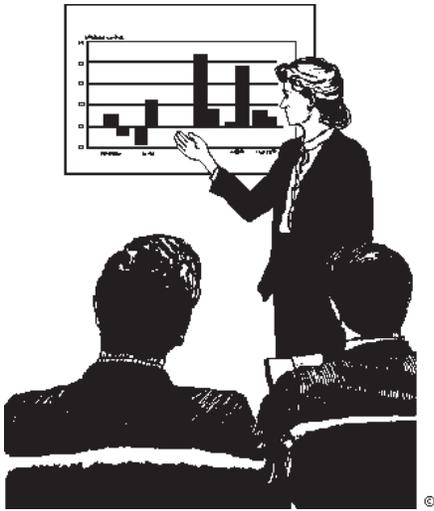


## Division of Regulation and Enforcement





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 organized under Wisconsin law and the analysis of financial statements of all insurers licensed to do business in the State of Wisconsin, 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, and processes merger and acquisition plans. The Bureau also collects and processes all premium taxes submitted by insurers.

#### **2004 Major Accomplishments**

- Received Accreditation from the NAIC in December 2003 for a five-year period.
- Examined 48 domestic insurers.
- Analyzed the financial statements of over 1,850 insurers.
- Licensed 5 domestic insurers, 9 nondomestic insurers, 22 gift annuities, and 8 warranty plans; dissolved 1 nondomestic insurer, permitted 7 licensed entities to withdraw from Wisconsin.
- Reviewed and amended the Wisconsin certificate of authority for 2 nondomestic insurers that converted from mutual to stock form.
- Reviewed changes of control of 12 domestic insurers, pursuant to holding company regulations.
- Reviewed and approved 2 mergers involving domestic insurers.
- Approved 3 changes of domicile into Wisconsin and no changes of domicile out of Wisconsin.

- Completed the review of the acquisition of Blue Cross & Blue Shield United of Wisconsin and its 5 insurance company affiliates by Anthem, Inc. (now known as Wellpoint, Inc.).
- Completed review of the formation of a segregated account by Northwestern National Insurance Company of Milwaukee, Wisconsin.
- Reviewed and enhanced the procedures for financial analysis and monitoring of licensed insurers.
- 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, Capital Adequacy 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, Insurance Holding Company, International Accounting Standards, National Treatment, Property and Casualty Reinsurance, Rating Agency, Risk Based Capital Ad Hoc, Statutory Accounting Principles, Risk Assessment.

## **Companies Examined**

All-Star Mutual Ins. Co.	Mt. Calvary Mutual Ins. Co.
Arch Specialty Ins. Co.	Mt. Pleasant-Perry Mutual Ins. Co.
Badger Mutual Ins. Co.	Omaha Indemnity Co.
Bristol Town Ins. Co.	Parker Centennial Assurance Co.
Church Mutual Ins. Co.	Patriot General Ins. Co.
Cities & Villages Mutual Ins. Co.	Reedsburg-Westfield Mutual Ins. Co.
Community Ins. Corp.	SECURA Ins., A Mutual Co.
Courtland-Springvale Town Ins. Co.	SECURA Supreme Ins. Co.
Dairyland Ins. Co.	Sentry Casualty Co.
Employes Mutual Benefit Assoc.	Sentry Ins. a Mutual Co.
Firemans Fund Ins. Co. of WI	Sentry Life Ins. Co.
Fortis Ins. Co.	Sentry Select Ins. Co.
Gundersen Lutheran Health Plan, Inc.	Shelby Farmers Mutual Ins. Co.
Homestead Mutual Ins. Co.	South Central Mutual Ins. Co.
IDS Property Casualty Ins. Co.	State Auto Ins. Co. of WI
Integrity Mutual Ins. Co.	Sugar Creek Mutual Ins. Co.
Jewelers Mutual Ins. Co.	Theresa Mutual Ins. Co.
John Alden Life Ins. Co.	UnitedHealthcare of Wisconsin, Inc.
Kenosha County Mutual Ins. Co.	Unity Health Plans Ins. Corp.
Little Black Mutual Ins. Co.	Western Diversified Casualty Ins. Co.
Lodi Mutual Ins. Co.	Wilson Mutual Ins. Co.
Marcellon Town Mutual Fire Ins. Co.	Wisconsin County Mutual Ins. Corp.
Medica Health Plans of WI	Wisconsin Municipal Mutual Ins. Co.
Middlesex Ins. Co.	Wisconsin Mutual Ins. Co.

**Wisconsin Insurance Corporations Organized and Licensed**

January 1, 2004 - December 31, 2004

Abri Health Plan, Inc.	Thiensville, WI
Districts Mutual Ins.	Port Washington, WI
Elder Care Health Plan, Inc.	Madison, WI
MercyCare HMO, Inc.	Janesville, WI

**Insurance Corporations of Other States Admitted**

January 1, 2004 - December 31, 2004

ACIG Ins. Co.	Dallas, TX
CDC IXIS Financial Guaranty North America, Inc.	New York, NY
Darwin National Assurance Co.	Farmington, CT
Health Net Life Ins. Co.	Woodland Hills, CA
InsureMax Ins. Co.	Newburgh, IN
Producers Agriculture Ins. Co.	Amarillo, TX
Progressive Universal Ins. Co. of Illinois	Mayfield Village, OH
Underwriter for the Professions Ins. Co.	Napa, CA
Vantis Life Ins. Co.	East Hartford, CT
Wolverine Mutual Ins. Co.	Dowagiac, MI

**Organizations Licensed to Issue Gift Annuities**

January 1, 2004 - December 31, 2004

Barnabas Foundation	Tinley Park, IL
Cancer Research Institute	New York, NY
Catholic Foreign Missions Society of America, Inc.	Maryknoll, NY
DePauw University	Greencastle, IN
Great Commission Foundation of Campus Crusade for Christ, Inc., The	Orlando, FL
Heifer International Foundation	Little Rock, AR
International Lutheran Laymen's League	St. Louis, MO
Liberty University, Inc.	Lynchburg, VA
Longyear Foundation	Chestnut Hill, MA
Michigan Tech Fund	Houghton, MI
Milwaukee Rescue Mission	Milwaukee, WI
National Christian Charitable Foundation, Inc.	Atlanta, GA
National Resources Foundation of Wisconsin, Inc.	Madison, WI
National Spiritual Assembly of the Baha'is of the United States	Evanston, IL
New England Historic Genealogical Society	Boston, MD
Oshkosh Area Community Foundation, The	Oshkosh, WI
Samaritan's Purse	Boone, NC
SSM Health Care of Wisconsin	Madison, WI
Trans World Radio	Cary, NC
University School of Milwaukee Corp., The	Milwaukee, WI
Voice of Prophecy, The	Simi Valley CA
Wheaton College	Wheaton, IL

**Organizations Licensed to do Business as Motor Clubs**

January 1, 2004 - December 31, 2004

1-800-PIT-CREW	Sarasota, FL
Nation Motor Club, Inc.	Deerfield Beach, FL
Pinnacle Motor Club, Inc.	Irving, TX

**Organizations Licensed to Issue Warranty Plans**

January 1, 2004 - December 31, 2004

American Standard Warranty Corp.	Tyler, TX
Brunswick Product Protection Corp.	Lake Forest, IL
Century Warranty Services, Inc.	Jacksonville, FL
Continental Service Provider, Inc.	Scottsdale, AZ
CPP Warranties, LLC	Minnetonka, MN
Sears Protection Co.	Hoffman Estates, IL
Sears, Roebuck and Co.	Hoffman Estates, IL
Warranty Support Services, LLC	Norcross, GA

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

January 1, 2004 - December 31, 2004

**Conversions from Mutual to Stock**

Garrison Property and Casualty Ins. Co.	04/07/2004
World Ins. Co.	04/05/2004

**Dissolutions**

Catholic Workman	12/31/2004
------------------	------------

**Withdrawals**

Dakota Wesleyan University	06/21/2004
Grain Dealers Mutual Ins. Co.	04/20/2004
Nissan Motor Ins. Services	01/28/2004
Old Republic Insured Automotive Services, Inc.	02/23/2004
Pennsylvania Casualty Co.	03/22/2004
Sheboygan County Young Men's Christian Association, Inc.	03/19/2004
Zurich Warranty Solutions, Inc.	10/29/2004

**Liquidations**

Casualty Reciprocal Exchange	08/18/2004
London Pacific Life & Annuity Co.	09/30/2004
Statewide Ins. Co.	01/06/2004

### Mergers

Company Name	Merged Into	Date
Bankers National Life Ins. Co.	Washington National Ins. Co.	10/01/2004
Equitable Life Ins. Co. of Iowa	ING USA Annuity & Life Ins. Co.	01/01/2004
First Variable Life Ins. Co.	Protective Life Ins. Co.	01/01/2004
Metropolitan Ins. and Annuity Co.	Metropolitan Tower Life Ins. Co.	10/08/2004
New England Pension and Annuity Co.	Metropolitan Tower Life Ins. Co.	10/08/2004
Omaha Life Ins. Co.	Fort Dearborn Life Ins. Co.	05/31/2004
Radian Reinsurance, Inc.	Radian Asset Assurance, Inc.	06/01/2004
Southland Life Ins. Co.	Security Life of Denver Ins. Co.	10/01/2004
Transamerica Assurance Co.	Transamerica Life Ins. Co.	10/01/2004
United Life & Annuity Ins. Co.	ING USA Annuity & Life Ins. Co.	01/01/2004
USG Annuity & Life Co.	ING USA Annuity & Life Ins. Co.	01/01/2004

### Redomestications

Company Name	From	To	Effective Date
Continental Ins. Co., The	NH	SC	01/01/2004
Direct General Life Ins. Co.	DE	SC	04/23/2004
Family Life Ins. Co.	WA	TX	03/18/2004
Fidelity and Casualty Co. of New York	NH	SC	01/01/2004
Financial American Life Ins. Co.	IL	KS	03/29/2004
Fortis Benefits Ins. Co.	MN	IA	10/01/2004
Great American Spirit Ins. Co.	IN	OH	09/02/2004
ING USA Annuity and Life Ins. Co.	DE	IA	01/01/2004
Investors Life Ins. Co. of North America	WA	TX	03/18/2004
Mayflower Ins. Co., Ltd. The	IN	SC	07/01/2004
Parker Centennial Assurance Co.	OH	WI	08/11/2004
Progressive Universal Ins. Co. of Illinois	OH	WI	12/21/2004
Seaton Ins. Co.	WA	RI	01/01/2004
Stonewall Ins. Co.	OH	RI	01/01/2004
Travelers Casualty Ins. Co. of America	IL	CT	01/01/2004
Travelers Property Casualty Co. of America	IL	CT	01/01/2004

### **Insurance Corporations Which Changed Their Names**

January 1, 2004 - December 31, 2004

<b>Previous Name</b>	<b>New Name</b>
AFI Management Co., Inc.	Mercury Select Management Co., Inc.
Acceleration Life Ins. Co.	Parker Centennial Assurance Co.
Anthem Alliance Health Ins. Co.	OneNation Ins. Co.
Arkwright Ins. Co.	Coface North America Ins. Co.
Associates Ins. Co.	Commercial Guaranty Casualty Ins. Co.
CIGNA Life Ins. Co.	Prudential Retirement Ins. and Annuity Co.
C N A Group Life Assurance Co.	Hartford Life Group Ins. Co.
Centris Ins. Co.	HCC Ins. Co.
Conseco Annuity Assurance Co.	Conseco Ins. Co.
Continental Western Casualty Co.	Clermont Ins. Co.
Equitable Life Assurance Society of the United States, The	AXA Equitable Life Ins. Co.
Federal Kemper Life Assurance Co.	Chase Insurance Life and Annuity Co.
Fidelity National Property and Casualty Ins., Inc.	Fidelity National Property and Casualty Ins. Co.
GE Casualty Ins. Co.	AIG Premier Ins. Co.
GE Indemnity Ins. Co.	AIG Indemnity Ins. Co.
GE Property & Casualty Ins. Co.	AIG Centennial Ins. Co.
General & Cologne Life Re of America	General Re Life Corp.
Gerling Global Life Ins. Co., US Branch	Revios Reinsurance Canada, Ltd.
Gerling Global Life Reinsurance Co.	Revios Reinsurance U.S., Inc.
Gerling NCM Credit Ins., Inc.	Atradius Trade Credit Ins., Inc.
Golden American Life Ins. Co.	ING USA Annuity and Life Ins. Co.
Investors Partner Life Ins. Co.	Manulife Ins. Co.
Le Mars Mutual Ins. Co. of Iowa	Le Mars Ins. Co.
Manufacturers Life Ins. Co. (USA), The	John Hancock Life Ins. Co. (USA)
Meridian Citizens Security Ins. Co.	Great Northwest Ins. Co.
Mid-States Surety Corp.	Guarantee Company of North America USA
Montgomery Ward Ins. Co.	Heritage Casualty Ins. Co.
National Farmers Union Standard Ins. Co.	Quanta Indemnity Co.
New York Life and Health Ins. Co.	Direct General Life Ins. Co.
Nichido Fire & Marine Ins. Co., Ltd. (U.S. Branch)	TNUS Ins. Co.
Nonprofits Ins. Co.	Riverport Ins. Co.
Odyssey Reinsurance Corp.	Clearwater Ins. Co.
Overseas Partners US Reinsurance Co.	Clearwater Select Ins. Co.
Podiatry Ins. Co. of America (Risk Retention Group), A Mutual Co.	Podiatry Ins. Co. of America A Mutual Co.
Potomac Ins. Co. of Illinois	SUA Ins. Co.
Progressive American Life Ins. Co.	Principal Health Ins. Co.
Progressive Universal Ins. Co. of Illinois	Progressive Universal Ins. Co.
Provantis Ins. Co.	Dentegra Ins. Co.
Prudential Commercial Ins. Co.	LM Personal Ins. Co.
Prudential General Ins. Co.	LM General Ins. Co.
Prudential Property and Casualty Ins. Co.	LM Property and Casualty Ins. Co.
Ranger Ins. Co.	Fairmont Specialty Ins. Co.
SAFECO Life Ins. Co.	Symetra Life Ins. Co.
SAFECO National Life Ins. Co.	Symetra National Life Ins. Co.
State National Specialty Ins. Co.	National Specialty Ins. Co.
Tokio Marine and Fire Ins. Co., Limited (U.S. Branch), The	Tokio Marine & Nichido Fire Ins. Co., Ltd.
Travelers Casualty and Surety Co. of IL	Travelers Casualty Ins. Co. of America
Travelers Indemnity Co. of IL, The	Travelers Property Casualty Co. of America
United Wisconsin Life Ins. Co.	American Medical Security Life Ins. Co.
Zurich Life Ins. Co. of America	Chase Ins. Life 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, 2004.

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.

As of December 31, 2004, the estate reported assets of \$30,690,875. Claims in classes 1 through 10 were estimated at \$19,648,407, resulting in an estimated surplus of \$11,042,468.

### **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.

Other potential exposures are being investigated before a final distribution of assets can be made.

### **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. In 2004, Roger A. Peterson replaced Matthew C. Mandt 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 funds may be needed. To date, it has not been necessary to collect this assessment.

As of December 31, 2004, Master Plumbers' reported assets of \$1,248,742, liabilities of \$809,131, and total surplus of \$439,611.

## **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 market analysis and 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 investigated and resolved approximately 8,000 written consumer complaints and inquiries and answered 35,000 telephone inquiries during 2004. The Bureau also processed 3,500 rate and rule filings and approved 6,100 policy form filings during 2004.

During 2004, the Bureau of Market Regulation focused on developing and enhancing the market analysis process, participating in the market conduct annual statement project, completing a detailed analysis of the senior citizen annuity insurance market and preparing for the changes in Medicare required by the Medicare Modernization Act. Bureau staff provided assistance to the legal staff in investigating complaints involving unsuitable sales of annuities to senior citizens.

### **Market Conduct Annual Statement**

The Market Conduct Annual Statement (MCAS) was developed through the NAIC with the input of state regulators and representatives from the industry. It is a permanent project in which 19 states, including Wisconsin, are currently participating. The MCAS is an analysis tool that states can use to review market activity of the entire insurance marketplace in a consistent manner and to identify companies whose practices are outside normal ranges. The project collects data on an industry-wide basis and is comprised of two major components, a Life & Annuity statement and a Property & Casualty statement. The Property & Casualty statement is further divided into two subsections, a Private Passenger Automobile section and a Homeowner's section.

For the 2003 Life MCAS, licensed companies with positive subject life premium and/or annuity considerations in 2003 were required to participate in the project. In Wisconsin, 397 companies participated

in the project. For the 2003, Property & Casualty MCAS, licensed companies with positive homeowner's and/or private passenger automobile premium were required to participate. In Wisconsin, 261 companies participated in the project and OCI received 241 private passenger automobile statements and 196 homeowner's statements.

### **Level 1 Market Analysis**

In 2004, Wisconsin conducted analysis on 80 companies for five lines of business: homeowner's, personal auto, group health, individual health, and life. The analysis followed a uniform process that included reviews of complaints and information collected in the financial statements and other NAIC databases. Analysts in each state identified companies for further action and forwarded the information to NAIC staff to compile results. The results were reviewed by the Market Analysis Working Group. The group coordinated efforts to address common issues with many of the companies. The increased focus on market analysis resulted in a nationwide reduction of 16% in the number of market conduct examinations in 2004.

### **2004 Major Accomplishments**

- Participated in the first national market analysis program that resulted in reviews of companies representing 85% of the market for five key lines of business and coordinated with other states to identify companies for further action.
- 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 in the Market Conduct Annual Statement 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.

- Worked with a coalition of interested groups to provide technical assistance and resources on the insurance aspects of the changes resulting from the Medicare Modernization Act and the implementation of the Medicare prescription drug plans.
- 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 the property and casualty and health insurance checklists, publishing review standards checklists for life and annuity lines and providing forms and instructions for rate and form filings on the OCI Web site.
- Doubled the number of rate and form filings submitted electronically resulting in faster processing and reduced errors in filing. By the end of 2004, 40% of the filings each month were submitted electronically as compared to 20% at the end of 2003.
- Participated in developing administrative rules involving defined network and preferred provider health insurance plans and grievances; Medicare supplement insurance; vehicle protection plans; and the small employer uniform application.
- 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, the 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.
- Served on the following NAIC committees, task forces and working groups: Senior Issues Task Force, Speed to Market Task Force, Operational Efficiencies Working Group, the Interstate Compact National Standards Working Group, the Market Conduct Annual Statement Subgroup, Market Analysis Working Group, Market Conduct Uniformity Working Group, Collaborative Actions Subgroup, the Market Information System Subgroup, and the Producer Licensing Working Group.

### Policy Submissions and Rate Filings

The following tables summarize the policy submission data for 2003 and 2004. Table I shows the number of policy submissions received in 2003 and 2004 by line of business for each type of insurance. Table II shows the number of policy submissions approved in 2003 and 2004 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 2003 and 2004**

Product Category	Total for 2003	Total for 2004
<b>Health and Life</b>		
Continuing Care Retirement Community	1	1
Credit Accident & Health	18	14
Credit Life	21	16
Group Accident & Health	438	417
Group Annuity	116	100
Group Life	149	120
Health & Life Miscellaneous	26	27
Health Maintenance Organization	187	167
Individual Accident & Health	327	509
Individual Annuity	558	463
Individual Life	728	720
Limited Service Health Organization	3	7
Preferred Provider Plan	72	64
Variable	337	246
Viatical	3	0
<b>Total Health and Life</b>	<u>2,984</u>	<u>2,871</u>
<b>Property and Casualty</b>		
Aviation	20	20
Bonds	46	58
Commercial Property & Multiperil	920	756
Commercial Motor Vehicle	234	227
Credit Property	3	8
Credit Unemployment	9	2
Excess Managed Care	1	1
Legal Expense	6	7
Liability	1,204	954
Mechanical Breakdown	2	4
Mortgage Guaranty	10	13
Motor Clubs	10	10
Personal Property, Multiperil, Farm	467	450
Personal Motor Vehicle	163	138
Title	3	12
Travel Accident	6	5
Warranty and Vehicle Service	155	173
Worker's Compensation	26	2
<b>Total Property and Casualty</b>	<u>3,285</u>	<u>2,840</u>
<b>Grand Total</b>	<u>6,269</u>	<u>5,711</u>

**Table II**  
**Policy Submissions Approved By Line of Business**  
**For 2003 and 2004**

Product Category	Total for 2003	Total for 2004
<b>Health and Life</b>		
Continuing Care Retirement Community	1	1
Credit Accident & Health	30	11
Credit Life	26	13
Group Accident & Health	438	350
Group Annuity	116	96
Group Life	149	112
Health & Life Miscellaneous	26	16
Health Maintenance Organization	187	146
Individual Accident & Health	327	305
Individual Annuity	558	434
Individual Life	728	687
Limited Service Health Organization	3	6
Preferred Provider Plan	72	62
Variable	337	243
Viatical	<u>3</u>	<u>0</u>
<b>Total Health and Life</b>	<b><u>3,001</u></b>	<b><u>2,482</u></b>
<b>Property and Casualty</b>		
Aviation	20	19
Bonds	46	57
Commercial Property & Multiperil	920	748
Commercial Motor Vehicle	234	225
Credit Property	3	5
Credit Unemployment	9	2
Excess Managed Care	1	1
Legal Expense	6	6
Liability	1,204	930
Mechanical Breakdown	2	3
Mortgage Guaranty	10	12
Motor Clubs	10	9
Other Personal Property	0	0
Personal Property, Multiperil, Farm	467	429
Personal Motor Vehicle	163	125
Title	3	10
Travel Accident	6	5
Warranty and Vehicle Service	155	146
Worker's Compensation	<u>65</u>	<u>0</u>
<b>Total Property and Casualty</b>	<b><u>3,324</u></b>	<b><u>2,732</u></b>
<b>Grand Total</b>	<b><u>6,325</u></b>	<b><u>5,214</u></b>

**Table III**  
**Rate Filings Received**  
**By Product Category for 2004**

<b>Accident and Health Section</b>	
Credit Accident & Health	5
Credit Life	3
Group Accident & Health	19
Health & Life Miscellaneous	1
Health Maintenance Organization	15
Individual Accident & Health	276
Individual Life	1
Preferred Provider Plan	<u>17</u>
<b>Total Accident and Health Section</b>	<b><u>337</u></b>
<b>Property and Casualty Section</b>	
Aviation	11
Bonds	88
Commercial Property & Multiperil	836
Commercial Motor Vehicle	326
Credit Property	7
Credit Unemployment	1
Legal Expense	6
Liability	754
Mechanical Breakdown	1
Mortgage Guaranty	48
Motor Clubs	3
Other Personal Property	2
Personal Property, Multiperil, Farm	610
Personal Motor Vehicle	401
Title	11
Warranty and Vehicle Service	1
Worker's Compensation	<u>12</u>
<b>Total Property and Casualty Section</b>	<b><u>3,118</u></b>
<b>Grand Total</b>	<b><u>3,455</u></b>

## Trends in Complaints

OCI continued to receive a significant number of complaints from consumers concerned about the high cost of health insurance. Consumers complained about the difficulty of finding affordable health insurance that provided the level of coverage they desired. There were complaints and inquiries about alternatives to health insurance, primarily discount plans that provided little coverage for the consumers who purchased the plans. There was an increase in inquiries about high deductible plans including medical savings accounts and health savings accounts. There were also complaints about the increase in the rates for long-term care insurance.

OCI noted significant complaints about the suitability of the sale of life insurance and annuities to senior citizens. Many of these complaints resulted in enforcement actions. There were also complaints about the difficulty in finding some types of property and casualty insurance and improper notices of nonrenewal. In the personal lines areas there were complaints about claims settlement practices and underwriting. Consumers expressed concern about the use of credit information and external sources of information in determining eligibility for 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 35,000 general inquiries or requests for information in 2004. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2003 and 2004 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
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
2004	7,938	8,678

	1999	2000	2001	2002	2003	2004
Health	5,495	5,118	5,182	5,220	4,508	3,861
P&C	3,350	3,482	3,448	3,585	3,082	2,693
Life	896	838	840	801	795	799

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

	<b>2003</b>	<b>2004</b>
<b>Accident and Health</b>		
Group Accident and Health	396	696
Individual Accident and Health	509	463
Medicare Supplement	229	211
Long-Term Care	89	86
HMO	788	666
PPO	1,194	671
LSHO	16	9
Credit	82	95
Self-Funded Health Plans	<u>1,205</u>	<u>964</u>
<b>Total Accident and Health</b>	<b><u>4,508</u></b>	<b><u>3,861</u></b>
<b>Property and Casualty</b>		
Automobile	1,252	1,049
Homeowner's, Tenant's, Farmowner's	785	613
Fire, Allied Lines, Other Property	229	207
General Liability	121	87
Worker's Compensation	347	279
All Other Lines	<u>348</u>	<u>458</u>
<b>Total Property and Casualty</b>	<b><u>3,082</u></b>	<b><u>2,693</u></b>
<b>Life, Including Credit and Annuities</b>	<u>795</u>	<u>799</u>
<b>Grand Total</b>	<b><u>8,385</u></b>	<b><u>7,353</u></b>

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

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

<b>Basis for Complaint</b>	<b>Through</b>		<b>Through</b>	
	<b>4th Quarter</b>	<b>Percent</b>	<b>4th Quarter</b>	<b>Percent</b>
	<b>2003</b>	<b>of Total</b>	<b>2004</b>	<b>of Total</b>
Claim Handling	7,019	57%	6,070	57%
Policyholder Service	2,057	17	1,876	17
Marketing and Sales	1,438	12	1,368	13
Underwriting	1,654	13	1,212	11
Other	156	1	169	2

\*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 2004, the office assisted complainants in recovering \$3,522,606 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	\$ 142,347	\$ 8,128	\$ 4,530	\$ 1,689	\$ 0	\$ 156,694
Ind. Accident and Health	131,866	13,532	17,572	3,033	0	166,003
Ind. Medicare Supplement	15,917	3,846	906	1,048	0	21,717
Long-Term Care	72,958	0	2,576	501	0	76,035
HMO/PPO/LSHO	841,430	4,325	1,287	6,421	0	853,463
Credit Health	81,621	3,573	800	8,824	0	94,818
Automobile	189,366	9,639	8,246	5,583	0	212,834
Life, Including						
Credit and Annuities	384,465	81,373	716,328	78,689	0	1,260,855
Homeowner's, Tenant's, Farmowner's	124,672	42,214	4,232	302,573	0	473,691
Fire, Allied Lines, Other Property	9,095	2,304	98	3,445	0	14,942
General Liability	32,859	7,362	0	162	0	40,383
Worker's Compensation	20,787	600	7,175	12,813	0	41,375
All Other Lines	<u>472,181</u>	<u>8,530</u>	<u>26,788</u>	<u>12,478</u>	<u>425</u>	<u>520,402</u>
<b>Total</b>	<u>\$2,519,564</u>	<u>\$185,426</u>	<u>\$790,538</u>	<u>\$437,259</u>	<u>\$425</u>	<u>\$3,933,212</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**  
**2004 Complaint Appeals Filed by Section**

	Property & Casualty	Life & Health	Complaints	Total
Number of Complaint Files Appealed in 2004*	88	69	6	163

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

**Table VI**  
**Complainant Survey**  
**2004**

Survey Cards Sent	1,054
Survey Cards Returned	547
Response Rate	52%

**Results**

1. How did you hear about the Office of the Commissioner of Insurance?					
Word of Mouth	160				
Insurance Agent	91				
Insurance Company	39				
Phone Book	20				
Lawyer	31				
Health Care Provider	54				
Other	172				
No Answer	88				
		<b>Yes</b>	<b>%</b>	<b>No</b>	<b>%</b>
2. Did we respond to your complaint promptly?		502	95%	28	5%
3. Do you feel your complaint was handled fairly by our office?		408	80%	101	20%
4. Do you feel you were given an adequate explanation on your complaint?		396	78%	112	22%
5. If you called our office, do you feel we treated you courteously?		312	96%	12	4%
6. If you have another insurance problem, would you contact our office again?		454	94%	31	6%

**Companies Examined in 2004**

Fortis Ins. Co.  
Humana Wisconsin Health Organization Ins. Corp.  
Midwest Security Life Ins. Co.  
SECURA Ins., A Mutual Co.  
Wisconsin Ins. Plan  
Wisconsin Physicians Service Ins. Corp.

## **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 2004, there were 15,071 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 17,297 new licenses were issued to resident and nonresident agent candidates.

As of December 31, 2004, there were 88,204 licensed insurance agents and 589,209 active appointments by insurance companies authorizing the licensed agents to market their products.

### **2004 Projects**

- Continued programming effort with the Wisconsin Department of Justice to create an electronic interface to automatically receive background information checks on all resident applicants. Once completed, this enterprise initiative will be available for use by all state agencies.
- The fifth continuing education biennial reporting period for agents began January 1, 2003. Promissor, Inc., 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 needed to earn 24 credit hours by February 15, 2005.
- Completed the biennial renewal process for over 90,000 agents and firms.
- 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.

## **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 2004. 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 2001 and 2002, 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 2001	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$17,349	\$ 7,385	\$ 3,351	\$14,769	\$ 1,543	\$ 7,914	\$ 68	\$ 633	\$ 555	\$ 285	\$ 175
2. Expenses incurred other than loss adjusting expenses	30,513	12,988	5,893	25,975	2,713	13,918	119	1,114	976	501	308
3. Number of policies written	99,183	37,656	3,170	37,246	1,681	106,680	83	2,958	725	678	679
4. Direct dollar premium earned	103,259	43,951	19,943	87,901	9,183	47,102	403	3,770	3,303	1,694	1,044
5. Average premium per policy	1,041	1,167	6,291	2,360	5,463	442	4,860	1,275	4,555	2,499	1,537
6. Number of outstanding claims	522	183	10	36	31	70	4	14	63	2	0
7. Direct case reserves for outstanding claims	22,676	7,866	269	3,953	1,136	4,563	35	565	230	21	0
8. Liability for claims incurred but not reported	23,371	8,572	13,642	49,653	2,406	12,548	109	989	837	1,163	253
9. Loss adjustment expense liability for open claims	2,523	1,052	18	670	616	502	1	67	127	9	5
10. Losses paid	22,547	6,160	15	8,205	2,546	7,537	51	499	972	41	2
11. Pure loss ratio	66.4%	51.4%	69.8%	70.3%	66.3%	52.3%	48.1%	54.5%	61.7%	72.4%	24.4%
12. Allocated loss adjustment expense paid	5,166	2,330	0	472	653	4,354	3	64	279	2	0
13. Number of claims paid	6,333	1,214	19	40	42	399	39	198	475	12	4
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	76,275	46,137	13,945	62,174	7,357	29,302	197	2,172	2,432	1,237	259
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	81,189	80,722	14,792	65,439	8,229	31,166	210	2,312	2,608	1,311	275
16. Number of claims closed without payment	4,777	991	29	34	85	626	9	93	104	32	2
17. Number of legal actions filed	449	142	2	24	17	190	2	10	19	3	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 2002	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 18,487	\$ 8,507	\$ 6,834	\$ 18,210	\$ 1,787	\$ 10,010	\$ 72	\$ 725	\$ 344	\$ 378	\$ 179
2. Expenses incurred other than loss adjusting expenses	32,515	14,963	12,019	32,028	3,144	17,605	126	1,275	605	665	315
3. Number of policies written	105,295	40,384	2,900	41,894	2,223	103,737	104	3,193	835	778	827
4. Direct dollar premium earned	110,033	50,635	40,674	108,385	10,638	59,578	426	4,313	2,049	2,250	1,06
5. Average premium per policy	1,045	1,254	14,025	2,587	4,786	574	4,094	1,351	2,453	2,892	1,289
6. Number of outstanding claims	905	278	28	18	92	157	6	47	62	3	5
7. Direct case reserves for outstanding claims	20,899	6,598	106	2,248	2,037	3,640	156	1,634	339	10	11
8. Liability for claims incurred but not reported	41,277	42,494	28,456	67,456	3,702	26,092	190	1,844	780	1,886	366
9. Loss adjustment expense liability for open claims	2,515	957	9	683	1,064	779	22	279	347	51	8
10. Losses paid	12,032	4,335	0	3,527	925	4,121	76	348	784	170	15
11. Pure loss ratio	67.4%	105.5%	70.2%	67.6%	62.7%	56.8%	99.4%	88.7%	92.9%	91.8%	36.7%
12. Allocated loss adjustment expense paid	1,878	878	0	48	313	1,851	2	87	200	1	1
13. Number of claims paid	4,174	890	6	19	15	336	22	151	217	9	10
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	77,484	55,099	28,572	72,958	7,776	36,449	448	4,182	2,439	2,118	401
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	82,401	58,617	30,257	77,134	8,579	38,755	477	4,452	2,612	2,239	426
16. Number of claims closed without payment	3,695	695	16	23	45	530	13	329	97	16	5
17. Number of legal actions filed	273	70	1	16	23	149	0	8	11	0	0

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

Wisconsin Insurance Report Business of 2004  
Division of Regulation and Enforcement, Commercial Liability Insurance Reports

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

	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional Liability	All Other Professional Liability	Day Care	Recreational	Municipal Pollution	Liquor Liability
<b>Loss Ratios</b>										
2002	67.4%	105.5%	70.2%	67.6%	62.7%	56.8%	99.4%	88.7%	92.9%	36.7%
2001	66.4	51.4	69.8	70.3	66.3	52.3	48.1	54.5	61.7	24.4
2000	97.7	115.4	95.1	65.0	89.6	37.2	55.9	49.4	64.3	48.0
1999	52.4	54.5	88.0	97.0	55.5	42.0	66.8	65.0	76.0	9.8
1998	43.8	76.5	105.0	58.3	82.1	67.0	55.4	52.4	25.5	26.4
<b>Five-year average</b>	65.6	80.7	85.6	71.6	71.2	51.1	65.1	62.0	64.1	29.1
<b>Average Incurred Loss Per Claim</b>										
2002	6,484	9,360	3,119	156,093	27,687	15,742	8,319	10,009	4,024	14,981
2001	6,597	10,041	9,819	159,970	50,448	25,801	1,987	5,020	2,233	4,457
2000	4,389	11,598	45,690	61,754	335,231	30,275	10,000	75,000	150,263	10,589
1999	4,206	12,560	350,965	135,698	49,356	53,685	6,952	45,157	10,000	5
1998	605	10,559	241,002	535,604	70,985	155,379	55,632	15,342	6,325	20,000
<b>Five-year average</b>	4,456	10,824	130,119	209,824	106,741	56,176	16,578	30,106	34,569	10,006
<b>Average Case Reserve Per Claim</b>										
2002	23,093	23,734	3,787	124,890	22,146	23,184	26,081	34,767	5,465	3,348
2001	43,440	42,986	26,950	109,809	36,654	65,191	8,653	40,389	3,644	10,501
2000	38,545	41,500	112,450	150,325	489,256	75,968	5,000	33,915	155,421	656
1999	52,655	33,578	4,658	115,882	46,231	30,256	7,000	55,741	10,521	52,361
1998	45,900	65,454	500,600	265,956	35,263	55,645	45,698	36,546	365,189	55
<b>Five-year average</b>	40,727	41,450	129,689	153,372	125,910	50,049	18,486	40,272	108,048	13,384
<b>Allocated LAE: Premium Earned</b>										
2002	4.0%	3.6%	0.0%	0.7%	12.9%	4.4%	5.8%	8.5%	26.7%	2.3%
2001	7.4	7.7	0.1	1.3	13.8	10.3	0.8	3.5	12.3	0.7
2000	12.0	10.6	40.2	1.3	10.6	10.5	4.2	9.6	20.4	7.3
1999	5.5	11.5	0.5	6.3	12.5	6.2	3.5	3.6	15.6	4.5
1998	7.2	11.8	1.5	2.5	10.6	5.5	2.7	4.2	6.8	3.2
<b>Five-year average</b>	7.2	9.0	8.5	2.4	12.1	7.4	3.4	5.9	16.3	3.6
<b>IBNR: Premium Earned</b>										
2002	67.4%	105.5%	70.2%	67.6%	62.7%	56.8%	99.4%	88.7%	92.9%	36.7%
2001	66.4	51.4	69.8	70.3	66.3	52.3	48.1	54.5	61.7	24.4
2000	3.2	78.2	35.6	54.5	98.7	62.5	75.2	71.8	55.2	33.7
1999	5.5	53.2	40.2	8.2	45.2	49.8	66.7	66.2	98.7	65.4
1998	9.9	66.5	17.8	54.3	37.8	55.2	69.8	2.3	64.3	36.8
<b>Five-year average</b>	30.5	71.0	46.7	51.0	62.1	55.3	71.8	56.7	74.6	34.6
<b>Percentage Change In Premium Earned</b>										
2001 to 2002	6.6%	15.2%	104.0%	23.3%	15.9%	26.5%	5.5%	14.4%	-38.0%	32.8%
2000 to 2001	-5.0	7.4	55.6	2.0	24.6	15.0	10.2	14.3	20.8	5.0
1999 to 2000	-3.5	3.2	24.7	-1.5	2.6	12.4	55.4	10.5	14.2	-2.0
1998 to 1999	-9.8	5.4	1.2	5.9	6.8	24.7	8.0	13.2	5.2	25.4

\*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 2005. 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 Injured Patients and Families 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.

Wisconsin Insurance Report Business of 2004  
Division of Regulation and Enforcement, Medical Malpractice Insurance Reports

**MEDICAL MALPRACTICE INSURANCE REPORT, S. 601.427, WIS. STAT.  
ENTRIES ARE FOR INSURERS REPORTING MEDICAL MALPRACTICE INSURANCE IN WISCONSIN\***

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Investment and other income**	\$21,316	\$26,213	\$25,961	\$23,861	\$21,260	\$22,430	\$17,366	\$15,358	\$ 9,829	\$ 14,185	\$13,904
2. Incurred loss adjustment expense**	23,986	18,026	17,891	13,943	8,596	11,502	15,372	7,235	9,640	21,989	21,821
3. All other incurred expenses**	14,410	13,861	17,284	16,383	16,919	15,957	13,918	12,098	11,071	11,185	15,466
4. Policies written	32,096	32,153	29,890	18,121	31,959	43,168	44,649	46,659	46,577	47,222	
5. Direct premiums written	77,926	75,046	73,471	72,810	71,736	71,004	70,904	60,295	91,321	111,051	
6. Average written premium per policy	2,428	2,334	2,458	4,018	2,245	1,645	1,588	1,292	1,961	2,352	
7. Number of open claims	3	9	8	25	35	92	138	176	249	404	
8. Direct case reserves for open claims	345	556	5,037	867	4,399	6,982	11,697	11,272	12,615	14,048	
9. Paid claims	33,629	29,255	38,266	41,161	42,512	31,355	18,993	18,815	5,601	2,126	
10. IBNR reserves	1,878	2,430	2,492	2,794	3,233	2,519	5,050	7,863	12,489	25,808	
11. Pure loss ratio	46.0%	43.0%	62.3%	61.6%	69.9%	57.5%	50.4%	62.9%	33.6%	37.8%	
12. Claims reported	2,005	1,975	2,099***	2,091***	1,235***	1,627	1,153	1,388	676	519	
13. Claims closed without payment	1,548	1,377	1,560***	1,280	1,006	1,097	848	753	674	425	
14. Claims closed with payment	502	577	642	750	544	431	370	288	154	83	
15. Legal actions filed	552	579	689	677	456	534	401	348	186	135	
16. Verdicts/judgements for defendants	164	130	126	102	75	79	71	69	51	42	
17. Verdicts/judgements for plaintiffs	114	115	107	131	86	70	36	31	16	5	
18. Amount awarded to plaintiffs	9,415	11,409	16,918	14,031	18,087	13,057	4,753	4,516	3,578	692	

\* 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.  
 \*\*\* Amended December 2005.

**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 2005. 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.

Wisconsin Insurance Report Business of 2004  
Division of Regulation and Enforcement, Product Liability Insurance Reports

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Investment and other income net gain or loss**	\$12,185	\$12,197	\$19,766	\$20,162	\$18,523	\$15,400	\$14,399	\$18,106	\$13,366	\$15,283	\$24,818
2. Incurred loss adjustment expenses**	16,244	16,491	15,691	6,948	9,367	5,047	24,402	51,638	11,048	39,730	105,062
3. All other incurred expenses**	16,846	14,825	19,094	8,877	12,596	12,566	12,843	12,711	19,245	18,159	20,760
4. Policies written	39,948	85,764	121,228	75,136	66,677	65,150	68,647	161,555	66,069	349,711	
5. Direct written premiums	48,164	53,924	50,932	45,281	36,057	36,195	36,807	46,517	60,720	70,553	
6. Average written premium per policy	1,206	629	420	603	541	556	536	288	919	202	
7. Number of open claims	32	32	29	89	59	111	113	177	195	330	
8. Direct case reserves for open claims	929	806	1,281	670	2,077	7,462	8,672	12,126	7,507	11,226	
9. Amount paid on product liability claims	2,419	3,482	1,382	2,541	2,061	6,182	9,205	5,991	10,035	3,847	
10. Reserves for IBNR Claims	3,696	1,695	1,539	1,791	2,759	3,108	5,098	4,999	9,036	20,994	
11. Pure loss ratio	14.6%	11.1%	8.3%	11.0%	19.1%	46.3%	62.4%	49.7%	43.8%	51.1%	
12. Claims reported	66	77	98	434	987	298	483	1,164	2,704	1,752	
13. Claims closed without payment	21	23	27	101	80	134	167	404	1,090	717	
14. Claims closed with payment	21	19	17	193	877	92	181	282	1,172	894	
15. Legal actions filed	82	58	62	61	55	67	128	134	109	55	
16. Verdicts/judgements for defendants	0	3	0	1	4	7	7	8	2	0	
17. Verdicts/judgements for plaintiffs	14	1	1	3	0	4	6	8	7	5	
18. Amount awarded to plaintiffs	114	300	120	255	15	376	778	65	200	436	

\* 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.

### Independent Review Process

According to state insurance law, health insurance claimants have a right to an independent review of an adverse determination or an experimental treatment determination by an insurer. These reviews are carried out by Independent Review Organizations (IROs) registered with OCI. Every year, IROs certified to do reviews in Wisconsin are required to submit to OCI a report for the prior calendar year's experience. The independent review process allows a consumer to appeal

some health insurance claims denials to an independent third party. The results from the reports for calendar year 2004 are summarized below.

For more information on the independent review process, see the consumer brochure "Fact Sheet on the Independent Review Process in Wisconsin" available on OCI's web site at [http://oci.wi.gov/pub\\_list/pi-203.htm](http://oci.wi.gov/pub_list/pi-203.htm).

IRO	Total Received	Total Declined*	Number Adverse Determinations	Number Experimental Treatment Determinations	Number Both Adverse Experimental Treatment	Number (%) Reversed	Number (%) Partially Reversed	Number (%) Upheld
IPRO	25	2	17	6	0	8 (34.8%)	4 (17.4%)	11 (47.8%)
MAXIMUS**	30	0	21	7	0	10 (35.7%)	2 (7.1%)	16 (57.2%)
Medical Review Institute of Am.	31	2	22	7	0	8 (27.5%)	2 (6.9%)	19 (65.6%)
Permedion	56	5	34	10	7	12 (23.5%)	5 (9.8%)	34 (66.7%)
Prest & Associates	6	2	3	1	0	1 (25.0%)	0	3 (75.0%)
<b>Totals</b>	148	11	97	31	7	39 (28.9%)	13 (9.6%)	83 (61.5%)

\* An IRO may decline a case if it determines that the dispute is not eligible for an independent review, the request was received directly from the consumer, or the IRO has a potential conflict of interest.

\*\* In 2 cases, the insurer voluntarily reversed its denial before MAXIMUS completed its review.

The independent review program began in 2002. The chart below summarizes the total percent of insurers' decisions that were upheld and the total reversed in whole or in part by the IROs.

	Upheld	Reversed
2002	57.8%	42.2%
2003	65.3	34.7
2004	61.5	38.5

## 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 Advantage - 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 Advantage program.
- **Medicare Supplement Insurance Approved Policies (PI-010)**—Lists policies available in Wisconsin including benefits and current premiums.
- **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.
- **Guide for Insurance Consumers Regarding the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and Wisconsin Insurance Laws – (PI-096)**—Provides a general overview of the new federal law as well as the changes made to state health insurance laws.
- **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.
- **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 Insurance Terminations, Denials, and Cancellations (PI-024)**—Summarizes the laws dealing with notice requirements when insurance coverage is terminated.
- **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.
- **Frequently Asked Questions About C.L.U.E. (PI-207)**—Tips to help you understand how claims information obtained from a C.L.U.E. report may affect your insurance premiums.
- **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.