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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2013-14

[session year]

Assembly

(Assembly, Senate or Joint)

Committee on...

State Affairs and Government Operations
(AC-SAGO)

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (December 2014)

Assembly

Record of Committee Proceedings

Committee on State Affairs and Government Operations

Assembly Bill 31

Relating to: allowing American Indian tribes and bands to insure property under the local government property insurance fund.

By Joint Legislative Council.

October 17, 2013 Referred to Committee on State Affairs and Government Operations

February 05, 2014 **Public Hearing Held**

Present: (13) Representative Weininger; Representatives Swearingen, Craig, Ripp, Neylon, Kooyenga, Hutton, Nass, Sinicki, Zamarripa, Ringhand, Kahl and Hulsey.

Absent: (1) Representative Knodl.

Excused: (2) Representatives Kleefisch and Kessler.

Appearances For

- Jeff Mursau - Rep. - 36th ASM District
- Buck Martin - Stockbridge-Munsee Community

Appearances Against

- None.

Appearances for Information Only

- J. P. Weiske - Office of the Commissioner of Insurance

Registrations For

- Janet Bewley - Rep. - 74th ASM District
- John Alberts - Lac du Flambeau Chippewa
- Joe Strohl - Menominee Tribe

Registrations Against

- None.

Registrations for Information Only

- None.

February 12, 2014 **Executive Session Held**

Present: (16) Representative Weininger; Representatives Swearingen, Craig, Kleefisch, Knodl, Ripp,

Neylon, Kooyenga, Hutton, Nass, Sinicki,
Zamarripa, Ringhand, Kessler, Kahl and
Hulsey.

Absent: (0) None.

Excused: (0) None.

Moved by Representative Nass, seconded by Representative
Hulsey that **Assembly Bill 31** be recommended for passage.

Ayes: (16) Representative Weininger; Representatives
Swearingen, Craig, Kleefisch, Knodl, Ripp,
Neylon, Kooyenga, Hutton, Nass, Sinicki,
Zamarripa, Ringhand, Kessler, Kahl and
Hulsey.

Noes: (0) None.

PASSAGE RECOMMENDED, Ayes 16, Noes 0

Alison Zikmund
Committee Clerk



GREAT LAKES INTER-TRIBAL COUNCIL, INC.

P.O. Box 9, Lac du Flambeau, Wisconsin 54538

Phone: 715-588-3324 Fax: 715-588-7900

Email: glite@glite.org

Officers

Tom Maulson, *President*
Michael Wiggins, Jr., *Vice President*
Rose Soulier, *Secretary/Treasurer*

Michael W. Allen, Sr.
Executive Director

Members

Bad River Band of the Lake Superior
Tribe of Chippewa Indians
Michael Wiggins, Jr., *Chair*

Forest County Potawatomi
Community
Harold Frank, *Chair*

Ho-Chunk Nation
Jon Greendeer, *President*

Lac Courte Oreilles Band of Lake
Superior Chippewa Indians of
Wisconsin
Michael J. Isham, Jr., *Chair*

Lac du Flambeau Band of Lake
Superior Chippewa Indians
Ton Maulson, *President*

Lac Vieux Desert Band of Lake
Superior Chippewa Indians
James Williams, Jr., *Chair*

Menominee Indian Tribe of
Wisconsin
Craig Corn, *Chair*

Oneida Tribe of Indians of Wisconsin
Edward Delgado, *Chair*

Red Cliff Band of Lake Superior
Chippewa Indians
Rose Soulier, *Chair*

St. Croix Chippewa Indians of
Wisconsin
Lewis Taylor, *Chair*

Sokaogon Chippewa Community
Chris McGeshick, *Chair*

Stockbridge-Munsee Community
Wallace Miller, *President*

January 24, 2014

Assembly Speaker Robin Vos
PO Box 8953
Room 211 West, State Capitol
Madison, WI 53708

Representative Jeff Mursau
PO Box 8953
Room 113 West, State Capitol
Madison, WI 53708

Representative Chad Weininger
PO Box 8953
Room 125 West, State Capitol
Madison, WI 53708

Representative Rob Swearingen
PO Box 8953
Room 107 West, State Capitol
Madison, WI 53708

Dear Assemblymen:

We are writing to urge immediate committee action on Assembly Bills 31 and 32, currently before the Assembly Committee on State Affairs and Government Operations. AB 31 would allow tribes to take advantage of the local property insurance fund to insure tribal property, just as local governments may do if they desire. AB 32 would recognize tribal treatment facilities as qualified assessment and treatment resources for tribal members convicted of operating a vehicle while intoxicated. These bills were introduced by the Joint Legislative Council in February of 2013, referred immediately to Committee, and have not seen any action since.

These two bills have been studied by the Legislative Council's Special Committee on State-Tribal Relations, and have been passed unanimously by both the Special Committee and the full Legislative Council. AB 31 was drafted with the approval and recommendation of the Office of the Commissioner of Insurance. It excludes tribal gaming facilities, is supported by the tribes and merely opens the door to a tribal choice to participate and contribute the necessary premiums. As such, it should be non-controversial, and we do not understand why it has failed to move out of committee to the floor.

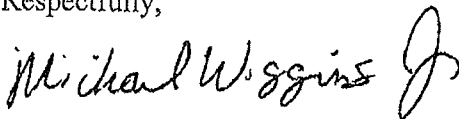
AB 32 takes the step of putting tribal health, mental health, and educational facilities on an equal footing with other non-tribal facilities, allowing local facilities the same level of recognition and respect in conducting assessments, providing treatment, and conducting certified driver safety programs for those accused or convicted of intoxicated driver offenses.

The absence of this legislation casts an undue burden on tribal members who have to travel greater distances for assessment and treatment, it assures coordination between tribal facilities and county agencies, and it assures that tribal facilities will receive appropriate reimbursement for costs through the driver impairment surcharge.


AB 32 takes the step of putting tribal health, mental health, and educational facilities on an equal footing with other non-tribal facilities, allowing local facilities the same level of recognition and respect in conducting assessments, providing treatment, and conducting certified driver safety programs for those accused or convicted of intoxicated driver offenses. The absence of this legislation casts an undue burden on tribal members who have to travel greater distances for assessment and treatment, it assures coordination between tribal facilities and county agencies, and it assures that tribal facilities will receive appropriate reimbursement for costs through the driver impairment surcharge. This too was supported by the tribes, studied by the Special Committee and passed by the Joint Legislative Council without dissent, and should be non-controversial.

It is not clear what sort of objection might impede their passage through the Assembly, and Representative Weininger has not voiced any personal objection that we are aware of. Therefore we, the undersigned chairs of the respective tribes, request immediate committee and floor action to enable passage through both the Assembly and Senate in this session.

Respectfully,



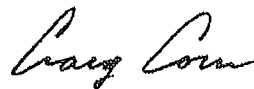
Michael Wiggins, Jr., Chairman
Bad River Band of the Lake Superior
Tribe of Chippewa Indians



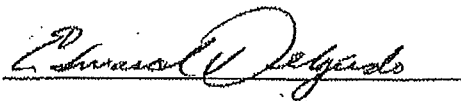
Michael J. Isham, Jr., Chairman
Lac Courte Oreilles Band of Lake Superior
Chippewa Indians of Wisconsin



Tom Maulson, President
Lac du Flambeau Band of Lake Superior
Chippewa Indians



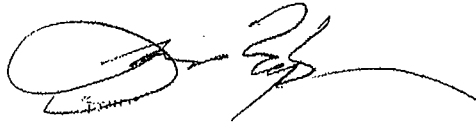
Craig Corn, Chairman
Menominee Indian Tribe of Wisconsin



Edward Delgado, Chairman
Oneida Tribe of Indians of Wisconsin



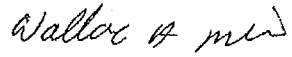
Rose Soulier, Chairwoman
Red Cliff Band of Lake Superior
Chippewa Indians



Lewis Taylor, Chairman
St. Croix Chippewa Indians of Wisconsin



Chris McGeshick, Chairman
Sokaogon Chippewa Community



Wallace A. Miller, President
Stockbridge-Munsee Community

Local Government Property Insurance Fund (Fund)

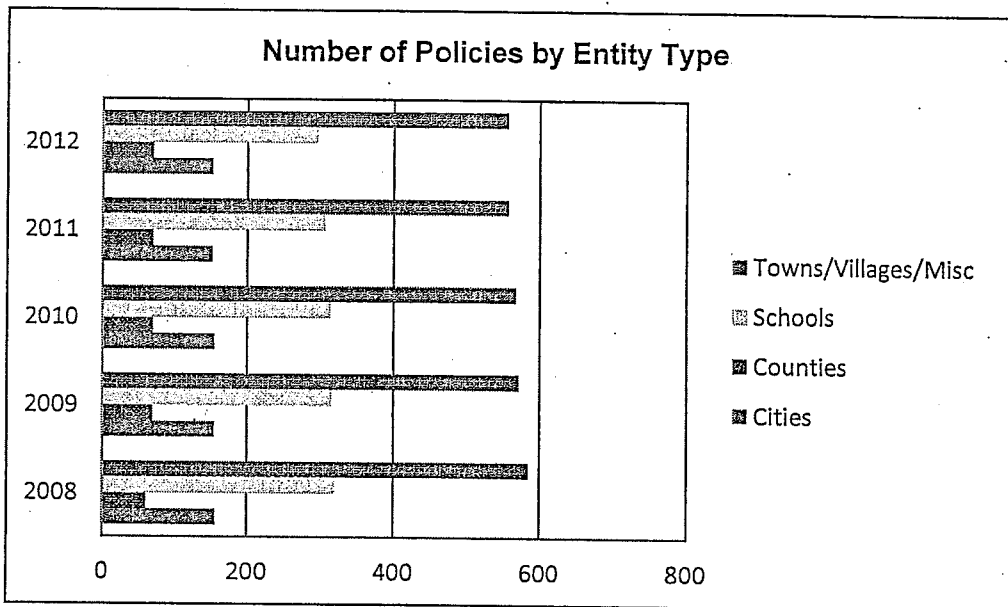
The Fund is established by ch. 605, Wis. Stat. The purpose of the Fund is to make property insurance available for local government units. The Commissioner of Insurance by law is designated as the Fund's manager. The Fund has one state employee who supervises day-to-day operations of the Fund by contracting for specialized services. The Fund contracts with: ASU Group (policy services), Crawford & Company (claims), C-BIZ (appraisal services), ISO (rate services), Pinsoft (software), Willis (broker of record), AMI Risk Consultants (actuarial services) and Borgelt, Powell, Peterson & Frauen (legal).

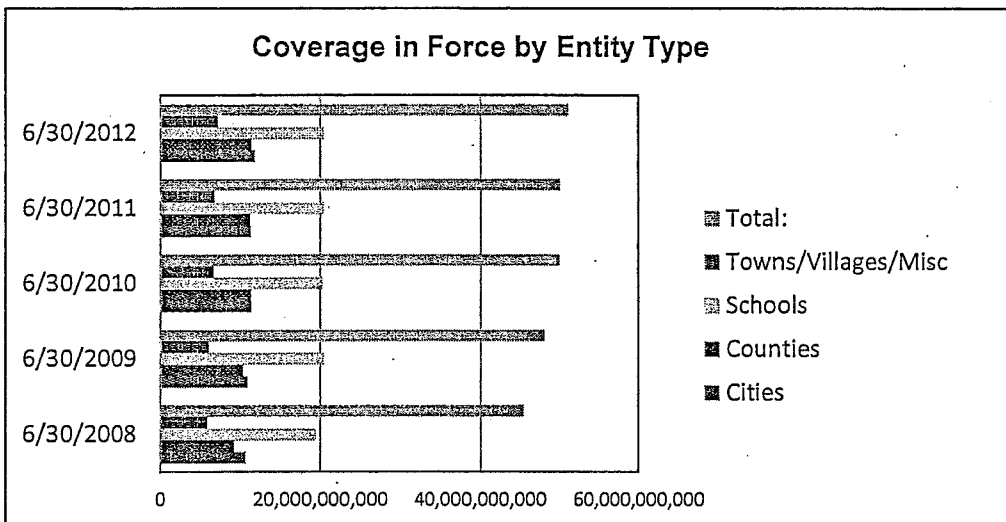
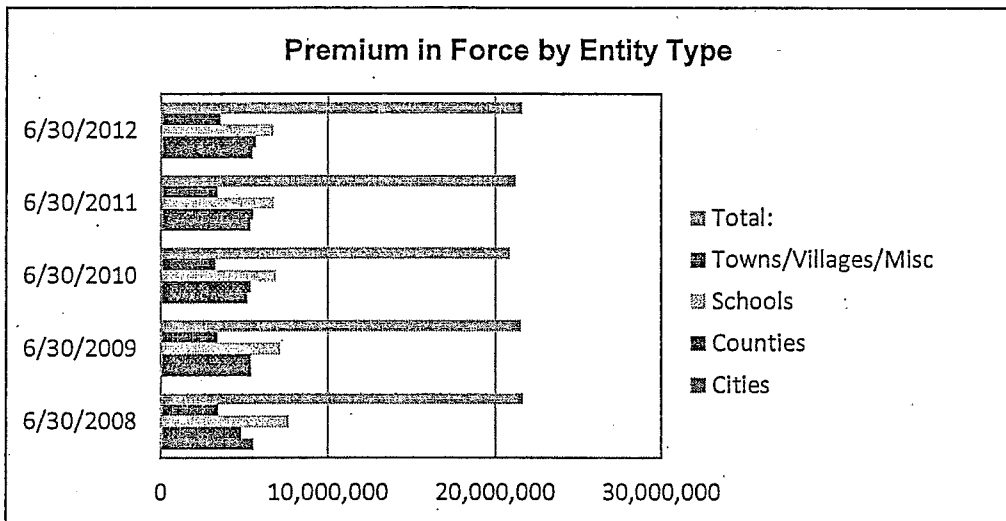
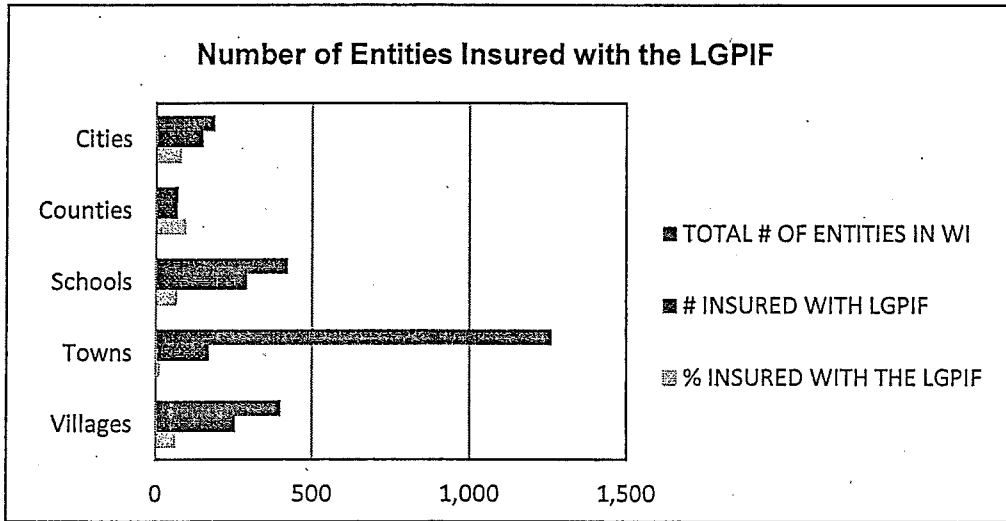
As of June 30, 2012, the Fund insured 1,076 policyholders: 71 counties, 295 schools, 153 cities, 174 towns, 257 villages and 126 miscellaneous (libraries, etc.) jurisdictions. Combining new business and terminations, the overall number of policyholders decreased by 11 since the previous fiscal year-end. Two graphs are included that reflect changes in the Fund's policyholder base and growth in its insurance coverage in force. The Fund had 71 builder's risk policies at June 30, 2012, versus 37 as of June 30, 2011.

The Fund's insurance coverage in force represents property that is insured against loss. The more property insured, the greater the potential for a loss. The total amount of insurance coverage in force as of June 30, 2012, was \$51.0 billion, up from \$50.0 billion as of the previous fiscal year-end.

The Fund's balance sheet and income statement for the fiscal year ending June 30, 2012, are included with this report. The Fund experienced an underwriting loss of approximately \$6.4 million following an underwriting loss of \$12.2 million the previous year.

Fund management will continue to monitor insurance in force, claims trends and Fund surplus when evaluating the Fund's rating structure. The decline in surplus also affects the Fund's rates. The Fund actuarially determines rate increases or decreases in order to maintain adequate levels of surplus. Claims costs coupled with higher self-insured Fund reinsurance retention levels and reinsurance premium will continue to be factors considered in the rate-setting analysis.





Wisconsin Insurance Report Business of 2012
Funds and Program Management, Local Government Property Insurance Fund

Following are financial statements—balance sheet and income statements—for the Fund for the fiscal year ending June 30, 2012.

Local Government Property Insurance Fund Balance Sheet—Statutory Basis June 30, 2012	
Assets	
Bonds	\$ 5,536,598
Investment Fund	24,631,00
Cash at Treasury	103,056
Premiums Receivable	578,240
Reinsurance Recoverable	5,569
Interest Receivable	<u>36,819</u>
Total Assets	<u>\$30,891,282</u>
Liabilities and Surplus	
Liabilities	
Net Loss Reserves	\$12,688,273
Loss Adjustment Expenses Payable	316,734
Net Unearned Premiums	3,355,426
Reinsurance Payable	0
Premium Received in Advance	48,813
Dividends Payable	0
Other Expenses Payable	<u>433,530</u>
Total Liabilities	\$16,842,776
Surplus	
Surplus - Beginning of Year	20,105,996
Net Income	<u>(6,186,039)</u>
Surplus - End of Year	<u>14,048,506</u>
Total Liabilities and Surplus	<u>\$30,891,282</u>

Local Government Property Insurance Fund Income Statement—Statutory Basis June 30, 2012	
Premiums Earned	
Direct Premium Earned	\$21,304,624
Reinsurance Ceded	<u>(6,394,319)</u>
Net Premium Earned	\$ 14,910,305
Losses Incurred	
Direct Losses Incurred	18,547,487
Reinsurance Loss Recoveries (Earned) Incurred	<u>(114,132)</u>
Net Losses Incurred	18,661,619
Loss Adjustment Expenses	1,012,193
Other Underwriting Expenses	<u>1,615,745</u>
Total Net Losses and Expenses	<u>21,289,557</u>
Underwriting Loss	(6,379,252)
Investment & Other Income	
Investment Fund Earnings	<u>193,213</u>
Net Investment Income	<u>193,213</u>
Net Loss	<u>\$ (6,186,039)</u>

Operations

- * Eight Vendor contracts
 - * Policy Administration – ASU
 - * Claims Administration – Crawford
 - * Valuation – CBIZ
 - * Excess of loss brokerage services – Willis
 - * Actuarial – AMI Risk Consultants
 - * IT – Pinsoft, LLC
 - * Legal – Borgelt, Powell, Peterson & Frauen
 - * Rating - ISO

% of municipalities insured by the Fund

Entity	Total in WI	Insured by Fund	%
Villages	402	257	63.9%
Towns	1260	174	13.8%
Schools	448	293	65.4%
Counties	72	71	98.6%
Cities	190	153	80.5%

The Fund

- * The purpose of the Fund is to make reasonably priced property insurance available for tax-supported local government property such as government buildings, schools, libraries, and motor vehicles.
- * Chapter 604 & 605, Wis. Stats
- * Commissioner is the manager of the Fund

Advisory Committee

- * 21 Members
- * Comprised of six Subcommittees
 - * Bylaws
 - * Excess of Loss
 - * Policy and Underwriting
 - * Loss Control and Claims
 - * Information Technology
 - * Rate Analysis

Composition of Insureds as of 9/30/12

Entity Type	Number of Policies	Premium in Force	Coverage in Force
City	153	5,586,270	10,702,906,025
County	71	4,859,715	9,321,115,264
Misc	126	951,329	3,070,486,934
School	293	7,700,100	19,506,685,719
Town	174	536,290	409,645,857
Village	257	2,015,366	2,489,719,915
Total	1074	\$21,649,070	\$45,500,559,714

Facts about the Fund

- * Participation is voluntary
- * No agents, no profit incentive or advertising budget.
- * No underwriting guidelines
- * Entities enter into, and exit out of, the Fund via resolution.
- * All real property must be insured by the Fund