



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 July 13, 2007

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

Council Members Absent: Charles Vang, Charles V. Vang Insurance Agency and Bill Smith, NFIB.

OCI representatives present: Sean Dilweg, Commissioner, Kim Shaul, Deputy Commissioner, Eileen Mallow, Jim Guidry, Rhonda Peterson, Jennifer Stegall, Mikaela Reck, Mary Reines, Laura Landphier, Sue Ezalarab, Guenther Ruch, and Roger Peterson.

Others present: Richard Pike, Allstate Insurance Company, Don Cleasby, PCI, Roger Steinbach, ISO and Bill Toman, Quarles & Brady.

Jim Thomas chaired the meeting that began at 10:00a.m. in Room 349, 125 South Webster Street, Madison, Wisconsin.

Commissioner Dilweg expressed thanks to the committee for their work and the feedback that the council provides. He also stated that there maybe some restructuring of other committees, but would not occur within the Property and Casualty Advisory Council.

I. Minutes of Previous Meeting

The minutes from the April 13, 2007 meeting were approved.

II. Agent Licensing Update

This is the 6th month of online renewals. So far things are going well. Agent Licensing staff is able to enter payments for non-computer access agents that have renewals.

Other statistics:

- 97% of non-resident agents are applying online
- 13,053 renewals were processed for non-resident agents online
- 43 paper applications were processed for non-resident agents

Electronic Reinstatement applications will be available soon. Test Review Committees are coming together in July to review examination questions. This is an annual event.

Sircon and NIPR are used for online address changes. A link and pertinent information is available on the Agent page of our Web site.

Finger Printing

National initiative for states is to finger print resident applicants. Legislation is in process to provide the necessary language to allow our agency to obtain fingerprints and receive a FBI record. The statute will provide the Commissioner with rulemaking authority to implement this requirement, in the future to be in compliance with the national producer licensing standards.

III. Legislative Update

Prohibiting the use of credit as a rating factor for vehicle insurance- This bill has a lot of media attention. There may be a future hearing on this bill.

Auto Direct Repair - Was in the Assembly and the Senate. The bill is to essentially prohibit insurance companies from requiring repairs at recommended repair shops. Also, insurers cannot make recommendations on after market parts. This would limit the insurer's ability to negotiate discounts. Auto repair shops are stating that customers do not like the limited selection. Legislators want to find a compromise, and amendments to the bill will be coming. Insureds go to their insurance company for assistance and value the service provided by the insurance company. Insurance companies want to provide quality service and negotiate prices to mitigate repair costs to keep premiums down. OCI is concerned about the flow of information to the insured and the insurer's ability to manage costs.

Intercept Program – is out of budget.

Federal Bills

Terrorism Risk Insurance Revision and Extension Act of 2007- would be expanded for 10 years. Changes to the bill include “make available” coverage for nuclear, chemical, biological, and radiological coverage; domestic acts of terrorism; reduction of the trigger amount; adding group life coverage; and retroactive reset provision for areas with previous significant terrorism attacks.

National Insurance Act was introduced; the future is unclear at this time.

Surplus lines- This bill has passed the House, but not the Senate. The bill requires states to develop a centralized surplus line system of collection for surplus lines premium taxes. This is not problematic at this time. This issue has a short time frame – 360 days. This bill would give authority to adjust calculations for the tax. Reinsurance is also a part of this bill. OCI does have concerns about the reinsurance portion that would require state departments who need non-domestic reinsurance company financial information to flow through the reinsurance company's domestic state insurance office. This would give reinsurance companies protection from non-domicile states. At this time, it is unclear what issue the bill is addressing, as financial information from reinsurance companies is a rare occurrence. OCI has just stated its internal discussion and will keep the council informed.

Federal Regulation of Insurance- Congress is likely to consider the issue of centralizing insurance regulation. It would be good for states to articulate the value of NAIC. Sean is lobbying for stronger relations between the NAIC and federal government so that states can voice opinions and have options as the insurance industry has issues that evolve. The committee asked that the Federal government (Washington) be educated on the difference between insurance and banking.

OCI's Technical Bills

Three bills will be presented this fall once the budget debate is settled.

Interstate compact- this is the highest priority for OCI. This also includes file and use provisions for policy forms.

Agent Bill- the issues raised by stakeholders and leg counsel have been resolved, but the bill needs to be finished up.

Clean up and Security Fund issues- this is not the highest priority, but will be introduced once a final draft is available.

IV. Administrative Rules Update

Per Rhonda Peterson, the Bulletin to Insurers regarding Ins 6.77, Wis. Adm. Code has been revised as of July 5, 2007. The third paragraph on personal umbrella and excess liability language has been changed to exclude the word 'personal.' Sue Ezalarab provided a copy of the revised bulletin.

V. NAIC Summer Meeting Update

Key topics are: Climate Change Adjustments and Catastrophe Risk Modeling. Clare Stapleton Concord is on the committee. This will be an agenda item for the next Property and Casualty Advisory Council meeting. Clare will give a 30 minute presentation.

VI. Other Business

Update on FEMA Flood Insurance Training Requirements

Sue Ezalarab reported on FEMA Flood Insurance training. FEMA has an on-line course that has been approved for three continuing education credits in most states, including Wisconsin. She reported that there was discussion regarding enforcement of the flood insurance training requirement at recent NAIC meetings. Forty states have issued a bulletin advising agents that failure to comply with the continuing education requirement could jeopardize their authority to write flood insurance. FEMA representatives stated the federal act did not describe how the requirements would be enforced and that FEMA looked to the states for enforcement. A few states have changed regulations to require agents to complete the flood training. Wisconsin has not done so at this time.

VII. Next Meeting Date

The next meeting of the Property and Casualty Advisory Council is scheduled for Friday, October 12, 2007 at 125 South Webster Street. The Council adjourned at 11:55 a.m.