

Office of the Commissioner of Insurance

2019 Wisconsin Insurance Report

Securing Wisconsin's Future



Wisconsin Office of the
COMMISSIONER
OF INSURANCE

Welcome

Wisconsin Office of the Commissioner of Insurance
Wisconsin Insurance Report, for the 2019 fiscal year ended
June 30, 2020, prepared pursuant to Wisconsin Statute 601.46(3).

Published and submitted August 2020.

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Ex Officio Commissioners of Insurance

Secretaries of State*

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
Hans B. Warner	Ellsworth	January 7, 1878	April 1, 1878

Commissioners of Insurance

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

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

Letter to the Governor



Wisconsin Office of the
**COMMISSIONER
OF INSURANCE**

Tony Evers, Governor of Wisconsin
Mark Afable, Commissioner of Insurance

Dear Governor Evers:

As Wisconsin's Commissioner of Insurance, I am pleased to submit the 2019 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). Throughout 2019, OCI carried out its mission to protect and educate Wisconsin consumers by maintaining and promoting a strong insurance industry.

We furthered our mission by working to expand access to health care, protect Wisconsinites from the dangerous and costly effects of flooding, improve communication and community engagement, and work with industry stakeholders to reduce prescription drug costs in Wisconsin.

This report provides a snapshot of the Wisconsin insurance market for 2019.

I hope you find the report useful.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark V. Afable".

Mark V. Afable
Commissioner

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Mission

In 2020, OCI updated its mission statement to better reflect the current goals and vision of the office:

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

The previous mission statement was in place during the scope of this report:

Leading the way in informing and protecting the public and responding to their insurance needs.

About

The Office of the Commissioner of Insurance (OCI) oversees and regulates the activities of the insurance industry.

1,950 insurance companies

In Wisconsin, there are more than 1,950 insurance companies in the market, with over 330 of those domiciled in Wisconsin. These companies have assets of more than \$531 billion.

This includes over 420 life and health insurance companies, 40 fraternal benefit societies, more than 1,020 property and casualty insurance companies, about 40 health insurers and managed care organizations, and 400 individual insurance licensees.

The strong competitive insurance market in our state results in **some of the lowest premiums in the country.**

152k licensed agents

Insurance plays an important role in our state's economy. There are over **152,000** agents licensed to do business in Wisconsin and over **37,000** of those are Wisconsin residents.

over 21k inquiries handled

We make sure insurance companies are compliant with insurance laws and that people get the coverage they have paid for. In 2019, OCI handled over **21,000** consumer questions and inquires.

In the fiscal year 2019, OCI had **137 full-time equivalent positions** and our agency's **total budget was \$111,023,500.**

over \$8m recovered

The office recovered over **\$8 million** from insurance companies and agents.

 We collected **\$194 million in premium taxes** from insurance companies in 2019, compared to \$186 million in 2018. All taxes are remitted to the State of Wisconsin General Purpose Revenue Fund. In 2019, we collected **\$23 million in Fire Department Dues** which are remitted to Wisconsin fire departments and collected **\$217,000 in forfeitures** which are remitted to the Common School Fund.

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 review, and coordinate their regulatory oversight.

Administration of the Office

Organizational Structure

OCI is organized into four sections: Division of Regulation and Enforcement, Funds and Program Management, Legislative Relations and Communications, and the Legal Unit.

Division of Regulation and Enforcement

The Division of Regulation and Enforcement is responsible for carrying out the agency's insurance regulatory and enforcement responsibilities. It provides technical expertise in the development and publication of the agency's consumer education materials. The division is also responsible for assisting in the development and promulgation of administrative rules interpreting insurance statutes. Finally, the division has a major role in the agency's participation in the National Association of Insurance Commissioners (NAIC).

Bureau of Financial Analysis and Examinations

This bureau monitors the financial solvency of insurers licensed to do business in Wisconsin. It conducts onsite financial examinations of domestic insurer operations, 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.

Bureau of Market Regulation

This bureau 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. It 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 bureau investigates complex managed care complaints received by OCI, educates consumers on their rights under managed care plans, and administers the state's independent review program.

Rate Review

OCI's rate review team 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.

Funds and Program Management

Funds and Program Management is responsible for all general administrative functions of the agency including information technology, project management, budget, accounting, facilities management, records management, and support services. This unit acts as a liaison between the agency and the Department of Administration for procurement, staff development, and human resource services. This unit is also responsible for the Injured Patients and Families Compensation Fund, the Local Government Property Insurance Fund, and the State Life Insurance Fund.

- The Injured Patients and Families Compensation Fund provides medical malpractice protection to health care providers for claims above \$1 million per claim or \$3 million annual aggregate for each policy year.
- The Local Government Property Insurance Fund offers property insurance protection to participating Wisconsin local government units (terminated July 1, 2019).
- The State Life Insurance Fund offers life insurance to Wisconsin residents in amounts not exceeding \$10,000 per person.

Legal Unit

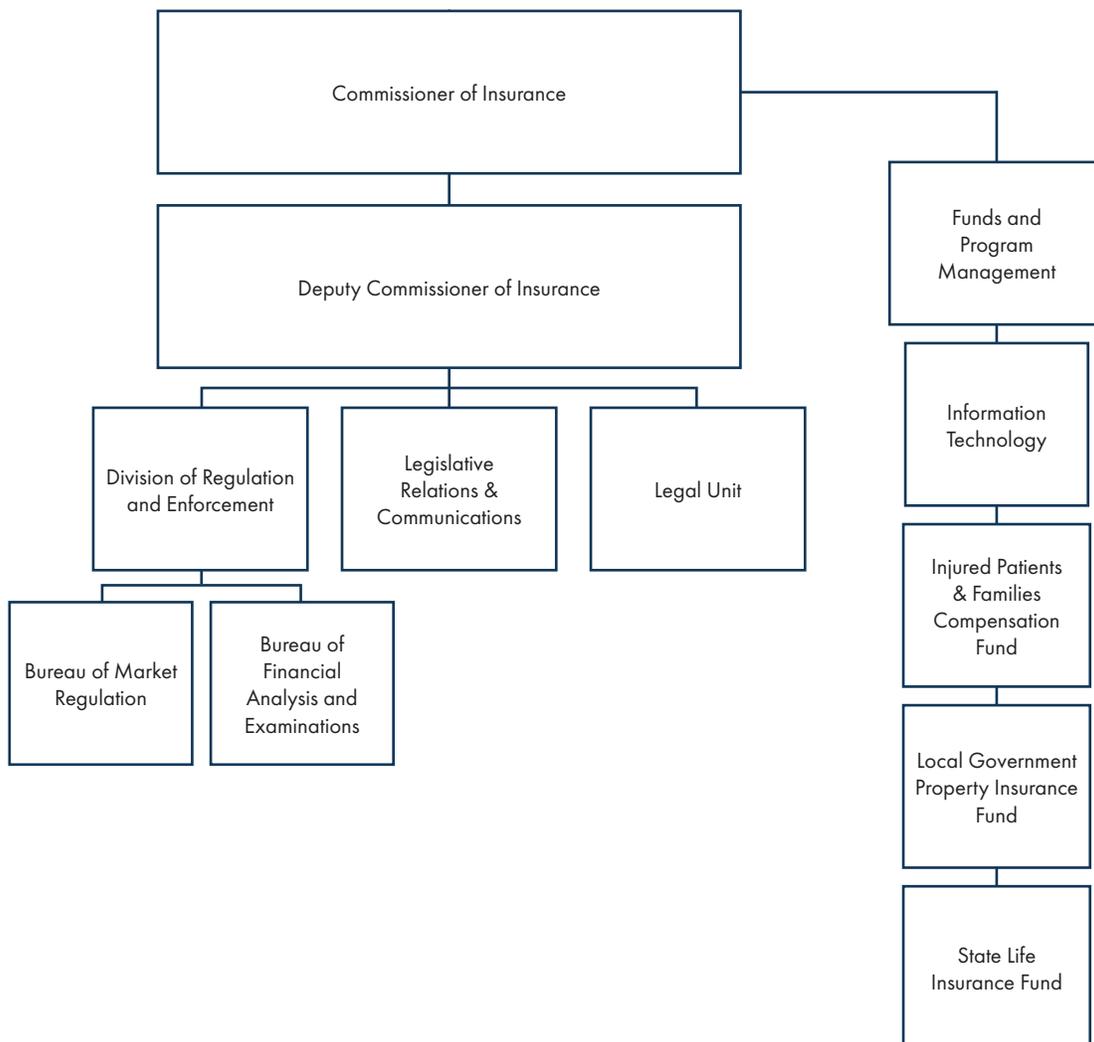
The Legal Unit represents the agency in administrative proceedings, provides legal advice to staff, represents or supervises representation of the agency in litigation and insurance company receiverships, and develops legislative proposals and administrative rules. It provides legal services for the Injured Patients and Families Compensation Fund, Wisconsin Health Care Liability Insurance Plan, Local Government Property Insurance Fund (terminated July 1, 2019), and State Life Insurance Fund.

Legislative Relations and Communications

The Legislative Relations and Communications team provides advice on executive matters affecting the agency's goals and initiatives including directing the agency's legislative initiatives and communications activities. This unit uses current communication tools to engage and educate consumers on insurance issues.

Organizational Chart

OCI went through an organizational restructuring in February 2020, the current organizational chart can be found [here](#).



Management Staff



Mark V. Afable

Governor Tony Evers appointed Mark V. Afable as Commissioner of Insurance for the State of Wisconsin in January 2019. In addition to serving as the state's chief regulator of insurance, Commissioner Afable oversees the agency's 141 employees and supervises the Injured Patients and Families Compensation Fund and the State Life Insurance Fund.

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

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

Commissioner Afable previously served on the Board of Directors for Sunshine Place, a resource facility for charitable organizations providing food, clothing, and social services to residents of Sun Prairie. He also served on the American Family Children's Hospital Advisory Board and the Edgewood High School Board of Trustees.

Nathan Houdek

Commissioner Afable appointed Nathan Houdek as Deputy Commissioner of Insurance for the State of Wisconsin in January 2019.

Deputy Commissioner Houdek serves as the chief operating officer for the Office of the Commissioner of Insurance. In that role, he is responsible for managing all aspects of the agency's operations, including financial regulation, market regulation, communications, legal, legislative relations, and administrative functions, subject to the general direction of the Commissioner. He also serves as vice-chair of the state Group Insurance Board and as chair of the Governor's Task Force on Reducing Prescription Drug Prices.

Mr. Houdek brings almost two decades of experience working in and around the Wisconsin state government. He has worked on health insurance policy and regulatory issues in a variety of roles in the public and private sectors. He previously served as chief of staff to the minority leader in the Wisconsin State Senate and as a principal at one of Wisconsin's largest public affairs consulting firms.

Deputy Commissioner Houdek grew up in northern Wisconsin and earned his BA and MBA degrees from the University of Wisconsin-Madison. Mr. Houdek is actively involved with the Madison Public Library Foundation.

Olivia Hwang

Olivia Hwang was appointed by Commissioner Afable as Director of Public Affairs in February 2019. Olivia is responsible for overseeing all communications and legislative relations activities for OCI. She has more than 10 years of strategic leadership in public relations, media management, crisis communications, and marketing.

At OCI, Olivia serves as the commissioner's designee on the OCI-DHS Health Care Coverage Partnership Advisory Council, on the Governor's Council for Financial Literacy, on the Governor's Leadership Council on Early Years, and the PFAS Action Council.

Olivia served as the communications director in the Assembly Minority Leader's Office and on a statewide campaign during the 2018 election cycle. Before moving to Wisconsin, she served in several statewide and national communications roles, including vice president of communications for Choices Coordinated Care Solutions and director of media and communications for the Louisiana Department of Health. Olivia served as the lead communications director for the State of Louisiana following the 2010 BP oil spill in the Gulf of Mexico. She

Management Staff

also held leadership roles at the Louisiana Department of Wildlife and Fisheries, and the Louisiana Department of Revenue.

Olivia earned her degree in Political Science and English from Tulane University.

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 degree 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. Amy serves as a member of several committees of the National Association of Insurance Commissioners.

Rebecca Rebholz

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

Rebecca is also active at the National Association of Insurance Commissioners (NAIC). She is particularly interested in innovation and technology in the insurance sphere.

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

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 before 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 degree in History and a law degree from the University of Wisconsin-Madison and is a member of the Order of the Coif.

Office Finances

General Fund—Supervision of the Insurance Industry Fiscal Year 2019 (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	\$194,356	\$	\$194,356
Fire Department Dues	23,397		23,397
Forfeitures	217		217
Insurance Company Examination Charges	7,563	7,563	-
Resident/Nonresident Appt Billings and Renewals	29,540	29,540	-
Agent Continuing Education Fees	19	19	-
Resident/Nonresident Producer License Issuance	1,041	1,041	-
Resident/Nonresident Biennial License Renewals	5,840	5,840	-
Reinstatements	1	1	-
Other Licensing Fees	100	100	-
Company Licenses, Admissions, and Renewals	139	139	-
Miscellaneous ²	<u>108</u>	<u>108</u>	<u>-</u>
Total Revenue	<u>\$262,321</u>	44,351	<u>\$217,970</u>
Less Total Operating Expenditures		<u>17,451</u>	
Net Operating Revenue / (Loss)		26,900	
Cash Lapse to State's General Fund (Transfer Out)		<u>(26,286)</u>	
Net Change in Fund Equity		<u>\$ 615</u>	

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

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

Segregated Funds Fiscal Year 2019 (Amounts in \$000s)

	Total Revenue	Operating Expenses	Net Revenue
Injured Patients & Family Compensation Fund	\$10,999	\$(67,266)	\$78,265 ³
State Life Insurance Fund	6,404	5,821	583 ⁴

³ Due to Loss Adjustment Expenses in the IBNR incurred but not reported.

⁴ Decrease in total revenue from prior fiscal year is due to investment results .

Executive Initiatives

Regulatory Developments & Trends

Industry Changes

The insurance industry is changing both in how policies are written and how risk is managed. Consumers are often offered a variety of tools to get discounts or accelerate their underwriting process. While some insurers share information on how this data is utilized, many consumers may not understand the extent to which data is utilized to determine eligibility, premiums, or discounts. OCI is working to educate consumers on the changing nature of the insurance market and their rights.

Regulation Best Interest

Since 2003, state insurance regulators have overseen the sale of annuities to ensure that products sold to consumers are suitable for them, based on a review of their needs. Certain annuity products are considered securities and may only be sold by individuals that hold a broker-dealer and an insurance intermediary license.

Regulation Best Interest imposes a new standard of conduct for broker-dealers that enhances the broker-dealer standard of conduct beyond existing suitability obligations. The standard of conduct draws from key fiduciary principles and cannot be satisfied through disclosure alone. It provides specific requirements to address certain aspects of the relationships between broker-dealers and their retail customers, including conflicts related to compensation. When making a recommendation of a securities transaction or an investment strategy involving securities, a broker-dealer must act in the retail customer's best interest and cannot place its own interests ahead of the customer's interests.

By June 30, 2020, registered broker-dealers must comply with Regulation Best Interest. OCI is working to implement a best interest standard for annuity sales in Wisconsin based on the National Association of Insurance Commissioner (NAIC) best interest model law and was a

member of the NAIC committee that developed the model law.

Insurance Cyber Security

Cybersecurity is an important topic for the insurance sector today. Insurers and insurance producers must protect the highly sensitive consumer financial and health information collected as part of the underwriting and claims processes. This personally identifiable information is entrusted to the industry by the public.

OCI has worked with the insurance industry and stakeholders to develop cybersecurity legislation specific to the insurance industry derived from model legislation from the NAIC. The Assembly bill passed out of the Committee on Science and Technology and passed unanimously via voice vote on the Assembly floor on February 18, 2020. The companion Senate bill passed in committee 5-0 and the Senate adjourned the regular session before the final passage.

The bill requires a licensee to develop, implement, and maintain a written information security program that contains safeguards for the protection of information systems and non-public information.

Corporate Governance

In response to the 2008 financial crisis and growing regulatory needs, the NAIC completed a comprehensive analysis of existing corporate governance statutory requirements, regulatory initiatives and review practices of the state insurance departments, international supervisors, other U.S. functional regulators, and the insurance industry. The analysis identified a need to collect additional information from insurers regarding their corporate governance practices.

In the spring of 2018, Wisconsin passed the NAIC

Regulatory Developments & Trends

Corporate Governance Disclosure Model Act, s. 610.80, that requires an Annual Corporate Governance Disclosure filing from every insurer on June 1 of each year. The disclosure must be signed by the CEO or corporate secretary attesting to its accuracy. For holding company systems, the disclosure must contain an explanation as to what level in the holding company the disclosure applies to and why that level was chosen. The disclosure filed with the commissioner and related material is confidential and not available to the public.

Insurers have discretion as to the formatting for providing the required information but are to be as descriptive as possible in completing the Corporate Governance Annual Disclosure. At a minimum, the disclosure is required to address: the insurer's corporate governance framework and structure; the policies and practices of its board of directors and significant committees; the policies and practices directing senior management; and the processes by which the board of directors, its committees and senior management ensure an appropriate level of oversight to the critical risk areas impacting the insurer's business activities.

Long-Term Care Insurance Crisis

Long-term care insurance is facing a crisis in America. Policies sold in the 1980s and 1990s may have had low-cost premiums that are now insufficient for the increasing costs of long-term care for an aging population with a longer life expectancy. These policies have seen large premium increases in the last few years.

Consumers who are facing large rate increases or whose long-term care insurance policies are at risk may have options, including being paid out the value of their policy, reducing their benefit and maintaining their premium, or increasing their premium and maintaining their benefit.

OCI is working to educate consumers who have these policies, and the adult children of aging adults who have these policies, on the options that meet their needs.

Lean Government Initiatives

OCI continues to incorporate Lean and process improvements into everyday activities and all agency projects. OCI staff are encouraged to take the web-based training that is available in STAR ELM as well as the Yellow Belt courses through DOA.

During 2019, OCI focused on a large initiative that identified numerous areas for process improvement projects. From the areas identified, OCI chose to start with a project that will impact not only the entire Financial Bureau, but will have implications for Mail, Central Files, and Market Regulation. The project spanned all of 2019 and included electronic document management, electronic filing of documents, and automated workflow. Metrics are captured throughout the project.

Advisory Boards, Committees, and Councils

Wisconsin law, s. 15.04, Wis. Stat., provides that heads of independent agencies may create and appoint such councils and committees as the operation of the agency requires. Insurance law, s. 601.20, Wis. Stat., authorizes the Commissioner to create advisory councils and committees to assist in dealing with regulatory issues. The Commissioner is to provide, by rule, for the creation, governance, duties, and termination of any council or committee that is established. The expert advice provided to the Commissioner through these councils results in more efficient regulation of the insurance industry to the benefit of insurance consumers and insurers.

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

OCI is involved with the following boards, committees, and councils:



WisCovered.com website, launched June 23, 2020, created by the OCI-DHS Health Care Coverage Partnership Marketing Workgroup

OCI-DHS Health Care Coverage Partnership Advisory Council

In June 2019, Governor Tony Evers announced the formation of the Health Care Coverage Partnership, directing the Office of the Commissioner of Insurance and the Department of Health Services (DHS) to develop strategies aimed at enrolling more Wisconsinites in high-quality, affordable health insurance coverage. The Advisory Council efforts focus on targeting populations eligible for, but not enrolled in, Medicaid and heavily subsidized plans available through the exchange. The partnership launched [WisCovered.com](https://www.wiscoversed.com) in July 2020, aimed at providing free, expert health insurance assistance to Wisconsinites.



Governor Evers signs Executive Order 39, creating the Task Force on Reducing Prescription Drug Prices

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. The task force was created through [Executive Order #39](https://www.wisconsin.gov/exe/39) and is charged with making recommendations for reducing prescription drug prices in Wisconsin. The work of the task force involves gathering and analyzing data on the development, pricing, distribution, and purchasing of prescription drugs. The task force investigates strategies utilized in other states to reduce prescription drug prices and identify opportunities to work with other states and the federal government.

A final report, including recommendations for strategies and policies to help lower prescription drug costs for consumers will be submitted to Governor Evers in early fall 2020. More information: <https://rxdrugtaskforce.wi.gov/pages/home.aspx>.

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

Advisory Boards, Committees, and Councils

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 with one goal: to improve employment opportunities for people with disabilities. The group’s mission was broadened in 1976 to cover many aspects of disability in Wisconsin, and the group became the Governor’s Committee for People with Disabilities (GCPD) which is dedicated to enhancing the health and general well-being of disabled citizens in Wisconsin. The committee consists of the Lt. 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

This council was created in Executive Order #92, March 30, 2005, and continued in Executive Order #24, April 6, 2011. The council consists of 25 members or less, with a chairperson and two vice-chairpersons selected from within the group. The council is directed to collaborate with OCI and other government agencies, private entities and non-profit organizations, consider and implement research and policy initiatives, and serve as a sounding board for the Office of the Governor and the Office of Financial Literacy in the Department of Financial Institutions to provide guidance and develop strategies to improve financial literacy among Wisconsin’s citizens.

The council also promotes the statewide financial literacy awareness and education campaign: Money Smart Week® Wisconsin.

Group Insurance Board

Section 15.165 (2), Wis. Stat., created an 11-member Group Insurance Board in the Department of Employee Trust Funds. The Commissioner or designee is a member of the board. The Group Insurance Board is authorized to enter into contracts with insurers to provide group insurance plans or to provide the benefits on a self-insured basis. It also provides general administrative policy for the group insurance programs for health care, income disability



Governor Evers honors 13 recipients of the 2018 Financial Literacy Award in a Capitol Ceremony

benefits, and life insurance authorized for state and other public employees under ch. 40, Wis. Stat. The specific powers of the board are enumerated under s. 40.03 (6), Wis. Stat.

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 board is created by s. 619.04 (3), Wis. Stat. The 13-member board consists of 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, a member named by the Wisconsin Hospital Association, four public members appointed by the Governor, and the Commissioner who serves as the chair. The members as of December 31, 2019, were:

- Mark Afable, Commissioner of Insurance (Board Chair)
- Carla Borda, Public Member
- Clyde Chumbley, M.D., Wisconsin Medical Society
- Tim Crummy, M.D., Wisconsin Medical Society

Advisory Boards, Committees, and Councils

Kevin Martin, Wisconsin Association for Justice
Kim Hurtz, Public Member
David Maurer, Industry Representative
David Nelson, Industry Representative
Linda Syth, Industry Representative
Ralph Topinka, Wisconsin Hospital Association
Jerome Hierseman, State Bar of Wisconsin
Vacant
Vacant

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.

Joint Survey Committee on Retirement Systems

This committee performs duties mandated under s. 13.50, Wis. Stat. The committee is comprised of two majority party senators, one minority party senator, two majority party representatives to the assembly, one minority party representative to the assembly, an assistant attorney general, a member of the public selected by the Governor, the Commissioner or a designated experienced actuary in 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 (bill) 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 upon the actuarial soundness of existing retirement systems, and the desirability of the proposal as a matter of public policy.

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 consists of

four insurance company members, three agent members, and one public member.

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. Seven of the insurer representatives are selected by trade associations. One is elected by insurers who are not members of these trade associations.

Wisconsin Retirement Board

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

Advisory Boards, Committees, and Councils



2019 Report from the Intervention and Treatment Committee Workgroup (State Council on Alcohol and Other Drug Abuse)

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 the 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.

National Association of Insurance Commissioners (NAIC) Activities

OCI actively participates in the National Association of Insurance Commissioners (NAIC). Throughout 2019, Commissioner Mark Afafe and his representatives were members of the following NAIC committees, task forces, working groups, and subgroups. Find more information about NAIC committees and committee structure, at www.naic.org/documents/committees_cmtelist.pdf.

Committees and Subcommittees

Life Insurance And Annuities (A) Committee
Property And Casualty Insurance (C) Committee
NAIC/Consumer Liaison Committee
NAIC/American Indian and Alaska Native Liaison Committee
NAIC/State Government Liaison Committee

Task Forces

Innovation and Technology (EX) Task Force
Long-Term Care Insurance (EX) Task Force
Regulatory Framework (B) Task Force
Senior Issues (B) Task Force
Accounting Practices and Procedures (E) Task Force
Examination Oversight (E) Task Force
Reinsurance (E) Task Force
Capital Adequacy (E) Task Force
Valuation of Securities (E) Task Force

NAIC Working Groups and Subgroups

Innovation and Technology (EX) Task Force
Artificial Intelligence (EX) Working Group (Vice-Chair)
Cybersecurity (EX) Working Group
Speed to Market (EX) Working Group
Operational Efficiencies (EX) Subgroup

Life Insurance and Annuities (A) Committee

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

Health Insurance and Managed Care (B) Committee

Health Care Reform Regulatory Alternatives (B) Working Group
CO-OP Solvency and Receivership (B) Subgroup
Consumer Information (B) Subgroup
Health Innovations (B) Working Group

Health Actuarial (B) Task Force (Member)

Health Care Reform Actuarial (B) Working Group

Regulatory Framework (B) Task Force (Chair)

ERISA (B) Working Group
HMO Issues (B) Subgroup
MHPAEA (B) Working Group
Pharmacy Benefit Manager Regulatory Issues (B) Subgroup

Senior Issues (B) Task Force (Member)

Short Duration Long-Term Care Policies (B) Subgroup

Property and Casualty Insurance (C) Committee

Lender-Placed Insurance Model Act Review (C) Working Group
Auto Insurance (C/D) Working Group

Market Regulation and Consumer Affairs (D) Committee

Market Analysis Procedures (D) Working Group
Market Conduct Examinations Standards (D) Working Group
Market Conduct Annual Statement Blanks (D) Working Group
Market Information Systems Research and Development (D) Working Group
Producer Licensing Uniformity (D) Working Group

Financial Condition (E) Committee

Mortgage Guaranty Insurance (E) Working Group
Financial Analysis (E) Working Group
Group Solvency Issues (E) Working Group
ORSA Implementation (E) Subgroup
Risk-Focused Surveillance (E) Working Group (Vice-Chair)
Valuation Analysis (E) Working Group
National Treatment and Coordination (E) Working Group
Restructuring Mechanisms (E) Working Group
Restructuring Mechanism (E) Subgroup

Accounting Practices and Procedures (E) Task Force (Member)

Statutory Accounting Principles (E) Working Group
Blanks (E) Working Group

Capital Adequacy (E) Task Force

Property and Casualty Risk-Based Capital (E) Working Group
Investment Risk-Based Capital (E) Working Group

Examination Oversight (E) Task Force (Member)

Financial Examiners Handbook (E) Technical Working Group
Financial Examiners Coordination (E) Working Group

NAIC Activities

Electronic Workpaper (E) Working Group
Information Technology Examination (E) Working Group
Financial Analysis Solvency Tools (E) Working Group
Group Capital Calculation (E) Working Group

Reinsurance (E) Task Force (Member)
Reinsurance Financial Analysis (E) Working Group (Vice-Chair)

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 five bulletins to insurers in 2019.

February 8, 2019

[Change in Submission of Payment for Renewal/Continuation of License](#)

OCI has implemented OPTins for companies licensed as Property Service Contract Providers, Warranty Plans, Vehicle Protection Products, Life Settlement Providers, and Motor Clubs to pay their renewal/continuation of license fees. OPTins is a product of the NAIC and has been developed to facilitate the submission of payments.

April 3, 2019

[Extension of Transitional Health Insurance Plans Through December 31, 2020](#)

On March 25, 2019, the Centers for Medicare and Medicaid Services (CMS) released a bulletin allowing states to permit insurers to renew transitional policies as long as such policies come into compliance with certain specified market reforms by January 1, 2021. The new guidance on transitional plans extends the use of transitional plans through December 31, 2020. In light of this new federal guidance, OCI is issuing this bulletin to allow for the extension of these plans as outlined by CMS.

April 19, 2019

[Negative Enrollment of Consumers into Insurance Policies](#)

OCI is aware of confusion in the marketplace regarding the consumer consent needed to bind or issue an insurance contract in situations where an insurer is exiting the market. The question has arisen as to whether an insurer may collect data from the exiting insurer or its agents without application from the consumer, and simply issue new policies to those consumers whose policies are being non-renewed by the exiting insurer. This bulletin only applies in the situation where an offer of coverage to consumers

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is made by an insurer who is unaffiliated with the exiting insurer. Renewal offers in an affiliated insurer are governed by Wis. Stat. § 631.39.

May 2, 2019

[Recent Ruling on Department of Labor Association Health Plan Rule](#)

On June 21, 2018, the U.S. Department of Labor issued a final rule related to association health plans ([AHP Rule](#)). The final rule broadened the eligibility standards for a group of employers to be considered a “bona fide association” by allowing groups of unrelated employers to join associations if certain criteria were met. The rule also allowed working owners/sole proprietors to be considered employers who could join a bona fide association.

October 16, 2019

[Step Therapy Law, 2019 Wisconsin Act 12](#)

On July 9, 2019, Governor Tony Evers signed into law 2019 Wisconsin Act 12 relating to step therapy protocols for prescription drug coverage (the Step Therapy Law) creating Wis. Stat. § 632.866. The law applies to all insurers doing business in Wisconsin that utilize a step therapy protocol or contract with pharmacy benefit managers (PBMs) or utilization review organizations (UROs) that use step therapy protocols. OCI will provide additional guidance through the administrative rule-making process. The law goes into effect on November 1, 2019. Any plan that isn't already in compliance with the law will have to comply by January 1, 2020.

Legislation

In 2019, 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.

2019 WISCONSIN ACT 12

Step therapy protocols for prescription drug coverage and requiring the exercise of rule-making authority

Create 632.866, Wis. Stat.

2019 Wisconsin Act 12 sets specifications on the development and use of, and exceptions to, step therapy protocols for prescription drug coverage. "Step therapy protocol" is defined under the act as a protocol or program that establishes the specific sequence in which prescription drugs for a specified medical condition, whether self-administered or physician-administered that is medically appropriate for a particular patient, are covered under a policy or plan.

The act does all of the following: (1) sets clinical review criteria that apply to an insurer, pharmacy benefit manager, or utilization review organization that establishes a step therapy protocol; (2) mandates an exception process to a step therapy protocol; and (3) sets a time frame for an insurer, pharmacy benefit manager, or utilization review organization to decide on a step therapy exception request.

The act also requires the commissioner of insurance to promulgate any rules necessary to implement or enforce step therapy protocol requirements.¹

Effective November 1, 2019

1 McCarthy, S. (2019, July 15). Wisconsin Legislative Council Act Memo, 2019 Wisconsin Act 12. <https://docs.legis.wisconsin.gov/2019/related/lcactmemo/act012.pdf>

2019 WISCONSIN ACT 53

Evidence of ownership for purposes of obtaining certain motor vehicle certificates of title

Create 342.065 (1m), Wis. Stat.

2019 Wisconsin Act 53 provides that an insurer taking delivery of a salvage vehicle that is not currently titled as a salvage vehicle upon payment of an insurance claim that, including any deductible amounts, exceeds 70 percent of the fair market value of the vehicle, provides other evidence of ownership, to retitle the vehicle as a salvage vehicle if the insurer provides notice to the previous owner of the requirement to execute an assignment and warranty of title for the vehicle. Under the act, this notice may be given in various electronic forms. The previous owner does not execute an assignment and warranty of title for the vehicle within 30 days of receiving the notice. The insurer provides DOT with evidence that the insurer has paid to the previous owner or secured party a total loss claim on the vehicle and the insurer on at least two occasions requested in writing addressed to the previous owner and secured parties that the previous owner executes an assignment and warranty of title for the vehicle to the insurer. To provide evidence of the insurer's payment, the insurer may provide an electronic image of a screen or other representation showing payment of the claim via electronic funds, transfer, or other electronic means.²

Effective February 1, 2020

2 Moore, D. (2019, December 6). Wisconsin Legislative Council Act Memo, 2019 Wisconsin Act 53. <https://docs.legis.wisconsin.gov/2019/related/lcactmemo/act053.pdf>

Legislation

2019 WISCONSIN ACT 56

Coverage of services under Medical Assistance provided through telehealth and other technologies, extending the time limit for emergency rule procedures, and granting rule-making authority

Repeal 49.45 (29w) (b); to renumber 49.45 (29w) (a); to create 49.45 (61), 49.46 (2) (b) 21., 49.46 (2) (b) 22. and 49.46 (2) (b) 23. of the statutes; and to affect 2019 Wisconsin Act 9, section 9119 (2), Wis. Stat.

2019 Wisconsin Act 56 requires the Department of Health Services (DHS) to provide reimbursement under the state Medical Assistance (MA) program for any benefit that is covered under MA, delivered by a certified MA provider, and provided through interactive telehealth. The act also requires DHS to provide all of the following as a reimbursable benefit under the MA program:

- A consultation conducted through interactive telehealth between a certified provider and a MA recipient's provider.
- Remote patient monitoring of a MA recipient.
- Asynchronous telehealth service, also known as store-and-forward.
- Certain services covered under Medicare, including telehealth services as defined under federal law, remote physiologic monitoring, remote evaluation of prerecorded patient information, brief communication technology-based services, and care management services delivered through telehealth, for which the federal Department of Health and Human Services provides MA federal financial participation.
- Any other telehealth service specified by DHS, by rule. DHS may exclude services by rule from MA reimbursement and may provide reimbursement, by rule, for certain services that are not typically considered telehealth services.

Also, under the act, DHS is prohibited from requiring a certified Medicaid provider that provides a reimbursable service under the act to obtain an additional certification or meet additional requirements solely because the service was delivered through telehealth, except that DHS may require, by rule, that the transmission of information through telehealth be of sufficient quality to be functionally equivalent to face-to-face contact. DHS may apply any requirement that applies to a covered service that is not provided through telehealth to any service provided through telehealth under the act. The act prohibits DHS from limiting coverage or reimbursement of a service provided through telehealth under the act based on the location of the MA recipient when the service is provided.³

Effective November 27, 2019

3 McCarthy, S. (2019, November 29). *Wisconsin Legislative Council Act Memo, 2019 Wisconsin Act 56*. <https://docs.legis.wisconsin.gov/2019/related/lcactmemo/act056.pdf>

2019 WISCONSIN ACT 61

Allocation of early-stage seed investment credit to offset taxes imposed on insurers

Renumber and amend 76.638 (2); and to create 76.638 (2) (b) and 76.638 (2m), Wis. Stat.

2019 Wisconsin Act 61 permits out-of-state insurance companies who are eligible to claim the early stage seed investment credit and who derive the credit through a partnership, LLC, or tax-option corporation to allocate the credits in the same fashion as individuals and corporations who derived the credit through a partnership, LLC, or tax-option corporation.⁴

Effective November 27, 2019

4 Schmidt, D. (2019, December 13). *Wisconsin Legislative Council Act Memo, 2019 Wisconsin Act 61*. <https://docs.legis.wisconsin.gov/2019/related/lcactmemo/act061.pdf>

Legislation

2019 WISCONSIN ACT 66

Various changes to insurance laws.

Repeal 618.416 (1) (c); to amend 600.03 (23), 610.80 (8), 614.19 (3) (b), 616.54 (8), 655.27 (3) (b) 2. and 655.275 (2); and to create 601.465 (1m) (c) 10., 614.78 and 614.79, Wis. Stat.

2019 Wisconsin Act 66 makes various substantive and operational changes relating to the administration insurance. The act creates additional statutory procedures and an oversight role for OCI that apply when a fraternal is in financial trouble. Specifically, the Act authorizes OCI to disapprove the assessment of shares of a deficiency, if it finds that the assessment does not conform to statutory requirements or is contrary to the interests of the fraternal's members. In addition, the act authorizes OCI to issue an order declaring a fraternal to be in a hazardous condition and requiring a fraternal to remedy an "authorized control level event," as defined by OCI by rule. Such an order may authorize a fraternal to negotiate the transfer of members, certificates, and other assets and liabilities to another fraternal or other insurer. The act further specifies certain additional requirements and procedures governing assessments and transfers during a liquidation.

The act provides statutory grounds for rehabilitation or liquidation of a fraternal, which supplement general grounds for rehabilitation or liquidation of an insurer. Specifically, the act specifies that either of the following constitutes grounds for a fraternal's rehabilitation or liquidation:

- Failure by the fraternal to comply with an OCI order, described above, regarding an "authorized control level event."
- Failure by the fraternal to remedy a hazardous condition within the time specified by OCI.

The act specifies that, in such circumstances, rehabilitation is presumed to be futile and to serve no useful purpose, unless OCI reasonably believes that rehabilitation has a high probability of returning the fraternal to long-term viability or will facilitate a transfer to another fraternal or insurer.

The act specifies that one member of the Injured Patients and Families Compensation Fund (IPFCF) peer review council must be a nurse anesthetist who is licensed and in good standing to practice nursing in this state. The act also requires the physician members of the peer review council to be licensed and in good standing to practice medicine, rather than "actively engaged in the practice of medicine" as under prior law. The act also allows the chair of the council to designate another council member to serve as the ex officio member of the Medical Examining Board in the chair's place. In addition, with respect to the fee classification schedule for the IPFCF fund, the act specifies that OCI must specify at least four classifications.

The act requires insurers to file initial corporate governance disclosure documents with OCI no later than June 1 after rules implementing corporate governance annual disclosures are implemented.

The act repeals the requirement that an unauthorized insurer must provide a certified copy of its current annual statement before an intermediary may place surplus line insurance with the unauthorized insurer.

The act specifies that OCI may confidentially share information with a fund or other entity in another state, or an association acting on behalf of the fund or other entity, that is organized for the same purpose as the insurance security fund created under ch. 646, Stats.

The act requires a person contractually obligated to a property service contract holder to submit certain financial statements to OCI, pertaining to the person's most recent fiscal year, to be submitted by March 31 each year.⁵

Effective December 2, 2019

⁵ Henning, A. (2019, December 2). *Wisconsin Legislative Council Act Memo, 2019 Wisconsin Act 66*. <https://docs.legis.wisconsin.gov/2019/related/lcactmemo/act066.pdf>

Administrative Rules

In 2019, OCI promulgated the following changes in the Wisconsin Administrative Code.

Ins 3.39 and 3.55, Wis. Adm. Code—Relating to Medicare supplement insurance regulations and reporting requirements.

The rule updates the market regulation requirements related to Medicare supplement and select policies issued in the state as required by the Centers for Medicare and Medicaid Services to retain regulatory jurisdiction. The key amendment modified the riders available for persons newly eligible for Medicare on or after January 1, 2020. Wisconsin is a waived state, meaning that Wisconsin is waived from implementing the standardized Medicare supplement Plans C to N, and instead requires minimum standardized supplemental coverage with seven standardized benefit riders. This is advantageous to both the insurer and the consumers as this system permits consumers to compare products on an equal basis to determine the best product to meet their insurance needs. However, consumers who are first eligible for Medicare on or after January 1, 2020, may not be offered the Medicare Part B deductible rider following the federal Medicare Access and CHIP Reauthorization Act of 2015 (MACRA).

This change does not affect those who became eligible for Medicare prior to January 1, 2020, through age or disability, including end-stage renal disease. This change also does not limit the ability for insurers to continue to market and offer the Medicare Part B deductible rider to consumers first eligible for Medicare prior to January 1, 2020.

The remainder of the rule modifications includes updated terminology, creates consistency in numbering and references, and updates and simplifies the appendices to the rule. However, because Medicare supplement and Medicare select policies are renewable for life, OCI cannot simply repeal original or previous federal law changes reflected in the current regulation as individuals may still have existing policies regulated under those sections. Instead, OCI adopted a parallel citation approach for ease of navigating the rule. Subsections that apply to all plans or a plan issued to groups or individuals who were first eligible for Medicare prior to June 1, 2010, appear with just a number for the subsection, i.e. Ins 3.39 (4), Wis. Adm. Code. All appendices and subsections that apply to

The Wisconsin Administrative Code - Rules of the Office of the Commissioner of Insurance and the Wisconsin Administrative Register are available for purchase from the Wisconsin Department of Administration - Document Sales at (608) 266-3358 and at http://docs.legis.wisconsin.gov/code/admin_code/ins. Information regarding the status and text of OCI rules pending or promulgated is available at <http://oci.wi.gov/Pages/Regulation/RulesCurrentlyPending.aspx> and docs.legis.wisconsin.gov/code

policies issued to groups or individuals first eligible for Medicare on or after June 1, 2010, and prior to January 1, 2020, appear as a number with the letter “m” following the subsection number, i.e. Ins 3.39 (4m), Wis. Adm. Code. For plans that will be issued to those first eligible for Medicare on or after January 1, 2020, all appendices and subsections appear as a number with the letter “t” following the subsection numbers, i.e. Ins 3.39 (4t), Wis. Adm. Code. Finally, there are citation corrections within cross-reference to existing or newly created s. Ins 3.39, Wis. Adm. Code, throughout the insurance code.

The amendments made to s. Ins 3.55, Wis. Adm. Code removed redundant provisions and removed references to Medicare replacement and supplement policies within the benefit appeals provisions for long-term care policies, life insurance-long-term care coverage. Effective January 1, 2020

In 2019, OCI had the following emergency rules in effect.

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

The proposed emergency rule remains in effect and implements the requirements for the Wisconsin Healthcare Stability Plan, (WIHSP) a reinsurance program under a 1332 federal waiver that was created by 2017 Wis. Act 138. Chapter Ins 19, Wis. Adm. Code, is created to implement the two key components of the WIHSP: (1) to establish a

Administrative Rules

process to annually set the payment parameters for the following benefit years; and (2) to establish the reporting requirements for eligible carriers with paid claims during a given benefit year that are eligible for reinsurance payment from WIHSP.

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

The emergency rule delineates the claim submission process by establishing claim reporting requirements, timing and content of quarterly and annual reports, and final reconciliation of claims data. The rule also identifies the review and audit process of submitted claims and establishes timelines for submission of data and other information required by OCI. The information gathered by OCI will be used in aggregate to complete required reporting to the federal government and notices to eligible carriers. Claims eligible for reinsurance during the benefit year may be submitted to OCI for reinsurance payment following the payment parameters for that benefit year. Reinsurance payments to eligible carriers are to be issued by August 15 of the subsequent benefit year.
Effective December 3, 2018

Ins 3.39 and 3.55, Wis. Adm. Code—Relating to Medicare supplement insurance regulations and reporting requirements.

The rule updates the market regulation requirements related to Medicare supplement and select policies issued in the state as required by the Centers for Medicare and Medicaid Services to retain regulatory jurisdiction. The key amendment modified the riders available for persons newly eligible for Medicare on or after January 1, 2020. Wisconsin is a waived state, meaning that Wisconsin is waived from implementing the standardized Medicare supplement Plans C to N, and instead requires minimum standardized supplemental coverage with seven

standardized benefit riders. This is advantageous to both the insurer and the consumers as this system permits consumers to compare products on an equal basis to determine the best product to meet their insurance needs. However, consumers who are first eligible for Medicare on or after January 1, 2020, may not be offered the Medicare Part B deductible rider following the federal Medicare Access and CHIP Reauthorization Act of 2015 (MACRA).

This change does not affect those who became eligible for Medicare prior to January 1, 2020, through age or disability, including end-stage renal disease. This change also does not limit the ability for insurers to continue to market and offer the Medicare Part B deductible rider to consumers first eligible for Medicare prior to January 1, 2020.

The remainder of the rule modifications includes updated terminology, creates consistency in numbering and references, and updates and simplifies the appendices to the rule. However, because Medicare supplement and Medicare select policies are renewable for life, OCI cannot simply repeal original or previous federal law changes reflected in the current regulation as individuals may still have existing policies regulated under those sections. Instead, OCI adopted a parallel citation approach for ease of navigating the rule. Subsections that apply to all plans or a plan issued to groups or individuals who were first eligible for Medicare prior to June 1, 2010, appear with just a number for the subsection, i.e. Ins 3.39 (4), Wis. Adm. Code. All appendices and subsections that apply to policies issued to groups or individuals first eligible for Medicare on or after June 1, 2010, and prior to January 1, 2020, appear as a number with the letter "m" following the subsection number, i.e. Ins 3.39 (4m), Wis. Adm. Code. For plans that will be issued to those first eligible for Medicare on or after January 1, 2020, all appendices and subsections appear as a number with the letter "t" following the subsection numbers, i.e. Ins 3.39 (4t), Wis. Adm. Code. Finally, there are citation corrections within cross-reference to existing or newly created s. Ins 3.39, Wis. Adm. Code, throughout the insurance code.

The amendments made to s. Ins 3.55, Wis. Adm. Code removed redundant provisions and removed references to Medicare replacement and supplement policies within the benefit appeals provisions for long-term care policies, life insurance long-term care coverage.
Effective October 15, 2019

Administrative Actions

The Office of the Commissioner of Insurance is responsible for administering and enforcing the insurance laws of Wisconsin. This includes monitoring the financial and marketing practices of individuals and companies.

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

Administrative orders may be viewed online at ociaccess.oci.wi.gov/OrderInfo/OrdInfo.oci.
You can search all Administrative Orders for 2019 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 books, newspapers, and computers.

OCI collected \$217,000 in forfeitures which are remitted to the Common School Fund.

You may also [subscribe to OCI's electronic mailing list](#) to receive notices of monthly administrative actions.

Legislative Relations and Communications

Public Affairs Department

It is the mission of OCI to educate and protect consumers while maintaining a strong, competitive marketplace. To support OCI's mission, the Commissioner created a Public Affairs Team within the Commissioner's Unit. The Public Affairs Team oversees communications, outreach, marketing, and legislative affairs.

As part of a structural overhaul in 2019, the Public Information Officer/Legislative Liaison is now the Director of Public Affairs. The staff positions that report to the director have also been modified to better meet the needs of the agency and its service to the public and various stakeholders. It now includes a legislative policy advisor, an advanced communications specialist focusing on graphic design and marketing, a social media and outreach specialist, and an LTE copy editor/content manager.

2019 was a transitional year for the department, in which we made great strides in improving proactive communication with the public, stakeholders, and the Wisconsin legislature. To better understand the needs and reach our stakeholders, the department continues to gather consumer, OCI employee, partner, and stakeholder input.

Since 2019 and into 2020, OCI has added key delivery modes, including Instagram, and are working to

strategically utilize messaging and delivery modes specific to the audience it is trying to reach. OCI maintains a website (oci.wi.gov) for consumers, stakeholders, and the industry. To better serve the citizens of Wisconsin and make information easier to find, the department is working to improve the website to make it more intuitive and user-friendly.

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:

- Financial Literacy
- Increase Life Insurance Coverage for Wisconsin Children
- Educate Wisconsin Parents on the State Life Insurance Fund (SLIF)
- Improve Health Insurance Literacy
- Increase Health Insurance Coverage on the Individual Market
- Educate Consumers on the Long-Term Care Insurance Crisis
- Increase Flood Insurance Coverage in Wisconsin
- Educate Wisconsin Farmers on Insurance Options
- Improve Consumer Literacy on Insurance Industry Changes

Consumer Publications

Consumer publications are available from OCI and posted on the OCI website at <https://oci.wi.gov/Pages/Consumers/ConsumerPublications.aspx>. Consumer publications can also be ordered online in hard copy format at <https://public.oci.wi.gov/forms/public/gBgAgAkA>.

Funds and Program Management

Funds and Program Management is responsible for information technology, project management, budget, accounting, facilities management, records management, and support services. This section has program responsibilities for the Injured Patients and Families Compensation Fund, Local Government Property Insurance Fund, and State Life Insurance Fund, and acts as a liaison between OCI and the Department of Administration for procurement, staff development, and human resource services.

Injured Patients and Families Compensation Fund

The Injured Patients and Families Compensation Fund was created in 1975 to provide excess medical malpractice insurance for Wisconsin health care providers. 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 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 on participating health care providers. The fund's administrative staff is provided by OCI, seven full-time employees work for the fund. Actuarial and claims services are contracted out to third party vendors: Pinnacle Actuarial Resources, Inc. provides actuarial services, and

Wausau MedMal Management provides the Fund's claim management.

The fund reports its financial operations on a July 1 to June 30, succeeding-year basis as a part of the State of Wisconsin Comprehensive Annual Financial Review (CAFR). A copy of the CAFR can be found at <https://doa.wi.gov/Pages/StateFinances/ComprehensiveAnnualFinancialReportCAFR.aspx>.

As of June 30, 2019, there were a total of 17,261 fund participants comprised of:

- 147 hospitals with 19 affiliated nursing homes
- 15,003 physicians and 855 nurse anesthetists,
- 20 hospital-owned or controlled entities
- 73 ambulatory surgery centers
- 1 cooperative, 14 partnerships, and 1,129 corporations

As of June 30, 2019, Fund participants consisted of:

- 87% physicians
- 6% corporations
- 7% all other participants

From July 1, 1975, through June 30, 2019, the fund was named in 6,244 claims filed. During this period, the fund's total number of paid claims was 683, totaling \$910,710,258.26. Of the total number of claims in which the fund has been named, 5,560 claims have been closed with no indemnity payment.

Local Government Property Insurance Fund

The Local Government Property Insurance Fund was established by ch. 605, Wis. Stat. The fund began the process of closing in 2017.

The purpose of the fund was to make property insurance available for local government units. The Commissioner of Insurance, by law, was designated as the fund's manager. The fund had one state employee who supervised day-to-day operations of the fund by contracting for specialized services. The 2017 Wisconsin Act 59 allowed for the closure of the Local Government Property Insurance Fund.

Please note the following dates:

- No coverage may be renewed after December 31, 2017.
- No coverage may terminate later than December 31, 2018.
- All claims must be filed with the property fund by no later than July 1, 2019.
- No claim filed after July 1, 2019, will be covered by the Fund.

State Life Insurance Fund

The Fund is a segregated fund located within OCI. The Fund offers a maximum of \$10,000 of life insurance to state residents. Operating as a mutual insurance company, the Fund has a manager and is supervised by the Commissioner.

Section 607.15, Wis. Stat., requires the Fund to distribute annually among the policyholders its net profits and to the extent practicably possible, maintain a ratio of surplus to assets between 7% and 10%. In 2019, a distribution of \$2.1 million was paid to policyholders in the form of dividends.

Wisconsin is the only state in the nation that offers a life insurance program to residents. All policies issued are participating and there is no marketing of the Fund. The lapse rate on Fund policies is a low 0.004%. As of December 31, 2019, there were 23,157 policies in force.

Following are financial statements - balance sheet and income statements - for the Fund for the year ending December 31, 2019.

State Life Insurance Fund

**State Life Insurance Fund
Balance Sheet
December 31, 2019**

Assets	
Bonds	\$104,310,290
Policy Loans	2,965,670
Cash and Bank Deposits	2,973,039
Premiums Deferred and Uncollected	51,973
Investment Income Due and Accrued	1,284,527
Other Invested Assets	<u>335,790</u>
Total Assets	<u>\$111,921,290</u>
Liabilities and Surplus	
Reserves for Life Policies and Contracts	\$65,962,586
Interest Maintenance Reserve	7,802,262
Policy Claims	351,500
Dividends Due and Unpaid (2019)	13,368
Dividends - Provision for 2019	2,142,311
Deposit Type Contracts	25,936,895
Unclaimed Property	99,802
Taxes, Licenses, Fees Accrued	956
Suspense and Cancelled Drafts	54,290
Expenses Due and Accrued	97,709
Back Up Withholding	936
Premiums Received in Advance	27,147
Asset Valuation Reserve	<u>390,292</u>
Total Liabilities	\$102,880,054
Surplus	<u>9,041,236</u>
Total Liabilities and Surplus	<u>\$111,921,290</u>

**State Life Insurance Fund
Income Statement
December 31, 2019**

Income	
Premiums	\$1,128,368
Investment Income	4,357,238
Amortization of Interest	
Maintenance Reserve	912,618
Miscellaneous Income	<u>5,774</u>
Total Income	\$6,403,998
Expenses	
Death Benefits	\$1,504,500
Matured Endowments	238,000
Other Policy Benefits	1,730,296
Increase in Reserve	(354,148)
General Operating Expense	<u>607,658</u>
Expenses before Dividends	<u>3,726,306</u>
Net Gain before Dividends	<u>2,677,692</u>
Dividends to Policyholders	<u>2,095,118</u>
Net Gain (Loss) from Operations	<u>\$ 582,574</u>

Division of Regulation and Enforcement

The Division of Regulation and Enforcement, through its Bureau of Financial Analysis and Examinations, Bureau of Market Regulation, and Rate Review Team, and in conjunction with OCI's Legal Unit, is responsible for enforcing the state's insurance laws. It also assists with OCI's consumer education program by providing technical expertise in the development and publication of OCI's consumer education publications. In compliance with s. 601.01 (5), Wis. Stat., the division works with other state and federal regulatory agencies in carrying out the purposes of Wisconsin's insurance laws and the agency's mission.

Bureau of Financial Analysis and Examinations

The principal function of the Bureau of Financial Analysis and Examinations is to monitor the financial condition of all insurers licensed to do business in Wisconsin and determine whether their financial condition meets the minimum requirements for continued operation in Wisconsin.

Monitoring includes the examination of the accounts and records 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 bureau maintains and reviews holding company filings required by ch. Ins 40, Wis. Adm. Code, administers insurer applications for admission to Wisconsin, and processes merger and acquisition plans. The bureau also collects and processes all premium taxes submitted by insurers.

Bureau of Financial Analysis and Examinations 2019 Major Accomplishments

- Maintained accreditation by the **National Association of Insurance Commissioners**
- Examined **59 domestic insurers**
- Examined **2 care management organizations**
- Analyzed the financial statements of over **1,958 insurers**
- Placed **1 company** in liquidation on May 2, 2019, and performed oversight

Domestic

- Licensed **3 new domestic insurers**
- **7 property service contract providers**
- **4 vehicle protection product providers**
- Approved **2 domestic insurers** to dissolve
- Issued permits to **5 Care Management Organizations**, under ch. 648, Wis. Stat.

Nondomestic

- Licensed **32 nondomestic insurers**
- **2 warranty plans**
- **13 property service contract providers**
- **2 life settlement providers**
- **2 motor club**
- **2 vehicle protection product providers**

- Permitted **13 licensed entities** to withdraw from Wisconsin
- Reviewed and approved the conversion of **1 ch. 612 town mutual insurer** to a **ch. 611 mutual insurer**
- Reviewed and approved **4 mergers** involving **4 domestic insurers** and **2 care management organizations**
- Reviewed and approved changes of control involving **10 domestic insurers**, pursuant to holding company regulations
- Reviewed and approved **2 domestic insurers'** holding company reorganization.
- Performed **3 anti-trust reviews**
- Redomiciled **1 licensed insurer** into Wisconsin, and **2 licensed insurers** out of Wisconsin
- Participated in **NAIC task forces** and **working groups** (complete list of NAIC groups listed on page 19)

Companies Examined in 2019

1st Auto & Casualty Insurance Company
Alpha Property & Casualty Insurance Company
Ameriprise Insurance Company
Bloomington Farmers Mutual Insurance Company
Children’s Community Health Plan, Inc.
Common Ground Healthcare Cooperative
Community Care Health Plan, Inc.
Community Care, Inc.
Community Insurance Corporation
Dairyland Insurance Company
Darlington Mutual Insurance Company
Dean Health Insurance, Inc.
Dean Health Plan, Inc.
Employers Insurance Company of Wausau
Employees’ Mutual Benefit Association
Esurance Insurance Company
Esurance Insurance Company of New Jersey
Esurance Property and Casualty Insurance Company
Fall Creek Mutual Insurance Company
Hawkeye-Security Insurance Company
Homestead Mutual Insurance Company
IDS Property Casualty Insurance Company
Independent Care Health Plan
Jamestown Mutual Insurance Company
Jewelers Mutual Insurance Company
JM Specialty Insurance Company
Lakeland Care, Inc.
Liberty Mutual Fire Insurance Company
MercyCare HMO, Inc.
MercyCare Insurance Company
Middlesex Insurance Company
Molina Healthcare of Wisconsin, Inc.
Momentum Insurance Plans, Inc.
Mutual of Wausau Insurance Corporation
North American Insurance Company
Pacific Star Insurance Company
Parker Centennial Assurance Company
Patriot General Insurance Company
Peak Property and Casualty Insurance Corporation
River Falls Mutual Insurance Company
SECURA INSURANCE, A Mutual Company
SECURA Supreme Insurance Company
Sentry Casualty Company
Sentry Insurance a Mutual Company
Sentry Life Insurance Company
Sentry Select Insurance Company
Southeast Mutual Insurance Company
State Auto Insurance Company of Wisconsin
Sugar Creek Mutual Insurance Company
Third Coast Insurance Company
Time Insurance Company
Tri-County Mutual Town Insurance Company
United Wisconsin Insurance Company
Unitrin Safeguard Insurance Company
Viking Insurance Company of Wisconsin
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Underwriters Insurance Company
Wisco Dental Insurance Plan, Inc.
Wisconsin County Mutual Insurance Corporation
Wisconsin Reinsurance Corporation

Companies Examined in 2019

Wisconsin Insurance Corporations Organized and Licensed

January 1, 2019 – December 31, 2019

Appleton Motorcars, Inc.	Appleton, WI
Ascension Warranty Corp.*	Saukville, WI
Ascension Warranty Corp.**	Saukville, WI
Autoplex Of Milwaukee, LLC	Milwaukee, WI
Classic Motorcars, Inc.	West Allis, WI
Dairyland National Insurance Company	Stevens Point, WI
Eagle Asset Protection, Inc.	Hazelhurst, WI
MWD Administration, Inc.*	Menomonee Falls, WI
MWD Administration, Inc.**	Menomonee Falls, WI
Quality Assurance Warranty Company, Inc.*	Appleton, WI
Quality Assurance Warranty Company, Inc.**	Appleton, WI
WAP Motorsports, LLC	Manitowoc, WI
WellCare Health Insurance Company of Wisconsin, Inc.	Tampa, FL
WellCare Health Plans of Wisconsin, Inc.	Tampa, FL

*Property Service Contract Provider - **Vehicle Protection Product

Insurance Corporations Domiciled in Other States Admitted

January 1, 2019 – December 31, 2019

Aftercare, Inc.	Santa Ana, CA
Agents National Title Insurance Company	Columbia, MO
America's Preferred Home Warranty, Inc.	Jackson, MI
Atlantic States Insurance Company	Marietta, PA
Auto-Owners Specialty Insurance Company	Goldsboro, NC
Berkshire Settlements, Inc.	Atlanta, GA
Boston Indemnity Company, Inc.	Houston, TX
Central Administrative Service Corporation INC	Overland Park, KS
Classic Administration Systems, LLC	Cheyenne, WY
Clearcover Insurance Company	Chicago, IL
Connecticut Attorneys Title Insurance Company	Rocky Hill, CT
Continental Service Provider, Inc.	Scottsdale, AZ
Dent Wizard International Corporation	Maryland Heights, MO
Employers Insurance Company of Nevada	Reno, NV
FCCI Insurance Company	Sarasota, FL
First Care, Inc.	Owings Mills, MD
First Shield Consumer Service Corporation	Kansas City, MO
First Shield Service Corporation	Kansas City, MO
GAI Warranty Company	Cincinnati, OH

Changes in Corporate Licenses

Insurance Corporations Domiciled in Other States Admitted

January 1, 2019 – December 31, 2019

Gleaner Life Insurance Society	Adrian, MI
Guaranty Income Life Insurance Company	Baton Rouge, LA
Home Buyers Resale Warranty Corporation	Aurora, CO
HUB International Midwest Limited	Coppell, TX
Institutional Life Services, LLC	Nashville, TN
Insurance Company of Greater New York	New York, NY
ISDA Fraternal Association	Pittsburgh, PA
Keystone National Insurance Company	Wyalusing, PA
Liberty Motor Club, LLC	Dayton, TN
Marathon Administrative Co., Inc.	O'Fallon, IL
Medicare Advantage Insurance Company of Omaha	Omaha, NE
MHHC Warranty and Services, Inc.	Olympia, WA
Midwest Family Advantage Insurance Company	Minneapolis, MN
National Auto Assurance, Inc.	Minnetonka, MN
National Trust Insurance Company	Sarasota, FL
Nationwide General Insurance Company	Columbus, OH
Next Insurance US Company	Wilmington, DE
NorthStone Insurance Company	Charleston, WV
Omaha Insurance Company	Omaha, NE
OnPoint Warranty Solutions LLC	Louisville, KY
Partner Reinsurance Company of the U.S.	Stamford, CT
Patriot Life Insurance Company	Frankenmuth, MI
PinnaclePoint Insurance Company	Charleston, WV
Preferred Employers Insurance Company	San Diego, CA
Roadside Innovation, Inc.	Vienna, VA
SBLI USA Life Insurance Company, Inc.	New York, NY
Securranty, Inc.	Houston, TX
Serb National Federation	Pittsburgh, PA
State Volunteer Mutual Insurance Company	Brentwood, TN
Strathmore Insurance Company	New York, NY
SummitPoint Insurance Company	Charleston, WV
Synergy Administrators, LLC	Norcross, GA
Texas Medical Insurance Company	Austin, TX
Universal Property & Casualty Insurance Company	Ft Lauderdale, FL

Changes in Corporate Licenses

Organizations Licensed as Care Management Organizations

January 1, 2019 – December 31, 2019

None

Organizations Licensed as Service Contract Providers

January 1, 2019 – December 31, 2019

Aftercare, Inc.	Santa Ana, CA
America's Preferred Home Warranty, Inc.	Jackson, MI
Appleton Motorcars, Inc.	Appleton, WI
Ascension Warranty Corp.	Saukville, WI
Autoplex Of Milwaukee, LLC	Milwaukee, WI
Central Administrative Service Corporation INC	Overland Park, KS
Classic Administration Systems, LLC	Cheyenne, WY
Classic Motorcars, Inc.	West Allis, WI
First Shield Consumer Service Corporation	Kansas City, MO
First Shield Service Corporation	Kansas City, MO
GAI Warranty Company	Cincinnati, OH
Home Buyers Resale Warranty Corporation	Aurora, CO
MHHC Warranty and Services, Inc.	Olympia, WA
MWD Administration, Inc.	Menomonee Falls, WI
National Auto Assurance, Inc.	Minnetonka, MN
OnPoint Warranty Solutions LLC	Louisville, KY
Quality Assurance Warranty Company, Inc.	Appleton, WI
Securranty, Inc.	Houston, TX
Synergy Administrators, LLC	Norcross, GA
WAP Motorsports, LLC	Manitowoc, WI

Changed Company Type

None

Changes in Corporate Licenses

**Insurance Corporation Mergers, Consolidations, Dissolutions, Withdrawals,
Rehabilitations, Liquidations, or Redomestications**

January 1, 2019 – December 31, 2019

Withdrawals

Athens Administrative, LLC	09/23/2019
Cell Brokerage, LLC	09/09/2019
Credit Suisse Life Settlements LLC	07/01/2018*
Dent Wizard International Corporation	01/08/2019
Extended Service Contract Advisors, LLC	02/13/2019
FRANKLIN MADISON GROUP LLC	01/01/2019
Lomira Auto Sales & Service, Inc.	12/31/2019
Mechanical Breakdown Protection, Inc.	10/01/2018*
MetroTech Chemicals, Inc.	09/23/2019
Pro Motorsports of Fond du Lac, Inc.	12/31/2019
Sedlak Chevrolet Buick Inc.	12/31/2019
Titan Indemnity Company	01/01/2019
Trenwick America Reinsurance Corporation	08/20/2019

* Information not available in prior Wisconsin Insurance Report

Dissolutions

Local Government Property Insurance Fund	07/01/2019
Thrivent Life Insurance Company	07/01/2019

Rehabilitations

American Country Insurance Company	07/08/2019
Colorado Bankers Life Insurance Company	06/27/2019
Gateway Insurance Company	10/16/2019

Liquidations

Capson Physicians Insurance Company	06/28/2019
Northwestern National Insurance Company of Milwaukee, Wisconsin	05/02/2019

Changes in Corporate Licenses

Mergers

Company Name	Merged Into	Date
Farmland Mutual Insurance Company	Nationwide Mutual Insurance Company	01/01/2019
Le Mars Insurance Company	Atlantic States Insurance Company	12/01/2019
Northwestern National Insurance Company of Milwaukee, WI (SEG ACCT)	Northwestern National Insurance Company of Milwaukee, Wisconsin	03/22/2019
PACO Assurance Company, Inc.	ProAssurance Insurance Company of America	12/31/2019
Pennsylvania Life Insurance Company	Nassau Life Insurance Company of Texas	09/30/2019
Sheboygan Falls Insurance Company	Atlantic States Insurance Company	12/01/2019
Transamerica Advisors Life Insurance Company	Transamerica Life Insurance Company	07/01/2019

Redomestications

Company Name	From	To	Effective Date
American Sterling Insurance Company	CA	WI	01/10/2019
Clarendon National Insurance Company	IL	TX	02/08/2019
Direct National Insurance Company	AR	NC	05/20/2019
Gateway Insurance Company	MO	IL	08/23/2019
Granite Re, Inc.	OK	MN	12/31/2019
Great Western Insurance Company	UT	IA	12/01/2019
Guaranty Income Life Insurance Company	LA	IA	09/06/2019
Iowa Mutual Insurance Company	IA	OH	12/27/2019
Mendakota Insurance Company	MN	TN	06/28/2019
Mendota Insurance Company	MN	TN	06/28/2019
Merit Life Insurance Co.	IN	TX	01/28/2019
National Farmers Union Property and Casualty Company	WI	NC	09/16/2019
Oceanview Life and Annuity Company	TX	CO	09/13/2019
Pinnacle National Insurance Company	DE	TX	09/30/2019
Puritan Life Insurance Company of America	TX	AZ	09/16/2019
Reserve National Insurance Company	OK	IL	12/31/2019
Roadside Innovation, Inc.	VA	DE	07/24/2019
Service Contract Specialists, Inc.	WI	GA	04/27/2018*
Statesman Insurance Company	IN	TX	09/07/2016*
Tier One Insurance Company	OK	NE	03/11/2019
WCF National Insurance Company	IN	UT	01/01/2019
Wilmington Insurance Company	WI	DE	07/03/2019

* Information not available in prior Wisconsin Insurance Report

Changes in Corporate Licenses

Insurance Corporations Which Changed Their Names

January 1, 2019 – December 31, 2019

Previous Name	New Name
@Home Insurance Company	AtHome Insurance Company
Advantage Workers Compensation Insurance Company	WCF National Insurance Company
Alterra America Insurance Company	Pinnacle National Insurance Company
American Mining Insurance Company	Berkley Casualty Company
American Sterling Insurance Company	CM Indemnity Insurance Company
Ameriprise Insurance Company	American Family Connect Insurance Company
Atlanta International Insurance Company	Wellfleet New York Insurance Company
AXA Art Insurance Corporation	Digital Affect Insurance Company
Braeger Chevrolet, Inc.	Lake Chevrolet, Inc.
Braeger Ford, Inc.	Lake Ford, Inc.
Coach-Net Motor Club, Inc.	Safe Driver Motor Club, Inc.
Commercial Casualty Insurance Company	Wellfleet Insurance Company
Constitution Life Insurance Company	Nassau Life Insurance Company of Texas
Consumers Life Insurance Company	MedMutual Life Insurance Company
Corvesta Life Insurance Company	Clear Spring Health Insurance Company
Dearborn National Life Insurance	Dearborn Life Insurance Company
EnTitle Insurance Company	Radian Title Insurance Inc.
Everspan Financial Guarantee Corp.	Everspan Insurance Company
Farmington Mutual Insurance Company	United Mutual Insurance Company
Grange Mutual Casualty Company	Grange Insurance Company
Gundersen Health Plan, Inc.	Quartz Health Plan Corporation
IDS Property Casualty Insurance Company	American Family Connect Property and Casualty Insurance Company
Integrity Mutual Insurance Company	Integrity Insurance Company
Liberty Life Assurance Company of Boston	Lincoln Life Assurance Company of Boston
Longevity Insurance Company	Oceanview Life and Annuity Company
Medica Health Plans of Wisconsin	Medica Community Health Plan
MONY Life Insurance Company of America	Equitable Financial Life Insurance Company of America
National Insurance Company of Wisconsin, Inc.	Wilmington Insurance Company
PartnerRe Insurance Company of New York	Cerity Insurance Company
Physicians Plus Insurance Corporation	Quartz Health Insurance Corporation
Podiatry Insurance Company of America	ProAssurance Insurance Company of America
Pyramid Life Insurance Company, The	Nassau Life Insurance Company of Kansas
Unigard Indemnity Company	Sutton National Insurance Company
Unity Health Plans Insurance Corporation	Quartz Health Benefit Plans Corporation
Voya Insurance and Annuity Company	Venerable Insurance and Annuity Company
WRM America Indemnity Company, Inc.	Cedar Insurance Company

Companies in Liquidation or Rehabilitation

Northwestern National Insurance Company of Milwaukee, Wisconsin, in Rehabilitation

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 crystallize the claims of each of its reinsurance claimants into a fixed dollar amount and to subordinate the reinsurance claims to the direct insurance claims. This objective having been completed, on January 20, 2012, NNIC exited from rehabilitation.

The financial condition of NNIC continued to deteriorate, such that liquidation became necessary. OCI worked with the National Conference of Insurance Guaranty Funds, Inc. and the National Organization of Life and Health Guaranty Associations to minimize disruption for claimants. In further preparation for liquidation, on March 14, 2019, by Stipulation and Order approved by the Commissioner of Insurance and agreed by NNIC's management, OCI was granted full custody and control of all of NNIC's assets. On March 22, 2019, by Stipulation and Order approved by the Commissioner of Insurance and agreed by NNIC's management, the segregated and general account of

NNIC was merged. The small amount of funds earmarked for the benefit of the reinsurance claimants in the general account continued to be accounted for and reserved for their benefit.

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

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

As of May 2, 2019, NNIC had reinsurance relationships with various captive reinsurers sponsored mainly by large, well-known industrial or hospitality firms. St. Marie Boll, LLC, as attorney for the Liquidator, has concluded commutation arrangements with 10 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

Companies in Liquidation or Rehabilitation

down by the highest applicable level of priority, which is subject to revision by the Liquidator, as follows:

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

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

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

In 2019, a total of 419 claimants’ files were forwarded to state guaranty funds. These included property and casualty claims and insured lives under guaranteed renewable accident and health insurance policies. At the time of this filing, the number of claimants’ files had been reduced by 207 to a total of 212, due to 176 cases being assumed under commutation agreements with captive reinsurers, 23 insureds under A&H policies accepting buy-outs, and the lapse or termination of A&H coverage on eight insured lives.

Included in the forgoing numbers is the one late-filed Class 3 claim that was received after the November 2, 2019, bar date. In addition to the 212 claims under guaranty fund administration, there are 80 provisionally

Class 3 claims are under the direct administration of the Liquidator. These consist of environmental and asbestos claims from corporations and sexual abuse claims against certain religious organizations that each have a net worth in excess of the standards for eligibility for guaranty fund coverage.

On August 8, 2019, with the cooperation of the Office of the Commissioner of Insurance, 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 of by an Amended Decision and Order of Justice W. Franc Perry on January 27, 2020.

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

As of December 31, 2019, 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, 2019, NNIC reported total admitted assets of \$16,286,847, total liabilities of \$20,588,137, policyholders’ surplus of \$(4,301,290), and net income of \$(4,097,481).

Bureau of Market Regulation

The Bureau of Market Regulation consists of five sections: Consumer Affairs, Rates & Forms, Market Analysis, System Support, and Agent Licensing. Agent licensing activities are described in a separate section on page 52.

The Bureau of Market Regulation 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 bureau 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 2019, the bureau investigated and resolved 3,285 written consumer complaints and inquiries and answered over 12,500 telephone inquiries. The Bureau received 3,202 rate and rule filings and 5,314 form filings and well as 536 advertising material filings.

Market Conduct Annual Statement

The Market Conduct Annual Statement (MCAS) was developed through the National Association of Insurance Commissioners (NAIC) with the input of state regulators and representatives from the industry. The MCAS is an analysis tool that states use to review market activity of the entire insurance marketplace and to identify companies whose practices are outside normal ranges. The project collects data on an industry-wide basis and is comprised of four major components: a Life & Annuity statement, a Property & Casualty statement, a Long-Term Care statement, and a Health statement.

The Life & Annuity statement is further divided into four lines of business: Individual Life Cash Value Products, Individual Life Non-Cash Value Products, Individual Fixed Annuities, and Individual Variable Annuities.

The Property & Casualty statement is further divided into two subsections: a Private Passenger Automobile section and a Homeowner's section.

The Long-Term Care statement is divided into three lines of business: Stand-Alone, Life Hybrid, and Annuity Hybrid.

There are also Lender Placed Insurance (LPI) and Disability Insurance (DI) MCAS statements.

Health MCAS data was collected for the first time beginning with the 2017 data year. For the 2019 Life & Annuity MCAS, licensed companies with at least \$50,000 in subject life premium and/or annuity considerations were required to participate in the project in Wisconsin. OCI received 233 life statements and 124 annuity statements.

For the 2019 Property & Casualty MCAS, licensed companies with at least \$50,000 in subject homeowners and/or private passenger automobile premiums were required to participate in the project in Wisconsin. OCI received 149 private passenger automobile statements and 137 homeowners' statements.

For the 2019 Long-Term Care MCAS, licensed companies with any in-force LTC Stand-Alone, Life LTC Hybrid, or Annuity LTC Hybrid business were required to participate in the project in Wisconsin. A total of 76 companies participated in the project by filing statements with OCI. This office received 12 LPI MCAS statements and 80 DI MCAS statements and expects to receive 36 Health MCAS statements.

Level 1 and Level 2 Market Analysis

Wisconsin completed analysis on 39 insurance companies for 11 lines of business: credit, group accident and health, group annuity, group life, homeowners, individual accident and health, individual annuity, individual life, long-term care, Medicare supplement, and private passenger auto. The analysis followed a uniform process that included the review of information collected in the financial statements and other NAIC databases to identify companies for additional review. Examiners conducted the additional reviews, identified companies for further action, and recorded the results of the reviews in the NAIC Market Analysis Review System (MARS). Examiners then used a comprehensive guide to complete a more detailed analysis of the identified companies in up to 21 areas of review. This process was used to identify companies for further review up to and including market conduct examinations.

Bureau of Market Regulation 2019 Major Accomplishments

Outreach

- Attended the Wisconsin Realtors Association event.
- Attended a tornado resource event in Chippewa County.
- 4 vehicle protection product providers
- Partnered with Wisconsin Emergency Management and the DNR to write a grant proposal and conduct flood awareness outreach.
- Presented at the Madison College Symposium

Increased Complaint Portal Efficiency

- Increased participation in the company complaint access portal to 679 companies.
- The system has significantly streamlined our complaint process for both consumers and companies.
- Companies can view, track, and respond to their consumer complaints online.
- This portal increased efficiencies within the agency by reducing mailing and printing costs as well as reduced the response time for consumers to an average of 7.4 days.

Active at the National Association of Insurance Commissioners (NAIC)

- Participated in the NAIC Market Certification Working Group to help facilitate the development of market conduct certification standards.
- Assisted in drafting the NAIC Short Term Limited Duration data call and participated in its implementation.
- Participated in the Market Conduct Annual Statement program, collecting and analyzing data on claims, complaints, and underwriting in life, annuities, homeowners and auto insurance, and using the data in our market analysis process.
- Served on several NAIC committees, task forces, and working groups. A complete list of NAIC activities is listed on page 19.
- Signed onto two Regulatory Settlement Agreements for completed multi-state actions.

Remote Exam Proctoring

- Worked with our Agent Licensing vendor to set up a platform for remote proctoring of agent licensing exams in Wisconsin.

Bureau of Market Regulation 2019 Major Accomplishments

Provided 150+ Reports

- Provided over 150 domestic company market regulation analysis reports for the Bureau of Financial Analysis and Examinations.

Consumer Reports

- Provided technical assistance and support in the updating and revision of a variety of consumer publications available from OCI.

Meeting Participation and Assistance

- 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.

Mentoring Program

- Instituted a mentoring program for entry-level examiners to ensure continuity of training.

Reviewed Form Filings and Performed Audits

- Reviewed comprehensive health insurance policy form filings and performed health insurer desk audits to ensure they are complying with both federal and state requirements.

Centers for Medicare & Medicaid Services

- Continued to work closely with the Centers for Medicare & Medicaid Services (CMS) to facilitate insurer, agent, and consumer questions regarding on-going changes to the Federal Affordable Care Act.

s. INS 3.39, Wis. Adm. Code Amendment

- Assisted in amending s. INS 3.39, Wis. Adm. Code to comply with the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and updated corresponding OCI materials.

Form Submissions and Rate Filings

The following tables summarize the form submission data for 2018 and 2019. Table I shows the number of form submissions received in 2018 and 2019 by line of business for each type of insurance. Table II shows the number of rate filings received for each type of insurance.

**Table I - Number of Form Submissions Received
By Line of Business in 2018 and 2019**

Product Category	Total for 2018	Total for 2019
Health and Life		
Continuing Care Retirement Community	0	0
Credit Accident and Health	0	0
Credit Life	7	1
Group Accident and Health	354	356
Group Annuity	71	67
Group Life	48	60
Health and Life – Other	155	303
Health Maintenance Organization	284	283
Individual Accident and Health	112	87
Individual Annuity	93	64
Individual Life	77	107
Group Long-Term Care	7	7
Individual Long-Term Care	12	5
Individual LTC – Nursing Home and Home Health	1	1
Long-Term Care – Other	1	3
Annuities – Other	<u>26</u>	<u>23</u>
Total Health and Life	<u>1,248</u>	<u>1,367</u>
Property and Casualty		
Aviation	8	18
Bonds	125	106
Commercial Property and Multiperil	340	396
Commercial Motor Vehicle	201	201
Credit Property	6	8
Homeowner’s	192	239
Inland Marine	232	217
Liability	1,171	1,141
Mortgage Guaranty	4	14
Other Lines	685	1,101
Personal Farmowners	38	82
Personal Motor Vehicle	111	111
Property	264	260
Title	21	22
Worker's Compensation	<u>35</u>	<u>31</u>
Total Property and Casualty	<u>3,433</u>	<u>3,947</u>
Grand Total	<u>4,681</u>	<u>5,314</u>

Form Submissions and Rate Filings

**Table II - Rate Filings Received
By Product Category for 2019**

Accident and Health Section	
Credit Accident and Health	0
Credit Life	0
Health Maintenance Organization	85
Health – Other	260
Group Long-Term Care	5
Individual Long-Term Care	28
Individual LTC – Nursing Home and Home Health	3
Long Term Care – Other	<u>4</u>
Total Accident and Health Section	<u>385</u>
Property and Casualty Section	
Aviation	8
Bonds	103
Commercial Property and Multiperil	395
Commercial Motor Vehicle	300
Credit Property	8
Homeowners	266
Inland Marine	59
Liability	778
Mortgage Guaranty	4
Other Lines	217
Personal Farmowners	75
Property	256
Personal Motor Vehicle	305
Title	18
Worker's Compensation	<u>25</u>
Total Property and Casualty Section	<u>2,817</u>
Grand Total	<u>3,202</u>

**Table III - Form/Rate Filings Received
By Product Category for 2019**

Individual Health – Dental	10
Individual Health – Disability Income	2
Individual Health – Hospital Indemnity	5
Individual Long-Term Care	11
Long-Term Care – Other	1
Medicare Supplement – Other	2
Indiv. Medicare Supp. – Standard Plans 2010	3
Medicare Supp – Other 2010	<u>11</u>
Total Form/Rate Filings	<u>45</u>

Form Submissions and Rate Filings

**Table IV - Advertising Filings
By Product Category for 2019**

Group Long-Term Care	6
Individual Long-Term Care	6
Indiv. LTC – Nursing Home/Home Health	0
Long-Term Care – Other	8
Indiv. Med. Supp. – Medicare Select	0
Med. Supp. – Other	93
Indiv. Med. Supp. – Medicare Select 2010	14
Indiv. Med. Supp. – Standard Plan 2010	7
Medicare Supplement – Other 2010	<u>402</u>
Total Advertising Filings	<u>536</u>

Trends in Complaints

In 2019, the greatest number of inquiries and complaints received by OCI were related to property and casualty insurance, closely followed by health insurance. Among property and casualty inquiries and complaints received, the majority were related to automobile insurance. Among health insurance inquiries and complaints received, the majority were related to group and individual accident and health insurance coverage. The most common reasons across all product lines were claim handling and policyholder service. Other reasons of note were Medicare supplement products and long-term care policies. Additionally, consumers contacted OCI regarding self-funded employer health plans, over which OCI has limited jurisdiction. Complaints and inquiries related to life insurance and annuity products were less frequent, and generally concerned consumer dissatisfaction with, or confusion regarding, universal life insurance policies.

The following tables summarize the Bureau's complaint data.

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

In addition to formal complaints received, the Bureau also handled over 18,000 general inquiries or requests for information in 2019. Most inquiries were by telephone and email.

Table II shows 2018 and 2019 complaints by type of insurance. When reviewing this information, it is important to note that a complaint may involve more than one type of insurance.

Table III shows the area of insurance operations that generated the complaint. As with Table II, a complaint may involve more than one area of insurance operations. Just over 54% of the complaints involved claim problems. Policyholder service was the second most common reason for filing a complaint.

Trends in Complaints

Table I - Total Complaint Files

Year	Received	Closed
2014	3,781	4,097
2015	3,493	3,773
2016	3,725	3,985
2017	3,518	4,061
2018	3,136	3,520
2019	2,807	3,285

Table II - Complaints Filed By Type of Insurance*

	2018	2019
Accident and Health		
Group Accident and Health	645	521
Individual Accident and Health	381	358
Medicare Supplement	116	120
Long-Term Care	<u>104</u>	<u>81</u>
Total Accident and Health	<u>1,246</u>	<u>1,080</u>
Property and Casualty		
Automobile	640	562
Homeowner's, Tenant's, Farmowner's	374	414
Fire, Allied Lines, Other Property	84	67
General Liability/Liability	67	48
Worker's Compensation	81	77
All Other Lines	<u>161</u>	<u>131</u>
Total Property and Casualty	<u>1,407</u>	<u>1,299</u>
Life, Including Credit and Annuities	<u>481</u>	<u>428</u>
Grand Total	<u>3,134</u>	<u>2,807</u>

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

Table III - Reasons for Complaints*

Basis for Complaint	Through		Through	
	4th Quarter 2018	Percent of Total	4th Quarter 2019	Percent of Total
Claim Handling	1,979	49.6%	1,835	54.4%
Policyholder Service	1,152	28.9	839	24.9
Marketing and Sales	453	11.4	395	11.7
Underwriting	405	10.2	303	9.0

*A complaint may have more than one basis.

Trends in Complaints

The Bureau keeps track of the amount of money recovered by complainants who filed a complaint with our office. From January 1 through the fourth quarter of 2019, the office assisted complainants in recovering \$8,137,705 from insurers and agents 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	\$ 1,093,437	\$ 154,075	\$ 3,801	\$ 30,060	\$ 1,281,372
Ind. Accident and Health	745,610	124,686	18,257	4,364	892,918
Automobile	417,109	33,907	3,580	833	455,429
Life, Including Credit and Annuities	2,335,750	678,606	265,051	0	3,279,407
Homeowner's, Tenant's, Farmowner's	901,196	117,866	5,580	2,973	1,027,615
Fire, Allied Lines, Other Property	1,122,395	691	0	0	1,123,086
General Liability/Liability	40,465	0	0	0	40,465
All Other Lines	<u>29,225</u>	<u>6,822</u>	<u>561</u>	<u>805</u>	<u>37,413</u>
Total	<u>\$6,685,187</u>	<u>\$1,116,653</u>	<u>\$296,830</u>	<u>\$39,035</u>	<u>\$8,137,705</u>

Complainants may request an additional complaint review following the outcome of the Bureau's initial complaint investigation if the complaint was not resolved to the complainant's satisfaction or if the complainant would like new information to be considered. The additional complaint review also allows the complainant to have their complaint reviewed by advanced level staff or a supervisor. Table V below reflects the number of requests for additional complaint review. Due to the low number of such requests, trend analysis is difficult. However, one goal of this review process is to ensure consumers are provided a complete and detailed explanation of the outcome surrounding their complaint.

Table V - 2019 Complaint Additional Reviews by Line of Business

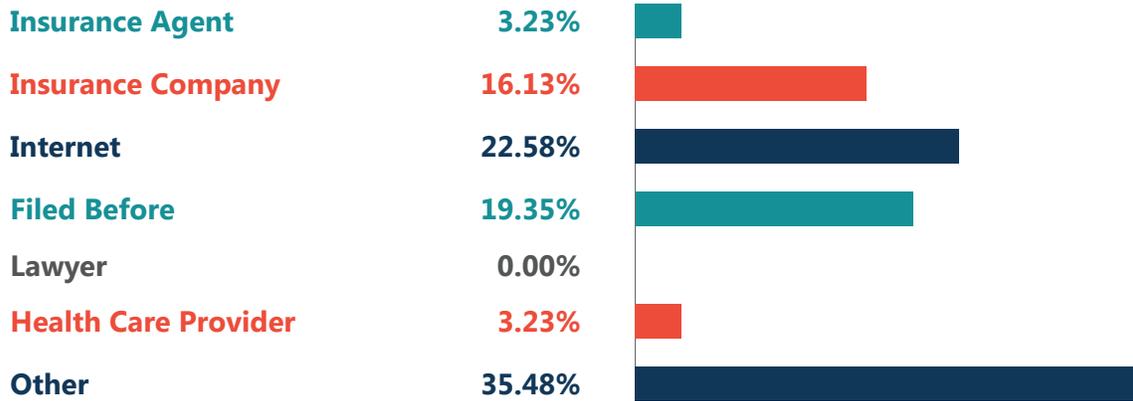
	Accident & Health	Property & Casualty	Life & Annuities	Total
Number of Additional Reviews in 2019	25	56	7	88

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

Table VI - Complainant Survey
2019

OCI sent 2,144 surveys. 33 were returned with a response rate of 1.53%.

1. How did you hear about OCI's complaint process?



2. How **satisfied** are you that the insurance examiner addressed the concerns raised in your complaint?



3. How **satisfied** are you that the insurance examiner was professional and courteous during the investigation of your complaint?



4. How **satisfied** are you that the insurance examiner thoroughly explained the outcome of your complaint?



5. How **satisfied** are you with your overall experience with OCI's complaint process?



6. Recognizing that there are many factors that can affect the length of time it takes to investigate a consumer complaint, how **satisfied** are you that your complaint was handled timely?



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.

Beginning in 2012, most health plans were required to follow the independent review process outlined in federal law. All health plans subject to Wisconsin law are required to submit a report to OCI for the prior calendar year that summarizes the insurer’s experience under both Wisconsin and federal law.

The table below summarizes the total number of IRO determinations, the percent of insurers’ decisions that were upheld, and the percent reversed in whole or in part by the IROs.

	Total	Upheld	Reversed
2017	274	73.0%	27.0%
2018	314	63.1%	36.9%
2019	190	62.6%	37.4%

For more information on the independent review process, see the consumer brochure [Fact Sheet on the Independent Review Process in Wisconsin](#), available on the OCI website.

	IRO’s Determination			Annual Total
	Reversed	Reversed in Part	Upheld	
Adverse Determination	51	4	88	143
Experimental	20	0	27	47
Rescission	0	0	0	0
Pre-existing	0	0	0	0
Total	71	4	115	190

Agent Licensing Section

Agent Licensing is responsible for reviewing and issuing insurance licenses to individual intermediaries, brokers, navigators, business entities, managing general agents, employee benefit plan administrators, and registration of certified application counselors. Agent Licensing provides oversight of the professional licensing testing services and administration of prelicensing and continuing education programs.

**Agent Licensing
Licensee Counts as of December 31, 2019**

Employee Benefit Plan Administrator	365
Intermediary Agent Individual	159,730
Resident	36,719
Nonresident	123,011
Intermediary Firm	6,993
Life Settlement Broker	31
Life Settlement Firm	18
Managing General Agent Firm	53
Managing General Agent Individual	77
Navigator Business Entity	3
Navigator Individual	18
Reinsurance Intermediary Broker	23
Reinsurance Intermediary Firm	22
Reinsurance Intermediary Manager	3
Surplus Lines	1,840
Temporary Insurance Intermediary	1
Travel Insurance Firm	29

- During 2019 there were 10,195 tests administered in all lines of insurance.
- Administrative actions taken by the Agent Licensing department for 2019 can be found at <https://oci.wi.gov/Pages/PressReleases/AdminActions.aspx>.
- Agent Licensing continues to enhance the transmission and processing of information and notifications using the National Insurance Producer Registry (NIPR) which benefited both individuals and business entities in processing applications, appointments, and licensing updates.
- Agent Licensing continues to enhance electronic services to allow licensees to manage and maintain their license electronically, providing accurate, up-to-date information.
- Agent Licensing continues the comprehensive review and updating of all business rules to ensure that the automated licensing systems utilize current and correct business rules and are functioning properly.
- Agent Licensing staff worked with our examination provider for our annual Exam Review Workshop to provide up to date and quality examinations for candidates. We also continued to work with our examination vendor to monitor capacity needs in the state to ensure ease and availability for candidates.

Agent Licensing Section

- Agent Licensing continues to review and update the information available for consumers, industry, and other regulators to provide clear direction and guidance: <https://oci.wi.gov/Pages/AgentsHome.aspx>.
- Agent Licensing staff 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 had discussions with Wisconsin's examination vendor, Prometric, on implementing a remote proctoring solution for individuals to securely take their insurance examination online. Remote proctoring would allow individuals another option for testing.

Rate Review

The Office of the Commissioner of Insurance is responsible for enforcing the Wisconsin health insurance laws and thereby regulating the commercial health insurance market in Wisconsin. Rooted in the Wisconsin insurance laws is an approach to insurance regulation that supports functional competition. 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 reflects the medical costs, demographics, and utilization patterns of health care delivery in Wisconsin and is therefore critical to a well-functioning market.

In keeping with the mission of OCI to protect and educate Wisconsin's insurance consumers by maintaining and promoting a strong insurance industry, OCI is committed to supporting the many strengths of the market as it exists today and to facilitate continued competition in the market in the years to come.

Before September 1, 2011, Wisconsin required that individual health insurance rates used to develop premiums for individual policies be filed with OCI. There was no standard filing format in place. Rates used to develop premiums for group policies were not required to be filed. Beginning September 1, 2011, Wisconsin required 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 2-50 employees (small group policies) be filed with OCI. Filings are required to be submitted in a standardized format. Filings are reviewed for compliance with all applicable laws and regulations, as well as to determine whether there is any indication the premium rates filed are unreasonable. The Wisconsin insurance laws provide that rates are not unreasonable if a sufficient level of functional competition exists in the market.

Rate filings made with OCI are generally available at <https://oci.wi.gov/Pages/Consumers/HealthPremiumRates.aspx>.

The OCI Rate Review Team 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.

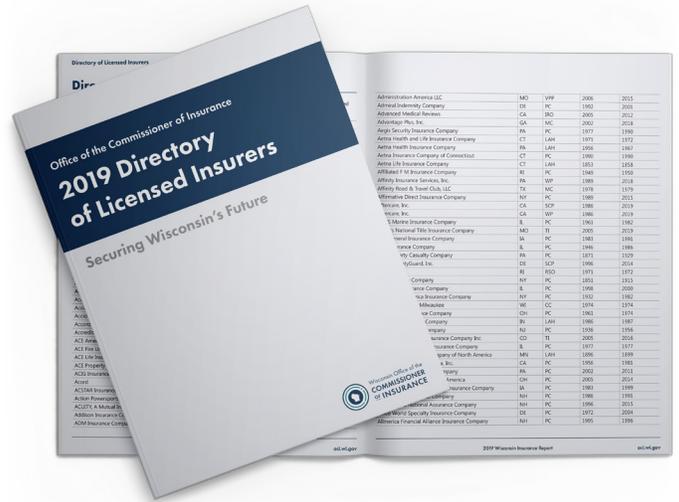
In 2019, Wisconsin had a competitive comprehensive health insurance market with:

- 14 companies offering individual coverage
- 23 companies offering small group coverage
- 25 companies offering large group coverage

Accompanying Publications



Financial and Statistical Data



Directory of Licensed Insurers



Wisconsin Office of the
**COMMISSIONER
OF INSURANCE**

Wisconsin Office of the Commissioner of Insurance

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