

Budget Hearing Statement

House Appropriations Committee

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Michael Humphreys

Insurance Commissioner



**Pennsylvania
Insurance Department**

Good morning, Chair Harris, Chair Struzzi, and Members of the House Appropriations Committee. My name is Michael Humphreys, and I serve as the Commissioner of the Pennsylvania Insurance Department (“PID” or “Department”). With me today are the Department’s Chief of Staff, Jodi Frantz, and Bureau Director of Budget and Procurement, Anu Upadhyaya. We were invited to appear today with Pennie®, Pennsylvania’s health insurance marketplace, who is represented by Executive Director Devon Trolley. Although I am the Chair of the Pennie Board of Directors, Pennie is a state-affiliated entity established by Act 42 of 2019 and is not part of the Insurance Department.

PID’s mission is to protect Pennsylvania’s insurance consumers through fair and effective regulation of the marketplace. We always appreciate the opportunity to discuss who PID is, what we do, and how we help Pennsylvania consumers every day. As you may recall from past years, PID is not funded through the General Fund. Each year, through our licensing fees and other revenue-generating activities, PID supports its own operations and provides funding to the General Fund to support other commonwealth initiatives.

Over the past three years of the Shapiro Administration, PID has continued to take steps to more efficiently and effectively carry out its statutory and regulatory duties. For example:

- In February of 2023, we implemented the ability for PID to receive paperless annual statement filings for all domestic and foreign insurer licensees. This spared insurers the time and cost of printing, binding, and delivering hard copy filings, which can contain multiple volumes and thousands of pages, to our PID mailrooms and all related manual processing.
- In 2023 and 2024, we implemented revised mental health parity templates that have helped standardize complex treatment limitations in policy benefits submissions from insurers, saving time and effort for the insurer but still providing for a comprehensive PID review by ensuring clarity and consistency in the

submissions. We continue to improve our templates and have taken the initiative to pursue standardization nationwide.

- PID has reduced the costs of doing business as an insurance producer by eliminating a burdensome \$25 fee on individuals each time they need to make a minor administrative change to their license and by removing pre-licensing education costs for individuals interested in entering the business of insurance (all while improving license processing times and maintaining high-quality standards for our licensees).

In addition to implementing these efficiencies, I am grateful for the opportunity to highlight a few of PID's recent accomplishments. These successes are a credit to our almost 300 dedicated employees who come to work every day to make sure that: (1) Pennsylvania's domestic insurance companies are solvent, are complying with market requirements, and are charging fair rates; (2) insurance producers are prioritizing consumers' interests and helping them make the best product choices for them and their families; and (3) PID's special funds are good stewards of the monies they have been entrusted to maintain.

Notably, during 2025:

- The Bureau of Consumer Services engaged with approximately 54,000 consumers, handling more than 14,500 complaints and recovering more than \$13 million in premium refunds, claim payments, and policy restorations for nearly 1,000 Pennsylvania consumers.
- PID connected individuals with the NAIC Life Policy Locator and helped over 7,000 Pennsylvanians obtain almost \$140 million in life insurance proceeds rightly due to them after the death of a loved one.
- The Bureau of Licensing and Enforcement investigated approximately 1,337 suspected violations of Pennsylvania insurance laws, resulting in over \$446,000 in restitution to 1,532 consumers and the assessment of more than \$200,000 in penalties.

- The Department's Producer Licensing Division received over 80,000 total agent and other individual licensee applications in 2025 and processed them in an average time of less than three days.
- The Bureau of Market Actions concluded 50 market conduct examinations of insurers that violated state law, prompting corrective action and yielding nearly \$3 million in restitution for more than 40,000 consumers, along with almost \$700,000 in penalties.
- The Bureaus of Life, Accident and Health and Property and Casualty Insurance reviewed about 12,000-13,000 insurance contract, rate, rule, and form filings, saving consumers over \$277 million in property, casualty, annuity, life, accident, and health insurance premiums by blocking unjustified rate increase requests from insurers.

With respect to health insurance rates, the Shapiro Administration recognizes that this is a difficult and unprecedented time for the health insurance market, and that action and inaction at the federal level has made insurance more expensive for Pennsylvanians. Without Congress' reauthorization of Enhanced Premium Tax Credits, Pennie enrollees saw an average increase of over 100% to their monthly premium payments for 2026. PID reviewed health insurers rates for 2026 plans last summer and did everything we could to ensure rates were actuarially justified and were not excessive or unfairly discriminatory. In the face of federal inaction, we have continued to advocate for Pennsylvanians and educate them about what is happening so that they can make the best choices for them and their families.

PID's Bureau of Public Engagement stepped up to meet that challenge. Ahead of the 2026 Open Enrollment period, PID hosted a series of educational sessions across the Commonwealth to meet consumers where they were. In partnership with local libraries, these events were held at eleven locations and covered key topics including why rates are increasing, how the health insurance market is regulated, and how to shop smart during open enrollment. An educated consumer is one that can not only choose the best policy for them but is also able to understand their policy so they can get all the benefits to which they are entitled.

PID's educational efforts have not been limited to just health insurance. We estimate that PID's Public Engagement team interacted with approximately 4,000 Pennsylvanians in 2025, including at educational events, senior fairs, Multi-agency Resource Centers and Disaster Relief Centers. The Department also offered targeted assistance with insurance issues to those consumers affected by the plane crashes in Lancaster and Philadelphia and a significant water main break in Pittsburgh.

We understand that it is essential to keep abreast of emerging issues and educate ourselves as well, which is why at PID, we've started an agency-wide training initiative available to all employees. Since January of 2025, we've held 14 training sessions on the fundamentals of insurance regulation and other timely topics such as Artificial Intelligence. The initiative has been extremely well-received, with live attendance topping out at more than 75% of agency staff for several sessions. Insurance can be complicated and multifaceted, and allowing our internal experts the opportunity to collaborate and cross-train benefits not only our staff, but the consumers and industry we serve. These sessions help transfer and memorialize the institutional knowledge of our in-house experts and ensure the continuity of this specialized expertise in the years to come.

In that vein, PID recognizes that the future of insurance regulation and the industry depends on motivated and qualified individuals entering the field, which is why we created the NextGen Insurance Academy ("NextGen"). NextGen provides an opportunity for college students to learn about careers in the insurance industry and connect with professionals in the field. PID has partnered with colleges and universities, including Lincoln University and Penn State Smeal College of Business, to present informative, hands-on sessions that demonstrate real-world insurance topics, giving students a meaningful understanding of various insurance careers. NextGen typically culminates in a job fair, which allows students to network with insurance professionals and companies while learning about the various career opportunities within the insurance industry.

Our efforts over the past three years – both internally and externally – evidence PID's commitment to our goal of being a premier insurance regulator laser-focused on maintaining Pennsylvania's robust and competitive insurance market to the benefit of all Pennsylvanians.

Under Governor Shapiro's leadership, we hope to continue to build strong relationships with the industry, stakeholders, and the General Assembly in furtherance of that goal, while at the same time continuing our efforts to more effectively and efficiently perform our core regulatory functions.

Again, thank you for the opportunity to be here with you today. I look forward to working with all of you as we continuously seek to achieve our mission. I am happy to answer any questions you might have.