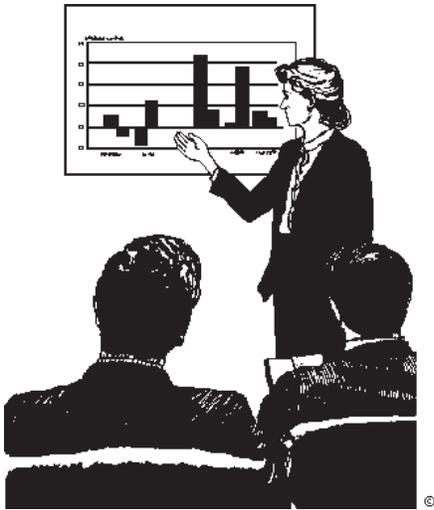


Division of Regulation and Enforcement





The Division of Regulation and Enforcement, through its Bureau of Financial Analysis and Examination and Bureau of Market Regulation, and in conjunction with the office's Legal Unit, is responsible for enforcing the state's insurance laws. In addition, the Division has primary responsibility in developing and maintaining the office's consumer publications and providing information and material to the office's Web site. In compliance with s. 601.01(5), Wis. Stat., the Division works with other state and federal regulatory agencies in carrying out the purposes of the Wisconsin insurance laws and the mission of the office.

Bureau of Financial Analysis and Examinations (Bureau)

The principal function of the Bureau of Financial Analysis and Examinations is to monitor the financial condition of all insurers licensed to do business in Wisconsin and determine whether their financial condition meets the minimum requirements for continued operation in Wisconsin. Monitoring includes the examination of the accounts and records of insurance companies headquartered in Wisconsin and the analysis of financial statements of all insurers licensed to do business in the State of Wisconsin submitted to OCI, the review of CPA audit reports, and updates to the company profile database.

The Bureau maintains and reviews holding company filings required by ch. Ins 40, Wis. Adm. Code, reviews financial reports for surplus lines insurers, administers insurer applications for admission to Wisconsin, processes merger and acquisition plans, and reviews holding company transactions. The Bureau also collects and processes all premium taxes submitted by insurers.

Among the major accomplishments in 2002 were:

- Examined 61 domestic insurers.
- Analyzed the financial statements of over 1,800 insurers.
- Licensed 3 nondomestic insurers, 13 gift annuities, 12 warranty plans, 3 domestic insurers, and 2 viatical settlement providers.
- Reviewed and amended the Wisconsin certificate of authority for 4 nondomestic insurers that converted from mutual to stock form.
- Reviewed changes of control of 8 domestic insurers, pursuant to holding company regulations, 7 of which were approved and 1 of which was ultimately withdrawn.
- Reviewed and approved mergers of 3 domestic insurers.
- Approved 2 changes of domicile into Wisconsin and 2 changes of domicile out of Wisconsin.
- Completed review of the proposed merger of Employers Insurance of Wausau Mutual Holding Company with and into Liberty Mutual Holding Company, Inc.

- Continued the review of the mutual holding company restructuring of Milwaukee Mutual Insurance Company.
- Approved a stock offering by Cobalt Corporation on behalf of Wisconsin United for Health Foundation, Inc.
- Approved the transfer of certain personal lines business from Lumbermens Mutual Casualty Company and its affiliates to Trinity Universal Insurance Company and its affiliates.
- Approved an affiliation agreement by and between Milwaukee Mutual Insurance Company and First Nonprofit Insurance Company.
- Reviewed and enhanced the procedures for financial analysis and monitoring of licensed insurers.
- Continued the enhancement and use of TeamMate 2000 (an electronic workpaper software) to facilitate the financial examination process.
- Continued the enhancement and use of ACL (an audit software tool) in the financial examination process.
- Continued the development of a process for insurance companies to file Wisconsin-specific forms electronically with OCI.
- Continued the development of automated applications used in financial analysis and examinations.
- Maintained insurer financial and demographic data on the OCI Internet Web site.
- Continued participation in OCI Information Technology Planning and Standards Committee charged with the development of comprehensive plans and standards for the bureau and the office.
- Continued the use of the NAIC I SITE Program. This PC-based technology improves and expedites access by examiners to the NAIC database through applications that produce reports for financial analysis and examinations.
- Continued the reengineering of OCI's financial database and applications (with IT bureau).
- Participated in NAIC task forces and working groups, including: Financial Condition (E) Committee, Accounting Practices and Procedures

Task Force, Examination Oversight Task Force, Risk-Based Capital Task Force, Analyst Team System Oversight, Audit Software, Emerging Accounting Issues, Financial Analysis Handbook (Chair), Financial Analysis Working Group, Financial Analysis Research and Development (Chair), Financial Examiners Handbook, Health Entities, Health Risk-Based Capital, Insurance Group Review, Insurance Holding Company, Life

Risk-Based Capital, National Treatment, Property and Casualty Risk-Based Capital, Property and Casualty Reinsurance, Risk-Based Capital Ad Hoc, Statutory Accounting Principles, Risk Assessment, Risk Assessment Confidentiality.

- Participated in the office's Web Committee in order to continually update the office's Web site pertaining to bureau processes and procedures.

Companies Examined

Alpha Property & Casualty Ins. Co.
Ambac Assurance Corp.
American Family Life Ins. Co.
American Family Mutual Ins. Co.
American Standard Ins. Co. of WI
Bankers Reserve Life Ins. Co. of WI
Baraboo Farmers' Mutual Ins. Co.
Berry & Roxbury Mutual Ins. Co.
Capitol Indemnity Corp.
Capitol Specialty Corp.
Care Plus Dental Plans, Inc.
Catholic Family Life Ins.
Connie Lee Ins. Co.
Dean Health Plan, Inc.
EmpheSys Wisconsin Ins. Co.
Epic Life Ins. Co., The
Federation Life Ins. of America
Franklin Farmers Mutual Ins. Co.
Group Health Coop. of Eau Claire
Group Health Coop. of South Central WI
Helenville Mutual Ins. Co.
Humana Ins. Co.
Humana Wisconsin Health Org. Ins. Corp.
Lebanon Clyman Mutual Ins. Co.
Liberty Mutual Fire Ins. Co.
Managed Health Services Ins. Corp.
Manitowoc Mutual Ins. Co.
Medical Assoc. Clinic Health Plan of WI, The
MercyCare Ins. Co.

Middleton Ins. Co.
Milwaukee Casualty Ins. Co.
Milwaukee Mutual Ins. Co.
Moraine Mutual Ins. Co.
Mt. Morris Mutual Ins. Co.
National Casualty Co.
National Insurance Co. of WI, Inc.
Nationwide Assurance Co.
Nationwide Ins. Co. of America
New Hope Mutual Ins. Co.
Northeastern Mutual Ins. Co.
Northern Finnish Mutual Ins. Co.
Northwestern National Ins. Co. of Milwaukee
Pacific Indemnity Co.
Paris Mutual Fire Ins. Co.
Pella Mutual Ins. Co.
PHP Insurance Plan, Inc.
Premier Medical Ins. Group, Inc.
Southeast Mutual Ins. Co.
State Auto Ins. Co. of Wisconsin
Stockholm Town Mutual Ins. Co.
United Wisconsin Life Ins. Co.
Washington Town Mutual Ins. Co.
WEA Ins. Corp.
WEA Property & Casualty Ins. Co.
Wisconsin Physicians Services Ins. Corp.
Wisconsin Vision Service Plan, Inc.
Yorkville & Mt. Pleasant Mutual Ins. Co.

Wisconsin Insurance Corporations Organized and Licensed

January 1, 2002 - December 31, 2002

Community Ins. Corp.	Madison, WI
League of Wisconsin Municipalities Mutual Ins.	Madison, WI
Unimerica Ins. Co.	Minnetonka, MN

Insurance Corporations of Other States Admitted

January 1, 2002 - December 31, 2002

Hartford Steam Boiler Inspection and Ins. Co. of CT	Hartford, CT
Peerless Indemnity Ins. Co.	Lisle, IL

Organizations Licensed to Issue Gift Annuities

January 1, 2002 - December 31, 2002

American Lung Association	New York, NY
Bethany Lutheran College and Seminary, Inc.	Mankato, MN
Catholic Medical Mission Board, Inc.	New York, NY
Christian Children's Fund, Inc.	Richmond, VA
Diocese of La Crosse	La Crosse, WI
Dodge Health Foundation, Inc.	Beaver Dam, WI
General Board of the Church of Nazarene	Kansas City, MO
Lions Clubs International Foundation	Oak Brook, IL
Marquette University High School	Milwaukee, WI
National Foundation, Inc.	Colorado Springs, CO
United Way of America	Alexandria, VA
University of Connecticut Foundation, Inc.	Storrs, CT
Wisconsin Masonic Foundation	Dousman, WI

Organizations Licensed to Issue Warranty Plans

January 1, 2002 - December 31, 2002

Electrolux Warranty Corp.	Cleveland, OH
FABCO Equipment, Inc.	Milwaukee, WI
First American Home Buyers Protection Corp.	Van Nuys, CA
First Extended Service Corp. of Florida	Dallas, TX
lock/line Warranty Service, LLC	Prairie Village, KS
Old Republic Home Protection Co., Inc.	San Ramon, CA
Prizm Administrative Solutions, Inc.	Wheat Ridge, CO
Royal Administration Services, Inc.	Hanover, MA
Service Net Solutions, LLC	Louisville, KY
Service Saver, Inc.	Chicago, IL
ServicePlan of Florida, Inc.	Chicago, IL
World Wide Warranty, Inc.	Reno, NV

**Insurance Corporation Mergers, Consolidations, Dissolutions,
Withdrawals, Rehabilitations, Liquidations, or Redomestications**

January 1, 2002 - December 31, 2002

Conversions from Mutual to Stock

Liberty Mutual Fire Ins. Co.	05/10/2002
Liberty Mutual Ins. Co.	01/29/2002
Manhattan Life Ins. Co.	04/19/2002
Nationwide Life Ins. Co. of America	10/02/2002
Pioneer Mutual Life Ins. Co.	06/12/2002
Prudential Ins. Co. of America, The	01/30/2002

Dissolutions

Professional Dental Plan, Inc.	07/31/2002
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Withdrawals

Aristar Ins. Co.	08/13/2002
Frigidaire Company, A Division of White Consolidated Industries, Inc.	01/30/2002
IGF Ins. Co.	06/06/2002
Intercontinental Marine Service Corp.	09/19/2002
Medical Center Foundation of Hartford, Inc.	04/04/2002
National Foundation for Cancer Research, Inc.	05/06/2002
National Spiritual Assembly of the Baha'is of the United States	04/04/2002
Roadway Protection Auto Club, Inc.	11/01/2002
Sigma Theta Tau International Honor Society of Nursing, Inc.	05/13/2002
Viaticus, Inc.	12/30/2002

Rehabilitations

Acceptance Insurance Company	12/20/2002
American Growers Insurance Company	12/20/2002
Casualty Reciprocal Exchange	12/19/2002
Legion Ins. Co.	03/28/2002
London Pacific Life & Annuity Co.	08/06/2002
Villanova Ins. Co.	03/28/2002

Liquidations

American Horizon Ins. Co..	07/11/2002
PHICO Ins. Co.	02/01/2002

Mergers

Company Name	Merged Into	Date
ALL AMERICAN LIFE Ins. Co.	American General Life Ins. Co.	12/31/2002
American Franklin Life Ins. Co.	Franklin Life Ins. Co., The	12/31/2002
American General Life Ins. Co. of New York	United States Life Ins. Co. in the City of New York, The	12/31/2002
American General Life Ins. Co. of Pennsylvania	American General Assurance Co.	12/31/2002
Atlas Assurance Co. of America	Peerless Indemnity Ins. Co.	12/31/2002
Chartwell Ins. Co.	Trenwick America Reinsurance Corp.	12/31/2002
Delta Life and Annuity Co.	American Investors Life Ins. Co., Inc.	12/31/2002
Design Professionals Ins. Co.	Security Ins. Co. of Hartford	12/31/2002
Franklin Life Ins. Co., The	American General Life Ins. Co.	12/31/2002
Fremont Compensation Ins. Co.	Fremont Indemnity Co.	05/31/2002
General Life Ins. Co.	General American Life Ins. Co.	07/01/2002
Inter-State Assurance Co.	Protective Life Ins. Co.	07/01/2002
International Ins. Co.	TIG Ins. Co.	02/16/2002
Investors Life Ins. Co. of Indiana	Investors Life Ins. Co. of North America	02/19/2002
LifeUSA Ins. Co.	Allianz Life Ins. Co. of North America	07/01/2002
Lutheran Brotherhood	Aid Association for Lutherans	01/01/2002
Manufacturers Life Ins. Co. of North America	Manufacturers Life Ins. Co. (USA)	01/01/2002
MGIC Surety Corp.	Mortgage Guaranty Ins. Corp.	11/30/2002
Midland Life Ins. Co., The	Reassure America Life Ins. Co.	01/01/2002
Millers Casualty Ins. Co.	Millers Ins. Co., The	03/31/2002
NN Ins. Co.	Northwestern National Casualty Co.	07/25/2002
Northern Life Ins. Co.	ReliaStar Life Ins. Co.	10/01/2002
Stonebridge Ins. Co.	Stonebridge Life Ins. Co.	01/01/2002

Redomestications

Company Name	From	To	Effective Date
Acacia National Life Ins. Co.	VA	DC	03/31/2002
Allmerica Financial Life Ins. and Annuity Co.	DE	MA	12/30/2002
Allstate Assurance Co.	TN	IL	11/07/2001
Amalgamated Labor Life Ins. Co.	IL	MO	02/27/2002
American Family Life Assurance Co.	GA	NE	12/26/2001
American Summit Ins. Co.	IA	TX	09/17/2002
Chase Life & Annuity Co.	OH	DE	08/21/2001
Greenwich Ins. Co.	CA	DE	12/24/2002
John Alden Life Ins. Co.	MN	WI	07/15/2002
Liberty Ins. Corp.	VT	IL	12/27/2002
Mapfre Reinsurance Corp.	CA	NJ	04/12/2002
Northwestern National Casualty Co.	WI	TX	12/31/2002
Provantis Ins. Co.	AZ	DE	09/30/2002
QBE Ins. Corp.	DE	PA	09/05/2002
Redland Ins. Co.	IA	NJ	12/31/2001
Response Worldwide Direct Auto Ins. Co.	KY	OH	06/28/2002
SAFECO Ins. Co. of Indiana	PA	IN	01/30/2002
United Financial Casualty Co.	MO	OH	12/30/2002

Redomestications (continued)

Company Name	From	To	Effective Date
United Life & Annuity Ins. Co.	TX	IA	12/31/2001
West Coast Life Ins. Co.	CA	NE	12/20/2002
Worldwide Direct Auto Ins. Co.	KY	OH	06/28/2002
XL Insurance America, Inc.	WI	DE	12/24/2002
XL Life Ins. and Annuity Co.	MO	IL	03/29/2002
XL Specialty Ins. Co.	IL	DE	09/06/2002

Insurance Corporations Which Changed Their Names

January 1, 2002 - December 31, 2002

Previous Name	New Name
AM Life Ins. Co.	First International Life Ins. Co.
Abeille General Ins. Co. (US Branch)	Abeille General Ins. Co., Inc.
Abeille Paix General Ins. Co.	Abeille General Ins. Co. (US Branch)
Accident Fund Co.	Accident Fund Ins. Co. of America
Aetna Fire Underwriters Ins. Co.	CIGNA Fire Underwriters Ins. Co.
Aetna Ins. Co.	CIGNA Property and Casualty Ins. Co.
Aetna Ins. Co. of America	ING Insurance Co. of America
Aetna Life Ins. And Annuity Co.	ING Life Insurance and Annuity Co.
Aid Association for Lutherans	Thrivent Financial for Lutherans
Alaska Pacific Assurance Co.	CIGNA Indemnity Ins. Co.
Alexander Hamilton Ins. Co. of America	Household Ins. Co.
American Business & Mercantile Ins. Mutual, Inc.	American Business & Personal Ins. Mutual, Inc.
American Continental Life Ins. Co.	C N A Group Life Assurance Co.
American General Annuity Ins. Co.	AIG Annuity Ins. Co.
Anchor National Life Ins. Co.	SunAmerica National Life Ins. Co.
Asset Guaranty Ins. Co.	Radian Asset Assurance, Inc.
Automobile Club Ins. Co.	American Commerce Ins. Co.
CitiCapital Ins. Co.	Associates Ins. Co.
Colonial Penn Franklin Ins. Co.	GE Casualty Ins. Co.
Colonial Penn Ins. Co.	GE Property & Casualty Ins. Co.
Colonial Penn Madison Ins. Co.	GE Indemnity Ins. Co.
Conseco Direct Life Ins. Co.	Colonial Penn Life Ins. Co.
Croatian Catholic Union of the U.S.A. and Canada	Croatian Catholic Union of USA
Employers Health Ins. Co.	Humana Ins. Co.
Enhance Reinsurance Co.	Radian Reinsurance, Inc.
First American Ins. Co.	Arch Insurance Co.
Hartford Memorial Hospital Foundation, Inc.	Medical Center Foundation of Hartford, Inc.
HomePlus Ins. Co.	Securian Casualty Co.
J.C. Penney Casualty Ins. Co.	Stonebridge Casualty Ins. Co.
J.C. Penney Life Ins. Co.	Stonebridge Life Ins. Co.
Kenosha Hospital and Medical Center, Inc.	United Hospital System, Inc.
Lincoln National Health and Casualty Ins. Co.	Fort Wayne Health & Casualty Ins. Co.
Lyndon Life Ins. Co.	XL Life Insurance and Annuity Co.
Lyndon-DFS Warranty Services, Inc.	Protective Administrative Services, Inc.
Mid-Continent Life Ins. Co.	Mid-Continent Preferred Life Ins. Co.
Midwest Security Ins. Co.	State Auto Insurance Co. of WI

Insurance Corporations Which Changed Their Names (continued)

Previous Name	New Name
Ministers Life Ins. Co., The	Securian Life Ins. Co.
NCMAmericas, Inc.	Gerling NCM Credit Ins., Inc.
Nonprofits' Insurance Assoc., An Interinsurance Exchange	Nonprofits Ins. Co.
Ordesco, Inc.	Old Republic Insured Automotive Services, Inc.
PaineWebber Life Ins. Co.	UBS PaineWebber Life Ins. Co.
Prevea Health Ins. Plan, Inc.	PHP Ins. Plan, Inc.
Protective DentalCare, Inc.	Fortis Benefits DentalCare of WI, Inc.
Provident Mutual Life Ins. Co.	Nationwide Life Ins. Co. of America
Provident National Assurance Co.	Allstate Assurance Co.
Providentmutual Life and Annuity Co. of America	Nationwide Life and Annuity Co. of America
Reliant Ins. Co.	Bristol West Ins. Co.
Rock River Ins. Co.	Arch Specialty Ins. Co.
SAFECO Ins. Co. of Pennsylvania	SAFECO Insurance Co. of Indiana
SBLI USA Financial Services Life Ins. Co., Inc.	S.USA Life Ins. Co., Inc.
Sorema North America Reinsurance Co.	General Security National Ins. Co.
SunAmerica National Life Ins. Co.	AIG SunAmerica Life Assurance Co.
Tower Ins. Co., Inc.	Hawkeye-Security Ins. Co.
Underwriters Ins. Co.	Platte River Ins. Co.
Virginia Surety Co., Inc.	Combined Specialty Ins. Co.
Western Security Life Ins. Co.	Provantis Ins. Co.
Winterthur International America Ins. Co.	XL Ins. America, Inc.
Yasuda Fire & Marine Ins. Co. of America, The	Sompo Japan Ins. Co. of America
ZC Ins. Co.	Converium Ins. (North America), Inc.
Zurich Reinsurance (North America), Inc.	Converium Reinsurance (North America), Inc.

Companies in Liquidation

American Star Insurance Company, In Liquidation

American Star Insurance Company was placed into liquidation on November 16, 1992. Matthew C. Mandt is appointed as special deputy liquidator.

American Star is headquartered in Lafayette, California, and had business in force mainly in Arizona, California, Idaho, Nevada, Oregon, and Washington state. There was no business in force in Wisconsin. American Star wrote commercial multi-peril, property, auto, liability, and surety business.

American Star filed a September 30, 1992, quarterly financial statement indicating capital and surplus of approximately \$5.5 million. A preliminary review of American Star's reserves for losses and loss adjustment expenses showed them to be deficient by about \$15.9 million, implying a negative net worth of about \$10.4 million. Furthermore, American Star had not obtained reinsurance coverage for policies it had written or renewed for December 1, 1992. Due to the foregoing factors, further transaction of business was hazardous to its policyholders and the general public, and American Star's owners consented to the liquidation.

Under the liquidation order, policies in force were terminated the earliest of: December 1, 1992, the date the policy expired, or the date new coverage was obtained by the agent. Certain guaranty funds extended the period of coverage for residents of their respective states, if such extension was required by law or administrative action. Ancillary liquidation proceedings were established in California, Idaho, Oregon, and New Mexico, and all have now been closed. The California ancillary liquidation proceeding was reopened on March 30, 2001, to allow a distribution of Proposition 103 rebates to California policyholders in the amount of \$1,750,000, but has since been closed. The Proposition 103 settlement was substantially below the \$10,362,838 reserved as of December 31, 1999.

At least 64,511 notices were mailed to agents, policyholders, state insurance commissioners, guaranty funds, claimants, former policyholders, and other parties whose interests may in some way be affected by the liquidation. The deadline for filing claims with the liquidator was November 16, 1993. Unexcused late filings will not be considered for payment.

On January 28, 1994, the liquidation court approved a plan to provide state guaranty funds with \$20,000,000 in early access payments to be used for the return of unexpired premiums to policyholders and payment of claims. Early access payments were made during 1994 after each participating guaranty fund gave its written assent to the terms of the plan. Altogether the estate has advanced \$34,256,799.62 to participating guaranty funds under four early access agreements, of which \$29,403,159.43 has been converted into nonrefundable dividends.

The liquidation court has approved additional dividends, over and above the foregoing \$29,403,159.43, for full or partial payment of various class 1, 3, 4, 5, 7 and 8 claims filed with state guaranty funds and directly with the estate, as recommended by the liquidator. Such additional dividends aggregated to \$13,191,241.87 as of December 31, 2002.

The liquidator has recommended partial payment or denial of certain class 1, 3, and 5 claims filed directly with the estate. The liquidator reviews objections to partial payments or denials in the normal course of the run-off, and hearings are held before the liquidation court to adjudicate objections when necessary.

The most recent comprehensive Report on Claims was filed on March 27, 2002. This report includes the liquidator's recommendations for full payment, partial payment, and denial on certain class 3, 5, 7, and 8 claims. Pursuant to s. 645.65 (1), Wis. Stat., the liquidator forwarded notice of these recommendations to all affected claimants and advised them that they had 60 days to object to the recommendations. One claimant has objected. The liquidator will schedule hearings with respect to this claimant's objections.

In 2002, the estate initiated a claim reserve study in order to assist the liquidator in a determination regarding a Class 10 distribution and to plan a course of action for closure of the estate. This claim reserve study is expected to conclude during 2003.

As of December 31, 2002, the estate reported assets of \$43,754,072. Claims in classes 1 through 10 were estimated at \$31,423,316, resulting in an estimated surplus of \$12,330,756.

Family Health Plan Cooperative, In Liquidation

Family Health Plan Cooperative was placed into liquidation on October 16, 2000. Matthew C. Mandt was appointed as special deputy liquidator.

Family Health Plan was headquartered in Brookfield, Wisconsin, and had business in force only in Wisconsin. Family Health Plan wrote health maintenance organization business and had just over 72,000 enrollees.

Under the liquidation order, policies in force were terminated the earliest of November 1, 2000, the date the policy expired, or the date new coverage was obtained by the enrollee. The liquidator assumed an Omnibus Agreement by and among Family Health Plan, Aurora Health Care (Aurora), United Wisconsin Services, Inc. (UWS), and Family Health Systems, Inc. The following provisions of the Omnibus Agreement approved by the court and the liquidator proceeded to:

- Transfer the assets of Family Health Plan to Aurora and/or UWS as set forth in the agreement;
- Transfer of certain liabilities to Aurora and UWS;
- Retain certain designated excluded liabilities by the estate;

- Establish claims procedures and other provisions of the agreement.

On October 31, 2000, 6,958 notices were mailed to creditors and other parties whose interests may in some way be affected by the liquidation. The deadline for filing claims with the liquidator was May 1, 2001.

Pre-liquidation claims for benefits under Family Health Plan policies, with the exception of Medicare select policies, were assumed by Compcare Health Services Insurance Corporation. Medicare select policies were assumed by Blue Cross Blue Shield United of Wisconsin. Virtually all these claims have been settled.

Fifty-two claims were filed relating to potential liabilities not related to insurance policy benefits. Twenty-two claims were approved by the Court for payment, three claims were approved in part and the remaining claims were denied. Seven claimants filed objections to the Court's denial. One of the denied claims has been settled and the Court has dismissed four other denied claims. Three other actions are currently proceeding outside of the Liquidation Court relating to medical malpractice claims. Hearings will be held to resolve the remaining claims to which objections have been received.

Master Plumbers' Limited Mutual Liability Company, In Rehabilitation

Master Plumbers' Limited Mutual Liability Company was placed in rehabilitation on March 29, 1994, by the Circuit Court for Dane County, Wisconsin. Matthew C. Mandt was appointed as Special Deputy Rehabilitator. Society Insurance, a Mutual Company, performs claim adjustment and administrative services for the rehabilitator pursuant to a contract approved by the court.

Master Plumbers' issued assessable policies and was licensed only in Wisconsin. The company wrote worker's compensation, other liability, and auto liability coverage for plumbers. All policies were written on an annual basis with January 1 effective dates.

In December 1993, pursuant to an order issued by the Commissioner, the company levied an assessment upon its policyholders equal to one additional annual premium. Collection of this assessment has been deferred until such future time as the funds may be needed. It has not been necessary to collect this assessment to date.

As of December 31, 2002, Master Plumbers' reports assets of \$1,270,559, liabilities of \$1,336,795 and a deficit of \$66,236. Liabilities include a provision of \$300,000 for 1993 and prior losses that may have occurred but have not yet been recorded.

Bureau of Market Regulation (Bureau)

The Bureau of Market Regulation consists of five sections: Complaints and Central Services, Accident and Health Insurance, Health and Life Insurance, Property and Casualty Insurance, and Agent Licensing. Agent licensing activities are described in a separate section.

The Bureau of Market Regulation is responsible for the administration and enforcement of laws and rules relating to all market conduct activities of insurers and agents. In order to accomplish its duties, the Bureau conducts targeted market conduct examinations of insurers in the areas of underwriting and rating; marketing, advertising and sales; claims; and policyholder services and grievances. The Bureau is also responsible for investigating and resolving approximately 9,000 written consumer complaints each year and answering 39,000 telephone and electronic mail inquiries. The Bureau also processes approximately 4,000 rate and rule filings and approves approximately 6,000 policy form filings each year.

During 2002, the Bureau of Market Regulation continued to focus on market analysis and improvements in the market conduct examination process. There are now three advanced examiner positions staffing the market conduct and market analysis unit of the Bureau. TeamMate, software to organize and document examinations, is used on all examinations and paper documents are scanned into the file. TeamMate is also used to create market analysis files on each insurer.

Among the major accomplishments in 2002 were:

- Continued to improve the market conduct examination program by working with other states to achieve more uniformity in the process across states, including calling all examinations in the NAIC Examination Tracking System, working with other states on common areas of concern, using uniform data calls, standardizing the examination selection and report process, and publishing adopted examination reports on the OCI Web site.
- Participated as one of nine states in the Market Conduct Annual Statement pilot project, collecting and analyzing information on life and personal lines business.
- Improved the investigation of complaints against agents by analyzing complaints against agents, collecting the information in a TeamMate file, developing an agent watch list and expediting the handling of consumer complaints involving agents.
- Assisted the legal unit in investigating and preparing actions against insurance agents who were targeting elderly consumers.
- Improved the rate and form filing process by publishing review standards checklists and providing forms and instructions on the OCI Web site.
- Continued to be a leader in the number of filings received through the System for Electronic Rate and Form Filing (SERFF) and successfully implemented a second option for submitting rate and form filings over the Internet resulting in faster approvals and reduced errors in filings.
- Participated in promulgating rules on independent review organizations and grievances; Medicare supplemental and long-term care insurance; transitional treatment arrangements; small employer health insurance premiums; small employer insurance uniform application; and producer licensing and continuing education.
- Continued the urban outreach project by participating as liaison to the Insurance Services Committee of the Neighborhood Housing Services, providing staff to conduct training sessions for consumer groups in cooperation with the Community Insurance Information Center in Milwaukee and facilitated meetings between insurers and consumer groups.
- Participated in the Wisconsin Insurance Plan and the Wisconsin Automobile Insurance Plan meetings; quarterly meetings with the Workers Compensation Rating Bureau and the Department of WorkForce Development; and provided technical assistance to the Small Employer Insurance Task Force.
- Served on the following NAIC committees, task forces and working groups: Market Regulation and Consumer Affairs Committee, SERFF Enhancements subgroup, Improvements to State-Based Systems Working Group, CARFRA Working Group, Interstate Compact Working Group, Filing Submission/Uniformity Subgroup, Market Conduct Annual Statement Subgroup, Market Analysis Working Group, Market Conduct Uniformity Working Group, Resources Guidelines Working Group, Market Conduct Examination Oversight Task Force, the Uniform Producer Licensing Working Group, the Senior Counseling Activities Working Group, the Life and Annuity Handbook Working Group, the Property and Casualty Examination Handbook Working Group, Race-based Premium Working Group, and the SERFF Board of Directors.

Policy Form and Rate Filings

The following tables summarize the policy form submission data for 2002. Table I shows the number of policy forms received in 2002 by line of business for each type of insurance. Table II shows the number of policy forms received in 2002 by type of filing for each type of

insurance. Table III shows the number of policy forms approved in 2002 by line of business for each type of insurance. Table IV shows the number of rate filings received for each type of insurance. Due to the conversion to a new coding system, the comparison with the previous year is not shown.

Table I
Number of Policy Forms Received
By Line of Business in 2002

Health and Life	
Credit Accident & Health	66
Credit Life	123
Group Accident & Health	2,233
Group Annuity	254
Group Life	448
Health & Life Miscellaneous	125
Health Maintenance Organization	621
Individual Accident & Health	1,973
Individual Annuity	1,262
Individual Life	1,924
Limited Service Health Organization	13
Preferred Provider Plan	268
Variable	1,005
Viatical	64
Total Health and Life	<u>10,379</u>
Property and Casualty	
Aviation	78
Bonds	212
Commercial Property & Multiperil	4,803
Commercial Motor Vehicle	1,188
Credit Property	13
Credit Unemployment	50
Excess Managed Care	6
Legal Expense	76
Liability	7,927
Mechanical Breakdown	2
Mortgage Guaranty	12
Motor Clubs	15
Other Personal Property	3
Personal Property, Multiperil, Farm	2,515
Personal Motor Vehicle	699
Title	133
Travel Accident	11
Warranty and Vehicle Service	650
Worker's Compensation	11
Total Property and Casualty	<u>18,404</u>
Subtotal	28,783
Forms Received Through SERFF	<u>548</u>
Grand Total	<u>29,331</u>

Table II
Number of Policy Forms Received
By Type of Filing For 2002

Type of Filing*	Type of Business		Total
	Property & Casualty	Life & Health	
Application	988	1,868	2,856
Binder	7	8	15
Certificate	231	454	685
Declaration/Schedule/Data Page	1,244	365	1,609
Informational Filing	11	520	531
Jacket	137	10	147
Matrix	3	820	823
Notice	185	130	315
Outline of Coverage	92	235	327
Policy	1,348	1,049	2,397
Rider/Endorsement/Amendment	13,994	3,662	17,656
Single Page	<u>77</u>	<u>1,205</u>	<u>1,282</u>
Totals	<u>18,317</u>	<u>10,326</u>	<u>28,643</u>

*Does not include SERFF filings.

Table III
Policy Forms Approved By Line of Business
For 2002

Health and Life	
Credit Accident & Health	61
Credit Life	118
Group Accident & Health	1,626
Group Annuity	210
Group Life	342
Health & Life Miscellaneous	79
Health Maintenance Organization	505
Individual Accident & Health	1,303
Individual Annuity	1,172
Individual Life	1,601
Limited Service Health Organization	11
Preferred Provider Plan	246
Variable	<u>912</u>
Total Health and Life	<u>8,186</u>

(continued on next page)

Table III (continued)
Policy Forms Approved By Line of Business
For 2002

Property and Casualty	
Aviation	41
Bonds	207
Commercial Property & Multiperil	4,516
Commercial Motor Vehicle	1,142
Credit Property	13
Credit Unemployment	38
Excess Managed Care	5
Legal Expense	76
Liability	7,284
Mechanical Breakdown	2
Mortgage Guaranty	8
Motor Clubs	11
Personal Property, Multiperil, Farm	1,821
Personal Motor Vehicle	573
Title	131
Travel Accident	4
Warranty and Vehicle Service	555
Worker's Compensation	<u>1</u>
Total Property and Casualty	<u>16,428</u>
Subtotal	24,614
Forms Approved Through SERFF	<u>452</u>
Grand Total	<u>25,066</u>

Table IV
Rate Filings Received
By Product Category for 2002

Accident and Health Section	
Credit Accident & Health	35
Credit Life	14
Group Accident & Health	23
Group Life	1
Health Maintenance Organization	23
Individual Accident & Health	251
Preferred Provider Plan	<u>9</u>
Total Accident and Health Section	<u>356</u>
Property and Casualty Section	
Aviation	3
Bonds	72
Commercial Property & Multiperil	941
Commercial Motor Vehicle	380
Credit Property	3
Credit Unemployment	13
Excess Managed Care	1
Legal Expense	8
Liability	722
Mechanical Breakdown	3
Mortgage Guaranty	22
Motor Clubs	3
Other Personal Property	6
Personal Property, Multiperil, Farm	753
Personal Motor Vehicle	425
Title	6
Travel Accident	1
Warranty and Vehicle Service	9
Worker's Compensation	<u>11</u>
Total Property and Casualty Section	<u>3,382</u>
Subtotal	3,738
Filings Received Through SERFF	<u>71</u>
Grand Total	<u>3,809</u>

Trends in Complaints

In 2002, there were a significant number of complaints involving illegal multiple employer welfare associations (MEWA) along with concerns about the rapidly increasing price of health insurance for individuals and small employers. OCI also received and investigated serious complaints about abusive marketing of annuities to the elderly. The implementation of an independent review process for health plans resulted in many inquiries. OCI continued to receive complaints about the increasing cost of homeowners insurance. OCI also noted an increase in complaints about the use of insurance credit scores as more insurers began to use credit scores in underwriting and rating for homeowners' and auto insurance.

The following tables summarize the bureau's complaint data. Table I shows a comparison of complaint activity over the last six years. A complaint is defined as a written expression of dissatisfaction with an insurance company or agent. Complaints may initially be received either in person, by telephone, by e-mail, or in writing. To be considered a formal complaint that initiates an

inquiry or investigation, a complaint should be in writing. The data presented is based upon formal complaints.

In addition to the formal complaints, the Bureau also handled over 39,000 general inquiries or requests for information in 2002. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2001 and 2002 complaints by type of insurance. When reviewing this information, it is important to note that a complaint may involve more than one type of insurance. Table III shows the area of insurance operations that generated the complaint. As with Table II, a complaint may involve more than one area of insurance operations.

Table III shows the basis for complaints. Over half the complaints involve claim problems. Policyholder service is the second most common reason for filing a complaint.

Table I
Total Complaint Files

Year	Received	Closed
1997	9,169	9,294
1998	8,834	9,551
1999	9,559	9,506
2000	9,295	9,005
2001	9,265	8,874
2002	9,158	10,585

	1997	1998	1999	2000	2001	2002
Health	4,876	4,810	5,495	5,118	5,182	5,070
P&C	3,339	3,327	3,350	3,482	3,448	3,508
Life	1,122	867	896	838	840	762

Table II
Complaints Filed By Type of Insurance*

	2001	2002
Accident and Health		
Group Accident and Health	334	600
Individual Accident and Health	397	634
Medicare Supplement	299	256
Long-Term Care	75	105
HMO	832	860
PPO	1,621	1,115
LSHO	21	26
Credit	121	94
Self-Funded Health Plans	<u>1,482</u>	<u>1,542</u>
Total Accident and Health	<u>5,182</u>	<u>5,232</u>
Property and Casualty		
Automobile	1,364	1,419
Homeowner's, Tenant's, Farmowner's	953	905
Fire, Allied Lines, Other Property	244	243
General Liability	84	148
Worker's Compensation	344	414
All Other Lines	<u>459</u>	<u>459</u>
Total Property and Casualty	<u>3,448</u>	<u>3,588</u>
Life, Including Credit and Annuities	<u>840</u>	<u>804</u>
Grand Total	<u>9,470</u>	<u>9,624</u>

*A complaint may involve more than one type of insurance.

Table III
Reasons for Complaints*

Basis for Complaint	Through		Through	
	4th Quarter 2001	Percent of Total	4th Quarter 2002	Percent of Total
Claim Handling	7,112	61%	7,865	58%
Policyholder Service	1,837	16	2,436	18
Marketing and Sales	1,170	10	1,379	10
Underwriting	1,432	12	1,838	13
Other	160	1	180	1

*A complaint may have more than one basis.

The Bureau keeps track of the amount of money recovered by complainants who filed a complaint with our office. From January 1 through the 4th quarter of 2002, the office assisted complainants in recovering \$4,408,425 from insurers as follows:

Table IV
Amounts Recovered for Complainants by Types of Coverage and Complaint Reason

Coverage Type	Claim Handling	Policyholder Service	Marketing and Sales	Underwriting	Other	Total
Group Health	\$ 225,335	\$ 1,047	\$ 7,270	\$ 3,122	\$1,800	\$ 238,574
Ind. Accident and Health	152,036	11,763	2,440	4,137	0	170,376
Ind. Medicare Supplement	77,823	6,477	11,603	2,462	0	98,365
Long-Term Care	87,043	845	2,844	0	0	90,732
HMO/PPO/LSHO	1,173,858	7,445	277	3,067	938	1,185,585
Credit Health	25,446	8,417	885	0	0	34,758
Automobile	221,623	5,025	22,288	16,008	0	264,944
Life, Including						
Credit and Annuities	740,913	127,865	587,652	11,330	0	1,467,760
Homeowner's, Tenant's, Farmowner's	88,960	305	24,389	27,706	0	141,360
Fire, Allied Lines, Other Property	79,387	6,987	30,464	99,313	0	216,151
General Liability	51,844	2,893	4,809	7,433	0	66,979
Worker's Compensation	5,150	32,842	5,294	16,429	0	59,715
All Other Lines	<u>329,945</u>	<u>8,457</u>	<u>9,474</u>	<u>25,260</u>	<u>0</u>	<u>373,136</u>
Total	<u><u>\$3,259,363</u></u>	<u><u>\$220,368</u></u>	<u><u>\$709,689</u></u>	<u><u>\$216,267</u></u>	<u><u>\$2,738</u></u>	<u><u>\$4,408,425</u></u>

Complainants may appeal the results of the Bureau's determination on their complaints when the complaints were not resolved as originally requested. The appeal gives the complainants an opportunity to have their complaints reviewed by the office's management staff or to provide additional information on their complaint to office management. Table V reflects the complaint appeal activity.

Table V
2002 Complaint Appeals Filed by Section

	Property & Casualty	Life & Health	Complaints	Total
Number of Complaint Files Appealed in 2002*	91	130	7	228

*An appeal may be on a file closed prior to the period under review.

Table VI
Complainant Survey
2002

Survey Cards Sent	1,410
Survey Cards Returned	719
Response Rate	51%

Results

1. How did you hear about the Office of the Commissioner of Insurance?					
Word of Mouth	218				
Insurance Agent	126				
Insurance Company	49				
Phone Book	21				
Lawyer	34				
Health Care Provider	66				
Other	224				
No Answer	106				
		Yes	%	No	%
2. Did we respond to your complaint promptly?		653	92%	55	8%
3. Do you feel your complaint was handled fairly by our office?		545	81%	129	19%
4. Do you feel you were given an adequate explanation on your complaint?		533	80%	136	20%
5. If you called our office, do you feel we treated you courteously?		446	97%	15	3%
6. If you have another insurance problem, would you contact our office again?		594	90%	65	10%

Companies Examined in 2002

CUNA Mutual Ins. Co.
General Casualty Co. of Wisconsin
Group Health Cooperative of Eau Claire
MercyCare Ins. Co.
National States Ins. Co.
Oxford Life Ins. Co.
Physicians Plus Ins. Corp.
Regent Ins. Co.
Society Ins. A Mutual Co.
Thrivent Financial for Lutherans
United Wisconsin Life Ins. Co.
Vision Ins. Plan of America, Inc.
Wisconsin Mutual Ins. Co.

Agent Licensing Section

The Agent Licensing Section conducts licensing examinations for insurance agents; licenses agents, reinsurance intermediaries, managing general agents, certain corporations and firms, employee benefit plan administrators, viatical settlement brokers; and reviews and approves prelicensing and continuing education providers and courses.

During 2002, there were 12,106 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 20,800 new licenses were issued to resident and nonresident agent candidates.

As of December 31, 2002, there were 77,948 licensed insurance agents and 623,476 active appointments by insurance companies authorizing the licensed agents to market their products.

Projects within the section for 2002 included:

- Biennial regulation fees were collected from all active agents during the first quarter of 2002. An option to renew licenses and pay fees online was also implemented.
- Required licensed insurers (with a few exceptions) to provide electronic appointment and termination requests rather than paper filings. This new system provides immediate updates to agent records, allowing them to begin practicing immediately, and virtually eliminating keying errors.

- The fourth continuing education biennial reporting period for agents began January 1, 2001. Promissor, Inc. (formerly ASI) continues to administer the entire program, which includes provider, instructor, and course approval, as well as course tracking. To satisfy the biennial requirements, agents affected must earn 24 credit hours by February 15, 2003.
- Continued involvement with the NAIC in the enhancement of the National Insurance Producer Registry (NIPR). The database is speeding up and simplifying the licensing process and provides benefits to both regulators and industry. Wisconsin participated as a pilot state for the project, and provides daily updates to the database along with all other states.
- Continued participation in the NAIC's Producer Information Network (PIN) Project. The goal of this committee, comprised of state regulators and industry representatives, is to improve the effectiveness and efficiency of the state licensing process through increased coordination, automation, standardization, and reciprocity.
- Wisconsin began accepting electronic nonresident license applications and electronic payments for service requests. These options provide faster turnaround in the licensing process.

Commercial Liability Insurance Reports
Section 601.422, Wis. Stat.

The following tables summarize the reports on commercial liability insurance required by s. 601.422, Wis. Stat., that were received in 2001. All of the information is for commercial liability insurance written in Wisconsin by authorized insurers. The data required by this statute were collected from the following three sources:

1. the insurers themselves,
2. statistical agents utilized by the insurers, and
3. the NAIC database.

Reporting thresholds were established by this office in conjunction with the statistical agents to eliminate insurers who write marginal amounts of insurance.

Tables IA and IB include information required for policy years 1999 and 2000, respectively. Lines one and two were calculated by applying the ratios of investment gain and other expenses to net premium earned for other liability as reported in the Insurance Expense Exhibit to direct premiums earned. The Insurance Expense Exhibit information is on a calendar year basis, therefore the ratios applied represent the average of the two calendar years included in the applicable policy year. The number of policies written, the number of claims closed without payment, and the number of legal actions filed were provided by the insurers. The remaining policy year information was provided by statistical agents.

It should be noted that the liability for claims incurred but not reported (IBNR) is calculated differently depending on the market. In particular, approximations for the IBNR liability for excess and umbrella insurance are based on the general liability expected loss ratio. The long-tailed nature of these two lines can create difficulty when attempting to establish an accurate liability for claims IBNR even after three or four years of development.

As noted previously, much of the data is from individual insurers and the statistical agents they utilize. These reports have been accepted by this office without audit.

Table II summarizes key ratios and averages for supplemental commercial liability data for the most recent five policy years. Several cells in this table are incomplete due to lack of activity for selected categories in certain policy years. Incomplete cells are indicated by an asterisk.

TABLE IA
COMMERCIAL LIABILITY INSURANCE REPORT, S. 601.422, WIS. STAT.
ENTRIES ARE FOR INSURERS REPORTING COMMERCIAL LIABILITY INSURANCE IN WISCONSIN*

Policy Year 1999	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$16,558	\$7,216	\$2,792	\$13,027	\$2,400	\$7,524	\$111	\$690	\$1,312	\$264	\$160
2. Expenses incurred other than loss adjusting expenses	29,121	12,692	4,910	22,911	4,220	13,233	196	1,214	2,307	464	282
3. Number of policies written	83,634	29,131	1,573	27,476	1,236	99,634	172	2,103	1,610	725	862
4. Direct dollar premium earned	98,550	42,950	16,615	77,535	14,282	44,782	663	4,107	7,809	1,572	953
5. Average premium per policy	1,178	1,474	10,563	2,822	11,555	449	3,856	1,953	4,850	2,168	1,106
6. Number of outstanding claims	846	213	39	64	89	126	8	25	12	1	1
7. Direct case reserves for outstanding claims	18,759	9,302	2,116	18,904	2,171	5,963	92	1,183	217	80	11
8. Liability for claims incurred but not reported	28,360	21,474	6,473	15,805	4,061	10,577	154	964	1,693	743	211
9. Loss adjustment expense liability for open claims	1,631	856	88	2,078	636	1,920	1	104	262	15	3
10. Losses paid	25,942	8,204	45,449	68,125	2,271	6,938	442	807	1,772	18	97
11. Pure loss ratio	74.1%	90.8%	325.2%	132.6%	59.5%	52.4%	103.7%	71.9%	47.2%	53.5%	33.4%
12. Allocated loss adjustment expense paid	1,055	1,823	240	1,449	440	4,835	48	67	263	13	30
13. Number of claims paid	9,371	1,033	25	78	57	526	40	283	1,271	12	9
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	79,975	41,590	54,341	105,821	9,114	29,906	737	3,124	4,059	840	351
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	84,929	44,374	58,341	182,134	9,963	32,176	790	3,364	4,469	907	375
16. Number of claims closed without payment	3,939	665	36	31	70	728	1	89	277	19	5
17. Number of legal actions filed	226	68	13	9	19	94	0	2	5	2	0

* 000's omitted in items 1, 2, 4, 7, 8, 9, 10, 12, 14, and 15.

TABLE IB
COMMERCIAL LIABILITY INSURANCE REPORT, S. 601.422, WIS. STAT.
ENTRIES ARE FOR INSURERS REPORTING COMMERCIAL LIABILITY INSURANCE IN WISCONSIN*

Policy Year 2000	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$18,394	\$7,104	\$2,684	\$13,784	\$2,051	\$8,729	\$135	\$733	\$699	\$265	\$182
2. Expenses incurred other than loss adjusting expenses	32,350	12,494	4,720	24,243	3,607	15,352	237	1,289	1,230	465	319
3. Number of policies written	90,333	32,061	1,680	35,417	1,506	104,089	122	2,251	1,016	794	889
4. Direct dollar premium earned	109,477	42,280	15,972	82,042	12,207	51,952	801	4,361	4,163	1,575	1,080
5. Average premium per policy	1,212	1,319	9,507	2,316	8,106	499	6,563	1,937	4,098	1,984	1,215
6. Number of outstanding claims	1,088,444	391	23	53	115	246	18	54	13	0	7
7. Direct case reserves for outstanding claims	28,817	9,572	13,331	5,811	2,116	8,414	319	817	118	0	32
8. Liability for claims incurred but not reported	47,550	8,715	5,936	39,001	4,614	6,859	339	1,882	1,346	1,308	462
9. Loss adjustment expense liability for open claims	2,783	1,637	16	1,873	1,378	1,110	6	109	301	0	5
10. Losses paid	16,600	4,423	584	4,339	801	4,844	55	454	87	61	16
11. Pure loss ratio	84.9%	53.7%	124.3%	59.9%	61.7%	38.7%	89.1%	72.3%	37.3%	86.9%	47.2%
12. Allocated loss adjustment expense paid	1,858	1,024	0	511	163	1,447	2	61	13	1	2
13. Number of claims paid	1,026,973	1,002	12	44	27	366	48	275	67	12	9
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	97,069	52,353	19,866	51,208	7,040	37,456	722	3,322	1,628	1,369	516
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	103,965	13,065	21,696	206,165	25,745	62,765	787	3,572	1,960	3,529	569
16. Number of claims closed without payment	4,113	1,070	28	29	37	755	6	91	118	20	12
17. Number of legal actions filed	244	68	8	6	12	70	0	5	2	1	1

* 000's omitted in items 1, 2, 4, 7, 8, 9, 10, 12, 14, and 15.

TABLE II
COMMERCIAL LIABILITY INSURANCE REPORT, S. 601.422, WIS. STAT.
SUMMARY OF SUPPLEMENTAL DATA

Loss Ratios	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers		Day Care	Recreational	Municipal Pollution	Liquor Liability	
					Professional Liability	All Other Professional Liability					
2000	84.9%	53.7%	124.3%	59.9%	61.7%	38.7%	89.1%	72.3%	37.3%	86.9%	47.2%
1999	74.1	90.8	325.2	132.6	59.5	52.4	103.7	71.9	47.2	53.5	33.4%
1998	76.0	58.1	107.3	150.2	43.8	54.7	40.3	53.4	26.2	25.8	15.1%
1997	58.4	66.7	38.2	128.5	47.9	68.1	6.1	24.7	6.9	17.7	10.3%
1996	55.9	40.2	43.7	77.4	41.0	45.1	243.8	22.7	12.9	60.3	46.7%
Five-year average	75.9	69.4	182.9	102.9	52.5	47.7	88.6	63.9	34.9	56.8	38.8%
Average Incurred Loss Per Claim											
2000	21	10,047	397,575	104,641	20,546	21,662	5,667	3,863	2,567	5,083	3,000
1999	4,375	14,050	743,207	612,877	30,423	19,787	11,125	6,462	1,550	7,538	10,800
1998	964	944	35,500	295,093	17,744	7,830	387	1,287	1	28	69
1997	1,074	1,611	9,972	194,856	18,439	11,233	12	557	3	6	167
1996	923	1,360	10,812	107,664	10,476	9,047	372	363	2	34,587	1,954
Five-year average	56	5,802	220,075	284,837	17,924	14,301	3,097	2,468	8	9,814	3,057
Average Case Reserve Per Claim											
2000	26	24,481	579,614	109,644	18,404	34,203	17,722	15,122	9,110	15	4,571
1999	22,174	43,671	54,263	295,368	24,391	47,326	11,500	47,320	18,083	80,000	11,000
1998	6,830	2,744	33,011	75,445	27,227	30,045	4,675	453	26	1	*
1997	9,511	6,072	4	36,365	10,333	45,473	117	18,678	25	31	*
1996	3,889	5,586	48,183	3,849	25,414	41,200	28	40	14,002	21	*
Five-year average	49	24,101	158,577	151,681	21,541	38,284	11,824	22,499	9,990	20,021	5,375
Allocated LAE: Premium Earned											
2000	4.2%	6.3%	0.1%	2.9%	12.6%	4.9%	0.9%	3.9%	7.5%	0.1%	0.6%
1999	2.7	6.2	2.0	4.5	7.5	15.1	7.4	4.2	6.7	1.8	3.4%
1998	5.3	9.2	3.5	5.7	10.1	14.2	0.1	2.6	5.3	1.4	2.5%
1997	10.8	8.7	0.8	9.9	10.5	40.4	0.2	6.6	3.6	6.8	0.1%
1996	13.0	4.7	1.1	1.2	15.4	15.2	0.1	6.1	7.8	55.4	10.0%
Five-year average	5.0	6.4	1.3	4.3	11.0	13.0	3.4	4.2	6.5	9.4	2.1%
IBNR: Premium Earned											
2000	84.9%	53.7%	124.3%	59.9%	61.7%	38.7%	89.1%	72.3%	37.3%	86.9%	47.2%
1999	74.1	90.8	325.2	132.6	59.5	52.4	103.7	71.9	47.2	53.5	33.4%
1998	26.2	32.9	33.9	31.7	9.2	14.3	10.1	11.0	9.1	25.8	13.9%
1997	7.0	26.2	25.1	23.7	11.8	8.9	5.4	4.7	6.8	17.7	9.2%
1996	31.2	15.8	29.5	23.4	7.4	4.7	27.2	2.9	9.1	8.9	6.4%
Five-year average	31.2	33.6	35.9	31.9	21.3	15.7	30.8	27.6	20.1	46.4	30.7%
Percentage Change In Premium Earned											
1999 to 2000	11.1%	-1.6%	-3.9%	5.8%	-14.5%	16.0%	20.7%	6.2%	-46.7%	0.2%	13.4%
1998 to 1999	376.4	807.6	224.3	214.6	106.3	344.4	638.1	340.8	333.3	119.0	1021.2%
1997 to 1998	-6.4	1.7	45.8	5.5	-23.9	-4.8	-4.0	13.4	-2.7	23.0	-5.3%
1996 to 1997	5.5	-28.2	-8.1	10.5	-4.1	-17.2	737.9	24.1	5.6	-21.2	42.4%

*Information incomplete. See narrative.

Medical Malpractice Insurance Reports

Section 601.427, Wis. Stat.

The following table summarizes the reports on medical malpractice insurance required by s. 601.427, Wis. Stat., that were received in 2002. All of the information is for medical malpractice insurance written in Wisconsin by authorized insurers. Insurers that wrote less than \$300,000 annually in medical malpractice insurance premiums in Wisconsin were not required to report.

The first three lines are for the calendar years indicated by the column headings. The Average Written Premium per Policy is calculated from the entries in the previous two lines. The next fifteen lines are for the policy years shown by the column headings.

This report includes the experience of the Wisconsin Health Care Liability Insurance Plan. It does not include the experience of the Patients Compensation Fund.

It should be noted that the data are from individual insurer reports and have been accepted by this office without audit. In addition, the data do not separate occurrence policy experience from claims-made policy experience. These two types of policies have different claims payment experience patterns.

This report combines the experience for all physician and surgeon classifications, other health care professionals, hospital, and other health care facilities. The individual classification reports by company, from which the summary table was derived, have been maintained in this office.

**MEDICAL MALPRACTICE INSURANCE REPORT, S. 601.427, WIS. STAT.
ENTRIES ARE**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001**
1. Investment and other income***	\$23,966	\$26,493	\$26,674	\$22,677	\$27,149	\$24,736	\$22,015	\$19,545	\$21,850	\$16,972	\$14,868
2. Incurred loss adjustment expense***	24,015	30,798	22,723	23,389	17,647	15,944	13,019	6,937	11,592	14,600	6,721
3. All other incurred expenses***	11,869	12,730	13,783	14,377	13,887	16,432	15,151	15,821	15,421	13,261	11,456
4. Policies written	31,148	31,164	32,305	32,212	29,748	17,540	31,629	43,160	44,568	46,597	
5. Direct premiums written	71,914	82,720	78,171	73,253	71,471	69,875	68,993	70,060	68,503	57,546	
6. Average written premium per policy	2,309	2,654	2,420	2,274	2,403	3,984	2,181	1,623	1,537	1,235	
7. Number of open claims	7	4	16	16	29	40	99	148	186	404	
8. Direct case reserves for open claims	402	231	340	517	2,792	2,354	5,617	4,876	6,842	9,263	
9. Paid claims	19,236	23,645	24,653	19,605	19,175	20,837	20,534	9,779	4,750	3,981	
10. IBNR reserves	6,418	4,266	4,221	4,750	4,748	5,011	5,909	7,847	8,260	9,278	
11. Pure loss ratio	36.2%	34.0%	37.4%	34.0%	37.4%	40.4%	46.5%	32.1%	29.0%	39.1%	
12. Claims reported	1,693	1,902	1,626	1,392	44,904	76,367	300,843	1,177	703	945	
13. Claims closed without payment	1,295	1,643	1,432	1,116	1,243	983	803	836	591	444	
14. Claims closed with payment	402	338	284	292	325	301	310	214	139	90	
15. Legal actions filed	424	446	397	395	445	401	295	311	203	167	
16. Verdicts/judgements for defendants	152	143	126	94	84	69	46	33	16	10	
17. Verdicts/judgements for plaintiffs	42	39	29	26	18	10	11	5	0	0	
18. Amount awarded to plaintiffs	3,710	4,342	3,247	6,431	4,234	1,711	4,510	2,468	0	0	

* 000's omitted in items 1, 2, 3, 5, 8, 9, 10, and 18.

** Policy year 2002 was not complete at time of writing.

*** These elements are reported on a calendar year basis; all other rows are on a policy year basis.

Product Liability Insurance Reports
Section 601.425, Wis. Stat.

The following table summarizes the reports on product liability insurance required by s. 601.425, Wis. Stat., that were received in 2002. All of the information is for product liability insurance written in Wisconsin by authorized insurers. Insurers that wrote less than \$50,000 annually in product liability insurance premiums in Wisconsin were not required to report.

The first three lines are for the calendar years indicated by the column headings. The Average Written Premium per Policy is calculated from the entries in the previous two lines. The next fifteen lines are for the policy years shown by the column headings.

It should be noted that the data are from reports provided by individual insurers. These reports have been accepted by this office without audit. In addition, the data do not separate occurrence policy experience from claims-made policy experience. These two types of policies have different claims payment experience patterns.

**PRODUCT LIABILITY INSURANCE REPORT, S. 601.425, WIS. STAT.
ENTRIES ARE FOR INSURERS REPORTING PRODUCT LIABILITY INSURANCE IN WISCONSIN***

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001**
1. Investment and other income net gain or loss***	\$10,826	\$12,561	\$12,688	\$12,185	\$12,197	\$19,766	\$20,162	\$18,523	\$15,400	\$14,399	\$18,106
2. Incurred loss adjustment expenses***	19,940	21,648	21,803	16,244	16,491	15,691	6,948	9,367	5,047	24,402	51,638
3. All other incurred expenses***	18,813	27,440	15,627	16,846	14,825	19,094	8,877	12,596	12,566	12,843	12,711
4. Policies written	43,015	41,827	40,924	39,948	85,764	121,228	75,136	66,677	65,150	68,647	
5. Direct written premiums	45,835	48,188	47,946	48,164	53,924	50,932	45,281	36,057	36,195	36,807	
6. Average written premium per policy	1,066	1,152	1,172	1,206	629	420	603	541	556	536	
7. Number of open claims	11	60	34	47	31	41	85	89	145	372	
8. Direct case reserves for open claims	11	497	670	1,247	1,773	2,344	3,376	3,306	5,598	8,763	
9. Amount paid on product liability claims	24,721	18,870	26,942	15,709	27,363	17,100	17,224	15,687	17,643	4,266	
10. Reserves for IBNR Claims	2,821	1,514	3,960	1,418	1,856	2,280	4,954	4,597	4,197	17,474	
11. Pure loss ratio	60.1%	43.3%	65.8%	38.1%	57.5%	42.7%	56.4%	65.4%	75.8%	82.9%	
12. Claims reported	66,413	60,230	150,266	166,729	150,476	184,310	290,115	601,014	448,312	2,400	
13. Claims closed without payment	1,523	1,541	4,310	1,547	2,343,853	1,108,079	129,274	845,851	103,699	1,279	
14. Claims closed with payment	1,736	1,652	1,795	1,613	3,558	1,545	1,404	1,049	1,155	995	
15. Legal actions filed	1,050	677	742	3,605	574	742	324	201	175	65	
16. Verdicts/judgements for defendants	26	26	63	49	25	36	22	18	22	4	
17. Verdicts/judgements for plaintiffs	25	31	31	35	22	19	6	2	4	1	
18. Amount awarded to plaintiffs	2,075	641	1,137	1,439	823	305	42	53	32	4	

* 000's omitted in items 1, 2, 3, 5, 8, 9, 10, and 18.

** Policy year 2002 was not complete at time of writing.

*** These elements are reported on a calendar year basis; all other rows are on a policy year basis.

Consumer Publications

The following consumer publications are available from OCI. Copies of all brochures are available on-line on OCI's Web site: http://oci.wi.gov/pub_list.htm.

Auto

- **Consumer's Guide to Auto Insurance (PI-057)**—Explains the types of coverage provided in an auto insurance policy, how to shop for insurance, collision damage waiver coverage for rental cars, and contains premiums for five hypothetical examples.
- **Teenagers and Auto Insurance (PI-200)**—Provides information on buying car insurance, saving money, and how underage drinking affects your insurance premium.

Health

Long-Term Care

- **Guide to Long-Term Care (PI-047)**—Explains different types of long-term care insurance and the types of policies sold in WI to cover long-term care expenses.
- **Long-Term Care Insurance Policies Approved in Wisconsin (PI-046)**—Lists individual, group and tax-qualified long-term care insurance policies, nursing home policies, and home health care policies including information regarding benefits and sample premiums.

Medicare Supplement

- **Medicare Supplement Insurance Approved Policies (PI-010)**—Lists policies available in Wisconsin including benefits and current premiums.
- **Medicare+Choice - Questions and Answers (PI-099)**—Explains new options available to Medicare-eligible persons age 65 and over, and some Medicare-eligible disabled individuals under age 65, who are looking for information about the Medicare+Choice program.
- **Wisconsin Guide to Health Insurance for People with Medicare (PI-002)**—Explains Medicare and supplemental insurance to cover those expenses not paid by Medicare.

General

- **ANSI Codes (OCI 17-007)**—American National Standards Institute (ANSI) claim disposition codes that must be used by providers and their narrative explanation.
- **A Guide to Health Insurance and Worker's Compensation Insurance for Farm Families (PI-072)**—Provides information about health insurance and limitations for work-related injuries.

- **A Shopper's Guide to Cancer Insurance (PI-001)**—Describes cancer insurance policies and the limitations many of these policies have.
- **Consumer's Guide to Managed Care Health Plans in Wisconsin (PI-044)**—Provides information on all HMO and Limited Service Health Organization Plans in Wisconsin.
- **Fact Sheet on Continuation and Conversion in Health Insurance Policies (PI-023)**—Describes a consumer's rights under Wisconsin law and the federal COBRA law to continue or convert group health insurance coverage after losing previous eligibility for health insurance coverage.
- **Fact Sheet on the Independent Review Process in Wisconsin (PI-203)**—Describes a consumer's right to appeal a health plan's decision to an independent medical expert.
- **Fact Sheet on Managed Care Consumer Protections in Wisconsin (PI-102)**—Describes consumer protections available to Wisconsin residents enrolled in managed care plans.
- **Fact Sheet on Mandated Benefits in Health Insurance Policies (PI-019)**—Gives a brief description of current mandated benefits.
- **Fact Sheet on Mandated Benefits for the Treatment of Nervous and Mental Disorders, Alcoholism and Other Drug Abuse (PI-008)**—Summarizes required coverages in group health insurance policies.
- **Group Health Insurance Index (July PI-081 and January PI-080)**—Survey results listing the monthly premiums for group health insurance policies for four hypothetical groups.
- **Health Insurance Coverage in Wisconsin (PI-094)**—Survey results listing the number of people covered by an HMO, Preferred Provider Organization, Point-of-Service Plan and traditional health insurance in Wisconsin.
- **The Health Insurance Portability and Accountability Act of 1996 and 1997 Wisconsin Act 27 (PI-096)**—Provides a general overview of the new federal law as well as the changes made to state health insurance laws.
- **Insurance Coverage and AIDS PI-064**—Summarizes rules regarding health and life insurance underwriting and coverage for AIDS and includes Resources for Persons with a Positive HIV Test/The Implications of Testing Positive for HIV (OCI 17-001).
- **Mammograms: Mandated Insurance Coverage (PI-056)**—Summarizes required coverage for mammograms under health insurance policies.

Homeowner's

- **Buying a Home and Your Insurance Needs (PI-100)**—Provides information on title, homeowner's, flood and private mortgage insurance and discusses other insurance options to consider when buying a home.
- **Consumer's Guide to Homeowner's Insurance (PI-015)**—Explains the basic coverages included in homeowner's and tenant's insurance policies, the types of policies, what you should do if you have a loss, the Wisconsin Insurance Plan, and contains premium tables for four hypothetical examples.
- **Guía del Consumidor para Seguros de Vivienda (PI-115)**—Explica las coberturas básicas incluidas en las pólizas de seguros de propietarios de viviendas e inquilinos, los tipos de pólizas, qué debe hacer en caso de pérdida, el plan de seguros de Wisconsin y contiene tablas de tarifas para cuatro ejemplos hipotéticos.
- **Settling Property Insurance Claims (PI-084)**—Provides information on what to do after a loss, how to settle an insurance claim, flood insurance, and tips on what to do before a loss.

Liability

- **Consumer's Guide to Commercial Liability Insurance (PI-045)**—Contains basic information on commercial liability insurance, risk management, legal protections, required coverages, and optional coverages.
- **Consumer's Guide to Day Care Liability Insurance (PI-054)**—Answers questions about liability insurance coverage for day care facilities.
- **Consumer's Guide to Insurance for Small Business Owners (PI-085)**—Provides information about business, worker's compensation, health, and auto insurance.
- **Consumer's Guide to Worker's Compensation Insurance for Employers (PI-065)**—Provides information on worker's compensation insurance requirements and answers frequently asked questions.
- **Warranties (PI-069)**—Discusses the Magnuson-Moss Warranty Act, the federal law that covers warranties, and answers questions about extended warranties.

Life Insurance and Annuities

- **NAIC Life Insurance Buyer's Guide**—A copy of *The NAIC Life Insurance Buyer's Guide* is available by calling (608) 267-4397 (bulk copies may be obtained by calling the NAIC Office at 816-783-8301).
- **State Life Insurance Fund**—Information about the State Life Insurance Fund that offers life insurance to Wisconsin residents. This also includes a rate table and an application. For more information, call 1-800-562-5558 (Wisconsin residents only).

- **Wisconsin Buyer's Guide to Annuities (PI-016)**—Describes annuities and provides consumer information.

Other

- **Consumer's Guide to Insurance (PI-051)**—Provides general information about health, life, auto, homeowner's, and worker's compensation insurance.
- **Fact Sheet on Credit Insurance (PI-205)**—Provides information on credit insurance.
- **Fact Sheet on Insurance Terminations, Denials, and Cancellations (PI-024)**—Summarizes the laws dealing with notice requirements when insurance coverage is terminated.
- **Insurance Complaints and Administrative Actions (PI-030)**—An annual report listing companies with an above-average number of complaints in automobile, homeowner's and tenants, individual accident and health, group accident and health, and life and annuities insurance.
- **Learning about the Office of the Commissioner of Insurance on the World Wide Web (PI-095)**—Provides information about OCI's home site on the Internet.
- **Other Sources of Help (OCI 51-051)**—Provides information on Small Claims Court.
- **Understanding How Insurance Companies Use Credit Information (PI-204)**—Tips to help you understand how your credit information may be used and how it may affect your insurance premiums.
- **The Wisconsin Office of the Commissioner of Insurance (PI-059)**—Summarizes OCI's main functions, discusses employment opportunities, the civil service system, and pay and employee benefits..