



Wisconsin Insurance News

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2007 Year In Review



By Sean Dilweg,
Commissioner
of Insurance

I began working as Insurance Commissioner one year ago, in January 2007. The past year has been full of opportunities for

me to really experience what it is that makes Wisconsin's insurance industry tick.

In my time so far as Commissioner, I have worked to meet with all of the people who make this industry what it is. I've met with board members and representatives of over 25 insurance companies. I've visited with many state representatives and state senators to discuss insurance issues important to the state of Wisconsin. I've met with agent groups in many areas throughout the state, and I've talked with consumer groups in different Wisconsin communities.

Meeting with insurance companies, whether it be a small company in the northwoods, or a huge, nationally known company in the state capitol, I have gained a great deal from these visits. All insurance companies are different; they have different strengths, weaknesses, different issues and different concerns. Seeing these differences has been an experience that I have learned from and enjoyed.

I have also had the pleasure to meet with a variety of agent groups, including NAIFA and CPCU chapters throughout the state. These meetings and award ceremonies have given me an opportunity to meet with some of the individuals who work in the insurance industry as agents day in and day out. I have benefited from these agents sharing their

perspective from their first line contact with consumers.

But beyond meeting with industry representatives, I have had the pleasure to meet with consumers and community groups, including senior citizens, college students, rotary clubs, and various other organizations and groups. These meetings have been beneficial both to the consumers in educating them about insurance and, perhaps more so to me, in showing me what it is that's important to the people of Wisconsin in terms of insurance.

Furthermore, I have worked closely with my staff in creating various new initiatives to fulfill our mission of informing and protecting the public and responding to their insurance needs.

This past year has also shown me the immense scope and range of insurers we have in the state. We have over 2,000 companies that are licensed to do business in Wisconsin. This reaffirms my belief that part of the great effectiveness of the insurance industry here is the competitive market.

What makes Wisconsin so attractive to these businesses? For one, the tax rates are very favorable for companies. But also, the regulatory structure in place in this state is one that allows for healthy competition. This competition is not only positive for companies but also for the consumers. Wisconsin consumers enjoy some of the lowest premium rates for homeowner's and auto insurance in the nation.

Serving as Commissioner has also brought to light some of the unique qualities of the Wisconsin insurance industry. The concept of mutual insurers is somewhat distinctive to

IN THIS ISSUE:

Licenses with Updated Expiration Dates.....	2
Do you need a separate license to sell variable products in Wisconsin?.....	2
Resident Address Changes.....	2
Biennial Regulation Fees - New Look Renewal Notices.....	2
Annual Company Appointment Billings.....	2
Updates to Continuing Education.....	3
2008 HIRSP Updates.....	4
Crop Insurance Rebating Enforcement Initiative.....	4
Updated Publications.....	5
2007 Legislative Update.....	5
2007 New Councils and Committees.....	6
Long-Term Care Partnership Program.....	7

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Continued on page 7

Do you need a separate license to sell variable products in Wisconsin?

Wisconsin does not offer a separate variable qualification. Persons wishing to sell variable products must hold a valid Life license and provide evidence to their insurers (not to us) that they have passed the proper FINRA (formerly NASD) examinations. An information sheet on this topic is available on our Web site at oci.wi.gov/agentlic/varcont.htm. •

Resident Address Changes

Wisconsin law requires that you provide our office with your current resident address. Please make sure your current license copy contains your most up-to-date address information. Business addresses are not acceptable.

If you have a residence address change, you have the following options available to you to make that change:

- Log on to www.sircon.com/wisconsin and select "Update your Name or Address." This option allows you to add or maintain your e-mail address, or
- Log on to www.nipr.com and select "Address Change Request," or
- Notify the Agent Licensing Section in writing at P.O. Box 7872, Madison, Wisconsin 53707-7872, by fax at (608) 267-9451, or by e-mail at ociagentlicensing@wisconsin.gov. Please include your name, license number, and new address. Telephone requests for change of address are not accepted.

Following receipt of the address change, an updated license copy is automatically mailed to the licensee. •

Licenses with Updated Expiration Dates

By Laurna J. Landphier, Chief of Agent Licensing

The Agent Licensing Section continues to receive calls from persons holding license copies with a February 15 expiration date. Individual licenses that identify a February 15 expiration date are no longer valid and should be destroyed.

In June of 2006 our office sent every licensee an updated license copy identifying a new expiration date based on the individual's birth month and year of original licensure.

Licenses can confirm their license expiration date at our Web site at oci.wi.gov. Click on Agent/Agency Lookup, and follow the prompts. •



Biennial Regulation Fees - New Look Renewal Notices

Renewal notices are mailed 60 days prior to fees being due. Please note that all notices are now in a postcard format. If you are required to complete continuing education, all credits must be banked in order for you to complete the electronic renewal process. Those individuals who have a license expiring at the end of February should expect their renewal notice in early January; those expiring in March will receive their notice in early February, and so on.

As identified, renewal fees must be paid by credit card, debit card, or electronic check. Those licensees without Internet access can contact our office for assistance in entering their payment. •

Annual Company Appointment Billings

Annual company billings were mailed January 23, 2008. These billings relate to all initial and renewal agent appointments. Payments will only be accepted by Electronic Funds Transfer (EFT). Specific instructions were included with the invoices. Keep an eye on our Web site for additional updates as they become available. •

Updates to Continuing Education

Basic Requirements

All agents who hold a license in any of the major lines of property, casualty, personal lines P&C, life, accident and health insurance, or the limited line of automobile, must complete a total of 24 credits each biennium, three of which must be in the ethics of insurance. Your compliance/expiration date is printed on your license.

The ethics requirement became effective January 1, 2008. All resident licensees renewing after that date must have completed three hours of approved ethics courses to remain compliant.

Course credits may be completed at any time during the two-year period. Carryover of credits from one reporting period to another is not allowed. Please refer to your online transcript to confirm your assigned compliance period.

A list of approved providers and courses is available at Sircon's Web site through a link at OCI's Web site by logging on to oci.wi.gov, or you can log on directly to www.sircon.com/wisconsin. You can also use a query tool available at their site to determine course availability and location.

Transcripts are mailed to licensees who have yet to achieve compliance 90 days prior to their expiration date. It is imperative that you do

not wait until the last few weeks of your reporting period to complete your continuing education for the biennium. By rule, your continuing education providers have ten days to electronically bank your credits, and paper confirmation is not acceptable.

Internet Transcripts Available from Sircon

To request a free copy of your most current Licensee Continuing Education Transcript log on to www.sircon.com/wisconsin. The transcript will permit you to take any action that is necessary to add, delete, or change information that is

inaccurate. To correct credit discrepancies, agents are required to contact their continuing education provider(s) directly. These discrepancies can only be resolved between the agent, the provider and Pearson VUE (formerly Promissor.)

Who to Call

Contact Pearson VUE for answers to general questions, to gain information on course availability, and to confirm if credits have been banked in an agent's individual record. They may be reached at (800) 274-4679. Reminder: Dial the (800) prefix whenever using this number. ●



2008 HIRSP Updates

Beginning on January 1, 2008 Health Insurance Risk Sharing Plan (HIRSP) underwent several important changes including offering its policyholders two additional plan options and allowing subsidy portability between plans.

For 2008 HIRSP has added a \$5,000 deductible plan and a \$3,500 deductible plan that qualifies for use with a Health Savings Account (HSA). More information on these plan options can be found on the HIRSP Web site at www.hirsp.org.

In addition, recent legislation signed into law by Governor Doyle as Wisconsin Act 39 has given HIRSP the authority to offer premium and deductible subsidies to all low-income policyholders (under \$25,000 of household income) regardless of their plan choice. Until now, HIRSP was statutorily bound to only allow subsidy on the \$1,000, or most expensive HIRSP plan.

The new legislation also modifies how subsidies are calculated. HIRSP will



now be able to calculate the premium subsidies as a percentage discount, which will be easier for policyholders to understand and simpler to administer.

Other recent legislation signed into law by Governor Doyle will further help HIRSP policyholders access affordable health insurance. The Governor's BadgerCare Plus initiative will expand coverage under Wisconsin BadgerCare to include all children under the age of 19, as well as some adults who previously did not qualify for BadgerCare. Children under 19 will be able to enroll in BadgerCare Plus beginning February 1, 2008. BadgerCare Plus will offer substantial health care coverage at a significantly reduced rate compared to HIRSP.

As part of an expanded BadgerCare program, all current HIRSP policyholders who qualify for BadgerCare Plus must switch from HIRSP to BadgerCare Plus by April 1, 2008. Policyholder notifications were mailed to affected policyholders in mid-December 2007 and a second mailing is scheduled to be sent mid-January 2008 discussing the requirement to switch to BadgerCare Plus. For more information on BadgerCare Plus, please visit www.BadgerCarePlus.org or call HIRSP Customer Service at 1-800-828-4777. ●

Crop Insurance Rebating Enforcement Initiative

State insurance regulators and the federal Risk Management Agency (RMA) are launching a coordinated initiative to share information regarding rebating of federal crop insurance premiums. OCI wants to remind Wisconsin agents selling crop insurance that they need to comply with Wisconsin laws prohibiting rebating. Further information regarding the joint initiative is available on the NAIC website, at <http://naic.org> under Committees and Activities, the Crop Insurance Working Group.

Miss an Issue?

Don't miss the other three issues of the WIN! We send out just one hardcopy version of the WIN each year. The three other issues including administrative actions are on our Web site.

To make sure you never miss an issue sign up for our email notification. This notification is sent out to WIN subscribers whenever a new issue is available. All you need to do to sign up is go to oci.wi.gov. Select "Publications" and go to the section titled Wisconsin Insurance News. We have old issues of the WIN dating back to 2002.

No computer? No problem. You can call 800-236-8517 or send an email to ocipublications@wisconsin.gov and we'll help you out.

Updated Publications

OCI has recently updated several publications. Choose "Publications" from the Quick Links located at the top left side of our home page, oci.wi.gov, then "Consumer Publications" to view, print or request a copy.

- Consumer's Guide to Grievances and Complaints
- Consumer's Guide to Insurance for Small Business Owners
- Fact Sheet on the Independent Review Process in Wisconsin
- Guía para los Cuidados a Largo Plazo
- Guide to Long-Term Care
- Health Insurance for Small Employers and Their Employees
- Medicare Advantage Plans in Wisconsin
- Resumen Informativo Sobre el Proceso de Revisión Independiente en Wisconsin
- Wisconsin Guide to Health Insurance for People with Medicare (2008)



New Publications

- 12 Things to Know Before Signing up for Medicare Part D
- Buying a Home - Insurance Terms to Remember When Buying a Home
- Documents and Records
- La Compra de una Vivienda: Términos Sobre Seguros para Recordar al Comprar una Vivienda
- Personal Property Home Inventory

2007 Legislative Update

2007 Wisconsin Act 20. The state budget bill, signed into law as Wisconsin Act 20, created significant changes to the treatment of health insurance claim form processes used by providers and insurers. Act 20 has added additional reporting requirements on insurers when they make changes to medical procedure codes submitted by providers. Additionally, Act 20 changes reporting requirements for insurers when they restrict or terminate coverage for treatment.

OCI issued a regulatory bulletin to insurers on December 19, 2007, that describes the agency's expectations for insurer compliance with the new disclosure standards.

Act 20 also requires the Department of Health and Family Services (DHFS) to request a Medicaid waiver from the US Department of Health and Human Services to permit Wisconsin to establish a Long-Term Care Partnership Program. The Partnership Program permits purchasers of qualified long-term care insurance policies to offset asset calculations that determine Medicaid long-term care eligibility and any amount of Medical Assistance that would be recovered from an individual's estate by the amount of benefits that an individual receives under a qualifying long-term care insurance policy.

One requirement in Act 20 is that any insurance agents that wish to market Partnership Program eligible long-term care policies must complete training that is approved by OCI and DHFS. Agents are eager to begin this training in anticipation of DHFS obtaining the proper waiver from the federal government.

Another requirement of OCI is to certify that a long-term care policy

meets the requirements to qualify for the program.

2007 Wisconsin Act 36. On November 28, Governor Doyle signed Assembly Bill 280 into law. Act 36 requires every health insurance policy and governmental self-funded health plan that provides dependent coverage for full-time students must continue to provide dependent coverage if, due to a medically necessary leave of absence, the person ceases to be a full-time student. Act 36 places limitations on the length of this coverage. Act 36 becomes effective on July 1, 2008.

2007 Wisconsin Act 39. On December 11, Governor Doyle signed Senate Bill 226, which made various technical changes to the Health Insurance Risk-Sharing Plan related to provider payments, eligibility, pharmacy provider participation and premium and deductible subsidies.

2007 Senate Bill 88. The State Senate passed SB 88 on December 11, 2007. SB 88 requires individual and group health insurance policies to provide health insurance coverage of hearing aids and cochlear implants for infants and young children.

2007 Senate Bill 272. SB 272, which makes changes to the insurance agent licensing, revocation and reinstatement process, was passed by the State Senate on December 11, 2007. SB 272 also eliminates some agent related fees that were charged by OCI and grants the Commissioner rulemaking authority to require fingerprinting of agents.

2007 Senate Bill 294. SB 294 was passed by the State Senate on December 11, 2007. SB 294 enables Wisconsin to join the Interstate

Continued on Page 6

Continued from Page 5

Insurance Product Regulation Compact. The Compact creates a multi-state commission that would become the central point of filing, review and approval for insurance products based on national uniform standards. The Compact covers life insurance, annuity, disability income, and long-term care products. SB 294 also amends s. 631.20, Wis. Stat. to establish a file and use process for most policy form filings and amends s. 628.347, Wis. Stat. Suitability of Annuity Sales, to make the section applicable to all sales of annuities.

Current law is restricted to sales to senior consumers (65 and over) only.

2007 Assembly Bill 258. SB 258 was passed by the State Assembly on October 30, 2007. AB 258 would permit employers to offer financial incentives related to employee health care benefits that are intended to encourage or discourage use of a lawful product.

On November 29 the Assembly Committee on Insurance held an informational hearing on the use of credit information in auto and

homeowner insurance policy rating and underwriting. Commissioner Sean Dilweg and Deputy Commissioner Kimberly Shaul testified about OCI's regulatory experience with insurer's use of credit information. The Committee members posed thoughtful and insightful questions to OCI and all of the invited speakers. Commissioner Dilweg committed OCI to work with the legislature to provide all the assistance and information resources available to the agency as they work through this debate. More information can be found at www.legis.state.wi.us/. ●

2007 New Councils and Committees

OCI recognizes the importance of maximizing stakeholder input on insurance issues to maintain regulatory effectiveness. Councils and committees are a good way to achieve this. OCI will continue working with established councils yet also create new committees to provide the Commissioner with feedback on new issues impacting insurance.

Annuity Sales Supervision Advisory Committee:

The committee is charged with providing the Commissioner recommendations to better protect Wisconsin annuity consumers from unsuitable sales and abusive sales and marketing practices in this growing area of insurance. The recommendations will be considered in formalizing an administrative rule setting forth the minimum supervisory requirements that annuity writers need to meet in order to sell annuity products in the State of Wisconsin.

The committee met for the first time on September 11, 2007. The next scheduled quarterly meeting is January 22, 2008.

Health Advisory Council:

Council members will apply their experience and expertise in analyzing various health care related issues including: health care accessibility, long-term care, wellness incentives and proposed health plans in this and other states. The council will serve as an advisory resource to the Commissioner.

The council held its first meeting on October 9, 2007. Council members were updated on various state and federal legislative issues including BadgerCare Plus, the cigarette tax increase, the federal Children Health Insurance Plan and Medicare Advantage. In addition, the National Association of Insurance Commissioners (NAIC) provided a presentation regarding health care coverage initiatives in other states.

The second council meeting was held on January 15, 2008.

Life Advisory Council:

The council is an advisory resource to the Commissioner on issues relating to life insurance.

The first meeting of the council was held on October 30, 2007. The council was updated on Long-Term Care Partnership and the Terrorism Risk Insurance Revision and Extension Act of 2007. There was also information provided and discussion regarding the NAIC Viatical Settlement Model Act.

Title Advisory Council:

The council will analyze various issues relating to consumer choice and education in the area of title insurance. For example, at the first meeting held on October 19, 2007, council members reviewed an April 2007 GAO Report entitled, "Action Needed to Improve Oversight of the Title Industry and Better Protect Consumers." A representative from the GAO presented information from the report and was available to answer questions as members discussed issues raised in the report.

The next meeting of the council is scheduled for February 15, 2008.

Agendas and minutes from all councils and committees are available on our Web site. ●

Continued from page 1

our state. Mutual insurers work together to provide policyholders with low premiums, good customer service, and most importantly, a say in their insurance.

Although it is evident that the industry here is already strong, I have worked this year to create a number of advisory councils that will help guide me in my role as Commissioner. In addition to the long-standing Property and Casualty Advisory Council, I have created four new committees and councils: the Annuity Sales Supervision Advisory Committee, the

Health Advisory Council, the Life Advisory Council, and the Title Advisory Council. These councils are made up of industry representatives, state government members, and consumer representatives. I hope that these councils will prove to be an effective method of communicating with companies, agents, consumers, and the legislature and will help to maintain the good working relationship OCI has with them.

Though the Wisconsin insurance industry remains strong, we are still affected by a number of controversial national issues including access to affordable quality health care, the marketing of Medicare Advantage

programs to seniors, and mental health parity. I have spent a lot of time working with the NAIC in my new position as Vice President of the Midwest Zone, and also with state and federal legislators on these issues. In fact, I have testified nationally on both Medicare Advantage and on mental health parity. I hope that through cooperation between the industry, the legislature and the NAIC, these issues can be resolved fairly.

This next year will surely be interesting. We will keep a close watch on legislative issues relating to insurance and will work to keep you up to date and informed on OCI happenings. ●

Long-Term Care Partnership Program

Legislation authorizing the certification of Long-Term Care (LTC) insurance partnership policies and for approving training for agents who sell LTC insurance policies became effective October 27, 2007. The LTC Partnership Program allows individuals to protect some or all of their assets and still qualify for Medicaid if their LTC needs extend beyond the period covered by their qualified LTC partnership insurance policy.

In order for the LTC Partnership Program to move forward, the Wisconsin Department of Health and Family Services (DHFS) must obtain approval from the federal Department of Health and Human Services (DHHS) of a state plan amendment (SPA) to its medical assistance plan that establishes a Wisconsin Long-Term Care Partnership Program. Approval of the SPA by DHHS will allow Wisconsin to exclude from estate recovery the amount of LTC benefits paid under a qualified LTC partnership insurance policy.

During 2008, the OCI and the DHFS will be involved in working to approve the

LTC training program for agents. The OCI also will be involved in amending its current LTC insurance regulation to provide for certification of qualified LTC partnership policies. Qualified LTC partnership policies must meet specific criteria established by the Deficit Reduction Act of 2005, including applicable inflation protection, and by the National Association of Insurance Commissioners (NAIC) LTC model act and regulation.

Beginning January 1, 2009, all agents who sell LTC insurance policies in Wisconsin must complete approved LTC training. The legislation states that individuals may not solicit, negotiate or sell long-term care insurance after January 1, 2009, unless they are duly licensed and have completed the training program in accordance with s. 628.348, Wis. Stat. The LTC training requirement provides:

- Initial training that is not less than 8 hours, by January 1, 2009.
- Ongoing training of not less than 4 hours per session every 24 months after the initial training.
- Agent verification to insurers that

the agent is in compliance with the training requirements.

- The Commissioner may approve the initial and ongoing training sessions for continuing education requirements.

Agents must complete an approved training program in order to understand the relation of LTC insurance to the medical assistance program, to be able to explain to consumers the protections offered by LTC insurance, and how this type of insurance relates to private and public funding of LTC. The approved training must cover, at a minimum, LTC insurance, LTC services, qualified partnerships, and the relationship between qualified partnerships and other public and private coverage of LTC services.

The OCI will provide updates and additional information regarding the LTC Partnership Program on its Web site. You can sign up for electronic notification of OCI bulletins, including LTC Partnership Program updates on our List Serve at: <http://oci.wi.gov/listserv.htm>. ●



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