

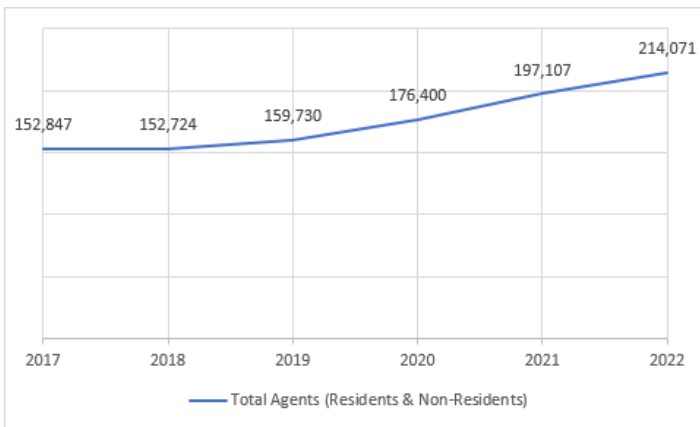
OVERVIEW

Wisconsin's insurance market is one of the top five in the nation for both the number of domestic companies and the total number of companies licensed to do business. Over the past five years, our insurance market has experienced significant growth. This growth has been great for Wisconsin's economy, bringing more jobs and investment.

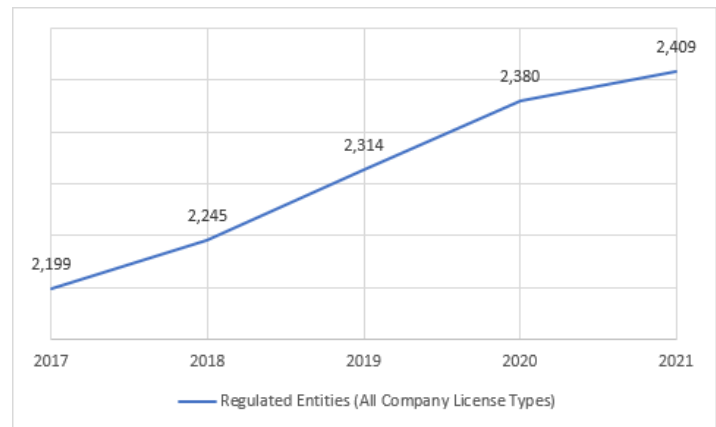
Additionally, new consumer protections have been put in place in recent years to oversee Pharmacy Benefit Managers, require cybersecurity protections, prevent surprise medical billing, and license public adjusters.

This budget includes additional staff resources to ensure that OCI can continue to fulfill its regulatory requirements as the industry grows and effectively administer laws that have been enacted in recent years.

LICENSED AGENTS 2017-2022



REGULATED ENTITIES 2017-2021



From 2017 to 2022, the number of agents licensed to do business in Wisconsin increased by 61,224. And from 2017 to 2021, the number of entities licensed to do business here increased by 210.

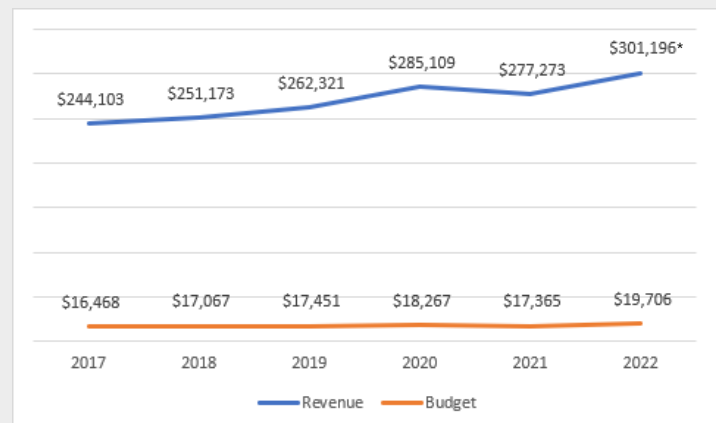
AGENCY REVENUE VS OPERATING BUDGET 2017-2022 FISCAL YEAR

(Amounts in \$000s)

Includes all state revenue sources from the insurance industry, including premium taxes, fire department dues, forfeitures, etc.

**Estimated*

OCI's operational budget is entirely funded by industry revenue. In FY22, OCI's budget equaled \$19.7 million.

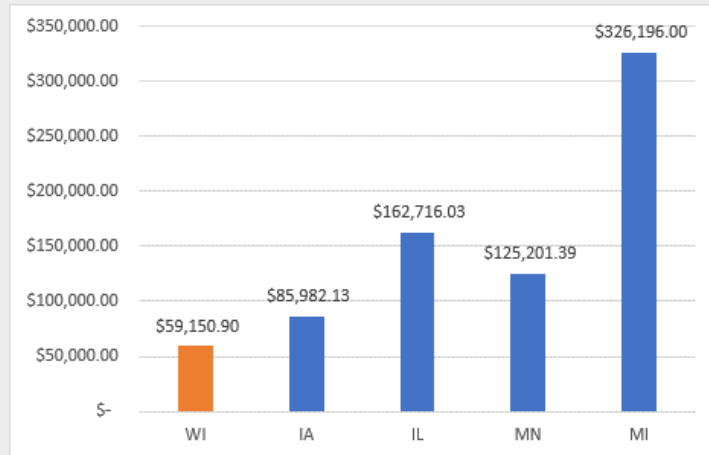


Source: Annual OCI Wisconsin Insurance Report

OCI BUDGET PER DOMICILED ENTITY

Wisconsin has the lowest cost of regulation per domiciled entity among our Midwestern neighbors.

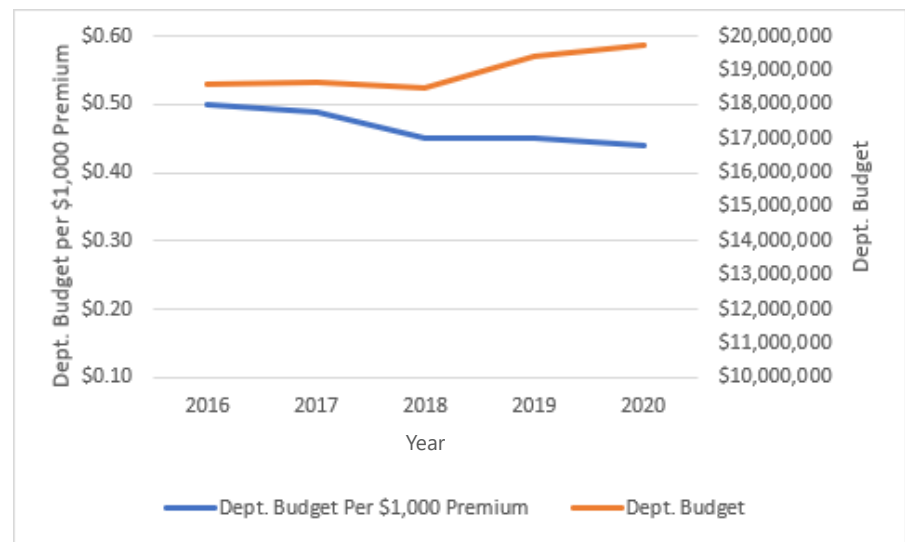
Source: National Association of Insurance Commissioners



COST OF REGULATION

OCI's operational budget has not kept pace with the industry growth in recent years.

Source: National Association of Insurance Commissioners



INCREASING REGULATORY RESPONSIBILITIES

OCI is required by state statute to maintain NAIC accreditation

No Surprises Act (NSA)

- Federal government enacted in 2022 and OCI is primary enforcer
- Will be implementing Network Adequacy reviews starting in 2023
- Received 27 NSA complaints in the first half of 2022

New Applications and Filing Requirements

- Credit for Reinsurance (2022)
- Group Capital Calculations (2023)
- Liquidity Stress Testing (2023)

New State Laws

- Best Interest Law (2022 Wis. Act 260)
- Insurance Cybersecurity Law (2021 Wis. Act 73)
- Pharmacy Benefit Manager Law (2021 Wis. Act 9)
- Travel Insurance Law (2021 Wis. Act 111)
- Public Adjuster Law (2019 Wis. Act 129)

NAIC Accreditation Standards Have Increased

- Risk-Focused Analysis
- Corporate Governance Annual Disclosure Reports
- Own Risk and Solvency Assessment Reports

Wisconsin Health Care Stability Plan

- Passed in 2018
- Operationalized in 2019
- Expanded from \$200 million to \$230 million in 2021-23 budget
- Extended through 2028