



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Dilweg, Commissioner

Wisconsin.gov

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Office of the Commissioner of Insurance Property and Casualty Advisory Council

Minutes January 5, 2007

Council members present: Jim Thomas, Society Insurance Company, Brian Peacy, Employers of Wausau Insurance Company, Maryelyn Geisler, American Family Mutual Insurance Company, John Duwell, West Bend Mutual Insurance Company, Mary Kaiser, RJF Agencies, Steve Tauke, M&I Corporation, Lemuel Eaton, Metro Milwaukee Fair Housing Council, and Bill Smith, NFIB.

Council members absent: Charles Vang, Charles V. Vang Insurance Agency.

OCI representatives present: Jean Terry, Sue Ezalarab, John Montgomery, Jo LeDuc, Deputy Commissioner Clare Stapleton Concord, Jim Guidry, Eileen Mallow, and Guenther Ruch.

Others present: Roger Steinbach, ISO, Louie Schubert, American Family Mutual Insurance Company, Yvonne Konak, American Family Mutual Insurance Company, Tom Fonfara, Quarles & Brady, and David Kijek, WEA Property & Casualty Insurance Company.

Jim Thomas chaired the meeting that began at 10:00 a.m. in Room 227, The Spencer Kimball Conference Room, 125 South Webster Street, Madison, Wisconsin.

Deputy Commissioner Clare Stapleton announced that OCI has a new commissioner. Sean Dilweg was appointed Commissioner by Governor Doyle on January 1, 2007. Prior to this appointment Commissioner Dilweg served as the Executive Assistant to the Secretary of the Wisconsin Department of Administration (DOA) from 2003 to 2006. In addition to managing key agency activities, including external communications, tribal negotiations and state finances, he advised the Secretary of the Department of Administration and Governor Jim Doyle on legislative and policy matters. He played a lead role for the administration in the creation of the Health Insurance Risk-Sharing Plan (HIRSP) Authority under 2005 Act 74.

I. Minutes of Previous Meeting

The minutes from the October 13, 2006 meeting were approved. (John Duwell/Bill Smith)

II. Agent Licensing Update

Sue Ezalarab said that as a result of the new license expiration dates for all agents, the Agent Licensing Section receives about 5,000 renewals each month. Sue also said that more on-line courses are being approved including courses that will fulfill the new 3-hour continuing education ethics requirement.

Bill Smith asked if it is mandatory that insurance agents pay biennial regulation fees electronically. Other agencies have a provision that if electronic filing is a hardship they may request a waiver from filing fees electronically. Sue Ezalarab said that the intent of the electronic filing was not to cause undue hardship. OCI has not had any feedback from agents so far but will consider any hardship cases that might occur in the future.

Sue said that OCI will inform agents through an article in our agent newsletter, the *Wisconsin Insurance News* (WIN) about FEMA's requirement that all producers selling flood insurance policies be properly trained and educated about the National Flood Insurance Program (NFIP). FEMA is following up with states to see how they are informing agents about the requirement. Sue said that she would check FEMA's Web site to see if there are any repercussions if agents do not comply with the training requirements and discuss at the next Council meeting.

III. Legislative Update

Jim Guidry informed the Council that the new legislature was sworn into office on Wednesday, January 3rd. Jim provided the Council with a handout of the [2007 Legislative Committee List](#) for the committees that OCI will be following.

OCI's Technical Bill

Eileen Mallow said that OCI will be introducing its technical bill this session. The bill was never introduced last session. Eileen said that Commissioner Dilweg will be briefed about the bill and then OCI will get sponsors for the bill. Some of the items included in the bill are changes to agent fees, changes to insurance agent continuing education, prohibiting requiring property insurance in excess of replacement value and changes to the Wisconsin Insurance Security Fund.

IV. Administrative Rule Update

John Montgomery said that OCI submitted its 2007-2009 preliminary biennial budget request to the Department of Administration on September 15, 2006. OCI's budget included requests for 11 positions, the majority of them in the Division of Regulation and Enforcement – 3 positions in the Bureau of Financial Analysis and Examinations, 4 positions in the Bureau of Market Regulation, and 2 positions in the Agent Licensing Section. OCI is also requesting 1 paralegal position in the Legal Unit, and 1 position that was previously eliminated in the State Life Insurance Fund. The budget request also includes a request for funds for witness fees and for funds to pay processing fees associated with agent electronic license applications and biennial license renewals. A copy of OCI's biennial budget request is available on OCI's Web site. The Governor's budget address is scheduled for February 15.

Ins 6.05, Wis. Adm. Code, Relating to Filing of Insurance Forms and Insurance Policy Language Simplification

Sue Ezalarab said that OCI issued a Statement of Scope regarding the filing of insurance forms and insurance policy language simplification. The rule is with OCI's drafting attorney. The intent of the rule is to adopt language and conform to the nationally accepted uniform insurance form listing and to modify rules relating to rate and form transmittal documents. By adopting the uniform language and form file listings Wisconsin will require insurers to utilize the nationally accepted uniform insurance rate and form transmittal documents. All other states will be utilizing these uniform rate and form transmittal documents.

Ins 6.77, Wis. Adm. Code – Emergency Rule – Relating to underinsured and uninsured motorist coverage in umbrella and commercial liability policies

Sue Ezalarab said that a hearing was held on December 11 and the record is now closed. The intent of the rule is to remove the requirement that umbrella and commercial policies give notice of the availability of underinsured motorists coverage. The emergency rule has been in effect since September. OCI has asked for an extension of the emergency rule. The earliest date the permanent rule would go into effect is May 1st.

Statements of Scope

Eileen Mallow said that OCI recently issued two Statements of Scope one relating to annual patients compensation fund and mediation fund fees for the fiscal year beginning July 1, 2007 and the other relating to fund peer review surcharge rates for the injured patients and families compensation fund and for the Wisconsin health care liability insurance plan.

V. Fall NAIC Meeting Update

Eileen Mallow said that there are 12 new commissioners and there could be more. The NAIC will update its public marketing campaign by video taping the new commissioners at the spring meeting in New York. This year Insure U will expand to include information for small business owners.

Climate Change and Global Warming Task Force

Sue Ezalarab said that the Climate Change and Global Warming Task Force held a public hearing with a panel on insurer trade association perspectives. The NAIC is hosting its President's Symposium in January in Florida. The symposium will focus on catastrophe and disaster planning in the United States.

Advisory Organization Examination Protocol Working Group

Jo LeDuc said that the Advisory Organization Examination Protocol Working Group discussed a recent draft of the *Market Regulation Handbook* Chapter on conducting statistical agent or advisory organization examinations. The working group wants to create a process so that states are confident in accepting examination reports conducted by the other states therefore eliminating the need for each state to conduct their own examination.

Market Analysis Priorities Working Group

Jo LeDuc said that the Market Analysis Priorities Working Group adopted a market analysis framework that is meant to provide an overview of the principles and structure of market analysis. The framework provides a general structure by which analysis occurs.

Uniformity Working Group

Sue Ezalarab said that the Uniformity Working Group heard a report on the aggregate results of the core competencies survey. The survey provided a "snapshot" of states' compliance with the core competencies adopted at the 2005 Winter National Meeting. The Working Group deferred consideration of the Consumer Complaint Handling Core Competency Standards to 2007, when the outcome of the 2006 tasks of the Complaint Handling and Reporting Standards (D) Working Group can be incorporated into the standards.

VI. Other Business

OCI Bulletin on Information Security Incident Reporting

Guenther Ruch said that OCI had received several comments about the draft bulletin discussed after the last meeting and took those comments into consideration when developing the bulletin. All Wisconsin-licensed insurers, gift annuities, warranty plans, motor clubs and employee benefit plan administrators are to notify OCI of any unauthorized access to personal information of Wisconsin residents as soon as practicable, but no later than 10 days after it has become aware of such unauthorized access. Any questions concerning this request and all notifications of unauthorized access to personal information should be sent to Jo LeDuc.

Guenther Ruch informed the Council that OCI has received a Form A filing from Australia-based QBE Insurance Group for the purchase of General Casualty Insurance Company. More information about the process can be found on OCI's Web site by going to the Company Page and clicking on Insurance Company, Mergers, Acquisitions, Conversions and Redomestication.

VII. Next Meeting Date

The next meeting of the Property and Casualty Advisory Council is scheduled for Friday, April 13, 2007 at 125 South Webster Street. The Council adjourned at 11:50 a.m.

2007 Legislative Committee List

As of 1/5/2007

House	First Name	Last Name	Party	District	Room No.	Phone (608) Area	Committee
Assembly	Frank	Lasee	Rep	AD 02	105 W	266-9870	Insurance (Chair)
Assembly	John	Nygren	Rep	AD 89	127 W	266-2343	Insurance (Vice Chair)
Assembly	Phil	Montgomery	Rep	AD 04	129 W	266-5840	Insurance
Assembly	Karl	Van Roy	Rep	AD 90	123 W	266-0616	Insurance
Assembly	Joan	Ballweg	Rep	AD 41	115 W	266-8077	Insurance
Assembly	Terry	Moulton	Rep	AD 68	20 N	266-9172	Insurance
Assembly	Bill	Kramer	Rep	AD 97	18 W	266-8580	Insurance
Assembly	David	Cullen	Dem	AD 13	216 N	267-9836	Insurance
Assembly	Terese	Berceau	Dem	AD 76	208 N	266-3784	Insurance
Assembly	Bob	Ziegelbauer	Dem	AD 25	207 N	266-0315	Insurance
Assembly	Joe	Parisi	Dem	AD 48	126 N	266-5342	Insurance
Assembly	Steve	Hilgenberg	Dem	AD 51	3 N	266-7502	Insurance
Senate	Roger	Breske	Dem	SD 12	316 S	266-2509	Transportation, Tourism, and Insurance (Chair)
Senate	Jeff	Plale	Dem	SD 07	313 S	266-7505	Transportation, Tourism, and Insurance (Vice Chair)
Senate	Jon	Erpenbach	Dem	SD 27	8 S.	266-6670	Transportation, Tourism, and Insurance
Senate	Dave	Hansen	Dem	SD 30	18 S	266-5670	Transportation, Tourism, and Insurance
Senate	Dan	Kapanke	Rep	SD 32	3 S	266-5490	Transportation, Tourism, and Insurance
Senate	Dale	Schultz	Rep	SD 17	127 S	266-0703	Transportation, Tourism, and Insurance
Senate	Joe	Leibham	Rep	SD 9	5 S	266-2056	Transportation, Tourism, and Insurance
Senate	Judith	Robson	Dem	SD 15	211 S	266-2253	Majority Leader
Senate	Scott	Fitzgerald	Rep	SD 13	202 S	266-5660	Minority Leader
Assembly	Michael	Huebsch	Rep	AD 94	211 W	266-3387	Speaker
Assembly	James	Kreuser	Dem	AD 64	201 W	266-5504	Minority Leader

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House	First Name	Last Name	Party	District	Room No.	Phone (608) Area	Committee
Senate	Russ	Decker	Dem	SD 29	122 S	266-2502	JCOF (Co-Chair)
Assembly	Kitty	Rhoades	Rep	AD 30	309 E	266-1526	JCOF (Co-Chair)
Senate	Dave	Hansen	Dem	SD 30	18 S	266-5670	JCOF (Vice Co-Chair)
Assembly	Dan	Meyer	Rep	AD 34	306 E	266-7141	JCOF (Vice Co-Chair)
Senate	Bob	Jauch	Dem	SD 25	118 S	266-3510	JCOF
Senate	Lena	Taylor	Dem	SD 04	415 S	266-5810	JCOF
Senate	Mark	Miller	Dem	SD 16	409 S	266-9170	JCOF
Senate	John	Lehman	Dem	SD 22	310 S	266-1832	JCOF
Senate	Luther	Olsen	Rep	SD 14	22 S	266-0751	JCOF
Senate	Alberta	Darling	Rep	SD 08	131 S	266-5830	JCOF
Assembly	Steve	Kestell	Rep	AD 27	320 E	266-8530	JCOF
Assembly	Jeff	Stone	Rep	AD 82	304 E	266-8590	JCOF
Assembly	Scott	Suder	Rep	AD 69	324 E	267-0280	JCOF
Assembly	Robin	Vos	Rep	AD 63	321 E	266-9171	JCOF
Assembly	Mark	Pocan	Dem	AD 78	322 W	266-8570	JCOF
Assembly	Pedro	Colon	Dem	AD 08	104 N	267-7669	JCOF
Senate	Bob	Jauch	Dem	SD 25	118 S	266-3510	JCRAR (Co-Chair)
Assembly	Dan	LeMahieu	Rep	AD 59	17 N	266-9175	JCRAR (Co-Chair)
Senate	John	Lehman	Dem	SD 21	310 S	266-1832	JCRAR (Vice Co-Chair)
Assembly	Rich	Zipperer	Rep	AD 98	307 N	266-5120	JCRAR (Vice Co-Chair)
Senate	Pat	Kreitlow	Dem	SD 23	10 S	266-7511	JCRAR
Senate	Glen	Grothman	Rep	SD 20	20 S	266-7513	JCRAR
Senate	Joe	Leibham	Rep	AD 9	5 S	266-2056	JCRAR
Assembly	Don	Friske	Rep	AD 35	312 N	266-7694	JCRAR
Assembly	Spencer	Black	Dem	AD 77	210 N	266-7521	JCRAR
Assembly	Tom	Nelson	Dem	AD 5	5 N	266-2418	JCRAR