

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, 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.

2011 Major Accomplishments

- Maintained accreditation by the National Association of Insurance Commissioners.
- Examined 58 domestic insurers.
- Analyzed the financial statements of over 2,000 insurers.
- Continued oversight of 1 company in liquidation and 3 companies in rehabilitation.
- Licensed 1 new domestic insurer.
- Licensed 12 nondomestic insurers, 9 gift annuities, and 10 warranty plans.
- Permitted 4 licensed entities to withdraw from Wisconsin.
- Reviewed changes of control involving 4 domestic insurers, pursuant to holding company regulations.
- Reviewed and approved 4 mergers involving domestic insurers.
- Licensed 1 life settlement provider under ch. 632, Wis. Stat.
- Redomiciled 2 licensed insurers into 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.
- Made available 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.
- Participated in NAIC task forces and working groups, including:
 - Analyst Team System Oversight Working Group
 - Capital Adequacy Task Force (Vice Chair)
 - Emerging Accounting Issues Working Group
 - Examination Oversight Task Force
 - Financial Analysis Handbook Working Group (Chair)
 - Financial Analysis Research and Development Working Group (Chair)
 - Financial Analysis Working Group (Chair)
 - Financial Examiners Handbook Technical Group
 - Financial Guaranty Insurance Guideline Working Group
 - Group Solvency Issues Working Group
 - Health Reform Solvency Impact Subgroup
 - Information Technology Examination Working Group
 - International Solvency and International Accounting Standards Working Group
 - Investments of Insurers Model Act Revisions Working Group
 - P&C Risk-Based Capital Working Group
 - Rating Agency Working Group
 - Reinsurance Task Force
 - Solvency Modernization Initiative Risk-Based Capital Subgroup
 - Solvency Modernization Initiative Task Force
 - Statutory Accounting Principles Working Group
 - Valuation of Securities Task Force

Companies Examined in 2011

American Dental Plan of Wisconsin, Inc.	Humana Ins. Co.
Bloomington Farmers Mutual Ins. Co.	Humanadental Ins. Co.
Caledonia Mutual Fire Ins. Co.	Humana Wisconsin Health Organization Ins. Corp.
Calumet Equity Mutual Ins. Co.	Independent Care Health Plan
Care Wisconsin First, Inc.	Jamestown Mutual Ins. Co.
Care Wisconsin Health Plan, Inc.	Kenosha County Mutual Ins. Co.
Catholic Financial Life	Medical Assoc. Clinic Health Plan of Wis., The
Childrens Community Health Plan, Inc.	Medina Mutual Ins. Co.
CHP-Lts Inc.	Milwaukee Casualty Ins. Co.
CMG Mortgage Assurance Co.	National Guardian Life Ins. Co.
CMG Mortgage Ins. Co.	Network Health Ins. Corp.
CMG Mortgage Reinsurance Co.	Network Health Plan
Columbus Mutual Town Ins. Co.	Newark Mutual Ins. Co.
Darlington Mutual Ins. Co.	Northwestern National Ins. Co. of Milwaukee, Wis.
Dean Health Ins., Inc.	Partnership Health Plan, Inc.
Dean Health Plan, Inc.	Physicians Plus Ins. Corp.
Dental Protection Plan, Inc.	Policyholders Mutual Ins. Co.
Eagle Point Mutual Ins. Co.	Proassurance Wisconsin Ins. Co.
Ellington Mutual Ins. Co.	Requia Life Ins. Corp.
Epic Life Ins. Co., The	River Falls Mutual Ins. Co.
Equitable Reserve Association	Seneca Sigel Mutual Ins. Co.
Eye Care of Wisconsin Ins., Inc.	Settlers Life Ins. Co.
Fall Creek Mutual Ins. Co.	Tri-County Mutual Town Ins. Co.
Farmers Town Mutual Ins. Co.	Ucare Wisconsin, Inc.
Farmington Mutual Ins. Co.	Unity Health Plans Ins. Corp.
First Auto & Casualty Ins. Co.	Vision Ins. Plan of America, Inc.
Forward Mutual Ins. Co.	Wisconsin Physicians Service Ins. Corp.
Group Health Coop. of Eau Claire	Wisconsin Reinsurance Corp.
Group Health Coop. of South Central Wisconsin	WPS Health Plan, Inc.

Wisconsin Insurance Corporations Organized and Licensed

January 1, 2011 - December 31, 2011

Care Improvement Plus Wisconsin Ins. Co	Milwaukee, WI
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Insurance Corporations Domiciled in Other States Admitted

January 1, 2011 - December 31, 2011

Allied Eastern Indemnity Co.	Lancaster, PA
American Continental Ins. Co.	Brentwood, TN
American Retirement Life Ins. Co.	Austin, TX
Atain Ins. Co.	Farmington Hills, MI
Eastern Advantage Assurance Co.	Lancaster, PA
Great American Life Assurance Co.	Austin, TX
Key Risk Ins. Co.	Greensboro, NC
Medical Mutual of Ohio	Cleveland, OH
Privilege Underwriters Reciprocal Exchange	White Plains, NY
Sentruiy Casualty Co.	Houston, TX
Technology Ins. Co., Inc.	New York, NY
WFG National Title Ins. Co.	Columbia, SC

Organizations Licensed to Issue Gift Annuities

January 1, 2011 - December 31, 2011

American Association of University Women, Inc.	Washington, DC
Anti Defamation League Foundation	New York, NY
Baptist General Conference Cornerstone Fund	Arlington Heights, IL
Howard Young Foundation	Woodruff, WI
Macalester College	St. Paul, MN
Make-A-Wish Foundation of America	Phoenix, AZ
Oblate Annuity Trust	Washington, DC
Plan International USA, Inc.	Warwick, RI
Thomas Aquinas College	Santa Paula, CA

Organizations Licensed to Issue Warranty Plans

January 1, 2011 - December 31, 2011

BPG Home Warranty Co.	Alpharetta, GA
CARS Warranty Plan, LLC	Madison, WI
Chrysler Group, LLC	Auburn Hills, MI
Complete Product Care Corp.	San Francisco, CA
Dell Marketing, LP	Round Rock, TX
Penn Warranty Corp., The	Wilkes-Barre, PA
Premier Dealer Services, Inc.	San Diego, CA
Service Doc, Inc., The	Orange Park, FL
Universal Technical Services	Logan, UT
Utility Service Partners Private Label, Inc.	Canonsburg, PA

Organizations Licensed as Life Settlement Providers

January 1, 2011 - December 31, 2011

Life Equity, LLC	Hudson, OH
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**Insurance Corporation Mergers, Consolidations, Dissolutions,
Withdrawals, Rehabilitations, Liquidations, or Redomestications**

January 1, 2011 - December 31, 2011

Withdrawals

First Mercury Casualty Co.	07/01/2011
Preferred Capital Holdings, LLC*	12/14/2010
Prizm Administrative Services of Wisconsin, Inc.	06/01/2011
Sidcars, Inc.	12/20/2011

Dissolutions

DentaQuest Dental Plan of Wisconsin	07/15/2011
St. Joseph Benevolent Society	07/01/2011
First Commonwealth Limited Health Service	11/29/2011

Rehabilitations

American Sterling Ins. Co.	09/26/2011
Western Ins. Co.	08/25/2011

Liquidations

Atlantic Mutual Ins. Co.	04/26/2011
Centennial Ins. Co.	04/26/2011
Reinsurance Company of America, Inc.	04/27/2011
Western Ins. Co.	09/13/2011

Mergers

Company Name	Merged Into	Date
American Fraternal Union	Catholic United Financial	10/01/2011
American International Life Assur. Co. of New York*	United States Life Ins. Co. in the City of New York	12/31/2010
Cologne Reinsurance Co. of America*	General Reinsurance Corp.	12/31/2010
Cooperative Mutual Ins. Co.	Austin Mutual Ins. Co.	01/01/2011
Liberty Insurance Underwriters	LM Personal Ins. Co.	01/03/2011
Manitowoc Mutual Ins. Co.	Mutual of Wausau Ins. Corp.	10/01/2011
National Reinsurance Corp.	General Reinsurance Corp.	10/01/2011
North Star Reinsurance Corp.*	General Reinsurance Corp.	12/31/2010
ProAssurance Wisconsin Ins. Co.	ProAssurance Casualty Co.	12/31/2011
SCOR Global Life Reinsurance Co. of America	SCOR Global Life Americas Reinsurance Co.	09/30/2011
Shelby Farmers' Mutual Ins. Co.	Heartland Mutual Ins. Co.	01/01/2011
Unity Mutual Life Ins. Co.	Columbian Mutual Life Ins. Co.	07/01/2011
Waukesha County Mutual Ins. Co.	Wisconsin Mutual Ins. Co.	01/01/2011
Westchester Fire Ins. Co.	ACE Indemnity Ins. Co.	01/01/2011
Wisconsin American Mutual Ins. Co.	Western Natl Mutual Ins. Co.	10/01/2011

* Did not appear in the Wisconsin Insurance Report Business of 2010.

Redomestications

Company Name	From	To	Effective Date
Athene Annuity & Life Assur. Co.	SC	DE	09/30/2011
Athena Assurance Co.*	MN	CT	12/15/2010
Campmed Casualty & Indemnity Co., Inc.	MD	NH	01/01/2011
Catlin Indemnity Co.	WI	DE	02/28/2011
Heritage Union Life Ins. Co.	AZ	MN	06/30/2011
Lafayette Life Ins. Co.	IN	OH	07/01/2011
Laurier Indemnity Co.*	WI	IA	12/28/2010
Milbank Ins. Co.	SD	IA	09/22/2011
Northland Casualty Co.*	MN	CT	12/15/2010
Northland Ins. Co.*	MN	CT	12/15/2010
Permanent General Assur. Co.*	TN	OH	09/17/2010
SCOR Global Life Americas Reinsurance Co.	TX	DE	07/14/2011
St. Paul Fire and Marine Ins. Co.*	MN	CT	12/15/2010
St. Paul Guardian Ins. Co.*	MN	CT	12/15/2010
St. Paul Medical Liability Ins. Co.*	MN	CT	12/15/2010
St. Paul Mercury Ins. Co.*	MN	CT	12/15/2010
Stonewall Ins. Co.*	RI	NE	09/16/2010
Unigard Indemnity Co.	WA	WI	03/31/2011
Unigard Ins. Co.	WA	WI	03/31/2011
Western Ins. Co.	NV	UT	12/01/2010

* Did not appear in the Wisconsin Insurance Report Business of 2010.

Insurance Corporations Which Changed Their Names

January 1, 2011 - December 31, 2011

Previous Name	New Name
Abri Health Plan, Inc.	Molina Healthcare of Wisconsin, Inc.
ACE Indemnity Ins. Co.	Westchester Fire Ins. Co.
Advanta Ins. Co.	ADM Ins. Co.
Advanta Life Ins. Co.	United Prosperity Life Ins. Co.
Amerin Guaranty Corp.	Radian Mortgage Assurance, Inc.
American Hardware Mutual Ins. Co.	Motorists Commercial Mutual Ins. Co.
AXA Re Property and Cas. Ins. Co.	Mosaic Ins. Co.
BCS Life Ins. Co.	4 Ever Life Ins. Co.
Blue Ridge Ins. Co.	Catlin Indemnity Co.
Catholic Aid Association, The	Catholic United Financial
Chrysler Ins. Co.	CorePointe Ins. Co.
Cornhusker Casualty Co.	Berkshire Hathaway Homestate Ins. Co.
Cranbrook Ins. Co.	Atain Ins. Co.
Deerbrook Ins. Co.	Allstate Vehicle and Property Ins. Co.
Delos Ins. Co.	Imperium Ins. Co.
Ettrick Mutual Ins. Co.	Heartland Mutual Ins. Co.
LM Personal Ins. Co.	Liberty Insurance Underwriters, Inc.
Manor Park Foundation, Inc.	VMP Foundation, Inc.
Odyssey America Reinsurance Corp.	Odyssey Reinsurance Co.
OM Financial Life Ins. Co.	Fidelity & Guaranty Life Ins. Co.
Republic Western Ins. Co.	Repwest Ins. Co.
SCOR Global Life U.S. Re Ins. Co.	SCOR Global Life Americas Reinsurance Co.
State Auto National Ins. Co.	Hallmark National Ins. Co.
United Church Foundation, Inc.	United Church Funds, Inc.
Wachovia Administrative Services	Warranty Solutions Adm. Services, Inc.
Wachovia Management Corp.	Warranty Solutions Management Corp.
Wachovia Warranty Corp.	WS Aftermarket Services Corp.
Wausau-Stettin Mutual Ins. Co.	Mutual of Wausau Ins. Corp.
Westward Life Ins. Co.	Corvesta Life Ins. Co.
White Mountains Reinsurance Co. of America	Sirius America Ins. Co.

Companies in Liquidation or Rehabilitation

Ambac Assurance Corporation Segregated Account, in Rehabilitation

Ambac Assurance Corporation Segregated Account was placed in rehabilitation on March 24, 2010, by William D. Johnston, a Lafayette County Circuit Court Judge, presiding by a judicial assignment order of the Circuit Court for Dane County, Wisconsin. Kimberly A. Shaul was appointed as special deputy rehabilitator, but was replaced in this capacity by Roger A. Peterson effective January 14, 2011. Current and more detailed information regarding the rehabilitation is available at ambacpolicyholders.com.

Ambac Assurance Corporation (Ambac), headquartered in New York, New York, is the successor to American Municipal Bond Assurance Corporation, which was incorporated in Wisconsin on September 29, 1970. The company's present corporate organization was established in connection with a corporate restructuring executed on June 18, 1985, under the supervision of the Wisconsin Commissioner of Insurance. Under the 1985 restructuring, the business of the company's predecessor legal entity, American Municipal Bond Assurance Corporation, was transferred to a successor legal entity, AMBAC Indemnity Corporation, which was subsequently renamed Ambac Assurance Corporation. The company operates as a financial guaranty insurer, and its principal business is the guaranty of timely payment of principal and periodic interest when due on credit obligations. The company is licensed in all U.S. states, the District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands.

From its founding in 1970 until the 1990s, Ambac's business was almost exclusively related to traditionally low-risk, low-margin public finance bonds. In the mid-1990s, however, Ambac began to diversify by offering financial guaranty insurance on riskier, higher-margin private "structured finance" investments, including residential mortgage-backed securities (RMBS) and collateralized debt obligations of asset-backed securities (CDOs of ABS).

When the riskier insured structured finance investments began to deteriorate en masse during the economic crisis of 2008, Ambac's projected future liabilities grew while its credit ratings and statutory surplus plummeted. Consequently, its prospects for writing new business evaporated, it stopped writing new policies, and it initiated an informal run-off.

These events created a hazard for policyholders. At the time of rehabilitation, Ambac's investment portfolio

assets had a current market value of approximately \$8 to \$9 billion, plus an estimated \$1.5 to \$2 billion in future unearned premiums discounted to present value. Many of Ambac's assets would not yield fair value if liquidated immediately and used to pay short-term claims. The inopportune sale of Ambac's long-term, presently undervalued, assets would result in a net loss of claims-paying resources available to all policyholders—a "fire sale" as opposed to a fair and equitable distribution for the benefit of policyholders as a whole.

Absent restructuring efforts, there was an increasing risk that Ambac might not have been able to satisfy all claims made under the company's policies as they developed over the next 30 years. Without restructuring, there was an increasing risk that policyholders who presented short-tail claims in the next several years would have received payment for a larger percentage of their claims than policyholders who presented claims in the more distant future.

As part of the restructuring and with the approval of the Office of the Commissioner of Insurance, Ambac established an optional segregated account pursuant to s. 611.24, Wis. Stat., effective March 24, 2010, for the purpose of segregating certain segments of its liabilities and consenting to the subsequent rehabilitation of the Segregated Account under ch. 645, Wis. Stat. Policies allocated to the Ambac Assurance Corporation Segregated Account (Segregated Account) are primarily those policies with material projected impairments, including the books of RMBS, most of which will mature within approximately four years, and certain CDOs of ABS policies, most of which will not mature for 20 or more years, as well as certain other policies with provisions that could result in loss of control rights or demands to pay non-economic, accelerated damages at the expense of other policyholders of Ambac. Ambac allocated to the Segregated Account all liabilities assumed as reinsurer under reinsurance agreements. To support the Segregated Account, Ambac also allocated to it a \$2 billion secured note and a last-dollar reinsurance policy limited only by the assets of the General Account of Ambac. Ambac also allocated to the Segregated Account its limited liability interest in Ambac Credit Products, LLC, Ambac Conduit Funding LLC, Aleutian Investments LLC and Juneau Investments LLC.

All assets within the Segregated Account will be available exclusively for satisfying liabilities attributable

Ambac Assurance Corporation Segregated Account, in Rehabilitation (continued)

to the Segregated Account. Pursuant to s. 611.24 (3) (b), Wis. Stat., any income, gains and losses, whether or not realized, from assets and investments attributable to the Segregated Account, if any, will be credited to or charged against the Segregated Account without regard to other income, gains or losses of Ambac's General Account.

Ambac was appointed as a Management Services Provider to the Segregated Account under a Management Services Agreement for so long as such agreement is in effect. Nothing prevents the Segregated Account from retaining additional service providers. In addition, pursuant to the terms of a Cooperation Agreement, Ambac and the Segregated Account have agreed on certain matters related to decision-making, information sharing, tax compliance and allocation of expenses.

A rehabilitation plan was approved by Judge Johnston on January 24, 2011. Procedures for submitting claims have been communicated to the applicable trustees and are posted on the Web site, ambacpolicyholders.com. Counterparties on credit default swaps may not trigger and submit mark-to-market claims but may submit scheduled payment claims.

Ambac Assurance Corporation's General Account is not in any form of receivership proceeding.

As of December 31, 2011, the Ambac Assurance Corporation Segregated Account reported assets of \$1,708,069,658, liabilities of \$1,602,170,412, and surplus of \$105,899,246.

Health Plan for Community Living, Inc., in Liquidation

Health Plan for Community Living, Inc., was placed into liquidation on April 29, 2008. Roger A. Peterson was appointed as special deputy liquidator. On October 27, 2011, Richard A. Hinkel was appointed special deputy liquidator succeeding Mr. Peterson.

Health Plan for Community Living, Inc., was headquartered in Madison, Wisconsin, and had business in force only in Wisconsin. Health Plan for Community Living, Inc., contracted with the Department of Health Services to provide managed health and long-term care support to participants in the Family Care Partnership Program, a comprehensive program of services for older adults and people with physical disabilities. The 369 members were transitioned into another partnership program prior to May 1, 2008.

On May 13, 2008, 797 notices were mailed to members, creditors and other parties whose interests may in some way be affected by the liquidation. The deadline for filing claims with the liquidator was November 20, 2008. On February 19, 2009, 51 additional notices were sent out to creditors that were not included on the May 13, 2008, mailing. These creditors had until August 31, 2009, to file a claim. On August 7, 2009, the liquidator was

ordered to make a 35% distribution on processed claims. Checks totaling \$1,219,729 were distributed to creditors.

On May 25, 2010, the liquidator was ordered to make a final distribution to creditors and to settle disputed claims. Including the partial payment, claimants received 100% of the allowed claims plus 5% interest.

Three late filed claims totaling \$217,562 were received during 2011. A signed stipulation was received settling one claim for \$33,153 and the liquidator has recommended settling the other two claims for \$45,655. No objection was filed in response to the recommendation. A liability of \$78,808 has been set up to account for the late filed claims.

On October 27, 2011, the liquidator was authorized to make a proprietary distribution of \$100,000 to Community Living Alliance. The funds were disbursed on November 11, 2011.

As of December 31, 2011, Health Plan for Community Living, Inc., reported assets of \$329,342, liabilities of \$87,881, and surplus of \$241,461.

Master Plumbers' Limited Mutual Liability Company, in Rehabilitation

Master Plumbers' Limited Mutual Liability Company (Master Plumbers') was placed in rehabilitation on March 29, 1994, by the Circuit Court for Dane County, Wisconsin. Steven J. Junior was appointed as special deputy rehabilitator effective April 20, 2012. Society Insurance, a mutual company, performed 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. This assessment was never collected.

As of December 31, 2011, Master Plumbers' reported assets of \$1,117,211, liabilities of \$384,046, and surplus of \$733,165.

Pursuant to a decision of Judge Frank D. Remington on April 20, 2012, Master Plumbers' was merged with and into Society Insurance, a mutual company, effective April 1, 2012. Under the merger agreement, the assessment of the policyholders was rendered null and void and any claims that may arise from time to time under a Master Plumbers' policy shall be covered by Society Insurance, a mutual company, which has succeeded to all assets and liabilities of Master Plumbers' by virtue of the merger.

Northwestern National Insurance Company of Milwaukee, Wisconsin, in Rehabilitation

Northwestern National Insurance Company of Milwaukee, Wisconsin (NNIC) was placed in rehabilitation on March 12, 2007. Roger A. Peterson was replaced as special deputy rehabilitator by Steven J. Junior on July 28, 2011.

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 established 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, are to 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, 2011, the general account of NNIC reported assets of \$43,563,063, liabilities of \$38,866,295, and surplus of \$4,696,768. As of December 31, 2011, the segregated account of NNIC reported assets of \$43,280,110, liabilities of \$38,583,342, and surplus of \$4,696,768.

The company was released from court-supervised rehabilitation on January 20, 2012. The possession of the company's property and control of its business have been restored to it.

Bureau of Market Regulation (Bureau)

In 2011 the Bureau of Market Regulation consisted 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 7,258 written consumer complaints and inquiries and answered 35,000 telephone inquiries. The Bureau also processed 3,483 rate and rule filings and received 6,938 policy form filings.

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. 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 2010 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 253 companies participated in the project by filing statements with OCI. For the 2010 Property & Casualty MCAS, licensed companies with at least \$50,000 in subject homeowner's and/or private passenger automobile premium were required to participate in the project in Wisconsin. A total of 197 companies participated in the project and OCI received 154 private passenger automobile statements and 132 homeowner's statements.

Level 1 and Level 2 Market Analysis

Wisconsin conducted analysis on insurance 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). Examiners used a comprehensive guide to complete a detailed analysis of the company in up to 21 areas of review. This process was used to identify companies for further review up to and including market conduct examinations.

2011 Major Accomplishments

- Conducted nine on-site market conduct examinations.
- Undertook a major initiative to review comprehensive health insurance rate filings and to provide better information about rate changes.
- Worked closely with the Centers for Medicare & Medicaid Services (CMS) and the Wisconsin Medicare Part D Task Force during the Medicare Part D and Medicare Advantage open enrollment to identify marketing abuses and misleading sales tactics including participating in calls with the regional CMS office, reviewing CMS complaints and responding to requests for agent investigations.
- Continued to improve the market analysis and the market conduct examination program by working with other states through the NAIC Market Information Systems Task Force, Market Analysis Working Group, the Market Conduct Examination Standards Working Group, the Market Analysis Procedures Working Group, and the Complaint Issues 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.
- Identified consumer 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.
- Worked on changes needed due to the implementation of the Interstate Insurance Product Regulation Compact (IIPRC) including participation in the NAIC National Standards Working Group and the IIPRC Product Standards Committee.
- Participated in developing administrative rules involving life settlements, uniform individual health insurance applications, and coverage of dependents.
- 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.
- Participated in the Wisconsin Insurance Plan and 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, Market Information Systems Task Force, Operational Efficiencies Working Group, the Interstate Compact National Standards Working Group, the Market Analysis Procedures Working Group, the Market Conduct Examination Handbook Working Group, Complaint Issues Working Group, and the Consumer Information subgroup.

Policy Submissions and Rate Filings

The following tables summarize the policy submission data for 2010 and 2011. Table I shows the number of policy submissions received in 2010 and 2011 by line of business for each type of insurance. Table II shows the number of rate filings received for each type of insurance.

Table I
Number of Policy Submissions Received
By Line of Business in 2010 and 2011

Product Category	Total for 2010	Total for 2011
Health and Life		
Continuing Care Retirement Community	2	1
Credit Accident & Health	0	0
Credit Life	13	4
Group Accident & Health	532	466
Group Annuity	93	91
Group Life	77	71
Health & Life Other	525	591
Health Maintenance Organization	282	220
Individual Accident & Health	632	521
Individual Annuity	421	380
Individual Life	<u>970</u>	<u>564</u>
Total Health and Life	<u>3,547</u>	<u>2,909</u>
Property and Casualty		
Aviation	41	27
Bonds	59	68
Commercial Property & Multiperil	437	442
Commercial Motor Vehicle	305	373
Credit Property	20	21
Homeowner's	141	170
Inland Marine	243	232
Liability	1,123	1,247
Mortgage Guaranty	8	9
Other Lines	544	608
Personal Farmowner's	64	135
Personal Motor Vehicle	195	277
Property	186	183
Title	10	20
Worker's Compensation	<u>185</u>	<u>217</u>
Total Property and Casualty	<u>3,561</u>	<u>4,029</u>
Grand Total	<u>7,108</u>	<u>6,938</u>

Table II
Rate Filings Received
By Product Category for 2011

Accident and Health Section	
Credit Accident & Health	4
Credit Life	25
Health Maintenance Organization	73
Health Other	<u>204</u>
Total Accident and Health Section	<u>306</u>
Property and Casualty Section	
Aviation	14
Bonds	67
Commercial Property & Multiperil	493
Commercial Motor Vehicle	385
Credit Property	11
Homeowner's	275
Inland Marine	75
Liability	827
Mortgage Guaranty	13
Other Lines	233
Personal Farmowner's	63
Property	242
Personal Motor Vehicle	448
Title	16
Worker's Compensation	<u>15</u>
Total Property and Casualty Section	<u>3,177</u>
Grand Total	<u><u>3,483</u></u>

Trends in Complaints

OCI received the highest number of calls and complaints about the laws mandating increased health insurance coverage for dependents to age 27 and mandatory automobile insurance and changes in coverage requirements for uninsured and underinsured motorist coverage. There were also complaints and inquiries from consumers who were losing their group health insurance coverage. There were complaints and inquiries about premium increases in automobile, health and long-term care insurance. OCI also received complaints and inquiries about alternatives to health insurance, primarily discount plans that provided little coverage for the consumers who purchased the plans. There were also complaints and inquiries about Medicare Advantage products due to companies dropping out of the market, changing service areas, and modifying benefits during open enrollment.

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 2011. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2010 and 2011 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. Fifty-eight percent of the complaints involved claim problems. Policyholder service was the second most common reason for filing a complaint.

Table I
Total Complaint Files

Year	Received	Closed
2006	8,094	8,282
2007	8,195	8,840
2008	8,818	8,774
2009	8,398	9,564
2010	7,399	8,431
2011	6,244	7,258

	2006	2007	2008	2009	2010	2011
Health	3,951	4,027	4,684	4,350	3,393	2,803
P&C	2,257	2,373	2,457	2,096	2,371	2,274
Life	511	433	451	489	497	446
Annuities	256	248	262	178	160	142

Table II
Complaints Filed By Type of Insurance*

	2010	2011
Accident and Health		
Group Accident and Health	806	689
Individual Accident and Health	316	243
Medicare Supplement	344	316
Long-Term Care	119	116
HMO	303	243
PPO	631	496
LSHO	2	0
Credit	38	23
Self-Funded Health Plans	<u>834</u>	<u>677</u>
Total Accident and Health	<u>3,393</u>	<u>2,803</u>
 Property and Casualty		
Automobile	784	712
Homeowner's, Tenant's, Farmowner's	619	697
Fire, Allied Lines, Other Property	127	132
General Liability	79	74
Worker's Compensation	168	123
All Other Lines	<u>594</u>	<u>536</u>
Total Property and Casualty	<u>2,371</u>	<u>2,274</u>
 Life, Including Credit and Annuities	 <u>657</u>	 <u>588</u>
 Grand Total	 <u>6,421</u>	 <u>5,665</u>

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

Table III
Reasons for Complaints*

Basis for Complaint	Through 4th Quarter 2010	Percent of Total	Through 4th Quarter 2011	Percent of Total
Claim Handling	3,683	59.1%	3,236	57.9%
Policyholder Service	725	11.6	635	11.4
Marketing and Sales	710	11.4	521	9.3
Underwriting	779	12.5	578	10.3
Other	340	5.5	616	11.0

*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 2011, the office assisted complainants in recovering \$3,833,740 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	\$ 141,221	\$ 458	\$ 3,659	\$ 342	\$ 0	\$ 145,680
Ind. Accident and Health	207,091	4,195	1,572	616	0	213,474
Ind. Medicare Supplement	101,827	5,184	1,893	502	0	109,406
Long-Term Care	99,053	87,600	0	0	0	186,653
HMO/PPO/LSHO	454,883	3,537	2,116	12,335	14,514	487,385
Credit Health	12,091	192	0	0	0	12,283
Automobile	192,485	2,039	11,754	259	0	206,537
Life, Including						
Credit and Annuities	265,238	258,747	731,256	25,227	0	1,280,468
Homeowner's, Tenant's, Farmowner's	615,032	140	34,343	2,133	0	651,648
Fire, Allied Lines, Other Property	83,301	0	31,755	0	0	115,056
General Liability	24,552	0	0	1,988	0	26,540
Worker's Compensation	23,013	1,596	150,287	20,490	0	195,386
All Other Lines	<u>191,269</u>	<u>8,180</u>	<u>3,635</u>	<u>140</u>	<u>0</u>	<u>203,224</u>
Total	<u>\$2,411,056</u>	<u>\$283,823</u>	<u>\$972,270</u>	<u>\$64,032</u>	<u>\$14,514</u>	<u>\$3,833,740</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
2011 Complaint Appeals Filed by Section

	Property & Casualty	Life & Health	Bureau Director	Total
Number of Complaint Files Appealed in 2011*	83	40	3	126

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

Table VI
Complainant Survey
2011

Survey Cards Sent	637
Survey Cards Returned	269
Response Rate	42%

Results

1. How did you hear about the Office of the Commissioner of Insurance?				
Word of Mouth	82			
Insurance Agent	32			
Insurance Company	24			
Phone Book	6			
Lawyer	16			
Health Care Provider	17			
Other	102			
No Answer	27			
Yes % No %				
2. Did we respond to your complaint promptly?	239	90.9%	24	9.1%
3. Do you feel your complaint was handled fairly by our office?	198	76.4%	61	23.6%
4. Do you feel you were given an adequate explanation on your complaint?	189	72.4%	72	27.6%
5. If you called our office, do you feel we treated you courteously?	129	98.5%	2	1.5%
6. If you have another insurance problem, would you contact our office again?	211	89.8%	24	10.2%

Companies Examined in 2011

Network Health Plan
Homesite Insurance Company
Allianz Life
Erie Insurance Exchange
Mutual of Omaha / United of Omaha
Catholic Financial Life
WPS Health Plan
Wisconsin Compensation Rating Bureau (WCRB) /
Wisconsin Worker's Compensation Ins. Pool (WWCIP)
Wisconsin Automobile Insurance Plan (WAIP)

Managed Care Specialist

The OCI managed care specialist, who serves as an ombudsman for consumers who have questions or problems with their managed care plans, is assigned to the Bureau of Market Regulation. The managed care specialist investigates complex managed care complaints received by OCI and educates consumers on their rights under managed care plans. Administering the state's independent review program is the responsibility of the managed care specialist.

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 2011 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 oci.wi.gov/pub_list/pi-203.htm.

IRO	Total Received	Total Declined*	Number Adv. Det.	Number Exp. Treatment Det.	Number Both Adv. and Exp. Treatment Det.	Number Pre-existing Condition Det.	Number Rescissions	Number (%) Reversed	Number (%) Partially Reversed	Number (%) Upheld
IPRO	22	2	15	4	1	0	0	5 (25%)	0	15 (75%)
Maximus	54	5	10	7	0	26	6	14 (28.6%)	0	35 (71.4%)
MCMC	22	0	14	8	0	0	0	13 (59.1%)	0	9 (40.9%)
Medical Consult. Network	1	0	0	1	0	0	0	0	0	1 (100%)
Med. Rev. Institute of Am.	24	2	15	6	1	0	0	0	0	22 (100%)
National Med. Rev.**	14	1	12	0	0	0	0	3 (25%)	2 (16.7%)	7 (58.3%)
Permed-ion**	18	0	12	5	0	0	0	4 (23.5%)	0	13 (76.5%)
Prest & Assoc.	8	4	3	0	1	0	0	0	0	4 (100%)
Totals	163	14	81	31	3	26	6	39 (26.5%)	2 (1.4%)	106 (72.1%)

* 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 two 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.

In order to be certified, an IRO must demonstrate that it is unbiased and that its clinical peer reviewers are qualified and independent. IROs must be recertified by OCI biennially.

	Total	Upheld	Reversed
2007	117	66.7%	33.3%
2008	100	64.0	36.0
2009	137	60.6	39.4
2010	157	68.8	31.2
2011	147	72.1	27.9

IROs Newly Certified	IROs Recertified
Medical Consultants	IPRO
Network, Inc.	National Medical
	Reviews, Inc.
	Prest & Assoc.

Agent Licensing Section

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

During 2011 there were 10,654 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 22,433 new licenses were issued to resident and nonresident agent candidates. In addition, 464 resident and nonresident firm licenses and life settlement broker licenses were issued.

As of December 31, 2011, there were 121,271 licensed insurance agents and 722,911 active appointments by insurance companies authorizing the licensed agents to market and sell their products.

2011 Projects

- Continued involvement with the National Association of Insurance Commissioners (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.

- Continued participation in the NAIC's Producer Licensing Working Group and the Producer Licensing Task Force. The goal of these committees is to improve the effectiveness and efficiency of the state licensing process resulting in uniformity through increased coordination, automation, standardization, and reciprocity.
- Initiated a comprehensive review of all business rules to ensure that the automated licensing systems utilized current and correct business rules and are functioning properly.
- Began system preparations to allow candidates to apply for a new resident license or existing agents to apply for a new line of authority utilizing the NIPR system.

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 2011. 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 2008 and 2009, 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 2008	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 16,907	\$ 6,845	\$ 4,795	\$ 16,435	\$ 429	\$11,215	\$ 240	\$1,156	\$ 244	\$ 201	\$ 220
2. Expenses incurred other than loss adjusting expenses	38,121	15,434	10,810	37,056	968	25,286	542	2,606	551	453	497
3. Number of policies written	83,672	31,294	1,560	49,052	183	12,005	919	2,653	1,633	750	915
4. Direct dollar premium earned	127,793	51,740	36,240	124,222	3,245	84,767	1,817	8,735	1,847	1,518	1,666
5. Average premium per policy	1,527	1,653	23,231	2,532	17,734	7,061	1,977	3,292	1,131	2,024	1,820
6. Number of outstanding claims	535	75	53	33	15	92	2	36	13	2	0
7. Direct case reserves for outstanding claims	23,503	5,900	1,917	12,624	900	3,718	66	573	359	516	103
8. Liability for claims incurred but not reported	38,776	15,839	0	0	776	23,432	483	2,346	511	468	565
9. Loss adjustment expense liability for open claims	1,779	473	82	22	67	769	20	7	106	0	11
10. Losses paid	25,792	7,786	432	18,393	606	8,966	169	886	169	34	1,014
11. Pure loss ratio	68.9%	57.1%	6.5%	25.0%	70.3%	42.6%	39.5%	43.6%	56.3%	67.0%	100.9%
12. Allocated loss adjusting expense paid	6,636	1,930	41	41	150	4,493	22	400	270	0	65
13. Number claims paid	5,702	643	4	26	11	259	85	253	74	32	2
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	96,486	31,928	2,473	31,081	2,498	41,378	761	4,212	1,415	1,018	1,757
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	96,319	61,079	2,596	29,240	2,485	42,368	826	4,392	1,482	660	1,837
16. Number of claims closed without payment	2,066	901	40	65	18	289	23	59	222	14	2
17. Number of legal actions filed	379	164	42	29	14	103	0	5	33	1	1

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

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

Policy Year 2009	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professional	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 12,429	\$ 6,480	\$ 5,739	\$ 15,969	\$ 952	\$11,148	\$ 1,240	\$ 489	\$ 243	\$ 195	\$ 198
2. Expenses incurred other than loss adjusting expenses	28,024	14,611	12,939	36,005	2,146	25,135	2,796	1,103	547	441	447
3. Number of policies written	100,484	38,810	2,404	55,031	198	14,062	63	2,475	1,699	765	812
4. Direct dollar premium earned	93,946	48,982	43,375	120,702	7,193	84,262	9,373	3,697	1,834	1,477	1,497
5. Average premium per policy	935	1,262	18,043	2,193	36,327	5,992	148,781	1,494	1,079	1,931	1,844
6. Number of outstanding claims	827	135	15	25	76	233	5	33	30	4	0
7. Direct case reserves for outstanding claims	22,799	6,088	26	10,822	1,137	7,182	40	784	648	87	5
8. Liability for claims incurred but not reported	44,428	24,811	3,271	7,103	1,301	40,810	699	1,592	819	792	793
9. Loss adjustment expense liability for open claims	1,627	597	1	145	475	1,528	6	86	209	0	15
10. Losses paid	12,852	4,272	0	11,380	394	5,106	1,653	730	144	102	246
11. Pure loss ratio	85.2%	71.8%	7.6%	24.3%	39.4%	63.0%	25.5%	84.0%	87.9%	66.4%	69.7%
12. Allocated loss adjusting expense paid	2,384	1,221	0	80	171	4,241	884	114	287	2	31
13. Number claims paid	3,919	580	0	13	10	171	326	124	49	6	5
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	84,366	36,989	3,298	28,230	3,479	58,866	3,282	3,306	2,107	984	1,089
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	80,638	36,502	3,298	19,844	3,694	60,293	505	2,796	2,175	922	861
16. Number of claims closed without payment	1,935	799	7	17	30	269	21	54	157	5	8
17. Number of legal actions filed	216	93	13	8	11	99	1	8	18	0	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 Profes- sional	All Other All Other Profes- sional	Day Care	Recrea- tional	Municipal	Pollution	Liquor Liability
Loss Ratios											
2009	85.2%	71.8%	7.6%	24.3%	39.4%	63.0%	25.5%	84.0%	87.9%	66.4%	69.7%
2008	68.9	57.1	6.5	25.0	70.3	42.6	39.5	43.6	56.3	67.0	100.9
2007	52.7	45.1	12.2	24.9	67.1	46.7	40.5	41.0	39.3	23.3	16.6
2006	42.2	34.4	0.7	8.6	59.2	64.3	14.3	24.9	19.4	12.6	13.7
2005	33.0	35.1	9.2	32.2	59.6	23.6	31.6	26.8	29.0	11.2	9.6
Five-year average	56.4	48.7	7.2	23.0	59.1	48.0	30.3	44.1	46.4	36.1	42.1
Average Incurred Loss Per Claim											
2009	\$ 7,512	\$14,490	\$ 1,726	\$584,253	\$17,804	\$30,415	\$5,114	\$ 9,645	\$10,024	\$18,911	\$50,206
2008	7,904	19,061	41,217	525,723	57,900	36,139	2,706	5,051	6,068	16,181	558,216
2007	8,624	19,698	91,991	294,631	90,941	58,993	3,170	8,199	5,248	219	3,587
2006	8,229	16,876	19,395	212,022	189,493	85,720	6,824	7,787	2,565	41	2,277
2005	7,662	18,660	237,262	807,369	54,928	32,030	14,274	10,776	4,775	0	0
Five-year average	7,986	17,757	78,318	484,800	82,213	48,659	6,418	8,292	5,736	7,070	122,857
Average Case Reserve Per Claim											
2009	\$27,569	\$45,094	\$ 1,726	\$432,866	\$14,960	\$30,823	\$7,949	\$23,749	\$21,610	\$21,751	\$0
2008	43,931	78,665	36,172	382,560	59,971	40,417	33,000	15,928	27,623	0	0
2007	46,177	65,178	42,819	81,314	95,354	216,847	0	60,792	0	0	0
2006	66,468	90,596	651	248,883	63,134	242,136	0	37,361	0	0	0
2005	74,324	0	100,546	183,330	55,000	0	0	0	0	0	0
Five-year average	51,694	55,907	36,383	265,791	57,683	106,044	8,190	27,566	9,847	4,350	0
Allocated LAE: Premium Earned											
2009	4.3%	3.7%	0.0%	0.2%	9.0%	6.8%	9.5%	5.4%	27.0%	0.2%	3.0%
2008	6.6	4.6	0.3	0.1	6.7	6.2	2.3	4.7	20.3	0.0	4.6
2007	6.2	5.8	0.8	0.6	14.9	10.3	17.1	7.6	20.5	0.1	0.7
2006	9.9	7.4	1.8	0.5	6.2	9.7	0.4	4.2	9.4	0.1	0.0
2005	7.9	9.8	1.4	0.2	20.1	15.9	0.4	10.5	18.5	0.1	1.2
Five-year average	7.0	6.3	0.9	0.3	11.4	9.8	5.9	6.5	19.2	0.1	1.9
IBNR: Premium Earned											
2009	47.3%	50.7%	7.5%	5.9%	18.1%	48.4%	7.5%	43.1%	44.7%	53.6%	53.0%
2008	30.3	30.6	0.0	0.0	23.9	27.6	26.6	26.9	27.7	30.8	33.9
2007	14.0	18.8	5.8	6.5	14.4	14.5	13.3	14.0	15.3	23.3	15.7
2006	10.2	12.7	0.0	0.0	9.4	8.1	7.4	7.8	8.1	12.6	12.0
2005	5.2	11.5	0.0	0.0	4.9	4.8	4.6	4.7	4.8	11.2	5.6
Five-year average	21.4	24.9	2.7	2.5	14.1	20.7	11.9	19.3	20.1	26.3	24.0
Percentage Change In Premium Earned											
2008 to 2009	-26.5%	-5.3%	19.7%	-2.8%	121.6%	-0.6%	415.8%	-57.7%	-0.7%	-2.7%	-10.1%
2007 to 2008	-9.0	-4.4	-7.4	-10.0	-57.2	-0.5	-0.7	6.0	-12.8	-15.9	12.4
2006 to 2007	-1.8	-6.4	22.7	11.7	121.5	27.0	-87.2	-9.4	-3.3	42.3	11.3
2005 to 2006	-1.6	2.3	-11.4	4.9	-22.6	2.9	3.8	0.3	1.1	-23.6	21.0

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 2012. 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***

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Investment and other income**	\$14,709	\$10,040	\$ 14,316	\$ 14,500	\$ 11,017	\$ 8,067	\$17,354	\$ 5,158	3,570	10,895	16,004
2. Incurred loss adjustment expense**	5,796	10,507	21,856	17,790	18,746	29,433	33,680	(419)	10,851	24,090	2,970
3. All other incurred expenses**	11,652	10,835	10,912	16,448	18,326	23,803	13,480	5,788	5,114	13,840	20,863
4. Policies written	46,586	46,466	46,978	47,292	44,133	23,631	14,365	27,528	31,449	27,204	
5. Direct premiums written	57,527	90,671	109,187	102,209	100,747	121,469	65,651	109,599	105,499	83,284	
6. Average written premium per policy	1,235	1,951	2,324	2,161	2,283	5,140	4,570	3,981	3,355	3,061	
7. Number of open claims	4	4	9	8	13	49	59	84	116	374	
8. Direct case reserves for open claims	38,642	29,026	19,303	16,524	18,671	13,654	14,433	10,687	5,167	3,244	
9. Paid claims	2	1	1	1	1	1	1	1	1	1	
10. IBNR reserves	1	0	0	0	0	0	0	0	0	0	
11. Pure loss ratio	110.7%	123.1%	111.3%	117.0%	83.5%	57.7%	52.6%	58.0%	67.2%	43.4%	
12. Claims reported	2,078	1,317	1,211	840	731	674	588	615	837	642	
13. Claims closed without payment	1,107	1,231	1,113	1,170	835	577	526	580	672	434	
14. Claims closed with payment	780	479	301	174	131	134	101	116	125	44	
15. Legal actions filed	860	649	512	348	270	220	185	212	179	107	
16. Verdicts/judgements for defendants	80	70	65	27	10	13	13	12	3	0	
17. Verdicts/judgements for plaintiffs	41	22	11	2	1	1	0	3	1	1	
18. Amount awarded to plaintiffs	7,829	4,339	1,905	572	28	43	1	4,079	3,812	50	
19. Average claim paid	3	3	4	5	6	5	6	5	7	15	

* 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 2012. 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***

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Investment and other income net gain or loss**	\$18,106	\$13,366	\$ 15,283	\$ 24,818	\$ 29,618	\$ 19,327	\$ 9,880	\$ 10,440	\$ 13,542	\$ 13,374	\$15,213
2. Incurred loss adjustment expenses**	51,638	11,048	39,730	105,062	41,717	42,334	30,207	28,975	13,673	37,229	57,225
3. All other incurred expenses**	12,711	19,245	18,159	20,760	17,138	30,678	17,568	18,080	13,440	13,629	18,521
4. Policies written	161,555	66,069	349,711	123,570	116,919	124,246	39,928	187,741	128,028	126,187	
5. Direct written premiums	46,517	60,720	70,553	78,284	66,308	51,401	56,181	58,657	52,574	59,735	
6. Average written premium per policy	288	919	202	634	567	414	1,407	312	411	473	
7. Number of open claims	35	31	23	24	38	43	72	85	183	480	
8. Direct case reserves for open claims	1,329	1,589	664	383	713	1,180	7,116	5,584	9,217	29,082	
9. Reserves for IBNR Claims	955	2,530	3,112	4,896	4,616	43,120	7,405	13,801	14,408	63,287	
10. Amount paid on product liability claims	9	166	1,047	549	249	2,046	2,804	2,743	2,313	8,767	
11. Pure loss ratio	4.9%	7.1%	6.8%	7.4%	8.4%	9.0%	30.8%	37.7%	49.3%	169.3%	
12. Claims reported	93	59	22	35	21	49	102	90	219	2,296	
13. Claims closed without payment	43	41	22	23	18	32	60	90	210	1,155	
14. Claims closed with payment	46	10	7	9	9	28	57	43	85	868	
15. Legal actions filed	-6	10	5	7	9	12	28	28	43	116	
16. Verdicts/judgements for defendants	0	1	1	0	1	1	3	3	5	5	
17. Verdicts/judgements for plaintiffs	0	1	0	2	1	3	3	4	4	1	
18. Amount awarded to plaintiffs	0	2	0	5	35	16	239	314	77	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.