



Wisconsin Office of the
**COMMISSIONER
OF INSURANCE**



2022 WISCONSIN INSURANCE REPORT

Section 01

Welcome







Commissioner Houdek and Deputy Commissioner Cissne Carabell (with microphone) attend the Wisconsin Insurance Alliance's Annual Meeting in February 2022.

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1.2 Past Commissioners

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

Commissioners of Insurance

Name	Residence	Term Start	Term End
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

Commissioners of Insurance

Name	Residence	Term Start	Term End
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.*





1.3 Letter to the Governor

Dear Governor Evers:

As Wisconsin's commissioner of insurance, I am pleased to submit the 2022 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 2022, OCI carried out our mission to protect and educate Wisconsin consumers 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 2022. I hope you find the report useful.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nathan Houdek', written in a cursive style.

Nathan Houdek
Commissioner of Insurance

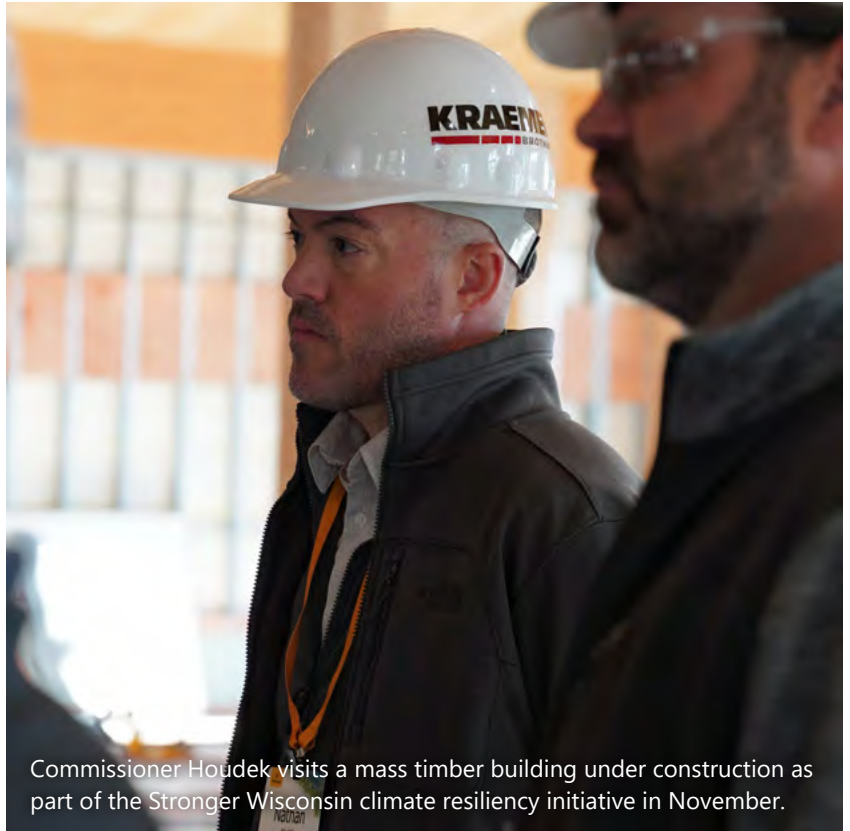
1.4 About OCI

MISSION

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

ESTABLISHED

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.

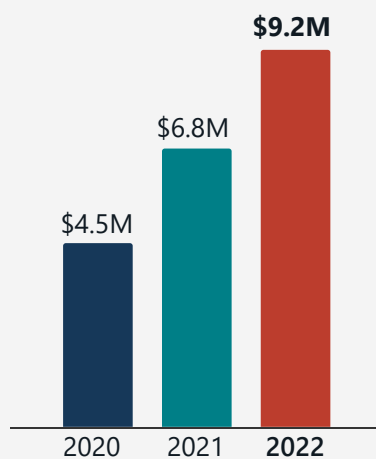


Commissioner Houdek visits a mass timber building under construction as part of the Stronger Wisconsin climate resiliency initiative in November.

WISCONSIN'S INSURANCE WATCHDOG

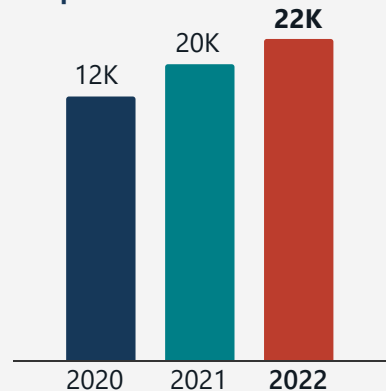
OCI makes sure that insurance companies follow Wisconsin's laws and regulations, that policyholders get the coverage they have paid for, and that consumers are protected.

Recovered for Consumers



OCI assisted complainants in recovering just over **\$9.2 million** for consumers.

Inquiries

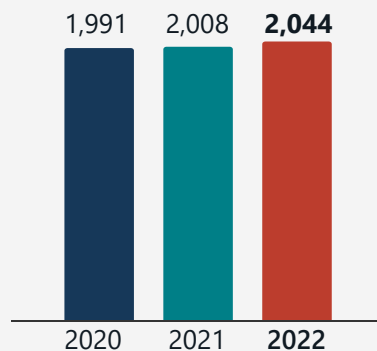


In 2022, OCI investigated and resolved **2,678** written consumer complaints and handled nearly **20,000** general inquiries received via email and telephone.

INSURANCE IN WISCONSIN

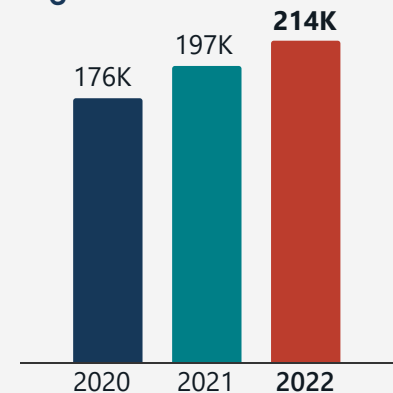
Wisconsin's insurance market is one of the biggest in the nation with over 300 insurance companies based in Wisconsin. Over the past five years, our market has grown significantly bringing more jobs and investment to our state.

Insurers



In 2022, there were **2,044** insurers authorized to write business in Wisconsin with total assets of more than **\$615 billion**. Of those, **334** insurers were domiciled in Wisconsin.

Agents



Insurance plays an important role in our state's economy. There are over **214,000** agents licensed to do business in Wisconsin – over **34,000** of those are Wisconsin residents.



Commissioner Houdek and Department of Financial Institutions Secretary-designee Cheryl Olson-Collins visit with Church Mutual Insurance leadership in Merrill to discuss their wildfire mitigation efforts in May 2022.

OCI remitted **\$897,000** 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 materials such as library materials and computers. The Fund distributed **\$40.6 million** across every Wisconsin public school district in 2022.



A group photo at the National Association of Insurance Commissioner's Spring Meeting in March.

NAIC

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.

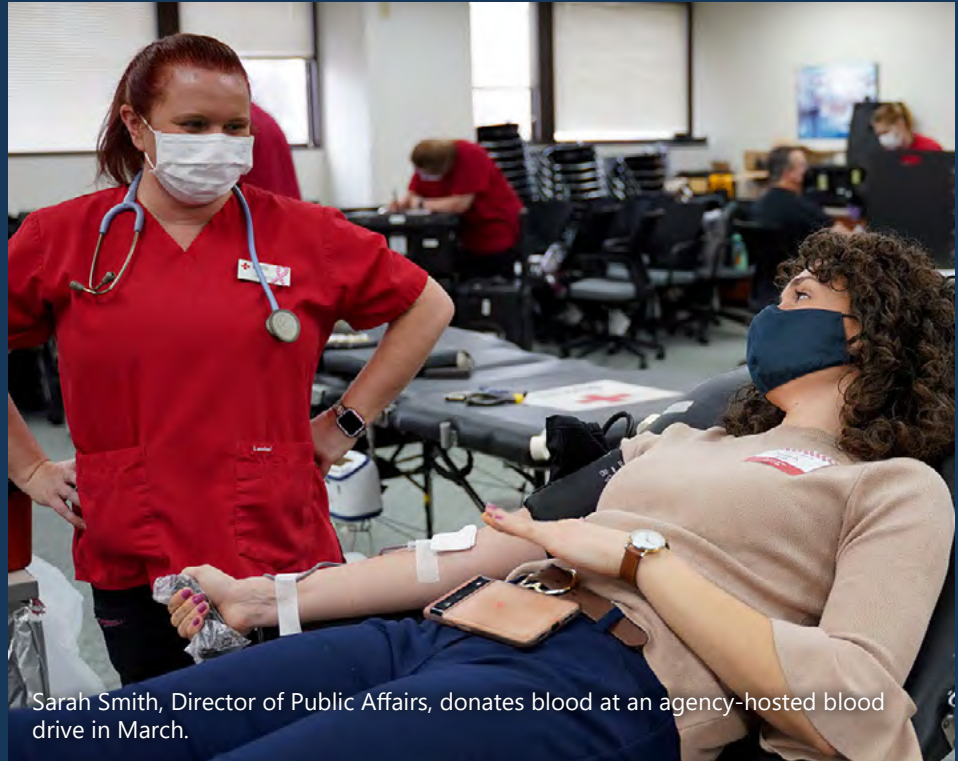
Learn more about OCI's involvement with the NAIC in section 3.4 [National Association of Insurance Commissioner Activities](#).



Deputy Commissioner Cissne Carabell with a colleague at the National Association of Insurance Commissioner's Spring Meeting in March.

TEAM OCI

The employee driven OCI Gives Back Committee has hosted blood drives and food donation drives to give everyone at OCI the opportunity to give back to our community.

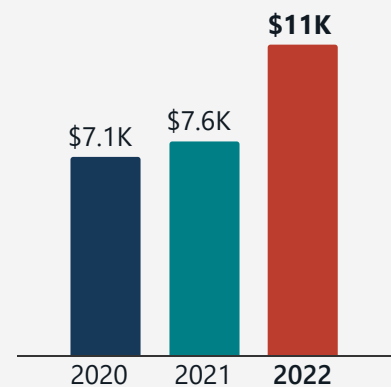


Sarah Smith, Director of Public Affairs, donates blood at an agency-hosted blood drive in March.



Commissioner Houdek and Executive Staff Assistant Jill Kelly draw prize winners during the Partners in Giving Brat Fry in November.

Partners in Giving



In 2022, OCI employees participated in the annual Partners in Giving campaign and due to the efforts of our OCI Gives Back Committee the agency saw a **75% increase** in donors and a **45% increase** in donations.

Section 02

Administration of the Office







OCI staff celebrate International Women's Day in March.

2.1 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.

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 with 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.

DMR 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.

In 2022, DMR completed a slight reorganization within the Consumer Affairs section to enhance OCI's ability to protect consumers and provide expert responses to internal and external inquiries and complaints in each line of insurance – Life, Health, Property & Casualty.

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.

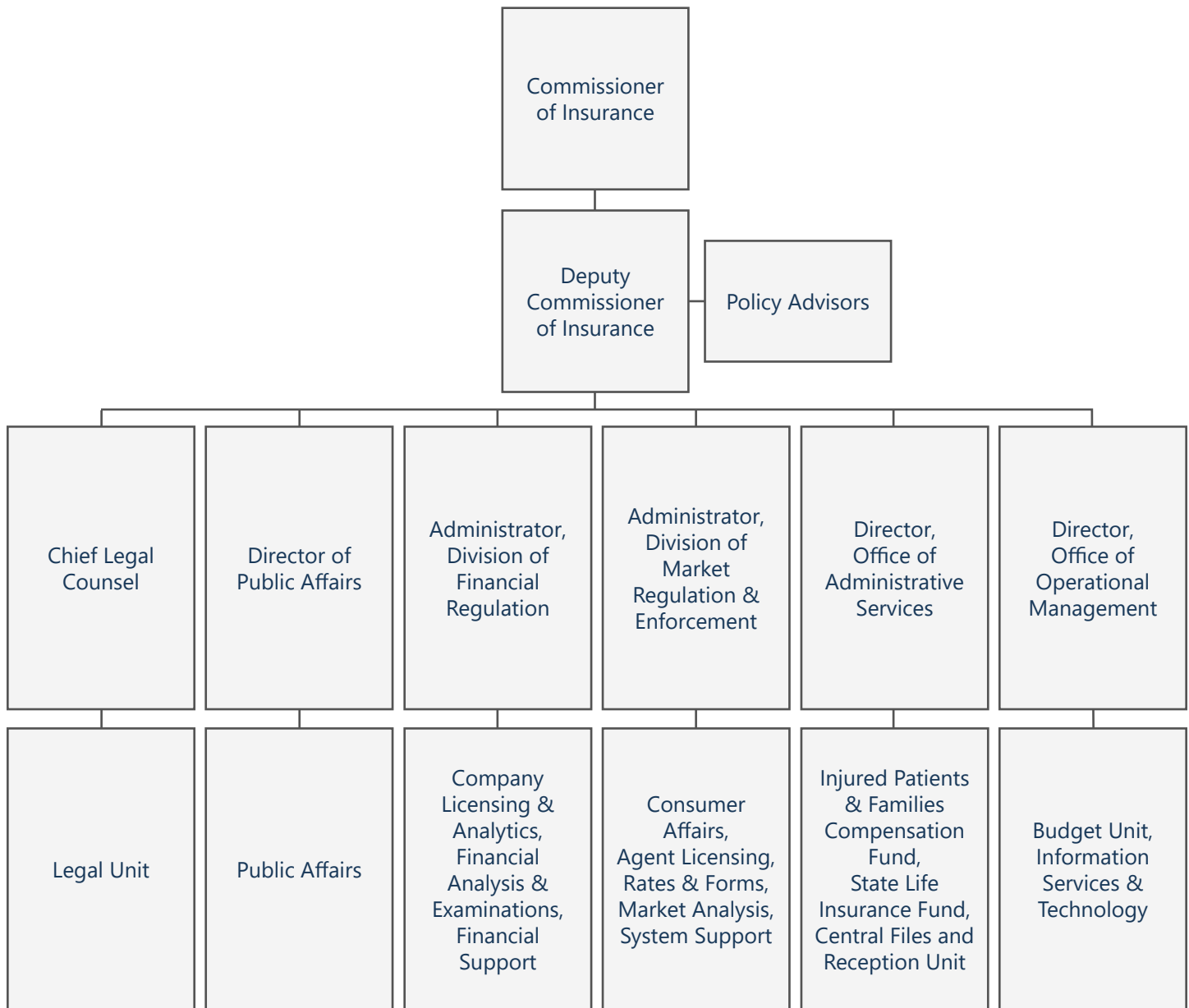
Public Affairs Unit

The Public Affairs Unit is responsible for all communications shared by OCI including press releases, social media posts, newsletters, and responses to media outlets. The Unit also oversees all government affairs including responding to legislative office inquiries, reviewing proposed legislation, and filing fiscal estimates and other required documentation for legislative agencies.



Members of the Senior Management Team assist with the Partners in Giving Brat Fry in November.

2.2 Organizational Chart



2.3 Senior Management



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.

Commissioner Houdek 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.

As Deputy Commissioner, Rachel Cissne Carabell is responsible for the overall operations of OCI and actively participates in NAIC activities and engagement with stakeholders. She is a member of the state's Group Insurance Board and the Governor's Birth to Three Interagency Coordinating Council.

Deputy Commissioner Cissne Carabell 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. She 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. Richard served as Chief Legal Counsel throughout the period covered by this report, but left OCI in January 2023.

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.

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. 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 was appointed as the Director of Public Affairs at OCI in November 2020. She is responsible for overseeing communications, public outreach, and legislative affairs.

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

2.4 Office Finances

General Fund—Supervision of the Insurance Industry Fiscal Year 2022 (Amounts in \$000s)

	Total Revenue	Retained by Office of the Commissioner of Insurance	Transferred to State's General Purpose & Other Revenue Funds ¹
Premium Taxes	\$221,800		\$221,800
Fire Department Dues	26,450		26,450
Forfeitures	897		897
Insurance Company Examination Charges	7,228	7,228	-
Resident/Nonresident Appt Billings and Renewals	34,451	34,451	-
Agent Continuing Education Fees	25	25	-
Resident/Nonresident Producer License Issuance	1,510	1,510	-
Resident/Nonresident Biennial License Renewals	9,022	9,022	-
Reinstatements	1	1	-
Other Licensing Fees	15	15	-
Company Licenses, Admissions, and Renewals	157	157	-
Miscellaneous ²	<u>97</u>	<u>97</u>	<u>-</u>
Total Revenue	<u>\$301,653</u>	52,506	<u>\$249,147</u>
Less Total Operating Expenditures		<u>17,405</u>	
Net Operating Revenue / (Loss)		35,100	
Cash Lapse to State's General Fund (Transfer Out)		<u>(35,580)</u>	
Net Change in Fund Equity		<u>\$ (480)</u>	

¹The 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.

²Miscellaneous collections include: 1) Photocopying, 2) Service of process, and 3) Publications.

Segregated Funds
Fiscal Year 2022 (Amounts in \$000s)

	Total Revenue	Operating Expenses	Net Revenue
Injured Patients & Family Compensation Fund	\$86	\$50,243	\$(50,157) ³
State Life Insurance Fund	1,196	5,543	(4,347) ⁴

³Due to COVID premium holiday extension.

⁴Due to an increase in payments received on policy loans over the prior year.



Executive Initiatives

Commissioner Houdek (left) and Deputy Commissioner Cissne Carabell answer questions from the Wisconsin Hospital Association during their meeting in June.



Deputy Commissioner
Rachel Cline Carabell

Eric Borgerding
Wisconsin Hospital Association

Luke Beirl

Maywood Area Memorial Hospital
W. Koster's Edge

HEAT

HEAT



Governor Evers signs 2021 Wis. Act 260 which adopts the best interest standard for annuity sales. Photo by NAIFA Wisconsin: <https://advocacy.naifa.org/news/new-wisconsin-law-boost-protections-for-annuity-consumers>

3.1 Regulatory Developments and Trends

Industry Changes

In 2022, the insurance industry continued to experience a changing market as the world recovered from the COVID-19 pandemic and inflationary pressures and supply chain challenges impacted insurance costs. Increasing consolidation has continued to impact the health insurance market. Regulatory review is required for health insurance company mergers and other transactions, contributing to the work done by OCI's financial examiners. Additionally, new laws were passed in Wisconsin related to travel insurance and annuity sales.

Travel Insurance Law

2021 Wis. Act 111 took effect March 1, 2022 and set up new regulations related to travel insurance. It adopted 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.

Travel retailers may offer and disseminate travel insurance in Wisconsin under the license of a travel insurance producer if they do all of the following:

- The purchaser of travel insurance is provided with the 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 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.

Insurance Omnibus Law

2021 Wis. Act 114 was signed into law at the end of 2021. This law made several changes including an amendment 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. It also updated statutes 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 also created that directs the commissioner to adopt rules requiring certain insurers to report group capital calculations and liquidity stress tests. Other changes in the omnibus law relate to funding agreements, the Injured Patients and Families Compensation Fund, and more.

Best Interest Law

On April 15, 2022, 2021 Wis. Act 260 was signed into law which adopted the best interest standard for annuity sales based on the NAIC model law. The law revises the annuity suitability standards found in Wis. Stat. §628.347 to provide greater protections for consumers who purchase annuity products.

The new law requires that when recommending the sale of an annuity, insurance intermediaries act in the best interest of the consumer and not place their own financial interests ahead of those of the consumer. An insurance intermediary has acted in the best interest of the consumer if the intermediary satisfies the Act's care, disclosure, conflict of interest, and documentation obligations.

Federal COVID-19 Laws

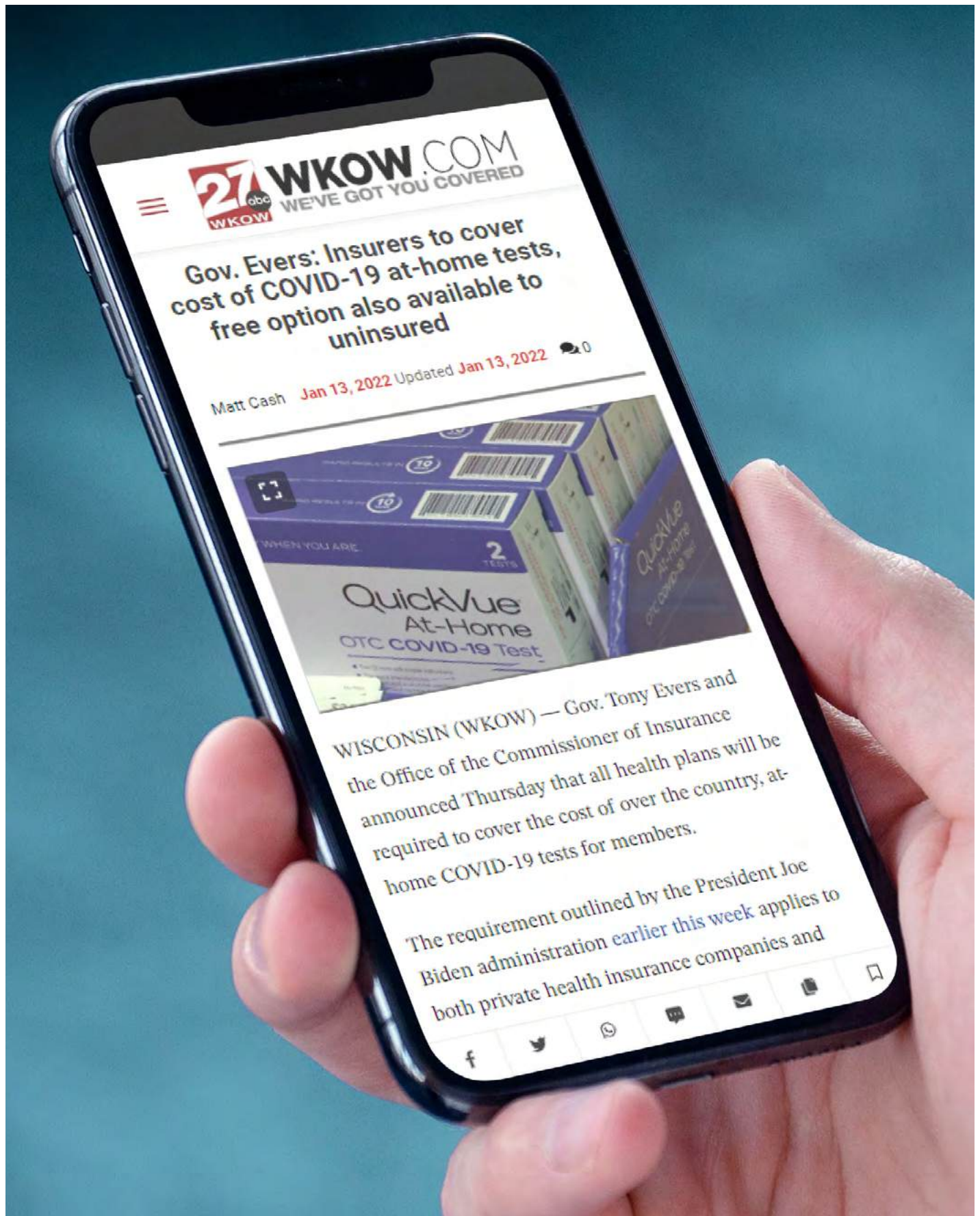
In 2020, the federal government passed two laws in response to the COVID-19 pandemic. The Families First Coronavirus Response Act (FFCRA) was enacted on March 18, 2020, and Coronavirus Aid, Relief, and Economic Security Act (CARES) on March 27, 2020.

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 2022, the PHE was ongoing, so these provisions remained in effect.

President Joe Biden signed the American Rescue Plan Act (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 HealthCare.gov 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 lasted through the end of 2022. In August 2022, the Inflation Reduction Act was passed into law which extended the ARPA subsidy changes through 2025.

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 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. Beginning January 15, 2022, insurance companies and group health plans were also required to cover the cost of over-the-counter, at-home COVID-19 tests. Insurance companies and health plans were required to cover 8 free over-the-counter at-home tests per covered individual per month. That means a family of four, all on the same plan, were able to get up to 32 of these tests covered by their health plan per month. There was no limit on the number of tests, including at-home tests, that were covered if ordered or administered by a health care provider following an individualized clinical assessment, including for those who may need them due to underlying medical conditions.





3.2 Advisory Boards, Committees, and Councils

Wisconsin law, Wis. Stat. §15.04, provides that heads of independent agencies may create and appoint such councils and committees as the operation of the agency requires. Insurance law, Wis. Stat. §. 601.20, 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.

In 2022, OCI was involved with the following boards,

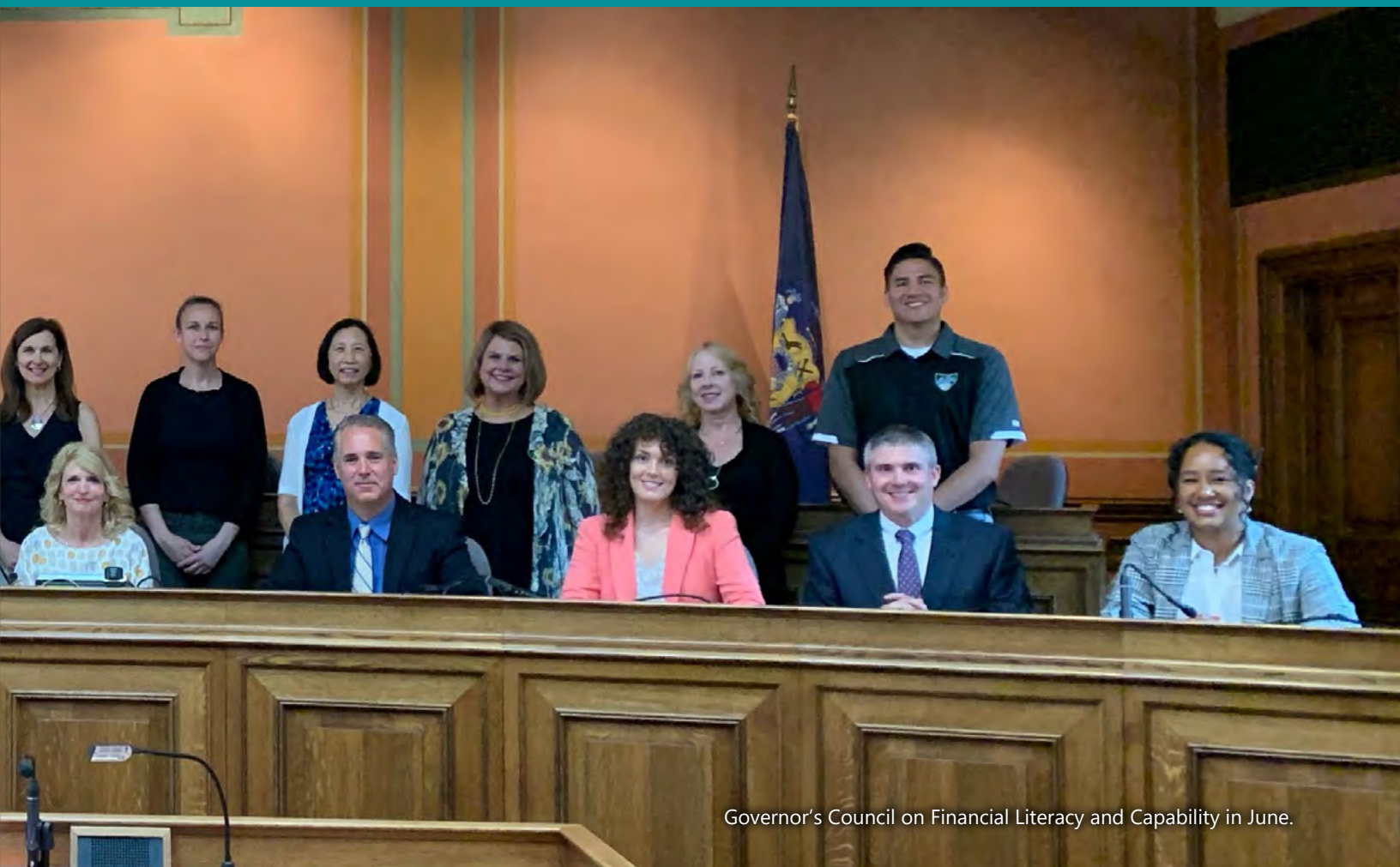
committees, and councils (listed alphabetically):

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.

Governor's Committee for People with Disabilities

In 1948, a Governor's Committee was established to improve employment opportunities for people with



Governor's Council on Financial Literacy and Capability in June.

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.

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.

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 2022 but task force members and interested parties continue to support and advance the recommended proposals.

Group Insurance Board

Wis. Stat. §15.165 (2), 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 Wis. Stat. §40.03 (6). 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 2022 Board of Governors (as of June 30, 2022):

Nathan Houdek, Commissioner of Insurance (Board Chair)
 Jeffery Bingham, Public Member
 Carla Borda, Public Member
 Greg Schroeder, Public Member
 Vacancy, Public Member
 David Maurer, Industry Representative
 David Nelson, Industry Representative
 Vacant, Industry Representative
 Daniel Rottier, Wisconsin Association for Justice
 Jerome Hierseman, State Bar of Wisconsin
 Bud Chumbley, M.D., Wisconsin Medical Society
 Timothy Crummy, M.D., Wisconsin Medical Society
 Matthew Stanford, a, 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.

Market Analysis

Enrollment in the Affordable Care Act Marketplace,
Other Coverage, and the Uninsured

Submitted to the
Wisconsin Office of the Commissioner of Insurance
Contract # 145CAP-M22-IN220937-01
August 1, 2022



EMPLOYER-BASED FINANCIAL WELLNESS PROGRAMS IN WISCONSIN: SURVEY FINDINGS

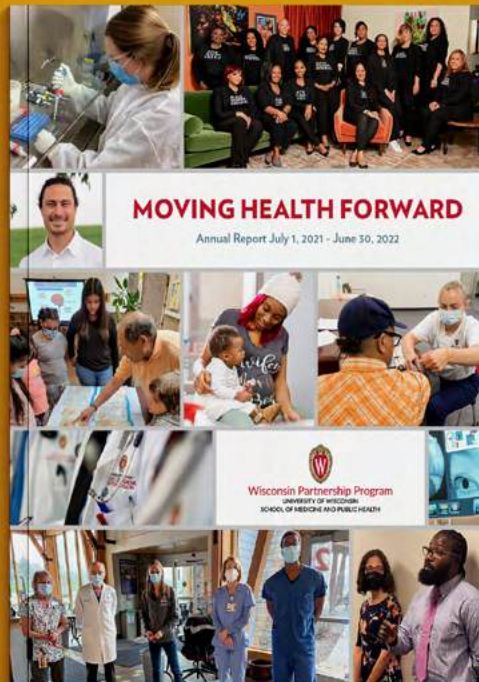
Governor's Council on Financial Literacy and Capability, November 2022

TASK FORCE ON PAYROLL FRAUD AND MISCLASSIFICATION REPORT

2022



STATE OF WISCONSIN
DWD
Department of Workforce Development



MOVING HEALTH FORWARD

Annual Report July 1, 2021 - June 30, 2022

Wisconsin Partnership Program
UNIVERSITY OF WISCONSIN
SCHOOL OF MEDICINE AND PUBLIC HEALTH

WORKERS COMPENSATION RESEARCH INSTITUTE

A Catalyst for Improving Workers' Compensation Systems

ANNUAL REPORT

2022



Governor's Committee for People with Disabilities

Website: dhs.wisconsin.gov/gcpd

Work Plan 2022-2024



WCRI BENCHMARKS

CompScope™ Benchmarks for Wisconsin

22nd Edition

Evelina Radeva

EMP
PROGR

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, Office of the Commissioner of Insurance, the Department of Justice, and other relevant agencies.

Joint Survey Committee on Retirement Systems

This committee performs duties mandated under Wis. Stat. §. 13.50. 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

In June 2019, Governor Tony Evers announced the formation of the Health Care Coverage Partnership, directing OCI and the Department of Health Services (DHS) to develop strategies aimed at enrolling more Wisconsinites in high quality, affordable health insurance coverage. The Partnership's efforts focus reducing the uninsured rate in Wisconsin by connecting more Wisconsinites with health insurance enrollment information and resources. The partnership launched WisCovered.com in July 2020, a mobile-first website 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.

Retirement Research Committee

This committee performs duties mandated under s. 13.51, Wis. Stat. Its membership represents employee and employer groups having vested interests in various state retirement programs. The committee has investigatory powers over all state retirement systems for public employees. In addition, it may require any public pension or retirement system to furnish it with periodic financial reports and records. The committee conducts a continuous review of retirement benefits afforded to public employees under the existing state system. It maintains a current reference library of all public employee pension and retirement plans throughout the United States and makes its findings and recommendations available to the governor and legislature.

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.

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 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.

Wisconsin Retirement Board

The nine-member board is created in the Department of Employee Trust Funds by Wis. Stat. §15.165 (3) (b). 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.

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, 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.

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.



Commissioner Houdek attends the National Association of Insurance Commissioner's summer meeting in August.

3.3 National Association of Insurance Commissioner Activities

OCI actively participates in the National Association of Insurance Commissioners (NAIC). Throughout 2022, Commissioner Nathan Houdek 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 <https://content.naic.org/sites/default/files/documents/committee-list.pdf>.

EXECUTIVE (EX) COMMITTEE

Long-Term Care Insurance (EX) Task Force
Special (EX) Committee on Race and Insurance
Climate and Resiliency (EX) Task Force

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

Accelerated Underwriting (A) Working Group (Vice Chair)
Annuity Suitability (A) Working Group

HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE

Consumer Information (B) Subgroup
Long-Term Care Valuation (B) Subgroup
Health Innovations (B) Working Group (Co-Vice Chair)
Regulatory Framework (B) Task Force
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 (Vice Chair)
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
Speed to Market (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
Risk-Based Capital Investment Risk and Evaluation (E) Working Group
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)
Group Capital Calculation (E) Working Group
Financial Stability (E) Task Force
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
Restructuring Mechanisms (E) Subgroup
Risk-Focused Surveillance (E) Working Group (Chair)
Valuation Analysis (E) Working Group

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE

Big Data and Artificial Intelligence (H) Working Group
Cybersecurity (H) Working Group
Innovation in Technology and Regulation (H) Working Group
Privacy Protections (H) Working Group

3.4 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 9 bulletins to insurers in 2022.

January 14, 2022

Insurance Omnibus Law (2021 Wis. Act 114) and Travel Insurance Law (2021 Wis. Act 111)

This bulletin summarized two recently enacted laws that affect the insurance industry. On December 3, 2021, Wisconsin Act 114 was enacted that provides various technical changes to the insurance statutes. On December 3, 2021, 2021 Wisconsin Act 111 was enacted which set up new regulations related to travel insurance.

January 20, 2022

Telemedicine Coverage Request Related to COVID-19

On October 13, 2020, OCI issued a bulletin to all Health Plan Issuers regarding minimizing out-of-network barriers for patients seeking telemedicine (i.e., telehealth) services.

February 7, 2022

Sale of Non-Insurance Investment Products

OCI alerted insurance agents to the dangers of selling certain non-insurance investment products.

April 15, 2022

Extension of Transitional Health Insurance Plans

On March 23, 2022, the Centers for Medicare and Medicaid Services (CMS) released a bulletin allowing states to permit insurers to renew transitional policies. Specifically, the new guidance extends the use of transitional plans indefinitely until such time as CMS issues an announcement ending the non-enforcement of certain market reforms. In light of this new federal guidance, OCI issued this bulletin to allow for the extension of these plans as outlined by CMS.

May 13, 2022

Contrast Media Product Shortage

OCI encouraged health plan issuers to work with health care facilities and consider increased flexibility around the use of contrast materials in CT scans to make sure insureds can receive timely scans that may utilize alternative contrast agents or diagnostic approaches.

June 9, 2022

Colorectal Cancer Screening Guidelines Update

OCI issued 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 75. On June 17, 2021, OCI alerted insurers to the expanded age range for recommended preventive services for colorectal cancer screening.

June 23, 2022

School District Audit Report Self-Funded Insurance Footnote

Wis. Stat. § 120.14 requires school districts to obtain an annual financial audit and to file an audit report with the state superintendent. The information required to be reported includes "information concerning the school district's self-insurance plan ... as specified by the commissioner of insurance."

Beginning for the 2019-2020 financial report, OCI revised the information that is required to be provided under this self-funded footnote to include an actuarial certification which attested to the adequacy of the reserves, rates, and financial soundness of the plan. In 2022, OCI decided to rescind this actuarial certification requirement.

June 29, 2022

Best Interest Law (2021 Wis. Act 260)

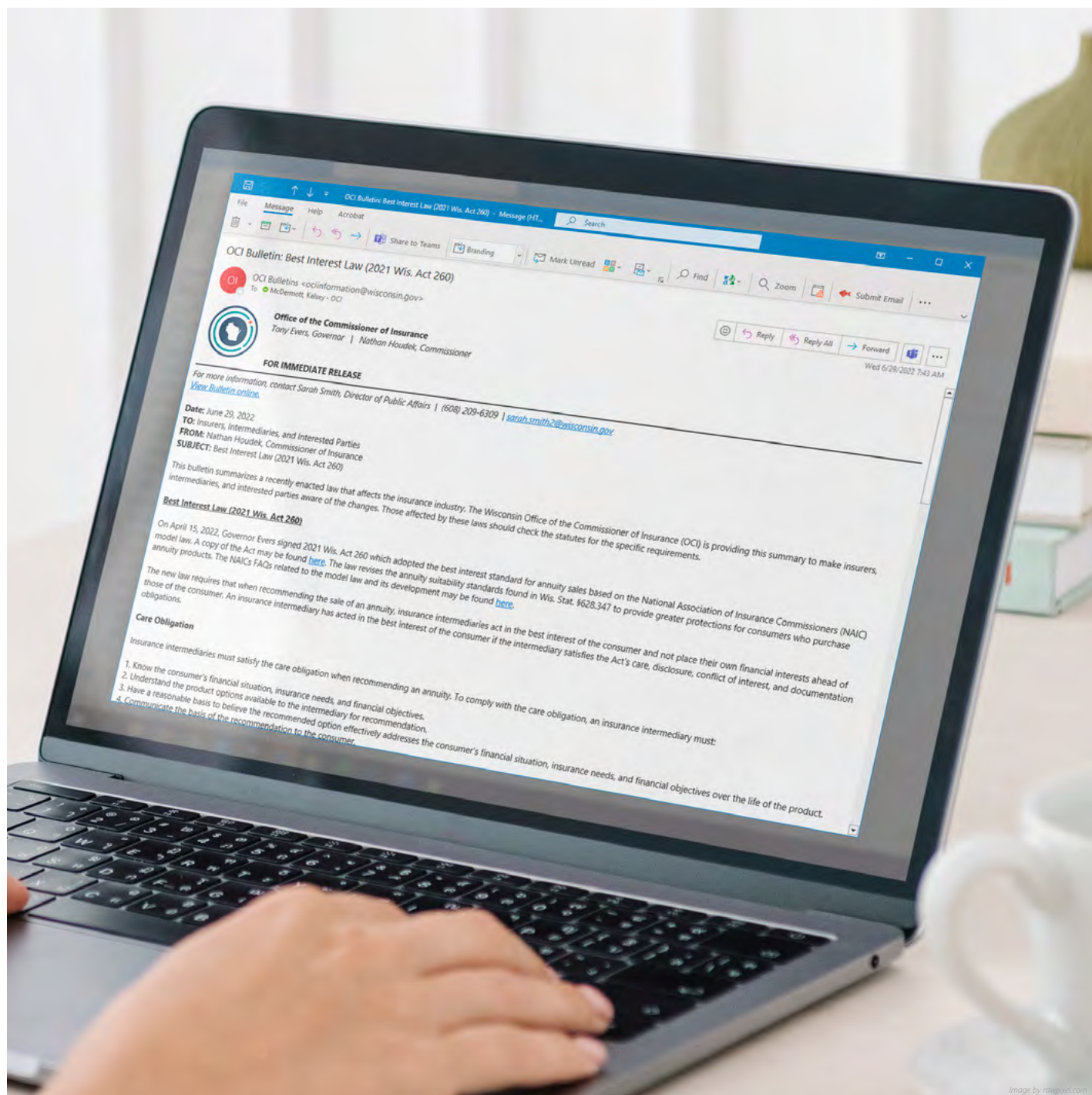
This bulletin notified insurance agents of the new requirements under 2021 Wis. Act 260 which adopted the best interest standard for annuity sales based on the National Association of Insurance Commissioners (NAIC) model law. The law revises the annuity suitability standards found in Wis. Stat. §628.347 to provide greater protections for consumers who purchase annuity products. The new law requires that when recommending the sale of an annuity, insurance intermediaries act in the best interest of the consumer and not place their own financial interests ahead of those of the consumer. An insurance intermediary has acted in the best interest of the consumer if the intermediary satisfies the Act's care, disclosure, conflict of interest, and documentation obligations.

November 10, 2022

Wisconsin Agent Appointment Renewal Invoices for 2022

OCI issued this bulletin to remind interested parties that all agents would appear on the renewal list unless the

agent was terminated by 11:59 p.m. CST on December 31, 2022. OCI would process all company appointments electronically through the National Insurance Producer Registry (NIPR). The appointment renewal invoice will include all resident/nonresident appointment renewals.





3.5 Legislation

In 2022, Governor Evers signed legislation affecting the business of insurance in Wisconsin. Legislative materials may be found online at legis.wisconsin.gov and may also be obtained from the Wisconsin Legislative Council at lc.legis.wisconsin.gov or by calling (608) 266-1307.

2021 WISCONSIN ACT 129

Motor Vehicle Service Contracts and Vehicle Protection Product Warranties

To amend 100.203 (1) (e); and to create 100.203 (2) (e), 616.50 (11) (g) and 616.50 (11) (h) Wis. Stat.

2021 Wisconsin Act 129 adds two clarifications to the types of service covered by a motor vehicle service contract. The act specifies that motor vehicle service contract coverage includes both of the following:

- Repair or replacement of a motor vehicle key or key fob, in the event that a key or key fob becomes inoperable or is lost or stolen.
- Repair, replacement, or maintenance of a motor vehicle for excess wear that results in excess wear and use charges assessed at the end of a lease, if the value of any benefits does not exceed the purchase price of the motor vehicle.

2021 Wisconsin Act 129 adds two clarifications to the regulation of vehicle protection product warranties:

- The act specifies that a “vehicle protection product” does not include a chemical or substance applied to an exterior or interior surface of a vehicle to maintain and protect the vehicle’s appearance. The products are accordingly excluded from the regulation of vehicle protection product warranties.
- The act specifies that a warrantor is not required to obtain approval from OCI for the terms of a warranty. The act maintains the requirement under current law to file a copy of each warranty that is used in the state with OCI.

The Changes in this Act became effective on February 6, 2022

¹ Kelley, M. (2022, March 21). *Wisconsin Legislative Council Act Memo, 2021 Wisconsin Act 129.*

<https://docs.legis.wisconsin.gov/2021/related/lcactmemo/act129.pdf>

2021 WISCONSIN ACT 260

Best Interest in Annuity Transactions

To renumber and amend 628.347 (1) (e); to amend 628.347 (title), 628.347 (1) (b), 628.347 (3) (a) 4., 628.347 (3) (a) 5., 628.347 (3) (c), 628.347 (3m) (a) and 628.347 (4m) (b) 3. f.; to repeal and recreate 628.347 (2) and 628.347 (4); and to create 628.347 (1) (ac), 628.347 (1) (ae), 628.347 (1) (ag) 13. and 14., 628.347 (1) (ak), 628.347 (1) (ar), 628.347 (1) (aw), 628.347 (1) (ax), 628.347 (2b), 628.347 (2c), 628.347 (2d), 628.347 (2e), 628.347 (3) (a) 7., 8. and 9., 628.347 (3) (am), 628.347 (4m) (b) 10., 628.347 (4m) (b) 11. and 628.347 (9) and (10) of the statutes;

2021 Wis. Act 260 adopted the best interest standard for annuity sales based on the National Association of Insurance Commissioners (NAIC) model law. The law revises the annuity suitability standards found in Wis. Stat. §628.347 to provide greater protections for consumers who purchase annuity products.

The new law requires that when recommending the sale of an annuity, insurance intermediaries act in the best interest of the consumer and not place their own financial interests ahead of those of the consumer. An insurance intermediary has acted in the best interest of the consumer if the intermediary satisfies the Act’s care, disclosure, conflict of interest, and documentation obligations.

Insurance intermediaries must satisfy the care obligation when recommending an annuity. To comply with the care obligation, an insurance intermediary must:

- Know the consumer’s financial situation, insurance needs, and financial objectives.
- Understand the product options available to the intermediary for recommendation.
- Have a reasonable basis to believe the recommended option effectively addresses the consumer’s financial situation, insurance needs, and financial objectives over the life of the product.
- Communicate the basis of the recommendation to the consumer.

In determining whether an annuity is appropriate for a consumer, the insurance intermediary must have a

reasonable basis to believe the consumer would benefit from certain features of the annuity, such as tax-deferred growth, annuitization, or a death or living benefit. An insurance intermediary must also make reasonable efforts to obtain consumer profile information from the consumer prior to the recommendation. Before making a recommendation, insurance intermediaries must consider all the products they are authorized to sell that would meet the consumer's needs, in addition to annuities.

The relevant factors in determining whether an annuity is appropriate are the consumer's financial situation, insurance needs, and financial objectives as derived from the consumer profile information. Other relevant factors include the characteristics of the insurer, and product costs, rates, benefits, and features. The level of importance of each factor may vary depending on the facts and circumstances of a particular case.

In the case of an exchange or replacement of an annuity, the insurance intermediary shall consider all of the following:

- Whether the consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits, or be subject to increased fees or charges.
- Whether the replacing product would substantially benefit the consumer in comparison to the replaced product over the life of the product.
- Whether the consumer has had another annuity exchange or replacement, particularly within the preceding 60 months.

Intermediaries may not recommend an exchange or replacement if the product would not be in the consumer's best interest based on any of these considerations.

Insurance intermediaries do not have a care obligation to the consumer if the intermediary made no recommendation or a recommendation is made based on inaccurate information provided by the consumer. Insurance intermediaries also do not have a care obligation if the consumer refuses to provide relevant consumer profile information and the annuity transaction is not recommended, or the consumer decides to enter into an annuity transaction that is not based on a recommendation made by the intermediary.

The law includes additional disclosure requirements that an insurance intermediary must provide prior to a recommendation. Those disclosures include:

- A description of the scope and terms of the intermediary's relationship with the consumer and the role of the intermediary in the transaction.
- A statement describing whether the intermediary is licensed and authorized to sell fixed annuities, fixed indexed annuities, variable annuities, life insurance, mutual funds, stocks, bonds, and certificates of deposit.
- A statement describing the insurers for which the intermediary is authorized to sell insurance products.
- A description of the sources and types of cash compensation and noncash compensation to be received by the intermediary, including, for example, whether the intermediary is to be compensated for the sale of a recommended annuity by commission as part of a premium or by fee as a result of a contract for advice or consulting services.
- A notice of the consumer's right to request additional information regarding cash compensation.

Upon request of the consumer, an insurance intermediary must disclose a reasonable estimate of the amount of cash compensation to be received by the intermediary and whether the cash compensation is a onetime or multiple occurrence amount.

Prior to making a recommendation, an insurance intermediary must have a reasonable basis to believe the consumer has been informed of various features of the annuity, including the potential surrender period and surrender charges, potential tax penalty if the consumer sells, exchanges, surrenders, or annuitizes the annuity, riders and other options, limitations on interest returns, potential changes in non-guaranteed elements of the annuity, insurance, and investment components, and market risk.

Insurance intermediaries are required to identify and avoid or reasonably manage and disclose material conflicts of interest.

An insurance intermediary is required to create a written record at the time of making a recommendation or sale of an annuity. The written record must include the basis for the recommendation. If a consumer refuses to provide

consumer profile information, the insurance intermediary must obtain a signed statement from the consumer that documents the consumer's refusal to provide the information and the consumer's understanding of the ramifications of not providing the information. If an annuity is not recommended, the insurance intermediary must obtain a signed statement from the consumer that acknowledges an annuity transaction is not recommended if the consumer decides to enter into an annuity transaction without a recommendation.

The Act also includes some additional responsibilities for insurers in supervising annuity sales. First, insurers must establish and maintain procedures to detect sales that are not in the consumer's best interest. Second, insurers must establish procedures for ensuring that an insurance intermediary has satisfied the disclosure obligations of the Act. Insurers must also establish procedures for identifying and addressing suspicious refusals by consumers to provide consumer profile information. Finally, insurers are required to eliminate any sales contests, sales quotas, bonuses, and noncash compensation that are based on the sales of specific annuities within a limited period of time.

An insurer may not issue an annuity recommended to a consumer unless there is a reasonable basis to believe the annuity will effectively address the particular consumer's financial situation, insurance needs, and financial objectives based on the consumer's consumer profile information.

Similar to current suitability requirements, recommendations of annuities made by Financial Professionals in compliance with comparable standards satisfy the requirements of the best interest requirement. "Financial Professionals" include broker-dealers registered under federal or state securities law, investment advisers registered under federal or state securities law, and a plan fiduciary under the Employee Retirement Income Security Act.

However, even if an annuity is recommended under a comparable standard, OCI retains the right to remedy and investigate annuity sales that violate the best interest standard. In other words, annuity recommendations that do not meet the best interest standard also fail to comply with comparable standards and are subject to OCI enforcement.

The best interest changes to the annuity suitability law also include new training requirements. Insurance intermediaries who have previously completed the four-credit annuity training must either take a one credit training course regarding the best interest changes or take a new/updated four-credit annuity training course which includes information on the best interest standard. Intermediaries seeking to become authorized to sell annuities for the first time must take the new/updated four-credit course. Intermediaries who have previously completed the annuity training have until April 1, 2023, to complete this training.

Completion of a substantially similar training in another state will satisfy the training requirements in Wisconsin.

The requirement in the existing law continues in that each insurer must verify that the intermediary has completed the required training. Insurers are also required to establish standards for intermediary product training and to provide product-specific training and training material that explains the company's annuity product to its intermediaries prior to soliciting the company's product.

The changes in this Act became effective on October 1, 2022.

Learn more about OCI's implementation of [WI Act 260](#).

3.6 Administrative Rules

In 2022, OCI promulgated the following changes in the Wisconsin Administrative Code.

Chapter Ins 52, Wis. Adm. Code—Relating to credit for reinsurance accreditation amendments

The rule modernized Wisconsin's credit for reinsurance provisions by aligning them with the federal Nonadmitted and Reinsurance Reform Act and by adopting the most recent amendments to the National Association of Insurance Commissioners (NAIC) model act and model regulation on which Wisconsin's rules are based. These revisions are an accreditation requirement by the NAIC.

The NAIC is a standard setting regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and U.S. territories. It develops model laws and regulations using a committee structure that includes both members of the committee and interested regulators. The NAIC also provides an accreditation process for state insurance departments. Accreditation of OCI by the NAIC helps Wisconsin insurers by ensuring that OCI has full regulatory authority over its domestic insurers, it accomplishes this by subjecting domestic insurers to financial regulation only by their domestic commissioner if the state is accredited. Because Wisconsin is accredited, Wisconsin insurers are not subject to separate financial regulation in every state in which they do business.

On September 22, 2017, the United States and the European Union signed the Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance, (covered agreement) which has entered into force. On December 11, 2018, the United States and the United Kingdom signed the Bilateral Agreement between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance. The covered agreement was authorized by Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) which authorized the Secretary of the Treasury and the United States Trade Representative to jointly negotiate a covered

agreement on behalf of the United States with one or more foreign governments, authorities, or regulatory entities. The covered agreement requires states to implement the reinsurance collateral provisions or face federal preemption by the Federal Insurance Office (FIO) under Dodd-Frank, which provides that a state insurance measure shall be preempted to the extent that the Director of FIO "determines" that the measure is inconsistent with the covered agreement and results in less favorable treatment of a non-U.S. insurer domiciled in a foreign jurisdiction that is subject to a "covered agreement" than a U.S. insurer domiciled, licensed, or otherwise admitted in that state. A "covered agreement" under Dodd-Frank is an agreement entered into between the U.S. and foreign government(s) on prudential measures with respect to the business of insurance or reinsurance that achieves a level of protection for consumers that is "substantially equivalent" to the level of protection under state law.

To prevent preemption under Dodd-Frank requires the state insurance measure to be "consistent" with the covered agreement which may be interpreted as a higher standard. States are recommended to adopt the 2019 revisions in as close to identical form to the models in order to best avoid the possibility of federal preemption. FIO considers the 2019 Model Law and Regulation to provide a basis for U.S. States to revise their credit for reinsurance measures for purposes of achieving consistency with the covered agreements and avoiding a potential preemption determination under the FIO Act. FIO provided a public statement on Preemption Analysis: home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office/covered-agreements/preemption-analysis. Specifically, "FIO considers the 2019 Model Law and Regulation to provide a basis for U.S. States to revise their credit for reinsurance measures for purposes of achieving consistency with the Covered Agreements and avoiding a potential preemption determination under the FIO Act ... FIO will focus on differences from the text of the 2019 Model Law and Regulation in considering whether a U.S. State credit for reinsurance measure may be inconsistent with the Covered Agreements and therefore subject to potential preemption under the FIO Act."

OCI has been regulating reinsurance credits to any reinsurance ceded under agreements entered into or renewed on or after August 1, 1993, as identified at s. Ins 52.07. As to the specific changes in chapter Ins 52, Wis. Adm. Code, in newly created Subchapter I, the modifications provide that non-U.S. jurisdictions that are subject to an in-force covered agreement with the United States, each within its legal authority, or in the case of a covered agreement between the United States and European Union, is a member state of the European Union, shall be recognized as a reciprocal jurisdiction. In addition, the commissioner could deem other non-U.S. jurisdictions that meet certain criteria as reciprocal jurisdictions. The changes modernize Wisconsin's credit for reinsurance provisions to align them with requirements of the covered agreement regarding insurance and reinsurance.

The amendments within this rule introduce the concept of reciprocal reinsurers consistent with the NAIC model law and regulation. Reinsurers from certain foreign jurisdictions could be recognized by the commissioner as reciprocal reinsurers if they meet stringent capitalization and solvency requirements. The revisions serve to reduce reinsurance collateral requirements for currently certified non-U.S. licensed reinsurers that are licensed and domiciled in qualified jurisdictions. The collateral requirement for reinsurance ceded to reciprocal reinsurers by domestic insurers will be \$0. The changes serve to provide regulators with an effective method of monitoring the reinsurance activities of U.S. companies. U.S. primary insurance companies may be given reinsurance credit on their statutory financial statements for insurance risk they transfer via reinsurance that meets the legal and accounting risk transfer requirements and other relevant laws. Both the 2011 revisions to the credit for reinsurance models, which served to reduce reinsurance collateral requirements for certified reinsurers domiciled in qualified jurisdictions, and the 2019 revisions with respect to reciprocal jurisdictions, address the reinsurance collateral requirements necessary for U.S. ceding companies to take credit for certain reinsurance transactions.

Subchapter II changes establish standards governing

certain reserve financing arrangements pertaining to life insurance policies containing guaranteed nonlevel gross premiums, guaranteed nonlevel benefits, and universal life insurance policies with secondary guarantees. The rule brings Wisconsin's requirements into alignment with other states and meets a NAIC accreditation requirement. No Wisconsin-domiciled insurers are currently engaged in the financing arrangements addressed by the rule. However, should that change, the rule will ensure that, with respect to each such financing arrangement, funds would be held by or on behalf of the ceding insurers in the forms and amounts prescribed in the rule. The requirements apply to reinsurance ceded to a captive insurer or special purpose vehicle, reinsurers that materially deviate from statutory accounting or risk-based capital rules. The revisions do not apply to licensed, accredited, or certified reinsurers or reinsurers that meet the reciprocal jurisdiction qualifications. The revisions also contain a professional reinsurer exemption for reinsurers that maintain at least \$250,000,000 in capital and surplus as determined using the NAIC accounting practices and procedures manual, including all amendments adopted by the NAIC, excluding the impact of any permitted or prescribed practices; and is licensed in at least 26 states or licensed in at least 10 state and licensed or accredited in a total of at least 35 states.

Regulators need to be able to assess and monitor the risks posed with respect to captive reinsurance transactions, and the regulatory process is enhanced through uniform application by regulators when reviewing these transactions. This rule change aligns Wisconsin's regulation with the NAIC model and the regulations of other states.

In general, reinsurance ceded for reserve financing purposes has one or more of the following characteristics: some or all of the assets used to secure the reinsurance treaty or to capitalize the reinsurer (1) are issued by the ceding insurer or its affiliates; or (2) are not unconditionally available to satisfy the general account obligations of the ceding insurer; or (3) create a reimbursement, indemnification, or other similar obligation on the part of the ceding insurer or any if

its affiliates, other than a payment obligation under a derivative contract acquired in the normal course and used to support and hedge liabilities pertaining to the actual risks in the policies ceded pursuant to the reinsurance treaty. The rule requires that in order to take credit for reinsurance ceded with respect to each such financing arrangement, security must be held by or on behalf of a ceding insurer. The rule prescribes the actuarial method to be used to determine the amount of primary security, and that other security, as defined in the rule, must be held equal to any portion of the statutory reserves as to which primary security is not held.

Chapter Ins 40.00, Wis. Adm. Code—Relating to holding company system regulation and amendments

The NAIC is a standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. It develops model laws and regulations using a committee structure that includes both members of the committee and interested regulators. The NAIC also provides an accreditation process for state insurance departments. Accreditation of OCI by the NAIC helps Wisconsin insurers by ensuring that OCI has full regulatory authority over its domestic insurers. It accomplishes this by subjecting domestic insurers to financial regulation only by their domestic commissioner if the state is accredited. Because Wisconsin is accredited, Wisconsin insurers are not subject to separate financial regulation in every state in which they do business. Changes in the NAIC model laws 440 and 450 are the bases for the rule and are anticipated to become accreditation standards in 2022, and therefore, it is important to implement these changes into the Wisconsin holding company system regulations as soon as practicable.

The rule modernizes Wisconsin's holding company system provisions by adopting uniform standards for determining group-wide capital requirements in alignment with requirements of the agreement between the United States of America, the European Union, and the United Kingdom regarding insurance and reinsurance (covered agreement). The covered agreement was authorized by Title V of the Dodd-Frank Act that authorized the Secretary of the Treasury and the United States Trade Representative to jointly negotiate

a covered agreement on behalf of the United States with one or more foreign governments, authorities, or regulatory entities. Wisconsin was required to adopt these group capital standards before September 2022 to avoid Wisconsin law being preempted by the covered agreement.

Prior to updated rule, monitoring focuses primarily on the risks related to, and solvency of, individual entities. The Group Capital Calculation is a new tool for monitoring the adequacy of capital of an insurance holding company group as a whole. The Liquidity Stress Test is a new tool to help monitor group liquidity risks. It helps identify insurance groups with liquidity stress and enables an assessment of outward impacts on the broader financial markets of a liquidity stress impacting a large number of insurers simultaneously. The Liquidity Stress Test is only required for large life insurers that meet certain criteria.

Chapter Ins 6.785, Wis. Adm. Code—Relating to commercial lines modernization

The previous version of s. Ins 6.785, Wis. Adm. Code, was originally promulgated in 1993 with the intent of exempting certain classes of property and casualty rates from the rate filing requirements set forth in s. 625.13, Wis. Stat. At the time it was determined that it was unnecessary for certain rates to be filed in accordance with ch. 625, Wis. Stats., due to the unique or unusual nature of the risk, which included large commercial risks, risks in volatile areas, and risks with insufficient data to calculate credible rates. The 1993 proposed rulemaking order found that subjecting these kinds of risks to rate filing requirements was not necessary to protect policyholders or the public.

OCI updated this provision by creating additional exemptions for certain property and casualty risks from the rate filing requirements of ch. 625, Wis. Stat., while also exempting certain property and casualty policy forms from the form filing requirements of s. 631.20, Wis. Stat. Similar to the rationale behind the original rule, it is no longer necessary to impose rate and form filing requirements to the updated risks and classes in order to meet the purposes of the respective filing provisions referenced above. Alternatively, the exemptions will likely create quicker access to new and innovative products by decreasing an unnecessary regulatory burden.

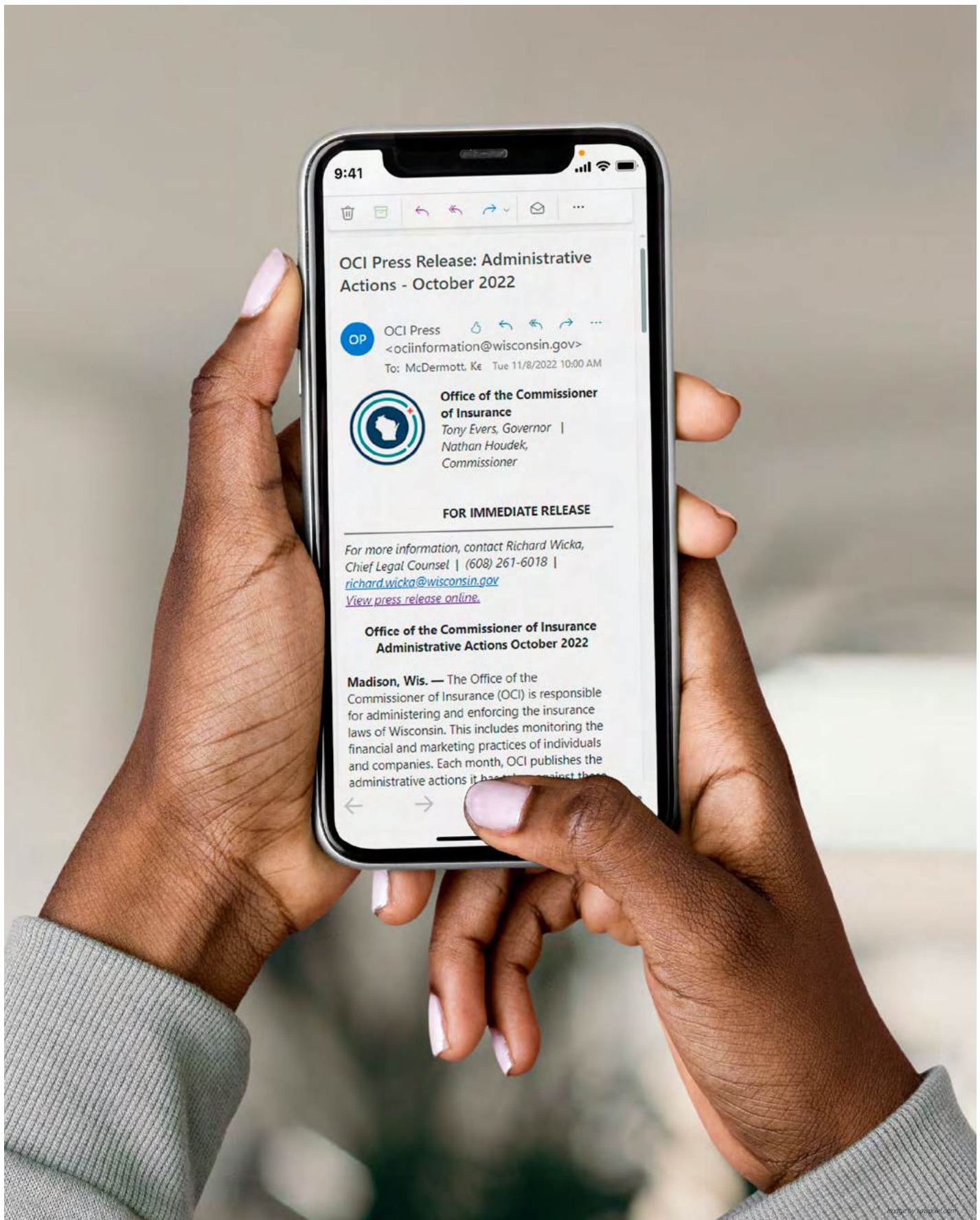
The rule made two primary changes to s. Ins 6.785 (4), Wis. Adm. Code, in order to achieve the purpose as outlined above. First, the rule reduced the premium threshold for the rate filing exemption under s. Ins 6.785 (4) (e), Wis. Adm. Code, from \$100,000 to \$50,000, which addresses coverages for general liability, commercial automobile, crime and glass. In addition, the rule created a provision exempting most commercial property and casualty risks developing \$50,000 or more in annual premium from rate filing requirements with an exception for certain coverages.

The rule also created an exemption for certain commercial property and casualty insurance policy forms from the form filing requirements of s. 631.20 (1) (a), Wis. Stat. The exempt coverage is also subject to premium thresholds of \$50,000 or \$75,000 based on the specific coverage.

Finally, the rule made a few smaller changes in order to effectuate the two primary changes and ensure that the exempt rates and forms will remain subject to an appropriate level of oversight. These changes include adding additional bases for the new exemptions, subjecting exempt forms to subsequent disapproval by the commissioner and record-keeping standards, and requiring notice to insureds for exempt forms that have not been reviewed by the commissioner.

In 2022, OCI had no rules repealed through an expedited process.

In 2022, OCI had no emergency rule in effect.



3.7 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 action is taken.

The following administrative actions were taken in 2022.

Companies	
Total Number of Actions	17
Forfeitures Demanded	\$ 63,325

Agents	
Licenses Denied	64
Licenses Revoked	126
Licenses Surrendered	5
Licenses Suspended	1
Total Number of Actions	296
Forfeitures Demanded	\$ 92,250

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](https://oci.wi.gov/OrderInfo).

You can search all Administrative Orders for 2022 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 materials such as library materials and computers.

Forfeitures collected from administrative actions are remitted to the Common School Fund. The total amount remitted by OCI to the Common School Fund for all forfeitures for FY 2022 was \$897,000.

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

Section 04

Public Affairs

Commissioner Houdek speaks during an Open Enrollment press conference in Madison in October.

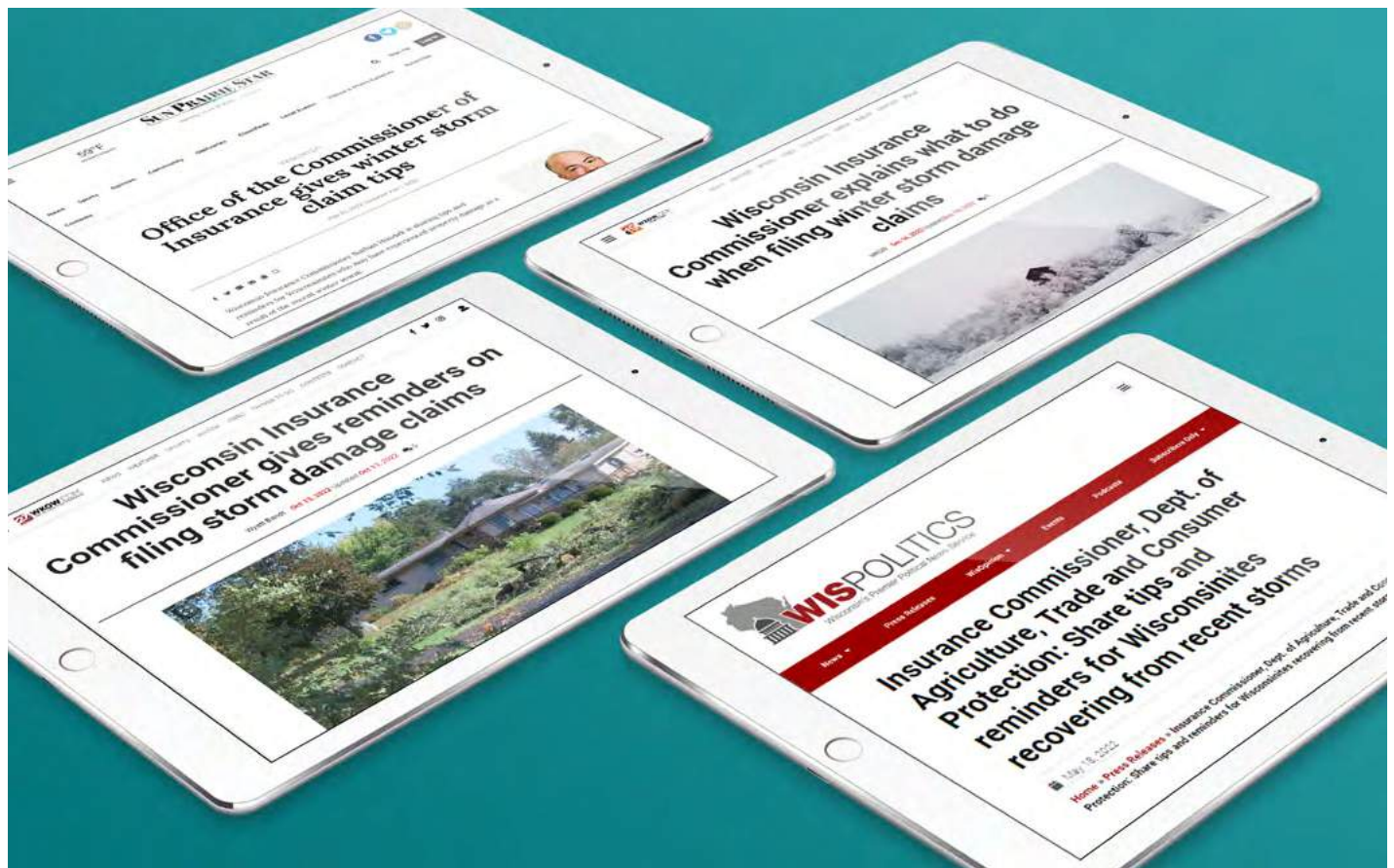
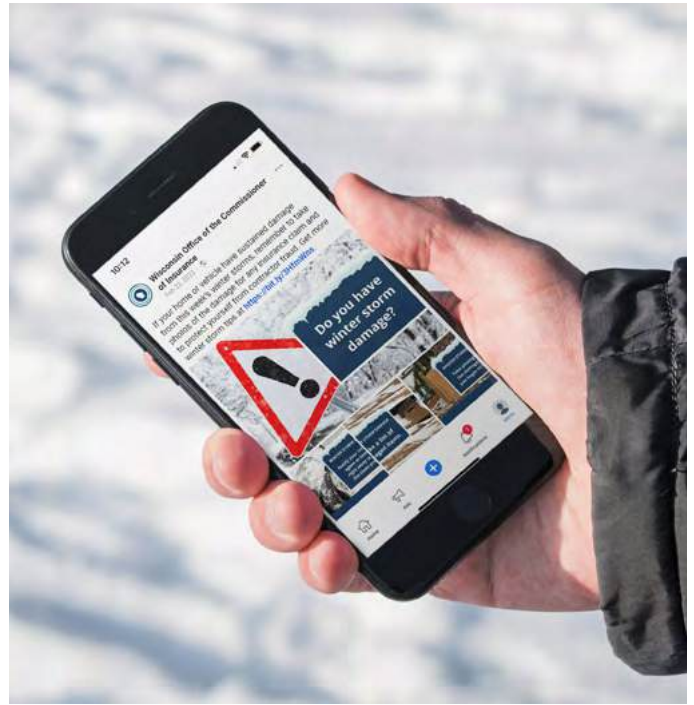


4.1 Public Affairs Unit

The Public Affairs unit oversees communications, outreach, marketing, and legislative affairs to support the mission of OCI.

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 2022, the Public Affairs unit shared information on important insurance topics for consumers, reminders for agents and other licensees, and other topics across our social media platforms. 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. There were several severe storms in Wisconsin in 2022, so the Public Affairs unit shared social media posts and issued press releases related to filing claims, avoiding scams





and storm chasers, and other tips for recovering from weather-related property damage.

Public Affairs is also responsible for maintaining the oci.wi.gov public website for consumers, industry stakeholders, and others. The website links to dozens of consumer publications drafted by the insurance examiners in the Consumer Affairs unit on topics ranging from renters insurance to disputing health insurance claim denials.

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](#) as an accessible resource for consumers to get connected with enrollment information year-round. The online services are available in English, Spanish, and Hmong.

Each Open Enrollment Period (OEP) the Public Affairs unit develops a Digital Media Toolkit that includes graphics and text that stakeholders like public libraries, local elected officials, public health departments, and others can use to spread the word. During the 2023 OEP which began November 2022, our toolkit webpage was visited over 1,000 times.

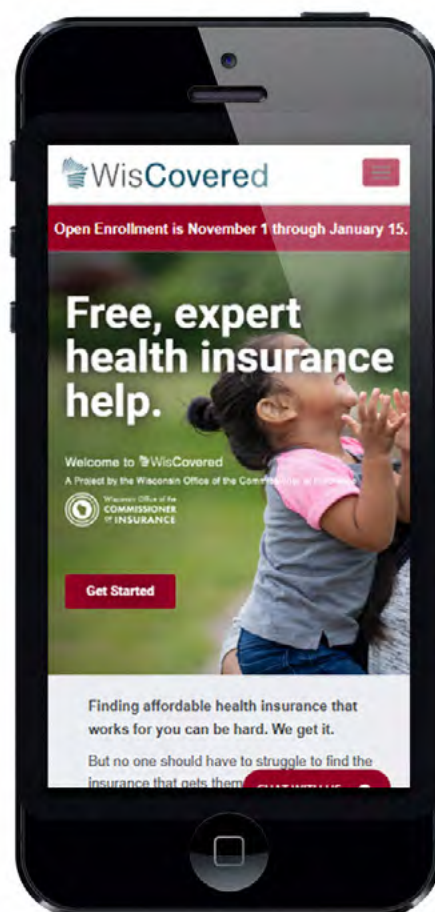
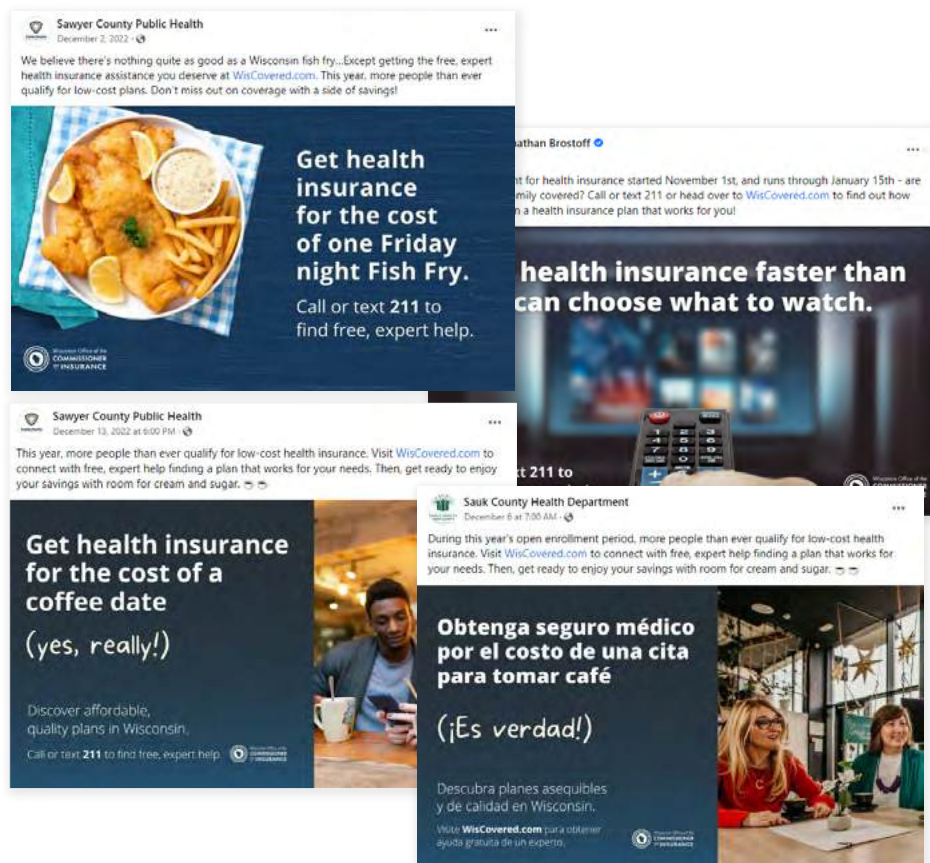
In 2022, OCI also utilized a federal grant to reach more consumers through a comprehensive marketing campaign across the state. The Public Affairs unit put this marketing plan together based on the results of the

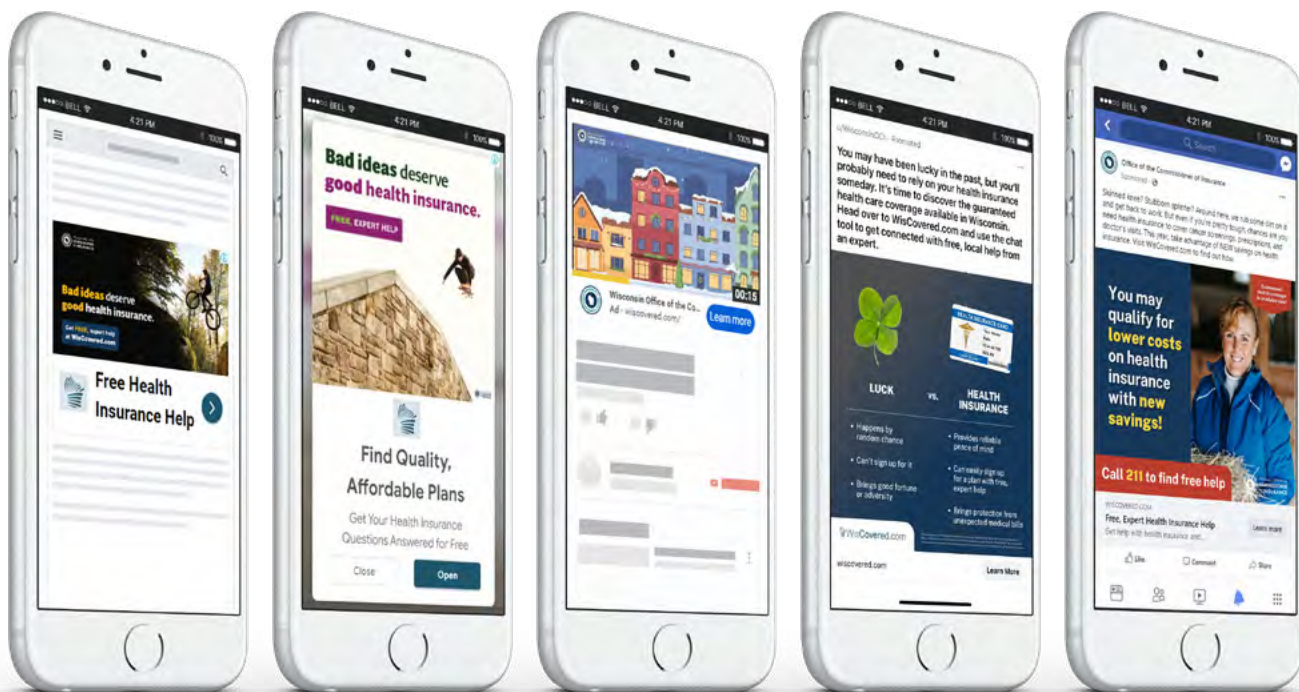
Wisconsin Individual Health Insurance Market Analysis.

The Analysis found that awareness of the Healthcare.gov marketplace and the financial assistance available on the marketplace was very low in rural areas of the state, so we focused our marketing efforts in those areas with billboards, radio ads, and digital advertising.

OCI's marketing campaign directed consumers to visit WisCovered.com or call or text 2-1-1 to get connected with a health insurance navigator. Our campaign along with the marketing from our partner organizations resulted in 114,747 page views on WisCovered.com, a 912% increase over the prior year. Over 1,000 of these page views were in Spanish and Hmong.

Our marketing campaign utilized paid Google Search Ads heavily so that consumers searching for information about enrollment got to a trusted source rather than misleading or scam websites that also run search Ads during this period every year. Over 57% of the WisCovered.com visitors during the OEP came through these Google Search Ads.





Ultimately, 62 of Wisconsin's 72 counties saw an increase in enrollment from the 2022 OEP to the 2023 OEP. The Wisconsin Individual Health Insurance Market Analysis had identified the top ten counties by both percent uninsured and number uninsured. Of all the target counties identified, only one saw a decrease of 7 enrollees while the rest grew the number of enrollees by one percent to 14 percent. OCI targeted a majority of our marketing efforts outside of the major metro areas of Madison and Milwaukee. The marketing OCI did in Milwaukee was targeted to the Latino population to complement the ongoing, robust outreach and marketing work of our partner organizations. The two counties with the largest percent increase in enrollment were Adams County, 22% increase, and Calumet County, 19% increase. Adams County is in the Wausau-Rhineland media market where we placed billboards, radio ads, and our digital advertising focused on the general adult uninsured and underinsured populations. Calumet County is a rural county in the Fox Valley region of the state where we targeted billboards, radio ads, and digital advertising for uninsured young adult men. Marathon County, in central Wisconsin, was on our list of top ten counties by number of uninsured Wisconsinites. We deployed digital advertising, billboards, and radio in this

media market with messaging intended to resonate with rural, uninsured adults. Marathon County saw an increase in enrollment of nine percent.

Outreach and Awareness

OCI's consumer outreach and stakeholder engagement are important to ensure that Wisconsinites have high



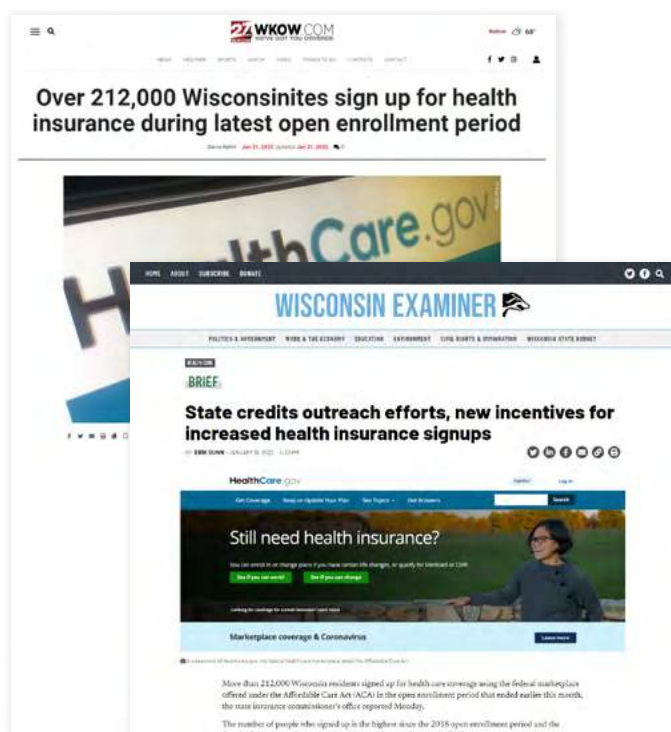


insurance literacy to navigate the state's competitive insurance marketplace. Throughout 2022, OCI conducted outreach around the state in virtual formats and in person.

The OCI DHS Health Care Coverage Partnership holds

quarterly public meetings to engage stakeholders from the health insurance industry and community leaders that can help amplify health coverage information in their spaces. In 2022 these meetings focused on sharing information on preparations for the Public Health Emergency Unwinding and the 2023 OEP.

In 2022, OCI continued 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. We visited Sparta, Eau Claire, Milwaukee, Appleton, Madison, Three Lakes, and Merrill for tours and discussions on climate resiliency in 2022.





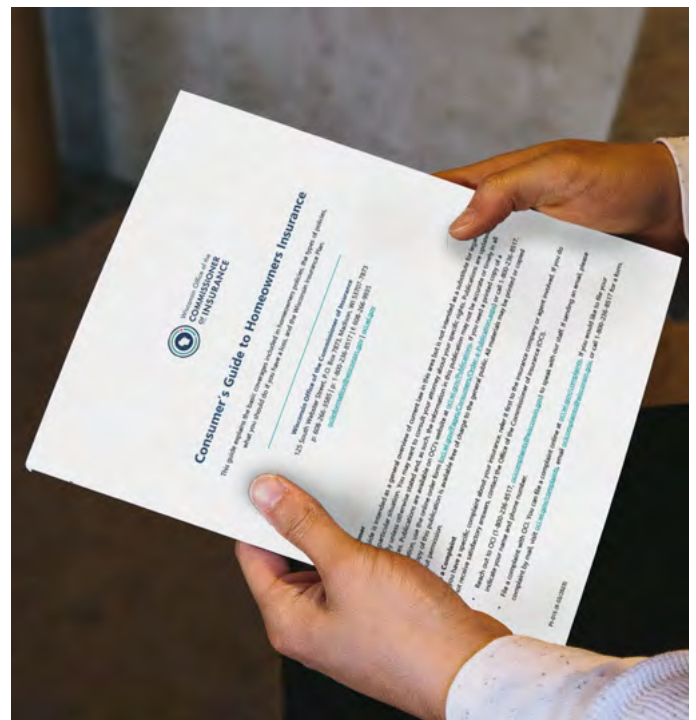
Commissioner Houdek joins Stronger Wisconsin partners Department of Financial Institutions and Department of Safety and Professional Services for a tour of the USDA Forest Products Lab in Madison - September 2022

Our consumer outreach and stakeholder engagement are important to ensure that Wisconsinites have high insurance literacy to navigate our state's competitive insurance marketplace. In 2022, we attended several conferences so we could communicate with different groups of consumers and share our resources. These conferences included the Society of Human Resources Management Conference, Wisconsin Realtors Association Convention, and Women's Business Conference. OCI also creates approachable consumer publications, FAQs and Fact Sheets, and informative webpages on important topics, including a new webpage called

[Insurance Resources for Every Stage of Life](#) 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. Consumer publications can also be ordered online in hard copy format at oci.wi.gov/Pages/Consumers/Order-a-Publication.aspx.



Advanced Communications Specialist Kelsey McDermott and Insurance Examiner Eric Schoene attend InsurCon in May.



Social Media by the Numbers



2,682
AUDIENCE

The number of users who subscribe to our social media profiles to receive our updates.



2,810,684
IMPRESSIONS

The number of times our content was displayed to/ viewed by users across our social media channels.



1,321
COMMUNICATIONS

The number of posts, comments, stories, reels, videos, tweets, and direct messages sent.

Social media is a critical component of OCI’s communications strategy. Social media platforms like Facebook, Twitter, Instagram, Nextdoor, and LinkedIn allow us to share information about filing a complaint with OCI, timely tips to prepare for storms, and other important insurance reminders. Our digital presence helps OCI raise awareness about our role regulating the insurance marketplace so that consumers know where to turn when they encounter an issue or have an insurance question.



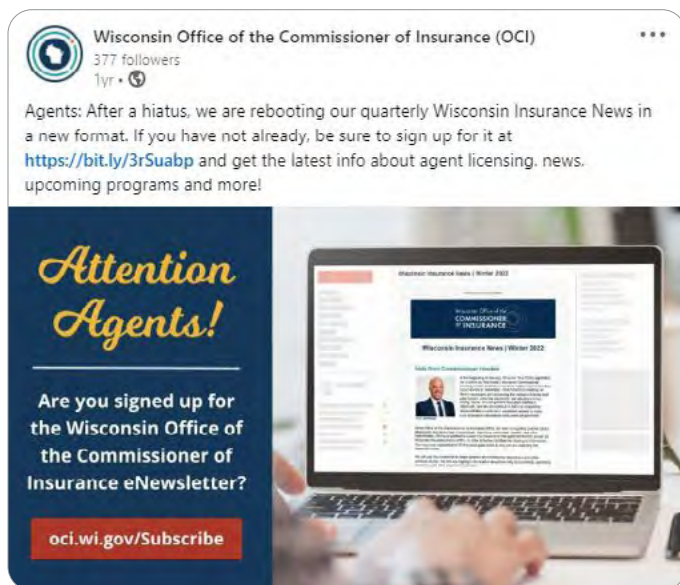
Nextdoor is a platform that helps neighbors connect with resources and information about their local area. On Nextdoor, OCI has some of our highest social media engagement on posts related to storm damage, filing insurance claims, and flood insurance coverage.

Nextdoor	
Impressions	2,019,255
Reactions	1,248



TOP POST
FLOOD INSURANCE

The top-performing Nextdoor post of 2022 was focused on flood insurance and was viewed 222,982 times.



Insurance producers, agents, and other industry stakeholders follow OCI on **LinkedIn** for reminders about filing deadlines, job openings, and more.

LinkedIn		
Metric	Total	% Change from 2021
Impressions	11,624	⬆️ 39.6%
Engagements	665	⬆️ 139.2%
Link Clicks	455	⬆️ 140.7%
Total Audience	332	⬆️ 45.0%



SURPASSED 300 FOLLOWERS IN 2022

OCI surpassed 300 followers on LinkedIn in 2022. Some of this audience growth was driven by OCI team members as they shared social media posts on their own pages to promote the OCI mission.



OCI has made an effort to develop more video content in recent years, and **YouTube** is the best platform to share our long-form video content. The videos on our YouTube channel cover topics that range from recruiting new OCI job applicants to sharing information about drug addiction recovery and health insurance.

YouTube		
Metric	Total	% Change from 2021
Views	29,315	⬆️ 999%
Watch Time (Hours)	511.2	⬆️ 677%



27 VIDEOS POSTED IN 2022

These videos included a wide range of topics covering work-life balance at OCI, kudos to the Consumer Affairs team, saving money on HealthCare.gov, OCI DHS Health Care Coverage Partnership forum meetings, Open Enrollment advertisements, and more.

wisconsinoci • Following



Tree down?

Standard homeowner's insurance covers different kinds of tree disasters, no matter who owns the tree!

If the tree took down a power line, keep your distance and call 911, or your power company's emergency number.

Wisconsin Office of the COMMISSIONER of INSURANCE

3 likes

wisconsinoci If you woke up to a downed tree in your yard, you're not alone! Last night's winter storms took out trees and power lines across the state. While you're snowed in at home today, take some time to review today's press release from OCI about navigating insurance claims after a storm. Just follow the link in our story to get started! 🌲

DECEMBER 15, 2022

Wisconsin OCI
@wisconsinoci

Proud to join with @LGMandelaBarnes, @ReadyWisconsin and @MayorOfMadison to launch Flood Insurance Awareness Week. Call your insurance agent or visit floodsmart.gov to see how you can flood-proof your finances before the snow melts.

Flood Insurance Awareness Week

"Flood-proof your finances by talking to your insurance agent or by visiting [FloodSmart.gov](https://floodsmart.gov)."

-Lieutenant Governor Barnes



oci.wi.gov/Disasters

3:13 PM • Feb 7, 2022

Wisconsin Office of the Commissioner of Insurance
Published by Sprout Social • October 31, 2022

This morning, we started our day alongside other state and local leaders at the [Covering Wisconsin - CWI](#) Open Enrollment kickoff in Madison! Commissioner Houdek spoke about the free and low-cost health insurance options available to many Wisconsinites beginning tomorrow, when consumers can start enrolling on HealthCare.gov. Remember, if you have questions about your eligibility for coverage, or need help enrolling in health insurance you can call or text 211 or visit WisCovered.com to get connected with free, expert help!



Stop #1:

Covering Wisconsin Open Enrollment kickoff

Wisconsin Office of the COMMISSIONER of INSURANCE

Facebook, Twitter, and Instagram are the platforms we use most often to connect with a broad audience of consumers, agents, public officials, and more. Our posts on these platforms are wide-ranging to keep our diverse followers engaged with our content.

Facebook, Twitter, and Instagram		
Metric	Total	% Change from 2021
Impressions	750,490	↑ 59.3%
Engagements	27,174	↑ 189.3%
Link Clicks	9,299	↑ 987.6%
Engagement Rate	3.6%	↑ 81.6%
Total Audience	2,340	↑ 10.2%



50% INCREASE OF VIDEO VIEWS

Video content was viewed 34,451 times, resulting in a 49.8% increase compared to 2021 video views.

Outreach and Media Mentions



MN Dept. of Commerce
@MNCommerce

Round table today @UWEauClaire w @wisconsinoci Commissioner Houdek & @MNCommerce Commissioner Arnold w reps from @MayoClinic & UWEC faculty to discuss insulin affordability. Thanks @NSmithholt12 and others for sharing your stories



12:28 PM · Apr 12, 2022 · Twitter for iPhone



Professional Insurance Agents of Wisconsin, Inc. is with Pete Hanson and 4 others
at Wisconsin State Capitol.
March 16, 2022 · Madison

Yesterday, PIAW's Legislative Committee met in Madison and heard from the Chair of the Senate Committee on Insurance Wisconsin State Senator Mary Felzkowski, the Chair of the Assembly Committee on Insurance Wisconsin State Representative David Steffen and Commissioner Nathan Houdek & Deputy Commissioner Rachel Cissne Carabell from the Wisconsin Office of the Commissioner of Insurance. Thank you for taking the time to come discuss issues important to independent agents and small businesses! #piawadvocacy #forward



AARP Wisconsin
@aarpwi

Thanks to the @wisconsinoci for inviting AARP to take part in a discussion today about lowering Rx prices. OCI Commissioner Nathan Houdek & Deputy Commissioner Rachel Cissne Carabell listened as AARP members talked about how critical this issue is to so many Wisconsinites.



2:01 PM · Apr 13, 2022 · Sprinklr



Insurance Investor
1,150 followers
3w ·

As part of a new ongoing series we speak to regulators around the world about their ethos on regulation, remits, and what they see as the big issues going into 2023.

Regulator's view: Wisconsin Commissioner Nathan Houdek on challenges in 2022 - Nathan D. Houdek, Commissioner of Insurance for the State of Wisconsin, at the Wisconsin Office of the Commissioner of Insurance (OCI), gives his views on the pressing issues and those that he sees indicative of the industry everywhere. #insurance #investment #insuranceregulation #insuranceassetmanagement #insuranceinvestment



Insurance Investor - Regulator's view: Wisconsin Commissioner Nathan Houdek on challenges in 2022

insurance-investor.com · 2 min read

Section 05

Office of Operational Management





St. Charles

 **G.E.F. 3**
125

5.1 Financial 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, cashiering, 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 section's accomplishments in 2022 include:

- Implemented OCI's Biennial Budget Request
- 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





5.2 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.

In 2022, the OOM project management team successfully:

- Provided continual improvements to OCI's 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.
- Successfully completed seven complex information technology projects

Office of Administrative Services

Office of Administrative Services team members receive a certificate for winning second place in the Partners in Giving Penny Wars competition in November.





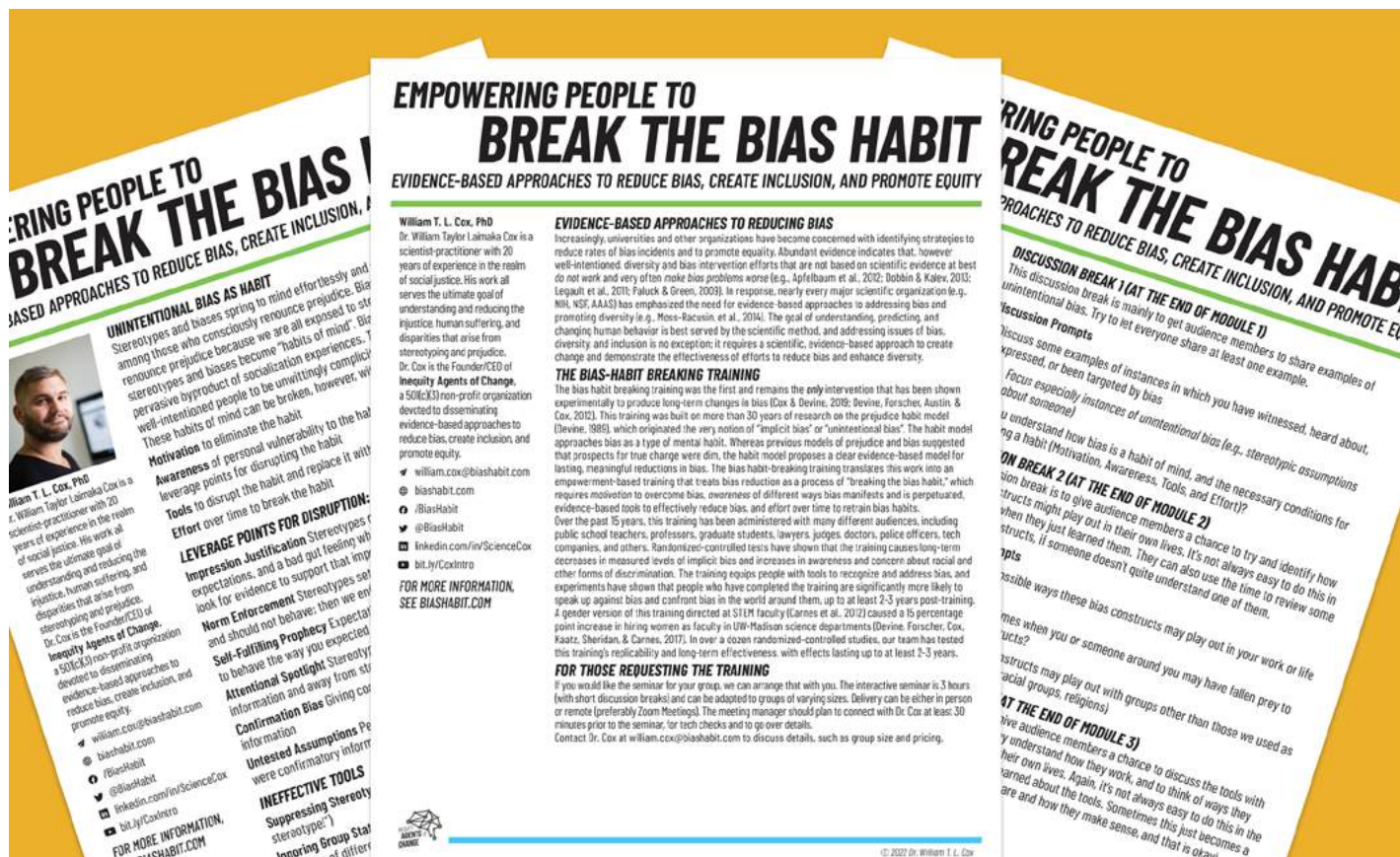
6.1 Central Files and Reception Unit

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 training for OCI staff. The office also provides administrative services for the agency's 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 Public Records Board, the Wisconsin Historical Society, and the State Records Center to ensure the Records Disposition Authorization (RDA) are current and proper disposition of records occur. The supervisor attends Public Records Board meetings with other state agency records officers and tracks and responds to agency open records requests. In 2022, 24 exams were proctored, helping seven staff members earn their respective designations. The unit also processed 290 open records requests and mailed 2,443 publications upon request. Approximately 38 boxes of records were sent to Wisconsin Historical Society per retention guidance. One hundred and sixty-five boxes of financial records were sent to the State Records Center (SRC) for confidential unwitnessed destroy, and 28 boxes of inventory were sent to SRC for their continued retention.

The supervisor of this unit also oversees and embraces the agency's employment of individuals with disabilities through Community Work Services, Inc. These staff members play a vital role in the confidential destruction of records.





Yancey Vang, a member of the Office of Administrative Services team in October.

6.2 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 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.

The Office of the Commissioner of Insurance (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.

FY22 Board of Governors (as of 6/30/2022):

Nathan Houdek, Commissioner of Insurance
(Board Chair)
Jeffery Bingham, Public Member
Carla Borda, Public Member
Greg Schroeder, Public Member
Vacancy, Public Member
David Maurer, Industry Representative
David Nelson, Industry Representative
Vacant, Industry Representative
Daniel Rottier, Wisconsin Association for Justice
Jerome Hierseman, State Bar of Wisconsin
Bud Chumbley, M.D., Wisconsin Medical Society
Timothy Crummy, M.D., Wisconsin Medical Society
Matthew Stanford, a, Wisconsin Hospital Association



The following committees and council support the Fund's governance and typically meet each quarter:

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

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

Fund Participants

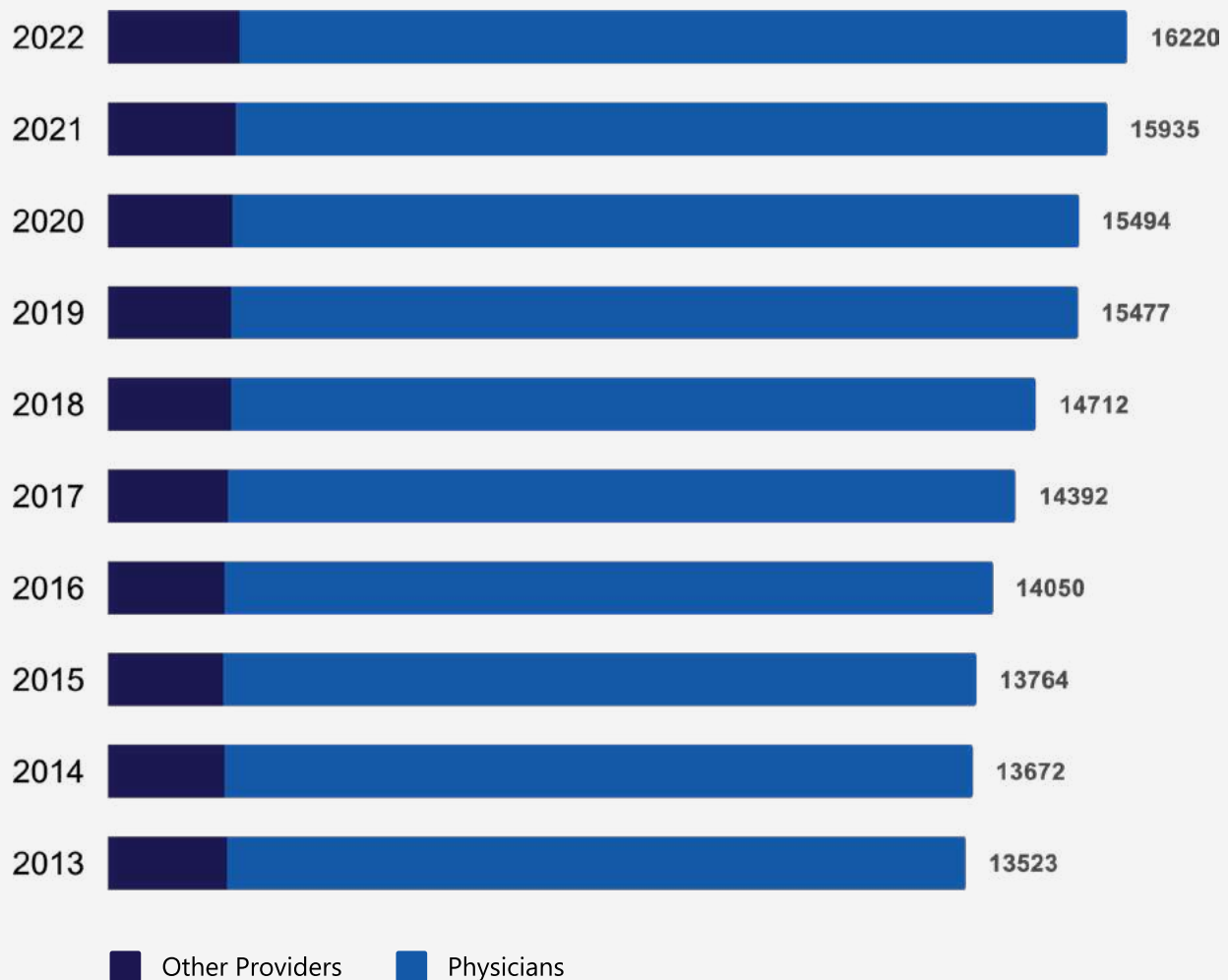
As of June 30, 2022, there were a total of 18,627 Fund participants comprised of 157 hospitals with 16 affiliated nursing homes, 16,220 physicians, 979 nurse anesthetists, 18 hospital-owned or controlled entities, 62 ambulatory surgery centers, one cooperative, 12 partnerships, and 1,162 corporations actively participating in the Fund.

As of June 30, 2022, Fund participants consisted of 87 percent physicians, six percent corporations, and the remaining seven percent included all other participants.

Claims Activity

From July 1, 1975, through June 30, 2022, the Fund was named in 6,398 claims filed. During this period, the Fund's total number of paid claims was 691, for total indemnity payments of \$951,865,333.45. Of the total number of claims in which the Fund has been named, 5,601 claims have been closed with no indemnity payment.

Injured Patients and Compensation Fund Participants



Board Committees

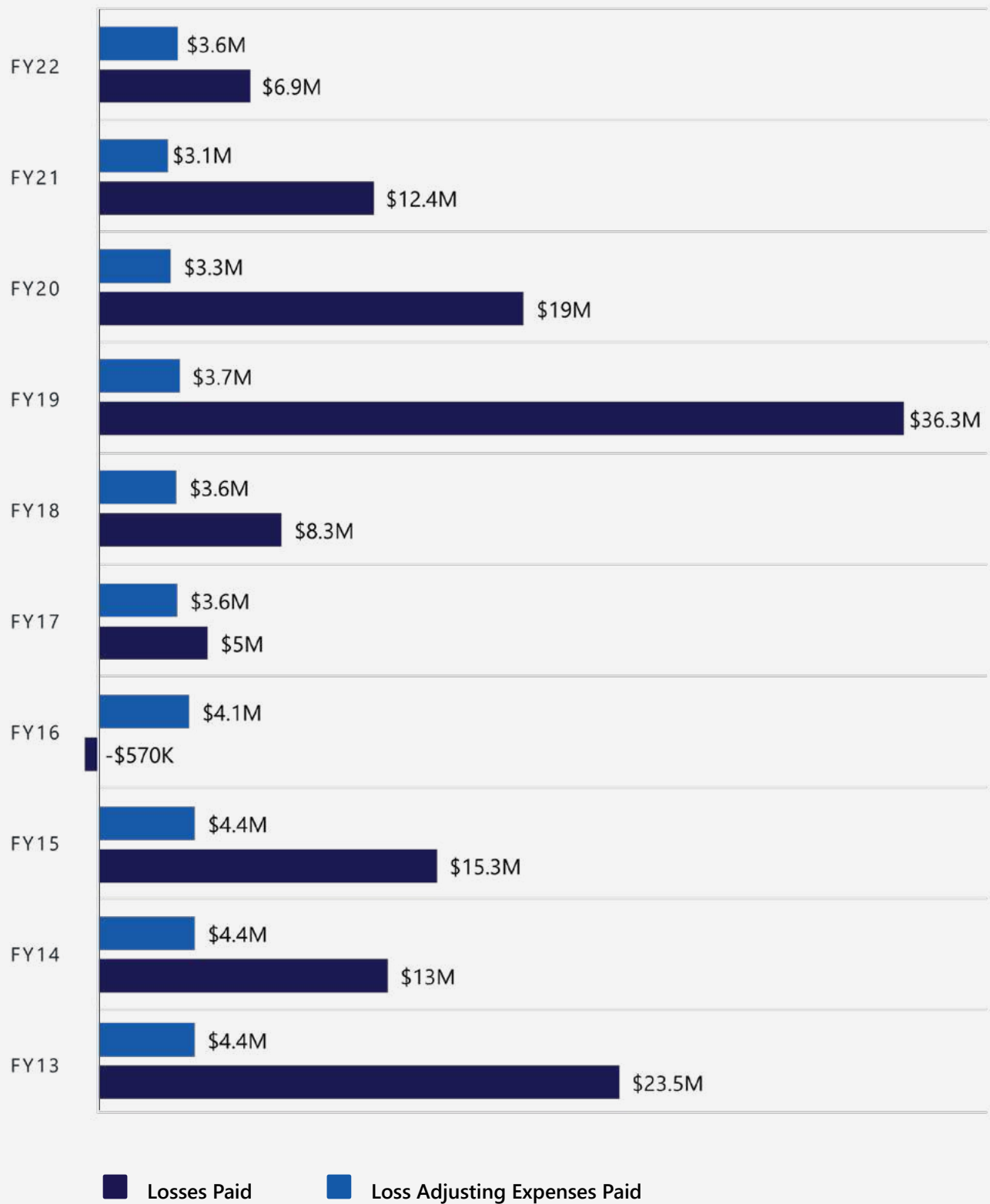
Actuarial and Underwriting Committee

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 IPFCF surplus caps. The committee set the IPFCF surplus caps at 500% of the Risk Based Capital. Additionally, the committee assisted in the approval of the Fiscal Year 2022 IPFCF Premium Holiday. The committee agreed that the Premium Holiday would not jeopardize the solvency of the Fund and would provide aid to the medical systems and providers impacted by the COVID-19 pandemic.

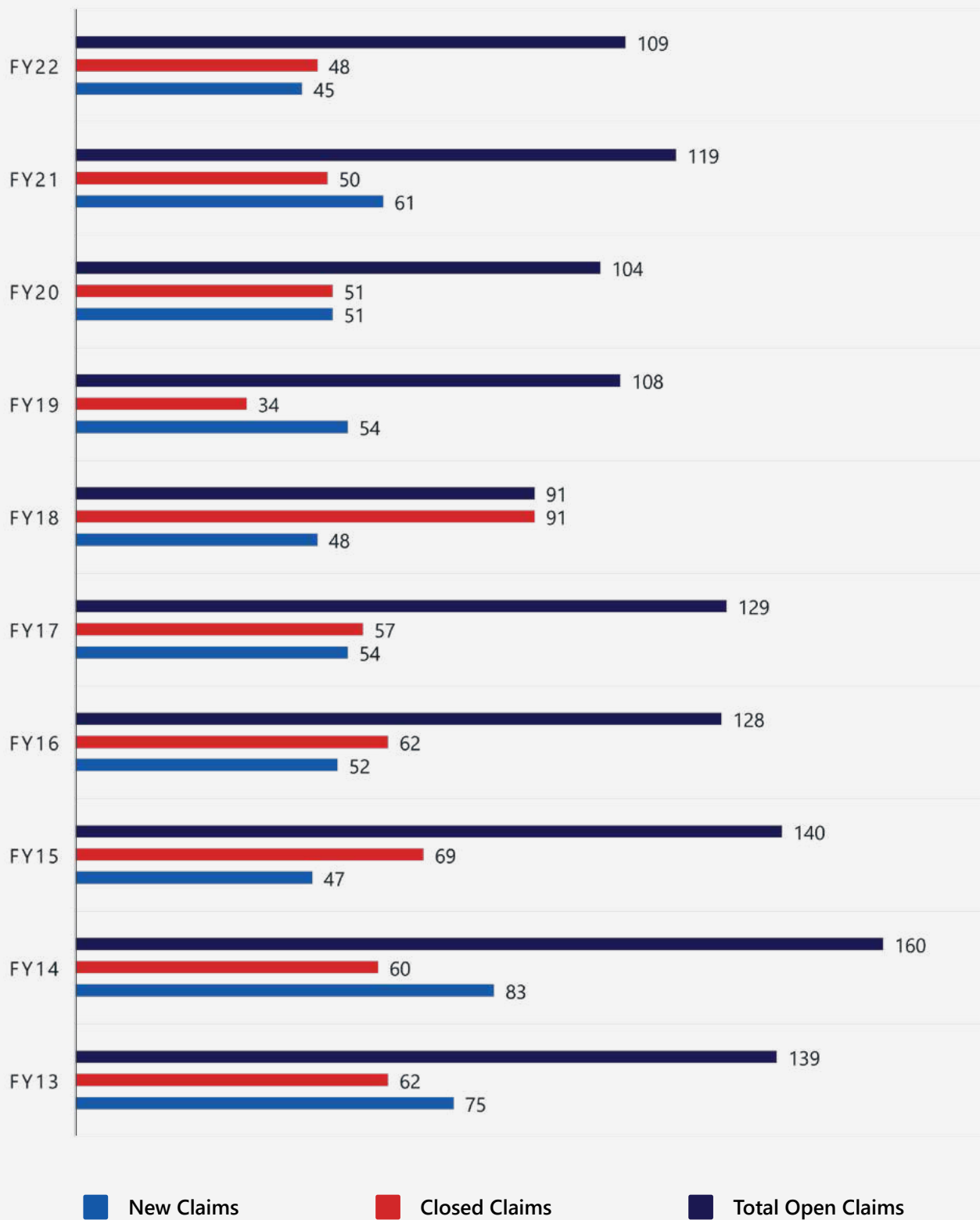
Claims Committee

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

Losses Paid and Loss Adjusting Expenses per Fiscal Year (in Millions)



Claims Activity per Fiscal Year



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 July 1, 2021, through June 30, 2022, the committee reviewed 76 requests for retroactive coverage. Seventy-six requests were approved and zero were denied.

Under guidelines set for expedited approval by the Board and Legal Committee, the Fund manager approved zero requests for retroactive coverage and the WHCLIP manager approved 20 requests for retroactive coverage.

Peer Review Council

The Peer Review Council (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 July 1, 2021, through June 30, 2022, 95 claims paid reports were filed. These included 26 for physicians or nurse anesthetists, 52 for hospitals, nursing homes, corporations or clinics, and 17 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,

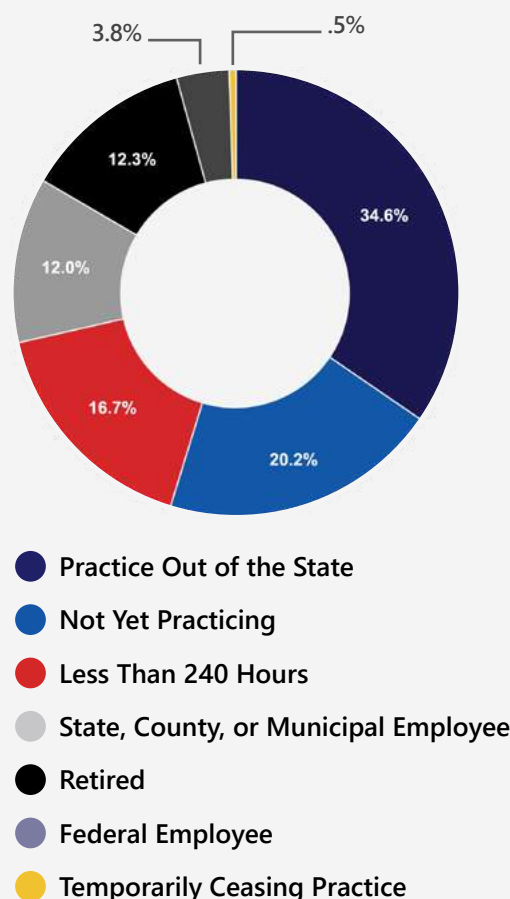
improve the general quality of medical care, and reduce the premiums of participating health care providers. During the fiscal year July 1st, 2021 through June 30th, 2022 the Risk Management Committee implemented a risk assessment report to track the financial stability of the carriers approved to write the primary underlying medical malpractice coverage.

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.

As of June 30, 2022, there are 19,000 licensed physicians and certified registered nurse anesthetists who have filed for exempt status.

Exemptions

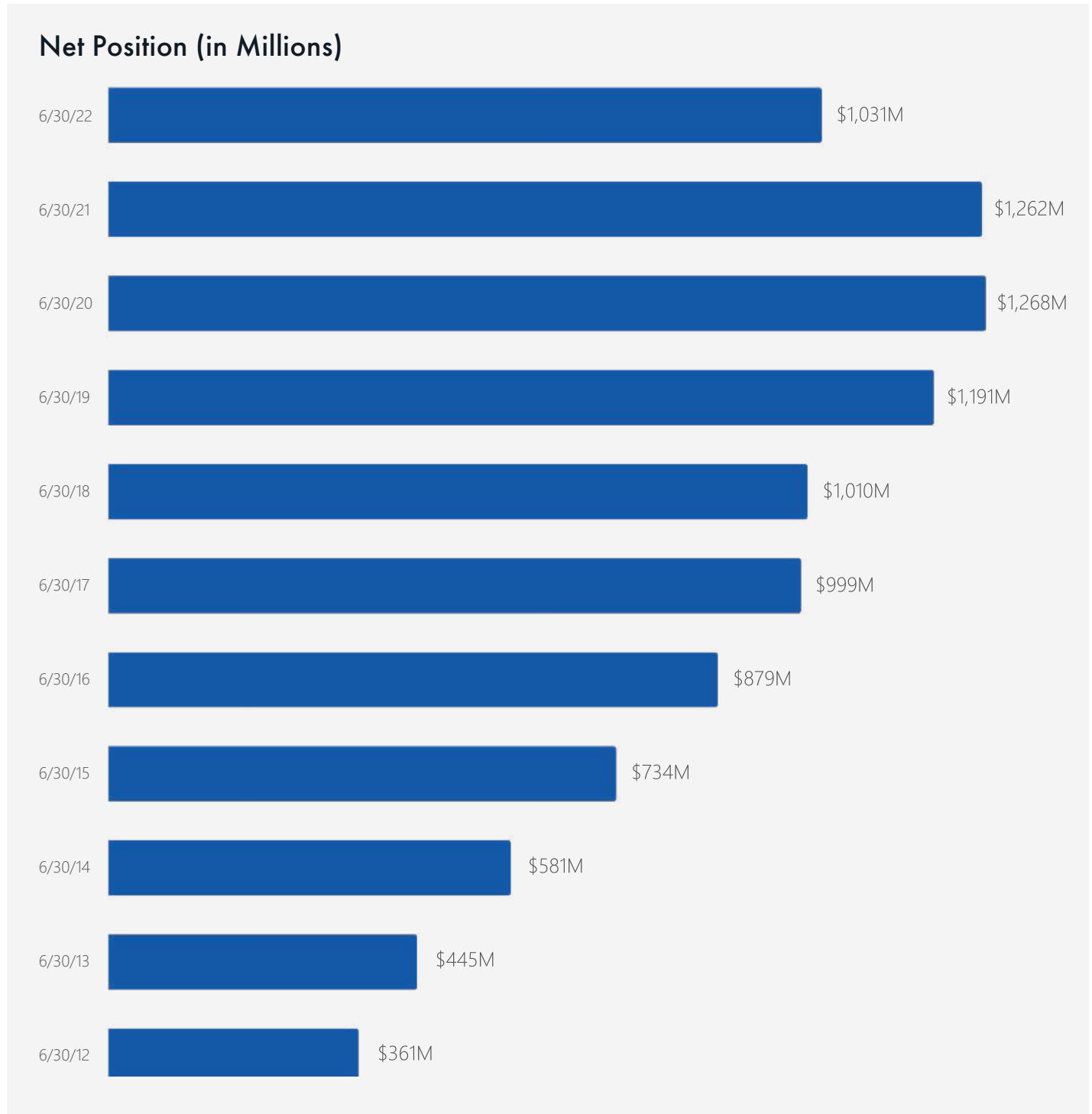


Financial Statistics

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 (ACFR). A copy of the ACFR can be found at:

doa.wi.gov/budget/SCO/FY%202022%20ACFR.pdf

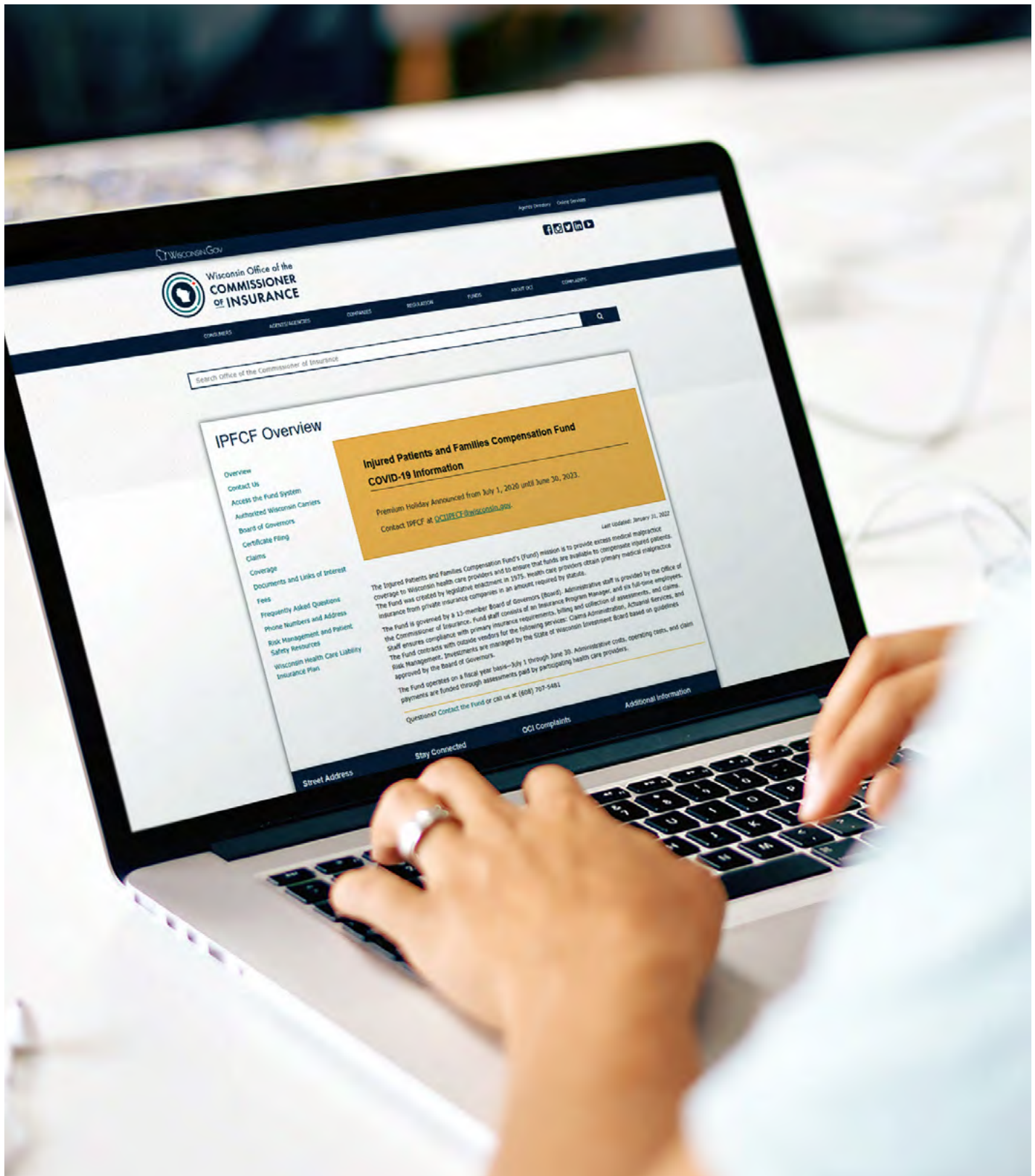
The Fund reported an unaudited net position of \$1,030,948,842 as of June 30, 2022.



The Fund's Investments are managed by the State of Wisconsin Investment Board (SWIB). Their Annual Report can be found here: https://www.swib.state.wi.us/files/ugd/69fc6d_84d2178968844e5893af67e072d1196e.pdf

Assessments and Panel Fees

The Board of Governors voted to continue the premium holiday for FY22. 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.



Operations

The Fund has seven employees: Fund Manager, Fund Accountant, Claims Manager, two Regulatory Specialists, Administrative Associate, and a Billing Specialist. The Fund contracts out for Actuarial services, Claims Adjusting services, Legal Counsel, Independent Auditing services, and IT support.

Vendors Paid More Than \$100,000 in FY22	
Vendor Name	Annual
Oracle America, Inc	3,491,704
Wausau MedMal Mgt Srvcs LLC	1,330,441
US Bank State of Wisconsin Investment Board	1,256,114
Bell, Moore & Richter S.C.	488,214
Emile Banks & Associates LLC	257,411
BMO Harris Bank	249,872
Law Firm of Conway, Olejniczak	241,359
Corneille Law Group Llc	237,453
Nash Spindler Grimstad &	208,261
Coyne Schultz Becker & Bauer SC	200,584
Knowledge Services	197,492
Clearwater Analytics LLC	150,070
Gass Turek LLC	117,055
Gutlass, Erickson, Larson	115,301
Von Briesen & Roper Sc	109,844
Legislative Audit Bureau	101,650
Borgelt Powell Peterson & Frauen, SC	101,363

6.3 State Life Insurance Fund

The State Life Insurance Fund (SLIF) is a segregated fund located within OCI. SLIF offers a maximum \$10,000 life insurance policy to state residents. SLIF operates as a mutual insurance company and is generally subject to the same statutory requirements that apply to other life insurers operating in Wisconsin. SLIF 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 SLIF from employing agents or paying commissions to agents to

market the Fund. As of December 31, 2022, there were 21,791 policies in force.

Section 607.15, Wis. Stat., requires SLIF 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 2022, a distribution of \$2.0 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, 2022.

State Life Insurance Fund Income Statement December 31, 2022

Income	
Premiums	\$ 936,211
Investment Income	4,208,969
Amortization of Interest Maintenance Reserve	953,759
Miscellaneous Income	<u>12,378</u>
Total Income	\$ 6,111,317
Expenses	
Death Benefits	
Matured Endowments	182,000
Other Policy Benefits	1,423,167
Increase in Reserve	(45,733)
General Operating Expense	<u>581,950</u>
Expenses before Dividends	<u>3,645,121</u>
Net Gain before Dividends	<u>2,466,196</u>
Dividends to Policyholders	<u>2,045,153</u>
Net Gain (Loss) from Operations	\$ <u>421,043</u>

State Life Insurance Fund
Balance Sheet
December 31, 2022

Assets

Bonds	\$ 102,601,272
Policy Loans	2,615,184
Cash and Bank Deposits	3,953,444
Premiums Deferred and Uncollected	44,104
Investment Income Due and Accrued	1,247,900
Other Invested Assets	<u>2,439,133</u>
Total Assets	\$ <u>112,901,037</u>

Liabilities and Surplus

Life Reserves	\$ 65,838,168
Interest Maintenance Reserve	4,933,661
Policy Claims	327,000
Dividends Due and Unpaid (2022)	10,515
Dividends - Provision for 2022	2,102,514
Deposit Type Contracts	27,903,650
Unclaimed Property	88,214
Taxes, Licenses, Fees Accrued	577
Suspense and Canceled Drafts	59,440
Expenses Due and Accrued	77,045
Back Up Withholding	1,987
Premiums Received in Advance	22,234
Asset Valuation Reserve	<u>548,625</u>
Total Liabilities	\$ <u>101,913,630</u>
Surplus	<u>10,987,407</u>
Total Liabilities and Surplus	\$ <u>112,901,037</u>

Division of Financial Regulation

Amy Malm, Administrator of the Division of Financial Regulation, stands with Commissioner Houdek (left) and Deputy Commissioner Cissne Carabell (right) after she completed the requirements necessary to earn the designation of Associate Professional in Insurance Regulation (APIR) in June.





**ASSOCIATE
PROFESSIONAL**
IN INSURANCE REGULATION

NAIC
NATIONAL ASSOCIATION OF INSURANCE REGULATORS

Angie Rhodes

For their exceptional leadership and commitment to the insurance industry, Angie Rhodes was named the 2023 Associate Professional in Insurance Regulation.

Presented by: [Signature] President, NAIC
Awarded to: [Signature] Angie Rhodes
Date: [Signature] [Date]

7.1 Major Accomplishments

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 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.

2022 Major Accomplishments

- Maintained accreditation by the National Association of Insurance Commissioners
- Examined 38 domestic insurers
- Examined two care management organizations
- Analyzed the financial statements of over 2,055 insurers
- Placed one company that had been in rehabilitation into liquidation
- Continued oversight of two companies in liquidation

Other activities included:

Domestic Insurers

- Licensed domestic entities:
 - Four property service contract providers
 - One vehicle protection product provider
- Issued permits to four Care Management Organizations, under ch. 648, Wis. Stat.
- Reviewed and approved changes of control involving six domestic insurers, pursuant to holding company regulations

- Reviewed and approved seven ch. 612 town mutual mergers
- Redomiciled one company out of Wisconsin

Nondomestic Insurers

- Licensed nondomestic entities:
 - 20 traditional insurers
 - One health maintenance organization
 - Three life, accident and health insurers
 - 16 property and casualty insurers
 - 20 property service contract providers
 - Three life settlement providers
 - 12 vehicle protection product providers

Company Licensing Reviews

- Redomiciled one licensed insurer out of Wisconsin
- Provided financial expertise to the Division of Market Regulation and Enforcement on licensing Employee Benefit Plan Administrators.

Reinsurer Reviews

- Implemented the review of reciprocal jurisdiction for reinsurers effective June 1, 2022.
- Approved 19 reciprocal jurisdiction reinsurers.
- Licensed five certified reinsurers.

Began Development of New Agency Database

- Continued work with the OCI Information Systems Section to develop a new agency database to modernize agency data and eliminate several ad hoc 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.

Update Software

- Commenced the process to update the audit software used for examinations.
- Initiated the process to update the agency's document management system.

NAIC Activity

- Served on several NAIC task forces and working groups including chairing the Risk-Focused Surveillance Working Group (complete list of NAIC groups listed on [page 37](#)).

- Co-Chaired an NAIC ad hoc working group to identify efficiencies in the analysis and examination functions of insurance financial regulation.
- Chaired a drafting group to update guidance on reviewing affiliated services agreements.
- Oversaw examination and analysis Peer Review Projects

7.2 Companies Examined

Companies Examined in 2022	
AccessCare General Wisconsin Insurance, Inc.	MercyCare HMO, Inc.
Ambac Assurance Corporation	MercyCare Insurance Company
American Family Connect Insurance Company	MGIC Assurance Corporation
American Family Connect Property and Casualty Insurance Company	MGIC Credit Assurance Corporation
American Family Insurance Company	MGIC Indemnity Corporation
American Family Life Insurance Company	Midvale Indemnity Company
American Family Mutual Insurance Company, S.I.	Molina Healthcare of Wisconsin, Inc.
American Standard Insurance Company of Ohio	Mortgage Guaranty Insurance Corporation
American Standard Insurance Company of Wisconsin	Mt. Morris Mutual Insurance Company
Community Care Health Plan, Inc.	National Mortgage Insurance Corporation
Community Care, Inc.	National Mortgage Reinsurance Inc One
Delta Dental of Wisconsin, Inc.	Old Republic Surety Company
Districts Mutual Insurance and Risk Management Services	Permanent General Assurance Corporation
Farmers Town Mutual Insurance Company	Permanent General Assurance Corporation of Ohio
Homesite Indemnity Company	SeniorDent Dental Plan, Inc.
Homesite Insurance Company	SU Insurance Company
Homesite Insurance Company of the Midwest	The General Automobile Insurance Company, Inc.
Lakeland Care, Inc.	UnitedHealthcare Life Insurance Company
League of Wisconsin Municipalities Mutual Insurance	WEA Property & Casualty Insurance Company
Madison National Life Insurance Company, Inc.	Wyssta Insurance Company, Inc.

7.3 Changes in Corporate Licenses

Wisconsin Insurance Corporations Organized and Licensed	
January 1, 2022 – December 21, 2022	
Fortress Assurance Corporation*	Chippewa Falls, WI
Fortress Assurance Corporation**	Chippewa Falls, WI
Generac Power Systems, Inc.	Waukesha, WI
Kingsfoot Inc.	Plymouth, WI
Ultimate Rides, Inc.	Appleton, WI

*Property Service Contract Provider

**Vehicle Protection Product

Insurance Corporations Domiciled in Other States Admitted	
January 1, 2022 – December 21, 2022	
Abacus Settlements, LLC	Orlando, FL
Advance Core Capital Inc.	Bedford, TX
Advanced Protection Products International, Inc.	Dublin, OH
Ally Service Agreement Corporation	Detroit, MI
American Auto Shield, Ltd.	Lakewood, CO
American Surety Company	Indianapolis, IN
AmFed Advantage Insurance Company	Ridgeland, MS
AmFed Casualty Insurance Company	Ridgeland, MS
AmFed National Insurance Company	Ridgeland, MS
Assurance Express, LLC	St Charles, MO
Assured Provider Services, Inc.	Ringwood, NJ
Auto Knight Motor Club, Inc.	Palm Springs, CA
AutoXcel Corporation	Wilmington, NC
Buckeye Dealership Consulting, LLC	Poland, OH
Car Care North America, Inc.	Boca Raton, FL
Comprehensive Auto Resources Company, Inc.	Exton, PA
Concert Insurance Company	Deer Park, IL
Coventry Health Care of Illinois, Inc.	Downers Grove, IL
Crum and Forster Insurance Company	Morristown, NJ
Crystal Fusion Technologies, Inc.	Lindenhurst, NY
DriveSmart Autocare Inc	Toms River, NJ
Ethos Group, Inc.	Irving, TX
Ford Motor Service Company	Dearborn, MI
Grain Dealers Mutual Insurance Company	Indianapolis, IN
Horizon Midwest Casualty Company	Topeka, KS
Humana Health Insurance Company of Florida, Inc.	Miramar, FL

IGS North America LLC	Miami, FL
Integrity Admin Group, Inc.	Costa Mesa, CA
Intrepid Casualty Company	Urbandale, IA
LifeRoc Capital, LLC	Los Angeles, CA
Lifetrust, LLC	Greenwich, CT
Lio Insurance Company	Aliso Viejo, CA
Magellan Service Corporation	Albuquerque, NM
Mainsail Insurance Company	Austin, TX
Merit Administration, LLC	Wentzville, MO
New Century Auto Sales, Inc.	Saginaw, MI
New Global Administrators, LLC	Mansfield, MA
Norman & Company, Inc.	Tampa, FL
Pessada Holdings, LLC	Ellisville, MO
Pie Casualty Insurance Company	Chicago, IL
Portfolio Services Limited, Inc.	Dallas, TX
ProGuard Warranty, Inc.	Avoca, PA
RMG Administrative Services	Joplin, MO
Royal Administration Services, Inc.	Hanover, MA
Standard Life and Casualty Insurance Company	Salt Lake City, UT
State Farm Classic Insurance Company	Bloomington, IL
Toco US, LLC	Houston, TX
Transform SR Protection LLC	Hoffman Estates, IL
Transverse Insurance Company	Dallas, TX
Trilogy Concepts Corporation	Dublin, OH
U.S. Auto Management LLC.	Blue Bell, PA
Vehicle Administrative Services, Ltd.	Dallas, TX
Westfield Select Insurance Company	Westfield Center, OH
William Penn Life Insurance Company of New York	Garden City, NY
ZPIC Insurance Company	Jefferson City, MO

Organizations Licensed as Care Management Organizations

January 1, 2022 – December 21, 2022

None

Organizations Licensed as Service Contract Providers

January 1, 2022 – December 21, 2022

Advance Core Capital Inc.	Bedford, TX
American Auto Shield, Ltd.	Lakewood, CO
Assurance Express, LLC	St Charles, MO
AutoXcel Corporation	Wilmington, NC
Buckeye Dealership Consulting, LLC	Poland, OH
Car Care North America, Inc.	Boca Raton, FL

Organizations Licensed as Service Contract Providers

January 1, 2022 – December 21, 2022

Comprehensive Auto Resources Company, Inc.	Exton, PA
Crystal Fusion Technologies, Inc.	Lindenhurst, NY
DriveSmart Autocare Inc	Toms River, NJ
Fortress Assurance Corporation	Chippewa Falls, WI
Generac Power Systems, Inc.	Waukesha, WI
IGS North America LLC	Miami, FL
Integrity Admin Group, Inc.	Costa Mesa, CA
Kingsfoot Inc.	Plymouth, WI
Merit Administration, LLC	Wentzville, MO
New Century Auto Sales, Inc.	Saginaw, MI
New Global Administrators, LLC	Mansfield, MA
Pessada Holdings, LLC	Ellisville, MO
ProGuard Warranty, Inc.	Avoca, PA
Royal Administration Services, Inc.	Hanover, MA
Toco US, LLC	Houston, TX
Transform SR Protection LLC	Hoffman Estates, IL
U.S. Auto Management LLC.	Blue Bell, PA
Ultimate Rides, Inc.	Appleton, WI

Changed Company Type

None

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

January 1, 2022 – December 21, 2022

Mergers

Non-Surviving Company Name	Merged into Surviving Company Name	Date
Acceptance Insurance Company	Vesta Insurance Corporation	11/30/2021*
Baptist Life Association	GBU Financial Life	12/31/2022
Harleysville Life Insurance Company	Nationwide Life and Annuity Insurance Company	1/1/2022
Independent Order of Vikings	GBU Financial Life	7/20/2022
Mutual Trust Life Insurance Company, A Pan-American Life Insurance Group Stock Company	Pan-American Life Insurance Company	12/31/2022

*Information not available in prior Wisconsin Insurance Report

Dissolutions

None

Withdrawals				
ACA Financial Guaranty Corporation		11/1/2022		
ALLY Service Agreement Corporation		4/1/2021*		
American Assurance Co. 2, Inc.		11/13/2022		
American Honda Finance Corporation		5/18/2020*		
AutoXcel Corporation		7/18/2022		
Electrolux Warranty Corporation		12/31/2022		
Enterprise Financial Group, Inc.		11/30/2020*		
Ford Motor Service Company		11/30/2021*		
Freedom Warranty of America, LLC		12/31/2018*		
Heritage Chevrolet, Inc.		12/31/2021*		
InterContinental Warranty Services, Inc.		3/30/2020*		
National Administrative Service Co., LLC		12/31/2020*		
National Protection Plan, Inc.		1/31/2022		
Newcastle Senior Care, LLC		6/30/2021*		
Pablo Creek Services, Inc.		12/31/2021*		
Pre-Paid Legal Casualty, Inc.		12/31/2022		
Sears Protection Company		2/8/2019*		
Toyota Motor Insurance Services, Inc.		12/10/2021*		
United Service Contract Group LLC		5/29/2022		
Universal Warranty Corporation		4/1/2021*		
Utility Service Partners Private Label, Inc.		12/31/2020*		
W.G.& R. Extended Service, LLC		6/30/2021*		
*Information not available in prior Wisconsin Insurance Report				
Rehabilitations				
None				
Liquidations				
Time Insurance Company		9/1/2022		
Revocations				
None				
Redomestications				
Company		From	To	Effective Date
American Sentinel Insurance Company		PA	MO	12/15/2022
Aspida Life Insurance Company		CA	MI	7/6/2022
Digital Advantage Insurance Company		RI	DE	12/1/2022
EquiTrust Life Insurance Company		IL	AZ	4/20/2022
Fireman’s Fund Insurance Company		CA	IL	12/31/2021*
Gainbridge Life Insurance Company		TX	DE	6/27/2022
Independent Order of Foresters, The		NY	TX	10/3/2022

Redomestications			
Company	From	To	Effective Date
Inverin Insurance Company	CT	IL	7/7/2022
John Alden Life Insurance Company	WI	AZ	4/1/2022
Lio Insurance Company	CA	AZ	9/30/2022
ManhattanLife Insurance and Annuity Company	AR	TX	12/21/2021*
Mutual Trust Life Insurance Company, A Pan-American Life Insurance Group Stock Company	IL	LA	7/13/2022
Oceanview Life and Annuity Company	CO	AL	12/29/2022
Openly Insurance Company	MI	SC	5/11/2022
Peninsula Indemnity Company	MD	PA	11/25/2020*
Peninsula Insurance Company, The	MD	PA	11/25/2020*
Pennsylvania Insurance Company	IA	NM	1/1/2020*
Southern Life and Health Insurance Company	WI	OK	6/29/2022
Swiss Re Corporate Solutions America Insurance Corporation	NH	MO	12/29/2021*
Swiss Re Corporate Solutions Elite Insurance Corporation	NH	MO	12/29/2021*
Swiss Re Corporate Solutions Premier Insurance Corporation	NH	MO	12/29/2021*
Trexis Insurance Corporation	VA	TN	12/9/2022
United States Liability Insurance Company	PA	NE	12/20/2021*
Vantage Risk Assurance Company	KS	DE	11/30/2022
*Information not available in prior Wisconsin Insurance Report			
Name Changes			
Previous Name	New Name		
21st Century Indemnity Insurance Company	Greenwood Insurance Company		
ADM Insurance Company	Kin Interinsurance Nexus Exchange		
Aetna Insurance Company of Connecticut	Inverin Insurance Company		
Amalgamated Casualty Insurance Company	Forge Insurance Company		
American Physicians Assurance Corporation	Openly Insurance Company		
Ashmere Insurance Company	Florida Casualty Insurance Company		
Associated Indemnity Corporation	WCF Select Insurance Company		
Autoplex Of Milwaukee, LLC	Autoplex MKE LLC		
Balboa Insurance Company	Tesla Insurance Company		
Children’s Community Health Plan, Inc	Chorus Community Health Plans, Inc.		
Clear Spring Life Insurance Company	Gainbridge Life Insurance Company		
Dairyland American Insurance Company	Point Specialty Insurance Company		
Digital Affect Insurance Company	Coalition Insurance Company		
Digital Edge Insurance Company	Many Insurance Company		
First Nonprofit Insurance Company	Park National Insurance Company		
Frankenmuth Mutual Insurance Company	Frankenmuth Insurance Company		
Generali Warranty Services, LLC	Applied Warranty and Insurance Services, LLC		
Genworth Mortgage Insurance Corporation	Enact Mortgage Insurance Corporation		

Name Changes	
Previous Name	New Name
Genworth Mortgage Insurance Corporation of North Carolina	Enact Mortgage Insurance Corporation of North Carolina
Great American Life Insurance Company	MassMutual Ascend Life Insurance Company
Great-West Life & Annuity Insurance Company	Empower Annuity Insurance Company of America
Guggenheim Life and Annuity Company	Clear Spring Life and Annuity Company
Heritage Casualty Insurance Company	Vantage Risk Assurance Company
Home Warranty of America, Inc.	NRG Protects Inc.
Indiana Lumbersmens Mutual Insurance Company	Indiana Lumbersmens Insurance Company
Meritplan Insurance Company	Tesla Property & Casualty, Inc.
North American Elite Insurance Company	Swiss Re Corporate Solutions Elite Insurance Corporation
North American Specialty Insurance Company	Swiss Re Corporate Solutions America Insurance Corporation
Northridge Chevrolet, Inc.	Ashland Ford Chrysler
Plans' Liability Insurance Company	Fortitude Casualty Insurance Company
Poseidon Credit Insurance Company	Poseidon Mortgage Guaranty Company
Prudential Annuities Life Assurance Corporation	Fortitude Life Insurance & Annuity Company
Prudential Retirement Insurance and Annuity Company	Empower Annuity Insurance Company
Rx Life Insurance Company	Fortitude U.S. Reinsurance Company
Settlers Life Insurance Company	Everly Life Insurance Company
UBS Life Insurance Company USA	Aspida Life Insurance Company
Washington International Insurance Company	Swiss Re Corporate Solutions Premier Insurance Corporation

7.4 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. Attorneys for the Liquidator have concluded commutation arrangements with 17 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 27 Class 4 claims for unearned premium as filed, 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.

The Liquidator collected \$724,870 from statutory deposits through year-end 2022. The funds from the statutory deposits will be utilized to pay administrative costs and any claims in the estate.

As of December 31, 2022, 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, 2022, NNIC reported total admitted assets of \$4,008,797, total liabilities of \$686,780,595, policyholders' surplus of \$(682,771,97), and net income of \$63,310.

Time Insurance Company, in Liquidation

Time Insurance Company (Time), was placed into liquidation effective September 1, 2022. Prior to liquidation, Time was in 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. Afafe, 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



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

Frequently Asked Questions on Time Insurance Company, in Liquidation

On July 13, 2022, the Wisconsin Office of the Commissioner of Insurance (OCI) filed a Petition with the Dane County Circuit Court in Madison, Wisconsin (the Court) to terminate the rehabilitation of Time Insurance Company (Time) and to place Time into liquidation.

Why was Time Insurance ordered into liquidation?

The Wisconsin Office of the Commissioner of Insurance and the Special Deputy Commissioner of Time, Mark Femal, have determined that the financial condition of Time demonstrates that the assets are not adequate to cover current and future obligations, both to policyholders as well as to other creditors.

What happens when an insurance company is liquidated?

Liquidation is similar to bankruptcy. When an insurance company is liquidated in this state, the Wisconsin Office of the Commissioner of Insurance and the Special Deputy Liquidator gather the company assets and determine the liabilities. The Special Deputy Liquidator will then develop a plan to distribute the company's assets according to law.

How is my policy affected?

If your policy is being administered by Actuarial Management Resources (AMR), that administration either will continue or be transferred to the State Guaranty Association (GA) providing the coverage for your policy. Your GA will notify you how your policy will be administered. The coverage your GA will provide you is based on your policy and the specific laws in your state. The majority of claims will continue to be paid in full; however, the GA in your state will inform you if your policy exceeds the GA state limits or if any other statutory coverage conditions or limits apply. Any claim paid by the respective GA will automatically become a claim against the Time estate assets. The GA will file a proof of claim. It is not required for the policyholder to file a proof of claim.

If your policy was being administered by John Hancock Life, Talcott Resolution Life (formerly Hartford Life and Annuity), Prudential Life, National Health Ins Co, Loyal American Life Ins Co, Assurity Life Ins Co, or Cigna Life Ins Co, you have been previously notified which company is now providing 100% of your policy coverage.

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 included 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
John Hancock Life Insurance Company (USA)	Long-Term Care	July 1, 2022	25,020
Talcott Resolution Life and Annuity Insurance Company	Life and Annuities	July 1, 2022	47,638

After the reinsurers assumed the blocks of business they were reinsuring, OCI filed to place Time into liquidation on July 13, 2022, with an effective date of September 1, 2022. On August 30, 2022, Judge Stephen E. Ehlke of the Dane County Circuit Court signed the order approving the end of the rehabilitation and to put Time into liquidation. Proof of claims against the estate were due by March 1, 2023.

As of December 31, 2022, Time Insurance Company had assets of \$6,899,643, liabilities of \$8,434,048, and surplus of \$(1,534,405).

Division of Market Regulation and Enforcement

Rebecca Rebholz, Administrator of the Division of Market Regulation and Enforcement, and Amy Malm, Administrator of the Division of Financial Regulation, attend a career fair in Oshkosh in September.



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and promoting a strong
insurance industry**



**Financial
Regulation**



Legal



Consumer Affairs

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8.1 Major Accomplishments

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 2022, the division investigated and resolved 2,678 written consumer complaints and inquiries and answered 19,789 telephone or email inquiries. The division received 2,879 rate and rule filings, 4,286 form filings, and 640 advertising material filings.

2022 Major Accomplishments

Federal No Surprises Act

In 2021 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. In 2022, we continued investigating, tracking, resolving, or referring NSA complaints.

Pharmacy Benefit Managers (PBMs)

The division continues to improve our process for reviewing PBM complaints and collecting confidential transparency report data from PBMs. We are creating interrogatories and audit guides specific to PBMs as well as procedure steps for conducting reviews of PBMs, their process and their relationships with insurers, pharmacies, and pharmacists.

Grievance Report

DMR developed a standardized grievance log for health

plans to utilize in 2023 when submitting their 2022 grievance data.

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. As of the end of 2022, there are a total of 774 insurance companies with access to the complaint portal which is an increase of 17 companies over the 2021 total. Greater company participation in the complaint portal reduces delays around physical mail delivery and enhances efficiencies in the complaint handling process.

Outreach

DMR participated in a number of outreach events in 2022;

- Attended the Wisconsin Governor's Conference on Emergency Management & Homeland Security to share information regarding property and casualty, homeowners, and flood insurance
- Attended InsurCon2022 to share general insurance information and answer questions
- Attended the Wisconsin REALTORS Association Annual Convention to share information regarding property and casualty, homeowners, and flood insurance
- Presented insurance information for small business owners to participants with the Wisconsin Women's Business Initiative Corporation
- Participated in the Covering Wisconsin Enrollment Conference including a panel on insurance-related scams

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 continues to be available throughout 2022, with over half of the exams taken using the remote proctoring platform.

DEAR MR. AVERY,

THANK YOU SO VERY
MUCH FOR YOUR WISDOM
AND ACTION

ONLY
BECAUSE OF YOUR KINDNESS,
AND INVOLVEMENT I HAVE
RECEIVED A VERY NICE
CHECK

I AM SENDING MANY
BLESSINGS TO YOU AND
YOURS. MAY THIS HOLIDAY
SEASON BE FILLED WITH
JOY, PEACE AND LOVE.

✍

12/5/2022



Provided Over 140 Reports

The division provided 146 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

DMR staff 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 Health Care Coverage Partnership are to encourage greater health insurance enrollment and improve health insurance literacy in the state. The Advisory Council includes the following work groups: Data Collection, Promotion & Marketing, Outreach & Education and Capacity & Workforce. In 2022, work groups focused on preparation for the end of the Public Health Emergency (PHE) and the Medicaid unwinding.

Consumer Reports

DMR staff are heavily involved in the annual updating and revision of a variety of consumer publications available from OCI.

Mentoring Program

In 2021, DMR enhanced our consumer affairs section mentoring program for entry-level examiners to aid in new employee development and ensure continuity of training across teams. In 2022 we continued to build out this process, developing a procedural framework to ensure consistency as we onboard new staff.

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. Additionally, we now receive notice when CMS terminates a Wisconsin-licensed agent's ACA contract.

This streamlines the division's ability to take independent regulatory action as warranted.

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.
- 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 37](#).
- Participated in editing the Market Regulation Handbook chapter on Mental Health Parity Addiction and Equity Act.

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. DMR staff also presented on Wisconsin's mental health/AODA law at a workshop sponsored by the federal Employee Benefits Services Administration.

Market Conduct Annual Statement

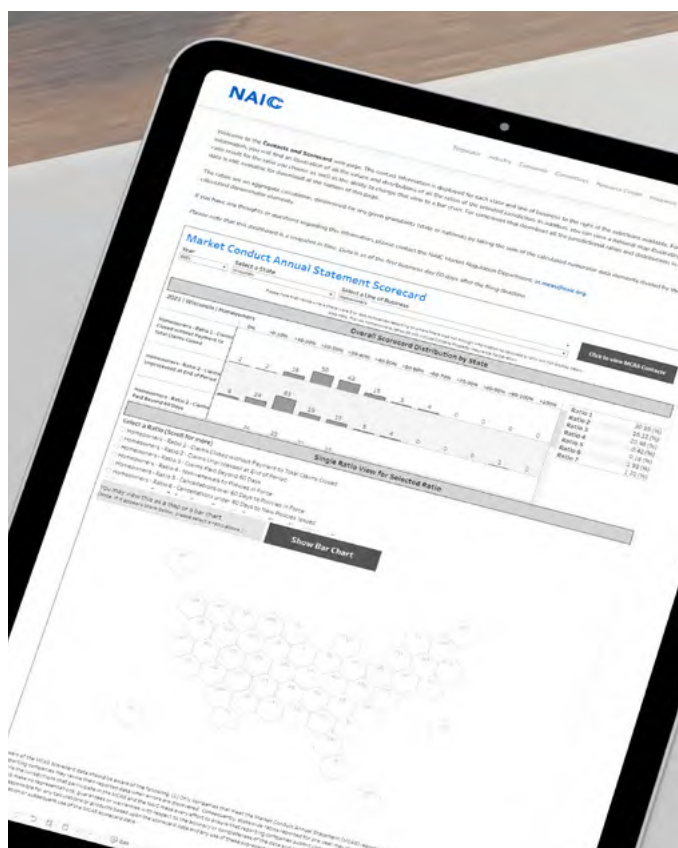
The Market Conduct Annual Statement (MCAS) is an analysis tool that state regulators use to review the market activity of the entire insurance marketplace and to identify companies whose practices fall outside normal/average ranges. If the MCAS shows that a company is an outlier in one or more areas, 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 2023, travel insurance and short-term limited duration insurance will be reported for the first time.

For 2022, the following Market Conduct Annual Statements were submitted:

- 27 Health
- 74 Disability Income
- 224 Life
- 129 Annuity
- 148 Private Passenger Auto
- 138 Homeowners
- 91 LTC (including Stand-Alone, Life/LTC Hybrid, and Annuity/LTC Hybrid)
- 13 Lender-Placed Home/Auto
- 2 Private Flood
- 15 Travel
- Short Term Limited Duration Data was not yet available at the time of publication.



8.2 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 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 23 insurance companies for 12 lines of business: 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.

Collaboration with the Division of Financial Division (DFR)

In 2022, DMR and DFR continued to increase cross-division collaboration. To that end, DMR participated in a DFR company exam by reviewing company procedures in the context of Wisconsin's new cybersecurity law. DMR also participated in a DFR exam of a town mutual by reviewing several areas for compliance in Wisconsin insurance law.

Finally, DMR worked with DFR to develop the Cybersecurity Certification process for companies, agencies, and other business entities.

Grievance Report

DMR also developed a standardized grievance log for health plans to utilize in 2023 when submitting their 2022 grievance data.

8.3 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 2022, the greatest number of inquiries and complaints received by OCI were related to property and casualty insurance, 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. These complaint patterns have remained unchanged for a number of years.

In 2022, OCI began receiving complaints related to the federal No Surprises Act.

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 and to initiate an investigation the complaint must be in writing. The data presented is based on formal complaints.

Table I - Total Complaint Files		
Year	Received	Closed
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
2022	2,475	2,678

In addition to formal complaints received, the division also handled nearly 20,000 general inquiries or requests for information in 2022. Most inquiries were by telephone and email.

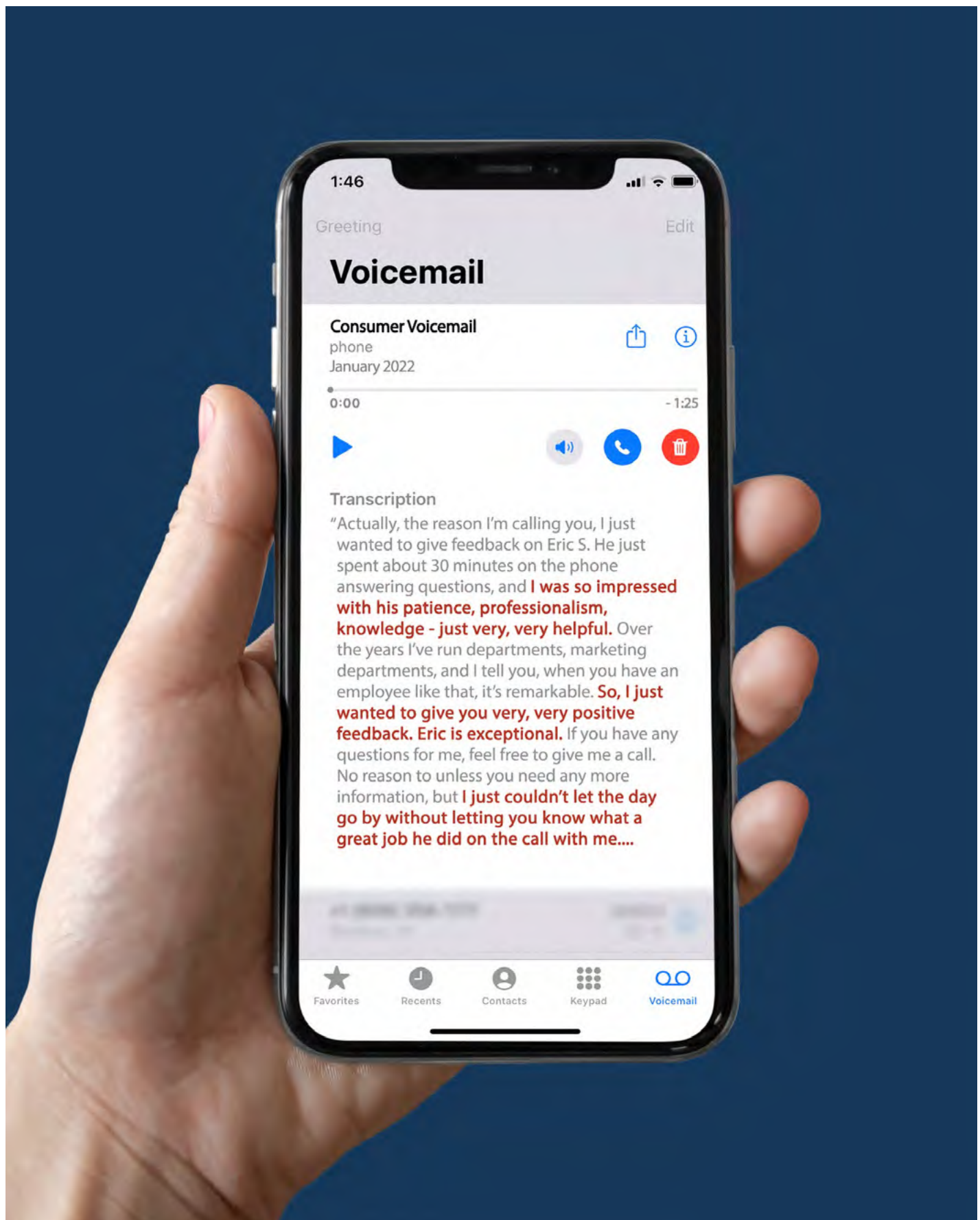


Table II shows 2021 and 2022 complaints by type of insurance.

Table II - Complaints Filed By Type of Insurance*		
Accident and Health	2021	2022
Group Accident and Health	405	400
Individual Accident and Health	276	285
Medicare Supplement	95	87
Long-Term Care	<u>82</u>	<u>60</u>
Total Accident and Health	<u>858</u>	<u>832</u>
Property and Casualty	2021	2022
Automobile	416	525
Homeowners, Tenants, Farmowners	237	454
Fire, Allied Lines, Other Property	37	49
General Liability/Liability	29	47
Worker's Compensation	69	53
All Other Lines	<u>172</u>	<u>200</u>
Total Property and Casualty	<u>960</u>	<u>1,328</u>
Life, Including Credit and Annuities	<u>303</u>	<u>307</u>
Grand Total	<u>2,121</u>	<u>2,467</u>

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

Table III shows the area of insurance operations that generated the complaint. Sixty-three percent of the complaints involved claim problems. Policyholder service was the second most common complaint reason at approximately 21%.

Table III - Reasons for Complaints*				
Basis for Complaint	Through 4 th Quarter 2021	% of Total	Through 4 th Quarter 2022	% of Total
Claim Handling	1,333	54.7%	1,773	63.4%
Policyholder Service	610	25.0%	576	20.6%
Marketing and Sales	261	10.7%	243	8.7%
Underwriting	232	9.5%	205	7.3%

*A complaint may have more than one basis.

The Division tracks the amount recovered by complainants who filed a complaint with OCI. In 2022, the office assisted complainants in recovering \$9,290,203 from insurers as follows:

Table IV - Amounts Recovered for Complainants by Types of Coverage and Complaint Reason					
Coverage Type	Claim Handling	Policyholder Service	Marketing and Sales	Underwriting	Total
Group Health	\$1,389,073	\$ 92,632	\$ 363	\$ 0	\$1,482,068
Ind. Accident and Health	1,616,861	113,428	19,521	1,302	1,751,112
Automobile	526,004	51,507	0	726	578,237
Life, Including Credit and Annuities	899,055	1,486,925	1,988,255	26,151	4,400,385
Homeowners, Tenants, Farmowners	485,119	2,558	2,273	24,697	514,647
Fire, Allied Lines, Other Property	309,227	868	0	0	310,095
General Liability/ Liability	40,874	78	0	0	40,952
All Other Lines	<u>191,416</u>	<u>11,107</u>	<u>8,590</u>	<u>1,594</u>	<u>212,707</u>
Total	<u>\$5,457,629</u>	<u>\$1,759,103</u>	<u>\$2,019,002</u>	\$54,470	<u>\$9,290,203</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 and the complainant has new information which should be considered. The additional complaint review process allows a 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, the goal of this review process is to ensure that OCI has reviewed all relevant information and that consumers are provided with a complete and detailed explanation of the outcome surrounding their complaints.

Table V - 2022 Complaint Additional Reviews by Line of Business				
	Accident & Health	Property & Casualty	Life & Annuities	Total
Number of Additional Reviews in 2022	19	37	1	57

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 percentage of insurers' decisions that were upheld, and the percentage reversed, in whole or in part, by the IROs as reported by health insurers.

IRO's Determination - Total, Upheld, Reversed			
	Total	Upheld	Reversed
2020	156	63.5%	36.5%
2021	203	71.4%	28.6%
2022	233	75.9%	24.1%

IRO's Determination				
	Reversed	Reversed in Part	Upheld	Annual Total
Adverse Determination	40	7	135	182
Experimental	8	0	42	50
Rescission	0	0	0	0
Pre-existing	1	0	0	1
Total	49	7	177	233

Adverse Determination – The health insurance carrier determines a treatment is not medically necessary or appropriate and denies, reduces, or terminates a benefit.

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

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

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

8.4 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
- Approving and denying 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
- Managing disclosures to the state from both licensees, other state regulators, and CMS
- Licensing updates (name, address, email, phone, etc.)

Licensing Exams

In 2022, 10,983 individuals took a Wisconsin insurance licensing exam. Of those, 5,205 took the remotely proctored exam and 5,778 took the exam in-person at a physical test site. Overall pass rate for a remote proctored exam was 50.72% and 50.52% for an exam taken in-person.

Company Agent Appointment Billing

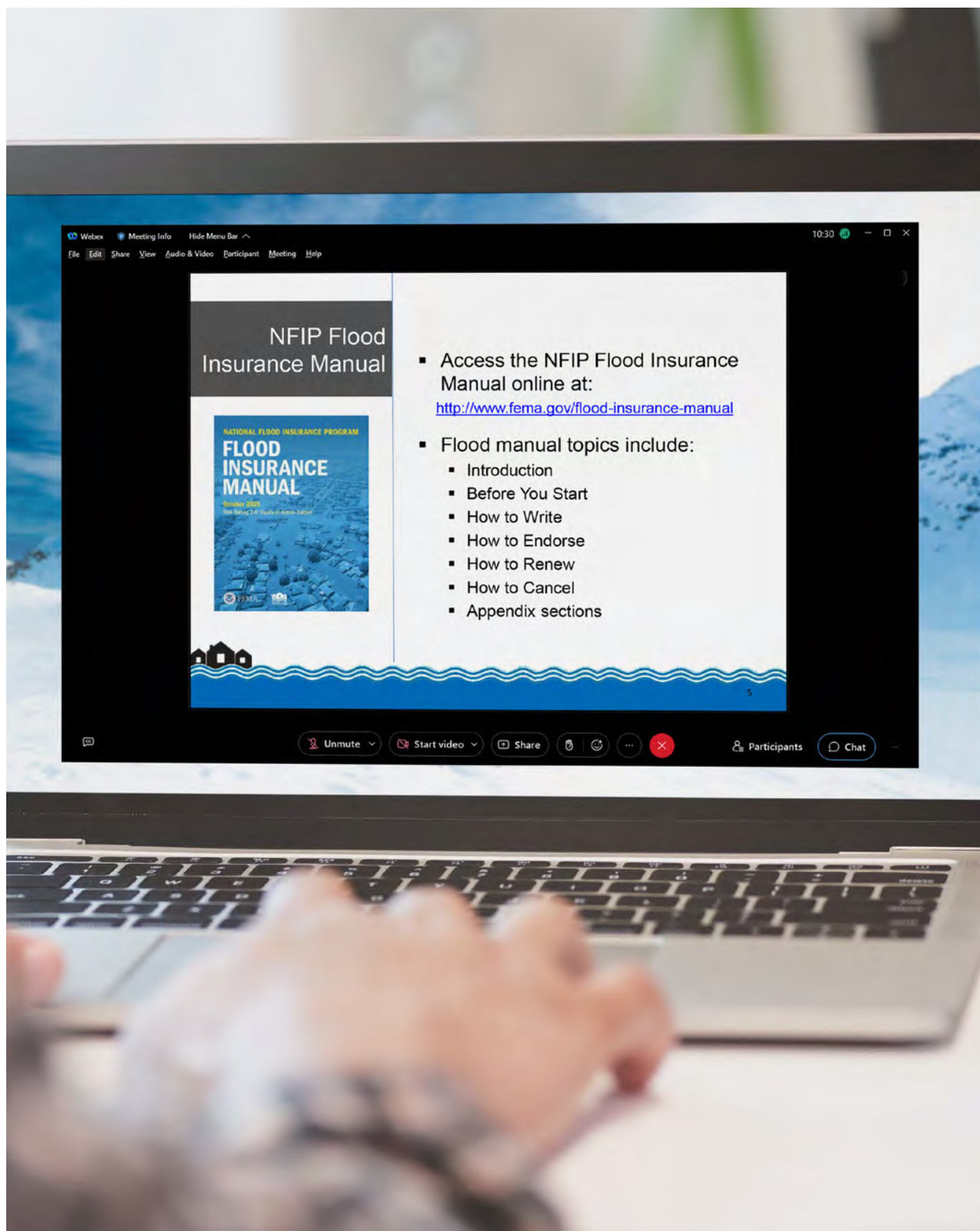
Agent licensing collected \$25,40,636.00 from 1,160 insurers for our 2022 annual company appointment billing cycle. A total of 38 companies failed to pay the invoice due.

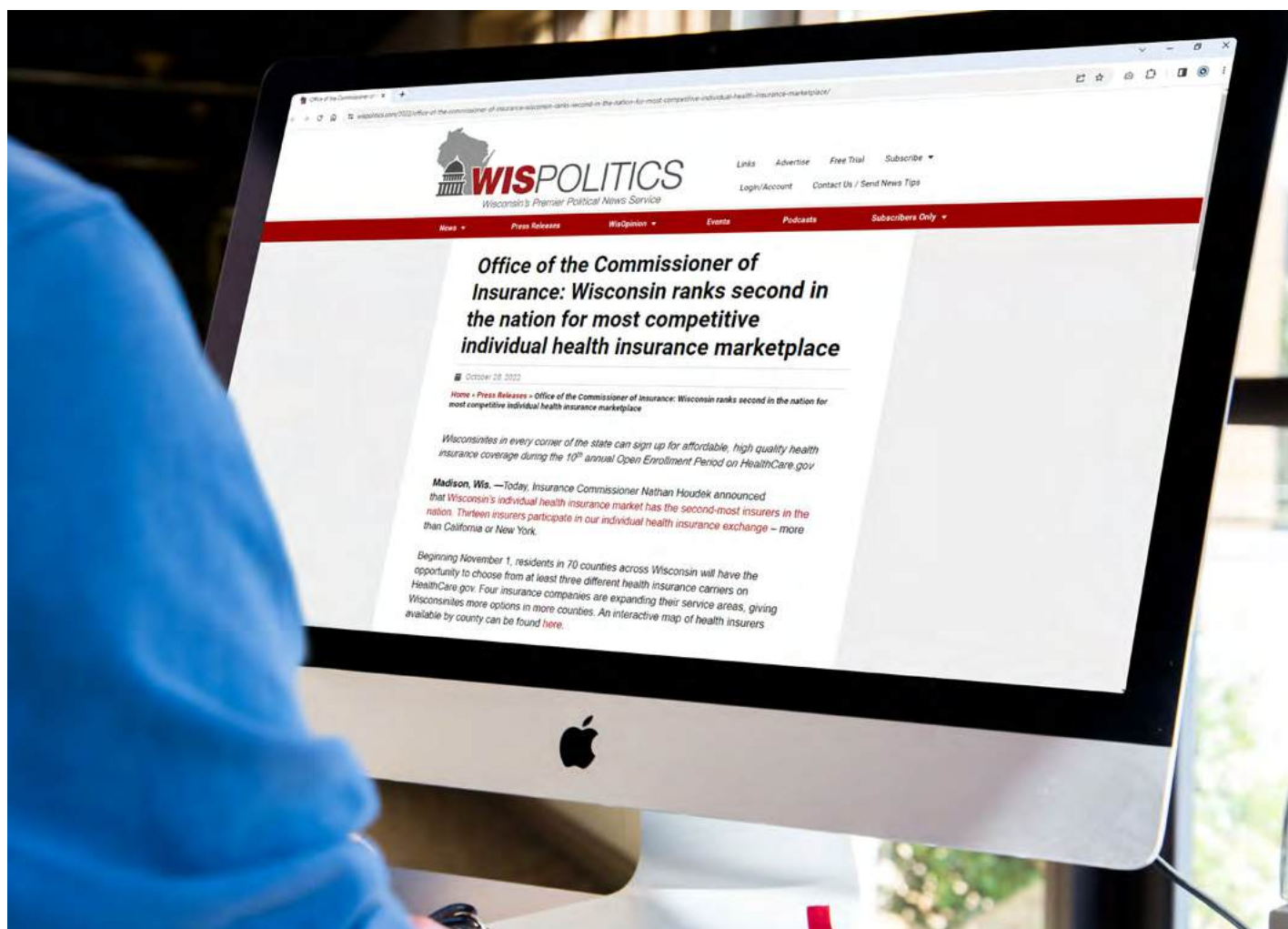
Other Agent Licensing 2022 Achievements

- Manually reviewed and processed 11,517 licensing applications that were referred to the state for additional review, a 1.89% increase from the previous year.
- 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.

Agent Licensing	
Licensee Counts as of December 31, 2022	
Employee Benefit Plan Administrator	372
Intermediary Agent Individual	214,071
Resident	34,148
Nonresident	179,923
Intermediary Firm*	9,098
Life Settlement Broker	26
Life Settlement Firm	13
Managing General Agent Firm	60
Managing General Agent Individual	104
Navigator Business Entity	8
Navigator Individual	39
Public Adjuster	171
Pharmacy Benefit Manager	18
Reinsurance Intermediary Broker	37
Reinsurance Intermediary Firm	25
Reinsurance Intermediary Manager	7
Surplus Lines	2,258
Temporary Insurance Intermediary	3
Travel Insurance Firm	35

*This figure was inaccurate in the 2021 report. The correct number of intermediary firms licensed in 2021 was 8,999.





8.5 Rates and Forms

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.

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. Wisconsin insurance laws provide 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.

8.6 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
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Wisconsin Office of the Commissioner of Insurance

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