

## **V. Division of Regulation and Enforcement**



The Division of Regulation and Enforcement, through its Bureau of Financial Analysis and Examinations, Bureau of Market Regulation, and Rate Review Team, 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**

The principal function of the Bureau of Financial Analysis and Examinations (Bureau) 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.

### **2014 Major Accomplishments**

- Maintained accreditation by the National Association of Insurance Commissioners.
- Examined 54 domestic insurers.
- Analyzed the financial statements of over 2,200 insurers.
- Chapter 615, Wis. Stat., was repealed which released 291 gift annuity insurers from regulation.
- Continued oversight of 1 company in liquidation and 1 company in rehabilitation.
- Licensed 2 new domestic insurers, 43 service contract providers, and 3 employee benefit plan administrators.
- Approved 2 domestic insurers to dissolve.
- Re-issued permits to 7 care management organizations under ch. 648, Wis. Stat.
- Licensed 8 nondomestic insurers, 28 service contract providers, 22 employee benefit plan administrators, 3 life settlement providers, and 1 vehicle protection product.
- Permitted 4 licensed entities to withdraw from Wisconsin.
- Reviewed changes of control involving 4 domestic insurers, pursuant to holding company regulations, and 4 holding company reorganizations.
- Reviewed 1 redomestication of an insurer to Wisconsin.
- Reviewed the conversion of 1 ch. 612, Wis. Stat., town mutual insurer to a ch. 611, Wis. Stat., property casualty.
- Reviewed and approved 1 merger involving 2 domestic ch. 612, Wis. Stat., 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 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
  - Blanks Working Group
  - Electronic Workpaper Working Group
  - 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 Coordination Working Group
  - Financial Examiners Handbook Technical Group
  - Group Solvency Issues Working Group
  - Health Reform Solvency Impact Subgroup
  - Health Risk-Based Capital Working Group (Vice Chair)
  - Information Technology Examination Working Group
  - Investment Risk-Based Capital Working Group
  - Mortgage Guaranty Insurance Working Group (Chair)
  - National Treatment and Coordination Working Group

Operational Risk Subgroup  
Own Risk and Solvency Assessment (ORSA)  
Subgroup  
P&C Risk-Based Capital Working Group  
Reinsurance Financial Analysis Working Group  
Reinsurance Task Force

Restricted Asset Subgroup  
Statutory Accounting Principles Working Group  
Valuation of Securities Task Force  
• Participated in the Financial Stability Board  
Workstream on Other Shadow Banking Entities.

### **Companies Examined in 2014**

Alpha Property & Casualty Ins. Co.  
Ameriprise Ins. Co.  
Barron Mutual Ins. Co.  
Blue Cross Blue Shield of WI  
Bristol Town Ins. Co.  
Childrens Community Health Plan  
Church Mutual Ins. Co.  
Community Ins. Corp.  
Compcare Health Services Ins. Corp.  
Dairyland Ins. Co.  
Employers Ins. Co. of Wausau  
Employes Mutual Benefit Assn.  
Esurance Ins. Co.  
Esurance Ins. Co. of NJ  
Group Health Coop. of Eau Claire  
Hawkeye Security Ins. Co.  
Homestead Mutual Ins. Co.  
IDS Property Casualty Ins. Co.  
Independent Care Health Plan  
Jewelers Mutual Ins. Co.  
John Alden Life Ins. Co.  
Liberty Mutual Fire Ins. Co.  
Marcellon-Courtland-Springvale Mutual Ins. Co.  
Medica Health Plans of WI  
Medical Associates Clinic Health Plan  
Middlesex Ins. Co.  
Mt. Pleasant-Perry Mutual Ins. Co.

National Ins. Co. of WI, Inc.  
North American Ins. Co.  
Northern Finnish Mutual Ins. Co.  
Pacific Star Ins. Co.  
Parker Centennial Assurance Co.  
Patriot General Ins. Co.  
Peak Property & Casualty Ins. Co.  
Reedsburg-Westfield Mutual Ins. Co.  
River Valley Mutual Ins. Co.  
Secura Ins. A Mutual Co.  
Secura Supreme Ins. Co.  
Sentry Casualty Co.  
Sentry Ins. A Mutual Co.  
Sentry Life Ins. Co.  
Sentry Select Ins. Co.  
State Auto Ins. Co.  
Sugar Creek Mutual Ins. Co.  
Theresa Mutual Ins. Co.  
Time Ins. Co.  
Trilogy Health Ins., Inc.  
Unitrin Safeguard Ins. Co.  
Viking Ins. Co. of WI  
Wausau Business Ins. Co.  
Wausau General Ins. Co.  
Wausau Underwriters Ins. Co.  
Wilson Mutual Ins. Co.  
Wisconsin County Mutual Ins. Co.

**Wisconsin Insurance Corporations Organized and Licensed**

January 1, 2014 - December 31, 2014

Action Powersports, Inc.	Waukesha, WI
Bill Kummer, Inc.	Sheboygan, WI
Braeger Auto Sales of Franklin, LLC	Milwaukee, WI
Braeger Chevrolet, Inc.	Milwaukee, WI
Braeman Merrill Ford Mercury, Inc.	Merrill, WI
Englehart, Inc.	Madison, WI
George Vetesnik Motors, Inc.	Richland Center, WI
Glenn Curtiss Motorsports, Inc.	West Bend, WI
Heritage Chevrolet, Inc.	Tomahawk, WI
Homan Ford, Inc.	Ripon, WI
House of Harley-Davidson, Inc.	Milwaukee, WI
International Motor Sports, Inc.	Cedarburg, WI
Jim Olson Chrysler Dodge Jeep & Ram Truck, LLC	Sturgeon Bay, WI
Jim Olson Motors, Inc.	Sturgeon Bay, WI
Johnson Motor Sales, Inc.	New Richmond, WI
Johnson Motors of Menomonie	Menomonie, WI
Johnson Motors of St. Croix Falls, Inc.	St. Croix Falls, WI
Lomira Auto Sales & Service, Inc.	Lomira, WI
Mad City Power Sports, Inc.	DeForest, WI
Mad City Sales, Inc.	Madison, WI
Maritime Ford-Lincoln, Inc.	Manitowoc, WI
Northridge Chevrolet, Inc.	Ashland, WI
Power-Pac, Inc.	Marshfield, WI
Pro Motorsports of Fond du Lac, Inc.	Fond du Lac, WI
River Valley Auto, Inc.	Viroqua, WI
River Valley Auto Sales, LLC	Boscobel, WI
Road, Track & Trail, LLC	Big Bend, WI
Rob's Performance Motorsports, LLC	Johnson Creek, WI
Sedlak Chevrolet Buick, Inc.	Minocqua, WI
Sleepy Hollow Chevrolet-Buick-GMC, Inc.	Viroqua, WI
Sleepy Hollow Ford, Inc.	Viroqua, WI
Smart Motors, Inc.	Madison, WI
Southeast Sales Corp.	Milwaukee, WI
Wisco Dental Insurance Plan, Inc.	Appleton, WI

**Insurance Corporations Domiciled in Other States Admitted**

January 1, 2014 - December 31, 2014

AIG WarrantyGuard, Inc.	Chicago, IL
Allied Ins. Co. of America	Columbus, OH
ALPS Property & Casualty Ins. Co.	Missoula, MT
American Risk Services, LLC	Glendale, OH
Asure Extended Service Co., LLC	Houston, TX
Asurion Consumer Solutions, Inc.	Kansas City, MO
Asurion Service Plans, Inc.	Chicago, IL
Asurion Warranty Protection Services, LLC	Chicago, IL
Automobile Protection Corporation-APCO	Norcross, GA
C.A.R.S. Protection Plus, Inc.	Murrysville, PA
C N A Warranty Services, Inc.	Chicago, IL
Dimension Service Corporation	Dublin, OH

**Insurance Corporations Domiciled in Other States Admitted (continued)**

ECP Incorporated	Woodridge, IL
Endurance Dealer Services, LLC	Northbrook, IL
Ethos Administrative Services, Inc.	Irving, TX
Extended Vehicle Protection, LLC	Auburn Hills, MI
Independent Dealer Group, Inc.	Richardson, TX
Landcar Casualty Co.	Sandy, UT
LifeCare Assurance Co.	Woodland Hills, CA
National Administrative Service Co., LLC	Dublin, OH
N.E.W. Administrative Services Co.	Chicago, IL
NWAN, Inc.	Strongsville, OH
Oak River Ins. Co.	Omaha, NE
Pawn America Wisconsin, LLC	Burnsville, MN
Plateau Casualty Ins. Co.	Crossville, TN
Plateau Ins. Co.	Crossville, TN
Portfolio Services Limited, Inc.	Gilbert, AZ
Preferred Ins. Affiliates, Inc.	Evanston, IL
ProSelect Ins. Co.	Boston, MA
Protective Administrative Services, Inc.	St. Louis, MO
Redwood Fire and Casualty Ins. Co.	Omaha, NE
Riverside Auto Sales of Marinette/Menominee	Escanaba, MI
Rural Trust Ins. Co.	Greenbelt, MD
Sierra Health and Life Ins. Co.	Las Vegas, NV
Toyota Motor Ins. Services, Inc.	Torrance, CA
United Service Protection Corporation	St. Petersburg, FL
Warranty Solutions Administrative Service	Lakewood, CO

**Organizations Licensed as Service Contract Providers**

January 1, 2014 - December 31, 2014

Action Powersports, Inc.	Waukesha, WI
AIG WarrantyGuard, Inc.	Chicago, IL
American Risk Services, LLC	Glendale, OH
Asure Extended Service Co., LLC	Houston, TX
Asurion Consumer Solutions, Inc.	Kansas City, MO
Asurion Service Plans, Inc.	Chicago, IL
Asurion Warranty Protection Services, LLC	Chicago, IL
Automobile Protection Corporation-APCO	Norcross, GA
Bill Kummer, Inc.	Sheboygan, WI
Braeger Auto Sales of Franklin, LLC	Milwaukee, WI
Braeger Chevrolet, Inc.	Milwaukee, WI
Braeman Merrill Ford Mercury, Inc.	Merrill, WI
C.A.R.S. Protection Plus, Inc.	Murrysville, PA
C N A Warranty Services, Inc.	Chicago, IL
Dimension Service Corporation	Dublin, OH
ECP Incorporated	Woodridge, IL
Endurance Dealer Services, LLC	Northbrook, IL
Englehart, Inc.	Madison, WI
Ethos Administrative Services, Inc.	Irving, TX
Extended Vehicle Protection, LLC	Auburn Hills, MI
George Vetesnik Motors, Inc.	Richland Center, WI
Glenn Curtiss Motorsports, Inc.	West Bend, WI

**Organizations Licensed as Service Contract Providers (continued)**

Heritage Chevrolet, Inc.	Tomahawk, WI
Homan Ford, Inc.	Ripon, WI
House of Harley-Davidson, Inc.	Milwaukee, WI
Independent Dealer Group, Inc.	Richardson, TX
International Motor Sports, Inc.	Cedarburg, WI
Jim Olson Chrysler Dodge Jeep & Ram Truck, LLC	Sturgeon Bay, WI
Jim Olson Motors, Inc.	Sturgeon Bay, WI
Johnson Motor Sales, Inc.	New Richmond, WI
Johnson Motors of Menomonie	Menomonie, WI
Johnson Motors of St. Croix Falls, Inc.	St. Croix Falls, WI
Lomira Auto Sales & Service, Inc.	Lomira, WI
Mad City Power Sports, Inc.	DeForest, WI
Mad City Sales, Inc.	Madison, WI
Maritime Ford-Lincoln, Inc.	Manitowoc, WI
National Administrative Service Co., LLC	Dublin, OH
N.E.W. Administrative Services Co.	Chicago, IL
Northridge Chevrolet, Inc.	Ashland, WI
NWAN, Inc.	Strongsville, OH
Pawn America Wisconsin, LLC	Burnsville, MN
Portfolio Services Limited, Inc.	Gilbert, AZ
Power-Pac, Inc.	Marshfield, WI
Pro Motorsports of Fond du Lac, Inc.	Fond du Lac, WI
Protective Administrative Services, Inc.	St. Louis, MO
River Valley Auto, Inc.	Viroqua, WI
River Valley Auto Sales, LLC	Boscobel, WI
Riverside Auto Sales of Marinette/Menominee	Escanaba, MI
Road, Track & Trail, LLC	Big Bend, WI
Rob's Performance Motorsports, LLC	Johnson Creek, WI
Sedlak Chevrolet Buick, Inc.	Minocqua, WI
Sleepy Hollow Chevrolet-Buick-GMC, Inc.	Viroqua, WI
Sleepy Hollow Ford, Inc.	Viroqua, WI
Smart Motors, Inc.	Madison, WI
Southeast Sales Corp.	Milwaukee, WI
Toyota Motor Ins. Services, Inc.	Torrance, CA
United Service Protection Corporation	St. Petersburg, FL
Warranty Solutions Administrative Service	Lakewood, CO

**Insurance Corporation Mergers, Consolidations, Dissolutions,  
Withdrawals, Rehabilitations, Liquidations, or Redomestications**  
January 1, 2014 - December 31, 2014

**Withdrawals**

Nicor Energy Services Co.	04/17/2014
Vesta Ins. Corp.	10/07/2014
Warranty Solutions Management Corporation	03/31/2014
WS Aftermarket Services Corp.	08/21/2014

**Dissolutions**

Health Insurance Risk-Sharing Plan	03/31/2014
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**Rehabilitations**

Freestone Ins. Co.	04/28/2014
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**Liquidations**

Freestone Ins. Co.	08/15/2014
Partnership Health Plan, Inc.	07/25/2013*
Professional Liability Ins. Co. of America	02/10/2014
Red Rock Ins. Co.	08/21/2014

**Mergers**

<b>Company Name</b>	<b>Merged Into</b>	<b>Date</b>
Acacia Life Ins. Co.	Ameritas Life Ins. Corp.	07/01/2014
Balboa Life Ins. Co.	Securian Life Ins. Co.	12/31/2014
Genworth Home Equity Ins. Corp.	Genworth Residential Mortgage Ins. Corp. of North Carolina	07/01/2014
Genworth Residential Mortgage Assur. Corp.	Genworth Mortgage Ins. Corp.	10/01/2014
Kansas Bankers Surety Co., The	Berkshire Hathaway Homestate Ins Co.	12/31/2013*
MEGA Life and Health Ins. Co., The	Mid-West National Life Ins. Co. of TN	12/31/2014
Meridian Citizens Mutual Ins. Co.	State Automobile Mutual Ins. Co.	07/02/2014
MetLife Investors Ins. Co.	MetLife Ins. Co. of CT	11/14/2014
Nipponkoa Ins. Co. Limited (US Branch)	Sompo Japan Ins. Co. of America	09/01/2014
Paris Mutual Fire Ins. Co.	Kenosha County Mutual Ins. Co.	01/01/2014
Slovak Gymnastic Union Sokol of the USA	GBU Financial Life	01/01/2014
Tokio Marine & Nichido Fire Ins. Co., Ltd.	Tokio Marine America Ins. Co.	12/31/2013*
Union Bankers Ins. Co.	Constitution Life Ins. Co.	12/31/2013*
Union Central Life Ins. Co., The	Ameritas Life Ins. Corp.	07/01/2014
USAA Direct Life Ins. Co.	USAA Life Ins. Co.	12/31/2013*
Western Reserve Life Assurance Co. of Ohio	Transamerica Premier Life Ins. Co.	10/01/2014

\* Information not available in prior Wisconsin Insurance Report.

**Redomestications**

<b>Company Name</b>	<b>From</b>	<b>To</b>	<b>Effective Date</b>
American Interstate Ins. Co.	LA	NE	11/30/2013*
American Mining Ins. Co.	AL	IA	12/10/2013*
American Modern Property/Casualty	MO	OH	12/16/2013*
Arch Indemnity Ins. Co.	NE	MO	09/30/2014
Arch Mortgage Guaranty Co.	AZ	WI	10/01/2014
Bond Safeguard Ins. Co.	IL	SD	12/09/2013*
CastlePoint National Ins. Co.	IL	CA	09/12/2014
Clarendon National Ins. Co.	NJ	IL	07/23/2014
Contractors Bonding and Ins. Co.	WA	IL	12/31/2014
Discover Property & Casualty Ins. Co.	IL	CT	12/01/2013*
DSM USA Ins. Co., Inc.	PA	TX	06/23/2014
Employers' Fire Ins. Co., The	MA	PA	06/20/2014
First American Title Guaranty Co.	CA	TX	07/01/2014
First American Title Ins. Co.	CA	NE	07/01/2014
Granite State Ins. Co.	PA	IL	12/31/2014
Great Northwest Ins. Co.	IN	MN	09/19/2013*
Individual Assurance Co., Life, Health	MO	OK	08/27/2014
Manhattan National Life Ins. Co.	IL	OH	03/26/2014
MetLife Ins. Co. USA	CT	DE	11/14/2014
Millers Classified Ins. Co.	WI	IL	09/30/3014
National Investors Title Ins. Co.	SC	TX	11/14/2014
New Hampshire Ins. Co.	PA	IL	12/31/2014
OneBeacon America Ins. Co.	MA	PA	06/20/2014
Plaza Ins. Co.	MO	IA	12/03/2013*
ProCentury Ins. Co.	TX	MI	12/02/2013*
SCOR Global Life Reinsurance Co. of DE	TX	DE	12/31/2013*
SCOR Global Life USA Reinsurance Co.	MO	DE	08/20/2013*
St. Paul Protective Ins. Co.	IL	CT	12/01/2013*
Symetra Life Ins. Co.	WA	IA	07/01/2014
Symetra National Life Ins. Co.	WA	IA	07/01/2014
Victoria Automobile Ins. Co.	IN	OH	01/02/2014

\* Information not available in prior Wisconsin Insurance Report.

**Insurance Corporations Which Changed Their Names**

January 1, 2014 - December 31, 2014

<b>Previous Name</b>	<b>New Name</b>
American Fuji Fire and Marine Ins. Co.	Ashmere Ins. Co.
American Mining Ins. Co., Inc.	American Mining Ins. Co.
Aviva Life and Annuity Co.	Athene Annuity and Life Co.
BancInsure, Inc.	Red Rock Ins. Co.
Bituminous Casualty Corporation	BITCO General Ins. Corp.
Bituminous Fire and Marine Ins. Co.	BITCO National Ins. Co.
CMG Mortgage Assurance Co.	Arch Mortgage Assurance Co.
CMG Mortgage Ins. Co.	Arch Mortgage Ins. Co.
CMG Mortgage Reinsurance Co.	Arch Mortgage Reinsurance Co.
First Marine Ins. Co.	American Modern Property and Casualty Ins. Co.
Generali USA Life Reassurance Co.	SCOR Global Life USA Reinsurance Co.
ING Life Ins. and Annuity Co.	Voya Retirement Ins. and Annuity Co.
INH USA Annuity and Life Ins. Co.	Voya Ins. and Annuity Co.
JMIC Life Ins. Co.	ShelterPoint Ins. Co.
Maiden Reinsurance Co.	Maiden Reinsurance North America, Inc.
MetLife Ins. Co. of CT	MetLife Ins. Co. USA
MetLife Investors USA Ins. Co.	MetLife Ins. Co. of CT
Monumental Life Ins. Co.	Transamerica Premier Life Ins. Co.
National Electronics Warranty, LLC	Asurion Services, LLC
N.E.W. Administrative Services Co., Inc.	Asurion Technology Services, Inc.
N.E.W. Customer Protection Co., Inc.	Asurion Consumer Solutions, Inc.
Northbrook Indemnity Co.	Allstate Northbrook Indemnity Co.
Oakwood Village Apartments, Inc.	Oakwood Village University Woods Apt., Inc.
Pathfinder Ins. Co.	BlueShore Ins. Co.
Perico Life Ins. Co.	MAPFRE Life Ins. Co.
PMI Mortgage Assurance Co.	Arch Mortgage Guaranty Co.
SCOR Global Life Re Ins. Co. of Texas	SCOR Global Life Reinsurance Co. of Delaware
Sears Life Ins. Co.	American Health and Life Ins. Co.
Stonebridge Casualty Ins. Co.	Transamerica Casualty Ins. Co.
Stonewall Ins. Co.	Berkshire Hathaway Specialty Ins. Co.
Stonewood National Ins. Co.	Falls Lake National Ins. Co.
Sun Life Assurance Co. of Canada (U.S.)	Delaware Life Ins. Co.
United General Title Ins. Co.	First American Title Guaranty Co.
United National Casualty Ins. Co.	CGB Ins. Co.
United Security Ins. Co.	Previsor Ins. Co.
Valiant Ins. Co.	Hamilton Ins. Co.
Vision Ins. Plan of America, Inc.	Superior Vision Ins. Plan of WI, Inc.

## **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. Roger A. Peterson is the appointed special deputy commissioner. Current and more detailed information regarding the rehabilitation is available at [ambacpolicyholders.com](http://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 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.

In the mid-1990s, Ambac began 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. More specifically, there

was an increasing risk that policyholders who presented short-tail claims in the early 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 were expected to mature within approximately 4 years, and certain CDOs of ABS policies, most of which were not expected to 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 (which has now been fully paid) and a last-dollar reinsurance policy limited only by the assets of, and a minimum surplus as regards policyholders of, \$100,000,000 in 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.

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.

On March 13, 2014, the Rehabilitator announced the receipt of favorable rulings from the IRS regarding certain tax issues associated with potential amendments to the rehabilitation plan for the Segregated Account.

### **Ambac Assurance Corporation Segregated Account, in Rehabilitation (continued)**

On April 21, 2014, the Rehabilitator filed a motion in the Circuit Court of Dane County, Wisconsin, for approval of certain proposed amendments (the Amendments) to the plan of rehabilitation. The Rehabilitator's motion for approval of the amendments was approved by Judge Johnston on June 11, 2014. The Amendments modify the mechanism for handling claims under the rehabilitation plan. Instead of a combination of cash payments and interest-bearing surplus notes pursuant to the original plan, holders of Permitted Policy Claims would receive a combination of cash payments (Interim Payments) and deferred amounts will be established equal to the remaining balance of such claims (Deferred Amounts). Payments of Deferred Amounts will be made at such times as the Rehabilitator deems appropriate, in his sole discretion, based on an analysis of estimated liabilities, available claims-paying resources and other considerations relevant to equitable treatment of claims and the best interests of policyholders. With the exception of adjustments for certain under-collateralized transactions, Deferred Amounts will accrete at an effective annual rate of 5.1%. Permitted General Claims will be entitled to receive Junior Deferred Amounts accreting at 5.1% per year, instead of junior surplus notes bearing interest at 5.1%, as specified by the original rehabilitation plan.

In conjunction with amending the rehabilitation plan, the Rehabilitator increased Interim Payments. The 25% level specified in the original rehabilitation plan was increased to the level of 45%. Hence, the rehabilitation plan, as amended, provides that (i) holders of Permitted Policy Claims will receive Interim Payments in cash equal to 45% of their claims, and (ii) the Segregated Account will record Deferred Amounts on its books in favor of the respective holders in an amount equal to 55% of such claims, which will accrete at an effective annual rate of 5.1%.

To maintain parity among policyholders, the Rehabilitator effectuated a Deferred Payment to provide that policyholders that have received 25% cash payments on Permitted Policy Claims since the Interim Payments began on September 20, 2012, received an equalizing payment in cash in an amount equal to 26.67% of such holders' Deferred Amounts, including the value

of Accretion. The Amendments require proportionate redemptions on Segregated Account Surplus Notes, as and when payments are made on Deferred Amounts, including the equalizing payment referenced above. Pursuant to the terms of the Settlement Agreement entered into by Ambac Assurance Corporation and various settling counterparties on June 7, 2010, Ambac Assurance Corporation is also required to make proportionate redemptions on its Surplus Notes if the Segregated Account redeems any Segregated Account Notes.

On October 13, 2014, the Commissioner of Insurance, both as regulator of Ambac Assurance Corporation and as Rehabilitator of the Segregated Account, approved Ambac's plan to make partial payments on General Account and Segregated Account surplus notes on November 20, 2014, rather than on December 22, 2014, the first Payment Date provided for under the Plan of Rehabilitation and the Payment Guidelines. By making the surplus note payments approximately one month early, Ambac generated significant interest savings, which can be expected to benefit all Segregated Account policyholders. In addition, the Rehabilitator believed it advantageous to spread payments on the surplus notes and on deferred payment obligations over two months in order to facilitate the orderly processing and disbursement of all payments.

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. While current claims are being paid 45% in cash, as of December 31, 2014, \$149,481,196 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, 2014, the Ambac Assurance Corporation Segregated Account reported assets of \$12,706,942, liabilities of \$(226,573,200), and surplus of \$239,280,142. The negative liability exists because the General Account's reinsurance policy provides coverage on surplus notes issued in satisfaction of claims.

### **Partnership Health Plan, Inc., in Liquidation**

Partnership Health Plan, Inc. (Partnership Health Plan), a Wisconsin health maintenance organization insurer, was placed into rehabilitation by Dane County Circuit Court, State of Wisconsin, on January 18, 2013. The rehabilitation proceeding was commenced against Partnership Health Plan after it lost its contract with the Wisconsin Department of Health Services (DHS) to provide Family Care Partnership services.

Partnership Health Plan was headquartered in Eau Claire, Wisconsin, and had business in force only in Wisconsin. Partnership Health Plan 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 1,394 members were transitioned into either another partnership program or another long-term care program overseen by DHS effective January 1, 2013.

The insurer was ordered to be liquidated by Dane County Circuit Court, State of Wisconsin, on July 25, 2013.

The Court appointed Richard A. Hinkel as Special Deputy Liquidator of Partnership Health Plan, Inc.

On July 29, 2013, 450 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 January 31, 2014. There were 49 proof-of-claim forms filed and they were reviewed to determine amounts payable, if any. To date payments totaling \$1,049,970 have been made to creditors. All claims have been reviewed, and those that have been allowed have been paid. One disputed claim remains to be resolved as well as 2 late-filed claims.

As of December 31, 2014, Partnership Health Plan had assets of \$5,314,422, liabilities of \$119,795, and surplus of \$5,194,627.

## **Bureau of Market Regulation**

In 2014 the Bureau of Market Regulation (Bureau) 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 4,001 written consumer complaints and inquiries and answered over 25,000 telephone inquiries. The Bureau also processed 3,477 rate and rule filings and received 7,153 policy form filings.

### **Market Conduct Annual Statement**

The Market Conduct Annual Statement (MCAS) was developed through the National Association of Insurance Commissioners (NAIC) 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 three major components: a Life & Annuity statement, a Property & Casualty statement, and new for the 2014 data year, a Long-Term Care statement. The Life & Annuity statement is further divided into four lines of business: Individual Life Cash Value Products, Individual Life Non-Cash Value Products, Individual Fixed Annuities, and Individual Variable Annuities. The Property & Casualty statement is further divided into two subsections: a Private Passenger Automobile section and a Homeowner's section. The Long-Term Care statement is divided into three lines of business: Stand-Alone, Life Hybrid, and Annuity Hybrid.

For the 2014 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 239 companies participated in the project by filing statements with OCI. For the 2014 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 176 companies participated in the project and OCI received 146 private passenger automobile statements and 129 homeowner's statements. For the 2014 Long-Term Care MCAS, licensed companies with any in-force LTC Stand-Alone, Life LTC Hybrid, or Annuity LTC Hybrid business were required to participate in the project in Wisconsin. A total of 91 companies participated in the project by filing statements with OCI.

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

Wisconsin conducted analysis on 51 insurance companies for 11 lines of business: credit, group accident and health, group annuity, group life, homeowner's, individual accident and health, individual annuity, individual life, long-term care, Medicare supplement, and private passenger auto. The analysis followed a uniform process that included the review of information collected in the financial statements and other NAIC databases to identify companies for additional review. Examiners conducted the additional reviews, identified companies for further action, and recorded the results of the reviews in the NAIC Market Analysis Review System (MARS). Examiners then used a comprehensive guide to complete a more detailed analysis of the identified companies in up to 21 areas of review. This process was used to identify companies for further review up to and including market conduct examinations.

### **2014 Major Accomplishments**

- Conducted 7 market conduct examinations and 51 internal reviews consisting of desk audits and market conduct analysis of companies in 11 lines of business.
- Developed and released a new company complaint access portal to streamline our complaint process for both consumers and companies. Companies can now view, track, and respond to their consumer complaints online. This new portal increases efficiencies within the agency by reducing mailing and printing costs as well as reduces the response time for consumers on average 7.4 days.
- Worked closely with the Centers for Medicare & Medicaid Services (CMS) to facilitate insurer, agent, and consumer questions regarding the implementation of the Federal Affordable Care Act.

- 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 coordinate examinations, improve uniformity in the market conduct examination and analysis process, and work collaboratively with other states.
- Undertook a major initiative to review comprehensive health insurance policy form filings and desk audits in order to provide better information about changes being made in order to comply with various federal law changes.
- Participated in the Market Conduct Annual Statement program, collecting and analyzing data on claims, complaints, 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.
- Provided technical assistance and support in the updating and revision of a variety of consumer publications available from OCI.
- 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).
- Adopted and implemented the NAIC standard complaint handling codes in order to streamline and promote uniform reporting of OCI complaint data to the NAIC's Complaints Database System.
- Served on the following NAIC committees, task forces and working groups: Market Information Systems Task Force, Producer Licensing Working Group, the Interstate Compact National Standards Working Group, the Market Analysis Procedures Working Group, and the Market Conduct Examination Standards Working Group.

## Policy Submissions and Rate Filings

The following tables summarize the policy submission data for 2013 and 2014. Table I shows the number of policy submissions received in 2013 and 2014 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 2013 and 2014**

Product Category	Total for 2013	Total for 2014
<b>Health and Life</b>		
Continuing Care Retirement Community	2	3
Credit Accident and Health	2	7
Credit Life	5	14
Group Accident and Health	569	453
Group Annuity	67	126
Group Life	74	92
Health and Life Other	381	364
Health Maintenance Organization	418	480
Individual Accident and Health	646	488
Individual Annuity	350	365
Individual Life	<u>1,075</u>	<u>812</u>
<b>Total Health and Life</b>	<b><u>3,589</u></b>	<b><u>3,204</u></b>
<b>Property and Casualty</b>		
Aviation	37	42
Bonds	79	71
Commercial Property and Multiperil	288	412
Commercial Motor Vehicle	395	302
Credit Property	20	22
Homeowner's	177	167
Inland Marine	240	235
Liability	1,199	1,261
Mortgage Guaranty	9	25
Other Lines	921	869
Personal Farmowner's	134	65
Personal Motor Vehicle	64	14
Property	295	224
Title	15	14
Worker's Compensation	<u>224</u>	<u>226</u>
<b>Total Property and Casualty</b>	<b><u>4,097</u></b>	<b><u>3,949</u></b>
<b>Grand Total</b>	<b><u>7,686</u></b>	<b><u>7,153</u></b>

**Table II**  
**Rate Filings Received**  
**By Product Category for 2014**

<b>Accident and Health Section</b>	
Credit Accident and Health	11
Credit Life	30
Health Maintenance Organization	79
Health Other	<u>68</u>
<b>Total Accident and Health Section</b>	<u>188</u>
<b>Property and Casualty Section</b>	
Aviation	15
Bonds	61
Commercial Property and Multiperil	547
Commercial Motor Vehicle	331
Credit Property	11
Homeowner's	320
Inland Marine	70
Liability	784
Mortgage Guaranty	23
Other Lines	256
Personal Farmowner's	89
Property	389
Personal Motor Vehicle	331
Title	20
Worker's Compensation	<u>12</u>
<b>Total Property and Casualty Section</b>	<u>3,259</u>
<b>Grand Total</b>	<u><u>3,447</u></u>

## Trends in Complaints

In 2014, OCI received 3,801 new complaints and closed 4,100 of them during that same time period. The most common inquiries and complaints related to obtaining coverage under the federal Affordable Care Act. OCI also continued to receive 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 period.

OCI continued to receive complaints relating to rate increases on long-term care insurance policies. During 2014, the rate increases ranged from 8% to 50% for 24 companies that submitted rate filings. These rate increases affected 30,053 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 25,000 general inquiries or requests for information in 2014. Most inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2013 and 2014 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 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
2009	8,398	9,564
2010	7,399	8,431
2011	6,244	7,258
2012	6,120	6,633
2013	4,144	4,634
2014	3,801	4,100

	2009	2010	2011	2012	2013	2014
Health	4,350	3,393	2,803	2,700	1,749	1,771
P&C	2,096	2,371	2,274	2,405	3,018	966
Life	489	497	446	558	472	332
Annuities	178	160	142	142	122	161

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

	<b>2013</b>	<b>2014</b>
<b>Accident and Health</b>		
Group Accident and Health	684	698
Individual Accident and Health	288	811
Medicare Supplement	196	151
Long-Term Care	94	101
HMO**	72	
PPO**	192	
LSHO**	0	
Credit**	10	
Self-Funded Health Plans**	<u>181</u>	
<b>Total Accident and Health</b>	<u>1,717</u>	<u>1,761</u>
<b>Property and Casualty</b>		
Automobile	626	581
Homeowner's, Tenant's, Farmowner's	597	522
Fire, Allied Lines, Other Property	98	109
General Liability/Liability	91	81
Worker's Compensation	137	121
All Other Lines	<u>267</u>	<u>134</u>
<b>Total Property and Casualty</b>	<u>1,816</u>	<u>1,547</u>
<b>Life, Including Credit and Annuities</b>	<u>591</u>	<u>493</u>
<b>Grand Total</b>	<u>4,124</u>	<u>3,801</u>

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

\*\* Effective April 1, 2013, the coverage type was eliminated as a part of the new complaint system implementation and new complaints were coded using the new NAIC standard complaint codes.

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

<b>Basis for Complaint</b>	<b>Through</b>		<b>Through</b>	
	<b>4th Quarter</b>	<b>Percent</b>	<b>4th Quarter</b>	<b>Percent</b>
	<b>2013</b>	<b>of Total</b>	<b>2014</b>	<b>of Total</b>
Claim Handling	2,328	58.5%	2,246	50.1%
Policyholder Service	700	17.6	1,218	27.1
Marketing and Sales	489	12.3	588	13.1
Underwriting	465	11.7	435	9.7
Other**	172	10.6		

\* A complaint may have more than one basis.

\*\* Effective April 1, 2013, the "Other" reason category was eliminated as a part of the new complaint system implementation and all complaints were coded with one of the remaining four reason categories.

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 2014, the office assisted complainants in recovering \$4,739,133 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	Total
Group Health	\$ 773,747	\$ 6,479	\$ 19	\$ 0	\$ 780,245
Ind. Accident and Health	504,698	209,075	8,562	97	722,432
Ind. Medicare Supplement*	10,282	2,225	6,261	0	18,768
Long-Term Care*	8,700	0	0	1,739	10,439
HMO/PPO/LSHO*	329,509	1,958	0	0	331,467
Credit Health*	1,100	0	0	0	1,100
Automobile	199,291	5,230	986	164	205,671
Life, Including Credit and Annuities	1,125,824	462,799	575,501	101,346	2,265,470
Homeowner's, Tenant's, Farmowner's	502,727	450	1,080	0	504,259
Fire, Allied Lines, Other Property	81,637	1,551	421	0	83,609
General Liability/Liability	85,859	2,076	0	0	87,935
Worker's Compensation*	28,078	0	6,945	0	35,023
All Other Lines	<u>72,193</u>	<u>9,461</u>	<u>4,589</u>	<u>3,269</u>	<u>89,512</u>
<b>Total</b>	<b><u>\$3,345,978</u></b>	<b><u>\$697,121</u></b>	<b><u>\$591,158</u></b>	<b><u>\$104,876</u></b>	<b><u>\$4,739,133</u></b>

\* Effective April 1, 2013, the coverage type was eliminated as a part of the new complaint system implementation.

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. Table V below reflects the complaint appeal activity. Due to the low number of complaint appeals, trend analysis is 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**  
**2014 Complaint Appeals Filed by Section**

	Property & Casualty	Life & Health	Accident & Health	Complaints	Total
Number of Complaint Files					
Appealed in 2014*	29	6	7	0	42

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

**Table VI**  
**Complainant Survey**  
**2014**

Survey Cards Sent	556
Survey Cards Returned	229
Response Rate	41%

**Results**

1. How did you hear about the Office of the Commissioner of Insurance?				
Word of Mouth	58			
Insurance Agent	23			
Insurance Company	13			
Internet	30			
Phone Book	5			
Lawyer	16			
Health Care Provider	26			
Other	81			
<b>Yes      %                  No      %</b>				
2. Did we respond to your complaint promptly?	213	94.2%	13	5.7%
3. Do you feel your complaint was handled fairly by our office?	173	77.9%	49	22.0%
4. Do you feel you were given an adequate explanation on your complaint?	175	79.9%	44	20.0%
5. If you called our office, do you feel we treated you courteously?	133	97.8%	3	2.2%
6. If you have another insurance problem, would you contact our office again?	184	89.8%	21	10.2%

**Companies Examined in 2014**

1st Auto & Casualty Insurance Company  
 Athene Annuity and Life Company  
 Auto-Owners Insurance Company  
 Continental Life Insurance Company  
 Dean Health Plan  
 Fidelity & Guaranty Life Insurance Company  
 Owners Insurance Company

## 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.

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 2014 are summarized below.

### Independent Review Process

Under Wisconsin law, health insurance claimants have a right to an independent review of an adverse

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](http://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	9	0	8	1	0	0	0	0	9 (100%)
IPRO	5	0	5	0	0	0	0	3 (60%)	2 (40%)
Maximus * ^	12	2	7	1	0	1	0	6 (66.7%)	3 (33.3%)
MCMC	0	0	0	0	0	0	0	0	0
Medical Consult. Network	8	0	6	2	0	0	0	0	8 (100%)
Med.Rev. Institute of America *	18	2	8	8	0	0	0	2 (12.5%)	14 (87.5%)
National Med Rev	2	0	1	1	0	0	0	0	2 (100%)
Permedion	0	0	0	0	0	0	0	0	0
Prest & Assoc.	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>54</b>	<b>4</b>	<b>35</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>11 (22.4%)</b>	<b>38 (77.6%)</b>

\* 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 one case the insurer reversed its denial before the IRO completed its review.

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.

	<b>Total</b>	<b>Upheld</b>	<b>Reversed</b>
2010	157	68.8%	31.2%
2011	147	72.1	27.9
2012	64	78.1	21.9
2013	43	81.4	18.6
2014	49	77.6	22.4

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**

None

**IROs Recertified**

Advanced Medical  
Reviews

Maximus Federal  
Services

MCMC, LLC

Medical Review

Institute of America

## **Agent Licensing Section**

Agent Licensing is in charge of reviewing and issuing insurance licenses to individual intermediaries, brokers, navigators and firms. Agent Licensing provides oversight of the professional licensing testing services and administration of prelicensing and continuing education programs.

As of December 31, 2014, there were 125,714 licensed individual intermediaries. During 2014 there were 12,539 examinations given to candidates seeking a resident intermediary license.

### **2014 Major Accomplishments**

- Received 15,660 calls and responded to more than 10,000 e-mails.
- Processed:
  - 728,052 company appointment renewals
  - 28,172 new individual agent applications
  - 956 new firm applications
  - 93 nonnavigator entity registrations
  - 406 certified application counselor/nonnavigator individual registrations
  - 35,103 individual license renewals
  - 3,341 firm renewals
  - 2,129 continuing education course renewals
- Approved 23 continuing education provider applications and 1,473 course applications.
- Continued to monitor implementation of National Association of Registered Agents and Brokers (NARAB) through the National Association of Insurance Commissioners (NAIC) and the National Insurance Producer Registry (NIPR).
- Wisconsin is an active member of the NAIC's Producer Licensing Working Group and a participant of 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.
- Developed a new license type for limited travel firm license in accordance with the criteria under the rules promulgated under s. 632.077, Wis. Stat.
- 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.
- Opened new electronic services for education providers through Vertafore. Providers can submit electronic course applications, submit course rosters for individuals who have successfully completed a course, renew their license or course online, submit education reciprocity course application electronically and have easy and immediate access to need-to-know real time course approval status updates.
- Completed the review of Request for Proposal for the professional licensing testing services and administration for prelicensing and continuing education services. The new contract was awarded to Prometric, Inc.
- Completed implementation of new examination vendor and administrator of prelicensing and continuing education program.

**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 2014. 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 2011 and 2012, 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.

Wisconsin Insurance Report Business of 2014  
Division of Regulation and Enforcement, Commercial Liability Insurance Reports

**TABLE 1A**  
**COMMERCIAL LIABILITY INSURANCE REPORT, S. 601.422, WIS. STAT.**  
**ENTRIES ARE FOR INSURERS REPORTING COMMERCIAL LIABILITY INSURANCE IN WISCONSIN\***

Policy Year 2011	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professionals	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 27,724	\$ 27,637	\$ 11,307	\$ 28,937	\$ 1,966	\$ 24,498	\$ 342	\$ 2,245	\$ 201	\$ 929	\$ 407
2. Expenses incurred other than loss adjusting expenses	44,228	44,089	18,038	46,162	3,136	39,080	545	3,581	320	1,482	649
3. Number of policies written	162,300	74,109	2,001	62,479	2,136	19,030	245	3,981	1,935	1,150	1,787
4. Direct dollar premium earned	142,396	141,946	58,074	148,622	10,097	125,822	1,754	11,530	1,031	4,771	2,090
5. Average premium per policy	877	1,915	29,023	2,379	4,727	6,612	7,161	2,896	533	4,149	1,170
6. Number of outstanding claims	636	145	25	37	36	137	3	40	2	3	2
7. Direct case reserves for outstanding claims	20,218	8,845	3,589	12,270	840	12,331	28	1,715	100	259	184
8. Liability for claims incurred but not reported	23,754	13,589	2,012	7,420	2,140	21,070	280	1,822	162	714	382
9. Loss adjustment expense liability for open claims	1,177	1,261	0	16	353	3,110	3	123	15	27	22
10. Losses paid	25,833	5,107	1,038	12,537	3,030	13,318	256	1,255	129	208	150
11. Pure loss ratio	49.0%	19.4%	11.4%	21.7%	59.5%	37.1%	32.1%	41.6%	37.9%	24.8%	34.2%
12. Allocated loss adjusting expense paid	5,495	1,910	166	99	865	7,174	21	220	45	3	11
13. Number claims paid	5,075	724	2	22	36	594	113	314	23	2	13
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	76,479	30,712	6,737	32,341	7,226	56,862	587	5,135	450	1,211	748
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	76,978	44,289	6,927	33,019	7,693	64,522	662	5,438	490	1,318	800
16. Number of claims closed without payment	3,363	1,261	27	43	101	923	11	110	143	14	7
17. Number of legal actions filed	340	159	21	20	54	121	0	1	4	1	0

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

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

Policy Year 2012	Premises & Operations	Products & Completed Operations	Excess	Umbrella	Lawyers Professionals	All Other Professional	Day Care	Recreational	Municipal	Pollution	Liquor Liability
1. Investment gain	\$ 29,896	\$12,691	\$ 8,346	\$ 49,108	\$ 1,990	\$ 25,755	\$ 356	\$ 2,319	\$ 200	\$ 855	\$ 431
2. Expenses incurred other than loss adjusting expenses	47,693	20,246	13,315	78,340	3,175	41,086	568	3,700	320	1,364	687
3. Number of policies written	216,513	75,394	2,476	63,345	2,352	19,314	327	4,424	2,017	1,056	1,978
4. Direct dollar premium earned	153,551	65,185	42,867	252,222	10,222	132,279	1,829	11,912	1,029	4,392	2,212
5. Average premium per policy	709	865	17,313	3,982	4,346	6,849	5,594	2,693	510	4,160	1,118
6. Number of outstanding claims	1,348	218	16	40	83	412	15	72	8	11	3
7. Direct case reserves for outstanding claims	31,645	7,156	393	15,671	3,769	12,299	122	1,908	129	137	325
8. Liability for claims incurred but not reported	48,560	27,448	4,048	8,686	5,485	48,556	697	4,378	350	1,216	609
9. Loss adjustment expense liability for open claims	1,777	1,358	0	37	897	5,816	13	322	11	25	10
10. Losses paid	17,681	4,055	7	9,760	1,549	16,978	167	973	54	30	10
11. Pure loss ratio	63.7%	59.3%	10.4%	13.5%	105.7%	58.8%	53.9%	60.9%	51.8%	31.5%	42.6%
12. Allocated loss adjusting expense paid	2,654	1,526	26	48	633	3,870	16	93	21	14	3
13. Number claims paid	4,302	565	4	18	28	495	124	270	27	3	4
14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses	102,575	41,486	4,474	34,202	12,328	83,003	1,014	7,674	565	1,421	957
15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses	105,725	66,953	4,490	30,139	13,935	85,072	1,131	8,073	628	1,530	1,018
16. Number of claims closed without payment	3,477	1,329	17	44	72	975	4	89	127	6	5
17. Number of legal actions filed	294	98	5	18	33	132	0	5	4	3	0

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

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**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
<b>Loss Ratios</b>											
2012	63.7%	59.3%	10.4%	13.5%	105.7%	58.8%	53.9%	60.9%	51.8%	31.5%	42.6%
2011	49.0	19.4	11.4	21.7	59.5	37.1	32.1	41.6	37.9	24.8	34.2
2010	53.9	54.3	23.2	22.0	43.8	29.4	53.3	23.4	23.4	23.9	14.4
2009	46.8	56.2	9.3	28.2	64.1	20.0	55.4	28.8	24.2	19.2	11.0
2008	44.2	33.6	9.4	39.4	36.9	26.2	25.6	21.8	89.2	20.9	65.9
Five-year average	51.5	44.6	12.7	25.0	62.0	34.3	44.1	34.5	45.3	24.0	33.6
<b>Average Incurred Loss Per Claim</b>											
2012	\$ 8,730	\$ 14,319	\$ 20,019	\$438,465	\$47,909	\$32,278	\$2,080	\$ 8,424	\$ 5,228	\$ 11,924	\$ 47,808
2011	8,064	16,055	171,369	420,448	53,737	35,087	2,444	8,390	9,158	93,400	22,271
2010	9,623	20,519	308,830	394,437	35,646	48,277	9,625	4,530	4,255	92,815	2,581
2009	8,972	22,290	486,883	513,491	83,110	47,133	7,305	8,396	7,111	40,297	3,695
2008	8,118	17,257	77,565	789,291	42,340	44,442	4,200	5,678	19,593	14,295	282,284
Five-year average	8,701	18,088	212,933	511,227	52,548	41,443	5,131	7,084	9,069	50,546	71,728
<b>Average Case Reserve Per Claim</b>											
2012	\$23,475	\$32,826	\$ 24,582	\$391,766	\$45,414	\$ 29,851	\$8,147	\$26,495	\$16,156	\$12,424	\$108,334
2011	31,789	60,997	143,557	331,612	23,320	90,011	9,167	42,869	50,000	86,210	91,959
2010	48,900	57,184	159,825	319,324	36,962	73,627	7,833	16,367	3,000	93,103	0
2009	80,491	71,903	606,012	476,829	54,590	45,113	1,000	39,168	101	49,610	0
2008	60,735	96,623	191,675	546,287	5,692	108,104	0	33,690	0	91,509	0
Five-year average	49,078	63,907	225,130	413,163	33,195	69,341	0	31,718	0	66,571	0
<b>Allocated LAE: Premium Earned</b>											
2012	2.9%	4.4%	0.1%	0.0%	15.0%	7.3%	1.6%	3.5%	3.1%	0.9%	0.6%
2011	4.7	2.2	0.3	0.1	12.1	8.2	1.4	3.0	5.7	0.6	1.6
2010	7.7	8.9	1.1	0.2	18.8	7.3	25.5	3.4	9.6	0.2	0.2
2009	9.6	15.9	0.8	0.1	20.3	9.7	3.9	6.2	87.2	0.7	2.0
2008	15.7	9.4	1.4	0.7	18.9	10.5	8.7	5.3	44.4	2.5	5.2
Five-year average	8.1	8.2	0.7	0.2	17.0	8.6	8.2	4.3	30.0	1.0	1.9
<b>IBNR: Premium Earned</b>											
2012	31.6%	42.1%	9.4%	3.4%	53.7%	36.7%	38.1%	36.8%	34.1%	27.7%	27.5%
2011	16.7	9.6	3.5	5.0	21.2	16.7	15.9	15.8	15.7	15.0	18.3
2010	11.4	21.7	8.4	3.4	9.1	10.8	10.0	8.8	10.0	15.1	13.1
2009	7.8	20.0	0.0	3.2	10.5	5.1	5.9	6.0	6.5	13.9	9.7
2008	5.7	8.9	4.5	3.6	3.5	4.4	3.9	3.9	3.7	9.6	7.6
Five-year average	14.6	20.4	5.2	3.7	19.6	14.7	14.8	14.3	14.0	16.2	15.2
<b>Percentage Change In Premium Earned</b>											
2011 to 2012	7.8%	-54.1%	-26.2%	69.7%	1.2%	5.1%	4.3%	3.3%	-0.2%	-7.9%	5.8%
2010 to 2011	3.6	141.4	32.7	4.3	2.2	28.6	-3.7	5.2	-29.1	-24.0	2.0
2009 to 2010	-2.0	-1.7	4.2	-0.8	-5.0	-21.0	-2.1	-4.6	-28.0	-8.5	-3.5
2008 to 2009	0.5	3.5	1.8	-1.2	10.8	37.3	-0.5	-3.0	3.5	39.1	9.7

**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 2015. 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 is from individual insurer reports and has been accepted by this office without audit. In addition, the data does 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\***

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Investment and other income**	\$ 13,627	\$ 11,519	\$ 10,256	\$ 18,957	\$ 5,452	\$ 3,574	\$ 10,893	\$ 16,005	\$ 16,533	\$ 14,059	\$ 12,852
2. Incurred loss adjustment expense**	15,488	23,391	32,400	34,595	-208	10,750	24,002	3,125	7,548	20,275	12,871
3. All other incurred expenses**	16,705	19,326	24,413	13,301	5,692	5,258	13,936	20,913	20,626	26,882	19,965
4. Policies written	47,049	46,163	24,352	12,211	27,426	31,490	29,358	30,198	25,204	26,798	
5. Direct premiums written	113,086	111,578	123,788	65,471	110,260	105,361	83,751	95,347	67,968	82,701	
6. Average written premium per policy	2,404	2,417	5,083	5,362	4,020	3,346	2,853	3,157	2,697	3,086	
7. Number of open claims	2	2	5	11	10	20	53	97	119	396	
8. Direct case reserves for open claims	20,422	15,142	15,099	23,601	21,794	12,306	10,265	16,688	7,654	4,274	
9. Paid claims	1	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	18.1%	13.6%	12.2%	36.1%	19.8%	11.7%	12.3%	17.5%	11.3%	5.2%	
12. Claims reported	1,108	869	698	629	660	955	759	801	652	655	
13. Claims closed without payment	1,294	1,136	871	1,170	920	1,009	847	802	662	418	
14. Claims closed with payment	283	179	146	123	151	173	90	111	83	57	
15. Legal actions filed	396	291	227	186	229	220	172	177	159	152	
16. Verdicts/judgements for defendants	29	32	30	39	35	11	6	11	5	1	
17. Verdicts/judgements for plaintiffs	19	10	5	0	5	2	3	1	0	0	
18. Amount awarded to plaintiffs	2,710	250	127	1	5,001	3,812	50	1,235	0	0	
19. Average claim paid	4	5	5	5	4	6	8	7	8	11	

\* 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 2015. 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 is from reports provided by individual insurers. These reports have been accepted by this office without audit. In addition, the data does not separate occurrence policy experience from claims-made policy experience. These two types of policies have different claims payment experience patterns.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Investment and other income net gain or loss**	\$ 24,818	\$ 29,618	\$ 19,327	\$ 9,880	\$ 10,440	\$ 13,542	\$ 13,374	\$ 15,213	\$ 12,243	\$ 8,353	\$ 8,881
2. Incurred loss adjustment expenses**	105,062	41,717	42,334	30,207	28,975	13,673	37,229	57,225	61,289	24,384	72,383
3. All other incurred expenses**	20,760	17,138	30,678	17,568	18,080	13,440	13,629	18,521	16,896	13,366	21,821
4. Policies written	123,570	116,919	124,246	39,928	187,741	128,028	126,187	216,857	61,142	69,098	
5. Direct written premiums	78,284	66,308	51,401	56,181	58,657	52,574	59,735	54,753	47,712	70,758	
6. Average written premium per policy	634	567	414	1,407	312	411	473	252	780	1,024	
7. Number of open claims	28	18	38	44	80	102	190	226	380	543	
8. Direct case reserves for open claims	676	3,135	4,199	8,799	8,497	12,924	31,953	34,160	67,249	20,824	
9. Reserves for IBNR claims	357,865	9,224	5,433	15,103	13,982	19,608	20,288	35,479	142,819	29,066	
10. Amount paid on product liability claims	2,984	3,091	5,217	7,229	1,558	16,229	21,455	32,138	28,385	6,493	
11. Pure loss ratio	461.8%	23.3%	28.9%	55.4%	41.0%	9.0%	123.4%	185.9%	499.8%	79.7%	
12. Claims reported	68	92	86	128	84	96	148	176	312	3,418	
13. Claims closed without payment	28	50	28	56	40	62	62	128	330	2,006	
14. Claims closed with payment	32	50	48	78	46	60	98	96	150	1,690	
15. Legal actions filed	8	8	6	24	20	6	38	62	42	221	
16. Verdicts/judgements for defendants	0	0	2	4	0	2	2	8	4	12	
17. Verdicts/judgements for plaintiffs	0	0	0	2	0	8	2	2	8	0	
18. Amount awarded to plaintiffs	0	0	40	414	0	246	646	15	120	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.

## **Rate Review**

The Office of the Commissioner of Insurance is responsible for enforcing the Wisconsin health insurance laws and thereby regulating the commercial health insurance market in Wisconsin. Rooted in the Wisconsin insurance laws is an approach to insurance regulation that supports functional competition. Functional competition is defined as competition wherein all participants, including consumers, have access to the market on a level playing field. Functional competition in the marketplace supports the pricing of health insurance products at premium rates that reasonably reflect the medical costs, demographics and utilization patterns of health care delivery in Wisconsin, and is therefore critical to a well-functioning market. In keeping with the mission of OCI to protect Wisconsin's insurance consumers and fulfill its obligation to enforce the Wisconsin insurance laws, OCI is committed to support the many strengths of the market as it exists today and facilitate continued competition in the market in the years to come.

Prior to September 1, 2011, Wisconsin required that individual health insurance rates used to develop premiums for individual policies be filed with OCI. There was no standard filing format in place. Rates used to

develop premiums for group policies were not required to be filed. Beginning September 1, 2011, Wisconsin requires that health insurance rates used to develop premiums for individual policies, including individually underwritten policies sold through associations, and fully insured group policies issued to employers with 2 -50 employees (small group policies) be filed with OCI. Filings are required to be submitted in a standardized format. Filings are reviewed for compliance with all applicable laws and regulations, as well as to determine whether there is any indication the premium rates filed are unreasonable. The Wisconsin insurance laws provide that rates are not unreasonable if a sufficient level of functional competition exists in the market. Rate filings made with OCI are generally available for public viewing on the OCI Web site.

The OCI Rate Review Team is responsible for establishing and enforcing rate filing requirements, reviewing comprehensive individual and small group rate filings, and monitoring trends in the Wisconsin comprehensive health insurance marketplace. In 2014, Wisconsin had a competitive comprehensive health insurance market with 19 companies offering individual coverage, 31 companies offering small group coverage, and 31 companies offering large group coverage.

