



**Office of the Commissioner of Insurance
Property & Casualty Advisory Council**

**Meeting Minutes
Wednesday, October 25, 2023
10:00 a.m. – 11:30 a.m.
125 South Webster Street
Room 227 – The Spencer Kimball Conference Room
Madison, WI 53703**

Council Members Present: Nick Arnoldy, Janet Dettman, Kellye J. Golden (virtual), Maggie Olson, Darrel Zaleski, Christopher Zwygart (Chair)

OCI Staff Present: Tim Cornelius, Andrea Davenport, Brian Darrey, Jeff Grothman, David Haul, Christina Keeley, Jill Kelly (virtual), Amy Malm, Rebecca Rebholz, Sarah Smith, Lauren VanBuren

Public Attendees: Matt Banzynski, Birny Birnbaum (virtual), Chelsey Chaney, Andy Franken, Joanna Glaser (virtual), Misha Lee, Dawn Lemke, Gary Strohm (virtual), Bill Toman, Andrea Michelz, Jess Alanis, Angela Marion, Kevin Holstine, Natalie White

NOTE: Technical Issues, all in attendance may not be listed in minutes.

Welcome and Introductions

Christopher Zwygart, Chair; Welcomed Council members and Office of the Commissioner of Insurance (OCI) staff along with public attendees. Review of last council minutes. Chris and the council members had no changes to the June 13, 2023, minutes. Minutes will be posted to the website.

- Sarah Smith, Director of Public Affairs, Commissioner of Insurance Office (OCI), introduced herself and gave a staff update. Rachel Cissne Carabell has departed OCI and will not be in attendance. There are no further updates on who the new Deputy Commissioner will be at this time.

NAIC Issues

- Tim Cornelius, Deputy Chief Legal Counsel, Commissioner of Insurance Office (OCI) reported on Privacy Protections. Procedural updates were given. Released draft 2.0 in early July and taken a lot of comments, which have since stopped due to high volume.

Working on draft 3.0 which will be released in early January. The goal of production will be next fall. OCI has been highly involved in this process with a lot of work put forth. An ongoing cycle of taking comments on a rolling basis should be helpful. Comments should be incorporated into the draft. A question was asked on how long will the data/comments be kept. This should be tracked during the comments review and discussed.

- Rebecca Rebholz, Administrator of Market Regulation Division, Commissioner of Insurance Office (OCI) reported on the NAIC C Committee Action to Develop a Data Call on Property Insurance. This call was launched during the NAIC Summer National Meeting which took place in August. The purpose is to track the increased frequency of severe weather events and increased insurance coverage/cost. The Federal Insurance Office has been wanting to design the same type of call. The goal of this is to make sure that states are in a better position. This is in the early stages; a group of regulators are working on this and in the preliminary scoping area to identify regulatory issues. The group will develop a data template. The cost of insurance deductibles will be a focus. This is more of a granular data call. No one from OCI is currently working on this. This will run through the NAIC processing.

2023-24 Legislative Session

- Sarah Smith, Director of Public Affairs, Commissioner of Insurance Office (OCI) gave a brief budget overview. During the June council meeting, it was mentioned that OCI requested additional positions. Commissioner Houdek and Sarah attended extensive meetings at the State Capitol to advocate for said positions in early spring and summer. OCI was granted one position in the Division of Market Regulation and three positions in the Division of Financial Regulation for the 2023-2025 budget. It was a tight budget cycle but nonetheless, OCI was grateful for the positions. Continued recruitment to get these positions filled is ongoing.

The OCI Tech Bill was also a topic Sarah touched based on. This bill has been worked on internally to change any outdated statutes that aren't applicable. Uncontroversial type items in the bill. A hearing in the Assembly was held yesterday regarding approval. Hopefully, the bill will be approved by both the Assembly and Senate before the holidays.

The Compensation Plan for State Employees was passed, which is very impactful to state employees as it included raises in total of 6% along with additional incentives. OCI is currently doing a lot of work in recruitment. A question was asked if it was difficult to fill open positions at OCI. It has mentioned the financial positions are being filled on an ongoing basis. OCI has attended career fairs which have been beneficial. Financial currently has five open positions. This is a work in progress to fill said positions.

Division of Financial Regulation Update

- Amy Malm, Administrator of Financial Regulation Division, Commissioner of Insurance Office (OCI) gave an update on WRC and Town Mutual closures which has been a large focus of OCI. WRC is currently in rehabilitation which occurred in June. OCI proposed a plan that the Town Mutuals merge with WRC and create a WRC reinsurance pool. In summary, overall Town Mutuals did not show any interest in merging with WRC or entering the pool due to the lack of interest. OCI's goal is to ultimately protect the consumers and the policy holders, therefore merging is not an option anymore.

As of September, WRC issued non-renewals on policies and will not offer reinsurance for the 2024 calendar year. In October, First Auto will not renew its policies according to statutes. On June 30th, financial statements were filed with WRC with a surplus of \$8.4 million with \$10.7 million in losses. In quarter 3 the surplus is more stable and has stayed level. OCI is continuing to look at options but planning for the worst-case scenario. OCI is prepared to have conversations with the guarantee fund which should be coming soon.

The Town Mutuals are not currently in rehabilitation or liquidation. There are 44 Town Mutuals of those 34 were reinsured by WRC. Currently, there are now 43 Town Mutuals as there was recently a merger. 10 Chapter 611 Town Mutuals have been affected by a managing underwriter pulling out. OCI is actively working to come up with a plan as the end of the year is quickly approaching. Some will get a file shortly. Overall OCI is reviewing many transactions/filings. The market has dictated how these mergers are coming along. OCI continues to review the filings as quickly as possible. Priority is solvency issues.

A question was asked about explaining what a Ch. 611 Town Mutual is vs. to a Ch. 612 Town Mutual. A town mutual has fewer filing requirements, they file with OCI once a year, and capital requirements are different. A regular mutual has minimal capital which is different; their investments can be a bit broader. The reinsurance market is dictating how this moves forward.

A question was asked regarding the WIP Plan. OCI wants to keep it as a limited scope which will be a big change for WIP. Implementation will take place sometime in 2024. There will be a hearing on the scope statement tomorrow.

Dissolution was a question. Amy responded this is not an option. Finding a different insurer takes a lot of time.

Division of Market Regulation Update

- Christina Keeley, Commissioner of Insurance Office (OCI) introduced Brian Darrey who joined the P&C Programs Management Team in the Division of Market Regulation. Brian reported on complaints data for 2021-2023. It was noted that claims handling is the most common complaint i.e. claim denials and delays from the carriers. Homeowners and auto complaints have a significant increase. While worker's compensation there is a decrease. Often what has been noticed is "what is OCI's actual role?" General consumer education is necessary. Getting more information out to the consumer will reduce calls to the complaints area.

It was mentioned there are cost pressures which translate to needing every dollar out of a claim, which is not unexpected. Inflation and supply chain issues are an issue for consumers.

NOTE: Technical difficulties

- Auto Repair Costs and Coverage were discussed. Keeley/Darrey are aware of increased costs which adds pressure. What are the carriers doing and how are they being proactive? Supply chain issues have been prevalent and causing delays in repairs.

The carrier perspective would be amping up the number of adjusters. It is not an agent/carrier issue. There are not enough contractors/auto shops to keep up with the work. This is a snowball effect which delays the processes. Insurance companies want to make these first party claims a priority but these are out of their control due to labor shortages.

Communication, education, and time management need to be reiterated to the customer based on the market we are in currently.

- Establish Customer Discounts/Ratings. How are companies balancing retention needs and bringing in new business needs? New input would be welcomed and appreciated as it is not necessarily an interest that would be beneficial to gain more knowledge of.

It was stated everyone is getting a large increase, better pricing is still increasing. Discounts are still available, such as discounts if you do not make a claim. Everyone's premiums are going up. At times it could be down to the agent to know what discounts could be offered.

Any additional thoughts or ideas please feel free to email Christina Keeley.

Trending Issues

Some P&C Insurers are no longer offering coverage in certain states and their potential effects on Wisconsin is an issue nationwide. Jeff and Chris have discussed this in the months approaching the council meeting. Major carriers are leaving the market. How is this affecting Wisconsin on a micro/macro level even with Wisconsin's strong insurance industry? Increased deductibles to keep their premiums low can be an issue for the consumer.

Discuss Next Council Meeting Date(s)

Historically the council has met quarterly. It was agreed that three meetings a year would be substantial. The next meeting is anticipated to be held in late March or early April.

The meeting was adjourned.