



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

**Meeting Minutes**  
**Wednesday, April 3, 2024**  
**1:00 p.m. – 2:30 p.m.**  
**VIRTUAL**

**Council Members Present:** Nick Arnoldy (Marshfield Ins.), Trina Bonds (Housing Resources), Janet Dettman (American Family), Margaret Nunne (State Farm) sitting in for Maggie Olson, Nick Arnoldy (Marshfield Ins.), Darrel Zaleski (Spectrum Ins.) Christopher Zwygart (Chair)

**OCI Staff Present:** Barb Belling, Tim Cornelius, Brian Darrey, Andrea Davenport, Jeff Grothman, Monica Hale, David Haushalter, Amy Malm, Darcey Paskey, Rebecca Rebholz, Sarah Smith, Lauren VanBuren

**Public Attendees:** Jess Alanis, Matt Banaszynski, Kelly Bakken, Chelsea Chaney, Tad Cleveland, John Cronin, Paul Connor, Andy Franken, Heather Friedl, Tanya Goerg, Monica Groves, Peter Hanson, Mike Happe, Patrick Laws, Misha Lee, Angela Marion, Andrea Michelz, Amy Monbourquette, Bill Murray, Sarah Mueller, Ashlee Mullenbach, Peter Quirk, Bernie Rosauer, Chad Schuettpelz, Michael Stern, Gary Strohm, Patrick Shine, Bill Toman, Lois Wiedenhoeft, Brian Wilson, Natalie White

**Welcome and Introductions**

Christopher Zwygart, Chair; Welcomed Council members and took roll call virtually. There was a review of the last council minutes. Chris and the council members had no changes to the October 25, 2023, minutes. Minutes will be posted to the website.

Becky Easland, Deputy Commissioner, Commissioner of Insurance Office (OCI), unfortunately was not able to attend due to a family emergency and will attend a future meeting. Sarah Smith, Director of Public Affairs, Commissioner of Insurance Office (OCI), welcomed the group and was pleased everyone could attend virtually due to the inclement weather conditions. Sarah briefed the group on Deputy Easland's background. Deputy Easland joined OCI in January of this year. Deputy Easland formerly worked at OCI for 16 years in the Department of Financial Regulation (DFR). She has also worked with International Insurance Supervisors (IAIS). Deputy Easland has been a great addition to the leadership team at OCI.

## NAIC Issues

- Tim Cornelius, Deputy Chief Legal Counsel, Commissioner of Insurance Office (OCI) reported on the numerous NAIC Committees in which OCI is involved with. The (D) Committee has put out a homeowner's data survey which is meant to inform state regulators to get a better understanding of the current state of the homeowner's market which affects affordability as well as availability challenges. The responses are due June 6<sup>th</sup>. The committee plans to set up a steering committee to develop a framework for the data collected.

The (E) Committee recently completed the Bond Project and the SSAP changes are effective Jan 21, 2025. OCI recommends that investment and accounting staff be aware of the changes.

The (H) Committee Cyber Security Working Group adopted the Cyber Security Event Response Plan Guidance document for regulators to use in the event they are notified of a cyber security event.

The Privacy Protection Working Group is an older working group. This Working Group is currently going under new leadership, Commissioner Beard of Indiana and Commissioner Popish Severinghaus of Illinois are chairing. OCI is taking a step back from this group to redefine some of the core concepts. There will be a level set to reevaluate, not a restart by any means.

Chris inquired about the NAIC Artificial Intelligence (AI) Bulletin. He stated there is good dialogue and feedback coming from the industry. Tim commented on where the bulletin stands. The Trades have provided their feedback (NAMIC, WIA, and WCLI) and OCI is currently reviewing all comments. There is no specific time for adoption and the bulletin is currently under review.

Chris stated that this bulletin was drafted by the NAIC and there seems to be a few minor challenges as it is not your typical bulletin visually, it appears to be more of a state statute or a regulation. It was noted this bulletin does not change the law; it is advisory only. OCI is consistent with this feedback.

## 2023-24 Legislative Session

- Sarah Smith, Director of Public Affairs, Office of the Commissioner of Insurance (OCI) gave a brief legislative update. The legislative session has wrapped up and there was a final floor session a few weeks ago. OCI's Tech Bill was passed and signed. Sarah gave an overview of the bill at the last P&C Council meeting. Sarah noted this was a very big achievement to get this bill passed and signed by the Governor. There may be some new

P&C issues for next year's session. Sarah welcomed the council for any thoughts or suggestions moving forward.

Janet Dettman from American Family asked about the open positions at OCI which was a topic at the last council meeting. Sarah indicated OCI still has ongoing open positions. Insurance Examiner positions as well as attorney positions are available. OCI is active in the hiring process. The goal for OCI is to be fully staffed, however, there are hiring challenges in the current job market.

Tim Cornelius reported on an additional legislative matter. Tim touched on the subject matter of adding farm coverage to the Wisconsin Insurance Plan (WIP). Hopefully, a rule will be added for basic coverage and looking at the scope of that coverage. Members are encouraged to review and comment. This will be a big rule for WIP.

Janet Dettman from American Family asked Tim about a prospective timeline this new rule for WIP would be put out. Tim stated that OCI will be issuing a permanent rule as opposed to an emergency rule. OCI is looking at a date further out, there is no specific timeframe currently.

### **Division of Financial Regulation Update**

- Amy Malm, Administrator of Financial Regulation Division (DFR), Commissioner of Insurance Office (OCI) gave an update on WRC and the Town Mutuals. There has been a lack of interest in the rehabilitation plan which OCI had put out. As a result on November 1, 2023, OCI filed with the court to put WRC and First Auto into liquidation. The court issued the order on Jan 2, 2024, with an effective date of January 1, 2024. As of today, both entities are in liquidation. Over the course of November and December OCI has taken the time to work with stakeholders and policy holders to assure everyone was minimally affected. Consumers were protected as much as possible regarding this liquidation. The agent trade groups worked closely with OCI to get the message out.

The Security Fund was prepared and ready to do their job. They started issuing claim payments January 1, 2024, to the town mutuals and policy holders. They continue to make payments as they receive claims. Amy encouraged everyone to pay their assessments to ensure this process continues to run as smoothly as possible.

The town mutuals will continue to decrease in 2024 into 2025. Understanding the reinsurance market in 2025 is of significant concern and OCI will continue to monitor and watch this closely.

Darrel Zaleski with Spectrum Ins. asked how many town mutuals will remain when this is over. Amy reiterated again there are 6 town mutuals left, however, it is too early to tell at this time how many will remain.

## **Division of Market Regulation Update**

- Brian Darrey, who joined the P&C Programs Management Team in the Division of Market Regulation reported on trends data. Handouts were viewed virtually. He stated there was a slowdown in auto complaints, there was a total of 592 complaints. Regarding homeowners, there were 597 complaints. Currently, in the first quarter all complaints are lower than anticipated. There was a slight increase in complaints regarding rates/premiums. This is a significant issue with consumers. In 2024, they are currently at 114 complaints. There is an issue with ever increasing premiums. There is growing concern with hail/wind complaints as well. Regarding auto, over a quarter of the complaints are policy service complaints. OCI will keep an eye on the number of complaints and the trends that are occurring.

Janet Dettman from American Family asked a question regarding homeowner's complaints. "Why was there such an increase in 2023?" OCI is looking into any specific commonality regarding these issues. The perception of the consumer is interesting on how these claims are being handled. Consumer education is important and is there a common topic that consumers continue to call on. Research needs to be done to find those common trends.

Darrel added from the consumer perspective there isn't a solid knowledge base. Changes in terms and conditions with high deductibles will continue to drive complaints. The council had a brief discussion on complaints trends.

## **Trending Issues**

- Amy Malm mentioned the idea that the lack of consumers understanding their policies may drive up complaints. The council had an ongoing discussion regarding this matter. Higher deductibles are a huge trend. Roof replacement (wind/hail) seems to be an issue as well. The industry continues to educate/communicate with the consumer. Weather patterns make a difference in general. It is now very common to have a "roof schedule" for homeowners which may drive up complaints. Competition needs to be broad for the consumers. Regarding coverage schedules, the consumer needs to understand their policy and every carrier is different when it comes to scheduling. Consumers do not always understand their policy and do not take the time to call their agent. It is a difficult time to be a consumer. Premiums are increasing but getting less coverage.

OCI posted a question for the council members' thoughts for future council meetings. How emerging technologies are changing the P & C Industry which is a large and fascinating subject matter. The council will address this topic at the next meeting.

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

- The next meeting is anticipated to be held mid-summer.

The meeting was adjourned.