



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Sean Dilweg, Commissioner

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Office of the Commissioner of Insurance Property and Casualty Advisory Council

Minutes April 13, 2007

Council members present: Jim Thomas, Society Insurance Company, Brian Peacy, Employers of Wausau 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, John Duwell, West Bend Mutual Insurance Company, and Maryelyn Geisler, American Family Mutual Insurance Company.

OCI representatives present: Jean Terry, Eileen Mallow, Jim Guidry, Rhonda Peterson, John Montgomery, Jo LeDuc, Deputy Commissioner Kim Shaul, and Clare Stapleton Concord.

Others present: Roger Steinbach, ISO, Louie Schubert, American Family Mutual Insurance Company, Eric Englund, WIA, Rick Parks, Society Insurance Company, Bill Toman, Quarles & Brady, Rich Pike, Allstate Insurance Company, 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.

Jim Thomas announced that OCI has a new Deputy Commissioner of Insurance, Kim Shaul who was appointed Deputy Commissioner of Insurance on April 1, 2007. Deputy Commissioner Shaul began her 16 year tenure at American Family as a litigation attorney for the Property and Casualty Claims Division. She then held positions as Assistant General Counsel, Life/Health Compliance Director before her role as Claims Director. Prior to American Family, she worked in a private law firm and also served as a messenger for the Wisconsin State Assembly.

I. Minutes of Previous Meeting

The minutes from the January 5, 2007 meeting were approved. (Brian Peacy/Steve Tauke)

II. Agent Licensing Update

The Agent Licensing Update was deferred until the July meeting.

III. Legislative Update

Jim Guidry said that the property and casualty insurance-related bills that OCI is following include:

- AB11 relating to the disclosure of Social Security Numbers by persons who purchase goods from retailers.
- AB 53 relating to inadmissibility of a state of apology or condolence by a health care provider.
- AB 224 relating to immunity from liability for health care providers that report violations of other health care providers.

- AB 247 relating to notification of the state regarding a medical malpractice claim involving a state agent.

Eileen Mallow said the Governor's Budget Bill contains an insurance intercept provision that requires every insurer authorized to do business in this state, before paying a claim of \$500 or more, to verify with the Department of Health and Family Services (DHFS) that the individual to whom the claim is to be paid does not have a medical assistance (MA) liability (an amount of medical assistance paid incorrectly under MA or that DHFS may recover from a third party). Insurers will also be required to check the statewide support lien docket to ensure that the individual does not have an overdue support obligation. If the individual has an overdue support obligation or a medical assistance liability, the insurer must pay the claim proceeds, up to the amount of the overdue obligation or liability to the Department of Workforce Development or DHFS before paying the individual any claim proceeds that remain.

Federal Legislation

Jim Guidry said that three issues that OCI is following at the federal level are: the Terrorism Risk Insurance Act (TRIA), federal regulation of insurance and a catastrophic backstop for the property and casualty industry.

OCI's Technical Bills

Eileen Mallow said that OCI will be introducing three technical bills this session: one creating an interstate compact, one dealing with changes to agent's licensing that are needed in order to comply with the NAIC uniformity standards and one with changes to the Wisconsin Security Fund.

IV. Administrative Rule Update

John Montgomery said that if anyone is looking for current information about any OCI administrative rule, they can find it on OCI's Web site at oci.wi.gov located in the Quick Links section under Laws, Rules and Bulletins.

Ins 50, Wis. Adm. Code - Relating to annual audited financial reports, annual financial statements and examinations and affecting small business

John Montgomery said that a hearing for Ins 50, Wis. Adm. Code is scheduled for May 18, 2007 at 10:00 a.m. at OCI. This rule clarifies the level of independence required of a certified public accountant or firm in its engagement with an insurer.

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

Eileen Mallow said that Ins 6.77, Wis. Adm. Code is still pending at the Legislature. Commissioner Dilweg has been meeting with interested parties to come up with a compromise. A decision should be coming soon. The intent of the rule is to remove the requirement that umbrella and commercial policies give notice of the availability of underinsured motorists coverage. An emergency rule has been in effect since September 2006.

V. NAIC Spring Meeting Update

Climate Change and Global Warming Task Force

Clare Stapleton Concord said that the Climate Change and Global Warming Task Force received a draft of the report entitled *Overview of the Potential Insurance-Related Impacts of Climate Change on Insurance Regulators*. The draft report is a starting point intended to identify issues of interest. The report along with comments from the public hearing will be used to create a more in-depth white paper that the Task Force is developing. The goal is to create a regulatory environment that encourages insurers to provide essential insurance coverages and inform regulators and the public regarding their consideration of the impact of climate change on their business.

Worker's Compensation Task Force

Jo LeDuc said the Worker's Compensation Task Force adopted the March 11, 2007 draft NAIC PEO Model Regulation and is looking into providing comments on the draft NCOIL Model Act. Eileen Mallow said that OCI continues to work with the Wisconsin Compensation Rating Bureau and the Department of Workforce Development on an agreed upon bill that will address the PEO issues in Wisconsin.

Market Analysis Priorities Working Group

Jo LeDuc said that the Market Analysis Working Group continues to develop the market process and refine the tools developed over the last two years.

The NAIC is looking into releasing the aggregate Market Conduct Annual Statement data and is in the very early stages of looking into expanding the lines covered by the statement and the types of information collected.

Jo said the NAIC is looking into the possibility of centralizing the collection of market related data. The NAIC prepared a feasibility study that focused on the business perspective of market data, and did not include legal or cost factors. The NAIC staff were directed to conduct an analysis of both the legal and cost factors associated with centralized data collection.

VI. Other Business

Update on FEMA Flood Insurance Training Requirements

The update on FEMA flood insurance training requirements will be discussed at the July meeting.

VII. Next Meeting Date

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