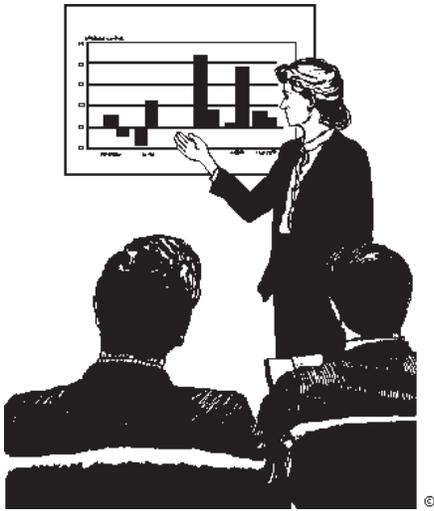


## Division of Regulation and Enforcement





The Division of Regulation and Enforcement, through its Bureau of Financial Analysis and Examinations 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 2003 were:

- Received Accreditation from the NAIC in December 2003 for a five-year period.
- Examined 60 domestic insurers.
- Analyzed the financial statements of over 1,800 insurers.
- Licensed 2 domestic insurers, 22 nondomestic insurers, 17 gift annuities, and 15 warranty plans; dissolved 1 domestic insurer, permitted 11 licensed entities to withdraw from Wisconsin.
- Reviewed and amended the Wisconsin certificate of authority for 4 nondomestic insurers that converted from mutual to stock form.
- Reviewed changes of control of 10 domestic insurers, pursuant to holding company regulations, 9 of which were approved and 1 of which was ultimately withdrawn.
- Reviewed and approved mergers involving 7 domestic insurers.
- Approved 4 changes of domicile into Wisconsin and no changes of domicile out of Wisconsin.

- Completed review of the mutual holding company restructuring of Milwaukee Mutual Insurance Company, now known as Milwaukee Insurance Company.
- Completed the review of the acquisition of Blue Cross & Blue Shield United of Wisconsin, and its 5 insurance company affiliates, by Well Point Health Networks Inc.
- Reviewed and enhanced the procedures for financial analysis and monitoring of licensed insurers.
- Implemented and 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.
- Developed 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 agency and bureau.
- Continued the reengineering of OCI's financial database and applications (with IT bureau).
- Participated in the office's Web Committee in order to continually update the office's Web site pertaining to bureau processes and procedures.
- 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 Holding Company, International Accounting Standards, Life Risk-Based Capital, National Treatment, Property and Casualty Risk-Based Capital, Property and Casualty Reinsurance, Rating Agency, Risk-Based Capital Ad Hoc, Statutory Accounting Principles, Risk Assessment, XML-Based Open Standards.

## **Companies Examined**

Ashland County Town Ins. Co.	Millers Classified Ins. Co.
Atrium Health Plan, Inc.	Mortgage Guaranty Ins. Corp.
Calumet Equity Mutual Ins. Co.	Network Health Ins. Corp.
Clarno Mutual Ins. Co.	Network Health Plan
CMG Mortgage Assurance Co.	Newark Mutual Ins. Co.
CMG Mortgage Ins. Co.	North American Ins. Co.
CMG Mortgage Reinsurance Co.	Northwestern Long Term Care Ins. Co.
Commercial Loan Ins. Corp.	Northwestern Mutual Life Ins. Co.
Concord Mutual Fire Ins. Co.	Old Republic Mercantile Ins. Co.
Doral Dental Plan of WI, Inc.	Old Republic Surety Co.
Fidelity & Guaranty Ins. Underwriters, Inc.	OneBeacon Midwest Ins. Co.
First Auto & Casualty Ins. Co.	Physicians Plus Ins. Corp.
Flyway Mutual Ins. Co.	Policyholders Mutual Ins. Co.
Green County Mutual Ins. Co.	Progressive Classic Ins. Co.
Hamburg Stark Mutual Ins. Co.	Progressive Northern Ins. Co.
Hawkeye Security Ins. Co.	Security Health Plan of WI, Inc.
Health Tradition Health Plan	Sentry Casualty Co.
LaPrairie Mutual Ins. Co.	Southern Life & Health Ins. Co.
Luck Mutual Ins. Co.	Spring Grove Mutual Ins. Co.
MGIC Assurance Corp.	St. Paul Fire & Casualty Ins. Co.
MGIC Credit Assurance Corp.	Trade Lake Mutual Ins. Co.
MGIC Indemnity Corp.	WMAC Credit Ins. Corp.
MGIC Mortgage Ins. Corp.	Unimerica Ins. Co.
MGIC Mortgage Reinsurance Corp.	Valley Health Plan, Inc.
MGIC Reinsurance Corp.	Watertown Mutual Ins. Co.
MGIC Reinsurance Corp. of WI	West Central Mutual Ins. Co.
MGIC Residential Reinsurance Corp.	Wisconsin American Mutual Ins. Co.
Maple Valley Mutual Ins. Co.	Wisconsin Auto and Truck Dealers Ins. Corp.
Madison National Life Ins. Co., Inc.	Wisconsin Lawyers Mutual Ins. Co.
Meriter Health Ins. Co.	Wisconsin Reinsurance Corp.

**Wisconsin Insurance Corporations Organized and Licensed**

January 1, 2003 - December 31, 2003

Dental Com Ins. Plan	Marshfield, WI
Independent Care Health Plan	Milwaukee, WI

**Insurance Corporations of Other States Admitted**

January 1, 2003 - December 31, 2003

5 Star Life Ins. Co.	Alexandria, VA
American Contractors Indemnity Co.	Los Angeles, CA
Ansure America Ins. Co.	Frankenmuth, MI
Bar Plan Mutual Ins. Co., The	St. Louis, MO
Blue Ridge Indemnity Co.	Simsbury, CT
Encompass Indemnity Co.	Northbrook, IL
Encompass Ins. Co. of America	Chicago, IL
Fidelity National Title Ins. Co.	Irvine, CA
First American Title Ins. Co. of TX	Houston, TX
Fortress Ins. Co.	Rosemont, IL
Fortuity Ins. Co.	Frankenmuth, MI
GMAC Direct Ins. Co.	St. Louis, MO
Government Personnel Mutual Life Ins. Co.	San Antonio, TX
MassWest Ins. Co., Inc.	Simsbury, CT
MEEMIC Ins. Co.	Auburn Hills, MI
Middlesex Mutual Assurance Co.	Middletown, CT
Professionals Direct Ins. Co.	Grand Rapids, MI
Republic Mortgage Ins. Co. of FL	Winston-Salem, NC
Republic Mortgage Ins. Co. of NC	Winston-Salem, NC
Starmount Life Ins. Co.	Baton Rouge, LA
United Concordia Ins. Co.	Harrisburg, PA
United National Casualty Ins. Co.	Bala Cynwyd, PA

**Organizations Licensed to Issue Gift Annuities**

January 1, 2003 - December 31, 2003

Adventist Frontier Missions, Inc.	Berrien Springs, MI
Christian Church Foundation, Inc.	Indianapolis, IN
Christian Community Foundation, Inc., The	Colorado Springs, CO
Community Foundation for the Fox Valley Region, Inc.	Appleton, WI
Consumers Union of United States, Inc.	Yonkers, NY
Cooperative for Assistance and Relief Everywhere, Inc.	Atlanta, GA
Earthjustice Legal Defense Fund	Oakland, CA
Fox Valley Technical College Foundation, Inc.	Appleton, WI
Friends Fiduciary Corporation	Philadelphia, PA
International Crane Foundation, Inc.	Baraboo, WI
Intervarsity Christian Fellowship/USA	Madison, WI
Madison Community Foundation	Madison, WI
St. Ann Center for Intergenerational Care, Inc.	Milwaukee, WI
Student Conservation Association, Inc., The	Charlestown, NH
Trinity International University	Deerfield, IL
World Literature Crusade	Colorado Springs, CO
Wycliffe Bible Translators, Inc.	Orlando, FL

### Organizations Licensed to Issue Warranty Plans

January 1, 2003 - December 31, 2003

American TV & Appliance of Madison, Inc.	Madison, WI
Asurion Warranty Services, Inc.	Nashville, TN
Auto Services Co. of Wisconsin, Inc.	Mountain Home, AR
Bonded Builders Service Corp.	Boca Raton, FL
CareGard Warranty Services, Inc.	Grapevine, TX
First Assured Warranty Corp.	Greenwood Village, CO
First Automotive Service Corp.	Albuquerque, NM
JX Enterprises, Inc.	Pewaukee, WI
Musco Warranty Co., Inc.	Oskaloosa, IA
N.E.W. Warranty Services, Inc.	Sterling, VA
National Administrative Service Co., Ltd.	Dublin, OH
National Protection Plan, Inc.	Pompano Beach, FL
Ultimate Warranty of Wisconsin, Inc.	Rocky River, OH
Universal Home Warranty Protection, LLC	Madison, WI
Zurich Warranty Solutions, Inc.	Schaumburg, IL

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

January 1, 2003 - December 31, 2003

#### Conversions from Mutual to Stock

Manhattan Life Ins. Co., The	04/16/2003
Millers First Ins. Co.	04/16/2003
Milwaukee Ins. Co.	04/01/2003
Nationwide Life Ins. Co. of America	02/14/2003

#### Dissolutions

Midwest Dental Plan, Ltd.	08/07/2003
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#### Withdrawals

Alea Connecticut Ins. Co.	05/27/2003
Alliance of America Insurers	06/26/2003
American Resources Life Ins. Co.	02/17/2003
Deutsche Financial Services Corp.	09/30/2003
Maxicare Life and Health Ins. Co.	03/10/2003
Mechanical Breakdown Administrators, Inc.	11/25/2003
NORCAL Mutual Ins. Co.	10/27/2003
Our Mother of Perpetual Help Retreat Center of Oconomowoc, WI	07/01/2003
Shell Motorist Club, Inc.	08/08/2003
Universal Home Protection, Inc.	09/30/2003
Zurich Services Corp., The	10/21/2003

#### Rehabilitations

Highlands Ins. Co.	11/06/2003
Superior Ins. Co.	08/29/2003

### Liquidations

Fremont Indemnity Co.	07/02/2003
Home Ins. Co.	06/13/2003
Legion Ins. Co.	07/28/2003
Millers Ins. Co., The	04/17/2003
Reciprocal of America	10/28/2003
Villanova Ins. Co.	07/28/2003

### Mergers

Company Name	Merged Into	Date
Acacia National Life Ins. Co.	Acacia Life Ins. Co.	12/31/2003
Ameribest Life Ins. Co.	Equitable Life Ins. Co. of IA	01/01/2003
Associates Financial Life Ins. Co.	American Health & Life Ins. Co.	07/01/2003
Conseco Medical Ins. Co.	Washington National Ins. Co.	07/01/2003
Design Professionals Ins. Co.	Security Ins. Co. of Hartford	12/31/2003
Family Ins. Corp.	American Health & Life Ins. Co.	03/31/2003
Guarantee Reserve Life Ins. Co.	Reassure America Life Ins. Co.	12/31/2003
GuideOne Life Ins. Co.	Kansas City Life Ins. Co.	09/30/2003
IL Annuity and Ins. Co.	Indianapolis Life Ins. Co.	06/30/2003
Keyport Life Ins. Co.	Sun Life Assur. Co. of CN (US)	12/31/2003
Lincoln National Reassurance Co.	Swiss Re Life & Health America, Inc.	01/06/2003
Meriter Health Ins. Co.	Physicians Plus Ins. Corp.	12/31/2003
National Travelers Life Co.	EMC National Life Co.	07/01/2003
Northern Mutual Ins. Co.	Austin Mutual Ins. Co.	10/01/2003
Northwestern National Casualty Co.	Highlands Ins. Co.	05/30/2003
Old Line Life Ins. Co. of America	American General Life Ins.	03/31/2003
Pioneer Life Ins. Co.	Washington National Ins. Co.	07/01/2003
Rushmore National Life Ins. Co.	American Memorial Life Ins. Co.	10/01/2003
Security-Connecticut Life Ins. Co.	ReliaStar Life Ins. Co.	10/01/2003
Woodmen Accident and Life Co.	Assurity Life Ins. Co.	10/01/2003

### Redomestications

Company Name	From	To	Effective Date
AAA Life Ins. Co.	DC	MI	02/07/2003
Blue Ridge Indemnity Co.	CT	WI	08/11/2003
Blue Ridge Ins. Co.	CT	WI	08/11/2003
Capitol Life Ins. Co., The	CO	TX	06/19/2003
Guarantee Ins. Co.	DE	SC	09/11/2003
Highmark Life Ins. Co.	CT	PA	12/03/2003
Kansas City Fire and Marine Ins. Co.	MO	SC	01/01/2003
Laurier Indemnity Co.	GA	WI	12/19/2003
MassWest Ins. Co.	MA	WI	12/31/2003
New Era Life Ins. Co. of The Midwest	IN	TX	02/03/2003
North Central Life Ins. Co.	MN	IL	01/16/2003

**Insurance Corporations Which Changed Their Names**

January 1, 2003 - December 31, 2003

<b>Previous Name</b>	<b>New Name</b>
Allianz Ins. Co.	Allianz Global Risks US Ins. Co.
Ausa Life Ins. Co., Inc.	Transamerica Financial Life Ins. Co.
Blue Cross & Blue Shield United of Wisconsin	Blue Cross Blue Shield of Wisconsin
CGU Life Ins. Co. of America	Aviva Life Ins. Co.
Clarica Life Reinsurance Co.	Generali USA Life Reassurance Co.
Conseco Variable Ins. Co.	Jefferson National Life Ins. Co.
Employers Modern Life Co.	EMC National Life Co.
First Community Ins. Co.	Fidelity National Property and Casualty Ins., Inc.
Garrison Property and Casualty Association	Garrison Property and Casualty Ins. Co.
General Security Ins. Co.	Unitrin Auto and Home Ins. Co.
Kemper Auto & Home Ins. Co.	Unitrin Direct Property & Casualty Co.
Kemper Employers Ins. Co.	SeaBright Ins. Co.
Lutheran Brotherhood Variable Ins. Products Co.	Thrivent Life Ins. Co.
Millers Mutual Ins. Assoc.	Millers First Ins. Co.
Milwaukee Mutual Ins. Co.	Milwaukee Ins. Co.
Mitsui Marine and Fire Ins. Co. of America	Mitsui Sumitomo Ins. USA, Inc.
Montgomery Ward Auto Club, Inc.	GE Motor Club, Inc.
Mountbatten Surety Co., Inc., The	First Sealord Surety, Inc.
Network Health Plan of WI, Inc.	Network Health Plan
Northbrook Property and Casualty Ins. Co.	St. Paul Protective Ins. Co.
Old Republic Minnehoma Ins. Co.	Old Republic Security Assurance Co.
Planet Indemnity Co.	RLI Indemnity Co.
Republic-Vanguard Life Ins. Co.	SCOR Life Ins. Co.
Royal & SunAlliance Personal Ins. Co.	AXIS Reinsurance Co.
Sumitomo Marine & Fire Ins. Co. of America	Mitsui Sumitomo Ins. Co. of America
Underwriters Indemnity Co.	Lexon Ins. Co.
Underwriters Reinsurance Co.	RSUI Indemnity Co.
Western Diversified Life Ins. Co.	American Specialty Health Ins. Co.
Worldwide Direct Auto Ins. Co.	Response Worldwide Direct Auto Ins. Co.
Worldwide Ins. Co.	Response Worldwide Ins. Co.

## **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, but have all 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. 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 \$13,480,227.09 as of December 31, 2003.

The liquidator has recommended partial payment or denial of certain class 1, 3, 5 and 8 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 objected and settlement with the claimant has since been achieved.

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. The claim reserve study and a proposed schedule of projects necessary for closure of the estate were completed in October 2003. In early December 2003, the estate made a distribution of \$11,606,892.07 as payment in full on the Class 10 surplus note claim.

The latest available financial statements are as of December 31, 2002. As of that date, 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 provisions of the Omnibus Agreement were approved by the court and the liquidator proceeded to:

- Convey the assets of Family Health Plan to Aurora and UWS as set forth in the agreement;
- Assign certain liabilities to Aurora and UWS as set forth in the agreement;
- Retain certain designated excluded liabilities of the estate of Family Health Plan; and

- Establish claims procedures and other liquidation processes.

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 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 is 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 workers' 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 funds may be needed. To date, it has not been necessary to collect this assessment.

As of December 31, 2003, Master Plumbers' reported assets of \$1,259,254, liabilities of \$812,791, and total surplus of \$446,463.

## **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 complete 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 37,000 telephone and electronic mail inquiries. The Bureau also processed 4,000 rate and rule filings and approved 6,000 policy form filings during 2003.

During 2003, the Bureau of Market Regulation focused on several projects: the market conduct annual statement pilot, a review of the senior citizen annuity insurance market and a project to identify and investigate complaints involving senior citizens. Bureau staff participated in NAIC work groups developing the market analysis program including identifying key lines of business for systematic review, identifying companies for further analysis and coordinating with other states through the Market Analysis Working Group.

Among the major accomplishments in 2003 were:

- Continued to improve the market conduct examination program by working with other states through the NAIC Market Analysis Working Group to coordinate examinations, improve uniformity in the process and shorten the timelines to complete and adopt examination reports.
- Participated as one of nine states in the Market Conduct Annual Statement pilot project, collecting and analyzing data on claims and underwriting in life, homeowner's and auto insurance and working with the other states to use the data as part of the market analysis program.
- Staffed the senior citizen investigator pilot including identifying incoming calls and complaints and referring them to assigned investigators to contact consumers, weekly meeting with attorneys, investigators and market regulation bureau supervisors to discuss pending investigations and develop procedures for file and providing assistance to the legal unit in investigating and preparing actions against insurance agents who were targeting elderly consumers.
- Conducted a market analysis project of annuity writers to determine whether companies have practices and procedures in place to ensure that annuity sales are suitable and appropriate for senior citizens.
- Improved the rate and form filing process by updating and publishing review standards checklists and providing forms and instructions on the OCI Web site.
- Continued to leverage technology and encourage insurers to file rates and policy forms electronically. In 2003, 2,000 filings, or 20% of the filings, were submitted through electronic systems resulting in faster processing and reduced errors in filings.
- Participated in administrative rules involving health insurance plans and grievances; small employer insurance uniform application and uniform quote form; requirements for the administration of the Wisconsin Insurance Plan and life insurance replacement.
- 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 Information Center in Milwaukee and facilitated meetings between insurers and consumer groups.
- Participated in Wisconsin Insurance Plan and Wisconsin Automobile Insurance Plan meetings, quarterly meetings with the Worker's Compensation Rating Bureau and the Department of Workforce Development, and provided technical assistance to Wisconsin Emergency Management and the Health Insurance Risk-Sharing Plan (HIRSP).
- 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, Collaborative Actions Subgroup, the Investigation Guidelines Subgroup, the Market Information System Subgroup, the 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, the Race-based Premium Working Group and the SERFF Board of Directors.

## Policy Submissions and Rate Filings

The following tables summarize the policy submission data for 2002 and 2003. Table I shows the number of policy submissions received in 2002 and 2003 by line of business for each type of insurance. Table II shows the number of policy submissions approved in 2002 and 2003 by line of business for each type of insurance. Table III shows the number of rate filings received for each type of insurance.

**Table I**  
**Number of Policy Submissions Received**  
**By Line of Business in 2002 and 2003**

Product Category	Total for 2002	Total for 2003
<b>Health and Life</b>		
Continuing Care Retirement Community	0	1
Credit Accident & Health	16	18
Credit Life	24	21
Group Accident & Health	497	438
Group Annuity	99	116
Group Life	144	149
Health & Life Miscellaneous	37	26
Health Maintenance Organization	248	187
Individual Accident & Health	390	327
Individual Annuity	478	558
Individual Life	743	728
Limited Service Health Organization	8	3
Preferred Provider Plan	100	72
Variable	396	337
Viatical	<u>5</u>	<u>3</u>
<b>Total Health and Life</b>	<b><u>3,185</u></b>	<b><u>2,984</u></b>
<b>Property and Casualty</b>		
Aviation	14	20
Bonds	29	46
Commercial Property & Multiperil	939	920
Commercial Motor Vehicle	266	234
Credit Property	4	3
Credit Unemployment	12	9
Excess Managed Care	3	1
Legal Expense	13	6
Liability	1,015	1,204
Mechanical Breakdown	2	2
Mortgage Guaranty	9	10
Motor Clubs	9	10
Other Personal Property	1	0
Personal Property, Multiperil, Farm	560	467
Personal Motor Vehicle	200	163
Title	14	3
Travel Accident	4	6
Warranty and Vehicle Service	154	155
Worker's Compensation	<u>7</u>	<u>26</u>
<b>Total Property and Casualty</b>	<b><u>3,255</u></b>	<b><u>3,285</u></b>
<b>Grand Total</b>	<b><u>6,440</u></b>	<b><u>6,269</u></b>

**Table II**  
**Policy Submissions Approved By Line of Business**  
**For 2002 and 2003**

Product Category	Total for 2002	Total for 2003
<b>Health and Life</b>		
Continuing Care Retirement Community	0	1
Credit Accident & Health	51	30
Credit Life	38	26
Group Accident & Health	497	438
Group Annuity	99	116
Group Life	144	149
Health & Life Miscellaneous	37	26
Health Maintenance Organization	248	187
Individual Accident & Health	390	327
Individual Annuity	478	558
Individual Life	743	728
Limited Service Health Organization	8	3
Preferred Provider Plan	100	72
Variable	396	337
Viatical	<u>5</u>	<u>3</u>
<b>Total Health and Life</b>	<b><u>3,234</u></b>	<b><u>3,001</u></b>
<b>Property and Casualty</b>		
Aviation	14	20
Bonds	29	46
Commercial Property & Multiperil	939	920
Commercial Motor Vehicle	266	234
Credit Property	4	3
Credit Unemployment	12	9
Excess Managed Care	3	1
Legal Expense	13	6
Liability	1,015	1,204
Mechanical Breakdown	2	2
Mortgage Guaranty	9	10
Motor Clubs	9	10
Other Personal Property	1	0
Personal Property, Multiperil, Farm	560	467
Personal Motor Vehicle	200	163
Title	14	3
Travel Accident	4	6
Warranty and Vehicle Service	154	155
Worker's Compensation	<u>18</u>	<u>65</u>
<b>Total Property and Casualty</b>	<b><u>3,266</u></b>	<b><u>3,324</u></b>
<b>Grand Total</b>	<b><u>6,500</u></b>	<b><u>6,325</u></b>

**Table III**  
**Rate Filings Received**  
**By Product Category for 2003**

<b>Accident and Health Section</b>	
Continuing Care Retirement Community	1
Credit Accident & Health	12
Credit Life	5
Group Accident & Health	20
Health & Life Miscellaneous	1
Health Maintenance Organization	12
Individual Accident & Health	307
Individual Life	1
Preferred Provider Plan	<u>11</u>
<b>Total Accident and Health Section</b>	<u>370</u>
<b>Property and Casualty Section</b>	
Aviation	15
Bonds	65
Commercial Property & Multiperil	982
Commercial Motor Vehicle	384
Credit Property	2
Credit Unemployment	4
Legal Expense	3
Liability	803
Mortgage Guaranty	31
Motor Clubs	5
Other Personal Property	4
Personal Property, Multiperil, Farm	648
Personal Motor Vehicle	379
Title	17
Warranty and Vehicle Service	12
Worker's Compensation	<u>39</u>
<b>Total Property and Casualty Section</b>	<u>3,393</u>
<b>Grand Total</b>	<u>3,763</u>

## Trends in Complaints

In 2003, there were a significant number of complaints involving alternative health plans—medical savings accounts, discount plans, high deductible plans and other alternatives to traditional health insurance plans. There were also complaints about the increase in the rates for long-term care insurance. There were also complaints about the difficulty in finding some types of property and casualty insurance—particularly liability insurance for some types of service businesses. In the personal lines areas there were complaints about claims settlements involving diminished value and the use of credit scoring in underwriting and rating.

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 37,000 general inquiries or requests for information in 2003. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and “walk-ins.”

Table II shows 2002 and 2003 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
1998	8,834	9,551
1999	9,559	9,506
2000	9,295	9,005
2001	9,265	8,874
2002	9,165	10,585
2003	7,961	8,879

	1998	1999	2000	2001	2002	2003
Health	4,810	5,495	5,118	5,182	5,220	4,508
P&C	3,327	3,350	3,482	3,448	3,585	3,082
Life	867	896	838	840	801	795

**Table II**  
**Complaints Filed By Type of Insurance\***

	2002	2003
<b>Accident and Health</b>		
Group Accident and Health	598	396
Individual Accident and Health	633	509
Medicare Supplement	255	229
Long-Term Care	105	89
HMO	860	788
PPO	1,108	1,194
LSHO	26	16
Credit	93	82
Self-Funded Health Plans	<u>1,542</u>	<u>1,205</u>
<b>Total Accident and Health</b>	<u>5,220</u>	<u>4,508</u>
<b>Property and Casualty</b>		
Automobile	1,419	1,252
Homeowner's, Tenant's, Farmowner's	904	785
Fire, Allied Lines, Other Property	243	229
General Liability	147	121
Worker's Compensation	414	347
All Other Lines	<u>458</u>	<u>348</u>
<b>Total Property and Casualty</b>	<u>3,585</u>	<u>3,082</u>
<b>Life, Including Credit and Annuities</b>	<u>801</u>	<u>795</u>
<b>Grand Total</b>	<u>9,606</u>	<u>8,385</u>

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

**Table III**  
**Reasons for Complaints\***

Basis for Complaint	Through		Through	
	4th Quarter 2002	Percent of Total	4th Quarter 2003	Percent of Total
Claim Handling	7,907	57%	7,019	57%
Policyholder Service	2,445	18	2,057	17
Marketing and Sales	1,396	10	1,438	12
Underwriting	1,860	14	1,654	13
Other	188	1	156	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 2003, the office assisted complainants in recovering \$4,907,248 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	\$ 101,137	\$ 1,363	\$ 573	\$ 3,589	\$ 0	\$ 106,662
Ind. Accident and Health	196,599	5,210	13,372	2,603	0	217,784
Ind. Medicare Supplement	10,680	11,156	989	2,214	0	25,039
Long-Term Care	66,108	1,801	14,683	0	0	82,592
HMO/PPO/LSHO	754,455	20,963	17,377	3,952	3,714	800,461
Credit Health	53,036	353	3,991	2,359	0	59,739
Automobile	153,418	2,969	24,661	25,449	0	206,497
Life, Including						
Credit and Annuities	581,846	34,159	480,484	23,989	1,019	1,121,497
Homeowner's, Tenant's, Farmowner's	292,446	4,373	54,360	795,171	0	1,146,350
Fire, Allied Lines, Other Property	186,001	292	42,768	20,200	0	249,261
General Liability	58,650	1,212	3,547	12,137	0	75,546
Worker's Compensation	12,159	1,307	1,351	64,173	0	78,990
All Other Lines	<u>723,122</u>	<u>734</u>	<u>2,958</u>	<u>10,016</u>	<u>0</u>	<u>736,830</u>
<b>Total</b>	<u><u>\$3,189,657</u></u>	<u><u>\$85,892</u></u>	<u><u>\$661,114</u></u>	<u><u>\$965,852</u></u>	<u><u>\$4,733</u></u>	<u><u>\$4,907,248</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**  
**2003 Complaint Appeals Filed by Section**

	Property & Casualty	Life & Health	Complaints	Total
Number of Complaint Files Appealed in 2003*	86	91	6	183

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

**Table VI**  
**Complainant Survey**  
**2003**

Survey Cards Sent	1,214
Survey Cards Returned	638
Response Rate	53%

**Results**

1. How did you hear about the Office of the Commissioner of Insurance?			
Word of Mouth	185		
Insurance Agent	92		
Insurance Company	71		
Phone Book	18		
Lawyer	32		
Health Care Provider	78		
Other	187		
No Answer	116		
		<b>Yes</b>	<b>%</b>
		<b>No</b>	<b>%</b>
2. Did we respond to your complaint promptly?	587	93%	42 7%
3. Do you feel your complaint was handled fairly by our office?	480	80%	119 20%
4. Do you feel you were given an adequate explanation on your complaint?	470	79%	124 21%
5. If you called our office, do you feel we treated you courteously?	393	97%	13 3%
6. If you have another insurance problem, would you contact our office again?	531	92%	47 8%

### **Companies Examined in 2003**

AIU Ins. Co.  
Blue Cross & Blue Shield United of Wisconsin  
Catholic Family Life Ins. Co.  
Dean Health Plan, Inc.  
Hartford Underwriters Ins. Co.  
Medical Associates Clinic Health Plan of Wisconsin, The  
National Guardian Ins. Co.  
Rural Mutual Ins. Co.  
Touchpoint Health Plan, Inc.  
UnitedHealthcare of Wisconsin, Inc.

## **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 2003, there were 14,030 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 16,847 new licenses were issued to resident and nonresident agent candidates.

As of December 31, 2003, there were 72,824 licensed insurance agents and 561,056 active appointments by insurance companies authorizing the licensed agents to market their products.

Projects within the section for 2003 included:

- Wisconsin became the first state to eliminate the requirement for original letters of certification in the nonresident licensing process by relying on technology to provide all information electronically.
- The fifth continuing education biennial reporting period for agents began January 1, 2003. Promissor, Inc., continues to administer the en-

tire 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, 2005.

- 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 Working Group. The goal of this committee, comprised of state regulators and industry representatives, is to improve the effectiveness and efficiency of the state licensing process and resulting uniformity 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 2003. 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 2000 and 2001, 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 2000	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$18,156	\$6,371	\$2,305	\$13,346	\$1,784	\$8,499	\$136	\$707	\$942	\$266	\$177
2. Expenses incurred other than loss adjusting expenses	31,931	11,205	4,053	23,473	3,138	14,947	240	1,243	1,658	469	311
3. Number of policies written	98,328	36,296	2,664	37,243	2,098	103,618	1,024	2,864	1,070	831	1,643
4. Direct dollar premium earned	108,058	37,918	13,717	79,434	10,620	50,584	812	4,208	5,609	1,586	1,051
5. Average premium per policy	1,099	1,045	5,149	2,133	5,062	488	793	1,469	5,242	1,908	640
6. Number of outstanding claims	988,667	210	15	41	61	117	13	18	6	0	4
7. Direct case reserves for outstanding claims	21,735	10,892	1,705	6,258	1,469	10,138	374	556	382	0	205
8. Liability for claims incurred but not reported	29,885	30,202	5,032	33,196	1,192	14,954	239	1,233	1,920	1,151	275
9. Loss adjustment expense liability for open claims	2,064	1,223	40	1,124	492	784	5	17	25	0	48
10. Losses paid	31,101	9,625	495	12,200	1,306	8,975	118	1,251	1,305	81	24
11. Pure loss ratio	76.6%	133.8%	52.7%	65.0%	37.4%	67.3%	90.1%	72.2%	64.3%	77.7%	48.0%
12. Allocated loss adjustment expense paid	5,163	2,493	2	1,002	275	2,537	7	295	141	1	3
13. Number of claims paid	936,720	1,114	18	55	37	383	57	307	1,457	13	9
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	89,619	54,435	7,284	53,781	4,595	37,393	744	3,352	3,121	1,234	555
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	95,909	58,187	7,710	57,096	5,122	40,157	810	3,606	4,145	1,310	592
16. Number of claims closed without payment	5,082	1,446	57	38	58	861	13	110	142	26	6
17. Number of legal actions filed	414	174	23	11	16	137	2	5	12	1	1

\* 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 2001	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$19,776	\$7,206	\$5,679	\$13,702	\$1,840	\$8,749	\$185	\$842	\$816	\$2,813	\$187
2. Expenses incurred other than loss adjusting expenses	34,781	12,674	9,987	24,098	3,236	15,388	326	1,481	1,434	4,948	330
3. Number of policies written	105,151	40,275	2,680	40,894	1,647	108,617	984	3,075	1,383	932	1,721
4. Direct dollar premium earned	117,701	42,891	33,798	81,549	10,951	52,073	1,104	5,010	4,854	16,744	1,115
5. Average premium per policy	1,119	1,065	12,611	1,994	6,649	479	1,121	1,629	3,510	17,965	648
6. Number of outstanding claims	1,568,064	373	20	40	83	211	13	39	122	2	0
7. Direct case reserves for outstanding claims	23,113	6,572	794	1,666	2,315	5,859	59	611	655	21	0
8. Liability for claims incurred but not reported	48,850	32,384	17,684	42,228	2,511	22,523	491	2,232	1,545	12,676	443
9. Loss adjustment expense liability for open claims	2,095	973	15	393	726	1,107	7	45	218	9	4
10. Losses paid	15,136	3,227	69	4,107	2,932	3,566	75	359	749	41	2
11. Pure loss ratio	74.0%	98.3%	54.9%	58.9%	70.8%	61.4%	56.7%	63.9%	60.8%	76.1%	39.9%
12. Allocated loss adjustment expense paid	2,378	724	0	9	248	1,570	3	52	213	0	0
13. Number of claims paid	1,478,129	946	9	31	35	278	84	210	454	12	5
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	91,390	43,879	18,562	48,413	9,727	34,644	635	3,298	2,861	12,747	449
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	97,999	46,909	20,070	50,816	10,825	36,985	695	3,547	3,672	13,561	478
16. Number of claims closed without payment	4,678	923	30	11	64	472	94	129	121	26	4
17. Number of legal actions filed	185	72	11	4	15	156	0	8	17	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					
2001	76.6%	133.8%	133.8%	52.7%	65.0%	37.4%	67.3%	90.1%	72.2%	64.3%	77.7%	48.0%
2000	62.2	89.7	89.7	503.4	148.3	39.0	49.4	86.3	52.0	43.5	44.5	23.9
1999	50.7	59.0	59.0	224.9	128.4	34.7	50.3	22.6	52.3	32.0	31.6	9.8
1998	50.7	59.0	59.0	49.4	90.3	89.6	45.7	101.0	38.7	29.1	16.8	5.2
1997	45.8	42.3	42.3	331.4	58.3	33.6	35.9	17.3	32.1	25.1	52.4	43.1
<b>Five-year average</b>	58.1	76.5	76.5	234.8	97.0	48.3	50.6	55.9	49.4	37.0	43.8	26.4
Average Incurred Loss Per Claim												
2001	27	15,496	15,496	66,659	192,275	28,319	38,227	7,038	5,560	1,153	6,233	17,613
2000	4,586	16,557	16,557	997,253	555,507	38,744	31,358	10,394	4,968	1,869	31,906	10,285
1999	4,726	11,613	11,613	343,708	635,726	41,626	51,307	1,540	5,610	2,509	39,132	2,021
1998	4,620	12,776	12,776	39,001	435,857	105,757	52,135	11,476	4,769	3,038	2,207	525
1997	4,206	10,559	10,559	896,094	241,002	35,152	31,484	3,358	3,448	2,662	117,037	30,763
<b>Five-year average</b>	118	13,475	13,475	501,854	438,434	51,692	39,703	6,410	4,819	2,033	37,398	13,481
Average Case Reserve Per Claim												
2001	22	51,865	51,865	113,674	152,635	24,084	86,653	28,785	30,891	63,666	53	51,250
2000	35,511	57,725	57,725	38,824	169,524	33,227	61,637	7,000	30,199	143,750	94,000	*
1999	55,431	66,209	66,209	450,459	476,014	41,332	400,696	10,000	58,126	68,167	1	*
1998	37,442	58,687	58,687	6	102,905	593,270	185,545	190,000	112,000	350,000	31	*
1997	59,540	26,349	26,349	5,000,001	185,247	50,928	167,135	45,000	30,000	358,689	21	*
<b>Five-year average</b>	50	53,669	53,669	623,856	231,341	71,241	111,783	46,827	35,914	115,260	23,521	51,250
Allocated LAE: Premium Earned												
2001	6.7%	9.8%	9.8%	0.3%	2.7%	7.2%	6.6%	1.5%	7.4%	3.0%	0.1%	4.8%
2000	9.8	11.6	11.6	5.5	3.3	9.1	17.0	10.3	5.0	4.7	0.1	3.3
1999	9.4	11.0	11.0	40.2	4.3	6.1	15.0	12.3	4.1	8.1	12.2	0.0
1998	11.5	14.5	14.5	0.8	4.4	8.7	16.1	30.5	5.4	8.6	0.4	0.4
1997	12.0	11.8	11.8	31.1	0.7	8.1	17.0	0.5	4.8	8.3	41.0	31.8
<b>Five-year average</b>	9.9	11.7	11.7	15.2	3.0	7.9	14.0	9.0	5.4	6.8	11.9	8.2
IBNR: Premium Earned												
2001	76.6%	133.8%	133.8%	52.7%	65.0%	37.4%	67.3%	90.1%	72.2%	64.3%	77.7%	48.0%
2000	62.2	89.7	89.7	503.4	148.3	39.0	49.4	86.3	52.0	43.5	44.5	23.9
1999	7.2	21.9	21.9	36.0	32.4	5.4	7.6	7.5	7.5	6.7	20.0	6.7
1998	4.9	19.5	19.5	34.3	32.0	5.5	4.6	4.3	4.3	4.2	16.3	4.9
1997	3.2	12.9	12.9	19.8	33.7	4.2	2.8	2.7	2.7	2.9	10.2	3.3
<b>Five-year average</b>	11.6	34.5	34.5	33.4	35.1	7.0	12.7	10.5	11.7	10.7	29.4	11.1
Percentage Change In Premium Earned												
2000 to 2001	18.0%	-8.1%	-8.1%	0.3%	5.9%	-12.5%	18.2%	22.6%	6.6%	-28.1%	1.3%	14.0%
1999 to 2000	-4.0	7.4	7.4	1.6	-1.5	0.4	2.5	-7.7	8.3	-1.8	-22.3	-5.2
1998 to 1999	-3.5	2.1	2.1	23.8	-2.0	-17.9	1.5	-0.8	-9.7	-3.3	15.0	-2.7
1997 to 1998	-6.8	-9.0	-9.0	8.0	-5.4	1.8	6.4	-50.9	-5.6	-1.2	-9.8	-0.5

\*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 2004. 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 FOR INSURERS REPORTING MEDICAL MALPRACTICE INSURANCE IN WISCONSIN\***

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Investment and other income**	\$25,310	\$21,707	\$27,185	\$25,958	\$23,826	\$20,071	\$21,807	\$17,461	\$15,305	\$9,391	\$14,185
2. Incurred loss adjustment expense**	22,409	24,245	18,080	16,979	14,420	7,083	11,613	15,113	7,471	8,889	21,988
3. All other incurred expenses**	13,786	14,199	14,067	17,253	16,232	16,247	15,545	13,902	11,989	10,537	11,185
4. Policies written	30,916	32,344	32,114	29,988	17,881	31,618	43,179	44,630	46,597	46,577	
5. Direct premiums written	81,199	79,446	73,770	72,954	71,326	70,285	69,711	71,252	57,545	91,320	
6. Average written premium per policy	2,626	2,456	2,297	2,433	3,989	2,223	1,614	1,597	1,235	1,961	
7. Number of open claims	3	3	9	19	40	72	173	243	223	399	
8. Direct case reserves for open claims	6	531	1,542	6,809	1,098	8,105	9,759	11,916	13,616	14,384	
9. Paid claims	26,224	30,179	23,636	28,906	32,010	31,135	22,621	10,276	10,370	2,209	
10. IBNR reserves	1,774	2,981	3,222	4,717	3,928	4,875	6,038	7,557	12,931	23,676	
11. Pure loss ratio	34.5%	42.4%	38.5%	55.4%	51.9%	62.8%	55.1%	41.8%	64.2%	44.1%	
12. Claims reported	1,983	1,903	1,650	45,219	76,702	301,038	1,389	982	1,129	465	
13. Claims closed without payment	1,666	1,530	1,278	1,394	1,119	893	968	731	612	474	
14. Claims closed with payment	412	404	426	488	535	411	311	249	177	84	
15. Legal actions filed	492	490	473	582	530	374	426	322	226	91	
16. Verdicts/judgements for defendants	155	149	119	101	81	56	52	35	28	7	
17. Verdicts/judgements for plaintiffs	67	79	72	80	67	45	28	15	13	3	
18. Amount awarded to plaintiffs	6,699	6,840	8,630	10,729	7,945	11,045	7,501	2,482	1,208	796	

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

\*\* 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 2003. 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\***

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002**
1. Investment and other income net gain or loss***	\$12,561	\$12,688	\$12,185	\$12,197	\$19,766	\$20,162	\$18,523	\$15,400	\$14,399	\$18,106	\$13,366
2. Incurred loss adjustment expenses***	21,648	21,803	16,244	16,491	15,691	6,948	9,367	5,047	24,402	51,638	11,048
3. All other incurred expenses***	27,440	15,627	16,846	14,825	19,094	8,877	12,596	12,566	12,843	12,711	19,245
4. Policies written	41,827	40,924	39,948	85,764	121,228	75,136	66,677	65,150	68,647	161,555	
5. Direct written premiums	48,188	47,946	48,164	53,924	50,932	45,281	36,057	36,195	36,807	46,517	
6. Average written premium per policy	1,152	1,172	1,206	629	420	603	541	556	536	288	
7. Number of open claims	8	53	40	32	33	115	71	128	500,164	301	
8. Direct case reserves for open claims	205	978	1,298	1,414	1,344	3,600	3,859	7,012	10,678	9,817	
9. Amount paid on product liability claims	19,522	27,687	15,746	27,765	19,813	21,981	19,928	20,706	11,514	7,005	
10. Reserves for IBNR Claims	1,435	3,099	1,597	1,902	1,843	2,992	3,858	6,602	6,085	25,613	
11. Pure loss ratio	43.9%	66.2%	38.7%	57.6%	45.2%	63.1%	76.7%	94.8%	76.8%	91.2%	
12. Claims reported	60,234	150,298	166,739	150,496	184,340	290,238	601,071	448,439	2,684	2,178	
13. Claims closed without payment	1,546	4,331	1,557	2,343,860	1,108,102	129,316	845,900	103,795	1,605	991	
14. Claims closed with payment	1,654	1,800	1,615	3,566	1,570	1,446	1,105	1,235	1,161	1,011	
15. Legal actions filed	680	747	3,610	582	772	362	231	226	116	68	
16. Verdicts/judgements for defendants	27	64	49	25	36	24	19	24	5	4	
17. Verdicts/judgements for plaintiffs	31	31	42	22	20	6	4	7	2	3	
18. Amount awarded to plaintiffs	641	1,137	1,467	823	370	42	77	69	6	917	

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

\*\* Policy year 2003 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](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.
- **Guía del Consumidor para Seguros de Automóvil (PI-157)**—Explica los tipos de cobertura que se brindan en las pólizas de seguro de automóvil, cómo contratar un seguro, la cobertura por daños en caso de choque para automóviles de alquiler, e incluye las primas para cinco casos hipotéticos.
- **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 Wisconsin 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.
- **Health Insurance for Small Employers and Their Employees (PI-206)**—Discusses the Small Employer Health Insurance Law and contains monthly premiums for three hypothetical groups.
- **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.
- **Fact Sheet on Foster Parent Liability Insurance (PI-048)**—Answers questions about liability insurance coverage for foster children.
- **Information Sheet on Surplus Lines Insurers and Agents (PI-026)**—Answers questions about surplus lines insurance and procedures for placing surplus lines insurance.
- **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.
- **Guía del Consumidor Seguros (PI-151)**—Brinda información general sobre los seguros de salud, de vida, del automóvil, de propietarios de vivienda y de indemnización laboral.
- **Fact Sheet on Credit Insurance (PI-205)**—Provides information on credit insurance.
- **Fact Sheet on Standard Health Insurance Forms (PI-083)**—Describes the requirements for billing formats to be used by providers and explanation of benefits and remittance advice forms used by insurers to explain claim payments.
- **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 tenant's, 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.