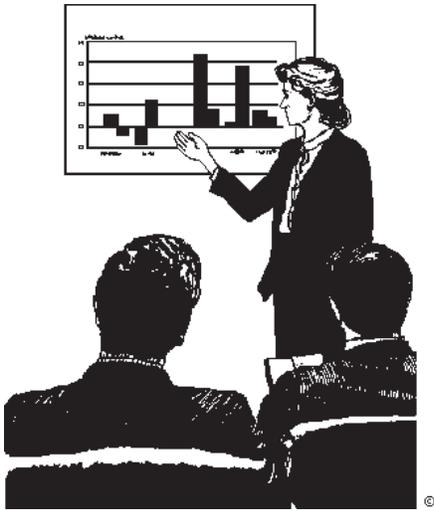


## Division of Regulation and Enforcement





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.

#### **2005 Major Accomplishments**

- Examined 50 domestic insurers.
- Analyzed the financial statements of over 1,850 insurers.
- Licensed 7 domestic insurers, 30 nondomestic insurers, 9 gift annuities, 4 motor clubs, and 7 warranty plans; dissolved 1 domestic and 1 nondomestic insurer, and permitted 8 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 7 domestic insurers, pursuant to holding company regulations.
- Reviewed and approved 7 mergers involving domestic insurers.

- Approved 4 changes of domicile into Wisconsin including Liberty Mutual Fire Ins. Co., a multi-billion dollar insurer formerly domiciled in Massachusetts, and 1 change of domicile out of 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.
- Continued the development of 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 Information Services Section).
- 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, Risk Based Capital Ad Hoc, Statutory Accounting Principles, and Risk Assessment.

## **Companies Examined**

ACUITY, A Mutual Ins. Co.	Medina Mutual Ins. Co.
Arlington Mutual Fire Ins. Co.	Merrimac Mutual Ins. Co.
Barron Mutual Ins. Co.	Midwest Security Life Ins. Co.
Blue Ridge Indemnity Co.	National Mutual Benefit
Blue Ridge Ins. Co.	Partners Mutual Ins. Co.
Dean Health Ins., Inc.	Physicians Ins. Co. of WI, Inc.
Dean Health Plan, Inc.	Price County Town Mutual Ins. Co.
Direct Dental Service Plan, Inc.	Racine County Mutual Ins. Co.
Dupont Mutual Ins. Co.	Regent Ins. Co.
Employers Ins. Co. of Wausau	River Falls Mutual Ins. Co.
Fountain City Mutual Ins. Co.	Rosendale Mutual Ins. Co.
General Casualty Co. of WI	Rural Mutual Ins. Co.
Germantown Mutual Ins. Co.	Society Ins. A Mutual Co.
Greatway Ins. Co.	Southern Fire & Casualty Co.
Group Health Cooperative of Eau Claire	Southern Guaranty Ins. Co.
Group Health Cooperative of South Central WI	Southern Pilot Ins. Co.
Hawkeye Security Ins. Co.	Thrivent Financial for Lutherans
Henrietta Greenwood & Union Mutual	Transit Mutual Ins. Corp. of WI
Holland Mutual Fire Ins. Co.	Venture Ins. Co.
Ixonia Mutual Ins. Co.	Vision Care Network Ins. Corp.
Kenosha County Mutual Ins. Co.	Wausau Business Ins. Co.
Laurier Indemnity Co.	Wausau General Ins. Co.
MassWest Ins. Co., Inc.	Wausau-Stettin Mutual Ins. Co.
McMillan-Warner Mutual Ins. Co.	Wausau Underwriters Ins. Co.
Medical Associates Clinic Health Plan of WI	West Bend Mutual Ins. Co.

**Wisconsin Insurance Corporations Organized and Licensed**

January 1, 2005 - December 31, 2005

Children's Community Health Plan, Inc.	Milwaukee, WI
Community Care Health Plan, Inc.	Milwaukee, WI
Health Plan for Community Living, Inc.	Madison, WI
Partnership Health Plan, Inc.	Eau Claire, WI
SU Ins. Co.	Oak Creek, WI
WPS Health Plan, Inc.	Madison, WI
Wyssta Ins. Co., Inc.	Stevens Point, WI

**Insurance Corporations of Other States Admitted**

January 1, 2005 - December 31, 2005

21st Century Casualty Co.	Woodland Hills, CA
21st Century Ins. Co.	Woodland Hills, CA
Accredited Surety and Casualty Co., Inc.	Winter Park, FL
American Medical and Life Ins. Co.	Hicksville, NY
Church Life Ins. Co.	New York, NY
Colonial Surety Co.	Montvale, NJ
Esurance Ins. Co.	San Francisco, CA
Esurance Property and Casualty Ins. Co.	San Francisco, CA
Family Heritage Life Ins. Co. of America	Cleveland, OH
Fidelity National Ins. Co.	Jacksonville, FL
First Guard Ins. Co.	Venice, FL
First Nonprofit Ins. Co.	Chicago, IL
GeoVera Ins. Co.	St. Paul, MN
Housing Authority Property Ins., A Mutual Co.	Cheshire, CT
Independence American Ins. Co.	New York, NY
Intrepid Ins. Co.	Farmington Hills, MI
Maxum Casualty Ins. Co.	Duluth, GA
Pacificare Life and Health Ins. Co.	Santa Ana, CA
Professional Solutions Ins. Co.	Des Moines, IA
Safety First Ins. Co.	St. Louis, MO
Seaworthy Ins. Co.	Alexandria, VA
Southern Fire & Casualty Co.	Montgomery, AL
Southern Guaranty Ins. Co.	Montgomery, AL
Southern Ins. Co.	Dallas, TX
Southern Pilot Ins. Co.	Montgomery, AL
Triangle Ins. Co., Inc.	Enid, OK
Unified Life Ins. Co.	Overland Park, KS
Union Ins. Co.	Des Moines, IA
United Heritage Life Ins. Co.	Meridian, ID
United Home Life Ins. Co.	Indianapolis, IN

**Organizations Licensed to Issue Gift Annuities**

January 1, 2005 - December 31, 2005

Africa Inland Mission	Pearl River, NY
American Society for the Prevention of Cruelty to Animals	New York, NY
Community Foundation of South Wood County, Inc.	Wisconsin Rapids, WI
Defenders of Wildlife	Washington, DC
International Fellowship of Christians & Jews, Inc.	Chicago, IL
Lutheran Community Foundation	Minneapolis, MN
NRA Foundation, Inc., The	Fairfax, VA
Trustees of the Hamline University of Minnesota	St. Paul, MN
Veterans of Foreign Wars National Home for Children	Eaton Rapids, MI

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

January 1, 2005 - December 31, 2005

Auto Club Group, The	Dearborn, MI
Auto Knight Motor Club, Inc.	San Carlos, CA
Coach-Net Motor Club, Inc.	Irving, TX
Roadway Protection Auto Club, Inc.	Northbrook, IL

**Organizations Licensed to Issue Warranty Plans**

January 1, 2005 - December 31, 2005

Balboa Warranty Services Corp.	Irvine, CA
Caterpillar Product Services Corp.	Nashville, TN
eSecuritel Holdings, LLC	Hilton Head Island, SC
Nissan Extended Services North America, G.P.	Gardena, CA
United States Warranty E.S.P. Corp.	Willoughby Hills, OH
W.G. & R. Furniture Co.	Green Bay, WI
Warranty America, LLC	Aravada, CO

**Organization Licensed as a Viatical Settlement Provider**

January 1, 2005 - December 31, 2005

Habersham Funding LLC	Atlanta, GA
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**Organization Licensed as a Continuing Care Retirement Center**

January 1, 2005 - December 31, 2005

All Saints Cottages and Condos, Inc.	Madison, WI
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**Insurance Corporation Mergers, Consolidations, Dissolutions,  
 Withdrawals, Rehabilitations, Liquidations, or Redomestications**

January 1, 2005 - December 31, 2005

**Conversions from Mutual to Stock**

Mutual Service Life Ins. Co.	04/06/2005
NGM Ins. Co.	12/31/2005
State Life Ins. Co., The	04/06/2005
Union Central Life Ins. Co., The	01/04/2005

**Dissolutions**

American Baptist Board of Education and Publication	08/08/2005
PHP Ins. Plan, Inc.	12/30/2005

**Withdrawals**

Blau Plumbing, Inc.	10/04/2005
Forest Products Ins. Exchange	12/19/2005
Medical Liability Mutual Ins. Co.	08/29/2005
Metris Warranty Services, Inc.	06/30/2005
St. Ann Center for Intergenerational Care, Inc.	08/25/2005
St. Camillus Health Systems, Inc.	06/16/2005
United Hospital System, Inc.	03/28/2005
World Wide Warranty, Inc.	05/02/2005

**Liquidations**

American Growers Ins. Co.	02/28/2005
South Carolina Ins. Co.	03/21/2005

**Mergers**

<b>Company Name</b>	<b>Merged Into</b>	<b>Date</b>
AAA Wisconsin, Inc.	Auto Club Group, The	12/31/2005
American and Foreign Ins. Co.*	Royal Indemnity Co.	12/31/2004
American Protection Ins. Co.*	American Motorists Ins. Co.	12/31/2004
American States Life Ins. Co.	Symetra Life Ins. Co.	10/01/2005
Catholic Knights of America	Catholic Knights	07/01/2005
Connecticut Indemnity Co., The*	Security Ins. Co. of Hartford	12/31/2004
Federation Life Ins. Co. of America	Polish Roman Catholic Union of America	07/01/2005
Fire and Casualty Ins. Co. of CT*	Security Ins. Co. of Harford	12/31/2004
Fortis Benefits DentalCare of WI, Inc.	Union Security Ins. Co.	11/01/2005
Glenbrook Life and Annuity Co.	Allstate Life Ins. Co.	01/01/2005
Globe Indemnity Co.*	Royal Indemnity Co.	12/31/2004

\* Did not appear in the Wisconsin Insurance Report Business of 2004.

### Mergers (continued)

Company Name	Merged Into	Date
Gulf Ins. Co.	Travelers Indemnity Co., The	07/01/2005
ING Ins. Co. of America	ING Life Ins. and Annuity Co.	12/31/2005
Lincoln Direct Life Ins. Co.	Assurity Life Ins. Co.	01/01/2005
Lindina Town Mutual Ins. Co.	McMillan-Warner Mutual Ins. Co.	01/01/2005
Life Ins. Co. of Georgia	Jackson National Life Ins. Co.	12/31/2005
MGIC Mortgage Ins. Corp.	Mortgage Guaranty Ins. Corp.	10/31/2005
Medical Life Ins. Co.*	Fort Dearborn Life Ins. Co.	12/31/2004
National Fraternal Society of the Deaf	Catholic Order of Foresters	01/01/2005
Phoenix Assurance Co. of New York*	Royal Ins. Co. of America	12/31/2004
Royal Ins. Co. of America*	Royal Indemnity Co.	12/31/2004
Safeguard Ins. Co.*	Security Ins. Co. of Hartford	12/31/2004
Specialty National Ins. Co.*	American Motorists Ins. Co.	12/31/2004
Transamerica Life Ins. and Annuity Co.	Transamerica Life Ins. Co.	10/01/2005
Union Mutual Fire Ins. Co.	Sugar Creek Mutual Ins. Co.	01/01/2005
Valley Health Plan, Inc.	Blue Cross Blue Shield of Wisconsin	12/31/2005

\* Did not appear in the Wisconsin Insurance Report Business of 2004.

### Redomestications

Company Name	From	To	Effective Date
AXIS Ins. Co.	WI	IL	09/01/2005
Boston Old Colony Ins. Co.	MA	IL	01/01/2005
California Casualty General Ins. Co. of Oregon	CA	OR	02/07/2005
Dallas National Ins. Co.	CA	TX	08/23/2005
Everest National Ins. Co.	AZ	DE	11/30/2005
First Continental Life & Accident Ins. Co.*	UT	TX	09/03/2004
Glens Falls Ins. Co., The	DE	IL	07/01/2005
Liberty Mutual Fire Ins. Co.	MA	WI	12/22/2005
Mid-West National Life Ins. Co. of TN	TN	TX	08/12/2005
NGM Ins. Co.	NH	FL	06/06/2005
Niagara Fire Ins. Co.	DE	IL	07/01/2005
Pacific Life Ins. Co.	CA	NE	09/01/2005
Progressive Northwestern Ins. Co.*	WA	OH	12/21/2004
Response Worldwide Direct Auto Ins. Co.	OH	CT	03/21/2005
Southern Fire & Casualty Co.	TN	WI	03/31/2005
Southern Guaranty Ins. Co.	AL	WI	09/30/2005
Southern Pilot Ins. Co.	NC	WI	03/31/2005
United Security Ins. Co.	IA	CO	09/15/2005
Valley Forge Life Ins. Co.*	PA	IN	12/29/2004
Vanliner Ins. Co.	AZ	MO	11/01/2005
Warner Ins. Co.	IL	CT	03/21/2005
Western National Assurance Co.	WA	MN	02/15/2005

\* Did not appear in the Wisconsin Insurance Report Business of 2004.

**Insurance Corporations Which Changed Their Names**

January 1, 2005 - December 31, 2005

<b>Previous Name</b>	<b>New Name</b>
American Pioneer Title Ins. Co.	Ticor Title Ins. Co. of Florida
AmeriFirst Funding Group, Inc.	Asset Settlement Group, Inc.
Amoco Motor Club, A Division of Amoco Enterprises, Inc.	Ocoma Industries, Inc.
Baraboo Farmers Mutual Ins. Co.	Baraboo Mutual Ins. Co.
California Casualty General Ins. Co.	California Casualty General Ins. Co. of Oregon
CDC IXIS Financial Guaranty North America, Inc.	CIFG Assurance North America, Inc.
Cedar Campuses Foundation, Inc., The	Cedar Community Foundation, Inc.
Central National Life Ins. Co. of Omaha, The	Renaissance Life & Health Ins. Co. of America
Centris Ins.Co.	HCC Ins. Co.
Columbia Hospital, Inc.	Columbia Foundation, Inc.
Delta Dental Plan of Wisconsin, Inc.	Delta Dental of Wisconsin, Inc.
Fireman's Fund Ins. Co. of Wisconsin	AXIS Ins. Co.
First American Title Ins. Co. of TX	Censtar Title Ins. Co.
Fortis Benefits Ins. Co.	Union Security Ins. Co.
Fortis Ins. Co.	Time Ins. Co.
GE Electric Home Equity Ins. Corp. of NC	Genworth Home Equity Ins. Corp.
GE Life and Annuity Assurance Co.	Genworth Life and Annuity Ins. Co.
GE Residential Mortgage Ins. Corp. of NC	Genworth Residential Mortgage Ins. Corp. of NC
General Electric Capital Assurance Co.	Genworth Life Ins. Co.
General Electric Mortgage Ins. Corp.	Genworth Mortgage Ins. Corp.
General Electric Mortgage Ins. Corp. of NC	Genworth Mortgage Ins. Corp. of NC
Hemlock Foundation, The	Compassion & Choices
Home Warranty of America, LLC	Home Warranty of America, Inc.
Manufacturers Life Ins. Co. (USA), The	John Hancock Life Ins. Co. (USA)
Mutual Protective Ins. Co.	Medico Ins. Co.
National Grange Mutual Ins. Co.	NGM Ins. Co.
National Ins. Underwriters	Direct National Ins. Co.
North American Lumber Ins. Co.	Tower National Ins. Co.
Omaha Property and Casualty Ins. Co.	Beazley Ins. Co., Inc.
Overseas Partners US Reinsurance Co.	Clearwater Select Ins. Co.
Premier Medical Ins. Group, Inc.	Dean Health Ins., Inc.
Progressive Universal Ins. Co. of Illinois	Progressive Universal Ins. Co.
Prudential Select Life Ins. Co. of America	Wilton Reassurance Co.
TIG Premier Ins. Co.	Fairmont Premier Ins. Co.
Trigon Health and Life Ins. Co.	HM Health Ins. Co.
UBS PaineWebber Life Ins. Co.	UBS Life Ins. Co. USA

## **Companies in Liquidation**

### **American Star Insurance Company, In Liquidation**

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

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

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

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

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

On January 28, 1994, the liquidation court approved a plan to provide state guaranty funds with \$20,000,000

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

The liquidation court has approved additional dividends, over and above the foregoing \$29,403,159.43, for full or partial payment of various class 1, 3, 4, 5, and 7 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, 2005.

On December 3, 2003, the estate made a distribution of \$11,606,892.07, representing full payment of principal and interest on the Class 10 surplus note claim.

In order to effectuate an orderly and timely closure of the estate, while respecting the rights and interests of all classes of claimants, the Liquidator published a general notice of intent to close the estate in newspapers of wide circulation within each of the states in which American Star was licensed at the time of its being placed into liquidation. In addition, individual written notice was sent to each claimant and/or claimant's attorney identified by the claims analysis project as having a reasonable potential for loss or loss adjustment expense exposure when the estate could locate contact information for such individuals. Claimants had 60 days, which was until December 5, 2005, to inform the estate of any claims or be forever barred, subject to the jurisdiction of and right of appeal to the Liquidation Court.

Due to the absence of any valid new claim being reported as a result of the individual and published notices of the Liquidator's intent to close the estate and the paucity of claim activity in recent years, the Liquidator is taking measures to close the estate.

As of December 31, 2005, the estate reported assets of \$31,017,888. Claims in classes 1 through 10 were estimated at \$19,649,291, resulting in an estimated surplus of \$11,368,596.

### **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.

Discussions have been initiated with parties of the Omnibus Agreement to help facilitate the payment of claims. In addition, 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. Roger A. Peterson succeeded Matthew C. Mandt as Special Deputy Rehabilitator in 2004 with the approval of the court. 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 time as funds may be needed. To date, it has not been necessary to collect this assessment.

As of December 31, 2005, Master Plumbers' reported assets of \$1,214,520, liabilities of \$786,232, and surplus of \$428,288.

## **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 8,186 written consumer complaints and inquiries and answered 35,000 telephone inquiries during 2005. The Bureau also processed 3,300 rate and rule filings and approved 5,840 policy form filings during 2005.

During 2005, 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 assisting consumers in understanding Medicare Part D and its effect on Medicare supplement insurance and the other changes that occurred due to the Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003. 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 National Association of Insurance Commissioners with the input of state regulators and representatives from the industry. It is a permanent project in which 21 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 2004 Life & Annuity MCAS, licensed companies with positive subject life premium and/or annuity considerations were required to participate in the project in Wisconsin. A total of 380 companies participated in the project by filing statements with OCI. For the 2004 Property & Casualty MCAS, licensed companies with positive subject homeowner's and/or private passenger automobile premium were required to participate in the project in Wisconsin. A total of 237 companies participated in the project and OCI received 207 private passenger automobile statements and 145 homeowner's statements.

### **Level 1 Market Analysis**

In 2005, Wisconsin conducted analysis on 130 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 recorded the results of the reviews in the NAIC Market Analysis Review System (MARS). The increased focus on market analysis resulted in a nationwide reduction of 18% in the number of market conduct examinations between 2003 and 2005.

### **2005 Major Accomplishments**

- Worked closely with the Wisconsin Medicare Part D Task Force to provide technical assistance and resources on the insurance aspects of the changes resulting from the MMA of 2003 and the implementation of the Medicare prescription drug plans.
- Tripled the number of companies reviewed as part of the national market analysis program and participated in more detailed reviews 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 and the Uniformity Working Group to develop standards for core competencies, 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.
- Continued to focus on investigating complaints about sales of life insurance and annuities to senior citizens by identifying incoming calls and complaints and referring them to assigned investigators to contact consumers and investigating and preparing actions against insurance agents who were targeting elderly consumers.
- Completed a market analysis project of annuity writers to determine whether companies had developed practices and procedures regarding the sale of annuities to 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.
- Continued to increase the number of rate and form filings submitted electronically resulting in faster processing and reduced errors in filing. By the end of 2005, 50% of the filings each month were submitted electronically as compared to 40% at the end of 2004.
- Participated in developing administrative rules involving defined network and preferred provider health insurance plans and grievances; Medicare supplement insurance; and the uniform small employer 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 (HIRSP).
- 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, Market Analysis Tools Automation Subgroup, Level 2 Market Analysis Subgroup, and the Producer Licensing Working Group.

### Policy Submissions and Rate Filings

The following tables summarize the policy submission data for 2004 and 2005. Table I shows the number of policy submissions received in 2004 and 2005 by line of business for each type of insurance. Table II shows the number of policy submissions approved in 2004 and 2005 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 2004 and 2005**

Product Category	Total for 2004	Total for 2005
<b>Health and Life</b>		
Continuing Care Retirement Community	1	4
Credit Accident & Health	14	14
Credit Life	16	16
Group Accident & Health	417	442
Group Annuity	100	103
Group Life	120	114
Health & Life Miscellaneous	27	31
Health Maintenance Organization	167	190
Individual Accident & Health	509	514
Individual Annuity	463	419
Individual Life	720	755
Limited Service Health Organization	7	5
Preferred Provider Plan	64	62
Variable	<u>246</u>	<u>163</u>
<b>Total Health and Life</b>	<b><u>2,871</u></b>	<b><u>2,832</u></b>
<b>Property and Casualty</b>		
Aviation	20	15
Bonds	58	46
Commercial Property & Multiperil	756	711
Commercial Motor Vehicle	227	240
Credit Property	8	2
Credit Unemployment	2	2
Excess Managed Care	1	0
Legal Expense	7	0
Liability	954	872
Mechanical Breakdown	4	3
Mortgage Guaranty	13	20
Motor Clubs	10	14
Personal Property, Multiperil, Farm	450	372
Personal Motor Vehicle	138	157
Title	12	11
Travel Accident	5	6
Warranty and Vehicle Service	173	169
Worker's Compensation	<u>2</u>	<u>5</u>
<b>Total Property and Casualty</b>	<b><u>2,840</u></b>	<b><u>2,645</u></b>
<b>Grand Total</b>	<b><u>5,711</u></b>	<b><u>5,477</u></b>

**Table II**  
**Policy Submissions Approved By Line of Business**  
**For 2004 and 2005**

<b>Product Category</b>	<b>Total for 2004</b>	<b>Total for 2005</b>
<b>Health and Life</b>		
Continuing Care Retirement Community	1	4
Credit Accident & Health	11	11
Credit Life	13	13
Group Accident & Health	350	367
Group Annuity	96	102
Group Life	112	110
Health & Life Miscellaneous	16	28
Health Maintenance Organization	146	176
Individual Accident & Health	305	318
Individual Annuity	434	416
Individual Life	687	736
Limited Service Health Organization	6	5
Preferred Provider Plan	62	62
Variable	<u>243</u>	<u>161</u>
<b>Total Health and Life</b>	<b><u>2,482</u></b>	<b><u>2,509</u></b>
<b>Property and Casualty</b>		
Aviation	19	14
Bonds	57	46
Commercial Property & Multiperil	748	708
Commercial Motor Vehicle	225	238
Credit Property	5	2
Credit Unemployment	2	2
Excess Managed Care	1	0
Legal Expense	6	0
Liability	930	859
Mechanical Breakdown	3	1
Mortgage Guaranty	12	20
Motor Clubs	9	9
Personal Property, Multiperil, Farm	429	363
Personal Motor Vehicle	125	153
Title	10	11
Travel Accident	5	5
Warranty and Vehicle Service	146	140
Worker's Compensation	<u>0</u>	<u>4</u>
<b>Total Property and Casualty</b>	<b><u>2,732</u></b>	<b><u>2,575</u></b>
<b>Grand Total</b>	<b><u>5,214</u></b>	<b><u>5,084</u></b>

**Table III**  
**Rate Filings Received**  
**By Product Category for 2005**

<b>Accident and Health Section</b>	
Credit Accident & Health	39
Credit Life	40
Group Accident & Health	19
Health Maintenance Organization	21
Individual Accident & Health	275
Preferred Provider Plan	<u>16</u>
<b>Total Accident and Health Section</b>	<b><u>410</u></b>
<b>Property and Casualty Section</b>	
Aviation	5
Bonds	77
Commercial Property & Multiperil	764
Commercial Motor Vehicle	287
Credit Property	5
Credit Unemployment	1
Liability	699
Mortgage Guaranty	52
Motor Clubs	4
Other Personal Property	1
Personal Property, Multiperil, Farm	597
Personal Motor Vehicle	393
Title	11
Travel Accident	3
Warranty and Vehicle Service	7
Worker's Compensation	<u>2</u>
<b>Total Property and Casualty Section</b>	<b><u>2,908</u></b>
<b>Grand Total</b>	<b><u>3,318</u></b>

## Trends in Complaints

OCI received an increased number of complaints and inquiries about Medicare supplement insurance due to the notices required for Medicare Part D implementation. There were also complaints about the marketing of Medicare Advantage plans that included the drug coverage. 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 were 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 area, 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 2005. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2004 and 2005 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
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
2005	8,186	8,688

	2000	2001	2002	2003	2004	2005
Health	5,118	5,182	5,220	4,508	3,861	3,766
P&C	3,482	3,448	3,585	3,082	2,693	2,447
Life	838	840	801	795	799	753

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

	<b>2004</b>	<b>2005</b>
<b>Accident and Health</b>		
Group Accident and Health	696	860
Individual Accident and Health	463	376
Medicare Supplement	211	277
Long-Term Care	86	90
HMO	666	513
PPO	671	532
LSHO	9	0
Credit	95	76
Self-Funded Health Plans	<u>964</u>	<u>1,043</u>
<b>Total Accident and Health</b>	<b><u>3,861</u></b>	<b><u>3,767</u></b>
<b>Property and Casualty</b>		
Automobile	1,049	951
Homeowner's, Tenant's, Farmowner's	613	498
Fire, Allied Lines, Other Property	207	179
General Liability	87	87
Worker's Compensation	279	261
All Other Lines	<u>458</u>	<u>471</u>
<b>Total Property and Casualty</b>	<b><u>2,693</u></b>	<b><u>2,447</u></b>
<b>Life, Including Credit and Annuities</b>	<b><u>799</u></b>	<b><u>754</u></b>
<b>Grand Total</b>	<b><u>7,353</u></b>	<b><u>6,968</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>2004</b>	<b>of Total</b>	<b>2005</b>	<b>of Total</b>
Claim Handling	6,070	57%	5,069	61%
Policyholder Service	1,876	17	1,239	15
Marketing and Sales	1,368	13	952	11
Underwriting	1,212	11	894	11
Other	169	2	212	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 2005, the office assisted complainants in recovering \$3,390,365 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	\$ 423,345	\$ 12,035	\$ 3,731	\$ 1,305	\$ 281	\$ 440,697
Ind. Accident and Health	218,551	15,057	280	7,200	0	241,088
Ind. Medicare Supplement	34,065	19,498	2,822	0	0	56,385
Long-Term Care	52,189	1,283	0	0	0	53,472
HMO/PPO/LSHO	589,391	822	0	25,863	0	616,076
Credit Health	44,542	2,448	840	3,203	0	51,033
Automobile	126,339	4,868	1,560	396	22,500	155,663
Life, Including						
Credit and Annuities	583,499	110,913	81,357	319	35,841	811,929
Homeowner's, Tenant's, Farmer's	310,404	2,496	2,884	550	0	316,334
Fire, Allied Lines, Other Property	294,031	27,892	0	6,658	0	328,581
General Liability	20,092	3,048	50	0	0	23,190
Worker's Compensation	27,282	9,944	860	5,834	0	43,920
All Other Lines	<u>229,304</u>	<u>8,418</u>	<u>12,755</u>	<u>1,520</u>	<u>0</u>	<u>251,997</u>
<b>Total</b>	<u>\$2,953,034</u>	<u>\$218,722</u>	<u>\$107,139</u>	<u>\$52,848</u>	<u>\$58,622</u>	<u>\$3,390,365</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. The low number of complaint appeals makes trend analysis difficult. However, complaint appeals are reviewed by agency management to ensure consumers are provided a complete explanation of the decision surrounding their complaint.

**Table V**  
**2005 Complaint Appeals Filed by Section**

	Property & Casualty	Life & Health	Total
Number of Complaint Files Appealed in 2005*	78	74	163

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

**Table VI**  
**Complainant Survey**  
**2005**

Survey Cards Sent	993
Survey Cards Returned	472
Response Rate	48%

**Results**

1. How did you hear about the Office of the Commissioner of Insurance?			
Word of Mouth	142		
Insurance Agent	69		
Insurance Company	44		
Phone Book	14		
Lawyer	21		
Health Care Provider	58		
Other	177		
No Answer	90		
		<b>Yes</b>	<b>%</b>
		<b>No</b>	<b>%</b>
2. Did we respond to your complaint promptly?	475	96%	20 4%
3. Do you feel your complaint was handled fairly by our office?	398	83%	84 17%
4. Do you feel you were given an adequate explanation on your complaint?	379	81%	92 20%
5. If you called our office, do you feel we treated you courteously?	296	98%	6 2%
6. If you have another insurance problem, would you contact our office again?	416	91%	41 9%

**Companies Examined in 2005**

Gundersen Lutheran Health Plan, Inc.  
Network Health Plan of Wisconsin, Inc.  
Allianz Life Ins. Co. of North America  
Liberty Mutual Ins. Co.  
Sentry Ins. a Mutual Co.  
Auto Club Ins. Association

## 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 2005, there were 15,118 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 20,037 new licenses were issued to resident and nonresident agent candidates.

As of December 31, 2005, there were 101,471 licensed insurance agents and 648,422 active appointments by insurance companies authorizing the licensed agents to market their products.

### 2005 Projects

- Finalizing 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 sixth continuing education biennial reporting period for agents began January 1, 2005. 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, 2007.
- 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 2005. 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 2002 and 2003, 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 2002	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 18,571	\$ 7,286	\$ 5,681	\$ 16,211	\$ 1,366	\$ 8,513	\$ 174	\$ 921	\$ 276	\$ 783	\$ 252
2. Expenses incurred other than loss adjusting expenses	34,786	13,647	10,642	30,364	2,559	15,945	327	1,724	517	1,466	472
3. Number of policies written	96,932	38,303	2,978	36,486	2,127	205,218	2,058	2,820	703	628	739
4. Direct dollar premium earned	144,033	56,504	44,062	125,725	10,594	66,022	1,353	7,139	2,142	6,071	1,956
5. Average premium per policy	1,486	1,475	14,796	3,446	4,981	322	657	2,532	3,047	9,667	2,647
6. Number of outstanding claims	427	163	50	36	39	75	3	26	6	2	2
7. Direct case reserves for outstanding claims	27,262	6,449	705	9,806	571	3,307	125	1,913	128	0	42
8. Liability for claims incurred but not reported	34,752	30,231	27,961	80,545	2,042	17,295	354	1,860	529	1,196	427
9. Loss adjustment expense liability for open claims	1,868	916	96	877	733	511	0	274	28	0	0
10. Losses paid	24,463	6,618	2,078	7,565	2,053	12,351	318	1,806	1,086	136	65
11. Pure loss ratio	60.0%	76.6%	69.8%	77.9%	44.0%	49.9%	58.9%	78.1%	81.4%	21.9%	27.3%
12. Allocated loss adjustment expense paid	5,075	2,390	90	141	617	4,269	51	220	494	5	5
13. Number of claims paid	6,440	1,068	30	32	32	430	104	305	256	9	37
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	91,178	46,604	30,929	98,934	5,566	37,499	849	6,073	2,266	1,337	539
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	99,470	47,423	32,448	104,114	6,299	39,486	903	6,442	2,407	1,402	572
16. Number of claims closed without payment	4,179	694	21	25	85	755	93	141	111	16	9
17. Number of legal actions filed	319	78	10	5	25	97	20	10	10	0	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 2003	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 21,148	\$ 8,451	\$ 5,814	\$ 19,042	\$ 1,606	\$ 10,344	\$ 209	\$ 1,058	\$ 367	\$ 257	\$ 323
2. Expenses incurred other than loss adjusting expenses	39,613	15,830	10,890	35,668	3,007	19,375	392	1,981	688	481	605
3. Number of policies written	119,268	51,458	3,314	43,230	2,322	113,060	2,089	2,947	723	981	807
4. Direct dollar premium earned	164,018	65,546	45,089	147,684	12,452	80,222	1,624	8,203	2,847	1,992	2,503
5. Average premium per policy	1,375	1,274	13,606	3,416	5,363	710	777	2,783	3,938	2,031	3,102
6. Number of outstanding claims	932	169	21	29	91	198	12	34	23	1	10
7. Direct case reserves for outstanding claims	26,090	7,562	659	9,168	2,531	11,380	804	842	206	12	14
8. Liability for claims incurred but not reported	56,431	71,800	94,232	99,235	30,388	30,405	2,461	4,050	2,214	1,781	893
9. Loss adjustment expense liability for open claims	1,978	804	62	1,026	768	845	2	100	29	9	0
10. Losses paid	16,346	4,582	114	4,195	1,208	5,672	119	485	242	3	50
11. Pure loss ratio	60.3%	128.1%	210.7%	76.2%	274.1%	59.2%	208.4%	65.5%	93.5%	90.1%	38.2%
12. Allocated loss adjustment expense paid	2,481	3,275	167	22	542	2,011	41	88	132	0	7
13. Number of claims paid	5,171	649	23	12	19	349	88	220	84	2	13
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	106,567	60,225	31,616	111,259	8,520	50,225	1,583	4,648	1,670	1,387	964
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	108,522	62,782	33,149	116,813	9,311	52,810	1,684	4,935	1,780	1,453	1,024
16. Number of claims closed without payment	4,356	729	24	16	50	471	68	127	106	10	4
17. Number of legal actions filed	244	66	5	4	7	73	5	6	4	0	0

\* 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**

	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>										
2003	60.3%	128.1%	210.7%	76.2%	274.1%	59.2%	208.4%	65.5%	93.5%	38.2%
2002	60.0	76.6	69.8	77.9	44.0	49.9	58.9	78.1	81.4	27.3
2001	61.8	71.9	45.8	56.5	58.9	42.2	22.3	31.0	31.6	12.8
2000	72.1	89.6	324.9	66.7	193.7	35.8	54.3	50.6	45.5	11.7
1999	60.6	63.5	216.3	126.8	37.9	26.7	80.7	25.5	12.8	49.5
<b>Five-year average</b>	63.0	85.9	173.5	80.8	121.7	42.7	84.9	50.1	53.0	27.9
<b>Average Incurred Loss Per Claim</b>										
2003	6,953	14,847	17,568	325,911	33,984	31,174	9,227	5,225	4,189	2,785
2002	7,532	10,615	34,786	255,458	36,957	31,006	4,142	11,235	4,634	2,725
2001	7,002	8,093	52,714	223,433	72,937	26,748	1,625	3,281	1,715	1,741
2000	6,194	15,368	1,003,337	396,805	70,131	19,967	5,348	7,127	1,454	3,270
1999	4,873	12,940	590,570	632,098	80,305	16,558	12,352	3,470	926	24,021
<b>Five-year average</b>	6,511	12,373	339,795	366,741	58,863	25,090	6,539	6,068	2,584	6,909
<b>Average Case Reserve Per Claim</b>										
2003	27,993	44,747	31,362	316,128	27,809	57,476	66,982	24,766	8,952	1,429
2002	63,844	39,567	14,103	272,384	14,629	44,098	41,667	73,580	21,333	20,750
2001	75,161	36,789	355,834	173,899	151,954	68,240	15,055	29,472	33,698	5,000
2000	97,916	81,800	400,809	463,953	100	31,522	24,250	27,678	7,500	*
1999	78,714	41,425	56,226	24,157	92,500	88,199	*	75,000	5,000	*
<b>Five-year average</b>	68,726	48,866	171,667	250,104	57,398	57,907	29,591	46,099	15,297	5,436
<b>Allocated LAE: Premium Earned</b>										
2003	2.7%	6.2%	0.5%	0.7%	10.5%	3.6%	2.6%	2.3%	5.6%	0.3%
2002	4.8	5.9	0.4	0.8	12.7	7.2	3.8	6.9	24.4	0.3
2001	9.7	9.1	0.8	0.3	21.5	7.3	1.1	1.9	6.1	1.4
2000	14.0	10.4	5.1	24.7	9.7	12.5	11.0	14.9	0.9	0.7
1999	13.9	12.3	3.7	2.3	25.3	13.6	15.5	3.9	1.9	3.4
<b>Five-year average</b>	9.0	8.8	2.1	5.8	16.0	8.8	6.8	6.0	7.8	1.2
<b>IBNR: Premium Earned</b>										
2003	34.4%	109.5%	209.0%	67.2%	244.0%	37.9%	151.6%	49.4%	77.8%	35.7%
2002	24.1	53.5	63.5	64.1	19.3	26.2	26.2	26.0	24.7	21.8
2001	16.4	57.1	56.0	57.5	21.2	15.5	15.5	15.5	15.5	15.0
2000	10.6	69.6	58.6	49.1	7.0	11.4	11.4	11.4	12.4	11.6
1999	6.1	38.4	56.3	32.0	3.5	5.5	5.5	5.5	3.7	6.8
<b>Five-year average</b>	18.3	65.6	88.7	54.0	59.0	19.3	42.0	21.6	26.8	18.2
<b>Percentage Change In Premium Earned</b>										
2002 to 2003	13.9%	16.0%	2.3%	17.5%	17.5%	21.5%	20.0%	14.9%	32.9%	28.0%
2001 to 2002	-23.5	10.0	-10.2	25.9	-11.2	-4.3	35.1	-2.3	413.8	13.4
2000 to 2001	15.0	17.6	78.2	12.8	-26.1	33.4	52.0	8.3	-10.5	14.9
1999 to 2000	16.1	35.0	-7.1	3.2	38.8	10.9	47.0	5.6	1.8	-21.6

\*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 2006. 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.

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Investment and other income**	\$24,943	\$23,719	\$21,621	\$19,055	\$21,413	\$16,972	\$14,868	\$9,392	\$14,185	\$13,904	\$11,452
2. Incurred loss adjustment expense**	15,474	15,284	12,248	6,423	10,842	14,600	6,721	8,890	21,989	21,821	17,595
3. All other incurred expenses**	12,148	15,363	14,493	15,179	14,888	13,261	11,456	10,538	11,185	15,466	18,234
4. Policies written	32,946	30,656	18,804	32,263	43,812	45,232	47,222	47,209	47,838	47,292	
5. Direct premiums written	66,687	66,388	66,235	66,656	67,375	68,567	57,717	91,650	111,191	104,871	
6. Average written premium per policy	2,024	2,166	3,522	2,066	1,538	1,516	1,222	1,941	2,324	2,218	
7. Number of open claims	7	7	5	17	34	52	102	186	179	379	
8. Direct case reserves for open claims	27,378	37,593	40,603	43,601	33,700	22,094	24,441	12,025	5,923	1,502	
9. Paid claims	2	2	2	1	2	1	1	1	1	1	0
10. IBNR reserves	51	1	1	1	303	1	1	1	1	1	1
11. Pure loss ratio	41.1%	56.6%	61.3%	65.4%	50.5%	32.2%	42.4%	13.1%	5.3%	1.4%	
12. Claims reported	1,773	2,014	2,121	1,256	1,725	1,274	1,494	885	723	449	
13. Claims closed without payment	51,124	1,353	1,179	1,170	303,124	885	808	798	732	554	
14. Claims closed with payment	630	696	863	613	548	511	381	248	143	52	
15. Legal actions filed	503	636	634	448	542	419	403	283	221	96	
16. Verdicts/judgements for defendants	87	92	88	76	83	88	89	62	57	11	
17. Verdicts/judgements for plaintiffs	102	98	132	92	85	56	39	26	12	1	
18. Amount awarded to plaintiffs	10,744	17,076	14,903	18,774	14,937	6,546	5,988	4,901	1,262	327	

\* 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 2006. 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\***

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Investment and other income net gain or loss**	\$12,197	\$ 19,766	\$20,162	\$18,523	\$15,400	\$14,399	\$ 18,106	\$13,366	\$ 15,283	\$ 24,818	\$29,618
2. Incurred loss adjustment expenses**	16,491	15,691	6,948	9,367	5,047	24,402	51,638	11,048	39,730	105,062	41,717
3. All other incurred expenses**	14,825	19,094	8,877	12,596	12,566	12,843	12,711	19,245	18,159	20,760	17,138
4. Policies written	85,764	121,228	75,136	66,677	65,150	68,647	161,555	66,069	349,711	123,570	
5. Direct written premiums	53,924	50,932	45,281	36,057	36,195	36,807	46,517	60,720	70,553	78,284	
6. Average written premium per policy	629	420	603	541	556	536	288	919	202	634	
7. Number of open claims	27	60	40	40	88	80	118	169	168	287	
8. Direct case reserves for open claims	504	2,384	940	918	5,654	7,184	8,584	7,342	4,363	8,157	
9. Amount paid on product liability claims	1,180	113	160	2,355	2,291	6,542	4,018	2,633	3,612	3,620	
10. Reserves for IBNR Claims	6,527	1,452	1,944	2,672	3,432	4,971	4,842	9,037	14,076	33,525	
11. Pure loss ratio	15.2%	7.8%	6.7%	16.5%	31.4%	50.8%	37.5%	31.3%	31.3%	57.9%	
12. Claims reported	26	58	23	40	54	69	99	156	227	2,021	
13. Claims closed without payment	13	20	9	44	50	54	83	107	248	1,054	
14. Claims closed with payment	17	5	85	18	36	43	64	78	127	848	
15. Legal actions filed	71	153	41	46	41	75	70	67	42	90	
16. Verdicts/judgements for defendants	2	2	1	1	2	5	2	1	5	1	
17. Verdicts/judgements for plaintiffs	0	0	0	0	3	2	3	0	3	2	
18. Amount awarded to plaintiffs	0	0	0	15	358	57	36	0	851	407	

\* 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 2005 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	21	4	13	3	1	5 (29.4%)	1 (5.9%)	11 (64.7%)
MAXIMUS**	40	4	26	7	2	12 (34.3%)	2 (5.7%)	21 (60.0%)
Medical Review Institute of Am.**	28	0	22	2	3	4 (14.8%)	3 (11.1%)	20 (74.1%)
Permedion	35	1	27	5	2	10 (29.4%)	1 (2.9%)	23 (67.6%)
Prest & Associates	2	0	2	0	0	0	0	2 (100.0%)
<b>Totals</b>	126	9	90	17	8	31 (27.0%)	7 (6.1%)	77 (66.9%)

\* 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 the IRO 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
2005	66.9	33.1

## 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

- **Guía para los Cuidados a Largo Plazo (PI-147)**—(se pueden obtener copias en cantidad llamando a Kaplan Financial al 800-955-7055 ext. 6172; preguntar por la WI's Guide) Explica los diferentes tipos de seguro de cuidado a largo plazo y los tipos de pólizas vendidas en Wisconsin para cubrir gastos decuidado a largo plazo.
- **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.
- **Resumen informativo sobre el proceso de revisión independiente en Wisconsin (PI-303)**—Describe los derechos del consumidor a apelar una decisión del plan de salud mediante una revisión de un médico experto independiente.
- **Resumen informativo sobre los derechos de continuación y conversión de las pólizas de seguros de salud (PI-123)**—Describe los derechos del consumidor según las leyes de Wisconsin y la ley federal COBRA, a seguir o cambiar su cobertura de seguro médico después de perder la elegibilidad previa para la cobertura de seguro médico.
- **Seguro de Salud para Pequeños Empleadores y sus Empleados (PI-306)**—Analiza la Ley de Seguros de Salud para Pequeños Empleadores y publica primas de tres ejemplos hipotéticos.
- **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.
- **Una Breve Guía Sobre el Seguro del Arrendatario (PI-117)**—Explica las coberturas básicas contenidas en una póliza de seguro del arrendatario y aconseja cómo contratar un seguro del arrendatario.

## Liability

### Homeowner's

- **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.
- **A Brief Guide to Renter's Insurance (PI-017)**—Explains the basic coverages included in a renter's insurance policy and gives tips on how to purchase renter's insurance.
- **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.

## Life Insurance and Annuities

- **NAIC Life Insurance Buyer's Guide**— A copy of *The NAIC Life Insurance Buyer's Guide* is available by calling 1-800-236-8517 (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).
- **Understanding Annuities (PI-214)**—Explains the different types of annuity contracts, describes the various contractual features and discusses how to shop for an annuity.
- **Wisconsin Buyer's Guide to Annuities (PI-016)**—Describes annuities and provides consumer information.

## Other

- **Consumer's Guide to Insurance (PI-051)**—Provides general information about health, life, auto, homeowner's, and worker's compensation insurance.
- **Fact Sheet on Credit Insurance (PI-205)**—Provides information on credit insurance.
- **Fact Sheet on Insurance Terminations, Denials, and Cancellations (PI-024)**—Summarizes the laws dealing with notice requirements when insurance coverage is terminated.
- **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.
- **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.

- **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.