



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Dilweg, Commissioner

Wisconsin.gov

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Life & Disability Advisory Council Minutes of Meeting Tuesday, January 9, 2007

Council Members Attending: Steve Stribling, Roberta Riportella, Karen Geiger, Mary French, John Sheski, James Sykes, Russ Cain

Council Members Absent: Robert Palmer

OCI Staff Attending: Commissioner Sean Dilweg, Eileen Mallow, Sue Ezalarab, Barb Belling, Mike Honeck, Diane Dambach, Clare Stapleton Concord, Guenther Ruch, Jim Guidry, Deb Hamele

Interested Parties: Susan Callanan – Northwestern Mutual, Bill Toman – Quarles & Brady, Sabrina Fox – WDA, Pat Osborne – WPS, Christine Russell – WPS, Kathryn Ambelang – WPS, Kelly Reton – GHC, Louie Schubert – American Family, Marritta Hagen – American Family, Dan Schwartzner – WPPO, Paul Merline – WAHP, Marilyn Windschiegl – WEA, Pranav Shah – WEA, Susan Linck – NAIFA, Vaughn L. Vance – WEA Trust

I. Adoption of Revised Minutes from the January 9, 2007 Meeting

Commissioner Dilweg introduced himself to the council.

- Chair Roberta Riportella verified all council members had read the minutes for the July 10, 2006, meeting. A motion was made and seconded to accept the minutes. The motion passed unanimously and the minutes were adopted as written.

II. Agent Licensing and Continuing Education – Landphier

- The administrative rules were passed and officially became effective November 1, 2006. A complete copy of the rule changes is available at our website at oci.wi.gov. Highlights of the rule and procedure changes include:
 - Expiration dates were moved to the end of the licensee's birth month, in the odd or even license issue year.
 - Continuing education compliance is now due at the same time renewal fees are collected.
 - No existing fees were increased, and no new fees were added.
 - Licensees billed in 2007 will pay 50% of the standard renewal fee.
 - Licensees billed in 2008 will pay a full renewal fee.

- Continuing education compliance must be met before a licensee is able to physically renew their license. Transcripts are mailed to licensees who have yet to achieve compliance 90 days prior to their expiration date. Under this new system, it is imperative that agents do not wait until the last few weeks of their reporting period to complete their continuing education for the biennium. By rule, the continuing education providers have 10 days to electronically bank their credits, and paper confirmation is not acceptable.
 - All future renewals must be paid by credit card, debit card, or electronic check. Paper checks, money orders, or cash will not be accepted. Specific information will be included with the renewal notices that will be mailed to individuals and business entities 60 days prior to their due date.
 - For those licensees who must comply with continuing education in 2008 or after, 3 of the required continuing education hours must be devoted to the ethics of insurance. Approved ethics courses are identified on Promissor's and Sircon's respective websites. Each individual's transcript has been updated to identify any ethics courses already completed as well. A link to those sites is available at our website at oci.wi.gov.
 - Persons who were licensed prior to May 5, 2006 whose license dates were converted to 2008 must complete 36 hours of continuing education to accommodate the extra year.
 - Correspondence, self-study, and on-line continuing education courses will now be available as long as they are approved and include successful completion of a certified proctored examination.
 - Electronic posting of pre-licensing education completion information by providers (effective December 1) and online background checks by Promissory with the Department of Justice, Crime Information Bureau (effective February 1) will allow for implementation of a paperless resident licensing process.
 - New resident applicants who hold certain professional designations can qualify for an exemption from the pre-licensing education requirements.
 - Implementation of a streamlined reapplication process for residents who reapply within 12 months of a license being cancelled for nonpayment of renewal fees, noncompliance with continuing education, or failing to pay delinquent taxes. All previous continuing education requirements or any outstanding tax obligation would need to be met prior to reapplying.
 - Nonresident applicants are no longer required to provide a paper letter of certification to confirm license status.
 - New Wisconsin residents who were previously licensed as a resident of another state within the previous 12 months will be able to apply without completing pre-licensing education or an examination.
- Biennial regulation fees – new look renewal notices
- Renewal notices are mailed 60 days prior to fees being due. Again, if agents are required to complete continuing education, all credits must be banked in order for you to complete the electronic renewal process. Those individuals who have a license expiring in March should expect their renewal notice in January; those expiring in April will receive their notice in February, and so on. Eventually, all notices will be printed on postcards.

III. Legislative Update – Guidry

- Guidry provided a 2007 Legislative Committee list and a brief review of the new legislative committees and their membership. He reported the legislature is presently dealing with the holdover appointments from the previous session and that health care reform would likely become the top issue in the next few months.

IV. Administrative Rule Update

- **Section Ins 6, 26 and 28 – Licensing of Intermediaries and Affecting Small Businesses**
 - See discussion held by L. Landphier on Agent Licensing
- **Section Ins 6.05 and 6.07 – Filing Forms and Readability – S. Ezalarab**
 - The rule is still in the drafting stage.
 - OCI is now accepting NAIC forms
- **Chapter Ins 9 - Defined Network Plans and Preferred Provider Plans - E. Mallow**
 - The Rule has finally been completed although there are still some items that need cleaning up. The definition of “emergency” is being worked on.

V. NAIC National Meeting Update – G. Ruch / S. Ezalarab / M. Honeck

- Ruch reported that the Senior Issues Task Force and Work Group Conf Committee asked to look over standardized benefits – there are 17 standardized Medicare supplement plans.
- Remove the At Home benefit
- Next will come implementing – working on getting legislature with CMS (Centers for Medicare & Medicaid Services) - hopefully implementing in 2008
- There is a MOU (Memo of Understanding) with CMS that was signed last week regarding how the states and CMS will share complaint information.
- many of the healthcare dollars are not going directly to healthcare

Ezalarab noted that Wisconsin is looking at legislation to become part of the Interstate Compact.

- The Consumer Complaint Handling Working Group is working on more accurate complaint coding and reporting to the NAIC.
- Mike Honeck reported the Life and Annuity (A) Committee discussed and adopted revisions to the NAIC Viatical Settlements Model Act. The revisions expand the definition of viatical settlement contract to include premium finance loans where the insured agrees at the time of the loan to sell the policy at a later date or receives a guarantee of a future viatical settlement value of the policy. The revisions impose a five-year ban on life settlements unless the viator can satisfy certain specified exceptions. Other revisions add new disclosure requirements. The purpose of these revisions is to address life settlement transactions called stranger-initiated life insurance (STOLI), and regulators’ concerns that such transactions violate states’ insurable interest laws. The industry is in favor of the new revisions while life settlement advocates and consumer representatives believe that the restrictions will preclude a consumer from financial gain by selling his/her policy for an amount greater than its cash surrender value.

The committee's Travel to Foreign Countries Working Group continues to work on revisions to the NAIC Unfair Trade Practices Act dealing with the issue of travel underwriting in life insurance policies. The issue relates to insurers excluding life insurance benefits or declining coverage if the insured travels to or dies in certain high risk countries. The working group expects to have a draft ready for further comment by the spring 2007 meeting.

VI. New Business

- OCI Bulletin on Information Security Incident Reporting – Jo LeDuc

This bulletin was released in December 2006. OCI has requested that all Wisconsin-licensed insurers, gift annuities, warranty plans, motor clubs and employee benefit plan administrators voluntarily notify OCI if there has been a breach in security. In this manner, OCI will be aware so we can assist consumer and direct them to the correct person/company. OCI may work with the insurance company that experienced the breach if requested. OCI is also working with other states to streamline the reporting of such breaches.

VII. Other Business

- Discussion of the role that should be played by the Council

- The Council members discussed the role the council could play in advising the Commissioner and further discussion was planned for the April Life and Disability Council meeting when the Commissioner could attend.

- Update on Medicare Modernization Act – Sue Ezalarab

- Ezalarab reported that the insurance companies are making an effort to work with their insureds along with OCI to insure clarification and understanding on the insureds' part. She stated that OCI has no regulatory authority to resolve most complaints about Medicare Part D and Medicare Advantage plans, but tries to help consumers that contact OCI.

- OCI Technical Bill – Eileen Mallow

- OCI will release the technical bill as soon as it has a draft of the bill.
- OCI has just released a "Consumer's Guide to Grievances and Complaints". It can be downloaded from the OCI website or members can request a paper copy.

VIII. Confirm Next Meeting Date and Chair

- The next meeting will be April 10, 2007 at 10:00 a.m. to 12:30 p.m. to be chaired by Karen Geiger.

IX. Adjournment

- Meeting was adjourned at 11:37 a.m.