

# Wisconsin Insurance Report 2021



# Welcome



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# Commissioners of Insurance

## Secretaries of State\* Ex Officio Commissioners of Insurance

Name	Residence	Term Start	Term End
Llewelyn Breese	Prairie du Chien	January 3, 1870	January 5, 1874
Peter Doyle	Prairie du Chien	January 5, 1874	January 7, 1878
<b>Commissioners of Insurance</b>			
Hans B. Warner	Ellsworth	January 7, 1878	April 1, 1878
Philip L. Spooner	Madison	April 1, 1878	January 3, 1887
Philip Cheek, Jr.	Baraboo	January 3, 1887	January 5, 1891
Wilbur M. Root	Sheboygan	January 5, 1891	January 7, 1895
William A. Fricke	Milwaukee	January 7, 1895	October 15, 1898
Emil Giljohann	Milwaukee	October 15, 1898	January 5, 1903
Zeno M. Host	Milwaukee	January 5, 1903	January 1, 1907
George E. Beedle	Embarrass	January 7, 1907	January 2, 1911
Herman L. Ekern	Whitehall	January 2, 1911	July 1, 1915
M. J. Cleary	Blanchardville	July 1, 1915	April 10, 1919
Plat Whitman	Highland	April 10, 1919	July 17, 1923
W. Stanley Smith	Ashland	July 17, 1923	June 2, 1926
Olaf H. Johnson	Gratiot	June 2, 1926	January 10, 1927
M. A. Freedy	Wauwatosa	January 10, 1927	July 1, 1931
H. J. Mortensen	New Lisbon	July 1, 1931	October 1, 1939
Morvin Duel	Fond du Lac	October 1, 1939	August 8, 1948
J. L. Sonderegger	Madison	October 1, 1948	December 1, 1948
John R. Lange	Madison	December 1, 1948	July 15, 1955
Alfred Van DeZande	Campbellsport	July 15, 1955	November 1, 1955
Paul J. Rogan	Ladysmith	November 1, 1955	July 2, 1959
Charles Manson	Wausau	July 2, 1959	September 15, 1965
Robert D. Haase	Marinette	September 15, 1965	September 7, 1969
S. C. DuRose	Madison	October 1, 1969	April 8, 1975
Harold R. Wilde	Madison	April 8, 1975	March 18, 1979
Susan M. Mitchell	Madison	March 19, 1979	July 31, 1982
Ann J. Haney	Madison	August 1, 1982	February 28, 1983
Thomas P. Fox	Madison	March 1, 1983	April 27, 1987
Robert D. Haase	Marinette	April 28, 1987	December 31, 1992
Josephine W. Musser	Madison	March 8, 1993	January 2, 1998
Randy Blumer	Madison	January 6, 1998	January 2, 1999
Connie L. O'Connell	Sun Prairie	January 4, 1999	January 6, 2003
Jorge Gomez	Milwaukee	February 17, 2003	December 18, 2006
Sean Dilweg	Madison	January 1, 2007	January 3, 2011
Theodore K. Nickel	Merrill	January 3, 2011	January 20, 2019
Mark Afable	Sun Prairie	January 22, 2019	December 17, 2021
Nathan Houdek	Madison	January 3, 2022	Present

\*By chapter 56, section 32, General Laws of 1870, the Secretary of State was Commissioner of Insurance ex officio until 1878. The Commissioner of Insurance was made elective in 1881. In 1911 the Commissioner of Insurance was made appointive instead of elective.

# Letter to the Governor



Wisconsin Office of the  
**COMMISSIONER**  
**OF INSURANCE**

Tony Evers, Governor of Wisconsin  
Nathan Houdek, Commissioner of Insurance

Dear Governor Evers:

As Wisconsin's Commissioner of Insurance, I am pleased to submit the 2021 Wisconsin Insurance Report as required by 601.46(3) of the Wisconsin Statutes.

The report describes the work of the Wisconsin Office of the Commissioner of Insurance (OCI) over the course of last year. Throughout 2021, OCI carried out our mission to protect and educate Wisconsin consumers in the face of the continuing COVID-19 pandemic while maintaining a strong insurance industry.

We furthered our mission by working to expand access to health care coverage, improve communication with constituents and insurers, empower consumers with information and resources related to climate resiliency, and provide informative materials to insurers on the changing regulatory and economic landscape.

This report provides a snapshot of the Wisconsin insurance market for 2021. I hope you find the report useful.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nathan Houdek".

Nathan Houdek  
Commissioner of Insurance

# About OCI

## MISSION

To protect and educate Wisconsin consumers by maintaining and promoting a strong insurance industry.



## ESTABLISHED 1870

OCI was created by the legislature in 1870 and continues its work today making sure that the insurance industry meets the insurance needs of Wisconsin citizens.

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## over 2,000 insurers

In 2021, there were 2,008 insurers authorized to write business in Wisconsin with total assets of more than \$612 billion. Of those, 329 insurers were domiciled in Wisconsin.

## over 197k agents

Insurance plays an important role in our state's economy. There are over 197,000 agents licensed to do business in Wisconsin – over 35,000 of those are Wisconsin residents.

OCI makes sure that insurance companies follow Wisconsin's laws and regulations, that policyholders get the coverage they have paid for, and that consumers are protected.

## over 20k inquiries handled

In 2021, OCI investigated and resolved 2,467 written consumer complaints and handled over 18,000 general inquiries received via email and telephone.

## over \$6.8m recovered

OCI assisted complainants in recovering just over \$6.8 million from insurers.

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OCI remitted \$440,414 in forfeitures to Wisconsin's Common School Fund administered by the Board of Commissioners of Public Lands. Earnings from the Fund are distributed to all public K-12 schools in the state and are used to purchase library materials and computers. The Fund distributed \$40.6 million across every Wisconsin public school district.

OCI is a member of the National Association of Insurance Commissioners (NAIC) which is the national regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight.



Commissioner Afable attends an Insurance Compact Commission meeting in December 2021. Photo credit: Sarah Neil, Insurance Compact Commission.

# Administration of the Office





# Organizational Structure

OCI is organized into two divisions, two offices, and two units: Division of Financial Regulation and the Division of Market Regulation and Enforcement; Office of Administrative Services and the Office of Operational Management; and the Public Affairs and Legal units.

In 2021, OCI completed an alignment of functions that started in 2020 by creating a Central Files and Reception Unit within the Office of Administrative Services. As part of this adjustment, OCI's training function shifted from the Office of Operational Management to the Office of Administrative Services.

## Division of Financial Regulation

The Division of Financial Regulation (DFR) is responsible for monitoring the financial solvency of insurers licensed to do business in Wisconsin. DFR conducts financial examinations of domestic insurers' operations, financial analysis on all licensed insurers, administers insurer rehabilitations and liquidations, audits and collects insurer premium taxes and fees, licenses insurance companies, reviews holding company transactions, reviews change of control transactions, and collects funds from insurers under the fire department dues program. Along with the Division of Market Regulation and Enforcement, this division has a major role in the agency's participation in the NAIC.

## Division of Market Regulation and Enforcement

The Division of Market Regulation and Enforcement (DMR) performs market conduct examinations and market analysis of licensed insurers, determines compliance with applicable laws and rules, handles consumer contacts and consumer complaints about licensees, initiates administrative actions against licensees who violate Wisconsin's insurance laws, staffs several risk-sharing plans, investigates agent activities, and administers the insurance licensing and continuing education program. DMR also processes, reviews, and, when applicable, approves all rate and form filings, and processes Vehicle Protect Plans and Warranties. OCI's managed care specialist assigned to this division investigates complex managed care complaints that OCI receives, educates consumers on their rights under managed care plans, and administers the state's independent review program.

The Division of Market Regulation and Enforcement is also responsible for establishing and enforcing rate filing

requirements, reviewing comprehensive individual and small group rate filings, and monitoring trends in the Wisconsin comprehensive health insurance marketplace. Along with the Division of Financial Regulation, this division plays a major role in the agency's participation in NAIC.

## The Office of Administrative Services

The Office of Administrative Services is responsible for administrative functions within OCI. This includes serving as a liaison between the agency and the Department of Administration, Division of Personnel Management, for staff development and human resource services. This Office is also responsible for the Central File and Reception Unit, which includes records management and training, and provides administrative services to the Injured Patients and Families Compensation Fund and the State Life Insurance Fund.

## The Office of Operational Management

The Office of Operational Management is responsible for operational functions of the agency including project management, budget, accounting, facilities management, and serving as a liaison between the agency and the Department of Administration, Division of Enterprise Technology for Information Technology services and support.

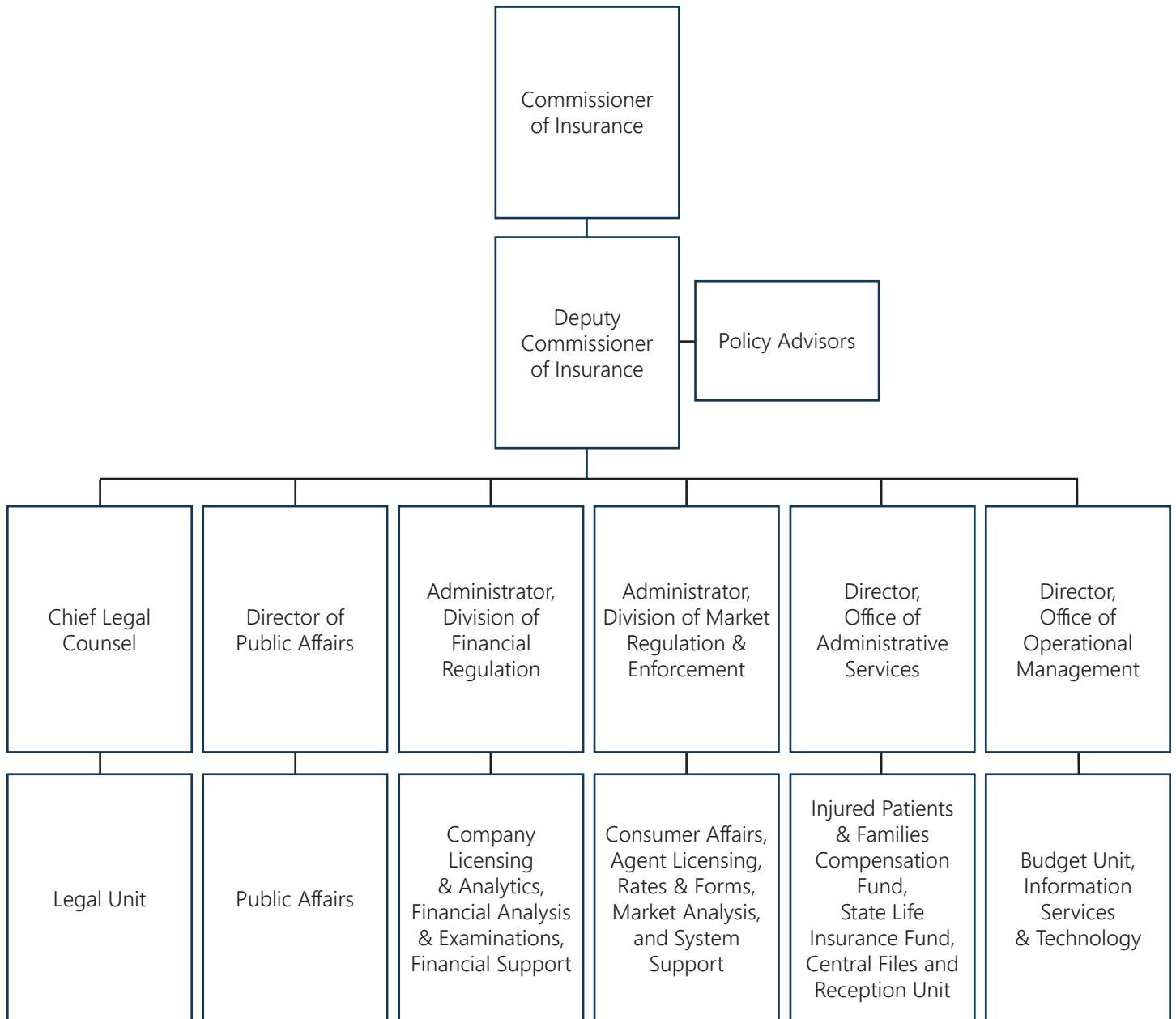
## Legal Unit

The Legal Unit represents the agency in administrative procedures, provides legal advice to staff, represents or supervises representation of the agency in litigation and insurance company receiverships, and develops legislative proposals and administrative rules. It provides legal services for the Injured Patients and Families Compensation Fund, Wisconsin Health Care Liability Insurance Plan, and State Life Insurance Fund.

## Public Affairs Unit

The Public Affairs Unit provides advice on executive matters affecting the agency's goals and initiatives including directing the agency's legislative initiatives and communications activities. This unit uses a variety of communication tools to engage and educate consumers on insurance issues.

# Organizational Chart



## Senior Management Staff



**Mark V. Afable**  
*Commissioner of Insurance,  
January 2019 – December  
2021*

Mark Afable held the position of Commissioner of Insurance for the State of Wisconsin from January 2019 through his retirement from public service in December 2021. Mark Afable served as Commissioner of Insurance throughout the scope of this report.

As Commissioner, Mark served as the state's chief regulator of insurance overseeing the agency's 141 employees and supervising the Injured Patients and Families Compensation Fund and the State Life Insurance Fund.

A graduate of Marquette University Law School, he served as the chief legal officer for American Family Insurance, overseeing corporate legal, government affairs, compliance, litigation, and protective services. With extensive experience working with state and federal legislators, state insurance regulators, and the National Association of Insurance Commissioners (NAIC), he advised senior leadership and the board of directors on legal matters involving corporate governance, compliance issues, and regulatory actions.

Before joining American Family in 1994, Mark directed legislative and regulatory efforts in several states for Allstate Insurance Company, where he first became involved with NAIC. Earlier in his career, Commissioner Afable focused his efforts on insurance policy and legislative issues as counsel for the National Association of Independent Insurers (NAII) in Des Plaines, Illinois.



**Nathan Houdek**  
*Commissioner of Insurance,  
January 2022*  
*Deputy Commissioner of  
Insurance, January 2019 –  
December 2021*

Nathan Houdek served as Deputy Commissioner of Insurance from January 2019 until his appointment by Governor Tony Evers as Commissioner of Insurance in

January 2022. He was Deputy Commissioner throughout the scope of this report.

Nathan has spent over 20 years working in state legislative and regulatory affairs. He has extensive experience dealing with issues across all lines of insurance and engaging with a variety of stakeholders to find solutions to complex public policy and regulatory challenges. He has held several senior-level roles in the public and private sectors, including serving as a principal at one of Wisconsin's largest public affairs and business consulting firms and as chief of staff to the former minority leader in the Wisconsin State Senate.

Commissioner Houdek earned his BA and MBA degrees from the University of Wisconsin-Madison.

### **Rachel Cissne Carabell**

*Deputy Commissioner of Insurance, January 2022*

Rachel Cissne Carabell was appointed Deputy Commissioner of Insurance in January 2022. She did not serve in the role of Deputy Commissioner during the scope of this report.

Rachel is an experienced health insurance and employee benefits expert who has held leadership roles in both the public and private sectors throughout her career. She brings more than 20 years of experience to OCI.

Most recently, she served as the Senior Health Policy Advisor at the Department of Employee Trust Funds. She previously served as the Director of Product Development and Management at WEA Trust and as the Deputy Director in the Bureau of Benefits Management with the Department of Health Services. Earlier in her career, she worked as an analyst at the Legislative Fiscal Bureau and the State of Wisconsin Investment Board.

Deputy Commissioner Cissne Carabell is a graduate of the University of Wisconsin-Madison.

### **Richard Wicka**

Richard Wicka was appointed Chief Legal Counsel at OCI in January 2019, after serving as the deputy chief counsel since January 2012. Richard is responsible for the supervision of OCI's Legal Unit, providing general legal advice to the commissioner and his staff, and serving as the lead attorney for major enforcement actions and financial matters.

## ADMINISTRATION OF THE OFFICE

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Before joining OCI, Richard was an attorney in the area of insurance defense where he worked on cases involving automobile, commercial general liability, and property insurance. He also served as coverage counsel for international and domestic insurers for claims stemming from federal securities class action lawsuits and other federal cases. In that position, Richard settled coverage issues involving directors' and officers' liability, errors and omissions, and employment practices liability insurance. Immediately prior to joining OCI, Richard worked as a staff attorney for the United States Court of Appeals for the Eleventh Circuit assisting the judges of the Circuit in resolving federal appeals.

Richard has a Bachelor of Science in History and a law degree from the University of Wisconsin–Madison and is a member of the Order of the Coif.

### **Amy Malm**

Amy Malm is the Administrator for the Division of Financial Regulation at OCI. Since 2017, Amy has served as the

bureau director of financial regulation. She is responsible for overseeing company licensing, financial analysis and examinations, and the solvency of insurers licensed to do business in Wisconsin. Amy started at OCI in 2001 as a financial examiner.

Before joining OCI, Amy was a revenue agent with the Wisconsin Department of Revenue in the Delinquent Tax Unit assisting taxpayers in resolving past-due taxes. Amy also has experience working in the private sector as an accounting assistant for a home health agency while obtaining her degree.

Amy has a Bachelor of Science in Accounting from Upper Iowa University. She is also a Certified Public Accountant, Certified Financial Examiner through the Society of Financial Examiners, and an Associate in Risk Management – Enterprise-wide Risk Management. In 2021, Amy earned the designation of Professional in Insurance Regulation from the National Association of Insurance Commissioners. Amy serves as a member of several NAIC committees.



**Commissioner Afable listens to Vicki Buckholz, Medigap Helpline Services Supervisor at the Board on Aging and Long Term Care.**

### **Rebecca Rebholz**

Rebecca Rebholz is the Administrator for the Division of Market Regulation and Enforcement at OCI. Rebecca is responsible for the day-to-day administration of the Division of Market Regulation and Enforcement. This includes market analysis, industry and consumer issues, rate and forms filings, as well as the agent testing and licensing process. Before her current role, she served as the OCI bureau director of market regulation since August 2016. Rebecca worked as an examiner and a senior examiner in the Property and Casualty Section of Regulation and Enforcement at OCI for 17 years. Rebecca is also active at NAIC.

Rebecca holds an associate degree in Computer Programming/System Analysis from Madison College, a Bachelor of Arts in Political Science, and a law degree from the University of Wisconsin–Madison.

### **Sarah Smith**

Sarah Smith is the Director of Public Affairs at OCI. She is responsible for overseeing communications, public outreach, and legislative affairs.

Before joining OCI, Sarah was the Communications Director for Senator Patty Schachtner and has previously served as the Chief of Staff to State Treasurer Sarah Godlewski.

Sarah also serves on the Dane County Board and the Sustainability Committee for the City of Monona.

Sarah earned a Bachelor of Arts in History as well as a Master of Science in Educational Policy from the University of Wisconsin–Madison.

### **Jesse Patchak**

Jesse Patchak joined OCI in July 2021 as the Director of the Office of Operational Management. In this role, Jesse is responsible for the financial management of OCI which includes budget, finance and accounting, receivables, and procurement. He oversees project management as well as the Information Services Section which is a shared service with the Department of Administration and includes all IT services including help desk, applications development and support, security, email, and network management.

Jesse brings many years of service with the State of Wisconsin. Prior to joining OCI, Jesse worked as a project portfolio manager at the Wisconsin Department of Justice where he worked to develop a data-driven prioritization and resource allocation methodology that maximized enterprise skill sets. Before that, he worked as a budget

analyst at the Department of Justice and the Department of Transportation.

He holds a Lean Six Sigma certification and earned a Bachelor of Science in Marketing with a minor in Business Administration from the University of Wisconsin–La Crosse.

### **Kristina Thole**

Kristina Thole is the Director of the Office of Administrative Services. Kristina is the key contact for all OCI employees as their human resources liaison. She is responsible for all personnel management and human resources processes, policies, and procedures. In close coordination with the fund managers, she supervises and administers the direction of the State Life Insurance Fund and the Injured Patients and Families Compensation Fund. She is responsible for the administrative support staff and other administrative functions.

Prior to joining OCI, Kristina worked at the Department of Administration in the Division of Personnel Management (and its predecessor the Office of State Employment Relations), for over nine years. She has significant experience with HR policy interpretation, development, and implementation as well as in recruitment and selection activities. Before joining the State of Wisconsin, she worked in HR in the private sector in the insurance and health care industries.

Kristina holds the Senior Professional in Human Resources (SPHR) designation. She earned a Bachelor of Arts in Communication with a minor in English from the University of Wisconsin–Milwaukee.

# Office Finances

## General Funds Fiscal Year 2021 (in \$000s)

	Total Revenue	Retained by Office of the Commissioner of Insurance	Transferred to State's General Purpose & Other Revenue Funds <sup>1</sup>
Premium Taxes	\$ 202,095	\$	\$ 202,095
Fire Department Dues	25,478		25,478
Forfeitures	440		440
Insurance Company Examination Charges	7,804	7,804	
Resident/Nonresident Appt Billings and Renewals	32,199	32,199	
Agent Continuing Education Fees	3	3	
Resident/Nonresident Producer License Issuance	1,042	1,042	
Resident/Nonresident Biennial License Renewals	7,959	7,959	
Reinstatements	0	0	
Other Licensing Fees	110	110	
Company Licenses, Admissions, and Renewals	142	142	
Miscellaneous <sup>2</sup>	0	0	
<b>Total Revenue</b>	<b><u>\$ 277,273</u></b>	49,260	<b><u>\$ 228,013</u></b>
Less Total Operating Expenditures		<u>17,365</u>	
Net Operating Revenue / (Loss)		31,895	
Cash Lapse to State's General Fund (Transfer Out)		<u>(32,437)</u>	
<b>Net Change in Fund Equity</b>		<b><u>\$ (542)</u></b>	

<sup>1</sup> The Office of the Commissioner of Insurance retains all revenue from licenses, services, and various other items. Taxes are remitted to the State of Wisconsin General Purpose Revenue Fund. Fire Department Dues are remitted to Wisconsin Fire Departments. Forfeitures are remitted to the Common School Fund.

<sup>2</sup> Miscellaneous collections include 1) Photocopying, 2) Service of process, and 3) Publications.

## Segregated Funds Fiscal Year 2021 (in \$000s)

	Total Revenue	Operating Expenses	Net Revenue
Injured Patients & Family Compensation Fund	\$(111,048)	\$116,577	\$(227,625) <sup>3</sup>
State Life Insurance Fund	1,093	8,568	(7,475) <sup>4</sup>

<sup>3</sup> Due to Loss Adjustment Expenses in the IBNR incurred but not reported.

<sup>4</sup> Decrease in total revenue from prior fiscal year is due to a decrease in premiums.



Commissioner Afable meets with Milwaukee Metropolitan Sewerage District Executive Director Kevin Shafer to learn about floodplain mitigation projects at Pulaski Park and the 34th Street corridor in October 2021.

# Executive Initiatives





# Regulatory Developments and Trends

## Industry Changes

In 2021, the insurance industry continued to experience a changing regulatory landscape related to the COVID-19 pandemic. OCI worked to quickly share information on many of these changes such as new health care coverage opportunities for consumers and requirements for insurers.



## Insurance Cybersecurity

The protection of sensitive, personal data is paramount to the continued success of Wisconsin's industry, so OCI has worked with stakeholders to develop cybersecurity legislation that is based on model legislation from the NAIC. Senator Patrick Testin and Representative Kevin Petersen introduced this legislation in early 2021 and after passing both houses it was signed into law by Governor Tony Evers in September 2021 (above). The new law, 2021 Wis. Act 73, requires that licensees develop and maintain an information security program, take certain steps to promptly investigate cybersecurity events, and notify OCI and consumers when a cybersecurity breach has occurred.

**“From ransomware to data breaches, insurers and consumers are at an increasing risk of experiencing a serious cybersecurity incident. The new consumer protections in this Act will help protect personal data and keep Wisconsin insurance companies secure.”**

Mark Afile, Commissioner of Insurance

## Wisconsin COVID-19 Regulations

On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185. This law was drafted in response to the recent emergence of the COVID-19 pandemic. To ensure that every Wisconsinite could access the health care they may need related to COVID-19, the law required health plans to cover services, treatment, or supplies provided by an out-of-network provider without charging the insured more than they would have charged for in-network services. The law also required coverage of testing for COVID-19 without copayment or coinsurance if the plan or policy includes coverage for testing for infectious diseases.

Act 185 prohibited insurers from establishing rules for eligibility that are based upon a suspected, current, or past diagnosis of COVID-19. During the Public Health Emergency, coverage may not be canceled, a rate filing may not be modified, nor may a grace period be refused on the basis that an insured is suspected of having, or has a current or past diagnosis of, COVID-19.

In May 2021, The Internal Revenue Service (IRS) issued updated guidance regarding premium assistance benefits under the American Rescue Plan Act (ARPA). Under ARPA, employees who experience a qualifying event that triggers continuation coverage eligibility can receive that coverage at no cost for the period from April 1 to September 30, 2021. The updated IRS guidance shifted responsibility for payment from the employers to insurers. Due to this change, OCI enforced the requirement that the insurer treats premium assistance eligible individuals as having paid their premium in full during the period between April 1 and September 30, 2021. OCI also required the insurer to refund a premium amount in full if an employer or employee paid a continuation premium on or after April 1 on behalf of an assistance-eligible individual. In accordance with the updated IRS guidance, OCI did not enforce the requirement under Wis. Stat. § 632.897 (8), that the premium be paid by the employee during that time.

## Federal COVID-19 Laws

In 2020, the federal government passed two laws in response to the COVID-19 pandemic that continued to impact our industry. The Families First Coronavirus Response Act (FFCRA) was enacted on March 18, 2020, and Coronavirus Aid, Relief, and Economic Security Act (CARES) on March 27, 2020.

As conditions of receiving temporary increased federal Medicaid funding under FFCRA, Maintenance of Eligibility (MOE) provisions require states to keep beneficiaries enrolled until the end of the month when the COVID-19 public health emergency (PHE) ends and prohibit states from adopting more stringent eligibility criteria or increasing premiums. In 2021, the PHE was ongoing so these provisions remain in effect.

The CARES Act amended FFCRA to include a broader range of items and services. The CARES Act added a requirement that insurers cover, without cost-sharing, any qualifying coronavirus preventive service, item, or immunization that is intended to prevent or mitigate the COVID-19 disease. This section does not expire with the public health emergency.

President Joe Biden signed ARPA, a stimulus bill to aid public health and economic recovery from the COVID-19 pandemic, on March 11, 2021. The \$1.9 trillion plan included \$350 billion in emergency funding for state, local, territorial and tribal governments, known as the Coronavirus State and Local Fiscal Recovery Funds. ARPA extends eligibility for Affordable Care Act (ACA) health insurance subsidies to people buying their own health coverage on the Marketplace who have incomes over 400% of the federal poverty line. The law also increases the amount of financial assistance for people with lower incomes who were already eligible under the ACA. Both provisions last through the end of 2022.



In February 2021, the U.S. Departments of Health Services, Labor, and Treasury jointly issued a clarification for coverage requirements for diagnostic COVID-19 testing which continued requirements that OCI had previously presented in a bulletin from May 2020. In particular, they clarified that insurers are required to cover COVID-19 diagnostic tests including point-of-care or “rapid” tests (above) provided the test meets one of the criteria established in the FFCRA section 6001 (a) (1), as amended by section 3201 of the CARES Act.

### Special Enrollment Period

On January 28, 2021, President Joe Biden signed an executive order to reopen the HealthCare.gov Marketplace for a Special Enrollment Period (SEP) to account for the ongoing PHE. This SEP opened on February 15, 2021, and was initially open through May 15 but was later extended through August 15, 2021.

[During this SEP](#), 33,716 Wisconsinites made a new plan selection on HealthCare.gov – double prior enrollment rates during the same time period in 2020 or 2019. In total, 116,597 Wisconsinites had coverage through the Marketplace after the 2021 SEP and on average they saw a 50% reduction in average monthly premiums thanks to ARPA’s extension of premium tax credit eligibility. ARPA subsidies resulted in an aggregate monthly savings of \$8.7 million for Wisconsinites enrolled on the Marketplace.



### Regulation Best Interest

Beginning June 30, 2020, registered broker-dealers were required to comply with Regulation Best Interest.

Regulation Best Interest imposes a standard of conduct for broker-dealers that enhances the broker-dealer standard of conduct beyond existing suitability obligations. The standard of conduct draws from key fiduciary principles and cannot be satisfied through disclosure alone. It provides specific requirements to address certain aspects of the relationships between broker-dealers and their retail customers, including conflicts related to compensation.

In October 2021, Senator Rob Stafsholt and Representative Kevin Petersen introduced a bill based on the NAIC model legislation that would create a Best Interest standard in state statute. 2021 Wisconsin Act 260 requires, among other things, that an insurance agent must act in the best interest of the consumer under the circumstances known at the time the recommendation is made, without placing the financial interest of the agent or insurer ahead of the consumer’s interest.

# Continuous Process Improvement Initiatives

The Wisconsin Continuous Improvement Program provides agencies the freedom to implement the models of continuous improvement which are most appropriate for their agency so they can better support improvement efforts internally. OCI incorporates process improvement into everyday activities and all agency projects. In 2021, the agency began two large projects that will result in savings.

## Injured Patients and Families Compensation Fund Project

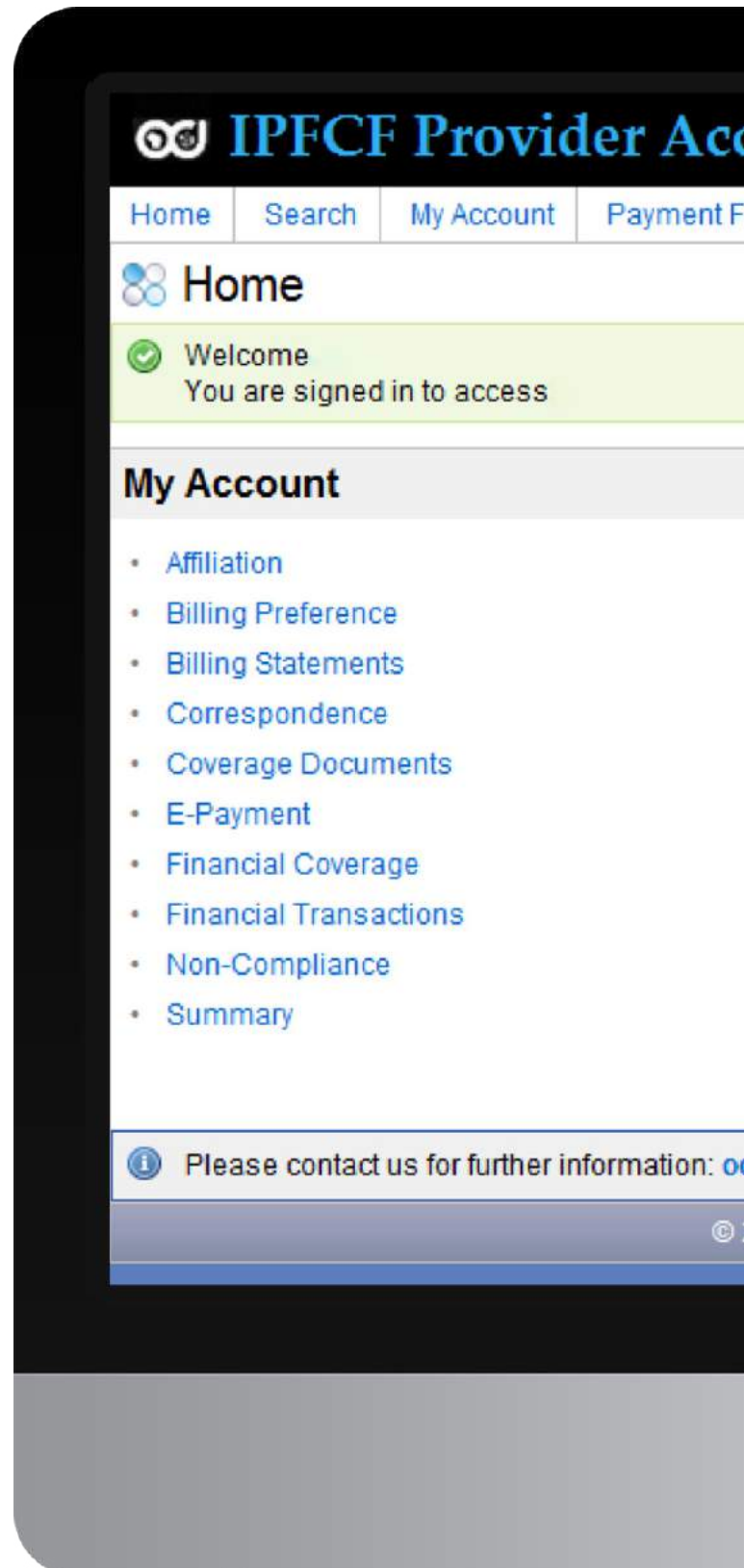
In 2021, the Injured Patients and Families Compensation Fund began a project to replace its aging policy and claims management legacy system (right) with a system that can meet the current business needs. The system will allow for a significant increase in efficiency, accuracy, and reporting capabilities. It will also expand and improve the Fund's communication with its internal and external stakeholders. This project is expected to be fully implemented by the end of 2022.

**“Continuous process improvement is ingrained in our culture at OCI. We are constantly improving to gain efficiencies that allow us to protect Wisconsinites and regulate the insurance industry more effectively.”**

Jesse Patchak, Director of the Office of Operational Management

## Agency Data Project

The Agency Data Project started in late 2020. Phase 1 of the project was completed in June 2022 and increased efficiency by eliminating manual steps using Access databases and spreadsheets for the Compulsory Surplus filings and the Wisconsin Insurance Report. Phase 2 of the project will start in July 2022 and will enhance the process of downloading data from external sources, including NAIC data that is used to monitor the financial condition of licensed insurers. The project will also eliminate manual steps used to access the external data. Phase 2 is expected to be completed by early 2024.



# Advisory Boards, Committees, and Councils

Wisconsin law, s. 15.04, Wis. Stat., provides that heads of independent agencies may create and appoint such councils and committees as the operation of the agency requires. Insurance law, s. 601.20, Wis. Stat., authorizes the commissioner to create advisory councils and committees to assist in dealing with regulatory issues.

The commissioner is to provide, by rule, for the creation, governance, duties, and termination of any council or committee that is established. The expert advice provided to the commissioner through these councils results in more efficient regulation of the insurance industry to the benefit of insurance consumers and insurers.

The commissioner and staff members also serve on various councils and boards, aiding Wisconsin residents by providing advice and suggestions on matters related to insurance regulation.

OCI is involved with the following boards, committees, and councils (listed alphabetically):

## Birth to 3 Program Interagency Coordinating Council

The Wisconsin Birth to 3 Program Interagency Coordinating Council (ICC) was established by the Governor of Wisconsin to advise and assist the Department of Health Services (DHS) in the performance of the responsibilities established under Part C of the Individuals with Disabilities Education Act. ICC's mission is to advise, review, analyze, and monitor the implementation of the state's early intervention system, maintain a forum for communication relative to early intervention, and make recommendations to DHS regarding the effective implementation of the early intervention system. The council met five times in 2021.

## Governor's Committee for People with Disabilities

In 1948, a Governor's Committee was established to improve employment opportunities for people with disabilities. The group's mission was broadened in 1976 to cover many aspects of disability in Wisconsin, and the group became the Governor's Committee for People with Disabilities which is dedicated to enhancing the health and general well-being of disabled citizens in Wisconsin. The committee consists of the Lieutenant Governor and not more than 20 other members, including six members appointed from specific statutory councils: the Council on Blindness, the Council for the

Deaf and Hard of Hearing, the Council on Developmental Disabilities, the Council on Mental Health, the Council on Alcohol and Other Drug Abuse, and the Council on Physical Disabilities. The majority of members are people with disabilities. This committee convenes regularly, holding seven meetings in 2021.

## Governor's Council on Financial Literacy and Capability

Governor Tony Evers created the [Governor's Council on Financial Literacy and Capability](#) by signing [Executive Order #106](#) on February 8, 2021. The order renamed the existing [Governor's Council on Financial Literacy](#) and expanded its mission to include helping Wisconsinites build financial capability and identifying ways to improve the financial inclusion of all Wisconsin residents. In addition,

the order increased the council's membership from 25 to 35 members bolstering the council's expertise in the areas of financial capability and inclusion. The council met six times in 2021. *Above right: April 2021 Financial Literacy and Capability Month proclamation. OCI joined multiple state agencies and groups to raise awareness of the importance of financial literacy.*



## Governor's Task Force on Reducing Prescription Drug Prices

The first meeting of the [Governor's Task Force on Reducing Prescription Drug Prices](#) was held on November 20, 2019. Governor Tony Evers created the task force through Executive Order #39 and charged the task force with making recommendations for reducing prescription drug prices in Wisconsin. OCI leads the work of the task force and Commissioner Houdek serves as the task force chair.

Throughout 2020, the task force held a series of meetings and analyzed information relating to the development, pricing, distribution, and purchasing of prescription drugs;

reviewed actions taken by Wisconsin and other states to reduce prescription drug prices; and identified opportunities to coordinate with other states and the federal government. The final report, including recommendations for strategies and policies to help lower prescription drug costs for consumers, was submitted to Governor Evers in the fall of 2020. The task force did not meet in 2021 but task force members and interested parties continue to support and advance the recommended proposals.

### Group Insurance Board

Section 15.165 (2), Wis. Stat., created an 11-member Group Insurance Board in the Department of Employee Trust Funds. The commissioner or designee is a member of the board. The Group Insurance Board is authorized to enter into contracts with insurers to provide group insurance plans or to provide the benefits on a self-insured basis for Wisconsin state and other public employees and retirees. It also provides general administrative policy for the group insurance programs for health care, income disability benefits, and life insurance authorized for state and other public employees under ch. 40, Wis. Stat. The specific powers of the board are enumerated under s. 40.03 (6), Wis. Stat. The board generally meets at least four times per year.

### Health and Life Insurance Advisory Council

The Health and Life Insurance Advisory Council advises the commissioner on regulatory matters in the area of health and life insurance. The council meets on an as-needed basis. The members are appointed by the commissioner and include six members representing insurers, three members representing insurance agents, one representing small business, and one consumer advocate.

### Injured Patients and Families Compensation Fund Board



The Injured Patients and Families Compensation Fund (Fund) was created in 1975 to provide medical malpractice insurance for Wisconsin health care providers in excess of the provider's primary limits of coverage. The Fund provides coverage in excess of the primary limit established by statute, which is currently \$1 million per occurrence and \$3 million aggregate per year. Participation in the Fund is mandatory for health care providers as defined by Chapter 655, Wis. Stat.

OCI provides administrative support for the Fund's operations. The Fund is governed by a 13-member Board of Governors which is chaired by the Commissioner of Insurance. The Board is comprised of four public members appointed by the governor, three insurance industry representatives, a member named by the Wisconsin Association for Justice, a member named by the State Bar of Wisconsin, two members named by the Wisconsin Medical Society, and a member named by the Wisconsin Hospital Association. The board and its committees meet quarterly.

Fiscal Year 2021 Board of Governors (as of June 30, 2021):  
 Nathan Houdek, Commissioner of Insurance (Board Chair)<sup>1</sup>  
 Jeffery Bingham, Public Member  
 Carla Borda, Public Member  
 Greg Schroeder, Public Member  
 Linda Syth, Public Member  
 David Maurer, Industry Representative  
 David Nelson, Industry Representative  
 Vacant, Industry Representative  
 Kevin R. Martin, Wisconsin Association for Justice  
 Jerome Hierseman, State Bar of Wisconsin  
 Bud Chumbley, M.D., Wisconsin Medical Society  
 Timothy Crummy, M.D., Wisconsin Medical Society  
 Ralph Topinka, Wisconsin Hospital Association

The following committees and a council support the Fund's governance:

- Actuarial and Underwriting Committee
- Legal Committee
- Claims Committee
- Finance/Investment/Audit Committee
- Risk Management and Patient Safety Committee
- Peer Review Council

### Insurance Security Fund Board

This board administers the Insurance Security Fund established by ch. 646, Wis. Stat., to provide a mechanism for protecting insureds in the event of liquidation of insurers and to assess the cost of such protection among insurers. The commissioner, along with the attorney general and the state treasurer, are members of this board and serve with representatives of insurers appointed by the commissioner upon consideration of the recommendation of insurance organizations. The board met four times, on a quarterly basis, in 2021.

<sup>1</sup>Commissioner Houdek began serving as the board chair at the June 2021 Board of Governors meeting. He was Deputy Commissioner at that time.



**Joint Enforcement Task Force on Payroll Fraud and Worker Misclassification**

This task force was formed in 2019 by Governor Evers’ Executive Order #20 to facilitate coordination of the investigation and enforcement of worker misclassification matters by the Department of Workforce Development, Department of Revenue, Commissioner of Insurance, the Department of Justice, and other relevant agencies. This is an active group that issues an [annual report](#) (above) to the governor and met 11 times in 2021.

**Joint Survey Committee on Retirement Systems**

This committee performs duties mandated under s. 13.50, Wis. Stat. The committee is comprised of two majority party senators, one minority party senator, two majority party representatives to the assembly, one minority party representative to the assembly, an assistant attorney general, a member of the public selected by the governor, the commissioner or a designated experienced actuary at OCI, and the Secretary of the Department of Employee Trust Funds.

This committee evaluates all legislative proposals that would create or modify any system of retirement for public officers or employees. No such legislative proposal may be acted upon by the legislature until it has been referred to this committee for the preparation of a written report. The report must indicate the probable cost involved, the effect of the proposal on the actuarial soundness of existing retirement systems, and the desirability of the proposal as a matter of public policy.

**OCI-DHS Health Care Coverage Partnership Advisory Council**

In June 2019, Governor Tony Evers announced the formation of the [Health Care Coverage Partnership](#), directing the Office of the Commissioner of Insurance and the Department

of Health Services (DHS) to develop strategies aimed at enrolling more Wisconsinites in high-quality, affordable health insurance coverage. The Advisory Council’s efforts focus on targeting populations eligible for, but not enrolled in, Medicaid and heavily subsidized plans available through the exchange. The partnership launched WisCovered.com in July 2020, a mobile-first website (right) aimed at connecting Wisconsinites with free, expert health insurance assistance.



This site and other efforts of the partnership have encouraged and supported enrollment in health coverage throughout the pandemic.

**Property and Casualty Advisory Council**

This council, created by s. Ins 6.79, Wis. Adm. Code, advises the commissioner on regulatory matters in the areas of property and casualty insurance. The Council meets on an as-needed basis and consists of four insurance company members, three agent members, and one public member, appointed by the commissioner. This committee met twice in 2021.

**Wisconsin Insurance Plan Governing Committee**

The Wisconsin Insurance Plan is a risk-sharing plan for property insurance companies created by s. Ins 4.10, Wis. Adm. Code. The purpose of the plan is to help qualified property owners obtain insurance coverage if they are unable to find adequate coverage in the private market. The plan is overseen by a Governing Committee subject to the supervision of the Commissioner of Insurance. The Governing Committee consists of insurer representatives, insurance agents, and public members. The Commissioner of Insurance appoints the agents and the public members and selects a liaison to attend meetings. Six of the insurer representatives are selected by trade associations. One is elected by insurers who are not members of these trade associations. This committee met twice during 2021.

**Wisconsin Partnership Program Oversight and Advisory Committee**

The Wisconsin Partnership Program’s Oversight Advisory Committee is a nine-member panel including representatives of urban and rural areas, the Office of the Wisconsin Commissioner of Insurance, and the University of Wisconsin School of Medicine and Public Health.

The primary responsibilities of the committee are to direct and approve funds for public health initiatives, provide

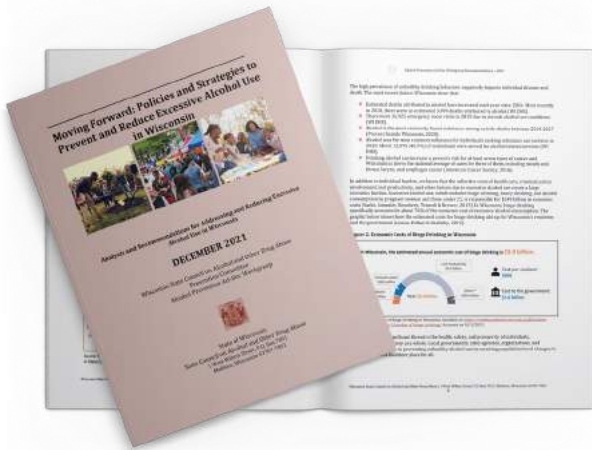
public representation through the Oversight and Advisory Committee’s four community members, and comment and advise on expenditures of the Partnership Education and Research Committee. The advisory committee met nine times in 2021.

**Wisconsin Retirement Board**

The nine-member board is created in the Department of Employee Trust Funds by s. 15.165 (3) (b), Wis. Stat. Six members represent employers or employees who participate in the Wisconsin retirement system, one is a participating state employee, one is a public member, and one is the commissioner or an experienced actuary in OCI. The board studies and recommends alternative administrative policies, authorizes and terminates disability annuity payments, and considers administrative rules that relate to participants in the retirement system other than teachers. This board met once in 2021.

**Wisconsin State Council on Alcohol and Other Drug Abuse**

The council was created in the Office of the Governor in August 1970 to provide leadership and coordination regarding alcohol and other drug abuse (AODA) issues confronting the state. Wisconsin Act 210 was enacted on April 6, 1994, merging the Citizens Council on Alcohol and Other Drug Abuse with the state council. The bill expanded the duties and the membership of the state council.



The State Council on Alcohol and Other Drug Abuse recommends, coordinates, and reviews efforts of state agencies to control and prevent alcohol and drug abuse. It evaluates program effectiveness, recommends improved programming, issues reports that educate people about the dangers of drug abuse (above) and allocates responsibility for various alcohol and drug abuse programs among state agencies.

The 22-member council consists of the Governor, the Attorney General, the Superintendent of the Department of Public Instruction, the Secretary of the Department of Health Services, the Commissioner of Insurance, the Secretary of the Department of Corrections, the Secretary of the Department of Transportation, and the chairperson of the Pharmacy Examining Board, or their designees; a representative of the controlled substances board; a representative of any Governor’s committee or commission created under subch. I of ch. 14 to study law enforcement issues; six members (one of whom is a consumer representing the public at large) with demonstrated professional, research, or personal interest in alcohol and other drug abuse problems, appointed for four-year terms; a representative of an organization or agency which is a direct provider of services to alcoholics and other drug abusers; a member of the Wisconsin County Human Service Association, Inc., who is nominated by that association; and two members of each house of the legislature, representing the majority party and the minority party in each house. The council met four times in 2021.

**Worker’s Compensation Research Institute (WCRI) CompScope™ Benchmark Study Advisory Committee for Wisconsin**

The CompScope™ WCRI’s multistate benchmarking program measures and benchmarks the performance of a growing number of state worker’s compensation systems. This program provides annually the opportunity both to examine the changes in the performance of individual state systems and to make meaningful interstate comparisons. The CompScope™ program is funded by employers, insurers, state funds, state governments, rating organizations, and a labor organization seeking to help achieve a more stable and equitable worker’s compensation system. OCI is a member of the advisory committee.



# National Association of Insurance Commissioner Activities

OCI actively participates in the National Association of Insurance Commissioners (NAIC). Throughout 2021, Commissioner Mark Afable and numerous OCI staff who served as the Commissioner's representatives were members of the following NAIC committees, task forces, working groups, and subgroups. Find more information about NAIC committees and committee structure, at [www.naic.org/documents/committees\\_cmtelist.pdf](http://www.naic.org/documents/committees_cmtelist.pdf).

## EXECUTIVE (EX) COMMITTEE

Innovation and Technology (EX) Task Force  
Big Data and Artificial Intelligence (EX) Working Group (Co-Vice Chair)  
Speed to Market (EX) Working Group  
Long-Term Care Insurance (EX) Task Force  
Long-Term Care Insurance Financial Solvency (EX) Subgroup  
Special (EX) Committee on Race and Insurance

## LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

Accelerated Underwriting (A) Working Group (Chair)  
Annuity Suitability (A) Working Group  
Life Insurance Illustration Issues (A) Working Group (Chair)

## HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

Consumer Information (B) Subgroup  
Health Actuarial (B) Task Force  
Long-Term Care Valuation (B) Subgroup  
Health Innovations (B) Working Group (Co-Vice Chair)  
Regulatory Framework (B) Task Force  
Accident and Sickness Insurance Minimum Standards (B) Subgroup  
Employee Retirement Income Security Act (ERISA) (B) Working Group  
Mental Health Parity and Addiction Equity Act (MHPAEA) (B) Working Group  
Pharmacy Benefit Manager Regulatory Issues (B) Subgroup  
Senior Issues (B) Task Force

## MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

Market Analysis Procedures Working Group (Vice Chair)  
Market Conduct Annual Statement Blanks (D) Working Group (Chair)

**“Market Regulation staff currently serve as Vice Chair for two working groups. Through our activities, we engage in a national dialogue about the best, most effective ways to conduct market regulation activities.”**

Rebecca Rebholz, Administrator for the Division of Market Regulation and Enforcement

Market Conduct Examination Guidelines (D) Working Group  
Market Information Systems (D) Task Force  
Market Information Systems Research and Development (D) Working Group  
Producer Licensing (D) Task Force  
Producer Licensing Uniformity (D) Working Group

## NAIC/CONSUMER LIAISON COMMITTEE

### FINANCIAL CONDITION (E) COMMITTEE

Accounting Practices and Procedures (E) Task Force  
Blanks (E) Working Group  
Statutory Accounting Principles (E) Working Group  
Capital Adequacy (E) Task Force  
Property and Casualty Risk-Based Capital (E) Working Group  
Catastrophe Risk (E) Subgroup  
Examination Oversight (E) Task Force  
Electronic Workpaper (E) Working Group  
Financial Analysis Solvency Tools (E) Working Group  
Financial Examiners Coordination (E) Working Group  
Financial Examiners Handbook (E) Technical Group (Vice Chair)  
Information Technology (IT) Examination (E) Working Group  
Financial Analysis (E) Working Group  
Group Capital Calculation (E) Working Group  
Group Solvency Issues (E) Working Group  
Own Risk and Solvency Assessment (ORSA) Implementation (E) Subgroup  
Mortgage Guaranty Insurance (E) Working Group



National Treatment and Coordination (E) Working Group  
Reinsurance (E) Task Force  
Reinsurance Financial Analysis (E) Working Group  
Restructuring Mechanisms (E) Working Group  
Long-Term Care Insurance Restructuring (E) Subgroup

Restructuring Mechanisms (E) Subgroup  
Risk-Focused Surveillance (E) Working Group (Vice Chair)  
Valuation Analysis (E) Working Group  
Valuation of Securities (E) Task Force



Commissioner Afable attends the NAIC National Meeting in December 2021.

## Bulletins to Insurers

OCI publishes bulletins to provide information or interpretations about insurance regulations. The bulletins are issued to explain new regulations or discuss interpretations enforced by OCI. OCI issued 12 bulletins to insurers in 2021; in contrast, in 2020, OCI issued 22 bulletins due mostly to the COVID-19 pandemic.

February 2, 2021

### [\*\*Extension of Transitional Health Insurance Plans Through December 31, 2022\*\*](#)

On January 19, 2021, the Centers for Medicare and Medicaid Services (CMS) released a bulletin allowing states to permit insurers to renew transitional policies as long as such policies come into compliance with certain specified market reforms by January 1, 2023. Specifically, the new guidance on transitional plans extends the use of transitional plans through December 31, 2022. In light of this new federal guidance, OCI is issuing this bulletin to allow for the extension of these plans as outlined by CMS.

February 9, 2021

### [\*\*Voluntary Participation in Special Enrollment Period for Products Offered Outside the Federal Marketplace\*\*](#)

The Centers for Medicare and Medicaid Services (CMS) announced the federal marketplace will reopen for a three-month Special Enrollment Period (SEP) beginning February 15, 2021, through May 15, 2021. OCI is encouraging insurers offering qualified health plans to implement a parallel SEP for the insurers' health insurance products offered outside the marketplace.

March 15, 2021

### [\*\*Updated Guidance on COVID-19 Testing Coverage Requirements\*\*](#)

On February 26, 2021, the U.S. Departments of Health Services, Labor, and the Treasury jointly issued guidance clarifying coverage requirements for diagnostic COVID-19 testing. These requirements stem from the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and continue the requirements as presented in the Office of the Commissioner of Insurance's Bulletin dated May 19, 2020.

April 2, 2021

### [\*\*Voluntary Extension of Special Enrollment Period for Products Offered Outside the Federal Marketplace\*\*](#)

OCI is encouraging insurers offering qualified health plans that have implemented a parallel SEP to provide an extension through August 15, 2021. If an issuer has already offered an SEP for their off-exchange plans, they are asked to submit a simple letter confirming the extension of the off-exchange SEP to [ociratesforms@wisconsin.gov](mailto:ociratesforms@wisconsin.gov).

May 12, 2021

### [\*\*2021 Wis. Act 9, New Law Update\*\*](#)

OCI is issuing this bulletin to ensure that pharmacy benefit managers (PBMs), disability insurers doing business in Wisconsin, and self-funded governmental plans providing prescription drug benefits are aware of 2021 Wis. Act 9, which was enacted March 26, 2021, and published on March 27, 2021.

May 20, 2021

### [\*\*Updated State Continuation Premium Assistance\*\*](#)

On May 18, 2021, the Internal Revenue Service (IRS) issued updated guidance regarding the premium assistance benefits under the American Rescue Plan Act of 2021 (ARPA). The newly issued guidance maintains the benefit to employees who experience a qualifying event such that they can receive continuation coverage at no cost for the period between April 1 and September 30, 2021. However, the recent IRS guidance for group health plans subject solely to State continuation law shifted the responsible party for payment of the premium from employers to insurers and that the insurers and not the employers would receive the tax credit against Medicare taxes.

June 10, 2021

### [\*\*Reinstating Course Requirements\*\*](#)

Effective August 1, 2021, providers will be required to submit new course application submissions for the classroom-approved courses. This requirement is being reinstated and supersedes the temporary instruction included in OCI's May 29, 2020 bulletin.

June 17, 2021

### [Colorectal Cancer Screening Guidelines Update](#)

OCI is issuing this bulletin to alert insurers about recent changes to colorectal cancer screening guidelines and their effect on the application of cost-sharing provisions to insureds between the ages of 45 and 50.

September 22, 2021

### [Post-Acute Care Coverage Request](#)

OCI is requesting that health plan issuers work with healthcare facilities facing capacity issues to remove any barriers to transferring patients to other facilities for their post-acute care. OCI is strongly encouraging Health Plan Issuers to remove or streamline any prior authorization requirements and consider coverage for out-of-network facilities where in-network facilities are unavailable. OCI also requests that insurers consider providing coverage for swing bed programs, both within the initial hospital's facility and allowing a hospital to utilize unused patient capacity at other hospitals.

September 30, 2021

### [2021 Wis. Act 73 Relating to Insurance Data Security Requirements, New Law Update](#)

OCI is issuing this bulletin to ensure that licensees are aware of 2021 Wis. Act 73 which imposes new requirements related to insurance data security. The act creates subchapter IX of chapter 601 and generally requires that licensees develop and maintain an information security program, take certain steps to promptly investigate cybersecurity events, and notify OCI and consumers when a cybersecurity breach has occurred. This bulletin only highlights certain provisions of the law and licensees should review the law to ensure they comply with all of its provisions.

October 27, 2021

### [Wisconsin Agent Appointment Renewal Invoices for 2021](#)

OCI will process all company appointments electronically through the National Insurance Producer Registry (NIPR). The appointment renewal invoice will include all resident/nonresident appointment renewals. All agents will appear on the renewal list unless the agent was terminated by 11:59 p.m. CST on December 31, 2021.

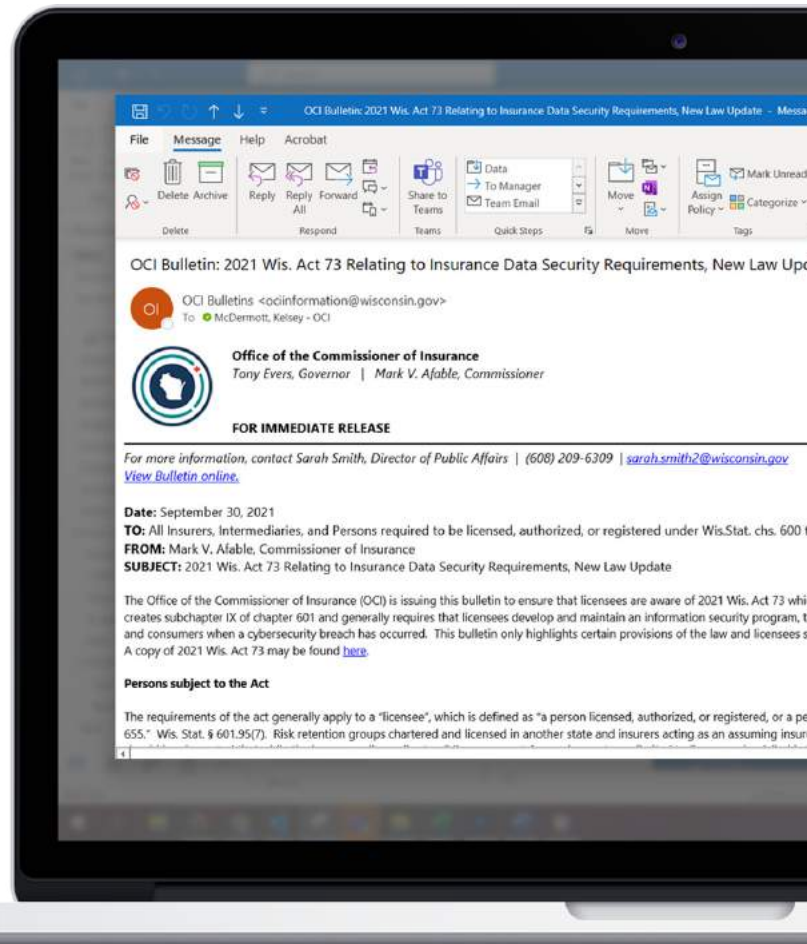
December 2, 2021

### [Credentialing of Temporary Licensed Health Care Providers Pursuant to 2021 Wis. Act 10](#)

Under 2021 Wis. Act 10 (Act 10), health care

providers, including physicians, registered nurses, etc., who are credentialed in another state may provide care in Wisconsin consistent with their out of state credentialing if they apply with the Department of Safety and Professional Services for a temporary license within 30 days. If granted a temporary license, health care providers may practice in Wisconsin while their application for permanent licensure is pending. These temporary credentialing provisions remain in effect for the duration of the federal public health emergency related to COVID-19.

OCI requests that all health insurers refrain from making any coverage determinations based solely on the fact that a health care provider is operating under temporary licensure. OCI also requests that health insurers not refuse to add a health care provider to its network based solely on the fact that the health care provider is operating under a temporary license. Finally, OCI asks that health insurers consider developing procedures to grant temporary credentialing or retroactive credentialing to health care providers who are operating under the provisions of Act 10.



# Legislation

In 2021, Governor Evers signed legislation affecting the business of insurance in Wisconsin. Legislative materials may be found online at [legis.wisconsin.gov](https://legis.wisconsin.gov) and may also be obtained from the Wisconsin Legislative Council at [lc.legis.wisconsin.gov](https://lc.legis.wisconsin.gov) or by calling (608) 266-1307.

## **2021 WISCONSIN ACT 9**

### **Pharmacy Benefit Managers**

*Repeal 40.51 (15m) and 632.86; to renumber 632.865 (1) (a); to renumber and amend 632.865 (1) (c) and 633.01 (4); to amend 40.51 (8), 40.51 (8m), 66.0137 (4), 120.13 (2) (g), 185.983 (1) (intro.), 450.135 (9), 601.31 (1) (w), 601.46 (3) (b), 609.83, 616.09 (1) (a) 2., chapter 633 (title), 633.01 (1) (intro.) and (c), 633.01 (3), 633.01 (5), 633.04 (intro.), 633.05, 633.06, 633.07, 633.09 (4) (b) 2. and 3., 633.11, 633.12 (1) (intro.), (b) and (c), 633.13 (1) and (3), 633.14 (2) (intro.) and (c) 1. and 3. and (3), 633.15 (1) (a), (1m) and (2) (a) 1., 2. and 3. and (b) 1., 633.15 (2) (b) 2. and 633.16; and to create 450.13 (5m), 450.135 (8m), 632.861, 632.865 (1) (ae) and (ak), 632.865 (1) (c) 2., 632.865 (1) (dm), 632.865 (3) to (7), 633.01 (2r), 633.01 (4g), 633.01 (4r), 633.01 (6), 633.15 (2) (b) 1. d. and 633.15 (2) (f), Wis. Stat.*

2021 Wisconsin Act 9 creates numerous new provisions concerning Pharmacy Benefit Managers (PBMs) who operate in Wisconsin:

- A disability insurance policy or self-insured health plan may not restrict or penalize a pharmacy from informing an enrollee in the policy or plan regarding the difference between the out-of-pocket cost under the policy or plan and the amount an individual would pay without using the health policy or plan.
- Wis. Stat. §632.861(4), establishes notice requirements for disability insurers, self-funded non-federal governmental plans, and PBMs regarding certain drug formulary changes or drug substitutions. Advance written notice is required to enrollees when a drug is removed from the formulary, or the benefit tier of a covered drug is modified to a higher deductible, copayment, or coinsurance level.
- Wisconsin Statute § 632.865 (7) requires that every pharmacy benefit manager submit a report related to contracts held with pharmacies located in Wisconsin that provides the following information from the prior calendar year:
  - The aggregate rebate amount that the pharmacy benefit manager received from all pharmaceutical manufacturers.

- Aggregate rebate amount retained but did to pass through to health benefit plan sponsors.
- The percentage of the aggregate rebate amount that is retained.
- Wisconsin Statute § 632.861 (3), restricts the amount an enrollee or insured is required to pay at the point of sale to the lower of the following:
  - The cost-sharing amount for the prescription drug under the terms of the plan or policy, or
  - The amount the enrollee or insured would pay without using any health plan or health insurance coverage.
- Wisconsin Statute § 632.865 (6), delineates procedures for a review of a pharmacy or pharmacist by or for a defined network plan, self-insured governmental health plan, or pharmacy benefit manager that finances or reimburses the cost of health care services or prescription drugs. The law details the notice and scope of an audit and timeframes for the pharmacist or pharmacy to provide the necessary documentation. The section requires the auditing entity to provide the pharmacy or pharmacist with the results of the audit within 60 days after the on-site or desk audit.

The law addresses the confidentiality of the information obtained during an audit, the expectation of corporation with the auditors when performed in accordance with the statute, and limitations on adverse incentives for auditors. The audit provisions within this section do not apply to an investigative audit when there is a credible allegation of fraud or willful misrepresentation.

- The law requires PBMs to obtain a license and be subject to OCI oversight. The type of license required is based on the PBM's responsibilities. If the PBM solicits or collects premiums, effects coverage, or settles claims the PBM must obtain an Employee Benefit Plan Administrator license. Alternatively, if the PBM administers or manages the pharmacy benefits for an insurer or another entity that provides prescription drug benefits to Wisconsin residents and does not collect premium or affect claims, the PBM must obtain a Pharmacy Benefit Manager license.

Effective

- March 28, 2021, Disclosures under Wis. Stat. § 632.861 (2).

- June 1, 2021, Annual reports due to OCI for the calendar year 2020.
- June 30, 2021, Cost-sharing limitation under Wis. Stat. § 632.861 (3), providing the enrolled individual will pay the lowest cost of either the cost-sharing amount under the plan or the amount a person would pay without health insurance.
- June 30, 2021, Audits conducted under Wis. Stat. § 632.865 (6), providing parameters of PBM audits of pharmacies.
- January 1, 2022, the remainder of the provisions contained in the Act.

Learn more about [OCI's implementation of Act 9](#).

## **2021 WISCONSIN ACT 73**

### **Insurance Data Cybersecurity**

*To create 601.465 (3) (f), subchapter IX (title) of chapter 601 [precedes 601.95], 601.95, 601.951, 601.952, 601.953, 601.954, 601.955 and 601.956, Wis. Stat.*

2021 Wisconsin Act 73 imposes new requirements related to insurance data security. The act creates subchapter IX of chapter 601 and generally requires that licensees develop and maintain an information security program, take certain steps to promptly investigate cybersecurity events, and notify OCI and consumers when a cybersecurity breach has occurred.

The requirements of the act generally apply to a "licensee", which is defined as "a person licensed, authorized, or registered, or a person required to be licensed, authorized, or registered, under chs. 600 to 655." Wis. Stat. § 601.95(7). Risk retention groups chartered and licensed in another state and insurers acting as an assuming insurer domiciled in another state are exempt from the definition of licensee. It should be also noted that while the law generally applies to all licensees, certain requirements are limited to licensees domiciled in Wisconsin.

Wis. Stat. § 601.952 requires that a licensee develop, implement, and maintain a comprehensive information security program designed to protect the licensee's information systems and nonpublic information. The security program shall be based on a risk assessment conducted by the licensee that complies with Wis. Stat. § 601.952(2). This risk assessment includes identifying foreseeable threats to security, assessing the likelihood and potential damage of those threats, and assessing the sufficiency of safeguards in place to manage threats.

Based on this risk assessment, Wis. Stat. § 601.952(3) requires a licensee to design an information security system to mitigate identified threats commensurate with the size and complexity of the licensee and implement other security measures as appropriate. A licensee must also designate a person or persons as responsible for the licensee's information security system, stay informed regarding emerging threats, assess the effectiveness of security safeguards no less than annually, and include cybersecurity risk in the licensee's enterprise risk management process.

Additional provisions require licensees to develop an incident response plan to respond to and recover from a cybersecurity breach. Wis. Stat. § 601.952(5). Licensees are also required to exercise due diligence in selecting third-party service providers and make reasonable efforts to ensure that third-party service providers employ appropriate security measures and reporting of cybersecurity events. Wis. Stat. § 601.952(6).

For licensees with a board of directors, the board or a committee of the board is required to oversee the development and implementation of the information security program. Executive management is required to report on information security programs to the board at least annually. Wis. Stat. § 601.952(7).

Wis. Stat. § 601.952(8) requires that licensees provide an annual certification to OCI that the licensee is in compliance with the information security program requirements of Wis. Stat. § 601.952. Licensees must maintain records that support the certification for at least five years and shall produce the records upon demand of OCI. The certification requirement only applies to licensees who are domiciled in the state of Wisconsin.

The requirements of Wis. Stat. § 601.952 do not apply to licensees:

- Who have less than \$10 million in total assets; or
- Less than \$5 million in gross annual revenue; or
- Fewer than 50 employees which includes independent contractors that work at least 30 hours per week.

The law defines a "Cybersecurity Event" as "an event resulting in the unauthorized access to, or disruption or misuse of, an information system or the nonpublic information stored on an information system." The term does not include the unauthorized acquisition of encrypted nonpublic information if the encryption process or key is not also acquired nor the unauthorized acquisition of nonpublic

information if the licensee determines that the nonpublic information has not been used or released and has been returned to the licensee or destroyed.

Under Wis.Stat. § 601.953(1) if a licensee learns that a cybersecurity event involving its information systems has occurred, the licensee must conduct a prompt investigation that, at a minimum, includes the following:

- An assessment of the nature and the scope of the event;
- Identification of any non-public information that may have been involved; and
- The performance of reasonable measures to restore security.

If a licensee knows that a cybersecurity event has occurred in the information systems maintained by a third party, the licensee must make reasonable efforts to confirm the third-party provider conducted an investigation consistent with this section or document the third-party provider's failure to cooperate. Wis.Stat. § 601.953(2). Records related to a cybersecurity event must be maintained for at least five years and be available to OCI upon request. Wis.Stat. § 601.953(3).

Wis. Stat § 601.954 outlines the requirements for licensees to provide notice to OCI of a cybersecurity event involving nonpublic information.

For licensees domiciled in Wisconsin, notice must be given when there is a reasonable likelihood of material harm to consumers, regardless of the number of consumers affected, or the operations of the licensee.

For all licensees, notice must be given to OCI if the cybersecurity event involves at least 250 consumers and either:

- Notice is required to be provided to a governmental or supervisory entity under state or federal law; or
- There is a reasonable likelihood of material harm to consumers or the operations of the licensee.

Notification must be provided as promptly as possible but no later than three business days after the determination that a cybersecurity event involving nonpublic information has occurred. For example, if a licensee learns that there has been unauthorized access to a computer system storing nonpublic information, notice must be given to OCI no later than three business days after the licensee learns of that event.

That notification to OCI must include:

- The date and source of the cybersecurity event.
- A description of how the cybersecurity event was discovered.
- A description as to how nonpublic information was exposed including the specific data elements exposed, and an explanation and status of recovery efforts of the information.
- The number of consumers affected.
- A description of the efforts to address the cause of the cybersecurity event.
- The results of any internal review of the cybersecurity event.
- Whether the licensee notified a governmental body or supervisory entity.
- A copy of the licensee's policy and steps the licensee will take to investigate and notify affected consumers.
- The name of the contact person who is familiar with the cybersecurity event and authorized to act on behalf of the licensee.

Licensees should not wait to provide notice to OCI until an investigation has been completed and all of this detailed information is known. The law requires a licensee to supplement this information as additional information becomes available and notice must be given within three business days of learning of the cybersecurity event even if the full details of the event are unknown at that time.

If a licensee knows the nonpublic information of a consumer has been acquired by a person not authorized to have such information, the licensee must notify each affected consumer and shall indicate that licensee knows of the unauthorized acquisition of nonpublic information pertaining to that consumer. If a licensee is required to notify 1,000 or more consumers due to a single event, notice must be provided to the consumer reporting agencies.

Notice must be given to affected consumers within a reasonable time not to exceed 45 days after the licensee becomes aware of the unauthorized acquisition of nonpublic information. Upon written request of the consumer, a licensee must identify the nonpublic information that was acquired. A licensee must also provide a copy of the consumer notice to OCI.

For assuming insurers, notification must be given to the ceding insurer and the commissioner of the assuming insurer's state of domicile not later than three business days after learning of the cybersecurity event. A ceding insurer who has a direct contractual relationship with the consumer

is required to comply with the notice requirements of this section.

Information produced to OCI under this subchapter is considered to be confidential, proprietary, and containing trade secrets. The information is not subject to open records requirements, not subject to subpoena or discovery, and is not admissible as evidence in a private civil action.

The requirements of this subchapter do not apply to an employee or agent of a licensee to the extent that person is covered by the information security program of the licensee.

Licensees are considered to meet the information security program requirements of the Act if:

- The licensee is affiliated with a depository institution and complies with interagency security guidelines as set forth in 15 USC 6801 and 6805;
- The licensee is affiliated with a broker or dealer and complies with FINRA information security program requirements;
- A licensee is affiliated with an entity established pursuant to the federal Farm Credit Act and complies with information security program requirements set forth by the Farm Credit Administration;
- A licensee who is subject to HIPAA privacy rules as set forth in 45 CFR parts 160 and 164 and who maintains nonpublic information in the same manner as protected health information.
- Licensees who cease to qualify for an exemption have 180 days to comply with this subchapter.

Effective November 1, 2021. An entity must have a comprehensive information security program in place by November 1, 2022. An entity's first annual certification to OCI for its information security program is due by March 1, 2023. An entity's oversight of third-party service providers must be in place by November 1, 2023.

Learn about [OCI's implementation of Act 73](#).

## 2021 WISCONSIN ACT 107

### Municipal Raze Orders

*To amend 66.0413 (1) (b) 1. and 66.0413 (1) (c); and to create 66.0413 (5), Wis. Stat.*

2021 Wisconsin Act 107 modifies the process that municipalities must follow to issue raze orders for certain insured dwellings if an insurer submits a certification to a municipality within 14 days of the real property incurring

damage. The certification must include all of the following:

- A statement that the insurer reasonably believes that the real property may qualify as an insured dwelling.
- A statement that the property owner or an insured has filed a claim, or the insurer has reason to believe that a claim will be filed.
- A statement that the insurer reasonably believes that the claim may qualify as covered damage.
- The date of the damage to the insured dwelling.
- The insurance policy limits of the insured dwelling.
- The insurer's designated representative for the filed or anticipated claim.
- The designated representative's mailing address, email address, and phone number.

If a municipality receives such a certification from an insurer, it generally may not issue a raze order for the dwelling unless it follows certain steps, including all of the following:

- Provide notice of intent to issue a raze order to the owner of record of the insured dwelling, the holder of any encumbrance, and the insurer.
- Accept and consider materials submitted by any of those persons, if the materials assist in establishing the extent of the damage or reasonable cost of repairs. When considering the materials submitted by persons entitled to notice, the municipality must consider the qualifications, expertise, and experience of the person that submitted the materials.
- Conduct an on-site inspection of the insured dwelling to assess the extent of the damage.
- Determine the estimated cost of repairs for the insured dwelling.
- Determine that the repair of the insured dwelling is not reasonable.

However, under the act, a municipality retains the authority to order the owner of the dwelling to make the building safe and sanitary. In addition, the new raze order process under the act does not apply in either of the following circumstances:

- If the municipality determines that the dwelling is in imminent danger of structural collapse and the owner has failed to appropriately secure and limit access to the dwelling.
- If the insurer notifies the municipality that the insurer determines the dwelling is wholly destroyed.

Effective December 5, 2021. The act first applies to real property that incurred damage on that date.

<sup>1</sup> Henning, A. (2021, December 14). Wisconsin Legislative Council Act Memo, 2021 Wisconsin Act 107. <https://docs.legis.wisconsin.gov/2021/related/lcactmemo/act107.pdf>



## 2021 WISCONSIN ACT 111

### Regulating Travel Insurance

*To amend 76.60 and 628.02 (1) (b) 8.; to repeal and recreate 632.977; and to create 628.34 (15) and 629.01 (5) (g), Wis. Stat.*

2021 Wisconsin Act 111 adopts general provisions classifying travel insurance as part of the inland marine line of insurance and indicating that it may also be filed under the accident and health line if it includes sickness and disability coverage. Intermediaries licensed in any major line of authority can sell travel insurance. Intermediaries with a property and casualty line of authority are not required to be appointed by an insurer to sell travel insurance.

The Act also creates a limited lines travel insurance producer license that may be obtained by insurance intermediaries and travel administrators, which are defined as “a person who directly or indirectly underwrites, collects charges or premiums from, or adjusts or settles claims of residents of this state in connection with travel insurance.”

Travel retailers, a business entity that offers travel services, may offer and disseminate travel insurance in this state under the license of a travel insurance producer if they do all of the following:

- The purchaser of travel insurance is provided with required information such as a description of the material terms and the process for filing a claim.
- The limited lines travel insurance producer keeps a register of each travel retailer that offers and disseminates travel insurance on the producer’s behalf.
- The limited lines travel insurance producer designates an employee who is a licensed producer as the person responsible for compliance with the statutes and rules of this state.
- The designated responsible employee, the officers of the limited lines travel insurance producer, and any other person who directs or controls the limited lines travel insurance producer’s insurance operations complies with insurance intermediary fingerprinting requirements.
- The limited lines travel insurance producer pays all applicable licensing fees.
- The limited lines travel insurance producer requires each employee and authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training.

A travel retailer, or an employee or an authorized representative of a travel retailer, who is not licensed as a



limited lines travel insurance producer may not do any of the following:

- Evaluate or interpret technical terms, benefits, or conditions of travel insurance coverage;
- Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage;
- Hold himself or herself out as an insurer, a limited lines travel insurance producer, or an insurance expert.

A travel protection plan can offer a combination of travel insurance, travel assistance services, and cancellation fee waivers for one price if certain conditions are met. The bill also prohibits the use of a negative option or opt-out process that requires the purchaser to take an affirmative action to deselect coverage when purchasing a trip.

Effective March 1, 2022

### **2021 Wisconsin Act 114 Insurance Omnibus Law**

*To repeal 601.954 (2) (f) 1., 635.05 (7), 635.12 and 646.51 (3) (ar) 1.; to renumber 632.66; to consolidate, renumber and amend 601.954 (2) (f) (intro.) and 2. and 646.51 (3) (ar) (intro.) and 2.; to amend 601.64 (3) (c), 611.40 (1), 611.42 (1), 611.42 (1e) (b) (intro.), 632.62 (1) (b) 1., 632.62 (1) (b) 2., 645.68 (3), 646.13 (2) (g), 646.325 (2) (intro.), 646.325 (2) (a) (intro.), 655.27 (3) (b) 2., 655.27 (3) (bt) and 655.275 (2); and to create 551.102 (28) (bm), 601.465 (3) (g), 601.465 (3) (h), 601.48 (1m), 611.42 (1b), 611.42 (1g), 611.426, 617.13, 625.03 (1m) (f), 632.62 (1) (b) 4., 632.66 (2), 646.01 (1) (b) 21., 646.01 (1) (b) 22. and 646.325 (2) (a) 3., Wis. Stat.*

2021 Wisconsin Act 114 makes various changes relating to the regulation of the insurance industry. The act requires the Office of the Commissioner of Insurance (OCI) to maintain accreditation with the National Association of Insurance Commissioners.

2021 Wisconsin Act 114 made the following changes:

- Wis. Stat. § 601.64 (3) (c) was amended to increase the amount of forfeiture that OCI can impose for violations of the insurance code if the violation specifically involves a consumer who is an adult at risk or an individual who is at least 60 years of age. In such instances, the forfeiture amount is raised to a maximum of \$5,000 per violation.
- Wis. Stat. § 611.40 (1) was amended to clarify that insurance stock corporations may hold shareholder meetings by remote participation. In addition, several provisions of Wis.Stat. Ch. 611 were created or amended

to make clear that mutual insurance companies may hold policyholder meetings by remote participation.

- A new statute was created that directs the commissioner to adopt rules requiring certain insurers to report group capital calculations and liquidity stress tests and the form and manner of that reporting. Wis. Stat. § 617.13.
- The law included language that defines "Funding Agreement" and adopts OCI's long-standing position that funding agreements are insurance contracts. Wis. Stat. § 632.66 (2) (a). Provisions were also enacted that specify requirements for insurers issuing funding agreements including that the issuance of funding agreements must be approved by the insurer's board, that the issuance will not be adverse to policyholders, and that the issuance is based on reasonable assumptions regarding investment income and expenses. Wis. Stat. § 632.66 (2) (b). Any materials requested by the commissioner related to OCI's examination of a proposed funding agreement issuance are held confidential. Wis. Stat. § 632.66 (2) (g).
- The statutes were amended to clarify that PCF may adopt payment classifications in reference to the relevant Insurance Services Office, Inc., codes for medical specialties and types of practice and include those classifications in PCF's submission of fees to the Joint Committee on Finance. Wis. Stat. § 655.27(3). Revisions were also made to the peer review council to allow for up to seven members on the council. Wis. Stat. § 655.275 (2).

Effective December 5, 2021

# Administrative Rules

In 2021, OCI promulgated the following change in the Wisconsin Administrative Code.

*Chapter Ins 19, Wis. Adm. Code—Relating to the Wisconsin Healthcare Stability Plan and affecting small business.*

The rule implemented the requirements for the Wisconsin Healthcare Stability Plan, (WIHSP) a reinsurance program under a 1332 federal waiver that was created by 2017 Wis. Act 138. Chapter Ins 19, Wis. Adm. Code, is created to implement the two key components of the WIHSP: (1) to establish a process to annually set the payment parameters for the following benefit years; and (2) to establish the reporting requirements for eligible carriers with paid claims during a given benefit year that are eligible for reinsurance payment from WIHSP.

Consistent with the authorizing statute, the rule clarifies OCI's requirements for insurers offering individual comprehensive health insurance on the federally facilitated marketplace and offered generally in the state. The benefits covered by compliant plans must provide coverage consistent with the Patient Protection and Affordable Care Act of 2010, as amended, (PL 111-148), including coverage of preexisting conditions, essential health benefits, and Wisconsin health insurance mandates, that are provided without discrimination or imposition of annual or lifetime limitations.

The rule delineates the claim submission process by establishing claim reporting requirements, timing and content of quarterly and annual reports, and final reconciliation of claims data. The rule also identifies the review and audit process of submitted claims and establishes timelines for the submission of data and other information required by OCI. The information gathered by OCI will be used in aggregate to complete required reporting to the federal government and notices to eligible carriers. Claims eligible for reinsurance during the benefit year may be submitted to OCI for reinsurance payment following the payment parameters for that benefit year. Reinsurance payments to eligible carriers are to be issued by August 15 of the subsequent benefit year.

Effective December 1, 2021.

In 2021, OCI had no rules repealed through an expedited process.

In 2021, OCI had the following emergency rule in effect.

*Chapter Ins 19, Wis. Adm. Code—Relating to the Wisconsin Healthcare Stability Plan and affecting small business.*

The proposed emergency rule remains in effect and implements the requirements for the Wisconsin Healthcare Stability Plan, (WIHSP) a reinsurance program under a 1332 federal waiver that was created by 2017 Wis. Act 138. Chapter Ins 19, Wis. Adm. Code, is created to implement the two key components of the WIHSP: (1) to establish a process to annually set the payment parameters for the following benefit years; and (2) to establish the reporting requirements for eligible carriers with paid claims during a given benefit year that are eligible for reinsurance payment from WIHSP.

Consistent with the authorizing statute, the emergency rule clarifies OCI's requirements for insurers offering individual comprehensive health insurance on the federally facilitated marketplace and offered generally in the state. The benefits covered by compliant plans must provide coverage consistent with the Patient Protection and Affordable Care Act of 2010, as amended, (PL 111-148), including coverage of preexisting conditions, essential health benefits, and Wisconsin health insurance mandates, that are provided without discrimination or imposition of annual or lifetime limitations.

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Effective December 3, 2018

Expired December 1, 2021

# Administrative Actions

OCI is responsible for administering and enforcing the insurance laws of Wisconsin. This includes monitoring the financial and marketing practices of individuals and companies. All complaints are investigated to determine if any Wisconsin laws have been violated. In cases of serious violations, administrative actions are taken.

The following administrative actions were taken in 2021.

## Companies

Total Number of Actions	21
Forfeitures Demanded	\$ 63,250

## Agents

Licenses Denied	75
Licenses Revoked	103
Licenses Surrendered	2
Licenses Suspended	5
Total Number of Actions	263
Forfeitures Demanded	\$114,500

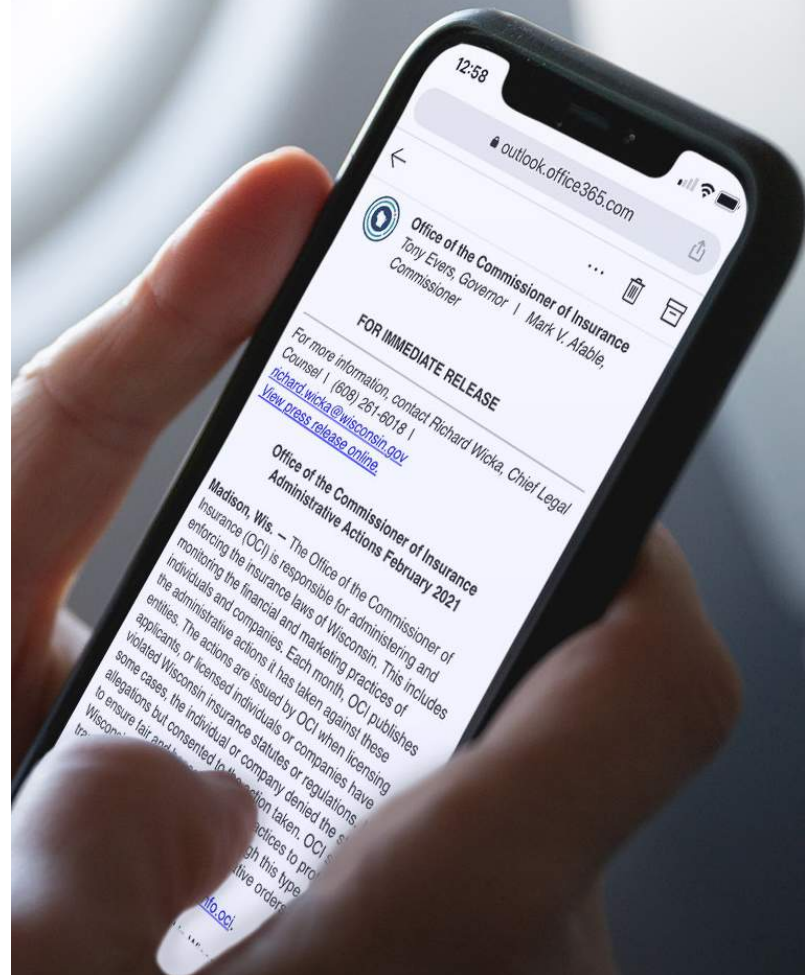
Each month, OCI publishes the administrative actions it has taken against these entities. The actions are issued by OCI when licensing applicants or licensed individuals or companies have violated Wisconsin insurance statutes or regulations. In some cases, the individual or company denied the stated allegations but consented to the action taken. OCI strives to ensure fair and honest business practices to protect Wisconsin insurance consumers through this type of transparency.

Administrative orders may be viewed online at [ociaccess.oci.wi.gov/OrderInfo/OrdInfo.oci](https://oci.wi.gov/OrderInfo/OrdInfo.oci). You can search all Administrative Orders for 2021 or by other criteria.

Any forfeitures paid are deposited in Wisconsin's Common School Fund administered by the Board of Commissioners of Public Lands. Earnings from the Fund are distributed to all public K-12 schools in the state and are used by school libraries to purchase library materials and computers.

OCI collected \$140,456 in forfeitures from administrative actions alone which are remitted to the Common School Fund. The total amount remitted by OCI to the Common School Fund for all forfeitures for 2021 was \$440,414.

The public can [subscribe to OCI's electronic mailing list](#) to receive notices of monthly administrative actions.



# Public Affairs

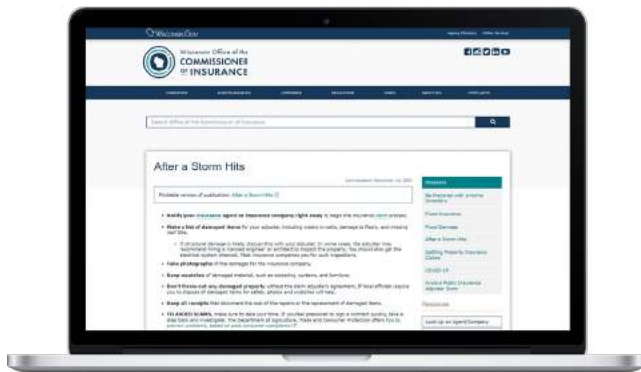


# Public Affairs Unit

In support of OCI's mission, Commissioner Mark Afable created a Public Affairs unit within the Commissioner's Unit in 2019 to oversee communications, outreach, marketing, and legislative affairs.

This unit is overseen by the Director of Public Affairs and includes a legislative policy advisor, an advanced communications specialist focusing on graphic design and marketing, a social media and outreach specialist, and a copy editor/content manager.

In 2021, OCI created content related to the COVID-19 pandemic, the open enrollment period for the federal Marketplace known as HealthCare.gov, and general topics throughout the year. OCI also shared information related to climate resilience and pre-disaster mitigation so consumers can prepare themselves and their property for the weather events that impact Wisconsin.



Public Affairs maintains a website ([oci.wi.gov](http://oci.wi.gov)) for consumers, stakeholders, and the industry. The website links to a number of consumer publications on a variety of topics related to COVID-19 to ensure that business owners, health insurance consumers, and others could access accurate, up-to-date information. OCI also created new webpage content to share COVID-19 updates about the agency's operations and the industry's response to the pandemic and economic changes.

The Strategic Public Affairs Communication Plan is designed to increase awareness of OCI and insurance issues and build financial and health insurance literacy across the state. Key areas of focus include:

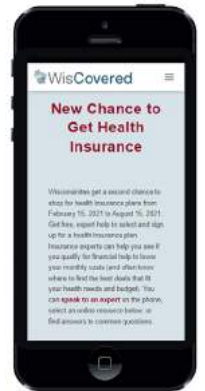
- Spreading Awareness about the work of OCI
- Increasing Financial Empowerment through Insurance Literacy
- Expanding Health Insurance Coverage
- Educating Wisconsinites about Life Insurance

- Increasing Flood Insurance Coverage
- Empowering Farmers with Insurance Information

## Health Insurance Access

Governor Evers launched the [DHS OCI Health Care Coverage Partnership](#) in 2019 to improve coordination around outreach and education, increase enrollment and health insurance literacy, and improve enrollment retention.

In 2020, this partnership launched [WisCovered.com](#) (right) as an accessible resource for consumers to get connected with enrollment information. This mobile-first site connects Wisconsinites to expert health insurance advice. The Public Affairs unit updated the site throughout 2021 to reflect the latest changes to special and open enrollment periods, Marketplace eligibility, and the American Rescue Plan Act (ARPA). The online services are available in English, Spanish, and Hmong. During the 2022 HealthCare.gov open enrollment period, from November 2021 through January 2022, over 8,000 Wisconsinites visited this site.



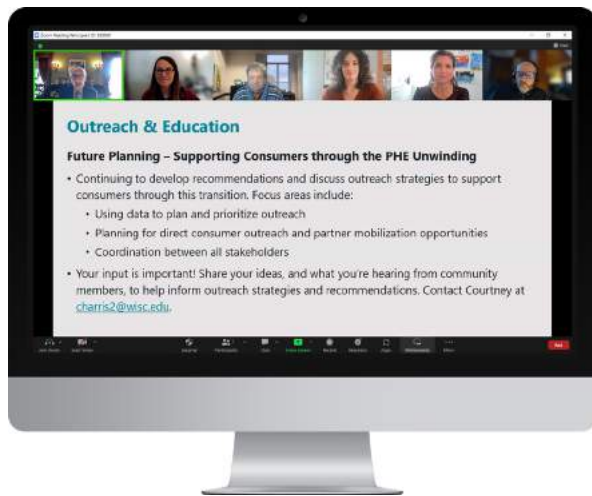
The Public Affairs unit also developed a Digital Media Toolkit (above) that provided local governments and organizations with communication tools to reach their stakeholders and spread the word to Wisconsinites.

## Outreach and Awareness

OCI's consumer outreach and stakeholder engagement are important to ensure that Wisconsinites have high insurance literacy to navigate the state's competitive insurance



marketplace. Throughout 2021, OCI conducted outreach around the state in virtual formats and in person (above).



The OCI DHS Health Care Coverage Partnership holds quarterly public meetings (above) to engage stakeholders from the health insurance industry and community leaders that can help amplify health coverage information in their spaces. In 2021 these meetings focused on sharing information on the ongoing COVID-19 pandemic, the Special Enrollment Period (SEP), the ARPA implementation, and more.



In March 2021, OCI held a Facebook Live event (above) with Commissioner Afable and Lieutenant Governor Mandela Barnes to discuss the SEP and ARPA subsidies. A Covering Wisconsin navigator helped answer questions about

enrollment and questions shared by viewers on Facebook. OCI also held a webinar on ARPA for health insurance agents in April. These virtual events allowed us to raise awareness of ARPA components that impact health insurance coverage across diverse audiences.



**Stronger Wisconsin**  
Be Prepared. Stay Protected.

In 2021, OCI launched the Stronger Wisconsin initiative focused on climate risk, resiliency, and pre-disaster mitigation. Pre-disaster mitigation efforts can reduce or eliminate risk to people and property from the impact of disasters. This can take the form of community-wide risk reduction projects; improvements to critical infrastructure; building codes that strengthen new construction; and improving the resiliency of existing structures. Stronger Wisconsin is an outreach initiative to connect with individuals and communities that may be impacted by climate disaster so we can spread the word about mitigation opportunities. We also work to connect the dots across industries, state agencies, and local governments to build more resilient communities.



In June, Commissioner Afable, Department of Safety and Professional Services Secretary Dawn Crim, and Department of Financial Institutions Secretary Kathy Blumenfeld visited Door County (above) to visit several homes designed by architect Virge Temme that highlighted ways in which building codes and practices can lead to greater environmental sustainability and climate resiliency. After those visits, they held a roundtable discussion with stakeholders to discuss how their industries can collaborate to support these innovative practices.



In October, Commissioner Afable, Department of Safety and Professional Services Secretary Dawn Crim, Department of Financial Institutions Secretary Kathy Blumenfeld, Department of Natural Resources Secretary Preston Cole, and Governor Evers' Milwaukee Outreach Director Nadiyah Groves met with local leaders to learn more about how neighborhood-level flood mitigation projects have helped their communities prepare for and withstand severe weather events. First, they met with Milwaukee Metropolitan Sewerage District Executive Director Kevin Shafer to learn about floodplain mitigation projects at Pulaski Park and the 34th Street corridor (above) . Later they were joined by Milwaukee County Executive David Crowley for a walking eco-tour of the Lindsey Heights Neighborhood to learn about Walnut Way's innovative and successful efforts to build community engagement in sustainability and conservation projects.

Our consumer outreach and stakeholder engagement are important to ensure that Wisconsinites have high insurance literacy to navigate our state's competitive insurance marketplace. We also work to share information among lawmakers (right).



Throughout the fall of 2021, OCI held informational presentations for legislative staff and lawmakers on topics including health insurance, homeowners insurance, flood insurance, auto insurance, and others. Through these presentations, we engaged with legislative offices that are partners in our work to support a strong, competitive marketplace in Wisconsin. Lawmakers also help us spread

the word about the insurance information and other resources we have available to support their constituents as they navigate insurance.



OCI also creates approachable consumer publications, FAQs and Fact Sheets (below), and informative webpages on important topics, including a recently launched new webpage called [Insurance Resources for Every Stage of Life](#) (above) that connects consumers with information about insurance needs in early adulthood, as a newlywed, in retirement, after a divorce, and more. A comprehensive list of OCI consumer publications can still be found at [oci.wi.gov/publications](http://oci.wi.gov/publications). Consumer publications can also be ordered online in hard copy format at [oci.wi.gov/Pages/Consumers/Order-a-Publication.aspx](http://oci.wi.gov/Pages/Consumers/Order-a-Publication.aspx).



# Social Media

 **Wisconsin OCI**  
@wisconsinoci

Are home improvements part of your New Year's Resolutions? Remember to contact your insurance agent before you start work and see if your homeowner's insurance policy needs to be updated. #WisInsurance



**New Year's Renovations**  
Finishing your basement?

oci.wi.gov

JANUARY

FEBRUARY

MARCH

 **Wisconsin Office of the Commissioner of Insurance** was live.  
March 26, 2021 at 3:01 PM

Join us to learn more about how to get enrolled on Healthcare.gov



 **Wisconsin OCI**  
@wisconsinoci

Between 2010 and 2019, we had our wettest years on record. That's why @LGMandelaBarnes is encouraging folks to make flood insurance part of their severe weather planning during Flood Insurance Awareness Week.



**LIUTENANT GOVERNOR MANDELA BARNES**  
Hey Wisconsin, I'm Lieutenant Governor Mandela Barnes, and I am proud to be partnering with



**Wisconsin OCI**  
@wisconsinoci

Más de 190,000 residentes de Wisconsin se inscribieron en un plan de [HealthCare.gov](https://www.healthcare.gov) en 2020. Si no pudo hacerlo la última vez, ¡ahora tiene una segunda oportunidad para inscribirse! Si necesita ayuda, visite [wiscovered.com/enespanol/](https://www.wiscovered.com/enespanol/) o llame al 2-1-1 hoy mismo para enc....



APRIL

MAY

JUNE



**YouTube**

Wisconsin Office of the...  
8 subscribers

SUBSCRIBED

**Wisconsin Office of the Commissioner of Insurance (OCI)**  
273 followers  
1yr

Approximately 40 percent of Americans say they don't know how to protect themselves from cybercrime. Here are five places we give up privacy online — and don't even know it. <https://lnkd.in/erjqHZZ>

**NATIONAL CYBERSECURITY ALLIANCE | Staying Safe Online**

**5 places we give up privacy online and don't know it.**

LEGEND

- Use a strong password and 2FA
- Practice webcam awareness
- Consider a VPN
- Hold your information close

Wisconsin Office of the COMMISSIONER OF INSURANCE | [staysafeonline.org/blog/5-places-we-give-up-privacy-online](https://staysafeonline.org/blog/5-places-we-give-up-privacy-online)  
oci.wi.gov

**Wisconsin Office of the Commissioner of Insurance**  
 Jul 28, 2021 · 🌐

Wisconsin weather is getting warmer and wetter. Are you ready? Go to <https://oci.wi.gov/disasters> to find out.



Source: Parts of Wisconsin now in "extreme" drought, WUOL Fox 11, June 2021

JULY

**Wisconsin OCI**  
 @wisconsinoci · Follow

Whether you're a longtime small business owner or just starting out, our insurance guide can help you understand your coverage options for your business. Give it a look at [oci.wi.gov/Pages/Consumer...](https://oci.wi.gov/Pages/Consumer...) #SmallBusinessWeek



#SmallBusinessWeek

SEPTEMBER

AUGUST

**Wisconsin Office of the Commissioner of Insurance**  
 August 4, 2021 · 🌐

Governor Evers' "Less for Rx" Plan builds on the work of the Governor's Task Force on Reducing Prescription Drug Prices and proposes more than a dozen innovative and effective policy solutions to reduce the price of prescription drugs.



- Establishes a copay cap of \$50 for insulin
- Controls and lowers out-of-pocket costs
- Increases transparency and consumer protections
- Ensures access for Wisconsin's most vulnerable

GOVERNOR  
**TONY EVERS**

 Wisconsin OCI  
@wisconsinoci

Wisconsinites can now find lower prices and more choice for health insurance on [HealthCare.gov](https://www.healthcare.gov). That's why [@GovEvers](https://twitter.com/GovEvers) is encouraging folks to sign up for a health plan during Open Enrollment. Need help signing up? Find FREE help near you at [WisCovered.com](https://www.wiscovered.com).



Hey folks, Governor Tony Evers here.

OCTOBER


NOVEMBER


DECEMBER

 Wisconsin Office of the Commissioner of Insurance  
October 8, 2021

Excited to join Wisconsin Department of Natural Resources Secretary Preston Cole, Department of Safety and Professional Services Secretary Dawn Crim and Wisconsin Department of Financial Institutions Secretary Kathy Blumenfeld this morning to learn more about how the Milwaukee Metropolitan Sewerage District - MMSD is working to reduce the risk of flooding and improve public safety through initiatives like the Pulaski Park Project. #StrongerWisconsin




 YouTube



**CHRYSA OSTENSO**  
WISCONSIN SMALL BUSINESS OWNER

Prices are at a record low on [HealthCare.gov](https://www.healthcare.gov)

 Wisconsin Office of the...  
8 subscribers

SUBSCRIBED

# Office of Operational Management



The Office of Operational Management (OOM) is responsible for information technology, project portfolio management, budget, accounting, and facilities management.

## Financial Management

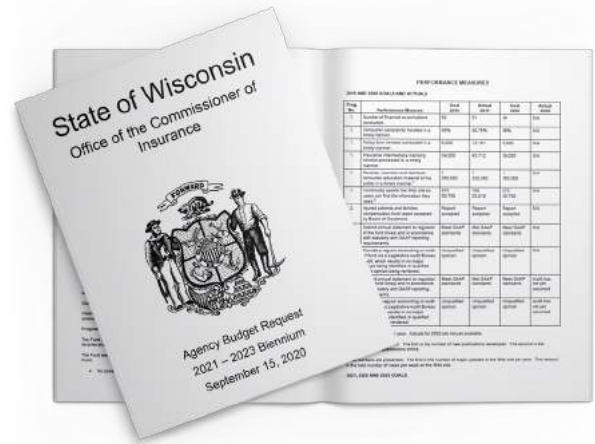
This section provides accounting, budgeting, contract management, internal controls, procurement, risk management, and vendor payment services for OCI. The section produces the annual operating budgets for all units of OCI, external financial reports at the fund and agency level, GAAP reports, and required statutory reports, e.g., the minority contracting reports, as well as annual contract justification for continued contract renewals.

Section staff members are responsible for providing technical budget assistance and guidance to OCI managers and staff, tracking expenditures and revenues, collecting accounts receivables, calculating and billing the annual examination assessment, calculating and billing the annual care management organization examination charges, administering the state purchasing card program, cashing, and serving as liaison with the Department of Administration (DOA) procurement staff. A staff member is a participating member of the State Agency Purchasing Council.

Some of this year's accomplishments in this section include:

- Implemented OCI's Biennial Budget Request (right)

- Prepared GAAP information for general fund and the insurance liquidation account pursuant to DOA guidelines and requirements
- Certified that the internal controls have been reviewed and no material weaknesses in the controls were reported
- Developed and prepared the complex cost allocations of administering the insurance company examination program for annual assessment



## Project Portfolio Management

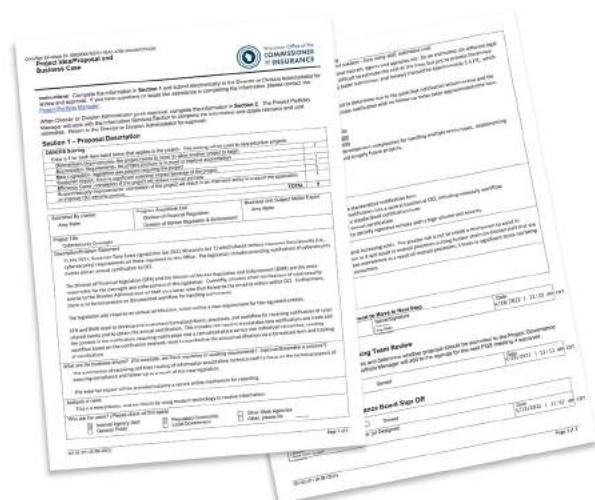
OOM is responsible for coordinating projects with OCI's Project Governance Board. The Portfolio Manager ensures projects are aligned with OCI's strategic business Project Governance Board plan, facilitates the board meetings, provides project status reports to Project Governance Board, and works with OCI's Continuous Improvement Point-of-Contact to ensure projects are meeting the goals identified by the Enterprise Continuous Improvement Program.

This section also provides mentoring to staff interested in working on projects as project managers and assists staff in completing project proposals and business case documents (right).

In 2021, the OOM project management team successfully:

- Reviewed and updated OCI's project prioritization methodology
- Revised and reorganized the agency's project list and processes to correspond with the updated project prioritization methodology

- Provided project management support to the IPFCF Oracle Insurance Policy Administration (OIPA) project. OIPA is being implemented as the IT application to replace the existing GRAILS application used by IPFCF.



# Funds and the Office of Administrative Services

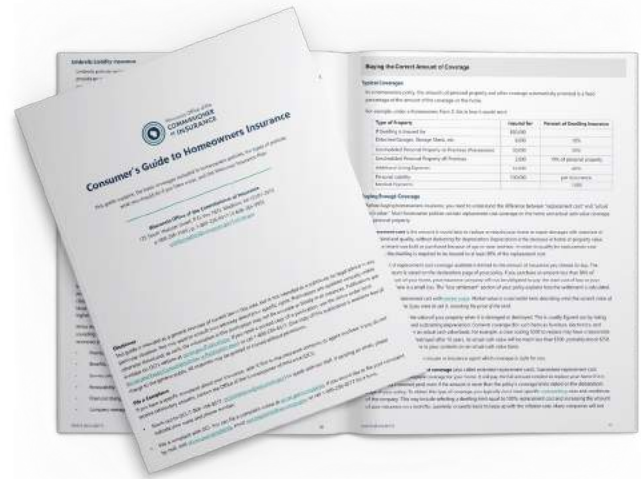


The Office of Administrative Services is responsible for providing administrative services for the agency and its business units. It serves as the liaison between OCI, the Department of Administration, and Division of Personnel Management for human resource services, manages Central Files, open records requests, the agency's Records

Disposition Authorization (RDA) schedules, supports OCI's reception desk, and manages OCI's training function. The office also provides administrative services for the agencies' two funds: the Injured Patients and Families Compensation Fund and the State Life Insurance Fund.

## Central Files and Reception Unit

This unit is responsible for OCI's records management, front desk, mailroom, central records, and training. In addition to being the agency's training coordinator, the supervisor of the unit is a liaison to OCI business areas and outside agencies including the State Historical Society and Department of Administration's Records Management. The supervisor attends Public Records Board meetings with other state agency records officers and tracks and responds to open records requests and is responsible for confidential shredding of documents and records. In 2021, in conjunction with the Office of Operational Management, this unit implemented the enterprise learning management system and proctored 35 exams helping 10 staff members receive their insurance-related designations. The unit also processed 344 open records requests and mailed 3,563 publications (right) upon request.



## Injured Patients and Families Compensation Fund

The Injured Patients and Families Compensation Fund (Fund) was created in 1975 to provide medical malpractice insurance for Wisconsin health care providers in excess of the provider's primary malpractice coverage. State law requires healthcare providers to participate in the Fund and to have primary malpractice insurance that provides at least \$1 million in coverage per occurrence and at least \$3 million in aggregate per policy year. The Fund provides coverage in excess of the required primary coverage. Participation in the Fund is mandatory for health care providers as defined by Chapter 655, Wis. Stat.

OCI provides administrative support for the Fund's operations. The Fund is governed by a 13-member Board of Governors (Board) which is chaired by the Commissioner of Insurance. The Board is comprised of four public members appointed by the Governor, three insurance industry representatives, a member named by the Wisconsin

Association for Justice, a member named by the State Bar of Wisconsin, two members named by the Wisconsin Medical Society, and a member named by the Wisconsin Hospital Association.

A complete list of board members and committees is in the [Advisory Boards, Committees, and Councils section](#) of this report.

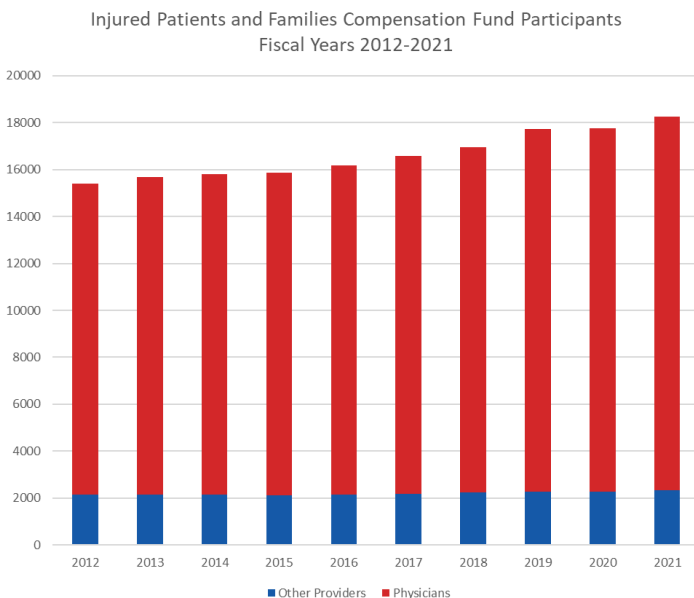
The Fund operates on a fiscal year basis: July 1 through June 30. Administrative costs, operating costs, and claim payments are funded through assessments on participating health care providers.

### Fund Participants

As of June 30, 2021, there were a total of 18,269 Fund participants comprised of 152 hospitals with 17 affiliated nursing homes, 15,935 physicians, 942 nurse anesthetists,

19 hospital-owned or controlled entities, 62 ambulatory surgery centers, one cooperative, 12 partnerships, and 1,129 corporations actively participating in the Fund.

As of June 30, 2021, Fund participants consisted of 87 percent physicians, 6 percent corporations, and the remaining 7 percent included all other participants.



**Claims Activity**

From July 1, 1975, through June 30, 2021, the Fund was named in 6,358 claims filed with the courts. During this period, the Fund’s total number of paid claims was 689, for total indemnity payments of \$946,757,112.97. Of the total number of claims in which the Fund has been named, 5,669 claims have been closed with no indemnity payment.

**Participant Assessments and Panel Fees**

The Board of Governors voted to grant a premium holiday for fiscal year 2021, through 2023 to provide some financial relief to health providers and professionals affected by the COVID-19 pandemic. Mediation panel fees for physicians (excluding physicians in a residency program) were set at \$9.75 per physician and \$2.25 per occupied hospital bed.

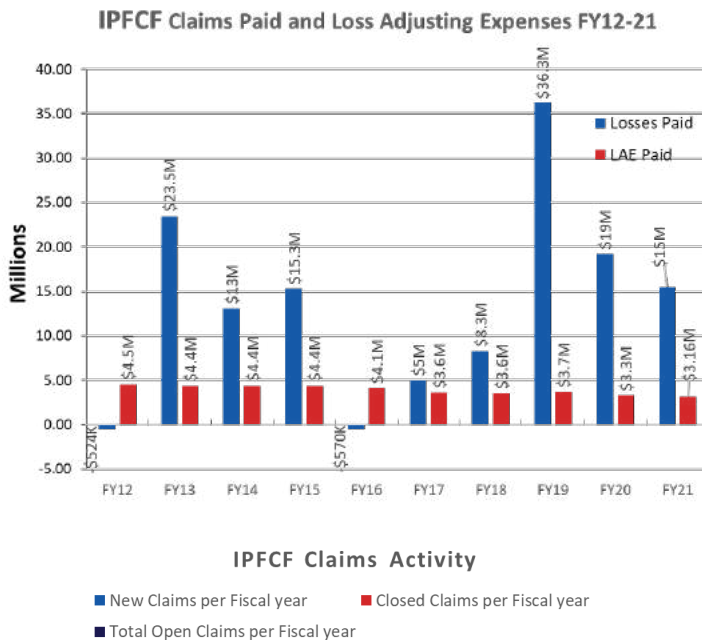
**Board Committees**

*Actuarial and Underwriting Committee*

The Actuarial and Underwriting Committee advises the Board on actuarial and underwriting issues. The Actuarial and Underwriting Committee worked with Pinnacle Actuarial Resources to establish the Fund surplus caps. The Committee set the IPFCF surplus caps at 500% of risk based capital and was heavily involved in the Board’s decision to establish a premium holiday in response to the COVID-19 pandemic.

*Claims Committee*

The Claims Committee is responsible for establishing claims policies and procedures for the Fund and the Wisconsin Health Care Liability Insurance Plan and approving claims settlements.



*Finance/Investment/Audit Committee*

The Finance/Investment/Audit Committee’s responsibilities include establishing, monitoring, and amending as necessary, the investment strategy for the Fund to ensure obligations are met. The committee periodically reviews investments for compliance with investment guidelines and evaluates cash flow liquidity needs. In addition, the committee oversees the financial reporting process. Responsibilities include the review of financial position and results, as well as correspondence with auditors concerning audit scope, accounting issues, internal controls, and management recommendations.

*Legal Committee*

The Legal Committee advises the Board on legal issues, including retroactive coverage requests, appeals, proposed statutory changes, administrative rule changes, and other issues that affect eligibility or Fund participation.



During fiscal year 2021, the committee reviewed 72 requests for retroactive coverage. All 72 requests were approved and none were denied.

Under guidelines set for expedited approval by the Board and Legal Committee, the Fund manager approved seven requests for retroactive coverage and the WHCLIP manager approved 22 requests for retroactive coverage.

*Peer Review Council*

The Peer Review Council reviews physician claim records to determine whether a surcharge should be imposed against the Fund fee or Plan premium, if applicable. The surcharge is a percentage of a provider’s Fund fee or Plan premium based on the number of closed medical liability claims reported and the aggregate amount paid for those claims.

During fiscal year 2021, 101 claims paid reports were filed. These included 23 for physicians or nurse anesthetists, 55 for hospitals, nursing homes, corporations or clinics, and 23 for other types of providers. No providers were subject to a possible surcharge.

Since the inception of the Council in 1986, 67 providers have been subject to a possible surcharge.

*Risk Management and Patient Safety Committee*

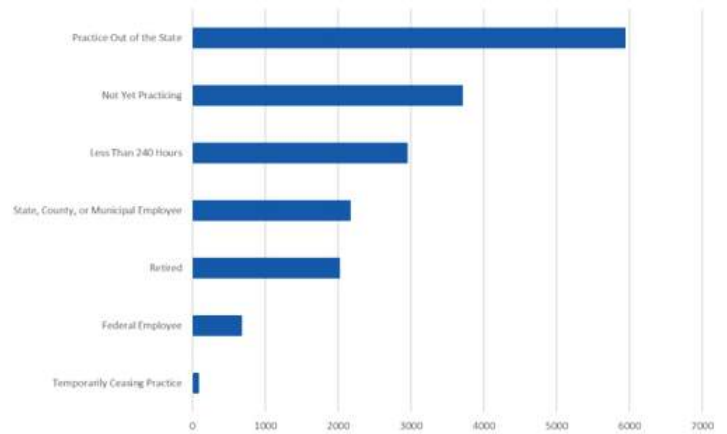
The purpose of the Risk Management and Patient Safety Committee is to reduce patient/claimant compensable injuries, reduce Fund losses and associated expenses, improve the general quality of medical care in Wisconsin, and reduce the assessments of participating health care providers.

In 2019, committee meetings were temporarily suspended pending implementation of an upgraded Fund claims and policy management system which is expected to be fully implemented later in 2022. It is expected that the new system will allow the committee to analyze meaningful claims data to help focus communication and education efforts for insureds.

**Other Fund Activities**

The Fund continually monitors and updates the exemption status for providers that hold a license to practice in Wisconsin but for which a current exemption or certificate of insurance is not on file with the Fund. Providers that remain in noncompliance are referred to their respective licensing boards for appropriate enforcement action.

Injured Patients and Families Compensation Fund Exemptions  
June 30, 2021

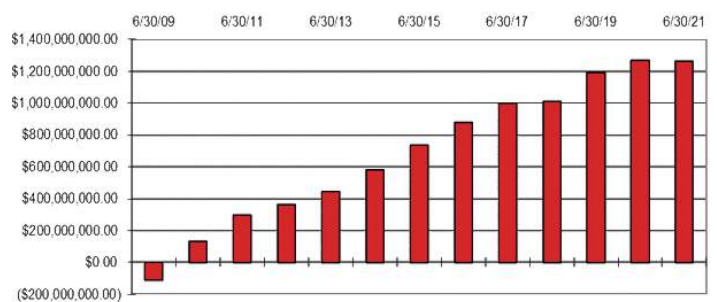


**Financial Statistics**

The Fund reports its financial operations on a July 1 to June 30, succeeding-year basis as a part of the State of Wisconsin Annual Comprehensive Financial Report. [Access the 2021 Wisconsin Annual Comprehensive Financial Report.](#)

The Fund reported an unaudited net position of \$1,261,576,614 as of June 30, 2021.

Injured Patients and Families Compensation Fund Net Position  
2009-2021



The Fund’s Investments are managed by the State of Wisconsin Investment Board (SWIB). [Access the SWIB’s Annual Report.](#)

**Operations**

Fund staff operate as a unit within OCI’s Office of Administrative Services. This unit has seven employees: a Fund Manager, a Fund Accountant, a Claims Manager, 2 Regulatory Specialists, an Administrative Associate, and a Billing Specialist. The Fund contracts for actuarial services, claims adjusting services, legal counsel, independent auditing services, and IT support.

**Fund vendors paid more than \$100,000 in Fiscal Year 2021**

Vendor Name	Annual
SWIB (Investment Management services)	\$ 1,484,709
Wausau MedMal Mgt Service (Claims Adjusting services)	\$ 1,156,203
Bell, Moore & Richter SC	\$ 473,295
Corneille Law Group	\$ 251,503
Emile Banks & Assoc. LLC	\$ 204,230
Clearwater Analytics LLC	\$ 188,227
Gutglass, Erickson, Larson	\$ 142,463
Otjen Law Firm SC	\$ 136,513
Von Briesen & Roper SC	\$ 120,319
Law Firm of Conway, Olejczak	\$ 104,698

In 2021, OCI began a project to replace the Fund’s aging policy and claims management legacy system with a system that can meet the Fund’s current business needs. The system will allow for a significant increase in efficiency, accuracy, and reporting capabilities. It will also expand and improve the Fund’s communication with its internal and external stakeholders. This project is expected to be fully implemented by the end of 2022.

# State Life Insurance Fund

The State Life Insurance Fund is a segregated fund located within OCI. The Fund offers a maximum \$10,000 life insurance policy to state residents. The Fund operates as a mutual insurance company and is generally subject to the same statutory requirements that apply to other life insurers operating in Wisconsin. The Fund has a manager and is supervised by the Commissioner.

Wisconsin is the only state that offers a life insurance program to its residents. All policies issued are participating – participating policies share in the profits in the form of dividends. Current law prohibits the Fund from employing agents or paying commissions to agents to market the Fund. OCI does not market the Fund. As of December 31, 2021, there were 22,225 policies in force.

Section 607.15, Wis. Stat., requires the State Life Insurance Fund to annually distribute among the policyholders its net profits and to the extent practical to maintain a ratio of surplus to assets between 7% and 10%. In calendar year 2021, a distribution of \$2.1 million was paid to policyholders in the form of dividends.

Following are financial statements – balance sheet and income statements – for the State Life Insurance Fund for the year ending December 31, 2021.

## State Life Insurance Fund Balance Sheet December 31, 2021

<b>Assets</b>	
Bonds	\$ 102,967,789
Policy Loans	2,703,399
Cash and Bank Deposits	3,944,786
Premiums Deferred and Uncollected	55,751
Investment Income Due and Accrued	1,250,273
Other Invested Assets	<u>1,939,009</u>
<b>Total Assets</b>	<b>\$ <u>112,861,007</u></b>
<b>Liabilities and Surplus</b>	
Life Reserves	\$ 65,883,901
Interest Maintenance Reserve	5,887,433
Policy Claims	338,000
Dividends Due and Unpaid (2021)	10,503
Dividends – Provision for 2021	2,121,574
Deposit Type Contracts	27,458,288
Unclaimed Property	91,293
Taxes, Licenses, Fees Accrued	507
Suspense and Canceled Drafts	56,105
Expenses Due and Accrued	79,836
Back Up Withholding	1,101
Premiums Received in Advance	12,153
Asset Valuation Reserve	<u>443,630</u>
<b>Total Liabilities</b>	<b>\$ 102,384,324</b>
Surplus	<u>10,476,683</u>
<b>Total Liabilities and Surplus</b>	<b>\$ <u>112,861,007</u></b>

## State Life Insurance Fund Income Statement December 31, 2021

<b>Income</b>	
Premiums	\$ 1,015,023
Investment Income	4,206,174
Amortization of Interest Maintenance Reserve	989,801
Miscellaneous Income	<u>19,014</u>
<b>Total Income</b>	<b>\$ 6,230,012</b>
<b>Expenses</b>	
Death Benefits	\$ 1,603,485
Matured Endowments	174,000
Other Policy Benefits	1,341,901
Increase in Reserve	3,792
General Operating Expense	<u>502,636</u>
<b>Expenses before Dividends</b>	<b><u>3,625,814</u></b>
Net Gain before Dividends	<u>2,604,198</u>
Dividends to Policyholders	<u>2,066,091</u>
<b>Net Gain (Loss) from Operations</b>	<b>\$ <u>538,104</u></b>

# Division of Financial Regulation



The Division of Financial Regulation in conjunction with OCI's Legal Unit is responsible for enforcing the state's insurance laws related to insurers' financial condition. In compliance with s. 601.01 (5), Wis. Stat., the division works with other state, federal, and international regulatory agencies in carrying out the intent of Wisconsin's insurance laws and the agency's mission.

Monitoring includes the examination of records and review of prospective risk impacting the solvency of insurance

## Major Accomplishments

- Maintained accreditation by the National Association of Insurance Commissioners
- Examined 29 domestic insurers
- Examined one care management organization
- Analyzed the financial statements of over 2,025 insurers
- Continued oversight of one company in rehabilitation
- Continued oversight of one company in liquidation

Other activities include:

### Domestic Insurers

- Licensed domestic entities:
  - One continuing care retirement community
  - Four property service contract providers
  - Two vehicle protection product providers
- Approved three domestic insurers to dissolve
- Issued permits to four Care Management Organizations, under ch. 648, Wis. Stat.
- Reviewed and approved changes of control involving five domestic insurers, pursuant to holding company regulations

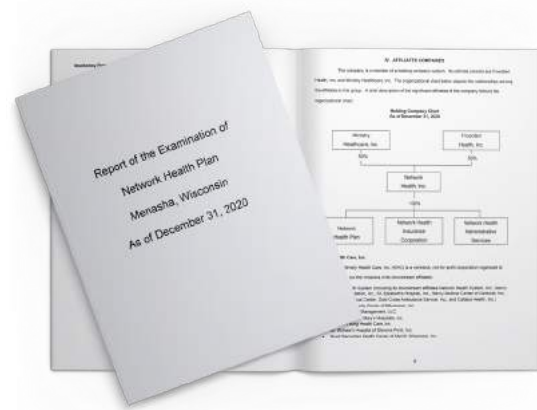
### Nondomestic Insurers

- Licensed nondomestic entities:
  - 22 traditional insurers
  - 16 property service contract providers
  - One life settlement provider
  - One motor club
  - One vehicle protection product provider

### Company Licensing Reviews

- Permitted nine licensed entities to withdraw from Wisconsin
- Performed six anti-trust reviews
- Redomiciled two licensed insurers into Wisconsin
- Provided financial expertise to the Division of Market Regulation and Enforcement on licensing Employee Benefit Plan Administrators.

companies organized under Wisconsin law and the analysis of financial statements of all insurers licensed to do business in the state of Wisconsin, the review of CPA audit reports, and updates to the company profile database. The division performs reviews of holding company filings required by ch. Ins 40, Wis. Adm. Code, corporate governance disclosures, risk solvency assessments, administers insurer applications to do business in Wisconsin, and processes merger and acquisition plans. The division also collects and processes all premium taxes submitted by insurers.



### Began Development of New Agency Database

- Commenced work with the OCI Information Systems Section to develop a new agency database to modernize agency data and eliminate several adhoc spreadsheets and small databases that have become unstable as technology advanced.
- The end goal of the project is to produce internal and external reports utilized in regulating the insurance industry.

### Implemented Updated Reporting Forms

- In conjunction with the OCI Information Systems Section, updated technology used for various reporting forms.
- The information reported in the updated forms is automatically converted to a pdf report for review by technical examination staff.

### NAIC Activity

- Served on several NAIC task forces and working groups (complete list of NAIC groups listed on [page 24](#))
- Participated in the selection and requirements discussion of updated examination software utilized by insurance departments
- Oversaw examination Peer Review Project

## Impact of COVID

### Operational Impact

- Continued successfully working remotely with an electronic workflow process implemented late in 2020
- In the second half of 2021, implemented a hybrid virtual office policy
- Performed many examinations virtually, including small insurers that do not use technology extensively in day-to-day operations
- Participated in virtual Supervisory Colleges with other states and international counterparts.
- Continued to mature its use of technology in engaging with insurers

### Regulatory Oversight Impact

- Continued monitoring insurers that are more susceptible to the impact of the pandemic based on the business they write. For example, we saw changes in claim experience for health insurers as a result of reduced utilization in 2020; that trend started to reverse in 2021 when more elective procedures were performed and COVID cases increased at the end of the year.

## Companies Examined

Companies Examined in 2021	
American Dental Plan of WI, Inc.	HumanaDental Insurance Company
Arch Mortgage Assurance Company	Medica Community Health Plan
Arch Mortgage Guaranty Company	My Choice Wisconsin Health Plan Inc.
Arch Mortgage Insurance Company	My Choice Wisconsin Inc
Aspirus Health Plan, Inc.	National Guardian Life Insurance Company
Catholic Financial Life	Network Health Insurance Corporation
CUMIS Mortgage Reinsurance Company	Network Health Plan
Dental Protection Plan, Inc.	Partners Mutual Insurance Company
Eagle Point Mutual Insurance Company	Settlers Life Insurance Company
Ellington Mutual Insurance Company	Southern Guaranty Insurance Company
EPIC Life Insurance Company, The	Trade Lake Mutual Insurance Company
Forward Mutual Insurance Company	United Mutual Insurance Company
Group Health Cooperative of Eau Claire	WEA Insurance Corporation
Health Tradition Health Plan, Inc.	Wisconsin Physicians Service Insurance Corporation
Humana Insurance Company	WPS Health Plan, Inc.
Humana Wisconsin Health Organization Insurance Corporation	

## Changes in Corporate Licenses

Wisconsin Insurance Corporations Organized and Licensed January 1, 2021 – December 31, 2021	
AuburnShield, LLC	Greenville, WI
Carlton Automotive Inc.	Oostburg, WI
Milwaukee Indian Motorcycles Service Contract LLC	Muskego, WI
Newcastle Place, LLC	Mequon, WI
Sondalle Automotive, Inc.	Wautoma, WI

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Wisconsin Office of the  
COMMISSIONER  
of INSURANCE



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**COMMISSIONER  
OF INSURANCE**

Administrator for the Division of Financial Regulation Amy Malm attends a career fair at the University of Wisconsin - Whitewater in October 2021.

**Wisconsin Insurance Corporations Organized and Licensed**

January 1, 2021 – December 31, 2021

AuburnShield, LLC	Greenville, WI
Carlton Automotive Inc.	Oostburg, WI
Milwaukee Indian Motorcycles Service Contract LLC	Muskego, WI
Newcastle Place, LLC	Mequon, WI
Sondalle Automotive, Inc.	Wautoma, WI

**Insurance Corporations Domiciled in Other States Admitted**

January 1, 2021 – December 31, 2021

ABS Risk, LLC	Westminster, CO
Allstate North American Insurance Company	Northbrook, IL
American Interstate Insurance Company of Texas	DeRidder, LA
AmTrust Title Insurance Company	Cleveland, OH
Apex Settlement Group LLC	Suffern, NY
ARI Insurance Company	Cleveland, OH
Assured Provider Services, Inc.	Ringwood, NJ
Bankers Life Insurance Company of Louisiana	Jacksonville, FL
Bearing Midwest Casualty Company	Kansas City, MO
Best Buy Product Protection, Inc.	Richfield, MN
Branch Insurance Exchange	Columbus, OH
CGA SC Provider Services, Inc.	Scottsdale, AZ
Cronus Insurance Company	Irving, TX
Dealers Alliance Corporation	Addison, TX
Domestic & General USA Services LLC	Chicago, IL
EGV Companies, Inc.	Jacksonville, FL
Enumclaw Property & Casualty Insurance Company	Enumclaw, WA
Extend Warranty Services Corporation	San Francisco, CA
Frank Winston Crum Insurance Company	Clearwater, FL
Gray Casualty & Surety Company, The	Metairie, LA
Grinnell Compass, Inc.	Grinnell, IA
Headstart Warranty Group, LLC	Dallas, TX
Incline Casualty Company	Austin, TX
Indemnity National Insurance Company	Franklin, TN
Interstate National Dealer Services, Inc.	Chesterfield, MO
Ironwood Warranty, LLC	Jeffersonville, IN
Liberty Union Life Assurance Company	Troy, MI
Magellan Service Corporation	Albuquerque, NM
Michigan Professional Insurance Exchange	Lansing, MI
Monitor Life Insurance Company of New York	Morristown, NJ
Mutual of Enumclaw Insurance Company	Enumclaw, WA
National Summit Insurance Company	Dallas, TX
Poseidon Structured Mortgage Insurance Company	Burlington, VT
RMG Administrative Services	Dallas, TX



**Insurance Corporations Domiciled in Other States Admitted**

January 1, 2021 – December 21, 2021

Roadway Advantage Motor Club	Anaheim, CA
Scioto Administrators Corporation	Dublin, OH
Silver Oak Casualty, Inc.	DeRidder, LA
Torque Group LLC	Evansville, IN
Trilogy Concepts Corporation	Dublin, OH
Triple Protection Auto Care, Inc.	Centennial, CO
Universal Fire & Casualty Insurance Company	Waterford, MI

**Organizations Licensed as Care Management Organizations**

January 1, 2021 – December 21, 2021

None
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**Organizations Licensed as Service Contract Providers**

January 1, 2021 – December 21, 2021

ABS Risk, LLC	Westminster, CO
Assured Provider Services, Inc.	Ringwood, NJ
AuburnShield, LLC	Greenville, WI
Best Buy Product Protection, Inc.	Richfield, MN
Carlton Automotive Inc.	Oostburg, WI
CGA SC Provider Services, Inc.	Scottsdale, AZ
Dealers Alliance Corporation	Addison, TX
Domestic & General USA Services LLC	Chicago, IL
EGV Companies, Inc.	Jacksonville, FL
Extend Warranty Services Corporation	San Francisco, CA
Headstart Warranty Group, LLC	Dallas, TX
Interstate National Dealer Services, Inc.	Chesterfield, MO
Ironwood Warranty, LLC	Jeffersonville, IN
Magellan Service Corporation	Albuquerque, NM
Milwaukee Indian Motorcycles Service Contract LLC	Muskego, WI
RMG Administrative Services	Dallas, TX
Sondalle Automotive, Inc.	Wautoma, WI
Torque Group LLC	Evansville, IN
Trilogy Concepts Corporation	Dublin, OH
Triple Protection Auto Care, Inc.	Centennial, CO

**Changed Company Type**

Company Name	New Company Type	Former Company Type
Care Improvement Plus Wisconsin Insurance Company	Health Maintenance Organization	Life, Accident, and Health
Physicians Mutual Insurance Company	Property and Casualty	Life, Accident, and Health
Third Coast Insurance Company	Domestic Surplus Lines	Property and Casualty

**Insurance Corporation Mergers, Dissolutions, Withdrawals, Rehabilitations,  
Liquidations, Revocations, Redomestications or Name Changes**

January 1, 2021 – December 31, 2021

**Mergers**

Non-Surviving Company Name	Merged into Surviving Company Name	Date
Lincoln Life Assurance Company of Boston	Lincoln National Life Insurance Company, The	10/1/2021
Municipal Assurance Corp.	Assured Guaranty Municipal Corp.	4/1/2021
National Mutual Benefit	BetterLife	1/1/2021
Ridgeview Heights Independent Living Corporation II	Ridgeview Heights Independent Living Corporation	9/30/2021
South Central Mutual Insurance Company	Central Wisconsin Mutual Insurance Company	1/1/2021

**Dissolutions**

Amalgamated Life and Health Insurance Company	6/30/2021
Radian Mortgage Guaranty Inc.	9/30/2021
WellCare Health Insurance Company of Wisconsin, Inc.	12/15/2021
WellCare Health Plans of Wisconsin, Inc.	12/15/2021
Wisco Dental Insurance Plan, Inc.	10/31/2021

**Withdrawals**

Brickell Financial Services-Motor Club, Inc.	10/21/2021
Bright Health Insurance Company	11/11/2021
Brunswick Product Protection Corporation	9/17/2019*
Care Improvement Plus South Central Insurance Company	6/3/2021
Continental Service Provider, Inc.**	4/22/2021
Pawn America Wisconsin, LLC	9/10/2021
Radian Mortgage Guaranty Inc.***	9/30/2021
Royal Administration Services, Inc.	1/2/2021
Subaru of America, Inc.	3/31/2021
Utility Service Partners Private Label, Inc.	12/31/2021

\* Information not available in prior Wisconsin Insurance Report

\*\* Vehicle Protection Product

\*\*\* Withdrew from Wisconsin, then dissolved

**Rehabilitations**

None

**Liquidations**

Bedivere Insurance Company	3/11/2021
Highlands Insurance Company	10/29/2021

**Revocations**

None

**Redomestications**

Company	From	To	Effective Date
AIG Property Casualty Company	PA	IL	1/31/2020*
American Auto Guardian, LLC	IL	DE	1/1/2020*

<b>Redomestications</b>			
<b>Company</b>	<b>From</b>	<b>To</b>	<b>Effective Date</b>
American Standard Insurance Company of Ohio	OH	WI	9/30/2020*
AmTrust Insurance Company	KS	DE	3/31/2020*
Ascot Surety & Casualty Company	SD	CO	10/26/2021
BetterLife	IA	WI	1/1/2021
BITCO General Insurance Corporation	IL	IA	10/1/2021
BITCO National Insurance Company	IL	IA	11/2/2021
Central Administrative Service Corporation INC	KS	AZ	4/30/2020*
Centurion Casualty Company	IA	NE	6/19/2020*
Doma Title Insurance, Inc.	CA	SC	12/30/2020*
Esurance Insurance Company	WI	IL	6/24/2020*
Esurance Insurance Company of New Jersey	WI	IL	6/24/2020*
Esurance Property and Casualty Insurance Company	WI	IL	6/24/2020*
Everspan Insurance Company	AR	AZ	12/4/2020*
Everspan Insurance Company	WI	AR	12/4/2020*
Fireman's Fund Insurance Company	CA	IL	12/31/2021
GEICO Casualty Company	MD	NE	12/31/2020*
GEICO General Insurance Company	MD	NE	12/31/2020*
GEICO Indemnity Company	MD	NE	12/31/2020*
GEICO Marine Insurance Company	MD	NE	12/31/2020*
Government Employees Insurance Company	MD	NE	12/31/2020*
GPM Health and Life Insurance Company	WA	TX	5/28/2021
Granite Re, Inc.	OK	MN	12/31/2019*
Great Western Insurance Company	UT	IA	12/1/2019*
Homesite Indemnity Company	KS	WI	9/30/2020*
Ironshore Indemnity Inc.	MN	IL	12/4/2020*
ManhattanLife Insurance and Annuity Company	AR	TX	12/21/2021
Merit Health Insurance Company	IL	AZ	7/14/2020*
North American Elite Insurance Company	NH	MO	12/29/2021
North American Specialty Insurance Company	NH	MO	12/29/2021
NorthStone Insurance Company	PA	VA	6/24/2020*
Pennsylvania Insurance Company	IA	NM	1/1/2020*
Pinnacle National Insurance Company	DE	TX	9/30/2019*
Reserve National Insurance Company	OK	IL	12/31/2019*
Rock Ridge Insurance Company	WI	IN	5/4/2020*
Sutton National Insurance Company	WI	OK	8/7/2020*
Time Insurance Company	PR	WI	2/28/2020*
U.S. Financial Life Insurance Company	OH	AZ	4/1/2020*
United States Liability Insurance Company	PA	NE	12/20/2021
Vanliner Insurance Company	MO	OH	9/30/2021
Washington International Insurance Company	NH	MO	12/29/2021
Wellcare Prescription Insurance, Inc.	FL	AZ	9/11/2020*
Wysh Life and Health Insurance Company	AZ	WI	4/1/2021

\*Information not available in prior Wisconsin Insurance Report.

**DIVISION OF FINANCIAL REGULATION**

<b>Name Changes</b>	
<b>Previous Name</b>	<b>New Name</b>
Allstate Assurance Company	Everlake Assurance Company
Allstate Life Insurance Company	Everlake Life Insurance Company
AMT Warranty Corp.	TAG Warranty Corp.*
AMT Warranty Corp.	TAG Warranty Corp.**
AMT Warranty Corp.	TAG Warranty Corp.***
Aspirus Arise Health Plan of Wisconsin, Inc.	Aspirus Health Plan, Inc.
Axiom Product Administration LLC	Axiom Product Administration Inc.*
Axiom Product Administration LLC	Axiom Product Administration Inc.**
Boston Indemnity Company, Inc.	Ascot Surety & Casualty Company
Brightstar Device Protection, LLC	Likewise Device Protection, LLC
Care Wisconsin Health Plan - Trilogy Health Insurance, Inc.	My Choice Wisconsin Health Plan Inc.
Centurion Life Insurance Company	Bestow Life Insurance Company
Coefficient Insurance Company	Granular Insurance Company
Commonwealth Insurance Company of America	Accelerant National Insurance Company
Dent Wizard International Corporation	Dent Wizard International Corporation, LLC
EVG Companies, Inc.	EGV Companies, Inc.
Genworth Financial Assurance Corporation	Enact Financial Assurance Corporation
Greenhouse Life Insurance Company	Wysh Life and Health Insurance Company
GuideOne Mutual Insurance Company	GuideOne Insurance Company
GuideOne Specialty Mutual Insurance Company	GuideOne Specialty Insurance Company
Imperial Life Settlements, LLC	CCA Life Settlements, LLC
ManhattanLife Assurance Company of America	ManhattanLife Insurance and Annuity Company
Metropolitan Casualty Insurance Company	Farmers Casualty Insurance Company
Metropolitan Direct Property and Casualty Insurance Company	Farmers Direct Property and Casualty Insurance Company
Metropolitan Group Property and Casualty Insurance Company	Farmers Group Property and Casualty Insurance Company
Metropolitan Property and Casualty Insurance Company	Farmers Property and Casualty Insurance Company
Motorists Life Insurance Company	Encova Life Insurance Company
My Choice Family Care - Care Wisconsin, Inc.	My Choice Wisconsin Inc.
National Catholic Society of Foresters	1891 Financial Life
NORCAL Mutual Insurance Company	NORCAL Insurance Company
North American Title Insurance Company	Doma Title Insurance, Inc.
OneCIS Insurance Company	Bureau Veritas Inspection and Insurance Company
SECURA INSURANCE, A Mutual Company	SECURA Insurance Company
Sentry Insurance a Mutual Company	Sentry Insurance Company
Sirius America Insurance Company	SiriusPoint America Insurance Company
Synergy Insurance Company	Prescient National Insurance Company
THPWI, Inc.	SPHWWI, Inc.
UBS Life Insurance Company USA	Aspida Life Insurance Company
Western Fraternal Life Association	BetterLife

\* Vehicle Protection Product

\*\* Property Service Contract Provider

\*\*\* Warranty Plan

# Companies in Liquidation or Rehabilitation

## Northwestern National Insurance Company of Milwaukee, Wisconsin, in Liquidation

Northwestern National Insurance Company of Milwaukee, Wisconsin (NNIC) was placed in liquidation by Judge Richard G. Niess of the Dane County Circuit Court on May 2, 2019. The court appointed Wisconsin Commissioner of Insurance, Mark V. Afable, and his successors in office or any of their delegates as Liquidator, and Amy J. Malm, as Special Deputy Liquidator. The Order of Liquidation established a bar date, the last date on which a claim may be filed, of November 2, 2019.

NNIC was incorporated as a Wisconsin domestic stock property and casualty insurance corporation on February 20, 1869. NNIC wrote both direct insurance and reinsurance. In 1986, the company began a runoff operation. Since that time, except for mandatory writings, including guaranteed renewable accident and health insurance policies, assignments, and retroactive adjustments and endorsements to prior year policies, NNIC has written no new business.

On March 8, 2007, NNIC was placed into rehabilitation upon recommendation of the Wisconsin Office of the Commissioner of Insurance (OCI) and upon approval of the Dane County Circuit Court. The Rehabilitation Order established a general account for its reinsurance and a segregated account for its direct insurance. The principal purpose of the rehabilitation was to crystalize the claims of each of its reinsurance claimants into a fixed dollar amount and to subordinate the reinsurance claims to the direct insurance claims. This objective having been completed, on January 20, 2012, NNIC exited from rehabilitation.

The financial condition of NNIC continued to deteriorate, such that liquidation became necessary. OCI worked with the National Conference of Insurance Guaranty Funds, Inc. and the National Organization of Life and Health Guaranty Associations to minimize disruption for claimants. In further preparation for liquidation, on March 14, 2019, by Stipulation and Order approved by the Commissioner of Insurance and agreed by NNIC's management, OCI was granted full custody and control of all of NNIC's assets.

On March 22, 2019, by Stipulation and Order approved by the Commissioner of Insurance and agreed by NNIC's management, the segregated and general account of NNIC was merged. The small amount of funds earmarked for the

benefit of the reinsurance claimants in the general account continued to be accounted for and reserved for their benefit.

At the time of the liquidation on May 2, 2019, the only insurance policies written by NNIC that were still in force were accident and health policies that were guaranteed renewable by their terms. NNIC also wrote worker's compensation, general liability, product liability, and commercial automobile policies. All policies except the guaranteed renewable A&H policies had long since expired, but some of the expired policies still have open claims.

At the time of its liquidation, NNIC was only licensed to do business in the following nine states: California, Connecticut, Delaware, Minnesota, New Hampshire, New Jersey, Pennsylvania, Texas, and Wisconsin. However, when the company was placed in runoff in January 1986, it was licensed to do business in all U.S. states, the District of Columbia, and Puerto Rico. Accordingly, guaranty fund coverage would apply to any policies written at the time the company was licensed, subject to limitations on coverage established by each state or other jurisdiction.

As of May 2, 2019, NNIC had reinsurance relationships with various captive reinsurers sponsored mainly by large, well-known industrial or hospitality firms. St. Marie Boll, LLC, as attorney for the Liquidator, has concluded commutation arrangements with 16 of these captive reinsurers or their sponsoring corporation, whereby the captive reinsurer or the sponsoring corporation assumed full responsibility for current and future claim obligations in exchange for NNIC's return of collateral it held. Such commutations reduce the tail exposure for the affected state guaranty funds and often reduce the number of claims that the affected state guaranty funds would otherwise have to administer. This will have the effect of increasing the percentage of Class 3 loss claims that will ultimately be distributed. The advantage for the captive's sponsoring corporation is the retention of their existing claim administration, avoidance of reinsurance billings from either the Liquidator or one or more guaranty funds, and a return of collateral.

Before the bar date of November 2, 2019, the Liquidator received a total of 255 proofs of claim, tentatively broken down by the highest applicable level of priority, which is subject to revision by the Liquidator, as follows:

50	Class 1 Proofs of Claim (Administration Costs)
82	Class 3 Proofs of Claim (Loss Claims)
3	Class 3 Proofs of Claim (Loss Claims – Highlands Contingency)
1	Class 3c Proof of Claim (Federal Government Claims not in Class 3)
4	Class 4 Proofs of Claim (Unearned Premiums and Small Loss Claims)
5	Class 5 Proofs of Claim (Residual Classification with Some Security)
109	Class 5 Proofs of Claim (Residual Classification - Unsecured)
1	Class 8 Proofs of Claim

Additionally, the Liquidator has deemed filed 27 Class 4 claims for unearned premium, for which no proofs of claim were required, in addition to three Class 4 proofs of claim included in the four noted above that were filed despite the lack of any requirement to do so.

Proofs of claim received after November 2, 2019, have been identified as late-filed and will be administered accordingly. To date, the Liquidator has received 17 late-filed proofs of claim, which, subject to revision by the Liquidator, include eight Class 3 proof of claim and seven Class 5 proofs of claim.

On August 8, 2019, with the cooperation of OCI, NNIC was placed into ancillary receivership under the jurisdiction of the Superintendent of Financial Services of the State of New York by the Decision and Order of Justice W. Franc Perry of the Supreme Court of the State of New York for New York County. The August 8, 2019 Decision and Order established a bar date of November 2, 2019, to coincide with the bar date established by the Dane County, Wisconsin Circuit Court. This ancillary receivership was resolved following the August 8, 2019 Decision and Order and the matter was formally disposed by an Amended Decision and Order of Justice W. Franc Perry on January 27, 2020.

Neither the Liquidator nor OCI has been informed of the commencement or contemplation of any other ancillary receivership proceedings.

The Liquidator collected on three letters of credit during 2021 for a total of \$265,134 for those captive reinsurers that did not enter in a commutation agreement. The funds from the letter of credits will be utilized to pay administrative costs and any claims in the estate.

As of December 31, 2021, the financial status of NNIC could only be estimated with substantial deficiencies in the availability of information that was beyond the Liquidator’s control. As time progresses, it is anticipated that the financial statements will attain improved accuracy, as settlement amounts are finalized with state guaranty funds, direct claimants of NNIC not eligible for guaranty fund coverage, and reinsurers. Subject to the foregoing qualifications, as of December 31, 2021, NNIC reported total admitted assets of \$4,894,636, total liabilities of \$687,729,744, policyholders’ surplus of \$(682,835,107), and net income of \$(660,822,238). The significant loss during 2021 is a result of recording the value of the proof of claims submitted before the bar date, November 2, 2019.

**Time Insurance Company, in Rehabilitation**

Time Insurance Company (Time), was placed into rehabilitation on July 29, 2020, by Judge Stephen E. Ehlke of the Dane County Circuit Court. The court appointed Wisconsin Commissioner of Insurance Mark V. Afable, and his successor in office or any delegates as Rehabilitator, and Mark H. Femal, as Special Deputy Commissioner.

Time is a Wisconsin domestic, stock, life, accident, and health insurance company. Time was originally licensed as an insurer on February 4, 1910, and over the years wrote direct business of life, annuities, long-term care, and various health products with the later years focusing solely on health insurance. When Time was actively writing business it was licensed in all states except New York, District of Columbia, and Puerto Rico. In late 2014, the ultimate controlling person of Time, Assurant, Inc., decided to exit the accident and health segment of the insurance market to focus on other business segments, and it made the decision to discontinue operations of Time and put the company into run-off. Since 2014, Time has been in runoff with the majority of its policies covered under a 100% coinsurance basis with financially strong and accredited reinsurers. At the time of rehabilitation, Time had approximately 100 policies that were not covered by any reinsurance.

On October 7, 2018, the Office of the Commissioner of Insurance (OCI) approved the acquisition of Time by Haven Holdings, Inc. (Haven), its redomestication to Puerto Rico, and its merger with Haven Insurance Company II with Time being the survivor of the merger. In Puerto Rico, Time was licensed under the name of Time Insurance Company II. On December 5, 2018, the Puerto Rico Office of the Commissioner of Insurance (PR OCI) approved the acquisition, merger, and redomestication, and approved the

surviving entity, Time Insurance Company II, as a Class 5 International Insurer.

Following the redomestication and merger, Time began efforts to recapture its fully reinsured life and long-term care policies. On July 2, 2019, Time filed a transaction with PR OCI to recapture the long-term care block of business reinsured by John Hancock Life Insurance Company (John Hancock). On July 16, 2019, OCI issued a cease and desist order preventing the reinsurance recapture transaction and preventing Time from writing new business in the State of Wisconsin. Several other states issued similar cease and desist orders.

In December 2019, OCI amended its cease and desist order that continued to prohibit Time from engaging in any reinsurance recapture transaction and finding that the transfer of risk for the long-term care policies from a solvent reinsurer to a financially distressed, international insurer was not in the best interest of Wisconsin insureds and the public. States continued to object to the recapture transaction, preventing Time from completing the recapture. Time then indicated that it would seek to convert from a Puerto Rico International Insurer and redomicile as a life, accident, and health insurer in another U.S. jurisdiction.

On February 28, 2020, the Acting Puerto Rico Insurance Commissioner, Time, and the Wisconsin Insurance Commissioner agreed that Time would redomesticate back to Wisconsin pursuant to a stipulation and ordered that included Time potentially entering into a retrocession transaction for the long-term care insurance block. Time redomesticated back to Wisconsin, and OCI reissued a Certificate of Authority for Time Insurance Company as a Wisconsin domestic insurer effective February 28, 2020. On May 6, 2020, PR OCI confirmed the redomestication. The stipulation and order were then amended on March 31, 2020, allowing Time to propose alternative forms of the transaction.

On March 12, 2020, Time submitted a plan to OCI where the key component was a novation transaction where the existing reinsurance agreement could be novated to Haven Reinsurance (an affiliate of Haven), and Haven Reinsurance would assume all obligations under the reinsurance agreement. On May 15, 2020, OCI determined the proposal was contrary to the interest of policyholders, Time’s creditors, and the public. Under the submitted plan, the long-term care reinsurer no longer would be obligated

to bear any risk and the transaction was dependent on the capital and surplus of Time and Haven Reinsurance, which OCI determined there would be insufficient surplus available to support the reserves.

On May 18, 2020, OCI petitioned the Court to place Time into rehabilitation, which was ordered on July 29, 2020. On September 25, 2020, the Commissioner filed a proposed Rehabilitation Plan that was approved on October 15, 2020. The plan including working with reinsurers to enter assumption agreements for the blocks of business they reinsured. The Commissioner entered into assumption agreements as follows:

Reinsurer	Type of Policy	Effective Date	Policyholders
National Health Insurance Company	Health and Life	October 1, 2020	92,356
Assurity Life Insurance Company	Disability	November 1, 2020	12
Loyal American Life Insurance Company	Medicare Supplement	February 1, 2021	55

At the time of this report, the reinsurance agreements with John Hancock and Talcott Resolution Life and Annuity Insurance Company remain in place covering approximately 25,000 and 47,000 lives, respectively.

The rehabilitation plan also included a review of Time’s long-term care block of policies to determine the feasibility of a retrocession, novation, or other similar transaction and the necessary capital and surplus needed to support this block of business with no third-party reinsurance. This review concluded that the capital and surplus needed to support the long-term block of business without third-party reinsurance was not feasible.

As of December 31, 2021, Time Insurance Company had assets of \$8,739,754, liabilities of \$15,098,756, and surplus of \$(6,359,002).

# Division of Market Regulation and Enforcement





The Division of Market Regulation and Enforcement (DMR) consists of five sections: Consumer Affairs, Rates and Forms, Market Analysis, System Support, and Agent Licensing.

The Division of Market Regulation and Enforcement is responsible for the administration and enforcement of laws and rules relating to all market conduct activities of insurers and agents. To complete its duties, the division conducts market analysis and targeted market conduct examinations of insurers in the areas of:

- underwriting and rating

- marketing, advertising, and sales
- claims
- form review
- policyholder services and grievances

In 2021, the division investigated and resolved 2,467 written consumer complaints and inquiries and answered over 18,000 telephone or email inquiries. The division received 2,834 rate and rule filings, 4,927 form filings, and 524 advertising material filings.

## Major Accomplishments

### Federal No Surprises Act

DMR implemented state-level regulation of the Federal No Surprises Act (NSA). This included developing a tailored NSA complaint form, making changes to our complaint system and process, as well as conducting a townhall style, high-level overview to provider and facility entities. OCI staff were also interviewed by Georgetown University for a white paper on NSA implementation.

### Pharmacy Benefit Managers (PBMs)

The division implemented the Pharmacy Benefit Manager (PBM) law, Act 9, in 2021. Specifically, the Division developed a tailored PBM complaint form, made changes to our complaint system and processes, created an internal checklist to aid in complaint review, set up the licensing designation process for the newly required PBM licensure. Additionally, the division started the collection of transparency report data from PBMs.

### Grievance Report Desk Audits

The division completed 19 desk audits on all HMOs in the comprehensive health insurance market focusing on company grievance processes and procedures. The audit included a review of sample grievance files.

### Increased Complaint Portal Usage

OCI's complaint portal allows insurance companies to receive electronic notification of an insurance complaint and provides online access so companies can review the complaint and upload their responses directly to the complaint portal. In 2020, OCI contacted insurance companies encouraging them to sign up to use OCI's online complaint portal. That outreach has increased the number of online portal participants. As of the end of 2021, there are a total of 757 insurance companies with access to the

complaint portal. This reduces delays around physical mail delivery and makes it easier for industry and OCI staff to work remotely.

### Outreach

The division's outreach efforts in 2021 continued to be somewhat limited due to the COVID-19 pandemic. Many activities that OCI would typically participate in were canceled or held remotely. Staff did attend InsurCon 2021 in person, which allowed staff to connect with agents and other insurance industry stakeholders.

### New Phone System

Staff completed a large, multi-year, multi-agency collaborative project to identify, design, and program a new cloud-based call center software solution. The change was necessary because the prior phone system had reached the end of its lifespan and technical support would no longer have been available. The new system went live in July 2021.

### Remote Exam Proctoring

In 2020, in response to the COVID-19 pandemic, OCI changed the process for agent licensing exams allowing for remote proctoring of these exams. Remote proctoring continued to be available throughout 2021, with over half of the exams taken using the remote proctoring platform.

### Provided Over 140 Reports

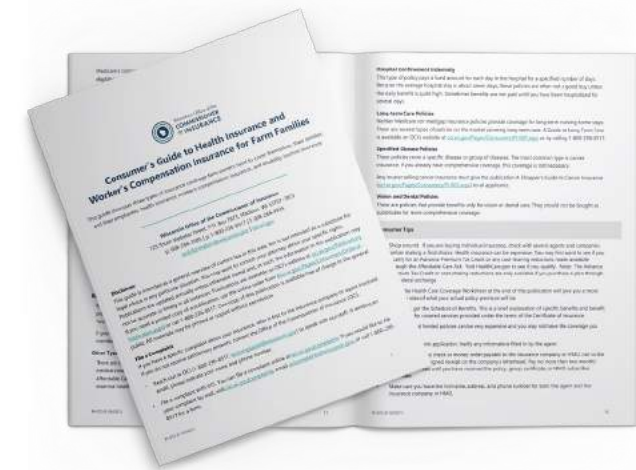
The division provided 142 domestic company market regulation analysis reports for the Division of Financial Analysis examinations. OCI continues to refine the use of the OnBase information management platform to improve the sharing of intra-divisional reports between the Financial and Market Regulation divisions.

**Governor’s Task Forces**

Staff in the division continued to participate in both the Governor’s Task Force on Payroll Fraud and the Governor’s OCI-DHS Health Care Coverage Partnership Advisory Council.

The Payroll Fraud Task Force was formed by Governor Evers’ Executive Order #20. The Task Force was instructed to facilitate coordination of the investigation and enforcement of worker misclassification matters by the Department of Workforce Development, Department of Revenue, Commissioner of Insurance, the Department of Justice, and other relevant agencies.

The goals of the OCI-DHS Partnership are to enroll more Wisconsinites in available health care insurance plans, facilitate transitions for individuals and increase awareness of the facts regarding Medicaid expansion in Wisconsin to support passage of the governor’s executive budget. The Advisory Council includes the following work groups: Data Collection, Promotion & Marketing, Outreach & Education and Capacity & Workforce.



**Consumer Publications**

Division staff are heavily involved in the updating and revision of a variety of consumer publications (above) available from OCI.

**Mentoring Program**

The Division enhanced our consumer affairs section mentoring program for entry-level examiners to aid in new employee development and ensure continuity of training across teams.

**Centers for Medicare & Medicaid Services**

Division staff continued the collaboration with the federal

Centers for Medicare & Medicaid Services to respond to insurer, agent, and consumer questions regarding ongoing changes to the federal Affordable Care Act. In 2021, we also began a collaboration with CMS on the No Surprises Act, which was enacted in late 2020 and effective January 1, 2022.

**NAIC Activity**

- Participated in the NAIC Market Certification Working Group to help facilitate the development of market conduct certification standards.
- Participated in the Market Conduct Annual Statement program, collecting and analyzing data on claims, complaints, and underwriting in life, annuities, health, LPI, private flood, homeowners, and auto insurance, and using the data in our market analysis process.
  - In 2021 Travel and Short-term Limited Duration Blanks were approved. Wisconsin was Chair of the MCAS Blanks Working Group.
- Served on several NAIC committees, task forces, and working groups including active roles in the Mental Health Parity and Addiction Equity Act Working Group and the NAIC Market Regulation Handbook Working Group.
  - A complete list of NAIC committees, task forces, and working groups where OCI is an active participant is on [page 24](#).
- Served as a managing lead state on a multi-state exam throughout 2020 and resolved the exam in 2021

**Meeting Participation and Assistance**

Staff participated in the Wisconsin Insurance Plan and the Wisconsin Automobile Insurance Plan meetings, quarterly meetings with the Worker’s Compensation Rating Bureau and the Department of Workforce Development, and provided technical assistance to Wisconsin Emergency Management.

**Market Conduct Annual Statement**

The Market Conduct Annual Statement (MCAS) is an analysis tool that state regulators use to review the market activity of the entire insurance marketplace and to identify companies whose practices fall outside normal/average ranges. If the MCAS shows that a company is an outlier in one or more areas, the Market Analysis group will review for potential action along the regulatory continuum. For example, follow-up interrogatories, or a Level 1/Level 2 review. The project collects data on an industry-wide basis.

Currently, there are nine individual statements: Annuity, Life,

Health, Disability Income, Homeowners, Private Passenger Auto, Long-Term Care, Lender-Placed Home/Auto, and Private Flood. In 2021, statements for two new lines were added, travel Insurance and short-term limited duration insurance. 2022 data for these two new lines will be collected starting in 2023.

For 2021, the following Market Conduct Annual Statements were submitted:

- 10 Health

- 74 Disability Income
- 227 Life
- 127 Annuity
- 152 Private Passenger Auto
- 140 Homeowners
- 74 LTC (including Stand-Alone, Life/LTC Hybrid, and Annuity/LTC Hybrid)
- 12 Lender-Placed Home/Auto
- 1 Private Flood

## Market Analysis Section

The Division's Market Analysis section is responsible for monitoring the insurance market to identify issues through Level 1 and Level 2 company reviews, desk audits and market conduct examinations. Market analysis of insurers is performed under a process established by NAIC. Market analysis includes a review of information collected in the financial statements and other NAIC databases to identify companies for additional review. Examiners conducted the additional reviews, identified companies for further action, and recorded the results of the reviews in the NAIC Market Analysis Review System (MARS). This process is used to

identify companies for further review up to and including market conduct examinations.

### Level 1 and Level 2 Market Analysis

Wisconsin completed analysis on 25 insurance companies for 13 lines of business: credit, group accident and health, group annuity, group life, homeowners, individual accident and health, individual annuity, individual life, long-term care, Medicare supplement, private passenger auto, workers compensation and medical professional liability.

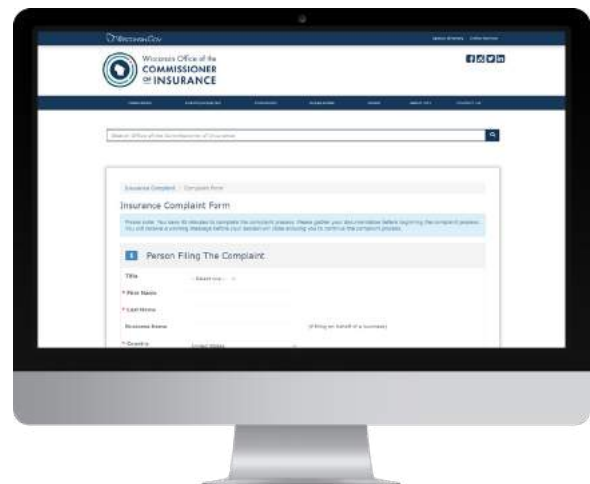
## Consumer Affairs Section

The Division's Consumer Affairs section is responsible for responding to inquiries and for intake and investigation of complaints filed against insurance companies and agents. The Division works closely with legal counsel on enforcement actions.

In 2021, the greatest number of inquiries and complaints received by OCI were related to property and casualty insurance, closely followed by health insurance. Among property and casualty inquiries and complaints received, the majority were related to automobile insurance. Among health insurance inquiries and complaints received, the majority were related to group health insurance coverage. The most common complaint reason across all complaints was claim handling.

In 2021, OCI continued to encourage insurance companies to sign up to use our online complaint portal. As a result, we now have a total of 757 insurance companies with complaint portal access. OCI's complaint portal (right) allows insurance companies to receive electronic notification of an insurance

complaint and provides online access so companies can review the complaint and upload their responses directly to the complaint portal. This reduces the delays surrounding physical mail delivery and makes it easier for industry and OCI staff to work remotely as needed.



The following tables summarize OCI complaint data.

Table I shows complaint activity over the last six years. A complaint may be closed in a different year than it is received. A complaint is defined as a written expression of dissatisfaction with an insurance company or agent. Contact may initially be received in person, by telephone, by email, or in writing, but to be considered a formal complaint that initiates an investigation, a complaint must be in writing. The data presented is based on formal complaints.

**Table I - Total Complaint Files**

Year	Received	Closed
2016	3,725	3,985
2017	3,518	4,061
2018	3,136	3,520
2019	2,807	3,285
2020	2,589	2,980
2021	2,127	2,467

In addition to formal complaints received, the division also handled over 18,000 general inquiries or requests for information in 2021. Most inquiries were by telephone and email.

Table II shows 2020 and 2021 complaints by type of insurance.

**Table II - Complaints Filed By Type of Insurance\***

	2020	2021
<b>Accident and Health</b>		
Group Accident and Health	471	405
Individual Accident and Health	366	276
Medicare Supplement	112	95
Long-Term Care	<u>89</u>	<u>82</u>
<b>Total Accident and Health</b>	<b><u>1,038</u></b>	<b><u>858</u></b>
<b>Property and Casualty</b>		
Automobile	516	416
Homeowners, Tenants, Farmowners	274	237
Fire, Allied Lines, Other Property	92	37
General Liability/Liability	33	29
Worker's Compensation	56	69
All Other Lines	<u>225</u>	<u>172</u>
<b>Total Property and Casualty</b>	<b><u>1,196</u></b>	<b><u>960</u></b>
<b>Life, Including Credit and Annuities</b>	<b><u>354</u></b>	<b><u>303</u></b>
<b>Grand Total</b>	<b><u>2,588</u></b>	<b><u>2,121</u></b>

\*A complaint may involve more than one type of insurance.

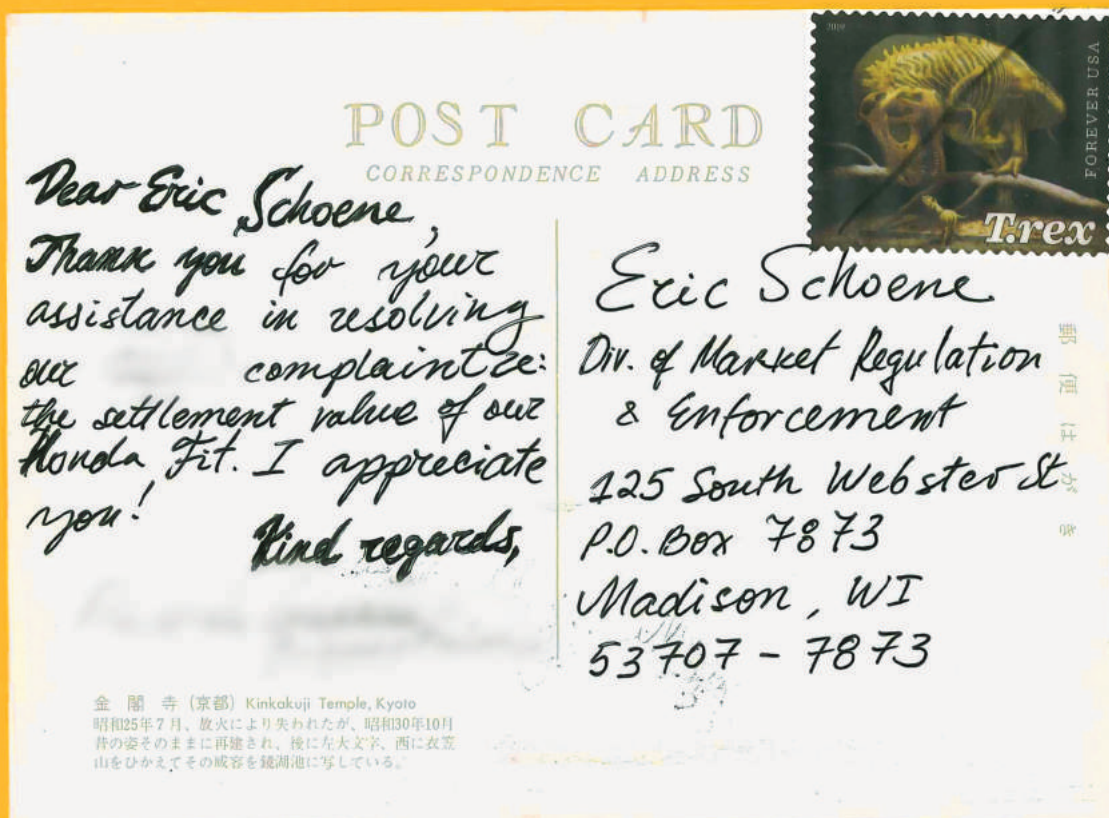


Table III shows the area of insurance operations that generated the complaint. Fifty-five percent of the complaints involved claim problems. Policyholder service was the second most common complaint reason.

**Table III - Reasons for Complaints\***

<b>Basis for Complaint</b>	<b>Through 4th Quarter 2020</b>	<b>% of Total</b>	<b>Through 4th Quarter 2021</b>	<b>% of Total</b>
Claim Handling	1,841	55.7%	1,333	54.7%
Policyholder Service	791	26.8	610	25.0
Marketing and Sales	289	9.8	261	10.7
Underwriting	303	9.0	232	9.5

\*A complaint may have more than one basis.

The Division keeps track of the amount recovered by complainants who filed a complaint with OCI. In 2021, the office assisted complainants in recovering \$6,893,094 from insurers as follows:

**Table IV - Amounts Recovered for Complainants by Types of Coverage and Complaint Reason**

<b>Coverage Type</b>	<b>Claim Handling</b>	<b>Policyholder Service</b>	<b>Marketing and Sales</b>	<b>Underwriting</b>	<b>Total</b>
Group Health	\$ 719,212	\$ 58,859	\$ 2,206	\$ 0	\$ 780,277
Ind. Accident and Health	657,181	98,666	37,710	4,589	798,146
Automobile	390,795	6,883	2,828	998	401,504
Life, Including Credit and Annuities	1,541,805	500,947	1,109,171	458,445	3,610,368
Homeowners, Tenants, Farmowners	645,364	4,337	644	15,475	665,820
Fire, Allied Lines, Other Property	320,246	3,355	0	0	323,601
General Liability/Liability	21,834	0	0	0	21,834
All Other Lines	<u>199,038</u>	<u>73,937</u>	<u>14,403</u>	<u>4,167</u>	<u>291,545</u>
<b>Total</b>	<u>\$4,495,475</u>	<u>\$746,984</u>	<u>\$1,166,962</u>	\$483,674	<u>\$6,893,094</u>

Complainants may request an additional complaint review following the outcome of the Division's initial complaint investigation if the complaint was not resolved to the complainant's satisfaction or if the complainant would like new information to be considered. The additional complaint review also allows the complainant to have their complaint reviewed by advanced level staff or a supervisor.

Table V reflects the number of requests for additional complaint reviews. Due to the low number of such requests, trend analysis is difficult. However, one goal of this review process is to ensure consumers are provided a complete and detailed explanation of the outcome surrounding their complaints.

**Table V - 2021 Complaint Additional Reviews by Line of Business**

	<b>Accident &amp; Health</b>	<b>Property &amp; Casualty</b>	<b>Life &amp; Annuities</b>	<b>Total</b>
Number of Additional Reviews in 2021	10	26	5	47

Additional Review status regarding complaints received in the period of review.

**Independent Review Process**

Under Wisconsin law, individuals have a right to an independent review of their health insurer’s adverse determination or an experimental treatment determination. These reviews are carried out by Independent Review Organizations (IROs) registered with OCI. Wisconsin’s independent review program began in 2002. Federal law also has an independent review process.

The table below summarizes the total number of IRO determinations under both the state and federal process, the percent of insurers’ decisions that were upheld, and the percent reversed in whole or in part by the IROs as reported by health insurers.

	<b>Total</b>	<b>Upheld</b>	<b>Reversed</b>
<b>2019</b>	190	62.6%	37.4%
<b>2020</b>	137	62.8%	37.4%
<b>2021</b>	203	71.4%	28.6%

<b>IRO’s Determination</b>				
	<b>Reversed</b>	<b>Reversed in Part</b>	<b>Upheld</b>	<b>Annual Total</b>
<b>Adverse Determination</b>	46	1	103	150
<b>Experimental</b>	11	0	41	52
<b>Rescission</b>	0	0	0	0
<b>Pre-existing</b>	0	0	1	1
<b>Total</b>	57	1	145	203

Adverse Determination – When a health insurance carrier denies, reduces or terminates a benefit.

Experimental – The treatment was determined to be experimental and thus the claim was denied.

Rescission – The health insurance carrier rescinds the policy – meaning the policy is cancelled back to the date it inceptioned.

Pre-Existing – A claim is denied on the basis that the condition being treated was present before the policy inceptioned.

## Agent Licensing Section

The Agent Licensing section provides oversight of the professional licensing testing services and administration of prelicensing and continuing education programs which are handled by a third-party vendor. Specifically, this section is responsible for:

- Reviewing, issuing, and denying insurance licenses and registrations to individuals and business entities
- Annual company agent appointment billings
- Termination for cause investigations
- Issuing of 1033 waivers to individuals
- Issuing forfeiture orders for nondisclosures, failing to timely report, and misstatements on applications
- Bond cancellations/riders for public adjuster, pharmacy benefit managers, and employee benefit plan administrators

### Agent Licensing

#### Licensee Counts as of December 31, 2021

Employee Benefit Plan Administrator	371
Intermediary Agent Individual	197,107
Resident	35,207
Nonresident	161,900
Intermediary Firm	7,660
Life Settlement Broker	32
Life Settlement Firm	16
Managing General Agent Firm	65
Managing General Agent Individual	88
Navigator Business Entity	8
Navigator Individual	27
Public Adjuster	117
Reinsurance Intermediary Broker	34
Reinsurance Intermediary Firm	21
Reinsurance Intermediary Manager	6
Surplus Lines	1,977
Temporary Insurance Intermediary	1
Travel Insurance Firm	33

## Agent Licensing Related Bulletins Issued in 2021

- On May 12, 2021, a bulletin was issued announcing the regulation of pharmacy benefit managers (PBMs). Effective January 1, 2022, the law requires PBMs to be licensed based on the PBM's responsibilities. If the PBM solicits or collects premiums, effects coverage, or settles claims the PBM must obtain an Employee Benefit Plan Administrator license. Alternatively, if the PBM administers or manages the pharmacy benefits for an insurer or another entity that provides prescription drug benefits to Wisconsin residents and does not collect premium or affect claims, the PBM must obtain a Pharmacy Benefit Manager license.
- On June 10, 2021, a bulletin was issued reinstating the course requirements effective August 1, 2021, and providers were required to submit new course application submissions for classroom approved courses that were intended on being used as webinar courses. The use of the personal attestation form which allowed individuals to use rather than using a physical proctor was also rescinded. A new course submission checklist was also created to assist providers in ensuring all the proper documentation was submitted to avoid delays in processing.

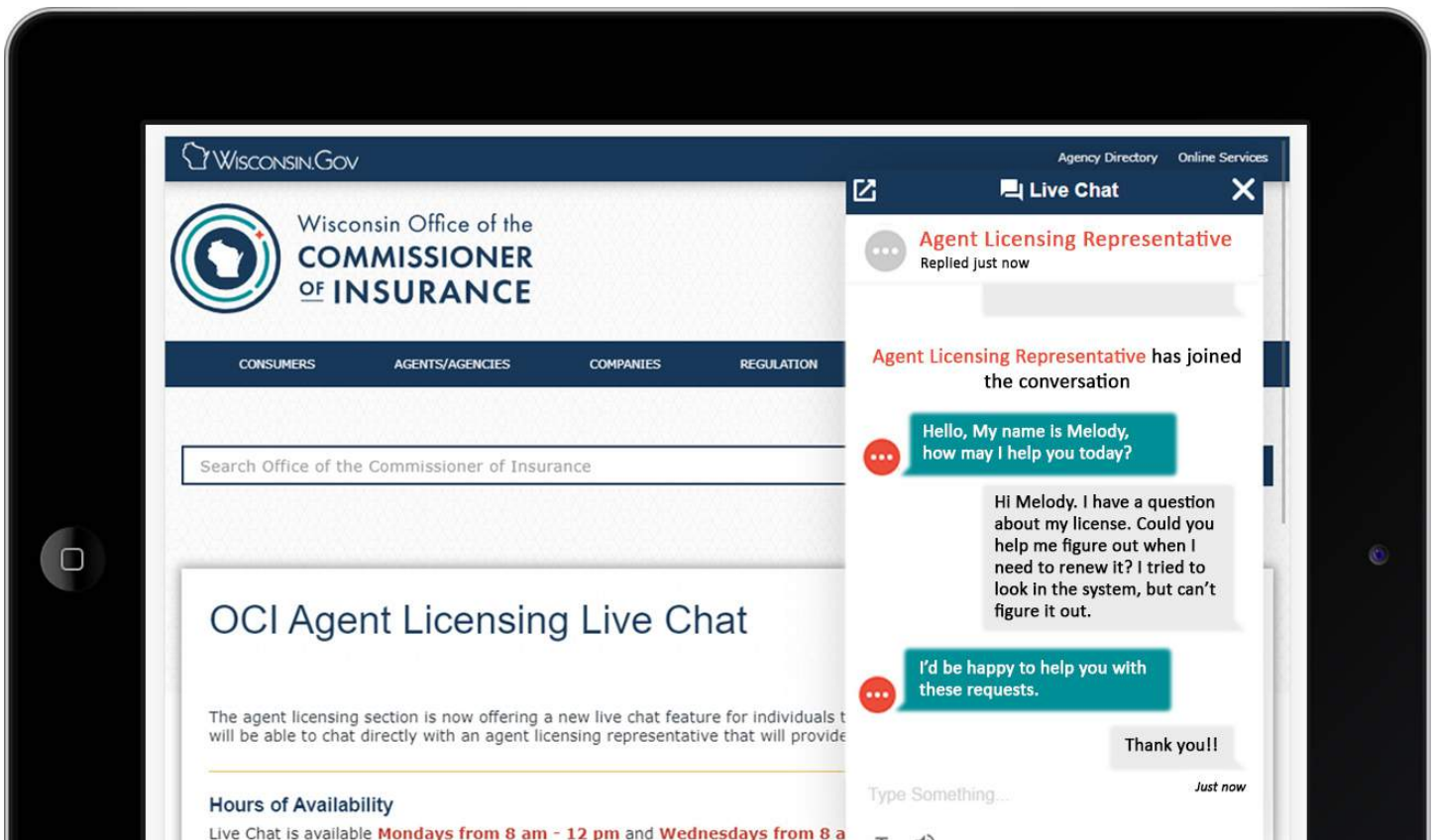
## Licensing Exams

In 2021, 9,959 individuals took a Wisconsin insurance licensing exam. Of those, 4,845 took the remotely proctored

exam and 5,114 took the exam in-person at a physical test site. The proctoring method or location did not affect pass rates as the overall pass rate for remote exams was 56.10% and the pass rate for in-person exams was 54.79%.

## Other Agent Licensing 2021 Achievements

- Manually reviewed and processed 11,303 licensing applications that were deferred to the state for additional review, an 5.17% increase from the previous year.
- Implemented electronic application submission for both navigator individuals and entities via National Insurance Producer Registry (NIPR) in July 2021.
- Issued over \$23,500 in forfeitures against licensees who failed to timely disclose required disclosures within 30 days on and for misstatement on licensing applications.
- Implemented new chat functionality [on the OCI website](#) on July 28, 2021 which allows the public to inquire about basic licensing requirements, continuing education, renewing a license, etc. with licensing staff (below).
- Continued to take administrative actions against agents. A complete list of administrative actions can be found at [oci.wi.gov/Pages/PressReleases/AdminActions.aspx](#).
- Participated in the NAIC's Producer Licensing Task Force committee and the Producer Licensing Uniformity (D) Working Group to assist in improving the effectiveness, efficiency, and uniformity of state licensing processes.



## Rates and Forms Section

Wisconsin’s insurance laws support a functional competition approach to insurance regulation for the health insurance market. Functional competition is defined as competition wherein all participants, including consumers, have access to the market on a level playing field. Functional competition in the marketplace supports the pricing of health insurance products at premium rates that reasonably reflect the medical costs, demographics, and utilization patterns of health care delivery in Wisconsin and therefore critical to a well-functioning market.

The Rates and Forms section is responsible for establishing and enforcing rate filing requirements, reviewing comprehensive individual and small group rate filings, and monitoring trends in the Wisconsin comprehensive health insurance marketplace.

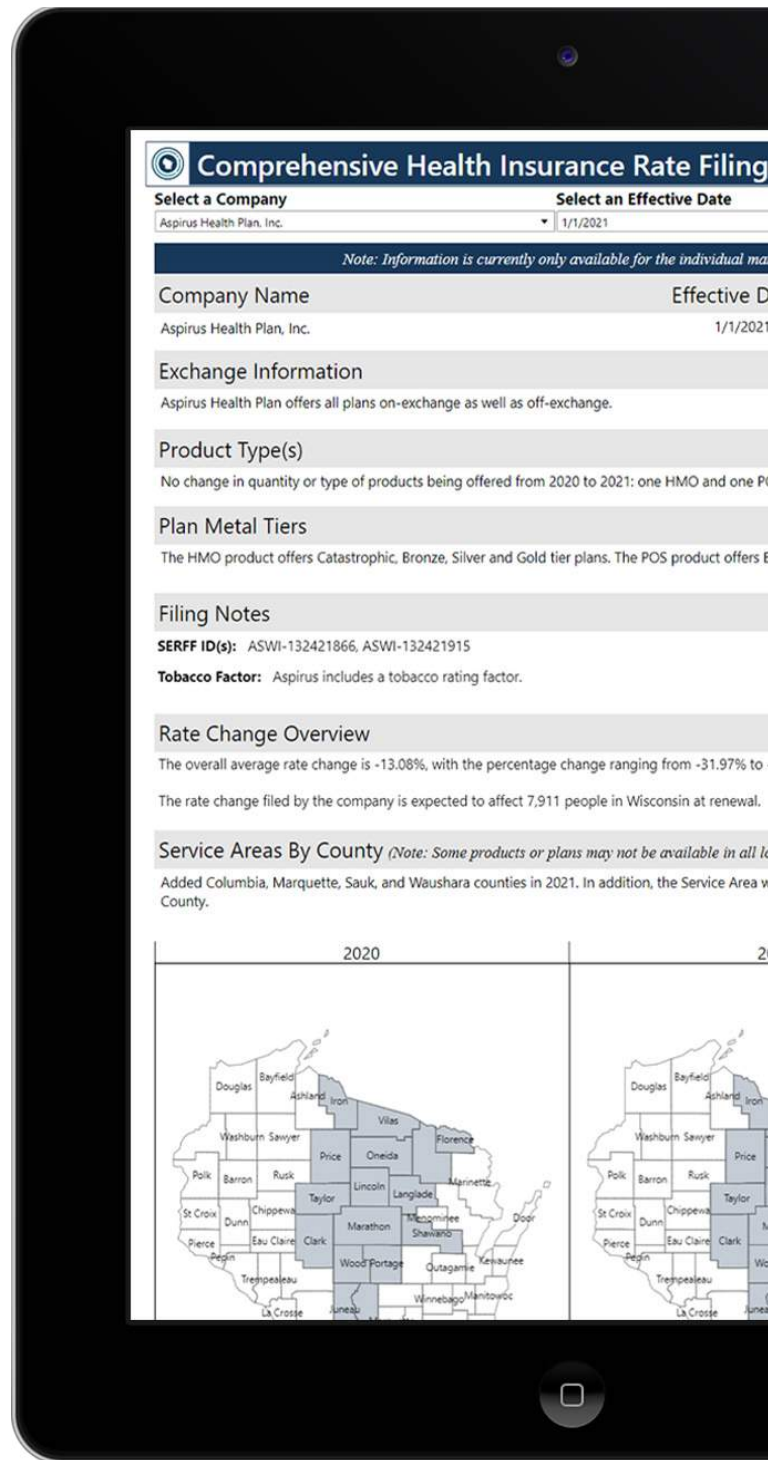
Wisconsin law requires that health insurance rates used to develop premiums for individual policies, including individually underwritten policies sold through associations, and fully insured group policies issued to employers with two to 50 employees (small group policies) be filed with OCI. Filings are required to be submitted in a standardized format. Filings are reviewed for compliance with all applicable laws and regulations, as well as to determine whether there is any indication the premium rates filed are unreasonable. The Wisconsin insurance laws provides that rates are not unreasonable if a sufficient level of functional competition exists in the market.

[Current health premium rate filings](#) made with OCI can be found on our website (right).

### Rates and Forms Additional Activities

#### Public Adjuster – Wisconsin Act 129

OCI implemented the regulatory requirements of 2019 Wisconsin Act 129. The Act became effective July 1, 2020, and OCI issued the [Public Adjuster Law Bulletin](#). The Act created several provisions addressing consumer protection concerns, including contract and form filing requirements, requirements mandating disclosure of compensation, a bonding requirement, and reporting requirements for administrative and criminal actions. As of December 31, 2021, OCI had received over 40 public adjuster contracts for review. We are still updating the reporting feature related to this new filing requirement.



## System Support Section

The System Support section is responsible for answering incoming calls, setting up complaint files, managing the online complaint portal, assisting other sections with reports and data collections and management of the Division’s SharePoint site.





Wisconsin Office of the  
**COMMISSIONER  
OF INSURANCE**

**Wisconsin Office of the Commissioner of Insurance**

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