



DATE: January 14, 2022

TO: Insurers, Agents, and Interested Parties

FROM: Nathan Houdek, Commissioner of Insurance

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

This bulletin summarizes two recently enacted laws that affect the insurance industry. The Wisconsin Office of the Commissioner of Insurance (OCI) is providing this summary to make insurers, agents, and interested parties aware of the changes. Those affected by these laws should check the statutes for the specific requirements.

Insurance Omnibus Law (2021 Wis. Act 144)

On December 3, 2021, an Insurance Omnibus law was enacted that provides various technical changes to the insurance statutes which may be found [here](#).

Increased Forfeitures for Insurance Law Violations Targeting Seniors and Adults at Risk

Wis. Stat. § 601.64 (3) (c) was amended to increase the amount of forfeiture that OCI can impose for violations of the insurance code if the violation specifically involves a consumer who is an adult at risk or an individual who is at least 60 years of age. In such instances, the forfeiture amount is raised to a maximum of \$5,000 per violation.

Remote Shareholder and Policyholder Meetings

Wis. Stat. § 611.40 (1) was amended to clarify that insurance stock corporations may hold shareholder meetings by remote participation. In addition, several provisions of Wis.Stat. Ch. 611 were created or amended to make clear that mutual insurance companies may hold policyholder meetings by remote participation.

Group Capital Calculations and Liquidity Stress Tests

A new statute was created that directs the commissioner to adopt rules requiring certain insurers to report group capital calculations and liquidity stress tests and the form and manner of that reporting. Wis. Stat. § 617.13.

Funding Agreements

The law included language that defines “Funding Agreement” and adopts OCI’s long-standing position that funding agreements are insurance contracts. Wis. Stat. § 632.66 (2) (a). Provisions were also enacted that specify requirements for insurers issuing funding agreements including that the issuance of funding agreements must be approved by the insurer’s board, that the issuance will not be adverse to

policyholders, and that the issuance is based on reasonable assumptions regarding investment income and expenses. Wis. Stat. § 632.66 (2) (b). Any materials requested by the commissioner related to OCI's examination of a proposed funding agreement issuance are held confidential. Wis. Stat. § 632.66 (2) (g).

Injured Patients and Families Compensation Fund (PCF)

The statutes were amended to clarify that PCF may adopt payment classifications in reference to the relevant Insurance Services Office, Inc., codes for medical specialties and types of practice and include those classification in PCF's submission of fees to the Joint Committee on Finance. Wis. Stat. § 655.27(3). Revisions were also made to the peer review council to allow for up to seven members on the council. Wis. Stat. § 655.275 (2).

Unless otherwise noted, the provisions of the Omnibus Law became effective on December 5, 2021.

Travel Insurance Law (2021 Wis. Act 111)

On December 3, 2021, 2021 Wisconsin Act 111 was enacted which set up new regulations related to travel insurance. The Act may be found [here](#). The Act adopts general provisions classifying travel insurance as part of the inland marine line of insurance and indicating that it may also be filed under the accident and health line if it includes sickness and disability coverage. Intermediaries licensed in any major line of authority can sell travel insurance. Intermediaries with a property and casualty line of authority are not required to be appointed by an insurer to sell travel insurance.

The Act also creates a limited lines travel insurance producer license that may be obtained by insurance intermediaries and travel administrators, which are defined as "a person who directly or indirectly underwrites, collects charges or premiums from, or adjusts or settles claims of residents of this state in connection with travel insurance."

Travel retailers, a business entity that offers travel services, may offer and disseminate travel insurance in this state under the license of a travel insurance producer if they do all of the following:

- The purchaser of travel insurance is provided required information such as a description of the material terms and the process for filing a claim.
- The limited lines travel insurance producer keeps a register of each travel retailer that offers and disseminates travel insurance on the producer's behalf.
- The limited lines travel insurance producer designates an employee who is a licensed producer as the person responsible for compliance with the statutes and rules of this state.
- The designated responsible employee, the officers of the limited lines travel insurance producer, and any other person who directs or controls the limited lines travel insurance producer's insurance operations complies with insurance intermediary fingerprinting requirements.
- The limited lines travel insurance producer pays all applicable licensing fees.

- The limited lines travel insurance producer requires each employee and authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training.

A travel retailer, or an employee or authorized representative of a travel retailer, who is not licensed as a limited lines travel insurance producer may not do any of the following:

- Evaluate or interpret technical terms, benefits, or conditions of travel insurance coverage;
- Evaluate or provide advice concerning a prospective purchaser's existing insurance coverage;
- Hold himself or herself out as an insurer, a limited lines travel insurance producer, or an insurance expert.

A travel protection plan can offer a combination of travel insurance, travel assistance services, and cancellation fee waivers for one price if certain conditions are met. The bill also prohibits the use of a negative option or opt out process that requires the purchaser to take an affirmative action to deselect coverage when purchasing a trip. This act takes effect March 1, 2022.

Any questions concerning this bulletin should be directed to Richard Wicka at Richard.Wicka@wisconsin.gov.