

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 1/5/00  
BILL NO. AB-551  
OR  
SUBJECT Legs Underburn

(NAME) \_\_\_\_\_  
(Street Address or Route Number) Rm 11 N Capitol  
(City and Zip Code) State Assembly Bldg.  
(Representing) \_\_\_\_\_

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.  
Senate Sergeant-At-Arms  
State Capitol - B35 South  
P.O.Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 1-5-2000  
BILL NO. AB551  
OR  
SUBJECT \_\_\_\_\_

(NAME) Jim Tenuta  
(Street Address or Route Number) 16 N. Carroll St  
(City and Zip Code) Madison, WI  
(Representing) WRHI

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

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State Capitol - B35 South  
P.O.Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 1-05-2000  
BILL NO. AB-551  
OR  
SUBJECT \_\_\_\_\_

(NAME) MARK WADJUM  
(Street Address or Route Number) P.O. Box 8952  
(City and Zip Code) MADISON WI  
(Representing) Rep. FRANK LASBE

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 1-5-00

BILL NO. AB 551

OR

SUBJECT \_\_\_\_\_

Steve Rades  
(NAME)

720 E. Wisconsin Ave.  
(Street Address or Route Number)

Milw. WI 53202  
(City and Zip Code)

Northwestern Mutual Life  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

Senate Sergeant-At-Arms  
State Capitol - B35 South  
P.O.Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: JAN 5 2000

BILL NO. AB 551

OR

SUBJECT Fin Technical  
Changes in the Need

Ellen Malton  
(NAME)

121 E Wilson  
(Street Address or Route Number)

Office of Comptroller  
(City and Zip Code)

g.Dns  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

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P.O.Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 1/5/2000

BILL NO. AB 551

OR

SUBJECT \_\_\_\_\_

Tim Elverman  
(NAME)

111 E Kilbourn Ave  
(Street Address or Route Number)

Milwaukee, WI  
(City and Zip Code)

Stonehenge Capital  
(Representing) Bank One

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

Senate Sergeant-At-Arms  
State Capitol - B35 South  
P.O.Box 7882  
Madison, WI 53707-7882

**SENATE COMMITTEE ON INSURANCE, TOURISM, TRANSPORTATION  
& CORRECTIONS**

**Paper Ballot**

Senator Roger Breske, Chair

**ASSEMBLY BILL 551**

Relating to: priority of claims for distribution in insurance liquidations, the insurance security fund, conforming the mutual insurance holding company provisions to changes made in the nonstock corporation provisions, the certified capital investment credit for insurers and miscellaneous changes to insurance statutes.

By Representative F. Lasee and Senator Roger Breske at the request of the Office of the Commissioner of Insurance.

November 11, 1999 Referred to committee on Insurance, Tourism, Transportation and Corrections.

January 5, 2000 **PUBLIC HEARING HELD**

Present: (5) Senators Breske, Grobschmidt, Schultz, A. Lasee and Zien.  
Absent: (2) Senators Baumgart and Shibilski.

Appearances for

- Eileen Mallow, OCI

Appearances against

- None.

Appearances for Information Only

- None.

Registrations for

- Tim Elverman, Stonehenge Capital/Bank One
- Steven Radke, Northwestern Mutual Life
- Representative Frank Lasee
- Jim Tenuta, WALHI
- Representative Gregg Underheim

Registrations against

- None.

**MOTION:** *By Senator Roger Breske recommending concurrence.*

Aye  
 No

Signature: \_\_\_\_\_

*Paul Zien*

Date: \_\_\_\_\_

January 12, 2000

Need Zien

**SENATE COMMITTEE ON INSURANCE, TOURISM, TRANSPORTATION  
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Appearances against

- None.

Appearances for Information Only

- None.

Registrations for

- Tim Elverman, Stonehenge Capital/Bank One
- Steven Radke, Northwestern Mutual Life
- Representative Frank Lasee
- Jim Tenuta, WALHI
- Representative Gregg Underheim

Registrations against

- None.

**MOTION:** *By Senator Roger Breske recommending concurrence.*

**Aye**  
 **No**

Signature: Wald Schultz

Date: 1/12/00

January 12, 2000

**SENATE COMMITTEE ON INSURANCE, TOURISM, TRANSPORTATION  
& CORRECTIONS**

**Paper Ballot**

**Senator Roger Breske, Chair**

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Appearances against

- None.

Appearances for Information Only

- None.

Registrations for

- Tim Elverman, Stonehenge Capital/Bank One
- Steven Radke, Northwestern Mutual Life
- Representative Frank Lasee
- Jun Tenuta, WALHI
- Representative Gregg Underheim

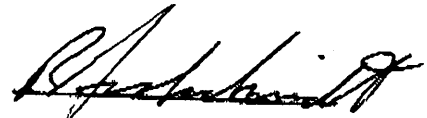
Registrations against

- None.

**MOTION:** By Senator Roger Breske recommending concurrence.

Aye  
 No

Signature:



Date:

1-13-2000

January 12, 2000

**SENATE COMMITTEE ON INSURANCE, TOURISM, TRANSPORTATION  
& CORRECTIONS**

**Paper Ballot**

Senator Roger Breske, Chair

**ASSEMBLY BILL 551**

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Appearances for

- Eileen Mallow, OCI

Appearances against

- None.

Appearances for Information Only

- None.

Registrations for

- Tim Elverman, Stonehenge Capital/Bank One
- Steven Radke, Northwestern Mutual Life
- Representative Frank Lasee
- Jim Tenuta, WALHI
- Representative Gregg Underheim

Registrations against

- None.

**MOTION:** *By Senator Roger Breske recommending concurrence.*

Aye  
 No

Signature: Senator Alan Lasee *bl*

Date: 1-14-~~99~~ 2000

January 12, 2000

**SENATE COMMITTEE ON INSURANCE, TOURISM, TRANSPORTATION  
& CORRECTIONS**

**Paper Ballot**

Senator Roger Breske, Chair

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Appearances for

- Eileen Mallow, OCI

Appearances against

- None.

Appearances for Information Only

- None.

Registrations for

- Tim Elverman, Stonehenge Capital/Bank One
- Steven Radke, Northwestern Mutual Life
- Representative Frank Lasee
- Jim Tenuta, WALHI
- Representative Gregg Underheim

Registrations against

- None.

**MOTION:** *By Senator Roger Breske* recommending concurrence.

Aye  
 No

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

*Ken Shibilski*  
1/17/00

January 12, 2000

**SENATE COMMITTEE ON INSURANCE, TOURISM, TRANSPORTATION  
& CORRECTIONS**

**Paper Ballot**

Senator Roger Breske, Chair

**ASSEMBLY BILL 551**

Relating to: priority of claims for distribution in insurance liquidations, the insurance security fund, conforming the mutual insurance holding company provisions to changes made in the nonstock corporation provisions, the certified capital investment credit for insurers and miscellaneous changes to insurance statutes.

By Representative F. Lasee and Senator Roger Breske at the request of the Office of the Commissioner of Insurance.

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Absent: (2) Senators Baumgart and Shibilski.

Appearances for

- Eileen Mallow, OCI

Appearances against

- None.

Appearances for Information Only

- None.

Registrations for

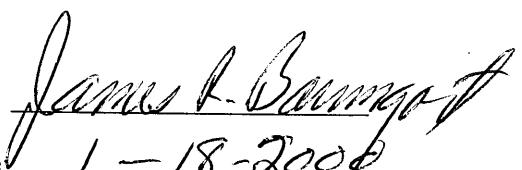
- Tim Elverman, Stonehenge Capital/Bank One
- Steven Radke, Northwestern Mutual Life
- Representative Frank Lasee
- Jim Tenuta, WALHI
- Representative Gregg Underheim

Registrations against

- None.

**MOTION:** *By Senator Roger Breske recommending concurrence.*

Aye  
 No

Signature: 

Date: 1-18-2000

January 12, 2000



# ROGER BRESKE

STATE SENATOR

12th District

Capitol Address:  
State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
(608) 266-2509

Legislative Hotline:  
1 (800) 362-9472

Home Address:  
8800 Hwy. 29  
Eland, WI 54427  
(715) 454-6575



*Specific Information Signs  
S.I.S.*

## COMMITTEE MEETING/AGENDA

THE CAPITOL – ROOM 201SE

January 4, 2000

### I. CALL TO ORDER

“The hour of 10AM having arrived, I will call this meeting of the Senate Insurance, Tourism, Transportation and Corrections Committee to order. The clerk will take the role.”

### II. ASSEMBLY BILL 444

“The first bill up today is AB444, legislation initiated by the Law Revision Committee.”

*An amendment has been distributed  
No one registered to speak on this bill. Does Legislative Council have any comments on the bill?*

*The bill was unanimously approved by the Assembly Committee on Transportation and passed on a voice vote by the full Assembly.*

### III. SENATE BILL 257

*We're going to take SB257 out of order at this time.*

“This legislation relates to minimum standards for life insurance policies in which the proceeds are assigned to funeral directors or funeral establishments.”

*Work out By Rule*

### IV. ASSEMBLY BILL 482

“Relating to: specific information signs advertising seasonal food service.”

### V. ASSEMBLY BILL 551

“This legislation is a comprehensive, technical bill initiated by OCI. I'd like to ask Eileen Mallow to give the committee a brief overview of the bill on behalf of the Commissioner.”

*The bill ~~was~~<sup>has</sup> passed the Assembly Insurance Committee unanimously and the full Assembly on a voice vote. I have received a request from a Committee member for a one week delay. I will honor this request, but will either paper ballot the bill after one week or schedule for our next Executive Session on January 19.*

**VI. SENATE BILL 292**

Relating to: prisoner reimbursement to county for booking costs.

*I have introduced an amendment to SB292, a copy of which has been circulated to members.*

**VII. SENATE BILL 300**

*Relating to low-speed vehicles, granting rule-making authority and providing a penalty.*

I will now close the public hearing portion of this hearing. And will now call the Committee to order for an Executive Session.

The clerk will take the roll.

The Chair would entertain a motion to adopt <sup>the amendment to</sup> AB444 – The Law Revision Committee Bill.

... *Entertain motion to adopt AB444 as amended.*

The Chair would entertain a motion to adopt AB482 – The Specific Sign Bill

...

The Chair would entertain a motion to adopt the amendment to SB292 – Booking costs for prisoners bill.

...

The Chair would entertain a motion to adopt SB292 as amended.

...

The Chair would entertain a motion to adopt SB300 – The low speed vehicle bill.

...

I will now close the Executive Session. The Committee stands adjourned.

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# ROGER BRESKE

---

---

STATE SENATOR

12th District

Capitol Address:  
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P.O. Box 7882  
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8800 Hwy. 29  
Eland, WI 54427  
(715) 454-6575



## MEMORANDUM

January 12, 2000

TO: Members, Senate Committee on  
Insurance, Tourism, Transportation & Corrections  
FR: Roger Breske, Chair  
RE: Assembly Bill 551

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As I indicated during our last meeting, I am circulating a paper ballot (attached) for the above legislation. This legislation was introduced as a technical correction bill at the request of the Office of Commissioner of Insurance. It passed both the Assembly Committee on Insurance and the full Assembly without opposition. In fact, at no stage in the process has anyone either testified or registered in opposition to the contents of this bill. I delayed action on this bill at the request of a committee member to determine if there were additional items appropriate to attach to this bill. After further discussion, all interested parties have agreed to proceed with its consideration without amendment.

Please complete and return the attached paper ballot at your earliest convenience. As always, please feel free to give me a call at 6-2509 with any questions or concerns that you may have.

Finally, please mark your calendars for our next scheduled hearing on **Wednesday, January 19, 2000 at 10AM**. A tentative notice is also attached for your reference.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

*Tommy G. Thompson*  
Governor

*Connie L. O'Connell*  
Commissioner

121 East Wilson Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 266-3585 • Fax: (608) 266-9935  
E-Mail: [information@oci.state.wi.us](mailto:information@oci.state.wi.us)  
[http://badger.state.wi.us/agencies/oci/oci\\_home.htm](http://badger.state.wi.us/agencies/oci/oci_home.htm)

Testimony to the Senate Insurance, Tourism, Transportation and  
Corrections Committee  
on AB 551  
January 5, 2000

By Eileen Mallow  
Office of the Commissioner of Insurance

Thank you Senator Breske, and members of the committee for holding this hearing on AB 551, which contains a number of technical changes to the insurance statutes. I am Eileen Mallow, Assistant Deputy Commissioner with the Office of the Commissioner of Insurance (OCI).

This bill contains a number of long needed technical changes to the insurance statutes. The two primary changes in this bill, the changes to the mutual holding company statutes and changes to the insurance security fund have been discussed at length with the industry, and are submitted with their agreement.

Other changes clarify existing practice by the agency. Finally, there are changes, such as amending the language that created the certified capital corporation or CAPCO statutes, that are needed to make this program function as was originally intended. We are not aware of any industry concerns about the changes contained in this bill.

First are the changes needed to the mutual holding company law. The proposed changes put the mutual holding company law into conformance with the changes made previously to the non-stock corporations law and adds a cross reference correction.

The draft also contains changes to the security fund statutes. The changes are primarily as a result of a case decided in 1993 by the Supreme Court known as the Fabe case. As a result of Fabe, the order of creditors on the liquidation of an insurance company has changed, and our proposed changes bring state law into compliance with Fabe.

Under Fabe, the order of claims under a liquidation are as follows:

- all policy loses, in other words, outstanding claims;
- interest due the federal government;
- federal government claims other than policy loses, for example, outstanding taxes; and
- all other claims not policy loses.

Even without a statutory change, in a liquidation, creditors would have to be dealt with according to Fabe and existing state law would be pre-empted. The proposed legislation simply brings state law into conformance with a US Supreme Court decision.

There are also a number of smaller technical changes contained in the draft. The proposed language clarifies that failure to comply with existing

continuing education requirements will result in suspension of an agent license. While this is current practice, we believe a statutory change will eliminate any questions or confusion that may come up.

The requirement that a "true group" exist prior to the issuance of a group life insurance policy is repealed. There is no good public policy reason for the prohibition. The change would permit the immediate recognition of a change in a registered agent for an insurer. Under current law, the registered agency may only change on January 1 of each year.

The prohibition on bonuses for life insurance agents is recommended for repeal. A clarification that, during an examination, OCI may retain experts at the expense of the company being examined is recommended for addition to the statutes. In practice, this is already being done; the statutory change simply eliminates any questions that may arise.

The Commissioner is authorized additional authority to limit the investments of corporations in their subsidiaries. The legislation makes it clear that the Commissioner has the authority to adopt standards limiting investments in subsidiaries. The proposed changes also create an exemption from public hearing requirements for the proposed transfer in ownership, that does not result in a change in the ultimate ownership may be approved by the Commissioner without a public hearing.

We are also requesting statutory clarification that the Commissioner may, for regulatory purposes, share information with law enforcement agencies and other regulatory agencies. The changes make clear that OCI may

share data that would otherwise be considered confidential with other regulatory bodies.

OCI is also requesting a minor change to the CAPCO statutes. As drafted, the ability of insurers to claim tax credits for investments in CAPCOs is limited. The proposed change expands the number of insurers who will be able to make an investment in a CAPCO and claim a tax credit for the investment. The change is supported by the original authors of the bill as well as the Department of Commerce, who administers the CAPCO program.

Finally, the language makes clear that the Commissioner has the authority to regulate Medicare+Choice plans to the extent permitted under federal law. Medicare+Choice is a relatively new federal program. Under the federal law and regulatory language that created Medicare+Choice, it is clear that states have some authority to regulate Medicare+Choice; the proposed statute makes state authority clear.

Thank you for your time. I would be happy to answer any questions you may have.