



Wisconsin Insurance News

Issue 1 - Winter 2009

New On-line Access



OCI has a long tradition of using technology to improve our ability to interact with the public. We recently made additional improvements to the way we both collect and share information with

our customers that I would like to share with you.

First, we have implemented enhancements to the existing agent licensing process. Agents who renew their license through OCI's outside vendor SIRCON will be permitted to print their licenses for free within 30 days of renewal. Agents will still receive a printed license from OCI as usual, but now they have the opportunity to print their own license. After the 30-day period, agents who want to print a duplicate license will be required to pay a small transaction fee.

SIRCON continues to be a reliable method for agents to timely work through agent licensing issues. It allows agents to complete their original licensing and renewal paperwork at a time that is convenient for the agent, rather than needing to rely on OCI's normal business hours. Fifteen states besides Wisconsin use SIRCON to process new and renewal licenses, making the renewal process easier for agents who do business in multiple states. They have been responsive to comments and concerns about how to most efficiently manage the agent licensing process and I encourage you to share any ideas you may have about how to continue to improve the process.

Second, the long awaited on-line consumer complaint form is now available. This gives consumers a third option for submitting a completed complaint form and one that can greatly speed up the time it takes to get a complaint resolved. Consumers can now complete the complaint form in several ways:

- Requesting a paper copy of the blank form from OCI, completing the form and returning it, plus supporting documents to the agency;
- Filing the form from the agency's Web site, printing the form and forwarding the completed form plus any supporting documents to OCI; or
- Submitting the completed form from the Web directly to OCI. The on-line form collects the same information as is currently collected on the paper form. However, this option is best for complaints that do not require any supporting documentation.

The complaint form and instructions for using any of the options are on OCI's Web site at http://oci.wi.gov/com_form.htm.

OCI's process for resolving complaints has not changed. We will continue to send an acknowledgement letter to the complainant. We will investigate complaints with companies or agents as appropriate and expect to resolve most complaints within 45-60 days of receipt.

Future enhancements to the Complaints system should allow consumers who have supporting documentation to attach that information to the on-line form at the time

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the form is submitted to the agency. We also expect to eventually be able to forward complaints to insurers electronically.

OCI announced both these changes to the public on February 9. In the first month, OCI received 150 complaints via the on-line complaint form. The first complaint received was resolved in only 15 days. ●

Senior Designations and Life Settlements Working Groups Begin Their Work

Commissioner Sean Dilweg has formed two new working groups that will examine the use of senior designations by insurance agents and recommend to him a regulatory structure for stranger originated life insurance transactions.

Senior Designations Working Group

The Senior Designations Working Group will examine the increasing use of designations and credentials using terms such as “certified,” “accredited,” “retirement planner,” “senior advisor” or “senior consultant” to convince people they have special expertise to help seniors choose investment strategies. While some organizations require members to complete a difficult study program and pass extensive exams to earn designations, other organizations have much less stringent requirements that can be completed in a three- or four-day course. In the worst cases, some senior “expert” designations are earned simply by paying a monetary fee.

The working group will work to develop regulations that will ensure that those using senior-specific designations or credentials have the proper education and training to properly advise.

Agendas and meeting minutes are available at:

oci.wi.gov/advcoun/srdesignat.htm

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Application Procedures Following License Cancellation

By Laurna J. Landphier, Chief of Agent Licensing

Persons who fail to pay their fees and/or comply with continuing education requirements will have their license cancelled. Reapplication procedures are as follows:



Residents who held a major-line or limited-line license have one year from their expiration date to reapply without having to complete any precicensing education or examinations, as long as any outstanding continuing education requirements are met. Download the application (OCI 11-041R Resident Insurance Agent License Application Without Examination) at oci.wi.gov/ociforms.htm#agent. The instructions and fee schedule are printed on the form. An electronic reinstatement process is not available at this time.

Residents wishing to reapply for a major-line

license after one year would be required to complete all of the precicensing education for each line previously held and also sit for the law portion of each examination. A list of precicensing education schools is located at oci.wi.gov/agentlic/preschol.htm and basic examination information is available at oci.wi.gov/agentlic/specprov.htm. Residents holding a limited line license would need to sit for the entire examination. The Candidate Handbook is available through a link at our Web site at oci.wi.gov/agentlic.htm.

Nonresidents have two ways to reapply:

Log on to www.sircon.com/wisconsin to apply electronically and pay by credit card. This process generally takes 1-5 working days.

Or, log on to oci.wi.gov/ociforms.htm#agent to complete our nonresident paper application. The fee schedule and instructions are printed on the form. A letter of certification is NOT required; however, paper applications can take anywhere from 4-10 weeks to process. ●

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, 3 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 up for renewal after that date must complete 3 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 on-line 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 10 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.

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. ●

Training Requirements for Agents Who Sell Long-Term Care Insurance

Beginning January 1, 2009, any agent who solicits, negotiates or sells LTC insurance policies in Wisconsin must complete an approved LTC training program. The LTC training requirement includes:

- Initial training that is not less than 8 hours,
- Ongoing training of not less than 4 hours per session every 24 months after the initial training.

Insurers providing LTC insurance are required to obtain from agents selling LTC insurance policies verification that the agents are in compliance with the training requirements, to maintain records related to the training verifications, and to make these training records available to the OCI upon request.

Information regarding approved LTC training courses is available on the OCI's Web site under the Agent tab.

The OCI has created a page on its Web site that provides information for agents, consumers and insurance companies regarding LTC insurance and the LTC insurance partnership program. You can view the LTC Web page at: <http://oci.wi.gov/srissues/ltpartnership.htm>

E-mail Correspondence

We would like to remind our constituents that we do respond to e-mail correspondence from consumers and from companies, and those contacts are often the quickest way to get questions answered or transact business. However, please note that e-mail that you send us is not necessarily secure against interception. Therefore, please do not send us any e-mail with sensitive information like your Social Security number. If you must provide us with such information contact us in writing by U.S. mail.

Resident Address Change

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 also 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, WI 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. ●



Suspension Period Eliminated

With the passage of legislation earlier this year, the 60-day suspension period imposed following failure to comply with continuing education or payment of the biennial regulation fees was eliminated. Anyone with an expiration date of June 30, 2008 or after is subject to the new requirements.

Miss an issue of the WIN?

No problem. We have old issues of Wisconsin Insurance news dating back to 2002 on our Web site:
http://oci.wi.gov/ins_rev.htm

Biennial Regulation Fees - New Look Renewal Notices

Pursuant to s. Ins 6.58 (5), Wis. Adm. Code, renewal notices are mailed 60 days prior to fees being due. To continue conducting insurance business in the state of Wisconsin, you must pay the biennial regulation fee. All notices are sent by first class mail to the residence address on file with our office and are now in a postcard format. The law does not require proof of delivery.

Those individuals who have a license expiring at the end of April should expect their renewal notice in early March; those expiring in May will receive their notice in early April, 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.

If you are a resident licensee required to complete continuing education, a separate notice is mailed to those persons who are deficient in course credits 90 days prior to their expiration date showing the number of credits banked and instructions on how to access their transcript as well as current course offerings at www.sircon.com/wisconsin. Please note that your credits must be BANKED by your expiration date to avoid license cancellation. By law, providers have 10 days to bank your credits following completion of a course; therefore, you need to schedule accordingly. We suggest licensees not wait until the last few weeks of a reporting period to complete their requirements. ●

Updated Publications

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

- 12 Things to Know Before Signing up for Medicare Part D
- Medicare Advantage Plans in Wisconsin
- Medicare Supplement Insurance Approved Policies
- Wisconsin Guide to Health Insurance for People with Medicare (2009)
- ANSI Codes
- Consumer's Guide to Grievances and Complaints
- Fact Sheet on the Independent Review Process in Wisconsin
- Fact Sheet on Mandated Benefits for the Treatment of Nervous and Mental Disorders, Alcoholism and Other Drug Abuse
- Health Insurance for Small Employers and Their Employees (2009)
- Condominium Insurance
- Consumer's Guide to Day Care Liability Insurance
- Consumer's Guide to Worker's Compensation Insurance for Employers
- Documents and Records
- Guía para los Cuidados a Largo Plazo
- Resumen informativo sobre el proceso de revisión independiente en Wisconsin



Flood Insurance Training Requirements For Insurance Producers with a Property Line of Authority Selling Through the National Flood Insurance Program

Section 207 of the Flood Insurance Reform Act of 2004 requires all producers selling flood insurance policies under the National Flood Insurance Plan (NFIP) to be properly trained and educated about the NFIP to ensure producers may best serve their clients.

The Act directs the Director of the Federal Emergency Management Agency (FEMA), in cooperation with the insurance industry, state insurance regulators, and other interested parties to establish minimum training and education requirements for all insurance agents who sell flood insurance policies.

An insurance producer who sells flood insurance may satisfy the minimum training and education requirements by completing a course related to the NFIP, which may be approved for three hours of continuing education credit. Failure to comply with this continuing education requirement may jeopardize the producer's authority to write insurance through the NFIP.

FEMA and state-approved continuing education providers are developing courses related to the NFIP. The NFIP will be conducting training for Wisconsin Agents this spring that is sponsored by the Independent Insurance Agents of Wisconsin (IIAW). The spring training will occur at the following locations:

May 18, 2009

IIAW State HQ
725 John Nolan Drive
Madison, WI 53713

May 19, 2009

Kalahari Resort
1305 Kalahari Drive
Wisconsin Dells, WI 53965

May 20, 2009

Stoney Creek Inn
3060 Kinney Coulee Rd.
Onalaska, WI 54650

To register for any of these spring classes, contact IIAW at 800-362-7441 or www.iiaw.com and click on Education/Events for information on continuing education. For more information contact Rich Slevin, NFIP Training at 888-318-5112, extension 4.

All Wisconsin-licensed resident insurance producers who sell federal flood insurance policies must comply with the minimum training requirements of Section 207 of the Flood Insurance Reform Act of 2004, and basic flood education as outlined at 70 Fed. Reg., 52117 or such later requirements as published by the Federal Emergency Management Agency.

Insurance producers can get more information about classroom and on-line training by visiting FEMA's NFIP Web site at www.nfipbureau.fema.gov/training.

Insurance producers can locate flood training courses approved for continuing education credit at: <https://www.sircon.com/resource/layout.jsp?page=wisconsinLps&type=wisconsin> •

Worker's Comp: Employers Cannot Pay Wages To Lower Experience Mod

Many insured employers pay continuing wages to injured employees while their employees are unable to work due to work-related injuries. A number of worker's compensation insurance companies for these employers have not been paying wage benefits, as required by ch. 102, Wis. Stat. (Wisconsin Worker's Compensation Act), and have not reported the amount that is payable for compensation to the Wisconsin Compensation Rating Bureau (WCRB). These practices are contrary to Wisconsin's worker's compensation system since they jeopardize the safety incentive implied in the experience modification system, put other employers at a rating disadvantage, and distort work-injury statistics.

Under ch. 102, Wis. Stat., employers are allowed to pay continued wages to injured employees. This usually occurs while union-represented employees and/or employees of municipalities are temporarily disabled during the healing period. Section 102.31(1)(b), Wis. Stat., provides that a contract for worker's compensation insurance coverage shall be construed to grant full coverage for all liability of the insured under the ch. 102, Wis. Stat. The portion of continued wages that is worker's compensation is the amount that is payable for compensation under ch. 102, Wis. Stat. The Worker's Compensation Division of the Department of Workforce Development (DWD) has regulatory authority over this portion of the continued wages. The excess amount paid is not considered worker's compensation over which the DWD has no regulatory authority.

Where full wages are continued in lieu of worker's compensation, employers must still report the claim and insurance companies must reimburse employers an amount equal in value to the amount payable under ch. 102, Wis. Stat., and report this amount to the WCRB for purposes of experience rating. Failure of insurance companies to take such action constitutes use of a deductible in

worker's compensation policy rating that has not been filed by the WCRB and approved by the Office of the Commissioner of Insurance (OCI) for use in Wisconsin.

It is the position of the OCI, the DWD and the WCRB that in a situation where an insured employer pays continued wages to an injured worker, consultants, agents and insurance companies shall not encourage, advise nor condone an insurance company's failure to reimburse an employer an amount equal in value to the amount of compensation payable under ch. 102, Wis. Stat., and not report the amount of compensation paid to the WCRB for purposes of experience rating.

The standard worker's compensation insurance policy contains language that requires the insurance company to promptly pay benefits required by ch. 102, Wis. Stat., when due, and establishes a duty for an employer after an injury occurs to not voluntarily make payments, assume obligations or incur expenses. An employer must comply with the policy provisions to obtain protection from the policy. Since worker's compensation is a required coverage and all policies authorized for use in Wisconsin contain identical provisions about payments and required duties of the insured employer, it is improper for consultants, agents or insurance companies to permit employers to pay continued wages to injured employees without reimbursement by the insurance company and reporting of the compensation payments to the WCRB.

It is improper for consultants, agents or insurance companies to encourage, condone, advise or permit an employer to reimburse an insurance company for wage benefits paid by the insurance company with the actual or implied intent to avoid reporting of the compensation payments to the WCRB. It is also improper for insurance companies to avoid paying legitimate worker's compensation claims because of a request to do so by a consultant, agent or employer.

The Wisconsin insurance statutes that support this position include s. 626.11, Wis. Stat., rate standards; s. 626.12, Wis. Stat., rating methods; s. 626.25, Wis. Stat., use of rates; and s. 628.34, Wis. Stat., unfair marketing practices. OCI will pursue appropriate enforcement action about any of the above improper business practices through its complaint process and/or market conduct examinations.

For more information, contact: Ronnie Demergian (OCI) 608-266-7077, Donna Knepper (WCRB) 262-796-4576, or Brian Krueger (DWD) 608-267-4415. ●

NEW ONLINE: List of Companies Providing Insurance for Volunteer Drivers

The Office of the Commissioner of Insurance surveyed the 30 largest writers of personal lines automobile insurance in Wisconsin asking them to provide OCI with information on how the insurance company covers volunteer drivers under the personal automobile insurance policy who use their personal auto for transportation of persons or property for charitable purposes.

The list of insurance companies that indicated they provide coverage for volunteer drivers under the personal automobile insurance policy, even if the volunteer receives reimbursement of related expenses, has been posted on OCI's Web site <http://oci.wi.gov> under the Agent and Consumer links. It can be found alphabetically under "Volunteer Driver Insurance." This survey will be updated annually.

Responsible Annuity Agents Have Nothing to Fear from the OCI Annuity Investigation Process

In 2008, the Office of the Commissioner of Insurance (OCI) continued its efforts to protect consumers, particularly seniors, from misleading or unsuitable insurance agent annuity sales. OCI completed 15 enforcement actions against insurance agents for improper annuity sales. These cases resulted in forfeitures and restitution orders, and nine agent license revocations or surrenders. In addition, OCI entered into the Pennsylvania Life Insurance Company enforcement settlement regarding agent annuity sales practices. Pennsylvania Life, while it denied any violation of law, agreed to a record forfeiture of \$925,000 and to cease selling annuities for four years.

These enforcement actions resulted from investigations of complaints received through the OCI's complaint process. However, most of the time the OCI investigation process leads to the resolution of conflicts between the insurance agent and his or her clients, not regulatory discipline. We encourage this outcome by inviting agents to appear and explain the circumstances of each annuity sale that is the subject of a complaint. OCI also interviews the consumer to get a better idea of the consumer's issues and concerns with the sale. This process allows both the agent and the consumer to explain the issues of the sale that led to the complaint. OCI's review of the information obtained from the agent and the consumer usually facilitates a better understanding of the issues and allows us to work on correcting any misunderstandings or mistakes.

Insurance agents who engage in responsible and professional sales practices find that this process allows them to reconcile with their client without regulatory discipline. For example, in the last quarter of 2008 we interviewed 60 agents through this process. OCI closed 40 or 2/3 of these investigations with no enforcement action. Ten of the 60 investigations were closed with recommendations to the agent to improve his or her business practices. Only 10 of the 60 investigations were referred for enforcement action.

Insurance agents who fare well in the annuity investigation process demonstrate that they:

- Have knowledge and have been trained in the products they sell,
- Have knowledge concerning the products they replace,
- Understand and have knowledge regarding circumstances that affect suitability and make every effort to make suitable sales,
- Are honest and effective communicators to their clients,
- Are concerned for their clients' interests, and
- Are diligent in involving clients' trusted advisors in financial decisions.

If you have written annuities in a responsible manner and are the subject of an OCI complaint as a result of an annuity sale, you should take this opportunity to demonstrate to your client and the OCI that your business practices are responsible and professional. ●

Continued from page 2 *Life Settlements Working Group*

The Life Settlements Working Group will bring interested parties together with the goal of recommending statutory changes relating to life settlements and preventing Stranger Originated Life Insurance (STOLI) transactions in particular.

STOLI is a life insurance policy owned by a person that has no insurable interest in the insured at the time of policy issuance.

Typically, a STOLI arrangement or agreement is set up using this scenario:

Investors solicit a healthy and high net-worth individual, who is typically at least 70 years of age or older, to obtain a life insurance policy with at least \$1-\$3 million death benefit with the intent to sell that policy to a third party (i.e., a stranger). Usually, the individual sets up a trust through which the policy is issued and, ultimately, is sold. The insured pays no premium out of his or her pocket. The investors fund the premium payments for the insured. After the two-year incontestability period ends, ownership or control of the policy is automatically transferred to the investors who receive the death benefit when the insured dies. The insured will typically receive a prearranged lump sum once the transaction is finalized.

The Life Settlement Subgroup is meeting monthly. The group is currently focused on defining STOLI, Viatical Settlement Contract, disclosures, and the period of time that must pass before a person can sell their life insurance policy.

The agendas and taped meetings can be found at: oci.wi.gov/advoun/lfsettle.htm ●

Administrative Actions

OCI does not include its administrative actions in the Winter edition of the Wisconsin Insurance News. Administrative actions taken by OCI for the previous period are available for review at: oci.wi.gov/ins_rev/0708_1208admact.pdf



Governor:
Jim Doyle

**Insurance
Commissioner:**
Sean Dilweg

WIN Editor:
Jim Guidry



oci.wi.gov
800-236-8517