

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.

2012 Major Accomplishments

- Maintained accreditation by the National Association of Insurance Commissioners.
- Examined 55 domestic insurers.
- Analyzed the financial statements of over 2,000 insurers.
- Continued oversight of 1 company in rehabilitation.
- Licensed 1 new domestic insurer and 1 new gift annuity.
- Approved 3 domestic insurers to dissolve.
- Licensed 23 nondomestic insurers, 19 employee benefit plan administrators, 13 warranty plans, 11 gift annuities, 8 service contract providers, 2 motor clubs, and 1 continuing care retirement community entity.
- Permitted 13 licensed entities to withdraw from Wisconsin.
- Reviewed changes of control involving 7 domestic insurers, pursuant to holding company regulations.
- Reviewed and approved 3 mergers involving domestic insurers.
- 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:
 - Accounting Practices and Procedures Task Force
 - Analyst Team System Oversight Working Group
 - Capital Adequacy Task Force (Chair)
 - Emerging Accounting Issues Working Group
 - Examination Oversight Task Force
 - Financial Analysis Handbook Working Group
 - Financial Analysis Research and Development Working Group
 - Financial Analysis Working Group
 - Financial Examiners Handbook Technical Group
 - Group Solvency Issues Working Group
 - Health Reform Solvency Impact Subgroup
 - Health Risk-Based Capital Working Group
 - Information Technology Examination Working Group
 - International Solvency and Accounting Standards Working Group
 - Investments of Insurers Model Act Revisions Working Group
 - Own Risk and Solvency Assessment (ORSA) Subgroup
 - P&C Reinsurance Study Group
 - P&C Risk-Based Capital 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 2012

All-Star Mutual Ins. Co.	MGIC Mortgage Reinsurance Corp.
Ambac Assurance Corp.	MGIC Reinsurance Corp.
American Family Life Ins. Co.	MGIC Reinsurance Corp. of WI
American Family Mutual Ins. Co.	MGIC Residential Reinsurance Corp.
American Medical Security Life Ins. Co.	MIC Reinsurance Corp.
American Standard Ins. Co. of WI	MIC Reinsurance Corp. of WI
Ashland County Town Ins. Co.	Middleton Ins. Co.
Berry & Roxbury Mutual Ins. Co.	Molina Healthcare of WI, Inc.
Care Plus Dental Plans, Inc.	Mortgage Guaranty Ins. Corp.
Delta Dental of WI, Inc.	Mt. Morris Mutual Ins. Co.
Districts Mutual Ins.	National Casualty Co.
Esurance Ins. Co.	Nationwide Assurance Co.
Esurance Ins. Co. of NJ	Nationwide Ins. Co. of America
Everspan Financial Guarantee Corp.	Northeastern Mutual Ins. Co.
Franklin Farmers Mutual Ins. Co.	Omaha Indemnity Company, The
Health Tradition Health Plan	Pacific Indemnity Co.
Heartland Mutual Ins. Co.	Pella Mutual Ins. Co.
Helenville Mutual Ins. Co.	Seniordent Dental Plan, Inc.
League of Wisconsin Municipalities Mutual Ins. Co.	Sheboygan Falls Ins. Co.
Lebanon Clyman Mutual Ins. Co.	Southeast Mutual Ins. Co.
Liberty Mutual Fire Ins. Co. (town mutual)	Stockholm Town Mutual Ins. Co.
Medina Mutual Ins. Co.	SU Ins. Co.
Mercycare HMO, Inc.	Washington Town Mutual Ins. Co.
Mercycare Ins. Co.	WEA Ins. Corp.
MGIC Assurance Corp.	WEA Property & Casualty Ins. Co.
MGIC Credit Assurance Corp.	Wisconsin Vision Service Plan, Inc.
MGIC Indemnity Corp.	Wyssta Ins. Co., Inc.
	Yorkville and Mt. Pleasant Mutual Ins. Co.

Wisconsin Insurance Corporations Organized and Licensed

January 1, 2012 - December 31, 2012

Oshkosh Area Community Foundation Corp.	Oshkosh, WI
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Insurance Corporations Domiciled in Other States Admitted

January 1, 2012 - December 31, 2012

Aioi Nissay Dowa Ins. Co. of America	Schaumburg, IL
American Mining Ins. Co., Inc.	Birmingham, AL
Amerisure Partners Ins. Co.	Farmington Hills, MI
Build America Mutual Assurance Co.	New York, NY
Censtat Casualty Co.	Omaha, NE
Commonweath Ins. Co. of America	Seattle, WA
Employers Compensation Ins. Co.	Reno, NV
GEICO Advantage Ins. Co.	Washington, DC
GEICO Choice Ins. Co.	Washington, DC
GEICO Secure Ins. Co.	Washington, DC
Hanover American Ins. Co., The	Worcester, MA
Humana Benefit Plan of Illinois, Inc.	Louisville, KY
Illinois Casualty Company (A Mutual Ins. Co.)	Rock Island, IL
Merchants National Bonding, Inc.	Des Moines, IA
Nutmeg Ins. Co.	Hartford, CT
OBI National Ins. Co.	Canton, MA
Peninsula Indemnity Co.	Salisbury, MD
Peninsula Ins. Co., The	Salisbury, MD
Samsung Fire & Marine Ins. Co., Ltd (US Branch)	Ridgefield Park, NJ
Tokio Marine America Ins. Co.	New York, NY
Triumphe Casualty Co.	Richfield, OH
US Health and Life Ins. Co.	Sterling Heights, MI
Wright National Flood Ins. Co.	St. Petersburg, FL

Organizations Licensed to Issue Gift Annuities

January 1, 2012 - December 31, 2012

Bethel University	St. Paul, MN
Comerica Legacy Foundation	Ann Arbor, MI
Food for the Hungry, Inc.	Phoenix, AZ
Friars of the Atonement, Inc.	Garrison, NY
Guide Dogs for the Blind, Inc.	San Rafael, CA
Legacy Tree Foundation	Brentwood, TN
Ocean Conservancy, Inc.	Washington, DC
Oshkosh Area Community Foundation Corp.	Oshkosh, WI
Rocky Mountain Elk Foundation, Inc.	Missoula, MT
St. Labre Indian School Educational Assoc.	Ashland, MT
Voice of the Martyrs, Inc.	Bartlesville, OK
Volunteers of America, Inc.	Alexandria, VA

Organizations Licensed to Issue Warranty Plans

January 1, 2012 - December 31, 2012

Affinion Benefits Group, LLC	Franklin, TN
Alpha Warranty Services, Inc.	Riverton, UT
American Assurance Co. 2, Inc.	Pompano Beach, FL
American Assurance Co. 3, Inc.	Pompano Beach, FL
Autoxcel Corporation	Wilmington, NC
Driverz Edge Admin Services of Nevada, LLC	Henderson, NV
Global Warranty Group, LLC	Saint James, NY
GWC Warranty Corporation	Wilkes Barre, PA
NIU of Florida, Inc.	Boca Raton, FL
Pawn America Wisconsin, LLC	Burnsville, MN
Safeware, The Insurance Agency, Inc.	Columbus, OH
TMI Solutions, LLC	Ridgefield, WA
Zale Delaware, Inc.	Irving, TX

Organizations Licensed as Continuing Care Retirement Centers

January 1, 2012 - December 31, 2012

LCS-Westminster Newcastle, LLC	Des Moines, IA
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Organizations Licensed as Service Contract Providers

January 1, 2012 - December 31, 2012

CE Care Plan Corp.	San Francisco, CA
Ford Motor Service Co.	Dearborn, MI
Global Auto Solutions, Inc.	Oklahoma City, OK
OwnerGUARD Corporation	San Diego, CA
Safe-Guard Products International, LLC	Atlanta, GA
ST Product Care Corp.	San Francisco, CA
Starr Protection Solutions, LLC	New York, NY
Vantage Warranty, Inc.	Cedar Park, TX

**Insurance Corporation Mergers, Consolidations, Dissolutions,
Withdrawals, Rehabilitations, Liquidations, or Redomestications**
January 1, 2012 - December 31, 2012

Withdrawals

Aldo Leopold Foundation, Inc.	01/04/2012
Auto Services Co. of WI, Inc.	02/27/2012
CompWest Ins. Co.	04/02/2012
Germantown Ins. Co.	07/30/2012
Infinity Auto Ins. Co.	10/24/2012
Infinity Security Ins. Co.	10/24/2012
Infinity Standard Ins. Co.	10/24/2012
JA Worldwide	03/20/2012
National American Ins. Co. of California	12/04/2012
Oshkosh Area Community Foundation, The	09/24/2012
St. Michael's Priest Fund of the Archdiocese of Milwaukee	08/30/2012
Westchester Specialty Ins. Services, Inc.	03/27/2012

Dissolutions

Equitable Reserve Association	11/08/2012
Wisconsin Auto & Truck Dealers Ins. Corp.	12/31/2012

Rehabilitations

Ability Ins. Co.	12/12/2012
American Manufacturers Mutual Ins. Co.	07/02/2012
American Motorists Ins. Co.	08/16/2012
Financial Guaranty Ins. Co.	06/28/2012
Gramercy Ins. Co.	12/04/2012
Lumbermen's Mutual Casualty Co.	07/02/2012
Millers First Ins. Co.	07/24/2012
PMI Ins. Co.	03/14/2012
PMI Mortgage Assurance Co.	03/14/2012
PMI Mortgage Ins. Co.	03/14/2012

Liquidations

American Sterling Ins. Co.*	10/21/2011
First Sealord Surety, Inc.	02/08/2012
Frontier Ins. Co.	11/16/2012
Standard Life Ins. Co. of Indiana	07/26/2012

* Did not appear in the Wisconsin Insurance Report Business of 2011.

Mergers

Company Name	Merged Into	Date
American General Assurance Co.	American General Life Ins. Co.	12/31/2012
American General Life and Accident Ins. Co.	American General Life Ins. Co.	12/31/2012
American General Life Ins. Co. of DE	American General Life Ins. Co.	12/31/2012
Guardian Warranty Corp.	GWC Warranty Corp.	07/27/2012
Harleysville Mutual Ins. Co.	Nationwide Mutual Ins. Co.	05/01/2012
Master Plumbers Limited Mutual Liability Co.	Society Ins., a Mutual Co.	04/01/2012
Milwaukee Ins. Co.	First Nonprofit Ins. Co.	09/28/2012
Rosendale Mutual Ins. Co.	Flyway Mutual Ins. Co.	04/01/2012
SunAmerica Life Ins. Co.	American General Life Ins. Co.	12/31/2012
Title Ins. Co. of Oregon	First American Title Ins. Co.	10/31/2012
United Investors Life Ins. Co.	Protective Life Ins. Co.	07/01/2012
Western National Life Ins. Co.	American General Life Ins. Co.	12/31/2012

Redomestications

Company Name	From	To	Effective Date
California Casualty Ins. Co.	CA	OR	05/01/2012
First National Ins. Co. of America	WA	NH	01/13/2012
First Nonprofit Ins. Co.	IL	DE	06/29/2012
General Ins. Co. of America	WA	NH	01/13/2012
General Star National Ins. Co.	OH	DE	10/01/2012
Heritage Casualty Ins. Co.*	IL	KS	12/31/2011
IA American Life Ins. Co.	GA	TX	01/12/2012
Imperium Ins. Co.*	DE	TX	12/31/2011
Midwest Family Mutual Ins. Co.	MN	IA	01/01/2012
Public Service Ins. Co.	NY	IL	10/01/2012
SAFECO Ins. Co. of America	WA	NH	01/13/2012
Union Fidelity Life Ins. Co.*	IL	KS	12/31/2011
Unity Financial Lie Ins. Co.*	PA	OH	12/31/2012

* Did not appear in the Wisconsin Insurance Report Business of 2011.

Insurance Corporations Which Changed Their Names

January 1, 2012 - December 31, 2012

Previous Name	New Name
Admiral Life Ins. Co. of America	Puritan Life Ins. Co. of America
American Federation Ins. Co.	Farmers Specialty Ins. Co.
Athena Assurance Co.	Travelers Casualty Company, The
CampMed Casualty & Indemnity Co, Inc. of Maryland*	CampMed Casualty & Indemnity Co., Inc.
Catalyst Rx Plan Services Ins. Co.	Catamaran Ins. of Ohio, Inc.
Community Foundation of Greater South Wood County, Inc.	Incourage Community Foundation, Inc.
Congress Life Ins. Co.	Generation Life Ins. Co.
CUNA Mutual Ins. Co.	CMFG Life Ins. Co.
Euler Hermes American Credit Indemnity Co.	Euler Hermes North American Ins. Co.
Foremost Ins. Co.	Foremost Ins. Co. of Grand Rapids, MI
Fort Dearborn Life Ins. Co.	Dearborn National Life Ins. Co.
Great American Life Assurance Co.	Presidential Life Ins. Co. - USA
Infinity Specialty Ins. Co.	Stonewood National Ins. Co.
Laurier Indemnity Co.	Illinois Ins. Co.
Liberty Life Ins. Co.	Athene Annuity & Life Assurance Co.
Manor Park Foundation, Inc.	VMP Foundation, Inc.
Molina Healthcare Ins. Co.	Catalyst Rx Plan Services Ins. Co.
Mortgage Assurance Corp.	National Mortgage Ins. Corp.
Mortgage Assurance Reinsurance Inc., One	National Mortgage Reinsurance Inc One
Mortgage Assurance Reinsurance Inc., Two	National Mortgage Reinsurance Inc Two
Old Republic Mercantile Ins. Co.	Republic Credit Indemnity Co.
PARIS RE America Ins. Co.	PartnerRe American Ins. Co.
Public Service Mutual Ins. Co.	Public Service Ins. Co.
Putnam Reinsurance Co.	Fair American Ins. and Reinsurance Co.
St. Paul Medical Liability Ins. Co.	Travelers Constitution State Ins. Co.
UCare Wisconsin, Inc.	UCare Health, Inc.
United Prosperity Life Ins. Co.	Smart Ins. Co.

* Did not appear in the Wisconsin Insurance Report Business of 2011.

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 thirty 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 Chapter 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 twenty 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.

On June 4, 2012, the Court granted two motions brought by the Rehabilitator. Pursuant to the first approved motion, the Segregated Account commenced cash payments of 25% of each permitted policy claim that has arisen since the inception of rehabilitation proceedings and 25% of each policy claim to be submitted and permitted in the future. The second approved motion allowed Ambac Assurance Corporation to exercise two call options to purchase the principal amount of \$789,179,236 in surplus notes for \$188,446,303, which was projected to materially increase policyholder recoveries. The first round of interim partial cash distributions was effectuated on September 20, 2012.

As a result of Hurricane Sandy, Ambac Assurance Corporation, the Management Services Provider to the Segregated Account, closed its principal offices in New York on October 29, 2012, and temporarily relocated to its disaster recovery site in Kingston, New York. Continuity of systems and operations were maintained and the principal offices of Ambac Assurance Corporation were reopened on November 26, 2012.

In late December 2012, the Congressional Joint Committee on Taxation (Joint Committee) completed its review of the offer (Offer) to the United States made by Ambac Financial Group, Inc., the Official Committee of Unsecured Creditors of Ambac, Ambac Assurance Corporation, the Segregated Account of Ambac Assurance Corporation, the court-appointed Rehabilitator of the Segregated Account and the Wisconsin Office of the Commissioner of Insurance to resolve and settle (i) the claims filed by the Internal Revenue Service against the estate of Ambac Financial Group, Inc., in its Chapter 11 proceeding, (ii) Ambac Financial Group, Inc.'s related adversary proceeding against the United States, and (iii) other related litigation brought by the United States against or involving Ambac Assurance Corporation and the Segregated Account (IRS Settlement). The Joint Committee has no objection to the Offer and will issue a response of "no adverse criticism" subject to the satisfaction of certain conditions, including (a) execution of closing documentation acceptable to the United States, (b) approval of the IRS Settlement by the United States Bankruptcy Court for the Southern District of New York, and (c) the payment by Ambac Financial Group, Inc., of \$1.9 million and the payment by Ambac Assurance Corporation and/or the Segregated Account of \$100 million to the United States.

Ambac Assurance Corporation's General Account is not in a court receivership proceeding.

Ambac Assurance Corporation's General Account is not obligated to make payments on the secured note or the reinsurance policy it provided to the Segregated Account if its surplus as regards to policyholders is (or would be) less than \$100,000,000. As a result of these provisions, as of December 31, 2012, \$163.7 million of the Segregated Account's liabilities was not assumed by Ambac Assurance Corporation's General Account under the reinsurance policy with the Segregated Account.

As of December 31, 2012, the Ambac Assurance Corporation Segregated Account reported assets of \$592,032,376, liabilities of \$653,843,900, and surplus of \$(61,811,524). As of December 31, 2012, the Segregated Account has disbursed \$1,061,667,118 to policyholder trustees and claim submitting agents, representing 25% of permitted policy claims of \$4,246,668,484.

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.

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.

Distributions were made for late filed claims on May 30, 2012. A proprietary distribution of \$230,000 was made to Community Living Alliance also on May 30, 2012. On July 12, 2012, \$194 was turned over to the state of Wisconsin as unclaimed property. On September 26, 2012, a proprietary distribution of remaining assets totaling \$6,908 was made to Community Living Alliance.

Over the course of the liquidation \$4,648,820 was paid out for claims and interest, \$219,671 was paid for administrative expenses, and \$336,908 was distributed to Community Living Alliance.

As of December 31, 2012, Health Plan for Community Living, Inc., had no assets, liabilities, or surplus and the liquidation was closed.

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 82% 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 2012 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 6,633 written consumer complaints and inquiries and answered 35,000 telephone inquiries. The Bureau also processed 3,231 rate and rule filings and received 7,032 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 2011 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 259 companies participated in the project by filing statements with OCI. For the 2011 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 152 private passenger automobile statements and 131 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.

2012 Major Accomplishments

- Conducted eight market conduct examinations.
- 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, and the Market Analysis Procedures 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.
- 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).
- Participated in a major project to improve the consumer complaint system.
- 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, and the Consumer Information subgroup.

Policy Submissions and Rate Filings

The following tables summarize the policy submission data for 2011 and 2012. Table I shows the number of policy submissions received in 2011 and 2012 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 2011 and 2012

Product Category	Total for 2011	Total for 2012
Health and Life		
Continuing Care Retirement Community	1	6
Credit Accident and Health	0	0
Credit Life	4	3
Group Accident and Health	466	466
Group Annuity	91	99
Group Life	71	83
Health and Life Other	591	411
Health Maintenance Organization	220	339
Individual Accident and Health	521	573
Individual Annuity	380	354
Individual Life	<u>564</u>	<u>1,086</u>
Total Health and Life	<u>2,909</u>	<u>3,420</u>
Property and Casualty		
Aviation	27	29
Bonds	68	59
Commercial Property and Multiperil	442	388
Commercial Motor Vehicle	373	233
Credit Property	21	23
Homeowner's	170	189
Inland Marine	232	255
Liability	1,247	1,055
Mortgage Guaranty	9	14
Other Lines	608	696
Personal Farmowner's	135	65
Personal Motor Vehicle	277	153
Property	183	221
Title	20	19
Worker's Compensation	<u>217</u>	<u>213</u>
Total Property and Casualty	<u>4,029</u>	<u>3,612</u>
Grand Total	<u>6,938</u>	<u>7,032</u>

Table II
Rate Filings Received
By Product Category for 2012

Accident and Health Section	
Credit Accident and Health	4
Credit Life	6
Health Maintenance Organization	85
Health Other	<u>304</u>
Total Accident and Health Section	<u>399</u>
Property and Casualty Section	
Aviation	6
Bonds	61
Commercial Property and Multiperil	387
Commercial Motor Vehicle	311
Credit Property	31
Homeowner's	310
Inland Marine	86
Liability	612
Mortgage Guaranty	6
Other Lines	276
Personal Farmowner's	72
Property	288
Personal Motor Vehicle	356
Title	22
Worker's Compensation	<u>12</u>
Total Property and Casualty Section	<u>2,836</u>
Grand Total	<u><u>3,235</u></u>

Trends in Complaints

OCI received the highest number of calls and complaints about changes to laws mandating increased health insurance coverage. The most common complaint was regarding coverage for dependents to age 26. There were also complaints and inquiries from consumers who were losing their group health insurance coverage. 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 the open enrollment.

OCI received complaints about rate increases on long-term care insurance policies. During 2012, the rate increases ranged from 4% to 90% for 19 companies that submitted rate filings. These rate increases affected 46,422 policyholders.

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 2012. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2011 and 2012 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-five 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
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
2012	6,120	6,633

	2007	2008	2009	2010	2011	2012
Health	4,027	4,684	4,350	3,393	2,803	2,700
P&C	2,373	2,457	2,096	2,371	2,274	2,405
Life	433	451	489	497	446	558
Annuities	248	262	178	160	142	142

Table II
Complaints Filed By Type of Insurance*

	2011	2012
Accident and Health		
Group Accident and Health	689	508
Individual Accident and Health	243	237
Medicare Supplement	316	284
Long-Term Care	116	125
HMO	243	246
PPO	496	600
LSHO	0	1
Credit	23	14
Self-Funded Health Plans	<u>677</u>	<u>685</u>
Total Accident and Health	<u>2,803</u>	<u>2,700</u>
 Property and Casualty		
Automobile	712	757
Homeowner's, Tenant's, Farmowner's	697	666
Fire, Allied Lines, Other Property	132	136
General Liability	74	87
Worker's Compensation	123	150
All Other Lines	<u>536</u>	<u>609</u>
Total Property and Casualty	<u>2,274</u>	<u>2,405</u>
 Life, Including Credit and Annuities	<u>588</u>	<u>702</u>
 Grand Total	<u>5,665</u>	<u>5,807</u>

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

Table III
Reasons for Complaints*

Basis for Complaint	Through 4th Quarter 2011	Percent of Total	Through 4th Quarter 2012	Percent of Total
Claim Handling	3,236	57.9%	3,139	54.8%
Policyholder Service	635	11.4	675	11.8
Marketing and Sales	521	9.3	541	9.4
Underwriting	578	10.3	711	12.4
Other	616	11.0	666	11.6

*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 2012, the office assisted complainants in recovering \$3,759,750 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	\$ 349,325	\$ 122	\$ 15,754	\$ 267	\$0	\$ 365,468
Ind. Accident and Health	44,861	2,014	14,068	174	0	61,117
Ind. Medicare Supplement	111,811	38,411	1,388	1,289	8	152,907
Long-Term Care	51,811	747	0	70	0	52,628
HMO/PPO/LSHO	505,984	9,969	885	31,216	0	548,054
Credit Health	0	0	0	895	0	895
Automobile	146,958	2,666	3,227	3,264	0	156,115
Life, Including						
Credit and Annuities	206,047	92,215	84,842	918,243	0	1,301,347
Homeowner's, Tenant's, Farmowner's	555,835	6,656	2,609	962	0	566,062
Fire, Allied Lines,						
Other Property	121,365	364	6,531	1,798	0	130,058
General Liability	77,805	531	996	11,670	0	91,002
Worker's Compensation	72,912	5,467	1,388	26,003	0	105,770
All Other Lines	<u>213,996</u>	<u>9,358</u>	<u>1,512</u>	<u>3,461</u>	<u>0</u>	<u>228,327</u>
Total	<u>\$2,458,710</u>	<u>\$168,520</u>	<u>\$133,200</u>	<u>\$999,312</u>	<u>\$8</u>	<u>\$3,759,750</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
2012 Complaint Appeals Filed by Section

	Property & Casualty	Life & Health	Complaints	Total
Number of Complaint Files Appealed in 2012*	69	57	2	128

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

Table VI
Complainant Survey
2012

Survey Cards Sent	570
Survey Cards Returned	274
Response Rate	48%

Results

1. How did you hear about the Office of the Commissioner of Insurance?				
Word of Mouth	83			
Insurance Agent	37			
Insurance Company	15			
Phone Book	8			
Lawyer	20			
Health Care Provider	15			
Other	89			
No Answer	40			
Yes % No %				
2. Did we respond to your complaint promptly?	244	94.9%	13	5.1%
3. Do you feel your complaint was handled fairly by our office?	197	79.1%	52	20.9%
4. Do you feel you were given an adequate explanation on your complaint?	197	78.8%	53	21.2%
5. If you called our office, do you feel we treated you courteously?	144	98.0%	3	2.0%
6. If you have another insurance problem, would you contact our office again?	215	89.2%	26	10.8%

Companies Examined in 2012

Care-Plus Dental Plans, Inc.
 Acuity
 Delta Dental of WI, Inc.
 Jackson National
 Bankers Life & Casualty
 Geico General Insurance Co.
 Security Health Plan
 Physicians Plus

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 2012 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 (%) Upheld
Advanced Medical Reviews	1	0	0	1	0	0	0	0	1 (100%)
IPRO	11	0	7	3	1	0	0	2 (18%)	9 (82%)
Maximus *	18	4	9	2	0	2	1	3 (21%)	11 (79%)
MCMC	3	0	2	1	0	0	0	1 (33%)	2 (67%)
Medical Consult. Network	4	0	3	1	0	0	0	1 (25%)	3 (75%)
Med. Rev. Institute of Am. *	13	1	7	3	1	1	0	1 (8%)	11 (92%)
National Med. Rev.	5	0	3	1	1	0	0	3 (60%)	2 (40%)
Permed-ion	12	0	8	4	0	0	0	3 (25%)	9 (75%)
Prest & Assoc.	2	0	2	0	0	0	0	0	2 (100%)
Totals	69	5	41	16	3	3	1	14 (21.9%)	50 (78.1%)

* 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.

The independent review program began in 2002. Beginning in 2012, most health plans were required to follow the independent review process outlined in federal law. Independent reviews performed under the federal law may not be included in the reports submitted by the Wisconsin-certified IROs. 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.

	Total	Upheld	Reversed
2008	100	64.0%	36.0%
2009	137	60.6	39.4
2010	157	68.8	31.2
2011	147	72.1	27.9
2012	64	78.1	21.9

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.

IROs Newly Certified
Advanced Medical
Reviews

IROs Recertified
Maximus Federal
Services
MCMC, LLC
Medical Review
Institute of America
Permedion

Agent Licensing Section

The Agent Licensing Section is responsible for processing and maintaining permanent license records on producers and agencies, including issuing, renewing, and terminating licenses; supervises prelicensing education course; oversees the licensing examination process; and supervises the continuing education program.

During 2012 there were 10,479 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 23,030 new licenses were issued to resident and nonresident agent candidates. In addition, 723 resident and nonresident firm licenses and life settlement broker licenses were issued.

As of December 31, 2012, there were 119,722 licensed insurance agents and 695,915 active appointments by insurance companies authorizing the licensed agents to market and sell their products.

2012 Projects

- Continued involvement with the National Association of Insurance Commissioners (NAIC) in the enhancement of the National Insurance Producer Registry (NIPR). The NIPR Gateway is a communication network that links state insurance regulators with entities they regulate to facilitate the electronic exchange of producer information.
- 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.
- Continued the comprehensive review and updating of all business rules to ensure that the automated licensing systems utilize current and correct business rules and are functioning properly.
- Opened the NIPR system to allow candidates to apply for a new resident license or existing agents to apply for a new line of authority.
- Continued to enhance electronic services to allow licensees to have access to managing and maintaining their license electronically, providing the most accurate, up-to-date information available.

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 2012. 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 2009 and 2010, 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 2009	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professionals	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$18,427	\$ 8,033	\$ 4,963	\$16,959	\$ 421	\$10,699	\$ 244	\$1,140	\$ 255	\$ 163	\$ 257
2. Expenses incurred other than loss adjusting expenses	41,548	18,113	11,191	38,237	949	24,124	551	2,570	575	369	580
3. Number of policies written	48,806	35,771	209	13,679	0	2,437	759	20	425	150	284
4. Direct dollar premium earned	139,282	60,721	37,516	128,184	3,180	80,871	1,847	8,617	1,929	1,236	1,945
5. Average premium per policy	2,854	1,697	179,501	9,371	0	33,185	2,433	430,830	4,538	8,238	6,849
6. Number of outstanding claims	577	121	10	23	2	103	7	32	10	1	1
7. Direct case reserves for outstanding claims	20,129	7,663	503	8,890	60	7,743	98	581	605	20	100
8. Liability for claims incurred but not reported	35,559	21,473	0	0	1,508	18,231	414	1,974	434	440	532
9. Loss adjustment expense liability for open claims	1,570	717	1	14	52	1,628	0	21	75	0	0
10. Losses paid	28,424	8,078	0	13,377	511	11,907	209	1,336	301	103	26
11. Pure loss ratio	60.4%	61.3%	1.3%	17.4%	65.4%	46.8%	39.0%	45.2%	69.4%	45.5%	33.8%
12. Allocated loss adjusting expense paid	5,249	3,463	0	78	138	8,325	27	256	1,504	2	19
13. Number claims paid	5,741	771	1	26	6	235	97	252	41	6	7
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	90,930	41,394	503	22,358	2,268	47,834	748	4,168	2,918	565	714
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	90,596	68,753	544	21,452	2,160	50,324	813	4,206	3,148	518	757
16. Number of claims closed without payment	558	164	0	11	0	67	31	1	54	0	1
17. Number of legal actions filed	119	55	0	8	0	2	0	2	14	0	0

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

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

Policy Year 2010	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professionals	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 18,645	\$ 8,157	\$ 4,388	\$ 17,367	\$ 399	\$ 11,531	\$ 238	\$ 1,133	\$ 170	\$ 196	\$ 266
2. Expenses incurred other than loss adjusting expenses	42,040	18,391	9,894	39,157	900	25,998	537	2,554	383	441	600
3. Number of policies written	136,095	72,316	1,866	56,902	219	13,957	182	2,496	1,458	899	862
4. Direct dollar premium earned	140,930	61,653	33,168	131,267	3,017	87,155	1,799	8,563	1,284	1,479	2,012
5. Average premium per policy	1,036	853	17,775	2,307	13,774	6,245	9,886	3,431	880	1,645	2,334
6. Number of outstanding claims	1,172	158	9	23	10	173	11	62	9	1	3
7. Direct case reserves for outstanding claims	23,628	8,756	9,500	11,198	231	4,068	157	985	99	1	30
8. Liability for claims incurred but not reported	61,212	29,278	0	0	1,616	50,773	1,045	4,974	748	704	623
9. Loss adjustment expense liability for open claims	1,936	684	4	9	98	2,147	0	30	24	0	0
10. Losses paid	22,641	5,128	0	8	252	3,176	232	1,089	122	0	16
11. Pure loss ratio	76.3%	70.0%	28.6%	8.5%	69.6%	66.6%	79.7%	82.3%	75.5%	47.6%	33.2%
12. Allocated loss adjusting expense paid	2,128	1,189	8	2	86	1,795	30	82	63	0	5
13. Number claims paid	5,283	668	1	1	8	176	77	269	33	2	9
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	111,546	45,035	9,512	11,217	2,283	61,959	1,464	7,160	1,056	705	674
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	113,858	75,943	10,058	11,617	2,102	64,073	1,592	7,461	1,131	757	711
16. Number of claims closed without payment	2,413	949	20	37	44	234	29	50	120	7	2
17. Number of legal actions filed	302	162	10	12	8	102	0	12	10	1	1

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

Wisconsin Insurance Report Business of 2012
Division of Regulation and Enforcement, Commercial Liability Insurance Reports

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

	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professionals	All Other Professionals	Day Care	Recreational	Municipal	Pollution	Liquor Liability
Loss Ratios											
2010	76.3%	70.0%	28.6%	8.5%	69.6%	66.6%	79.7%	82.3%	75.5%	47.6%	33.2%
2009	60.4	61.3	1.3	17.4	65.4	46.8	39.0	45.2	69.4	45.5	33.8
2008	56.2	43.6	17.9	27.1	45.9	34.8	34.7	33.6	133.2	23.5	76.2
2007	24.2	28.7	5.2	19.3	35.4	14.3	31.7	21.1	8.8	18.0	8.8
2006	20.5	17.7	8.1	8.2	17.2	14.7	11.2	11.5	6.4	12.8	11.3
Five-year average	47.5	44.2	12.2	16.1	46.7	35.4	39.3	38.7	58.7	29.5	32.7
Average Incurred Loss Per Claim											
2010	\$7,168	\$16,808	\$950,022	\$466,916	\$26,884	\$20,757	\$4,425	\$6,265	\$5,275	\$ 223	\$ 3,816
2009	7,685	17,647	45,701	454,425	71,367	58,135	2,950	6,750	17,751	17,501	15,733
2008	8,494	18,382	103,175	532,310	54,968	42,414	3,434	5,204	26,583	1,077	376,379
2007	1	1	0	3	2	1	9	1	0	0	8
2006	1	1	8	1	1	0	11	1	0	0	0
Five-year average	4,670	10,568	219,781	290,731	30,644	24,261	2,166	3,644	9,922	3,760	79,187
Average Case Reserve Per Claim											
2010	\$20,161	\$55,417	\$1,055,580	\$486,864	\$23,147	\$23,516	\$14,283	\$15,888	\$11,011	\$670	\$ 0
2009	34,886	63,331	50,271	386,534	30,040	75,174	14,025	18,165	60,450	0	100,000
2008	57,670	97,422	104,346	350,005	38,395	81,948	0	24,174	0	0	0
2007	0	0	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0	0	0	0	0
Five-year average	22,543	43,234	242,040	244,681	18,316	36,128	5,662	11,645	14,292	134	20,000
Allocated LAE: Premium Earned											
2010	2.9%	3.0%	0.0%	0.0%	6.1%	4.5%	1.7%	1.3%	6.8%	0.0%	0.3%
2009	4.9	6.9	0.0	0.1	6.0	12.3	1.4	3.2	81.9	0.2	1.0
2008	9.8	6.7	1.3	0.2	8.7	8.4	3.2	2.8	47.1	0.0	5.1
2007	2.5	1.7	0.5	0.1	7.3	0.4	21.3	2.6	0.3	0.1	0.4
2006	2.4	1.4	0.9	0.1	4.1	2.1	0.3	0.7	0.4	0.1	0.5
Five-year average	4.5	3.9	0.5	0.1	6.4	5.6	5.6	2.1	27.3	0.1	1.4
IBNR: Premium Earned											
2010	43.4%	47.5%	0.0%	0.0%	53.6%	58.3%	58.1%	58.1%	58.2%	47.6%	31.0%
2009	25.5	35.4	0.0	0.0	47.4	22.5	22.4	22.9	22.5	35.6	27.4
2008	15.6	19.0	5.5	5.4	11.7	16.5	16.2	16.2	15.7	21.6	16.1
2007	6.4	10.6	4.6	5.8	3.8	2.3	6.4	7.9	2.2	6.3	2.6
2006	6.3	5.9	3.7	3.4	0.9	2.0	4.7	4.3	1.8	6.0	3.7
Five-year average	19.5	23.7	2.7	2.9	23.5	20.3	21.6	21.9	20.1	23.4	16.2
Percentage Change In Premium Earned											
2009 to 2010	1.2%	1.5%	-11.6%	2.4%	-5.1%	7.8%	-2.6%	-0.6%	-33.4%	19.7%	3.4%
2008 to 2009	-1.2	3.2	-9.5	-9.6	-57.0	-0.8	-1.4	-5.6	-0.9	-32.2	3.4
2007 to 2008	-8.6	-4.6	8.0	-1.2	5.1	3.4	0.1	5.9	-8.6	1.0	8.8
2006 to 2007	-3.9	-6.9	2.5	-2.3	2.8	28.4	-87.0	-9.3	-7.6	6.3	7.8

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 2013. 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***

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Investment and other income**	\$11,115	\$13,817	\$14,126	\$11,893	\$9,381	\$17,644	\$5,162	\$3,570	\$10,894	\$16,006	\$16,532
2. Incurred loss adjustment expense**	13,374	17,210	20,134	21,047	30,100	33,928	-456	10,788	24,065	3,150	7,368
3. All other incurred expenses**	11,470	10,803	16,813	18,960	23,779	13,325	5,847	5,199	13,852	20,900	20,589
4. Policies written	49,401	48,127	45,900	46,893	21,592	14,250	27,541	31,477	29,330	28,072	
5. Direct premiums written	87,525	113,010	109,264	103,948	120,587	66,353	109,558	105,402	83,848	94,782	
6. Average written premium per policy	1,772	2,348	2,380	2,217	5,585	4,656	3,978	3,349	2,859	3,376	
7. Number of open claims	3	3	6	9	22	33	76	91	48	425	
8. Direct case reserves for open claims	36,508	24,445	16,989	14,908	19,423	16,050	14,452	9,146	3,987	4,362	
9. Paid claims	2	1	1	1	1	1	1	1	1	1	
10. IBNR reserves	1	1	1	1	1	1	1	1	1	0	
11. Pure loss ratio	41.7%	21.6%	15.6%	14.3%	16.1%	24.2%	13.2%	8.7%	4.8%	4.7%	
12. Claims reported	1,567	1,358	955	742	678	599	642	890	704	698	
13. Claims closed without payment	1,282	1,117	1,090	1,170	604	564	646	745	553	486	
14. Claims closed with payment	600	363	221	131	142	113	133	147	59	49	
15. Legal actions filed	709	540	365	274	221	186	225	209	139	130	
16. Verdicts/judgements for defendants	70	59	33	16	19	19	20	4	1	1	
17. Verdicts/judgements for plaintiffs	42	18	10	1	3	0	4	2	2	0	
18. Amount awarded to plaintiffs	7,776	4,714	791	30	125	1	4,876	3,812	50	220	
19. Average claim paid	3	4	4	6	5	5	5	6	12	14	

* 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 2013. All of the information is for product liability insurance written in Wisconsin by authorized insurers. Insurers that wrote less than \$50,000 annually in product liability insurance premiums in Wisconsin were not required to report.

The first three lines are for the calendar years indicated by the column headings. The Average Written Premium per Policy is calculated from the entries in the previous two lines. The next fifteen lines are for the policy years shown by the column headings.

It should be noted that the data are from reports provided by individual insurers. These reports have been accepted by this office without audit. In addition, the data do not separate occurrence policy experience from claims-made policy experience. These two types of policies have different claims payment experience patterns.

Wisconsin Insurance Report Business of 2012
Division of Regulation and Enforcement, Product Liability Insurance Reports

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Investment and other income net gain or loss**	\$13,366	\$15,283	\$24,818	\$29,618	\$19,327	\$9,880	\$10,440	\$13,542	\$13,374	\$15,213	\$12,243
2. Incurred loss adjustment expenses**	11,048	39,730	105,062	41,717	42,334	30,207	28,975	13,673	37,229	57,225	61,289
3. All other incurred expenses**	19,245	18,159	20,760	17,138	30,678	17,568	18,080	13,440	13,629	18,521	16,896
4. Policies written	66,069	349,711	123,570	116,919	124,246	39,928	187,741	128,028	126	216,857	
5. Direct written premiums	60,720	70,553	78,284	66,308	51,401	56,181	58,657	52,574	59,735	54,753	
6. Average written premium per policy	919	202	634	567	414	1,407	312	411	473,382	252	
7. Number of open claims	41	24	19	36	34	61	63	138	206	356	
8. Direct case reserves for open claims	376	1,854	471	329	1,090	3,725	3,048	7,749	14,274	12,695	
9. Reserves for IBNR Claims	3,888	4,928	4,612	5,138	6,815	6,848	6,553	8,656	8,993	33,325	
10. Amount paid on product liability claims	2,375	190	145	1,498	318	2,355	5,542	4,339	17,784	9,568	
11. Pure loss ratio	10.9%	9.9%	6.7%	10.5%	16.0%	9.0%	25.8%	39.5%	68.7%	101.5%	
12. Claims reported	33	26	19	17	20	49	53	92	201	2,131	
13. Claims closed without payment	27	60	9	30	13	24	43	76	196	1,174	
14. Claims closed with payment	9	9	12	12	16	31	29	38	105	850	
15. Legal actions filed	1	1	4	9	5	24	16	31	36	81	
16. Verdicts/judgements for defendants	1	1	1	1	1	3	6	4	4	8	
17. Verdicts/judgements for plaintiffs	0	0	0	0	0	1	1	2	0	3	
18. Amount awarded to plaintiffs	265	6	0	0	5	31	4	242	31	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.