

# REVISED STATEMENT OF SCOPE

## Office of the Commissioner of Insurance

**Rule No.:** Section Ins. 3.09, Wis. Adm. Code

**Relating to:** Mortgage Guaranty Insurance

**Rule Type:** Permanent

This revised statement of scope modifies, SS 099-23, which was approved by the Governor on October 26, 2023, published in Register 815A3 on November 20, 2023, and approved by Commissioner Nathan Houdek on January 16, 2024 relating to mortgage guaranty insurance.

### 1. Finding/nature of emergency:

N/A

### 2. Detailed description of the objective of the proposed rule:

Section Ins. 3.09, Wis. Adm. Code establishes minimum requirements for the transaction of mortgage guaranty insurance. Recently, the National Association of Insurance Commissioners (NAIC) adopted revisions to the Mortgage Guaranty Insurance Model Act. These NAIC revisions are aimed at modernizing regulations regarding the mortgage guaranty business. The Office of the Commissioner of Insurance (OCI) finds that it is appropriate to repeal Section Ins. 3.09, Wis. Adm. Code and replace it with an updated rule incorporating NAIC revisions consistent with the Mortgage Guaranty Insurance Model Act as OCI deems appropriate to achieve its objectives. In updating the rule, OCI will adopt part of the NAIC revisions, while also remaining consistent with Wisconsin's regulatory approach and policy goals. This will serve the OCI objectives of modernizing the language of Section Ins. 3.09, Wis. Adm. Code to better align Wisconsin with other states that regulate the mortgage guaranty business. This also promotes further adoption and uniformity amongst the states that regulate the mortgage guaranty business, like Wisconsin, and codify modern industry practice in the mortgage guaranty business.

### 3. Description of the existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:

As stated above, Section Ins. 3.09, Wis. Adm. Code currently sets forth the minimum requirements for the transaction of mortgage guaranty insurance. The proposed revisions to Section Ins. 3.09 will modernize the language of this rule. Some of the key revisions include: (1) clarifying requirements to receive credit for reinsurance transactions; (2) updating the language for the accounting treatment of contingency reserves to align Wisconsin with Mortgage Guaranty Insurance Model Act and other states; and (3) increasing the minimum capital requirements for newly formed mortgage guaranty companies.

Alternatives to repealing and replacing Section Ins. 3.09, therefore, would be to either leave Section 3.09 unchanged or to make minor revisions to this rule to incorporate some of the revisions to the Mortgage Guaranty Insurance Model Act. Repealing and replacing Section Ins. 3.09 with a rule that more closely tracks the revised Mortgage Guaranty Insurance Model Act, however, will best serve the interests of promoting uniformity and modernizing the language of Section Ins. 3.09.

### 4. Detailed explanation of statutory authority for the rule (including the statutory citation and language):

The Commissioner has the general authority to promulgate rules necessary to administer and enforce chs. 600 to 655, Wis. Stat., as provided under ss. 227.11 (2) (a) and 601.41 (3), Wis. Stat. The proposed rule updates a regulatory framework under s. Ins 3.09, Wis. Adm. Code, which is specific to the transaction of mortgage guarantee insurance. First, the proposed rule implements and interprets ss. 601.01 and 627.05, Wis. Stat., and 6.75 (2) (i) and (j), Wis. Adm. Code., which authorizes the Commissioner to define and delimit by rule classes of insurance for various regulatory purposes including determining the financial needs of insurers under 611.19, Wis, Stat., and other comparable chapters, providing instructions for reports and replies under 601.42, Wis. Stat., and exercising other regulatory powers.

The proposed rule implements and interprets numerous statutes authorizing the Commissioner to promulgate rules addressing various financial requirements for insurers, which include ss. 611.19 (initial capital and surplus), 611.24 (Segregated Accounts), 620.02 (segregated account investments), and 623.02 to 623.04 and 623.11 (accounting principles). The rule also implements and interprets 618.21, Wis. Stat., which applies the above referenced financial requirements to nondomestic insurers. Finally, this rule implements and interprets ss. 601.42 (2) and 628.34 (12), Wis. Stat., which authorizes the Commissioner to prescribe forms and unfair trade practices, respectively.

**5. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

75 hours

**6. List with description of all entities that may be affected by the proposed rule:**

Insurers offering or seeking to offer mortgage guaranty insurance.

**7. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

OCI is not aware of any federal law or regulation intended to address this issue.

**8. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

OCI anticipates that the proposed repeal and replacement of Section Ins. 3.09 may have some economic impact on insurers in the mortgage guaranty space, particularly newly formed mortgage guaranty companies. However, OCI also anticipates that the proposed rule will help support the economic stability of the mortgage guaranty insurance market. OCI does not anticipate an economic impact on small businesses.

**Contact Person:** Nicole Kuehl, 608-266-2676

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Nathan Houdek  
Wisconsin Commissioner of Insurance

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date Submitted



# Tony Evers

Office of the Governor | State of Wisconsin

February 19, 2026

By Electronic Mail Only

Dear Secretaries and Agency Heads:

On this day, I approved the following statements of scope pursuant to Wis. Stat. § 227.135(2):

- A statement of scope by the Office of the Commissioner of Insurance, submitted January 4, 2026, relating to Mortgage Guaranty Insurance (Wis. Admin. Code ch. Ins. 3.09).

On this day, I approved the following proposed administrative rules pursuant to Wis. Stat. § 227.185, and, hereby, direct their finalization and filing with the Legislative Reference Bureau pursuant to Wis. Stat. § 227.20:

- A proposed rule by the Natural Resources Board, submitted February 2, 2026, relating to all-terrain vehicles (Wis. Admin. Code ch. NR 64); and
- A proposed rule by the Department of Transportation, submitted February 3, 2026, relating to Construction Site Erosion Control and Stormwater Management Procedures for Department Actions (Wis. Admin. Code ch. Trans 401); and
- A proposed rule by the Department of Safety and Professional Services, submitted February 12, 2026, relating to Comprehensive Review (Wis. Admin. Code chs. SPS 160-168); and
- A proposed rule by the Natural Resources Board, submitted February 12, 2026, relating to revising sharp-tailed grouse management zones (Wis. Admin. Code ch. NR 10); and
- A proposed rule by the Physical Therapy Examining Board, submitted February 13, 2026, relating to telehealth and supervision of physical therapist assistants (Wis. Admin. Code chs. PT 1 and 5).

Please direct any questions about this letter to my policy director, Jacob Pankratz.

Sincerely,



Tony Evers  
Governor

cc: Mel Barnes, chief legal counsel ([mel.barnes@wisconsin.gov](mailto:mel.barnes@wisconsin.gov))  
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