably fund the SC Safe Home program to assist homeowners beyond the state’s coastal regions. A report outlining these recommendations should be submitted to the Committee within one year of the study report’s approval.

The SC Safe Home program,⁵⁰ a product of the Omnibus Coastal Property Insurance Reform Act of 2007, has played an important role in the state’s efforts to mitigate the impacts of extreme weather events.⁵¹ The SC Safe Home program has a history of promoting residential mitigation efforts that strengthen homes against severe weather, particularly hurricanes and high-wind events. By supporting improvements such as roof reinforcements, opening protections, and other structural enhancements, the program helps reduce property damage risk while also contributing to greater stability in the property insurance market.⁵²

While the program has historically focused on coastal areas due to their elevated exposure to hurricane-related losses, severe weather events and wind-related damage can and have affected communities throughout the state. A careful evaluation of the current statutory framework may help determine whether elements of the existing program could be adapted or expanded to support mitigation efforts in additional regions, while still

maintaining the program’s core objectives and financial sustainability.

In conducting this review, the Department should work closely with the Safe Home Advisory Committee⁵³ to assess the effectiveness of the current program structure, existing funding mechanisms, and potential pathways for responsible program growth. This evaluation should include consideration of how mitigation incentives could reduce long-term insurance losses, improve property resilience, and support broader risk reduction efforts across South Carolina. Following completion of the review, the Department should prepare and submit a report outlining its findings and recommendations. This report should identify potential legislative, funding, or programmatic changes that could support responsible expansion of mitigation assistance while preserving the long-term viability of the program. The Department must submit the report to the Committee within one year of approval of this report.

SC Safe Home Mitigation Award Types ⁵⁴		
Resilient Mitigation	Sustainable Mitigation	Hurricane Shuttering & Protective Barrier Systems
Roof retrofits meeting SC Safe Home + IBHS FORTIFIED ROOF guidelines (dual-standard projects may offer additional insurance-related benefits)	Roof retrofits meeting SC Safe Home guidelines only or window/door opening protection upgrades	Installation of approved hurricane shutters or protective barrier systems
Non-matching Grants: \$7,500.00 Matching Grants: \$6,000.00	Non-matching Grants: \$5,000.00 Matching Grants: \$4,000.00	Non-matching Grants: \$3,000.00 Matching Grants: \$3,000.00

RECOMMENDATION 5

The Committee recommends that the Department collaborate with the Department of Administration’s IT Shared Services Division to enhance the efficiency, effectiveness, and innovation of its information technology operations. This collaboration should include evaluating opportunities to utilize available shared IT services, exploring the incorporation of artificial intelligence (AI) to support the agency’s regulatory responsibilities and promote a fair, stable, and competitive insurance marketplace, and pursuing higher ACH and credit card processing limits to reduce reliance on manual payment methods and improve operational efficiency.

The Department of Administration’s IT Shared Services Division (Admin) provides consolidated administrative services to all agencies to promote cost savings, operational efficiencies and advance a statewide approach to agency administration.⁵⁵ The

Department should engage Admin with the intent to collaborate and evaluate opportunities to utilize available shared IT services⁵⁶ that may enhance system performance, cybersecurity protections, and overall operational reliability. Leveraging

statewide technology resources can help streamline system management, reduce duplicative efforts, and promote consistency with broader state information technology standards and initiatives.

The Committee also encourages the Department to explore responsible and practical applications of emerging technologies, including artificial intelligence (AI), where appropriate. In 2024, Admin published South Carolina State Agencies: Artificial Intelligence Strategy.⁵⁷ Considering the insurance industries adoption and leveraging of AI, the agency should participate in state efforts to incorporate the technology. AI-enabled tools may assist in analyzing large volumes of regulatory data, identifying trends in insurance filings or consumer complaints, and supporting more efficient review processes. When implemented carefully and in accordance with applicable policies and safeguards, these technologies have the potential to strengthen the agency's ability to carry out its regulatory responsibilities

RECOMMENDATION 6

The Committee recommends that the Department conduct a targeted review of insurance providers operating in South Carolina to assess the extent and impact of revenue transfers between primary insurers and affiliated entities. The review should evaluate whether such transfers affect insurers' reported financial conditions, rate filings, or compliance with regulatory requirements. The agency should submit a report of its findings and any resulting recommendations for legislative or regulatory action to the General Assembly and the Committee no later than one year after approval of the Committee report.

Many insurance companies operate as part of larger corporate groups that include subsidiaries, holding companies, and other affiliated organizations. Financial transactions among related entities may influence how insurers report revenues, expenses, and overall financial performance. A focused review may help ensure that these practices are transparent and consistent with regulatory standards intended to protect consumers and maintain market stability.

As part of this review, the Department should examine the nature and frequency of financial transfers between insurers and affiliated entities, including management fees, service agreements, reinsurance arrangements, or other forms of intra-company financial activity. The evaluation should consider whether such transfers materially effect insurers reported financial condition, their rate filings, or their compliance with applicable regulatory requirements. Attention should be given to whether these financial arrangements could influence

RECOMMENDATION 7

The Committee recommends that the agency submit a report to the General Assembly and the Committee identifying consumer behaviors that contribute to increased insurance risk and costs. The report should draw on available claims and market data, and include proposed legislative, regulatory, or educational strategies to help mitigate these behaviors, improve risk awareness, and promote downward pressure on insurance rates and premiums.

According to Department leadership, the purchase of insurance reflects the transfer of a financial risk from the policyholder to the insurer.⁶¹ Insurance rates are influenced not only by market conditions and insurer practices, but also by patterns of consumer behavior that can increase the likelihood or severity of claims. Building upon current agency measures, a focused analysis of these factors may help identify opportunities to

while helping to promote a fair, stable, and competitive insurance marketplace.

During the study, Department leadership discussed drawbacks associated with Automated Clearing House (ACH) and credit card processing limits. According to agency leadership, Tyler Technologies, the agency's third-party vendor, limits ACH and credit card payments to \$1 million.⁵⁸ This limitation requires agency staff to complete a manual process for any transaction over this amount. According to data provided by the agency, 21% of the 9,946 manual payments processed in FY2025 (covering 10 of 12 months) exceeded the \$1 million cap applicable to ACH and credit card transactions.⁵⁹ Given the inherent inefficiencies associated with manual data entry, the agency should work with the Department of Administration⁶⁰ to investigate opportunities that may facilitate higher Automated Clearing House (ACH) and credit card processing limits.

policyholder rates or affect the solvency and financial reporting of insurers operating within the state. Conducting this analysis may allow the Department to better understand how affiliated financial relationships operate within the insurance marketplace and whether current oversight tools adequately capture their potential impact. The review may also help identify patterns or practices that warrant closer regulatory scrutiny or improvements in reporting standards.

Upon completion of the review, the Department should prepare a report summarizing its findings and any resulting recommendations. This report should outline the scope of the review, describe the types of financial arrangements identified, and assess whether additional regulatory guidance or statutory changes may be necessary to ensure transparency, fairness, and financial integrity within the insurance market. The report should be submitted to the General Assembly and the Committee no later than one year after approval of the Committee's report.

reduce risk, improve consumer awareness, and support long-term market stability.

To assist the public, inform policymakers, and generate internal and external agency engagement, the Department should draw on available claims data, market trends, and other relevant information to identify behaviors or practices that are associated

with higher claim frequency or greater financial losses. This analysis may include patterns related to property maintenance, disaster preparedness, driving behaviors, fraud, or other factors that can affect insurance risk. By analyzing this information, the Department can help clarify how individual actions and risk management practices influence insurance costs across the

broader market. Additionally, the report should explore potential strategies for addressing these risk factors. These strategies may include legislative or regulatory proposals, targeted consumer education initiatives, or partnerships with other state agencies and community organizations to promote safer practices and greater risk awareness.

RECOMMENDATION 8

The Committee recommends that the agency establish a standardized process for documenting internal procedures, with priority given to critical functions such as training, auditing, and operational oversight. This protocol should ensure continuity of operations in the event of unplanned absences, staff transitions, or departures. All essential documentation should be completed within one year of the Committee’s approval of the study report.

The purpose of documented policies and procedures is to create clarity, consistency, and accountability in how an organization operates. While the Department has been active in policy and procedure development in some areas, opportunities to improve exist across Department divisions. Leadership in the Department’s legal division testified that it drafted several internal division checklists in the last five years and discussed ongoing efforts to update policies and procedures manuals.⁶²

Building on current agency measures such as the agency Knowledge Transfer Plan (KTP),⁶³ and in light of the Department’s identified challenges and opportunities⁶⁴, this recommended initiative is particularly important for critical functions such as staff training, auditing, and operational oversight, where detailed guidance and formalized procedures are essential to maintaining consistent performance and compliance with regulatory requirements. By developing clear, accessible documentation, the Department can provide staff with step-by-step instructions, reference materials, and guidance that support effective

decision-making and operational execution, regardless of individual staff experience or tenure.

Establishing a formal protocol for procedure documentation also strengthens organizational resilience by reducing reliance on individual staff members for institutional knowledge. Testimony from Department leadership confirmed that the divisions responsible for overseeing and managing both traditional and captive insurance operations require more clearly defined written policies and procedures.⁶⁵ In the event of unplanned absences, personnel transitions, or departures, the Department will be able to maintain continuity of operations and avoid disruptions that could affect service delivery, regulatory compliance, or internal audits. Additionally, a standardized approach creates opportunities for continuous improvement by allowing leadership to regularly review, update, and refine procedures in response to evolving regulatory standards, technological advancements, or operational needs.

RECOMMENDATION 9

The Committee recommends that the agency conduct a review of legislation and regulatory actions adopted in other states concerning pharmacy benefit managers (PBMs). The review should assess which approaches most effectively enhance competition, transparency, and consumer access to affordable prescription drugs. The agency should submit a report of its findings and outline policy options applicable to South Carolina to the General Assembly and the Committee no later than one year after the Committee’s approval of the study report.

Pharmacy Benefit Managers (PBMs),⁶⁷ which, according to the Department, originated roughly 70 years ago as claims processors for prescription drug benefits, have evolved into

highly influential entities in the healthcare system.⁶⁸ PBMs play a significant role in the healthcare system by administering prescription drug benefits, negotiating with pharmacies, and

What is a Pharmacy Benefit Manager (PBM)?⁶⁷

Section 38-71-2200 of the SC Code of Laws, as amended, defines a Pharmacy Benefit Manager as follows:

‘Pharmacy benefits manager’ means an entity that contracts with pharmacists or pharmacies on behalf of an insurer, third party administrator, or the South Carolina Public Employee Benefit Authority to:

- a) process claims for prescription drugs or medical supplies or provide retail network management for pharmacies or pharmacists;
- b) pay pharmacies or pharmacists for prescription drugs or medical supplies; or
- c) negotiate rebates with manufacturers for drugs paid for or procured as described in this article.

influencing drug pricing and access.⁶⁹ Over time, the industry has become increasingly concentrated, raising concerns about competition, transparency, and the affordability of prescription medications for consumers. In response, South Carolina began regulating PBMs in 2019 with the passage of Act No. 48,⁷⁰ establishing a framework to promote transparency and protect consumers and health insurance plans.⁷¹ By examining how other states have regulated PBMs, the Department can identify strategies that have successfully promoted market transparency, strengthened competition, and improved access to affordable prescription drugs.

RECOMMENDATION 10

The Committee recommends that the agency submit a summary of findings from its inaugural examination of pharmacy benefit managers (PBMs) and pharmacy services administrative organizations (PSAOs) to the General Assembly and the Committee. The summary should highlight key trends, compliance issues, and market impacts identified during the review, and may include recommendations for legislative or regulatory action to strengthen transparency and fair market practices.

Act No. 30 of 2023 requires the Department to examine PBMs and PSAOs at least once every five years, or more frequently at its discretion.⁷² These examinations involve the review of financial and operational functions and confirmation of compliance with statutory requirements. The Department lacks the capacity and internal expertise to conduct these examinations, and therefore relies on external consulting organizations to perform this work.⁷³ Given that these are the initial examinations following enactment of the law, comprehensive reporting of findings to the General Assembly and the Committee would assist in identifying and evaluating issues within the PBM and PSAO marketplace. This review would provide an opportunity to further assess the effectiveness of existing oversight and highlight areas where additional legislative or regulatory action may be needed. As noted in recommendation nine, PBMs continue to play a central role in administering prescription drug benefits, influencing pricing, access, and the overall cost of medications for consumers and health plans.

RECOMMENDATION 11

The Committee recommends that the agency conduct a comprehensive user experience (UX) audit of its public website and develop a strategic improvement plan to enhance the site's overall effectiveness. The plan should evaluate and address the following key areas: the usefulness and relevance of information provided; the accessibility and navigability of content for all users; the clarity and ease of locating critical information and resources; the accuracy and credibility of published materials; the visibility and integration of social media links; and the overall design quality and visual appeal of the website.

The Department's website⁷⁴ serves as a central point of access for important information, services, and regulatory updates. It is essential, therefore, that the site be intuitive, accessible, and aligned with modern user expectations. The audit should include a thorough evaluation of the usefulness and relevance of the information provided, ensuring that content reflects current policies, consumer needs, and regulatory responsibilities. Attention should be given to the accessibility and navigability of the site, with a focus on ensuring that users of varying technical abilities can easily locate information without confusion or unnecessary barriers. This includes assessing how clearly key resources, such as complaint procedures, consumer guides,

The review should focus on evaluating which regulatory frameworks, enforcement mechanisms, and policy tools have been most effective in achieving these objectives. This may include measures related to pricing disclosure, contract oversight, audit requirements, and limits on certain PBM practices that affect costs for consumers and health plans. By analyzing comparative approaches, the Department can determine which policies are practical and adaptable to the South Carolina context, considering the state's unique healthcare market, insurance landscape, and consumer needs.

The summary should emphasize key trends observed during the inaugural examination, including operational patterns, contractual arrangements with insurers and pharmacies, compliance issues, and other factors affecting market behavior. It should also evaluate the broader impacts of PBM and PSAO practices on drug pricing, consumer access, and competition within the state's healthcare system. By presenting these findings, the report reinforces the importance of ongoing monitoring and provides evidence-based support for potential policy adjustments.

Additionally, the report may include recommendations for legislative or regulatory actions designed to strengthen transparency, promote fair market practices, and ensure PBM and PSAO operations align with consumer and state interests. Submitting this report to the General Assembly and the Committee will provide critical insight to guide future oversight, inform policymaking, and enhance protections for South Carolina residents in the prescription drug market.

licensing information, and regulatory updates, are presented and how efficiently users can access them.

In addition, the review should examine the clarity, accuracy, and credibility of all published materials to ensure that the Department is providing reliable and easy to understand information to the public. The visibility and integration of social media links should also be evaluated to support better communication and engagement across platforms. By undertaking this effort, the Department can strengthen its digital presence, improve public access to critical information, and better fulfill its role as a transparent and consumer-focused regulatory agency.

RECOMMENDATION 12

The Committee recommends that the agency review and update its current insurance education objectives to ensure they are appropriately designed and provide clear, accessible information about the insurance industry. (e.g., Stakeholder goals)

As the insurance marketplace continues to evolve, the Department's efforts to effectively communicate key concepts, consumer rights, and regulatory processes in a consumer-friendly way is important. This review should assess whether existing educational goals align with the needs of consumers, industry professionals, and other stakeholders, and whether the information being provided supports informed decision making.

The Department should ensure clarity, organization, and the use of plain language so that complex insurance topics are presented accurately and in an accessible manner. The Department should also evaluate how well its educational materials address common areas of confusion, such as coverage options, claims processes,

and consumer protections. The Department may consider refining stakeholder focused objectives to better tailor educational efforts to specific audiences, including homeowners, drivers, small business owners, and others with distinct insurance needs. These objectives should also incorporate measurable goals related to the number of consumers and citizens reached through educational initiatives, allowing the Department to assess the effectiveness and scope of its outreach efforts. Enhancing the structure and delivery of educational content, whether through digital resources, publications, or outreach initiatives, can further improve public understanding and engagement.

RECOMMENDATION 13

The Committee recommends that the South Carolina Department of Insurance revise its mission statement to explicitly include the protection of consumers from unfair or excessive insurance rates and the mitigation of unnecessary rate increases, ensuring the statement reflects the Department's full regulatory authority and consumer protection responsibilities under Title 38 of the South Carolina Code.

Section 38-3-110(1) of the S.C. Code of Laws requires the Department's director to supervise and regulate the rates and services of every insurer in the state.⁷⁵ Given that supervision of insurance rates is a defined duty of the director, consumer protections related to rates should be reflected in the Department's mission. Protecting consumers from unfair or excessive insurance rates and limiting unnecessary rate increases is critical to not only the economic welfare of state residents, but also to the insurance market overall.

Revising the mission statement would keep insurance rates and costs central to the Department's focus, help clarify the purpose

of the agency to consumers and industry stakeholders, and more effectively communicate the full scope of the Department's work. A clear, detailed statement of purpose provides a transparent explanation of the Department's priorities and functions, making it easier for the public to recognize the Department's role in regulating the insurance market, safeguarding policyholders, and promoting fair and stable market practices. A well-defined mission statement serves as a guide for agency decision making while also enhancing the public's understanding of how the Department works to maintain a fair, competitive, and consumer-focused insurance marketplace.

South Carolina Department of Insurance⁷⁷

Mission Statement

The mission of the South Carolina Department of Insurance is to protect the insurance consumers, the public interest, and the insurance marketplace by ensuring the solvency of insurers; by enforcing and implementing the insurance laws of this State; and by regulating the insurance industry in an efficient, courteous, responsive, fair, and equitable manner.

Vision Statement

The Department of Insurance envisions a competitive and financially stable insurance marketplace. To this end, the Department regulates the insurance marketplace by firmly and fairly implementing and enforcing the insurance laws.

RECOMMENDATION 14

The Committee recommends that the Department finalize a comprehensive strategic plan, including clearly defined goals and associated key performance indicators, no later than the end of the FY25–26 fiscal year. This will provide the agency with a standalone, measurable framework to guide operations and assess progress over time.

During the study, Department leadership acknowledged that they previously operated without a standalone strategic plan, relying instead on goals embedded within its annual accountability report.⁷⁷ In response to Committee inquiries, the Department has taken steps to address this gap by developing a draft strategic plan that identifies promoting market competitiveness and safeguarding insurer solvency as core priorities. The draft outlines key objectives, including attracting high-quality, compliance-focused insurers, monitoring the financial condition of insurers to ensure solvency, and efficiently regulating rates, policy forms, and programs within the bounds of its statutory authority⁷⁸.

While this progress represents a meaningful step forward, the Committee recommends that the Department finalize and formally adopt a comprehensive strategic plan no later than the end of the FY25–26 fiscal year. The finalized plan should include clearly defined goals supported by measurable key performance indicators to allow for ongoing evaluation of agency performance and outcomes. To promote transparency and accountability, elements of the Department’s plan that are appropriate for public disclosure should be posted on the Department’s website and incorporated into the implementation of Recommendation 11. Establishing a standalone strategic plan will provide a structured and transparent framework to guide decision-making, align agency priorities, and track progress over time.

LEGISLATIVE CHANGES

RECOMMENDATION 15

The Committee recommends that the General Assembly consider granting law enforcement the authority to impound a vehicle when the driver admits it is uninsured and the officer determines that the provided proof of insurance is fraudulent, with both conditions required for this authority to apply.

Uninsured driving presents significant risks to public safety and contributes to higher insurance costs for compliant drivers. When individuals operate vehicles without valid insurance, the financial burden of accidents may shift to other drivers, insurers, and, in some cases, the broader public. The use of fraudulent proof of insurance further undermines enforcement efforts and complicates the ability of law enforcement and regulators to maintain accountability within the system.

Providing law enforcement with the ability to impound vehicles in these specific situations may serve as a deterrent to uninsured

driving and the use of fraudulent documentation, while reinforcing the importance of maintaining valid coverage. At the same time, the narrowly tailored nature of the authority helps balance enforcement with fairness by limiting its application to cases where both an admission of no insurance and verified fraud are present.

By considering this measure, the General Assembly may strengthen enforcement mechanisms, promote compliance with insurance requirements, and support efforts to maintain a fair and stable auto insurance market for all drivers.

RECOMMENDATION 16

The Committee recommends that the General Assembly consider amending S.C. Code Section 38-75-1210⁷⁹ to limit or prohibit the use of mobile applications, connected devices, and online behavior tracking by insurance companies to collect detailed information on consumer lifestyle, health, property usage, and financial activity, in order to protect consumer privacy and prevent unintentional bias that may lead to discriminatory outcomes.

During the study, Department leadership testified that data mining and the insurance industry’s access to consumer data, such as browsing history collected through telematics on cell phones and other devices, may create conditions for misuse.⁸⁰ While data-driven tools can improve risk assessment and efficiency within the insurance marketplace, the use of highly granular personal data raises important questions about consumer privacy, transparency, and fairness. In particular, the collection of behavioral and digital data may occur without a full

understanding by consumers of how their information is being used, stored, or shared. Additionally, reliance on such data may introduce the risk of unintentional bias, where certain data points or proxies could result in outcomes that disproportionately affect specific individuals or groups.

Amending Section 38-75-1210 to limit or prohibit the use of certain types of data collection and tracking practices would provide clearer guardrails for insurers while reinforcing

consumer protections. Such changes could help ensure that underwriting and rating practices remain grounded in appropriate, relevant risk factors, rather than expansive personal data that may not have a direct or equitable relationship to insurance risk.

By considering these updates, the General Assembly can promote greater transparency and accountability in the use of

consumer data, safeguard individual privacy, and help prevent discriminatory outcomes. This approach would support a more balanced regulatory framework that encourages innovation in the insurance industry while maintaining strong protections for South Carolina consumers.

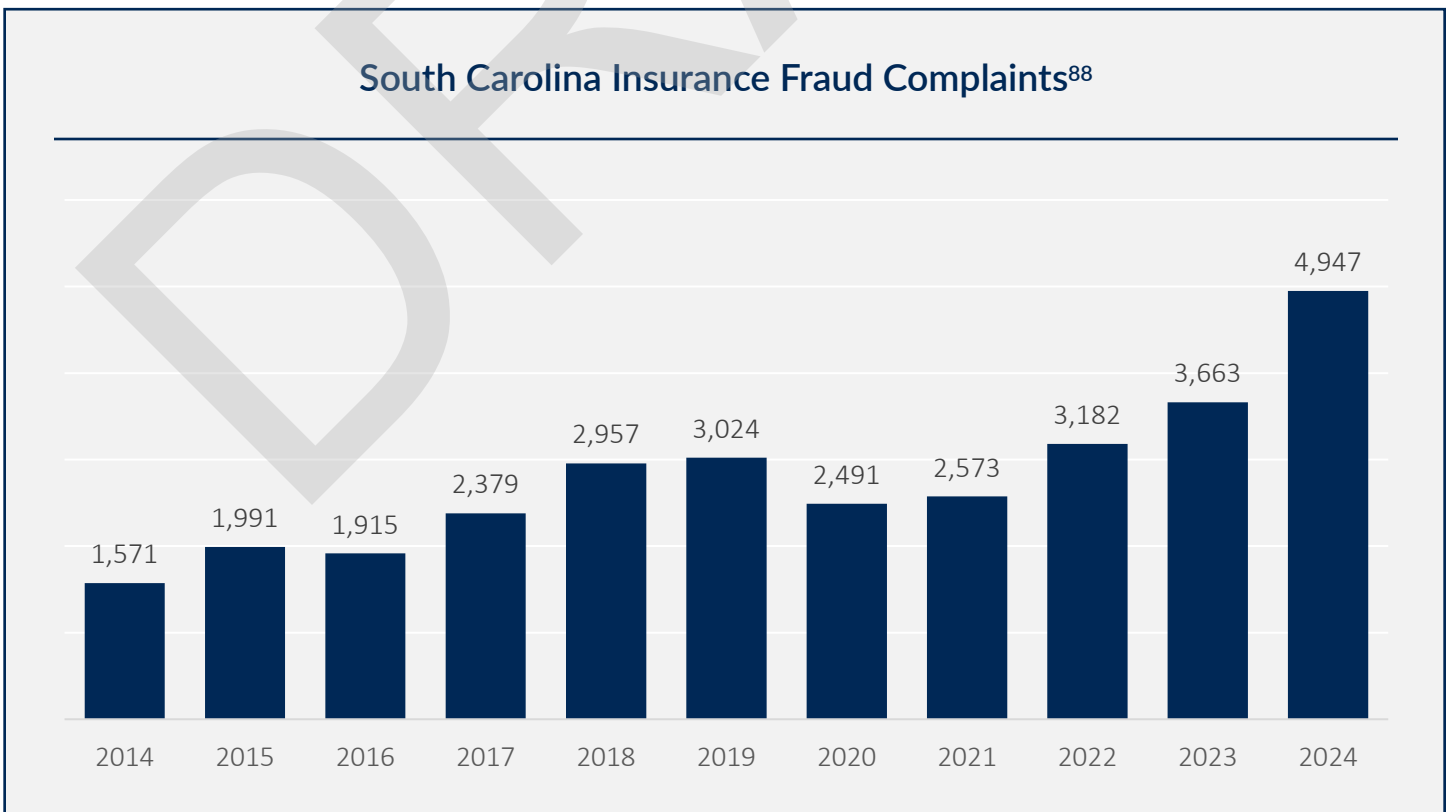
RECOMMENDATION 17

The Committee recommends that the General Assembly consider modernizing the Omnibus Insurance Fraud and Reporting Immunity Act to include permanently moving the Insurance Fraud Division from the Attorney General's Office to DOI and increasing SLED and DOI appropriations, which will allow each agency to hire additional staff for the purpose of combating insurance fraud.

During testimony, Department leadership explained that the Insurance Fraud Division was originally established by the General Assembly in the mid-1990s within the Office of the Attorney General.⁸¹ Over time, however, the division experienced a decline in capacity, in part due to the extensive variety responsibilities managed by the Attorney General's Office, where insurance fraud represented only one component of a broader portfolio.⁸²In 2021, the Office of the Attorney General, the Department of Insurance, and the South Carolina Law Enforcement Division (SLED) entered into a memorandum of understanding to restructure the division's placement.⁸³ As a result, the Insurance Fraud Division was relocated to the Department of Insurance.⁸⁴ This transition was intended to enhance the division's effectiveness by placing it within an environment that includes insurance industry expertise, thereby improving investigative efforts.⁸⁵ Building on this transition, the Committee recommends that the General Assembly consider

permanently codifying the placement of the Insurance Fraud Division within the Department. Codifying this structure would provide clarity, improve coordination, and better align fraud prevention efforts with the Department's regulatory responsibilities.

The Committee further recommends increasing appropriations for both the Department and the State Law Enforcement Division to support the hiring of additional staff dedicated to combating insurance fraud. According to both agencies, additional staffing and modernized investigative capabilities are necessary to effectively respond to the growing volume and sophistication of fraud cases. Despite ranking 23rd in population, South Carolina ranked 16th nationally for questionable insurance claims and 13th for questionable vehicle-related claims, according to the National Insurance Crime Bureau.⁸⁶ These trends highlight the growing complexity and volume of fraud cases.



RECOMMENDATION 18

The Committee recommends that the General Assembly consider enacting legislation to update licensing requirements for insurance adjusters and establishes stronger consumer protections for public adjuster practices. Measures including mandatory filing and approval of public adjuster contract forms, timely delivery of estimates to policyholders, and a cap on public adjuster fees to help reduce inflated claims, lower overall claims costs, and contribute to broader efforts to stabilize or reduce homeowners' insurance rates in South Carolina. (See S.196)

Adjusters play a critical role in evaluating property damage, estimating losses, and facilitating claim settlements. Licensing standards should reflect current industry practices and ensure a high level of professionalism, accountability, and consumer protection.

This recommendation emphasizes the need for clearer oversight of public adjusters, who represent policyholders in negotiating insurance claims. While public adjusters can provide valuable assistance to consumers, certain practices may contribute to inflated claims, increased disputes, and higher overall costs within the insurance system. To address these concerns, proposed measures include requiring the mandatory filing and approval of public adjuster contract forms to ensure transparency and consistency, as well as requiring the timely delivery of repair estimates to policyholders so they can make informed decisions during the claims process.⁸⁸

RECOMMENDATION 19

The Committee recommends that the General Assembly update the South Carolina Safe Home Program to reflect current mitigation needs and construction costs by allowing flexibility in adjusting maximum grant amounts, clarifying eligibility to ensure funds are limited to owner-occupied single-family homes, and authorizing the inclusion of flood-insurance requirements for properties located in flood zones.

In 2007, the Omnibus Coastal Property Insurance Reform Act created the South Carolina Safe Home Program. The Safe Home program,⁹¹ which provides grants to strengthen residential properties against natural hazards, plays a critical role in helping homeowners reduce property damage and improve resilience in the face of hurricanes, storms, and other disasters.

The impact of Hurricane Helene, and the associated devastation experienced in the upstate areas of South Carolina, raised questions regarding the possibility of expanding access to program grants beyond coastal properties.⁹² To enhance the program's effectiveness, the Committee recommends allowing flexibility in adjusting maximum grant amounts. This would

Additionally, the Committee recommends consideration of a cap on public adjuster fees to prevent excessive charges that may erode claim proceeds and contribute to rising insurance costs. By establishing clearer standards and safeguards, these measures aim to promote fair and ethical practices while protecting consumers from potential abuses⁸⁹.

Taken together, these reforms are intended to improve the integrity and efficiency of the claims process, reduce the potential for inflated losses, and help control overall claims costs. Over time, these efforts may contribute to broader market stability and support initiatives to stabilize or reduce homeowners' insurance rates in South Carolina, as reflected in proposed legislation such as S.196.⁹⁰

enable the program to better accommodate rising construction and material costs while ensuring that awarded funds are sufficient to support meaningful mitigation improvements. Additionally, clarifying eligibility criteria to limit grants to owner-occupied single-family homes would help focus resources on properties most in need and prevent potential misuse of funds.

By implementing these updates, the Safe Home Program can remain a targeted, effective, and sustainable tool for improving residential safety, supporting property owners, and reducing the potential financial and physical impacts of natural disasters across South Carolina.

APPENDIX A

DRAFT

Agency Name:	Department Of Insurance		
Agency Code:	R200	Section:	78

FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan (3% reduction of fiscal year 2024-2025 Recurring General Fund Appropriations based upon guidelines provided)
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AMOUNT	\$193,666
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What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	None expected.
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	<p>Almost all programs would be impacted by this "proposed" reduction. The Agency would attempt to reduce some of its operating costs in order to meet the mandated reduction.</p>
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What programs or activities are supported by the General Funds identified?

SUMMARY	<p>To accomplish this reduction, we would have to postpone some of our planned IT initiatives; omit our normal advertising campaigns for flood and other disasters; and reduce contract labor. We continue to strive towards increasing our infrastructure as it relates to security and privacy. We continue to implement recommendations provided by the SC Dept. of Administration's Division of Technology (DTO). We also provide critical information to SC citizens regarding protection during disasters.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

We analyze and project all of our major expenditures each fiscal year. This allows us to plan and adjust accordingly to ensure that we are maintaining effectiveness and efficiencies.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

ENDNOTES

- ¹ [Director Michael Wise | Department of Insurance, SC- Official Website](#)
- ² May 27, 2025 Video Presentation (01:58:17-01:59:25)
- ³ [Code of Laws- Title 38- Chapter 3-- INSURANCE](#)
- ⁴ Ibid.
- ⁵ Ibid.
- ⁶ Ibid.
- ⁷ July 8, 2025 Video Presentation (03:42:33-03:43:15)
- ⁸ Ibid.
- ⁹ [FormE.Agency.pdf](#)
- ¹⁰ Ibid.
- ¹¹ [Meeting Packet-7.30.25.pdf](#) (Pg.76)
- ¹² July 8, 2025 Video Presentation (0:23:12- 0:24:18)
- ¹³ Ibid.
- ¹⁴ [FormE.Agency.pdf](#)
- ¹⁵ Ibid.
- ¹⁶ Ibid.
- ¹⁷ <https://www.scstatehouse.gov/reports/aar2024/R200.pdf> (Pg.15)
- ¹⁸ [FY 24 Fees & Fines Report Final- R20- Dept of Insurance.xlsx](#) (Pg.2)
- ¹⁹ May 27, 2025 Video Presentation (02:49:45- 02:50:59)
- ²⁰ [Meeting Packet-7.30.25.pdf](#) (Pg.164)
- ²¹ Ibid.
- ²² July 8, 2025 Video Presentation (04:36:19-04:40:06)
- ²³ Ibid.
- ²⁴ [Meeting Packet-7.30.25.pdf](#) (Pg.164-165)
- ²⁵ [Meeting Packet-7.30.25.pdf](#) (Pg.204)
- ²⁶ [SC- Your Captive Home | Captive Insurance Division, SC- Official Website](#)
- ²⁷ [Understanding Captive Insurance | Self-Insurance Institute of America, Inc.](#)
- ²⁸ [Code of Laws- Title 38- Chapter 90-- INSURANCE](#)
- ²⁹ [Meeting Packet-7.30.25.pdf](#) (Pg.202)
- ³⁰ [Meeting Packet-7.30.25.pdf](#) (Pg.203)
- ³¹ July 30, 2025 Video Presentation (01:05:11- 01:07:03)
- ³² Ibid.
- ³³ [Code of Laws- Title 38- Chapter 75-- INSURANCE](#)
- ³⁴ Ibid.
- ³⁵ Ibid.
- ³⁶ Ibid.
- ³⁷ September 23, 2025 Video Presentation (03:07:09- 03:09:36)
- ³⁸ <https://www.doi.sc.gov/605/SC-Safe-Home>
- ³⁹ May 27, 2025 Video Presentation (00:48:07- 00:49:48)
- ⁴⁰ [Online Meeting Packet-9.23.2025.pdf](#) (Pg. 45)
- ⁴¹ May 27, 2025 Video Presentation (00:47:08- 00:48:06)
- ⁴² Ibid.
- ⁴³ [SCLR](#)
- ⁴⁴ November 18, 2025 Video Presentation (00:03:35- 00:05:29)
- ⁴⁵ [SCLR](#)
- ⁴⁶ September 23, 2025 Video Presentation (02:54:01- 02:55:58)
- ⁴⁷ July 30, 2025 Video Presentation (04:17:40- 04:18:45)
- ⁴⁸ [State Based Systems About Us](#)
- ⁴⁹ Ibid.
- ⁵⁰ [SC Safe Home Mitigation Grant Program | Department of Insurance, SC- Official Website](#)
- ⁵¹ [2007-2008 Bill 3820: Omnibus Coastal Property Insurance Reform Act of 2007- South Carolina Legislature Online](#)
- ⁵² May 27, 2025 Video Presentation (00:46:16- 00:48:07)
- ⁵³ [Advisory Committee | Department of Insurance, SC- Official Website](#)
- ⁵⁴ <https://www.doi.sc.gov/605/SC-Safe-Home>
- ⁵⁵ <https://admin.sc.gov/services/administrative-services>
- ⁵⁶ [IT Shared Services | Department of Administration](#)

⁵⁷ <https://admin.sc.gov/sites/admin/files/Documents/OED/Final%20SC%20AI%20Strategy.pdf>

⁵⁸ May 27, 2025 Video Presentation (03:26:49-03:27:18)

⁵⁹

<https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/InsuranceDepartment/Meeting%20Packet-5.27.25.pdf>. See page 52.

⁶⁰ [Shared Services | Department of Administration](#)

⁶¹ May 27, 2025 Video Presentation (00:28:58-00:29:22)

⁶² July 8, 2025 Video Presentation (03:48:05-03:48:15)

⁶³ [Online Meeting Packet-9.23.2025.pdf](#) (Pg. 80)

⁶⁴ [Online Meeting Packet-9.23.2025.pdf](#) (Pg. 91-92), (Pg. 218)

⁶⁵ July 30, 2025 Video Presentation (00:17:37-00:18:19)

⁶⁶ <https://www.doi.sc.gov/m/faq?cat=68#question-479>

⁶⁷ [Frequently Asked Questions- CivicPlus.CMS.FAQ](#)

⁶⁸ July 8, 2025 Video Presentation (04:11:42- 04:12:50)

⁶⁹ [Online Meeting Packet-9.23.2025.pdf](#) (Pg. 207-216)

⁷⁰ [2019-2020 Bill 359: Pharmacy benefits managers](#)

⁷¹ [Bulletin 2020-10 PBM License Application Timeline and Instruction • Department of Insurance, SC](#)

⁷² July 30, 2025 Video Presentation (02:15:32-02:16:09)

⁷³ July 30, 2025 Video Presentation (02:35:16-02:35:48)

⁷⁴ [Department of Insurance, SC- Official Website | Official Website](#)

⁷⁵

https://www.scstatehouse.gov/query.php?search=DOC&searchtext=department%20of%20insurance&category=CODEOFLAWS&conid=77605740&result_pos=0&keyval=629&numrows=10

⁷⁶ [IRFI Data 2025](#)

⁷⁷ May 27, 2025 Video Presentation (00:45:33- 00:46:18)

⁷⁸ November 18, 2025 Video Presentation (00:33:46- 00:44:34)

⁷⁹ [Code of Laws- Title 38- Chapter 75-- INSURANCE](#)

⁸⁰ September 23, 2025 Video Presentation (02:54:01-02:54:50)

⁸¹ September 23, 2025 Video Presentation (00:12:32-00:14:40)

⁸² Ibid

⁸³ Ibid

⁸⁴ Ibid

⁸⁵ Ibid

⁸⁶ [Online Meeting Packet-9.23.2025.pdf](#) (Pg. 277)

⁸⁷ [Online Meeting Packet-9.23.2025.pdf](#) (Pg. 273)

⁸⁸ November 18, 2025 Video Presentation (00:45:18- 00:47:35)

⁸⁹ Ibid.

⁹⁰ [2025-2026 Bill 196: Insurance Adjusters- South Carolina Legislature Online](#)

⁹¹ [SC Safe Home Mitigation Grant Program | Department of Insurance, SC- Official Website](#)

⁹² May 27, 2025 Video Presentation (00:48:06-00:48:18)