

## **V. 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, it assists with the office's consumer education program by providing technical expertise in the development and publication of the office's consumer education publications. 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.

#### **2006 Major Accomplishments**

- Examined 43 domestic insurers.
- Analyzed the financial statements of over 1,900 insurers.
- Licensed 1 new domestic insurer, 32 nondomestic insurers, 27 gift annuities, 10 warranty plans, and 3 continuing care retirement centers.
- Reviewed and amended the Wisconsin certificate of authority for a nondomestic insurer that converted from mutual to stock form and permitted 10 licensed entities to withdraw from Wisconsin.
- Reviewed changes of control of 14 domestic insurers, pursuant to holding company regulations.
- Reviewed and approved 5 mergers involving domestic insurers.
- Approved 5 changes of domicile into Wisconsin and 3 changes of domicile out of Wisconsin.
- Reviewed and enhanced the procedures for financial analysis and monitoring of licensed insurers.
- Enhanced the 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 the IT Strategic Planning 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, Reinsurance Task Force, Capital Adequacy Task Force, Analyst Team System Oversight, Audit Software, Emerging Accounting Issues, Financial Analysis Handbook (Chair), Financial Analysis Working Group (Chair), Financial Analysis Research and Development (Chair), Financial Examiners Handbook, International Accounting Standards, National Treatment, Statutory Accounting Principles, and Risk Assessment.

### **Companies Examined in 2006**

Abri Health Plan, Inc.	First Commonwealth Limited Health Service Corp.
American Dental Plan of Wisconsin, Inc.	Farmington Mutual Ins. Co.
Ameriprise Ins. Co.	Health Tradition Health Plan
Bankers Reserve Life Ins. Co. of WI	HumanaDental Ins. Co.
Bloomington Farmers Mutual Ins. Co.	Humana Ins. Co.
Blue Cross Blue Shield of WI	Humana Wisconsin Health Organization Ins. Corp.
Calendonia Mutual Fire Ins. Co.	Managed Health Services Ins. Corp.
Capitol Indemnity Corp.	Manitowoc Mutual Ins. Co.
Capitol Specialty Ins. Corp.	Members Life Ins. Co.
Catholic Knights	Mercycare HMO, Inc.
Chiropractic Services Network, Inc.	Mercycare Ins. Co.
Columbus Mutual Town Ins. Co.	National Guardian Life Ins. Co.
Compcare Health Services Ins. Corp.	National Ins. Co. of WI, Inc.
Cumis Ins. Society, Inc.	Security Health Plan of WI, Inc.
CUNA Mutual Ins. Society	Seneca Sigel Mutual Ins. Co.
Dental Protection Plan, Inc.	Settlers Life Ins. Co.
Eagle Point Mutual Ins. Co.	Sheboygan Falls Mutual Ins. Co.
Ellington Mutual Ins. Co.	Tri-County Mutual Town Ins. Co.
Equitable Reserve Association	United Heartland Life Ins. Co.
Fall Creek Mutual Ins. Co.	United Wisconsin Ins. Co.
Farmers Town Mutual Ins. Co.	Verex Assurance, Inc.
	Waukesha County Mutual Ins. Co.

**Wisconsin Insurance Corporations Organized and Licensed**

January 1, 2006 - December 31, 2006

Ameriprise Ins. Co.	De Pere, WI
Trilogy Health Ins., Inc. (Incorporated 7/26/06)	Brookfield, WI

**Insurance Corporations of Other States Admitted**

January 1, 2006 - December 31, 2006

Accident Fund General Ins. Co.	Lansing, MI
Accident Fund National Ins. Co.	Lansing, MI
American Agi-Business Ins. Co.	Lubbock, TX
American Guaranty Title Ins. Co.	Oklahoma City, OK
American Modern Select Ins. Co.	Cincinnati, OH
American Sentinel Ins. Co.	Harrisburg, PA
American Southern Home Ins. Co.	Cincinnati, OH
Ameritrust Ins. Corp.	Southfield, MI
Bond Safeguard Ins. Co.	Louisville, KY
Brokers National Life Assurance Co.	Austin, TX
CSI Life Ins. Co.	Omaha, NE
Consumers Life Ins. Co.	Cleveland, OH
Dakota Truck Underwriters	Sioux Falls, SD
Diamond Ins. Co.	Schaumburg, IL
Farmers Union Mutual Ins. Co.	Jamestown, ND
First Dakota Indemnity Co.	Sioux Falls, SD
General Fidelity Ins. Co.	Charlotte, NC
HSBC Ins. Co. of Delaware	Bridgewater, NJ
Harleysville Preferred Ins. Co.	Harleysville, PA
Health Care Service Corp., a Mutual Legal Reserve Co.	Chicago, IL
Manufacturers Alliance Ins. Co.	Blue Bell, PA
Michigan Construction Industry Mutual Ins. Co.	Lansing, MI
North American Title Ins. Co.	Walnut Creek, CA
Nova Casualty Co.	Buffalo, NY
Old Republic Mercantile Co.	Chicago, IL
Pennsylvania Manufacturers Indemnity Co.	Blue Bell, PA
Plans' Liability Ins. Co.	Oakbrook Terrace, IL
Progressive Consumers Ins. Co.	Mayfield, OH
Standard Life and Accident Ins. Co.	Galveston, TX
Valley Property & Casualty Ins. Co.	Albany, OR
Verlan Fire Ins. Co.	Silver Springs, MD
Western Diversified Casualty Ins. Co.	New York, NY

### Organizations Licensed to Issue Gift Annuities

January 1, 2006 - December 31, 2006

AARP Institute	Washington, DC
Aldo Leopold Foundation, Inc.	Baraboo, WI
American Farmland Trust, The	Washington, DC
Amyotrophic Lateral Sclerosis Assoc., The	Calabasas Hills, CA
Canine Companions for Independence, Inc.	Santa Rosa, CA
Congregation of the Passion, Holy Cross Province, The	Chicago, IL
Ducks Unlimited, Inc.	Memphis, TN
FCNL Education Fund	Washington, DC
Florida College, Inc.	Temple Terrace, FL
Fort Memorial Hospital Foundation, Inc.	Fort Atkinson, WI
JA Worldwide	Colorado Springs, CO
Lehigh University	Bethlehem, PA
M.H.S., Inc.	Milwaukee, WI
Maryknoll Sisters of Saint Dominic, Inc.	Maryknoll, NY
National Arbor Day Foundation	Lincoln, NE
National Foundation for Cancer Research, Inc.	Bethesda, MD
New York Province of the Society of Jesus, The	New York, NY
Planned Parenthood Federation of America, Inc.	New York, NY
Project Hope-The People-To-People Health Foundation, Inc.	Millwood, VA
Quiet Hour, Inc., The	Redlands, CA
Society of the Divine Savior, Inc.	Milwaukee, WI
Three Angels Broadcasting Network, Inc.	West Frankfort, IL
Trustees of Tufts College	Medford, MA
United Church Foundation, Inc.	New York, NY
United Jewish Communities, Inc.	New York, NY
Wilderness Society, The	Washington, DC
Young America's Foundation	Herndon, VA

### Organizations Licensed to Issue Warranty Plans

January 1, 2006 - December 31, 2006

AMT Service Corp.	New York, NY
Auto Services Co., Inc.	Mountain Home, AR
Bankers Warranty Group, Inc.	St. Petersburg, FL
Buyers Home Warranty Co.	Burbank, CA
Dimension Service Corp.	Dublin, OH
GAI Warranty Co.	Cincinnati, OH
GS Administrators, Inc.	Houston, TX
Nicor Energy Services Co.	Naperville, IL
Prizm Administrative Services of WI, Inc.	Denver, CO
Sonsio International of WI, Inc.	Golden, CO

**Organization Licensed as a Continuing Care Retirement Center**

January 1, 2006 - December 31, 2006

Attic Angel Prairie Point, Inc.	Madison, WI
Crossings at Tudor Oaks, The	Muskego, WI
Ridgeview Heights Independent Living Corp. II	Reedsburg, WI

**Organization Licensed as an Independent Review Organization**

January 1, 2006 - December 31, 2006

MCMC LLC	Bethesda, MD
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**Insurance Corporation Mergers, Consolidations, Dissolutions,  
Withdrawals, Rehabilitations, Liquidations, or Redomestications**

January 1, 2006 - December 31, 2006

**Conversions from Mutual to Stock**

North American Life Assurance Co.	03/21/2006
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**Withdrawals**

All Saints Cottages and Condos, Inc.	12/15/2006
Arch Specialty Ins. Co.	12/28/2006
Asset Settlement Group, Inc.	08/23/2006
Caterpillar Product Services Corp.	11/01/2006
Lafayette College	01/20/2006
Life Settlements International, LLC	08/23/2006
MSI Preferred Ins. Co.	10/28/2006
New England Historic Genealogical Society	05/04/2006
Prizm Administrative Solutions, Inc.	04/10/2006
SSM Health Care	03/31/2006

**Rehabilitations**

Vesta Insurance Corp.	06/28/2006
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**Liquidations**

First Assured Warranty Corp.	06/16/2006
Shelby Casualty Ins. Co.	09/27/2006
Shelby Ins. Co., The	09/27/2006
Vesta Fire Ins. Corp.	09/27/2006

### Mergers

Company Name	Merged Into	Date
American Enterprise Life Ins. Co.	RiverSource Life Ins. Co.	12/31/2006
American Partners Life Ins. Co.	RiverSource Life Ins. Co.	12/31/2006
Boston Old Colony	Continental Ins. Co.	12/31/2006
Citicorp Life Ins. Co.	Metropolitan Life Ins. Co.	10/20/2006
Commercial Ins. Co. of Newark NJ	Continental Ins. Co.	12/31/2006
Concord Mutual Fire Ins. Co.	Watertown Mutual Ins. Co.	01/01/2006
Continental Reinsurance Corp.	Continental Ins. Co.	12/31/2006
Croatian Catholic Union of USA	Croatian Fraternal Union of America	06/30/2006
Fidelity & Casualty Co. of NY, The	Continental Ins. Co.	12/31/2006
Financial Benefit Life Ins. Co.	American Investors Life Ins. Co.	09/30/2006
Firemen's Ins. Co. of Newark NJ	Continental Ins. Co.	12/31/2006
Fort Wayne Health & Casualty Ins. Co.	North American Specialty Ins. Co.	10/01/2006
GE Service Management, Inc.	GE Warranty Management, Inc.	01/04/2006
GE-Zurich Warranty Management, Inc.	GE Warranty Management, Inc.	01/04/2006
Glens Falls Ins. Co.	Continental Ins. Co.	12/31/2006
Grocers Ins. Co.*	Security Ins. Co. of Hartford	12/31/2005
Guaranty National Ins. Co.	Security Ins. Co. of Hartford	12/28/2006
Kansas City Fire & Marine Ins. Co.	Continental Ins. Co.	12/31/2006
Liberty Life Ins. Co.	Business Mens Assurance Co. of America	06/30/2006
Manufacturers Life Ins. Co. of America, The*	John Hancock Life Ins. Co. (USA)	12/01/2005
Mayflower Ins. Co., Ltd., The	Continental Ins. Co.	12/31/2006
Moraine Mutual Ins. Co.	Wilson Mutual Ins. Co.	08/01/2006
Mt. Calvary Mutual Ins. Co.	Homestead Mutual Ins. Co.	10/01/2006
National Ben Franklin Ins. of Illinois	Continental Ins. Co.	12/31/2006
Niagara Fire Ins. Co.	Continental Ins. Co.	12/31/2006
Paragon Life Ins. Co.	Metropolitan Life Ins. Co.	05/01/2006
Sage Life Assurance of America, Inc.	Valley Forge Life Ins. Co.	09/30/2006
Sea Ins. Co. of America, The*	Royal Indemnity Co.	12/31/2005
Settlers Life Ins. Co.	NGL American Life Ins. Co.	07/01/2006
Union Security Life Ins. Co.	American Bankers Life Assur. Co. of FL	12/01/2006
United Heartland Life Ins. Co.	Blue Cross Blue Shield of WI	12/31/2006
Venture Ins. Co.	Society Ins., a Mutual Co.	01/01/2006

\* Did not appear in the Wisconsin Insurance Report Business of 2005.

### Redomestications

Company Name	From	To	Effective Date
Arch Specialty Ins. Co.	WI	NE	12/28/2006
Beazley Ins. Co., Inc.	NE	CT	12/13/2006
Bristol West Ins. Co.	PA	OH	09/27/2006
Central United Life Ins. Co.	TX	AR	05/15/2006
Commonwealth Land Title Ins. Co.	PA	NE	05/30/2006
Continental Ins. Co.	SC	PA	10/01/2006
Endurance American Ins. Co.	VT	DE	10/11/2006
Esurance Ins. Co.	OK	WI	05/18/2006
Esurance Ins. Co. of New Jersey	IA	WI	12/15/2006
Euler Hermes American Credit Indemnity Co.	NY	MD	11/01/2006
Fidelity & Casualty Co. of New York, The	SC	PA	10/01/2006
General Fidelity Life Ins. Co.*	CA	SC	12/21/2005
Golden Rule Ins. Co.	IL	IN	10/02/2006
HM Health Ins. Co.	VA	PA	08/17/2006
Lawyers Title Ins. Co.	VA	NE	06/16/2006
Merastar Ins. Co.	TN	IN	06/21/2006
MSI Preferred Ins. Co.	WI	IL	10/28/2006
National Fire Ins. Co. of Hartford	CT	IL	01/01/2006
Nationwide Affinity Ins. Co. of America*	KS	OH	12/22/2005
Old Republic Mercantile Ins. Co.	WI	IL	10/18/2006
Peak Property & Casualty Ins. Corp.	CO	WI	12/15/2006
Progressive Consumers Ins. Co.	FL	WI	05/19/2006
R.V.I. National Ins. Co.	IL	CT	06/23/2006
Security Insurance Co. of Hartford	CT	DE	05/25/2006
State Auto Property & Casualty Ins. Co.	SC	IA	11/14/2006
Transnation Title Ins. Co.	AZ	NE	05/31/2006
Triton Ins. Co.	MO	TX	03/28/2006
UniCARE Life & Health Ins. Co.*	DE	IN	10/17/2005
Viking Ins. Co. of WI	CO	WI	12/15/2006
Western Agricultural Ins. Co.	AZ	IA	12/28/2006
Western Diversified Casualty Ins. Co.	WI	NE	12/28/2006
York Ins. Co.*	IL	RI	04/13/2005

\* Did not appear in the Wisconsin Insurance Report Business of 2005.

**Insurance Corporations Which Changed Their Names**

January 1, 2006 - December 31, 2006

<b>Previous Name</b>	<b>New Name</b>
ACE American Reinsurance Co.	R&Q Reinsurance Co.
Allmerica Financial Life Ins. & Annuity Co.	Commonwealth Annuity & Life Ins. Co.
American Founders Life Ins. Co.	Sagicor Life Ins. Co.
American Indemnity Co.	Catlin Insurance Co., Inc.
American Life Ins. Co. of New York, The	Wilton Reassurance Life Co. of New York
American Premier Ins. Co.	Infinity Premier Ins. Co.
American Re-Insurance Co.	Munich Reinsurance America, Inc.
American Slovenian Catholic Union (KSKJ)	KSKJ LIFE American Slovenian Catholic Union
Aon Home Warranty Services, Inc.	TWG Home Warranty Services, Inc.
Aon Innovative Solutions, Inc.	TWG Innovative Solutions, Inc.
Atlanta Casualty Co.	Infinity Casualty Ins. Co.
Atlanta Specialty Ins. Co.	Infinity Specialty Ins. Co.
AXA Corporate Solutions Ins. Co.	AXA Ins. Co.
Bankers Multiple Line Ins. Co.	R.V.I. National Ins. Co.
Birmingham Fire Ins. Co. of PA	AIG Casualty Co.
Business Men's Assurance Co. of America	Liberty Life Ins. Co.
California Indemnity Ins. Co.	Dallas National Ins. Co.
Chicago Mutual Ins. Co.	First Chicago Ins. Co.
CORE Ins. Co.	Endurance American Ins. Co.
Euler American Credit Indemnity Co.	Euler Hermes American Credit Indemnity Co.
Fidelity and Guaranty Life Ins. Co.	OM Financial Life Ins. Co.
GE Group Life Assurance Co.	Genworth Life & Health Ins. Co.
Gerling Global Reinsurance Corp. of America	GLOBAL Reinsurance Corp. of America
G.U.I.C. Ins. Co.	American Modern Select Ins. Co.
Hart Life Ins. Co.	ACE Life Ins. Co.
Highmark Life Ins. Co.	HM Life Ins. Co.
Home Owners Life Ins. Co.	WellCare Health Ins. of Illinois, Inc.
Homeland Central Ins. Co.	Esurance Ins. Co. of New Jersey
IDS Life Ins. Co.	RiverSource Life Ins. Co.
Insurance Corp. of Hannover	Praetorian Ins. Co.
International Business & Mercantile Reassurance Co.	Old Republic General Ins. Corp.
Leader Ins. Co.	Infinity Auto Ins. Co.
lock/line Warranty Services, LLC	Asurion Warranty Protection Services, LLC
MIC Life Ins. Corp.	Perico Life Ins. Co.
Midwest Assurance Co.	HealthPartners Ins. Co.
Minnesota Ins. Co.	AIG Advantage Ins. Co.
NGL American Life Ins. Co.	Settlers Life Ins. Co.
Phoenix National Ins. Co.	Molina Healthcare Ins. Co.
Progressive Consumers Ins. Co.	Artisan and Truckers Casualty Co.
Progressive Halcyon Ins. Co.	Progressive Direct Ins. Co.
Regal Ins. Co.	Infinity Security Ins. Co.
Sirius America Ins. Co.	Delos Ins. Co.
State Fund Mutual Ins. Co.	SFM Mutual Ins. Co.
TICO Ins. Co.	Infinity Assurance Ins. Co.
Travelers Ins. Co., The	MetLife Ins. Co. of Connecticut
Travelers Life & Annuity Co., The	MetLife Life & Annuity Co. of Connecticut
Windsor Ins. Co.	Infinity Standard Ins. Co.

## **Companies in Liquidation or Rehabilitation**

### **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 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.

On January 28, 1994, the liquidation court approved a plan to provide state guaranty funds with early access payments to be used for the return of unexpired premiums to policyholders and payment of claims. Altogether, the estate advanced \$34,256,799.62 to participating guaranty funds under four early access agreements, most of which has been converted into nonrefundable dividends.

The liquidation court has approved dividends for full and 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 dividends aggregated to \$44,659,525 as of December 31, 2006.

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.

On December 19, 2006, the liquidation court approved a motion to establish a segregated account, a petition to establish a rehabilitation proceeding, and a motion for approval of a rehabilitation plan and termination of the rehabilitation estate. Under the terms of the motions and petition, the liquidator established a segregated account for satisfaction of any and all remaining known claims against the liquidation estate and for subsequent administrative expenses, including wind-up costs, with the remainder of funds to be reallocated to American Star's general account for the benefit of its sole shareholder upon termination of the segregated account. In a parallel rehabilitation proceeding, the liquidator contributed \$17,934,039 to the general account from the segregated account and assigned to it American Star's corporate charter. Since no further administration of the general account appeared necessary, the general account of American Star Insurance Company was released from rehabilitation to the control of its sole shareholder, TPB Holdings, Inc., a wholly-owned subsidiary of City National Bank.

The liquidator expects to close the segregated account during 2007 upon payment of remaining claims and filing of final tax returns.

As of December 31, 2006, the estate reported assets of \$13,766,299. Claims in classes 1 through 10 were estimated at \$11,711,502, resulting in an estimated surplus of \$2,054,797.

### **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 is appointed as special deputy rehabilitator. Society Insurance, a Mutual Company performs claim adjustment and administrative services for the rehabilitator pursuant to a contract approved by the court.

Master Plumbers' issued assessable policies and was licensed only in Wisconsin. The company wrote 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, 2006, Master Plumbers' reported assets of \$1,232,125, liabilities of \$786,903, and surplus of \$445,222.

## **Northwestern National Insurance Company of Milwaukee, Wisconsin, In Rehabilitation**

On October 18, 2006, the Commissioner of Insurance petitioned the Dane County Circuit Court for the rehabilitation of Northwestern National Insurance Company of Milwaukee, Wisconsin (NNIC). A hearing on the petition was scheduled for March 8, 2007. After this hearing, the Dane County Circuit Court entered an order for rehabilitation on March 12, 2007.

NNIC was incorporated as a Wisconsin domestic stock property and casualty insurance corporation on February 20, 1869. NNIC wrote both direct insurance and reinsurance. In 1986, the company began a run-off operation. Since that time, except for mandatory writings, including guaranteed renewable accident and health insurance policies, assignments, and retroactive adjustments and endorsements to prior year policies, NNIC has written no new business.

Affiliates, Universal Reinsurance Corporation and Bellefonte Underwriters Insurance Company, were merged with and into NNIC effective January 1, 1991, and June 30, 1991, respectively. These affiliated insurers were also in run-off prior to the mergers.

By a stipulation and order dated May 13, 2004, the Commissioner and NNIC agreed that, pursuant to a restructuring plan, NNIC would establish a segregated account from which it would satisfy its obligations to its direct policyholders and certain other obligations. All other obligations of NNIC, including reinsurance obligations, would be satisfied from NNIC's remaining funds in its general account.

As part of the restructuring plan, NNIC offered reinsureds an opportunity to voluntarily commute all business ceded by the reinsureds to its general account. Approximately 75% of the total number of reinsureds representing approximately 71% of the total liabilities of the general account have entered into commutation agreements with NNIC.

As of December 31, 2006, the general account of NNIC reported assets of \$79,712,677, liabilities of \$130,490,628, and surplus of \$(50,777,951). As of December 31, 2006, the segregated account of NNIC reported assets of \$70,133,577, liabilities of \$63,357,853, and surplus of \$6,775,724.

## **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 8,282 written consumer complaints and inquiries and answered 35,000 telephone inquiries during 2006. The Bureau also processed 3,400 rate and rule filings and approved 4,834 policy form filings during 2006.

During 2006, the Bureau of Market Regulation enhanced the market analysis process by conducting in depth analysis on selected companies and participating in the market conduct annual statement program for life and personal lines insurance. Health examiners spent considerable time assisting consumers with questions about plan year changes in Medicare Part D and Medicare Advantage plans. Bureau staff provided assistance to the legal staff in investigating complaints involving unsuitable sales of annuities and Medicare Part D and Medicare Advantage policies 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 25 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 2005 Life & Annuity MCAS, licensed companies with at least \$50,000 in subject life premium and/or annuity considerations were required to participate in the project in Wisconsin. A total of 313 companies participated in the project by filing statements with OCI. For the 2005 Property & Casualty MCAS, licensed companies with at least \$10,000 in subject homeowner's and/or private passenger automobile premium were required to participate in the project in Wisconsin. A total of 213 companies participated in the project and OCI received 184 private passenger automobile statements and 130 homeowner's statements.

### **Level 1 and Level 2 Market Analysis**

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). In 2006, examiners identified 30 companies for a more detailed analysis. Examiners used a comprehensive guide to complete a detailed analysis of the company in 21 areas of review.

### **2006 Major Accomplishments**

- Worked closely with the Wisconsin Medicare Part D Task Force to provide training, technical assistance and resources on the insurance aspects of the changes resulting from the Medicare Modernization Act of 2003 and the annual open enrollment for the Medicare prescription drug plans.
- Continued to improve the market analysis and the market conduct examination program by working with other states through the NAIC Market Analysis Working Group, the Market Analysis Priorities Working Group, the Market Analysis Research and Development Subgroup, the Market Conduct Annual Statement Subgroup, and the Uniformity Working Group to develop standards for core competencies, coordinate examinations, improve uniformity in the process, work collaboratively with other states, and shorten the timelines to complete and adopt examination reports.

- Participated in the Market Conduct Annual Statement program, collecting and analyzing data on claims and underwriting in life, annuities, homeowner's and auto insurance and using 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.
- Improved the rate and form filing process by adopting the uniform transmittal document and the uniform product coding matrices, updating the property and casualty and health insurance checklists, and publishing review standards checklists for life and annuity lines.
- Participated in developing administrative rules involving defined network and preferred provider plans and grievances, Medicare supplement insurance, and the uniform small employer application.
- Continued the urban outreach project by 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.
- Enhanced the consumer services to Spanish-speaking consumers through the hiring of several native Spanish-speaking examiners, translating form letters and conducting workshops and training sessions for community groups to make them aware of the OCI and the services it offers to Spanish-speaking consumers.
- 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 Analysis Priorities Working Group, the Market Analysis Handbook Working Group, the Market Conduct Annual Statement Subgroup, Market Analysis Working Group, Market Conduct Uniformity Working Group, Market Analysis Research and Development Subgroup, Consumer Complaint Handling Working Group, the SERFF Board of Directors, and the Producer Licensing Working Group.

## Policy Submissions and Rate Filings

The following tables summarize the policy submission data for 2005 and 2006. Table I shows the number of policy submissions received in 2005 and 2006 by line of business for each type of insurance. Table II shows the number of policy submissions approved in 2005 and 2006 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 2005 and 2006**

Product Category	Total for 2005	Total for 2006
<b>Health and Life</b>		
Continuing Care Retirement Community	4	1
Credit Accident & Health	15	9
Credit Life	13	8
Group Accident & Health	340	443
Group Annuity	99	89
Group Life	78	93
Health & Life Other	169	155
Health Maintenance Organization	150	170
Individual Accident & Health	630	630
Individual Annuity	543	543
Individual Life	<u>1,142</u>	<u>1,262</u>
<b>Total Health and Life</b>	<b><u>3,183</u></b>	<b><u>3,403</u></b>
<b>Property and Casualty</b>		
Aviation	15	18
Bonds	46	42
Commercial Property & Multiperil	574	566
Commercial Motor Vehicle	241	271
Credit Property	6	19
Homeowner's	223	176
Inland Marine	158	197
Liability	921	1002
Mechanical Breakdown	3	0
Mortgage Guaranty	20	8
Other Lines	231	362
Personal Farmowner's	35	71
Personal Motor Vehicle	169	163
Property	20	155
Title	11	22
Worker's Compensation	<u>5</u>	<u>94</u>
<b>Total Property and Casualty</b>	<b><u>2,678</u></b>	<b><u>3,166</u></b>
<b>Grand Total</b>	<b><u>5,861</u></b>	<b><u>6,569</u></b>

**Table II**  
**Policy Submissions Approved By Line of Business**  
**For 2005 and 2006**

Product Category	Total for 2005	Total for 2006
<b>Health and Life</b>		
Continuing Care Retirement Community	4	1
Credit Accident & Health	11	7
Credit Life	11	5
Group Accident & Health	323	397
Group Annuity	98	85
Group Life	76	81
Health & Life Other	159	145
Health Maintenance Organization	150	162
Individual Accident & Health	355	432
Individual Annuity	538	484
Individual Life	<u>829</u>	<u>813</u>
<b>Total Health and Life</b>	<b><u>2,554</u></b>	<b><u>2,612</u></b>
<b>Property and Casualty</b>		
Aviation	14	18
Bonds	46	21
Commercial Property & Multiperil	573	385
Commercial Motor Vehicle	239	174
Credit Property	6	18
Homeowner's	219	162
Inland Marine	156	125
Liability	910	663
Mechanical Breakdown	1	0
Mortgage Guaranty	20	5
Other Lines	207	337
Personal Farmowner's	34	68
Personal Motor Vehicle	164	147
Property	19	82
Title	11	15
Worker's Compensation	<u>4</u>	<u>2</u>
<b>Total Property and Casualty</b>	<b><u>2,623</u></b>	<b><u>2,222</u></b>
<b>Grand Total</b>	<b><u>5,177</u></b>	<b><u>4,834</u></b>

**Table III**  
**Rate Filings Received**  
**By Product Category for 2006**

<b>Accident and Health Section</b>	
Credit Accident & Health	8
Credit Life	7
Health Maintenance Organization	23
Individual Accident & Health	<u>310</u>
<b>Total Accident and Health Section</b>	<u>348</u>
<b>Property and Casualty Section</b>	
Aviation	9
Bonds	87
Commercial Property & Multiperil	650
Commercial Motor Vehicle	333
Credit Property	9
Homeowner's	285
Inland Marine	87
Liability	732
Mortgage Guaranty	35
Other Lines	169
Personal Farmowner's	76
Property	204
Personal Motor Vehicle	352
Title	13
Worker's Compensation	<u>8</u>
<b>Total Property and Casualty Section</b>	<u>3,052</u>
<b>Grand Total</b>	<u>3,400</u>

## Trends in Complaints

OCI received an increased number of complaints and inquiries about Medicare supplement, Medicare Part D and Medicare Advantage plans. OCI continued to receive 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. 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 2006. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2005 and 2006 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
2001	9,265	9,275
2002	9,165	10,585
2003	7,961	8,879
2004	7,940	8,678
2005	8,186	8,688
2006	8,094	8,282

	2001	2002	2003	2004	2005	2006
Health	5,182	5,220	4,508	3,861	3,766	3,951
P&C	3,448	3,585	3,082	2,693	2,447	2,257
Life	840	801	795	799	753	767

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

	<b>2005</b>	<b>2006</b>
<b>Accident and Health</b>		
Group Accident and Health	860	731
Individual Accident and Health	376	440
Medicare Supplement	277	405
Long-Term Care	90	62
HMO	513	417
PPO	532	804
LSHO	0	1
Credit	76	83
Self-Funded Health Plans	<u>1,043</u>	<u>1,008</u>
<b>Total Accident and Health</b>	<u>3,767</u>	<u>3,951</u>
<b>Property and Casualty</b>		
Automobile	951	771
Homeowner's, Tenant's, Farmowner's	498	438
Fire, Allied Lines, Other Property	179	163
General Liability	87	62
Worker's Compensation	261	199
All Other Lines	<u>471</u>	<u>624</u>
<b>Total Property and Casualty</b>	<u>2,447</u>	<u>2,257</u>
<b>Life, Including Credit and Annuities</b>	<u>754</u>	<u>767</u>
<b>Grand Total</b>	<u>6,968</u>	<u>6,975</u>

\*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>2005</b>	<b>of Total</b>	<b>2006</b>	<b>of Total</b>
Claim Handling	5,069	61%	4,474	65%
Policyholder Service	1,239	15	929	13
Marketing and Sales	952	11	762	11
Underwriting	894	11	534	8
Other	212	2	217	3

\*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 2006, the office assisted complainants in recovering \$4,822,924 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	\$ 159,015	\$ 9,464	\$ 52,068	\$ 2,273	\$ 0	\$ 222,820
Ind. Accident and Health	95,867	22,616	713	1,158	10	120,364
Ind. Medicare Supplement	35,787	13,967	7,726	0	0	57,480
Long-Term Care	96,262	2	0	0	0	96,264
HMO/PPO/LSHO	803,518	29,110	2,085	18	0	834,731
Credit Health	62,918	118	0	250	0	63,286
Automobile	443,929	7,164	21,115	1,148	0	473,356
Life, Including						
Credit and Annuities	47,089	402,237	1,740,317	804	55,544	2,245,991
Homeowner's, Tenant's, Farmowner's	162,879	8,545	414	440	0	172,278
Fire, Allied Lines, Other Property	54,166	986	9,000	168,202	0	232,354
General Liability	2,919	0	2,000	0	0	4,919
Worker's Compensation	22,776	1,597	8,793	6,174	0	39,340
All Other Lines	<u>191,109</u>	<u>11,636</u>	<u>4,480</u>	<u>87</u>	<u>52,429</u>	<u>259,741</u>
<b>Total</b>	<u>\$2,178,234</u>	<u>\$507,442</u>	<u>\$1,848,711</u>	<u>\$180,554</u>	<u>\$107,983</u>	<u>\$4,822,924</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**  
**2006 Complaint Appeals Filed by Section**

	Property & Casualty	Life & Health	Total
Number of Complaint Files Appealed in 2006*	56	69	125

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

**Table VI**  
**Complainant Survey**  
**2006**

Survey Cards Sent	936
Survey Cards Returned	457
Response Rate	49%

**Results**

1. How did you hear about the Office of the Commissioner of Insurance?				
Word of Mouth	125			
Insurance Agent	63			
Insurance Company	37			
Phone Book	15			
Lawyer	20			
Health Care Provider	56			
Other	165			
No Answer	80			
<b>Yes      %                      No      %</b>				
2. Did we respond to your complaint promptly?	427	94.1%	27	5.9%
3. Do you feel your complaint was handled fairly by our office?	364	80.7%	87	19.3%
4. Do you feel you were given an adequate explanation on your complaint?	351	78.5%	96	21.5%
5. If you called our office, do you feel we treated you courteously?	234	95.5%	11	4.5%
6. If you have another insurance problem, would you contact our office again?	380	92.7%	30	7.3%

**Companies Examined in 2006**

Bankers Life & Casualty Company

## **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 preclicensing and continuing education providers and courses.

During 2006, there were 15,831 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 20,849 new licenses were issued to resident and nonresident agent candidates.

As of December 31, 2006, there were 102,816 licensed insurance agents and 692,405 active appointments by insurance companies authorizing the licensed agents to market their products.

### **2006 Projects**

- Finalized programming effort with the Wisconsin Department of Justice to create an electronic interface to automatically receive background information checks on all resident applicants. Scheduled for completion in early 2007. This enterprise initiative will be available for use by all state agencies.
- Completed rule-making initiative to adopt uniform national standards for agent licensing.
- Modified all agent expiration dates to end of licensee's birth month. Provided all licensees with updated license copies.
- 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 2006. 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 2003 and 2004, 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\***

<b>Policy Year 2003</b>	<b>Premises &amp; Operations</b>	<b>Products &amp; Completed Operations</b>	<b>Excess</b>	<b>Umbrella</b>	<b>Lawyers Professional</b>	<b>All Other Professional</b>	<b>Day Care</b>	<b>Recreational</b>	<b>Municipal</b>	<b>Pollution</b>	<b>Liquor Liability</b>
1. Investment gain	\$ 10,736,981	\$ 5,297,233	\$ 3,601,226	\$ 9,543,250	\$ 554,916	\$ 6,807,157	\$ 47,439	\$ 470,973	\$ 237,550	\$ 158,356	\$ 113,509
2. Expenses incurred other than loss adjusting expenses	26,783,445	13,213,970	8,983,275	23,805,679	1,384,240	16,980,482	118,337	1,174,844	592,569	395,020	283,148
3. Number of policies written	98,349	38,889	8,638	29,183	2,031	109,739	1,101	2,984	813	1,021	1,001
4. Direct dollar premium earned	111,369,835	54,945,794	37,353,888	98,987,810	5,755,892	70,607,550	492,063	4,885,187	2,463,998	1,642,556	1,177,376
5. Average premium per policy	1,132,394	1,412,888	4,324,368	3,391,968	2,834,019	643,413	446,923	1,637,127	3,030,748	1,608,772	1,176,199
6. Number of outstanding claims	511	120	19	50	57	101	6	16	9	0	3
7. Direct case reserves for outstanding claims	19,442,539	6,613,461	902,710	5,637,145	928,892	9,711,341	388,372	1,170,521	78,030	0	20,003
8. Liability for claims incurred but not reported	19,450,501	6,613,132	906,114	5,654,744	928,297	9,712,444	388,376	1,170,655	78,084	185	20,042
9. Loss adjustment expense liability for open claims	1,688,355	722,867	85,857	55,785	221,465	621,760	1,201	218,780	17,594	1	5,007
10. Losses paid	17,503,867	7,501,415	54,700	1,809,780	814,141	8,540,706	35,849	672,338	282,463	23,895	34,435
11. Pure loss ratio	50.6%	37.7%	5.0%	13.2%	46.4%	39.6%	165.1%	61.7%	17.8%	1.5%	6.3%
12. Allocated loss adjustment expense paid	41,380	144	2	14	366	79	0	5	14	0	0
13. Number of claims paid	5,534	754	42	25	52	416	94	234	100	3	15
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	73,337,309	38,125,090	26,541,869	70,378,356	4,816,080	37,964,933	538,358	3,276,075	1,079,353	656,335	316,353
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	81,805,234	42,136,542	28,095,287	81,468,291	5,090,929	40,285,769	567,989	3,524,796	1,246,233	692,423	336,924
16. Number of claims closed without payment	3,805	562	29	21	67	460	41	88	122	8	1
17. Number of legal actions filed	259	69	9	7	9	60	0	8	7	1	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\***

<b>Policy Year 2004</b>	<b>Premises &amp; Operations</b>	<b>Products &amp; Completed Operations</b>	<b>Excess</b>	<b>Umbrella</b>	<b>Lawyers Professional</b>	<b>All Other Professional</b>	<b>Day Care</b>	<b>Recreational</b>	<b>Municipal</b>	<b>Pollution</b>	<b>Liquor Liability</b>
1. Investment gain	\$ 11,658,093	\$ 5,834,676	\$ 4,058,692	\$ 9,862,565	\$ 549,843	\$ 6,741,233	\$ 39,066	\$ 580,818	\$ 204,059	\$ 155,417	\$ 131,283
2. Expenses incurred other than loss adjusting expenses	29,081,163	14,554,624	10,124,425	24,602,210	1,371,586	16,816,034	97,451	1,448,852	509,025	387,689	327,487
3. Number of policies written	116,788	38,889	1,032	34,272	2,186	111,422	1,003	8,343	1,469	1,160	1,162
4. Direct dollar premium earned	120,924,114	60,520,446	42,098,975	102,299,912	5,703,273	69,923,751	405,215	6,024,558	2,116,608	1,612,072	1,361,743
5. Average premium per policy	1,035,416	1,556,236	40,793,580	2,984,941	2,609,000	627,558	404,003	722,109	1,440,850	1,389,717	1,171,896
6. Number of outstanding claims	1,122	172	17	54	49	167	11	64	24	0	13
7. Direct case reserves for outstanding claims	24,142,300	6,238,333	123,548	8,130,829	644,075	6,137,556	70,181	1,446,631	180,842	0	25,008
8. Liability for claims incurred but not reported	46,610,376	6,239,332	126,174	8,145,833	643,852	6,139,193	70,183	1,446,687	180,908	209	25,026
9. Loss adjustment expense liability for open claims	2,170,099	260,789	40,306	450,156	98,810	1,163,064	1	220,647	88,937	1	507
10. Losses paid	12,062,623	2,206,011	114	154,346	1,023,221	3,867,686	19,658	261,778	258,763	0	5,561
11. Pure loss ratio	68.5%	24.3%	0.6%	16.1%	40.5%	23.1%	39.5%	52.4%	29.3%	0.0%	4.1%
12. Allocated loss adjustment expense paid	1,734,139	57	2	28	43	41	0	14	0	0	30
13. Number of claims paid	4,970	714	38	25	38	412	93	236	95	3	15
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	87,626,638	29,249,901	29,928,620	72,689,038	4,203,008	39,559,958	255,671	4,354,396	1,546,741	536,921	556,834
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	92,446,682	30,858,200	31,574,543	76,686,525	4,434,247	41,735,639	269,755	4,593,944	1,631,831	566,440	587,478
16. Number of claims closed without payment	2,704	492	17	26	26	374	30	92	110	3	9
17. Number of legal actions filed	239	73	9	17	19	66	0	4	9	1	1

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

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

	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Lawyers Professional	All Other All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
<b>Loss Ratios</b>											
2004	68.5%	24.3%	0.6%	16.1%	40.5%	23.1%	39.5%	52.4%	29.3%	0.0%	4.1%
2003	60.2	37.7	5.0	13.2	46.4	39.6	165.1	61.7	17.8	1.5	6.3
2002	61.4	43.3	6.4	14.8	28.8	35.0	59.5	105.3	80.0	8.2	5.8
2001	61.5	70.5	35.2	26.1	113.6	33.6	20.8	39.3	41.8	4.3	0.2
2000	70.5	84.7	411.3	48.6	21.3	43.4	71.1	42.6	26.7	8.7	2.5
<b>Five-year average</b>	64.4	52.1	91.7	23.8	50.2	34.9	71.2	60.3	39.1	4.5	3.8
<b>Average Incurred Loss Per Claim</b>											
2004	5,943,028	4,704,370	2,248,409	107,599,672	23,818,505	18,806,846	907,465	6,752,602	4,226,969	0	1,698,251
2003	6,111,895	16,149,743	15,695,239	99,292,321	15,991,126	35,303,765	4,242,211	7,371,436	3,307,277	7,965,000	3,024,327
2002	6,629,356	9,052,459	35,842,462	113,883,298	15,058,887	31,598,613	2,352,544	13,595,239	11,272,553	35,994,005	3,287,967
2001	5,863,869	11,978,413	55,198,015	153,309,229	70,024,349	26,718,626	679,463	4,462,468	11,249,935	21,299,333	119,841
2000	5,690,829	31,820,190	710,493,646	244,293,325	10,667,116	29,225,275	1,926,152	5,199,418	13,405,349	37,507,667	1,243,760
<b>Five-year average</b>	6,047,795	14,741,035	163,895,554	143,675,569	27,111,997	28,330,625	2,021,567	7,476,233	8,692,417	20,553,201	1,874,829
<b>Average Case Reserve Per Claim</b>											
2004	21,517,202	5,770,891	7,267,536	156,362,094	20,127,330	51,146,302	11,696,808	85,095,918	20,093,556	0	8,335,849
2003	38,048,021	55,112,171	47,511,056	112,742,890	16,296,342	96,151,889	64,728,706	73,157,563	8,670,000	0	6,667,667
2002	56,775,413	21,669,197	6,408,120	83,471,519	45,432	33,402,525	3,151,833	47,856,688	15,466,667	8,000,021	0
2001	85,045,528	54,227,110	211,676,933	112,765,548	913,023	12,428,476	2,688,333	20,498,625	6,333,333	0	0
2000	67,241,474	76,832,699	4,007,750	175,473,615	2,824,070	14,020,419	14,166,667	1,256,563	5,555,556	0	0
<b>Five-year average</b>	53,725,527	42,722,414	55,374,279	128,163,133	8,041,239	41,429,922	19,286,469	45,573,071	11,223,822	1,600,004	2,100
<b>Allocated LAE: Premium Earned</b>											
2004	3.2%	0.4%	0.1%	0.4%	1.7%	1.7%	0.0%	3.7%	4.2%	0.0%	0.0%
2003	5.1	1.3	0.2	0.1	3.9	0.9	0.2	4.5	0.7	0.0	0.4
2002	8.5	1.7	0.1	0.7	0.0	1.7	0.0	0.9	2.8	1.2	0.0
2001	14.9	2.1	4.9	0.6	0.1	0.6	0.0	1.4	0.1	0.0	0.0
2000	17.0	1.7	0.2	0.5	0.0	0.2	1.3	0.2	0.0	0.0	0.0
<b>Five-year average</b>	9.7	1.4	1.1	0.5	1.1	1.0	0.3	2.1	1.5	0.2	0.1
<b>IBNR: Premium Earned</b>											
2004	38.5%	10.3%	0.3%	8.0%	11.3%	8.8%	17.3%	24.0%	8.5%	0.0%	1.8%
2003	27.0	12.0	2.4	5.7	16.1	13.8	78.9	24.0	3.2	0.0	1.7
2002	15.7	14.1	0.4	4.8	0.0	5.9	4.5	18.9	8.3	0.4	0.0
2001	11.6	20.2	17.5	8.4	0.4	2.8	4.0	8.8	1.9	0.0	0.0
2000	8.7	14.1	0.7	15.2	1.3	3.7	21.8	0.6	0.9	0.0	0.0
<b>Five-year average</b>	20.3	14.1	4.3	8.4	5.8	7.0	25.3	15.3	4.6	0.1	0.7
<b>Percentage Change In Premium Earned</b>											
2003 to 2004	8.6%	10.1%	12.7%	3.3%	-0.9%	-1.0%	-17.6%	23.3%	-14.1%	-1.9%	15.7%
2002 to 2003	12.0	18.3	2.9	12.4	31.1	24.5	16.2	20.7	46.6	-11.5	16.2
2001 to 2002	3.3	15.3	100.2	25.5	-15.5	26.1	5.6	8.5	-44.7	23.6	3.8
2000 to 2001	9.5	8.6	61.3	17.0	16.4	17.4	2.6	16.8	-44.3	15.7	10.4

**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 2007. 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\***

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Investment and other income**	\$23,719	\$22,032	\$19,526	\$21,228	\$17,868	\$14,539	\$ 9,721	\$13,779	\$14,172	\$10,803	\$ 7,960
2. Incurred loss adjustment expense**	14,472	16,796	542	11,993	14,883	5,056	10,554	21,844	17,905	18,364	29,433
3. All other incurred expenses**	15,094	14,619	14,937	14,706	13,604	11,381	10,613	10,651	16,142	18,150	22,381
4. Policies written	29,337	17,470	31,548	43,098	44,568	46,597	46,577	47,222	47,292	44,165	
5. Direct premiums written	66,327	66,182	66,592	67,310	68,503	57,546	91,321	111,051	104,871	100,799	
6. Average written premium per policy	2,261	3,788	2,111	1,562	1,537	1,235	1,961	2,352	2,218	2,282	
7. Number of open claims	3	5	4	9	24	40	99	179	195	457	
8. Direct case reserves for open claims	37,593	41,660	45,111	38,602	28,618	28,546	18,330	8,645	3,489	1,748	
9. Paid claims	2	2	1	2	1	2	1	1	1	0	
10. IBNR reserves	1	1	1	1	1	1	1	1	1	0	
11. Pure loss ratio	56.7%	63.0%	67.7%	57.4%	41.8%	49.6%	20.1%	7.8%	3.3%	1.7%	
12. Claims reported	2,014	2,126	1,301	1,852	1,392	1,749	1,119	961	597	499	
13. Claims closed without payment	1,352	1,179	988	1,170	932	922	968	884	752	478	
14. Claims closed with payment	696	863	635	632	591	517	336	205	98	43	
15. Legal actions filed	637	636	498	667	536	655	489	401	208	151	
16. Verdicts/judgements for defendants	92	88	76	83	89	92	67	62	15	0	
17. Verdicts/judgements for plaintiffs	98	133	92	86	56	39	27	12	2	0	
18. Amount awarded to plaintiffs	17,076	14,903	18,774	14,937	6,546	5,988	4,961	1,262	332	0	

\* 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 2007. 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\***

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
1. Investment and other income net gain or loss**	\$19,766	\$20,162	\$18,523	\$15,400	\$14,399	\$18,106	\$13,366	\$15,283	\$24,818	\$29,618	\$19,327
2. Incurred loss adjustment expenses**	15,691	6,948	9,367	5,047	24,402	51,638	11,048	39,730	105,062	41,717	42,334
3. All other incurred expenses**	19,094	8,877	12,596	12,566	12,843	12,711	19,245	18,159	20,760	17,138	30,678
4. Policies written	121,228	75,136	66,677	65,150	68,647	161,555	66,069	349,711	123,570	116,919	
5. Direct written premiums	50,932	45,281	36,057	36,195	36,807	46,517	60,720	70,553	78,284	66,308	
6. Average written premium per policy	420	603	541	556	536	288	919	202	634	567	
7. Number of open claims	41	21	25	59	52	89	142	124	151	275	
8. Direct case reserves for open claims	1,028	1,123	933	4,404	2,367	8,266	7,195	4,621	5,766	9,633	
9. Amount paid on product liability claims	20,193	4,115	6,896	4,955	6,420	7,934	10,411	16,394	27,165	25,874	
10. Reserves for IBNR Claims	535	30	887	907	728	2,146	1,774	1,281	2,845	4,275	
11. Pure loss ratio	42.7%	11.6%	24.2%	28.4%	25.9%	39.4%	31.9%	31.6%	45.7%	60.0%	
12. Claims reported	70	19	22	57	27	30	86	8,100	30,141	1,542	
13. Claims closed without payment	37	15	16	68	23	33	65	85	167	820	
14. Claims closed with payment	22	12	22	26	24	37	70	148	136	777	
15. Legal actions filed	59	12	16	-1	8	20	41	68	33	163	
16. Verdicts/judgements for defendants	0	1	0	0	1	3	1	4	8	3	
17. Verdicts/judgements for plaintiffs	0	0	1	0	1	0	2	2	4	2	
18. Amount awarded to plaintiffs	0	0	403,520	0	1	190	17	60	538	2	

\* 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.

