

**Office of the Commissioner of Insurance  
Property & Casualty Advisory Council**

**Meeting Minutes  
Tuesday, June 13, 2023  
10:00 a.m. – 11:30 a.m.  
125 South Webster Street  
Room 227 – The Spencer Kimball Conference Room  
Madison, WI 53703**

**Council Members Present:** Nick Arnoldy, Janet Dettman, Kellye J. Golden (virtual), Rick Parks, Darrel Zaleski, Christopher Zwygart (Chair)

**OCI Staff Present:** Barb Belling (virtual), Tim Cornelius, Andrea Davenport, Deena Driese, Jeff Grothman, Christina Keeley, Jill Kelly, Amy Malm, Molly Pappenheim (virtual), Clai Schlichting, Sarah Smith, Kristina Thole, Lauren VanBuren

**Public Attendees:** Matt Banszynski, Birny Birnbaum (virtual), Kelsey Chaney, Robert Dial (virtual), Andy Franken, Joanna Glaser (virtual), Misha Lee, Dawn Lemke, Gary Strohm (virtual), Bill Toman, Andrea Michelz, Jess Alanis, Angela Marion, Kevin Holstine,  
(Margaret Last Name? (virtual) State Farm)

**Welcome and Introductions**

Christopher Zwygart, Chair; Welcomed Council members and Office of the Commissioner of Insurance (OCI) staff along with public attendees. Chris extended thanks to everyone for attending and was looking forward to a reboot as this is the first meeting since Covid.

- Sarah Smith, Director of Public Affairs, Commissioner of Insurance Office (OCI), introduced herself along with giving an update on the Commissioner's Unit and new OCI leadership. Commissioner Houdek was appointed Commissioner by Governor Evers in January 2022. He previously served as Deputy Commissioner. Deputy Commissioner Rachel Cissne Carabell was appointed in February of 2022 who has held leadership

positions in the public and private sectors. Sarah went on to name new leadership positions, announcing Lauren Van Buren as OCI's Chief Legal Counsel and Timothy Cornelius as Deputy Legal Counsel. Senior Management was announced, Jesse Patchak, Director of Operational Management, Kristina Thole, Director of Administrative Services, Amy Malm, Administrator of Financial Regulation and Rebecca Rebholz, Administrator. Section Chiefs and supervisors in the various units at OCI were also named.

- Rick Parks, past chair, announced that he would be retiring at the end of the month. He has worked with six commissioners at OCI during his career. Rick added OCI is a great regulatory agency who has always been fair and admirable. From the company side of business OCI is effective and provides consistency in their services to the consumer. Rick extended his thanks and gratitude to the council and extend his best wishes to everyone.
- The Advisory Council Charter was reviewed. Moving forward and restarting the council there will be goals to hear from regulatory partners and to hear challenges and problems on the company side.

There was a motion to approve the charter, Janet Dettman seconded the motion, and the Charter was adopted.

## **NAIC Update**

- Timothy Cornelius, Deputy Chief Legal Counsel gave up update on the Pet Insurance Model Law. In August of 2022 The National Association of Insurance Commissioners (NAIC) passed the Pet Insurance Model Act to establish regulatory guidance for states regarding pet insurance. The law is active in four states, Nebraska, Washington, Mississippi, and Maine and is being reviewed and under consideration in six states. This model depicts rules for the sale of pet insurance and provides important information to pet owners interested in purchasing insurance for their pet.
- The NAIC Privacy Protection Working Group (PPWG) released a draft of a new consumer Privacy Protection Model Law - Model 674. The goal of the Model Law is Intended to address collection, ownership, use and disclosure of consumer information. Model Law 674 is to replace the two old model laws, Model 670 and Model 672 that are both almost two decades old. Model 674 was released in January and is currently under development.

Tim reported both him and Deputy Commissioner Rachel Cissne Carabell attended the PPWG meeting early June in Kansas City. The meeting went well, and the working group took comments from the industry and consumer reps. The goal is to make the new model more workable for the industries. Comments will continue to be taken and a

revised draft will be released towards the end of this month. Further comments will be taken at the NAIC National Meeting this summer in Seattle.

- Darrel Zaleski, Council Member, asked if there were any concerns that stood out regarding the new model and privacy? As well as how long will data be kept and when it should be destroyed? Tim reported there was no specific time frame determined yet, this is something that is still being addressed and will be discussed once the next draft is released. Privacy, collection, and security of data is something that the group is currently working on.
- Tim went on to give an update on Big Data and Artificial Intelligence (AI). The Private Passenger Auto Artificial Intelligence/Machine Learning (AI/ML) survey was completed in December 2022. The AL/ML Home Survey was also completed since the Summer 2022 NAIC National Meeting. The focus was on rating, underwriting, loss prevention, marketing, fraud prevention and claims handling and more of the general use. This survey was to have a better understanding of the use of big data and AI/ML by insurance companies and what risk management controls related to auto/home insurance companies are putting in place. In December of 2022 a report was released outlining the findings. The report was intended to be more objective.
  - Chris Zwygart commented on how the data was collected. Tim indicated there were general questions with yes/no answers with comments to be included. The surveys are designed not to overwhelm the company and found the information received valuable and gave insight into how AI/ML is being used.
  - Janet Dettman asked if Tim was able to share any information found in the surveys that was surprising or didn't expect to find. Tim responded that companies don't use AI/ML as much as it isn't regulated at this time. The lack of regulation may be making companies hesitant to use AI/ML. The industry is moving faster than the regulators.
  - Rick Parks added the industry and regulators need to ask where you cross the threshold as it may be too granular. Regulators and the industry need to understand the math behind this situation.
- Finally, Tim reported on the Third-Party Data and Model Vendors, which is a work stream. It was designed to determine the appropriate regulatory evaluation of third-party data and model vendors and produce a recommend regulatory framework for monitoring and overseeing industry's use of third-party data. In December of 2022 the work group

released a draft for public review and comment. Comments were received in Louisville and the working group is working on revising the draft based on said comments.

## Legislative Update

- The 2023-2025 Biennial Budget is well underway. Sarah reported that May 23<sup>rd</sup> the Joint Finance Committee (JFC) approved four additional positions at OCI; three insurance financial examiners positions in the Financial Regulation Division and one insurance examiner position in the Market Regulation Division. JFC granted funds towards the Board of Aging and Long-Term Care. There was a budget correction and restored funding for agency operations due to a bit of a cut which occurred two years ago due to economic conditions in early 2021. Sarah doesn't expect any significant changes in the budget.
  
- Sarah also touched base on the Insurance CyberSecurity Law which was implemented and signed by Governor Evers in September of 2021. This law imposes new requirements related to insurance data security. OCI has a very detailed webpage on components of the bill and all the pieces which consumers may need to know.  
[oci.wi.gov/pages/cybersecurity](https://oci.wi.gov/pages/cybersecurity)
  
- Sarah mentioned in 2021 OCI's Tech Bill (Insurance Omnibus Law) was enacted. Such changes to the bill which affected the P & C law increased forfeitures for the insurance violations. It also clarified that insurance stockholders may hold meetings remotely. Also, mutual insurance companies may hold policy meetings remotely as well. Finally, a new state statute was also created that directs the commissioner to adopt rules requiring certain insurance companies to report group capital calculation and liquidity stress tests and the form and manner of that reporting.
  - Chris Zwygart commented if there were issues or frustration with the industry as it related to the Cybersecurity Law. Sarah indicated more of the company related complaints were handled by Amy Malm and her division. Amy related that her division is diving deeper into financial examinations with domestic insurance companies related to data security. Currently, insurance companies must file annual certification on cybersecurity. Chris Zwygart added that as technology changes examination technology needs to change as well. Chris asked how OCI is addressing such changes and what is their philosophy. Amy indicated staff have increased and IT reviews are being done and right size based on the scope of the company.

Sarah touched on the 2023-2024 draft status for the new tech bill which is still in the draft form. OCI is holding the bill for the fall floor period. Will reach out to trade association stakeholders later this summer to get some general feedback.

Sarah also had a few communication items to share. The WIN Newsletter is an agent newsletter which gives information to agents and information on OCI which comes out quarterly. There will be a summer edition coming out. Go to [oci.wi.gov/WIN](http://oci.wi.gov/WIN) to sign up to view past editions or receive notification on up-and-coming new editions. OCI is also very active on social media, including Twitter, Facebook, and Instagram. Feel free to share any consumer information OCI puts out. Sarah also mentioned OCI has toolkit available for consumers available on OCI's website.

### **Division of Market Regulation Update**

- Deena Driese reported there are not a lot of changes in consumer affairs and complaint data. Deena provided a handout to view the trends in complaint numbers. The information is focused on claims settling. There were minor increases on the auto side. There is also a similar trend when it comes to fire. Most homeowners' claims are due to storms then in turn claims come in. Deena also touched on liability and workers compensation. Overall, the numbers are steady and consistent. A common situation is that consumers want OCI to take the role as an adjuster therefore complaints are made. There is no seasonal fluctuation in complaints filed.
- Group conversation was regarding claims, specifically auto claims. It was mentioned there was less driving in 2021 due to covid. For the next meeting data will be provided during a 5-year retro period to bring more accurate data. Data regarding dollars and the end results of the complaints will be brought to the next meeting as well. It was also mentioned that more consumers are making changes to their policies. It is important for the consumer to be educated on their policy as culture and inflation are causing issues which may push an individual to be dissatisfied and make a complaint. It was stressed that it is important to read your policy and share questions with your agent.
- Matt Banaszynski of Independent Insurance Agents of Wisconsin (IIAW) added a comment regarding personal auto. There are changes in driving behavior. There are supply chain issues and challenges in the work force coming out of covid. Claims are taking longer, and rates are increasing along with an increase in inflation.

Deena asked about autos on the move such as “van life” and “tiny houses”. People are living mobile and were wondering about claims challenges or finding any coverage changes and inquired on overall perspective. It was indicated that at this time this is not typical coverage that is being requested. There is some coverage out there but unsure of how it is being written up. Lives are different now and individuals are living differently. Complaints are just beginning to see this situation/type of living come in as a complaint.

- Matt Banaszynski of Independent Insurance Agents of Wisconsin (IIAW) added Progressive, American Family and Foremost are most active with this type of coverage.
- How an individual submits a claim was a topic of discussion. Has there been a growth in claims with no human interaction? This is a trend to limit human interaction during covid i.e., using apps to submit photos. Repair shops were not fond of this claim process and there was a bit of pushback and there were issues with settlement amounts. There is a lot of self service, and it will be interesting to see what technology will bring.

### **Trending Issues**

Jeff reported that OCI would like to bring to this council post covid issues, trending topics affecting the Property & Casualty industry. One issue is how inflation has affected the insurance agency as a whole in Wisconsin and as a whole on a macro level across the country. The issue of keeping up with valuations has been a huge factor along with a labor shortage. Inflation has caused many issues. There are Reinsurance issues which are cost drivers. It has been predicted things are going to get worse before they get better. It was reported on a macro level there was a 27 billion loss in underwriting. It is predicted that complaints will increase as well.

A question was asked regarding town mutuals. Amy Malm indicated her, and the special deputy commissioner are working on developing a rehab plan as it could have effects on town mutual insurance companies. There were 51 town mutuals, now there are 44 town mutuals and most likely there will be even less.

Sarah asked an additional question regarding remote working opportunities. As an employer side, what are you seeing regarding remote work opportunities, challenges and workers compensation/health issues piece and people working out of state. How are companies facing new challenges?

It was relayed the more flexibility you can offer and still meet your service obligations the better off one would be as an employer.

Matt Banaszynski of Independent Insurance Agents of Wisconsin (IIAW) added they are seeing more carriers using outsourcing, virtual assistance, AI, and companies are turning towards nontraditional ways of doing business.

**Discuss Next Council Meeting Date(s)**

Historically the council has met quarterly. It was agreed 3 meetings a year would be substantial. The next meeting is anticipated to be held in late October or early November.

The meeting was adjourned.