

1 (a) The commissioner finds that the insurer's unique circumstances, including
2 the type and volume of business written, the ownership and organizational
3 structure, federal agency requests, or international supervisor requests, warrant
4 withdrawal of the exemption or waiver. If the commissioner withdraws the
5 exemption or waiver, the insurer or the insurance holding company system is subject
6 to the requirement under s. 622.09[✓] until the commissioner reinstates the exemption
7 under sub. (1)[✓] or the waiver under sub. (3)[✓].

8 (b) The insurer has a risk-based[✓] capital company action level event, as defined
9 in s. Ins 51.01 (4), Wis. Adm. Code[✓], meets one or more of the standards for an insurer
10 in hazardous financial condition as described in s. 645.41 (2)[✓] or (4)[✓], or otherwise
11 exhibits qualities of a troubled insurer as determined by the commissioner.[✓]

12 (5) COMPLIANCE AFTER LOSS OF EXEMPTION.[✓] If an insurer no longer qualifies for
13 an exemption under sub. (1)[✓] due to increased premium, as reflected in the insurer's
14 most recent annual statement or in the most recent annual statements of the
15 insurers within the insurance holding company system of which the insurer is a
16 member, the insurer shall have one[✓] year following the year in which the premium
17 threshold is exceeded to comply with the requirements of this chapter.[✓]

18 **622.13 Contents of summary report. (1) PREPARATION.**[✓] The summary report
19 shall be prepared consistently with the guidance manual, subject to the
20 requirements of sub. (2).[✓] Documentation and supporting information shall be
21 maintained and made available upon examination or upon request of the
22 commissioner.

****NOTE: I don't understand why preparation of the summary report is subject to
the requirements of sub. (2),[✓] which relate to reviewing the summary report.

1 (2) REVIEW. The review of the summary report, and any additional requests for
2 information, shall be made using similar procedures used in the analysis and
3 examination of multi-state or global insurers and insurance holding company
4 systems.

****NOTE: I deleted the word "currently" after "similar procedures." Without the word "currently," the procedures that will be used are those currently in use at the time the statute is read, so the word is not necessary.

****NOTE: Since the subsection above is written in passive form, it is not clear who is doing the reviewing. Is it the commissioner? If so, it would be better to state, "The commissioner shall review the summary report and make any additional requests for information ... etc." *

5 **622.15 Confidentiality.** (1) CONFIDENTIAL TREATMENT. Documents, materials,
6 or other information, including summary reports, in the possession of or control of
7 the commissioner that are obtained by, created by, or disclosed to the commissioner
8 or any other person under this chapter, are confidential and privileged, are not
9 subject to inspection or copying under s. 19.35 (1), are not subject to subpoena, and
10 are not subject to discovery or admissible in evidence in any private civil action. The
11 commissioner is authorized to use the documents, materials, or other information in
12 the commissioner's regulation of the insurer or insurance holding company system
13 but may not make the documents, materials, or other information public without the
14 prior written consent of the insurer.

15 (2) PROHIBITION ON TESTIMONY. Neither the commissioner nor any person who
16 received documents, materials, or other information related to own risk and solvency
17 assessments, through examination or otherwise, while acting under the authority of
18 the commissioner or with whom such documents, materials, or other information are
19 shared in accordance with this chapter, may testify in any private civil action
20 concerning any confidential documents, materials, or information subject to sub. (1).

1 (3) PERMITTED DISCLOSURES. In furtherance of the performance of the
2 commissioner's regulatory duties, all of the following apply:

3 (a) The commissioner may, upon request, share documents, materials, or other
4 information related to own risk and solvency assessments, including the confidential
5 and privileged documents, materials, or information subject to sub. (1), including
6 proprietary and trade secret documents and materials, with other state, federal, and
7 international financial regulatory agencies, including members of any supervisory
8 college as described in s. 617.215, with the National Association of Insurance
9 Commissioners, and with any 3rd-party consultants designated by the
10 commissioner, provided that the recipient agrees in writing to maintain the
11 confidentiality and privileged status of the documents, materials, or other
12 information required by this section related to own risk and solvency assessments
13 and has verified in writing the legal authority to maintain confidentiality.

****NOTE: What is being referred to by "has verified in writing the legal authority
to maintain confidentiality"? I'm not sure what that means.

14 (b) The commissioner may receive documents, materials, or other information
15 related to own risk and solvency assessments, including otherwise confidential and
16 privileged documents, materials, or information, including proprietary and
17 trade secret information or documents, from regulatory officials of other
18 jurisdictions, including members of any supervisory college as described in the s.
19 617.215, and from the National Association of Insurance Commissioners, and shall
20 maintain as confidential or privileged any document, material, or information
21 received with notice or the understanding that it is confidential or privileged under
22 the laws of the jurisdiction that is the source of the document, material, or
23 information.

1 (c) The commissioner shall enter into a written agreement with the National
2 Association of Insurance Commissioners or any[✓]3rd party consulted formally or
3 informally by the commissioner governing the sharing and use of information
4 provided under this chapter,[✓] consistent with this subsection,[✓] that does all of the
5 following:

6 1. Specifies procedures and protocols regarding the confidentiality and security
7 of information shared with the National Association of Insurance Commissioners or
8 3rd-party consultants in accordance with this chapter,[✓] including procedures and
9 protocols for sharing by the National Association of Insurance Commissioners with
10 other state regulators from states in which the insurance holding company system
11 has domiciled insurers.[✓] The agreement shall provide that the recipient agrees in
12 writing to maintain the confidentiality and privileged status of the documents,
13 materials, or other information related to own risk and solvency assessments and
14 has verified in writing the legal authority to maintain confidentiality.[✓]

****NOTE: What is being referred to by “has verified in writing the legal authority
to maintain confidentiality”? I’m not sure what that means.

15 2. Specifies that ownership of information shared with the National
16 Association of Insurance Commissioners or 3rd-party[✓]consultants in accordance
17 with this chapter remains with the commissioner and that the use of the information
18 by the National Association of Insurance Commissioners, regulatory officials, or
19 3rd-party consultants is subject to the direction of the commissioner.[✓]

20 3. Prohibits the National Association of Insurance Commissioners or 3rd-party
21 consultant from storing the information shared under this chapter[✓] in a permanent
22 database after the underlying analysis is completed, and provides that the National
23 Association of Insurance Commissioners or 3rd-party consultant will either destroy

1 or return the information to the insurer within 2[✓] years of completion of the
2 underlying analysis.

3 4. Requires prompt notice to be given to an insurer whose confidential
4 information in the possession of the National Association of Insurance
5 Commissioners or 3rd-party consultant[✓] under this chapter is subject to a request or
6 subpoena to the National Association of Insurance Commissioners or 3rd-party
7 consultant for disclosure or production.

****NOTE: Doesn't this conflict with the other parts of this section that provide generally that the documents are privileged and confidential and not subject to subpoena?

8 5. Requires the National Association of Insurance Commissioners or 3rd-party
9 consultant to consent to intervention by an insurer in any judicial or administrative
10 action in which the National Association of Insurance Commissioners or 3rd-party
11 consultant may be required to disclose confidential information about the insurer
12 shared with the National Association of Insurance Commissioners or a 3rd-party
13 consultant under this chapter.[✓]

****NOTE: Doesn't this conflict with the other parts of this section that provide generally that the documents are not subject to disclosure and that no person may testify concerning them?

14 6. In the case of an agreement involving a 3rd-party consultant[✓], provides for
15 the insurer's written consent.

****NOTE: What is the insurer consenting to?

16 (d) The sharing of information and documents by the commissioner under this
17 chapter does not constitute a delegation of regulatory authority or rule[△]making, and
18 the commissioner is solely responsible for the administration, execution, and
19 enforcement of the provisions of this chapter.[✓]

20 (e) No waiver of any applicable privilege or claim of confidentiality in the
21 documents, proprietary and trade[△]secret materials, or other information related to

1 own risk and solvency assessments obtained or developed under this chapter shall
2 occur as a result of disclosure of such information or documents to the commissioner
3 under this section or as a result of the commissioner sharing such information or
4 documents as authorized in this section.

5 (f) Documents, materials, or other information in the possession or control of
6 the National Association of Insurance Commissioners or 3rd-party consultants
7 under this chapter are confidential and privileged, are not subject to inspection or
8 copying under s. 19.35 (1), are not subject to subpoena, and are not subject to
9 discovery or admissible in evidence in any private civil action.

10 **SECTION 11.** 644.10 (1) (a) of the statutes is amended to read:

11 644.10 (1) (a) In the case of a domestic stock corporation, no grounds for
12 disapproval exist under s. 611.72 (3) (am).

13 History: 1997 a. 227.

SECTION 12. 644.10 (1) (b) of the statutes is amended to read:

14 644.10 (1) (b) In the case of a domestic mutual, no grounds for disapproval exist
15 under s. 611.73 (3) (a) and the domestic mutual has complied with s. 644.07 (2) to (8).

16 The converting insurance company and any domestic mutual that the converting
17 insurance company proposes to acquire, or merge or consolidate with, may adopt one
18 plan. The commissioner may combine the hearings required under s. 644.07 (6) for
19 the converting insurance company and any domestic mutual that is the subject of the
20 acquisition by, or merger or consolidation with, the converting insurance company.

21 Section 644.07 (9), (10) (b) to (f), and (11) applies to a domestic mutual acquired by,
22 merged into, or consolidated with a converting insurance company under this
23 section.

24 History: 1997 a. 227.

SECTION 13. Effective date.

1

(1) This act takes effect on January 1, 2015. ✓

***NOTE: Did you mean for the entire act to take effect on this date, or only new
ch. 622? ✓

2

(END)

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3620/P1dn

PJK:.....

rm is mm

← stamp

Jld

date

1. I did not fully understand proposed s. 617.215. Proposed sub. (1) of that section gave the commissioner authority to participate in a supervisory college for a domestic insurer that is part of an insurance holding company system with international operations in order to determine the insurer's compliance with ch. 617, but the subsection began with "with respect to any insurer registered under s. 617.21." Are these two different types of insurers? As far as I can tell, there is no registration under s. 617.21, so I'm not sure what the "with respect to" clause is intended to do.

Proposed sub. (3) of that new section gave the commissioner authority to participate in a supervisory college in order to do a number of things with respect to individuals insurers. Is this something different and additional to what the commissioner may do under sub. (1)? Is the commissioner's participation in a supervisory college for different purposes depending on the type of insurer involved? What types of insurers are involved? The only type I'm sure of is a domestic insurer that is part of an insurance holding company system with international operations. Basically, I'm not sure what the difference between subs. (1) and (3) are.

*

2. Rather than creating a whole new chapter (ch. 622), which is a little out of place there, would it be possible to have ch. 622 be a subchapter in ch. 619? Both new ch. 622 and current ch. 619 (which would also become a subchapter in ch. 619) relate to risk. If so, I would need a title for the new chapter that ties both subchapters together. Additionally, if new ch. 622 became a subchapter in ch. 619, would any of the cross-references to ch. 619 in any of the following sections cause a problem: ss. 165.55 (14), 614.05 (1), 610.01 (intro.), and 611.23 (3). The cross-references to ch. 619 in ss. 631.36 (7) (a) and 646.01 (1) (a) 2. k. would be amended to subch. I of ch. 619 (currently ch. 619).

*

and 614.05(1)

3. I removed purpose statements and legislative intent statements from new ch. 622 since we do not include them, except under certain extreme circumstances, such as for provisions that might be considered unconstitutional.

4. I did not include a severability clause in new ch. 622 since we have s. 990.001 (11).

5. I did not include the penalty provision in new ch. 622 because all of the penalties in s. 601.64, as appropriate, would apply. Was it your intention to limit the penalties?

Pamela J. Kahler
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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3620/P1dn
PJK:jld:rs

December 6, 2013

1. I did not fully understand proposed s. 617.215. Proposed sub. (1) of that section gave the commissioner authority to participate in a supervisory college for a domestic insurer that is part of an insurance holding company system with international operations in order to determine the insurer's compliance with ch. 617, but the subsection began with "with respect to any insurer registered under s. 617.21." Are these two different types of insurers? As far as I can tell, there is no registration under s. 617.21, so I'm not sure what the "with respect to" clause is intended to do.

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2. Rather than creating a whole new chapter (ch. 622), which is a little out of place there, would it be possible to have ch. 622 be a subchapter in ch. 619? Both new ch. 622 and current ch. 619 (which would also become a subchapter in ch. 619) relate to risk. If so, I would need a title for the new chapter that ties both subchapters together. Additionally, if new ch. 622 became a subchapter in ch. 619, would any of the cross-references to ch. 619 in any of the following sections cause a problem: ss. 165.55 (14), 610.01 (intro.), 611.23 (3), and 614.05 (1). The cross-references to ch. 619 in ss. 631.36 (7) (a) and 646.01 (1) (a) 2. k. would be amended to subch. I of ch. 619 (currently ch. 619).

3. I removed purpose statements and legislative intent statements from new ch. 622 since we do not include them, except under certain extreme circumstances, such as for provisions that might be considered unconstitutional.

4. I did not include a severability clause in new ch. 622 since we have s. 990.001 (11).

5. I did not include the penalty provision in new ch. 622 because all of the penalties in s. 601.64, as appropriate, would apply. Was it your intention to limit the penalties?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.wisconsin.gov

Kahler, Pam

From: Zito, Mollie K - OCI <Mollie.Zito@wisconsin.gov>
Sent: Monday, January 13, 2014 12:57 PM
To: Kahler, Pam
Cc: Noreen Parrett
Subject: FW: Draft review: LRB -3620/P1 Topic: Miscellaneous provisions for accreditation by NAIC
Attachments: 01 10 14 Memo to Pam Kahler.docx; 01 13 14 Agreed to Language to 601.465.docx; Electronic Proxy Revised Draft (00060981).docx

Hi Pam –

Thank you for all of your work on this! I apologize for the delayed response. Please find attached a memo with answers to your questions in both the Drafter's Note and embedded in the draft legislation. Additionally, attached are two additional changes to the statutes we would like added to the draft legislation. One for changes to 601.465 and then additional changes to 611.

Please let me know if you have any questions or need additional information. I have cc'd Noreen Parrett who has been instrumental in the responses to your questions as well as in helping OCI draft the changes to our statutes.

Thanks!

Mollie

From: LRB.Legal [<mailto:lrblegal@legis.wisconsin.gov>]
Sent: Friday, December 06, 2013 2:24 PM
To: Zito, Mollie K - OCI
Subject: Draft review: LRB -3620/P1 Topic: Miscellaneous provisions for accreditation by NAIC

Following is the PDF version of draft LRB -3620/P1 and drafter's note.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Theodore K. Nickel, Commissioner
Wisconsin.gov

Legal Unit
125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 267-9586 • Fax: (608) 264-6228
Web Address: oci.wi.gov

Date: January 13, 2014
To: Ms. Pamela J. Kahler
From: Mollie K. Zito
Subject: LRB-3620/P1

Please find below answers to your December 6, 2013, Drafter's Note as well as notes and questions embedded in LRB-3620/P1. If you have any questions or need additional information please let me know.

Drafter's Note from the LRB

- 1. First paragraph: The reference in 617.215 should be to 617.11, not 617.21.

Second paragraph: This language is taken from the NAIC Model Act. Although the language could have been written more succinctly, we are trying to stay as close to the Model Act as possible. Subsection (1) gives the commissioner the authority to do certain things with regard to the structure and operation of supervisory colleges themselves. Subsection (3) deals more with the commissioner's authority with respect to each insurer that is subject to a supervisory college.

*Some
language to
this →*

- 2. Proposed chapter 622 would not work in chapter 619. The treatment of risk under current Chapter 619 is very different from the content of proposed chapter 622. Chapter 619 establishes risk-sharing mechanisms when the private insurance market is not functioning properly. Proposed Chapter 622 is intended to be a tool for insurers to use to assess their own assumption of risk and risk attributes.

- 3. No issue with removing the legislative intent.

- 4. No issue with removing the severability clause.

- 5. Yes it was the intention to limit the penalties.

*Some back
to this →*

Questions Embedded in the Draft Legislative Language

- 1. Page 2 – the statement should be filed with the commissioner and a copy with the NAIC.
- 2. Page 3, after line 3: Under Wis. Stat. sec. 611.72 and Wis. Adm. Code sec. Ins 40.02, a party that wishes to acquire a domestic Wisconsin insurance company

must file an application, called a Form A, with the OCI. The acquiring party is called an "applicant" in Ins 40.02, although not in sec. 611.72 where it is instead called an "acquiring party." Section 611.72 could use the term "acquiring party" instead of applicant.

The "opt out" means that the OCI will not permit a consolidated hearing for the acquisition of the Wisconsin domestic insurer that the applicant or acquiring party seeks to acquire. There may be other insurers domiciled in other states that are in the same insurance holding company system as the Wisconsin domestic insurer and a part of the same acquisition. The other state commissioners could still decide to hold a consolidated hearing for the companies domiciled in those states. If Wisconsin opted out, it would be opting out of a consolidated hearing only for the Wisconsin domestic company. So, maybe a better way to look at it would be that Wisconsin is not allowing a consolidated hearing for the insurer domiciled in Wisconsin – not that it is declining to participate in a consolidated hearing (although if it doesn't allow a consolidated hearing, it is also declining to participate).

The request for a consolidated hearing for an acquisition involving a Wisconsin domestic company would need to be made to the OCI at the same time the Form A application is filed.

3. Page 3, after line 16: The procedure would be that the request for a consolidated hearing is filed at the same time the Form A is filed with the OCI and the Form A would need to be filed with the NAIC within 5 days after the request for a consolidated hearing and the Form A is filed with the OCI.
4. Top of page 4: The merger plan and the statement under Ins 40.02(2) are filed at the same time.
5. Page 4, after Line 13: It could, but the suggested language follows the Model Act. It may be easier for accreditation purposes just to put it in.
6. Page 4, after line 16: Correct.
7. Page 4, after line 19: "Supervisory college" means a temporary or permanent forum for communication and cooperation between the regulators charged with the supervision of an insurer that is part of an insurance holding company system with international operations.
8. Page 5 modification to "Powers of Commissioner": "The commissioner may participate in a supervisory college with other regulators charged with the supervision of an insurer that is part of an insurance holding company system with international operations, including other state, federal, and international regulatory agencies, for any of the following purposes:"
9. Page 5, after line 12: The intent was that there needs to be an agreement(s) between the OCI and other regulators to keep certain information confidential as provided by sec. 601.465. Currently OCI has confidentiality agreements with other state regulators. The agreements referenced in 617.215 (2) (b) would be similar to the agreements currently negotiated between regulators.

- ✓ 10. Page 6, after line 4: It's domestic insurers that are a part of an insurance holding company system with international operations – they are the only insurers subject to the section.
- ✓ 11. Page 6, after line 7: The commissioner's jurisdiction.
- ✓ 12. Page 7, after line 4: The financial analysis handbook was developed and is modified by regulators at the NAIC meetings. Please leave in the definition of "lead state." Since we last sent you the draft we have modified the language in 622.09 to read:

622.09 ORSA summary report. (1) FILING WITH THE COMMISSIONER. ~~Within 45 days of the date the final ORSA summary report is provided to the insurer's board of directors or the appropriate committee thereof, but no more than once each year, an insurer shall file with the commissioner an~~ An ORSA summary report or any combination of reports that together contain the information described in the ORSA guidance manual applicable to the insurer and, if applicable, the insurance holding company system of which it is a member— shall be filed with the commissioner as follows:

(a) Within 45 days of the date the final ORSA summary report is provided to the insurer's board of directors or the appropriate committee thereof, but no more than once each year if:

- 1. The insurer is domiciled in Wisconsin and is not a member of an insurance holding company system.
- 2. The insurer is a member of an insurance holding company system and Wisconsin is the lead state commissioner.

(b) Within 45 days of the date the report is filed with the commissioner of the insurer's lead state if the insurer is domiciled in Wisconsin and is a member of an insurance holding company system for which the commissioner is not the lead state commissioner.

See 8-5

- ✓ 13. Page 7, after line 17: Change suggested is fine.
- ✓ 14. Page 8, after line 3: I believe the intent of this section is that there is a choice to either use the process outlined in the guidance manual or something similar to the process outlined in the guidance manual. However, your suggested change to the wording is fine.
- ✓ 15. Page 8, after line 10: The attestation required in sec. 622.09(2) is sufficient to establish the requirement that the report be provided to the board or a committee of the board.
- ✓ 16. Page 8, after line 17: Changes are fine.
- ✓ 17. Page 9, after line 5: From the context agree that "foreign jurisdiction" means foreign country and not another state. How about "An insurer may satisfy sub. (1) by providing the most recent report provided by the insurer or another member of the insurance holding company system of which the insurer is a

member to the commissioner of another state or to a supervisor or regulator of a jurisdiction not located in the United States or its territories..."

- ✓ Yes, "summary" should be added before "report."
- ✓ 18. Page 9, after line 16: Not every insurer will be a member of an insurance holding company system. ORSA application does not depend on whether an insurer is a member of an insurance holding company system. Yes, (b) should be limited to an insurer that is a member of an insurance holding company system.
- ✓ 19. Page 10, after line 2: Yes, the sentence is still accurate.
- ✓ 20. Page 10, after line 17: Please leave in the definition of "lead state."
21. Page 11, after line 22: We believe that "subject to the requirements of sub. (2)" is to ensure that the regulator can ask for additional information.
- ✓ 22. Page 12, after line 4 first note: Change is okay.
- ✓ 23. Page 12, after line 4 second note: The report could be reviewed by the WI commissioner or a commissioner of a lead state. Let's leave the language as drafted.
- ✓ 24. Page 13, after line 13: It is intended to ensure that the people who promise to keep the information confidential actually have the legal authority to keep their confidentiality promise. An example is a promise by a governmental authority to keep information confidential in a state with an open records law that wouldn't permit that governmental authority to keep its confidentiality promise. The requirement in line 13 means that the governmental authority (or whoever is making the promise) verifies that it can legally carry out the promise.
- ✓ 25. Page 14, after line 14: See response above.
- ✓ 26. Page 15, after line 7: I don't think it conflicts. The NAIC may receive a request or subpoena for the information and then it would be determined under law whether they would be required to disclose the information. Currently if OCI is asked for information that one of our companies has marked as a "trade secret" we notify them and they can go to court to block the production of the information. It is the company that needs to defend why the information is a "trade secret."
- ✓ 27. Page 15, after line 13: See response above.
- ✓ 28. Page 15, after line 15: How I read this is that the insurer is asking for the consent to intervene in writing when a 3rd party agreement is involved. This language is taken verbatim from the NAIC Model Act.
- ✓ 29. Page 17: Only Chapter 622 should have a delayed effective date of January 1, 2015.

Proposed Amendments to Chapter 611 of Wisconsin Statutes

611.42(1) of the statutes is amended to delete the reference to Section 181.0724 therein.

611.42(2) of the statutes is amended to insert the following sentence immediately following the first sentence thereof:

Voting may be conducted by mail, by electronic means, or by any other method or combination of methods prescribed by the articles or bylaws.

611.44 is created to read:

611.44 Mutual policyholders' proxy voting. (1) *Generally.* (a) Unless the articles of incorporation or bylaws prohibit or limit proxy voting, a policyholder may appoint another person as proxy to vote or otherwise act for the policyholder at a meeting of policyholders or to express consent or dissent in writing to any corporate action without a meeting of policyholders.

(b) A policyholder or the policyholder's authorized officer, director, employee, agent or attorney-in-fact may validly appoint a proxy by signing or causing the policyholder's signature to be affixed to an appointment form by any reasonable means, including, but not limited to, by facsimile signature.

(c) To the extent authorized by the mutual's bylaws, a policyholder or the policyholder's authorized officer, director, employee, agent or attorney-in-fact may validly appoint a proxy by transmitting or authorizing the transmission of an electronic transmission of the appointment to the person who will be appointed as proxy or to a proxy solicitation firm, proxy support service organization or like agent authorized to receive the transmission by the person who will be appointed as proxy. Every electronic transmission shall contain, or be accompanied by, information that can be used to reasonably determine that the policyholder transmitted or authorized the transmission of the electronic transmission. Any person charged with determining whether a policyholder transmitted or authorized the transmission of the electronic transmission shall specify the information upon which the determination is made.

(d) Any copy, facsimile telecommunication or other reliable reproduction of the information in the appointment form under par. (b) or the electronic transmission under par. (c) may be substituted or used in lieu of the original appointment form or electronic transmission for any purpose for which the original appointment form or electronic transmission could be used, but only if the copy, facsimile telecommunication or other

reliable reproduction is a complete reproduction of the information in the original appointment form or electronic transmission.

(2) *When Effective.* An appointment of a proxy is effective when a signed appointment form or, if authorized, an electronic transmission of the appointment is received by the inspector of election or the officer or agent of the mutual authorized to tabulate votes. An appointment is valid for 11 months unless a different period is expressly provided in the appointment.

(3) *Revocability.* (a) An appointment of a proxy is revocable unless the appointment form or, if authorized, electronic transmission states that it is irrevocable.

(b) Appointment of a proxy is revoked by the person appointing the proxy in any of the following ways:

1. Attending any meeting and voting in person.
2. Signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form.

(4) *Effect of Death or Incapacity.* The death or incapacity of the policyholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless the secretary or other officer or agent of the mutual authorized to tabulate votes receives notice of the death or incapacity before the proxy exercises his or her authority under the appointment.

(6) *Acceptance by Mutual.* Subject to s. 181.0727 and to any express limitation on the proxy's authority stated in the appointment form or, if authorized, electronic transmission, a mutual may accept the proxy's vote or other action as that of the policyholder making the appointment.

(6) *Definition.* In this section, the "electronic transmission" or "electronically transmitted" means Internet transmission, telephonic transmission, electronic mail transmission, transmission of a telegram, cablegram, or datagram, or any other form or process of communication that does not directly involve the physical transfer of paper and that is suitable for the retention, retrieval, and reproduction of information by the recipient.

← *ck for this (not used)*

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3620/P2ins
PJK:jld:jm

Insert typed up

1 (2) GENERALLY. (a) Unless the articles of incorporation or bylaws prohibit or
2 limit proxy voting, a policyholder may appoint another person as proxy to vote or
3 otherwise act for the policyholder at a meeting of policyholders or to express consent
4 or dissent in writing to any corporate action without a meeting of policyholders.

5 (b) A policyholder or the policyholder's authorized officer, director, employee,
6 agent or attorney-in-fact may validly appoint a proxy by signing or causing the
7 policyholder's signature to be affixed to an appointment form by any reasonable
8 means, including, but not limited to, by facsimile signature.

9 (c) To the extent authorized by the mutual's bylaws, a policyholder or the
10 policyholder's authorized officer, director, employee, agent or attorney-in-fact may
11 validly appoint a proxy by transmitting or authorizing the transmission of an
12 electronic transmission of the appointment to the person who will be appointed as
13 proxy or to a proxy solicitation firm, proxy support service organization or like agent
14 authorized to receive the transmission by the person who will be appointed as proxy.
15 Every electronic transmission shall contain, or be accompanied by, information that
16 can be used to reasonably determine that the policyholder transmitted or authorized
17 the transmission of the electronic transmission. Any person charged with
18 determining whether a policyholder transmitted or authorized the transmission of
19 the electronic transmission shall specify the information upon which the
20 determination is made.

21 (d) Any copy, facsimile telecommunication or other reliable reproduction of the
22 information in the appointment form under par. (b) or the electronic transmission
23 under par. (c) may be substituted or used in lieu of the original appointment form or

1 electronic transmission for any purpose for which the original appointment form or
2 electronic transmission could be used, but only if the copy, facsimile
3 telecommunication or other reliable reproduction is a complete reproduction of the
4 information in the original appointment form or electronic transmission.

5 (3) WHEN EFFECTIVE. An appointment of a proxy is effective when a signed
6 appointment form or, if authorized, an electronic transmission of the appointment
7 is received by the inspector of election or the officer or agent of the mutual authorized
8 to tabulate votes. An appointment is valid for 11 months unless a different period is
9 expressly provided in the appointment.

10 (4) REVOCABILITY. (a) An appointment of a proxy is revocable unless the
11 appointment form or, if authorized, electronic transmission states that it is
12 irrevocable.

13 (b) Appointment of a proxy is revoked by the person appointing the proxy in any
14 of the following ways:

15 1. Attending any meeting and voting in person.

16 2. Signing and delivering to the secretary or other officer or agent authorized
17 to tabulate proxy votes either a writing stating that the appointment of the proxy is
18 revoked or a subsequent appointment form.

19 (5) EFFECT OF DEATH OR INCAPACITY. The death or incapacity of the policyholder
20 appointing a proxy does not affect the right of the corporation to accept the proxy's
21 authority unless the secretary or other officer or agent of the mutual authorized to
22 tabulate votes receives notice of the death or incapacity before the proxy exercises
23 his or her authority under the appointment.

24 (6) ACCEPTANCE BY MUTUAL. Subject to s. 181.0727 and to any express limitation
25 on the proxy's authority stated in the appointment form or, if authorized, electronic

1 transmission, a mutual may accept the proxy's vote or other action as that of the
2 policyholder making the appointment.



§601.465 – Draft Language

(1m) TYPES OF INFORMATION. The office may refuse to disclose and may prevent any other person from disclosing any of the following:

(a) Testimony, reports, records and information that are obtained, produced or created in the course of an inquiry under s. 601.42.

(b) Except as provided in s. 601.44 (6) to (10), testimony, reports, records and information that are obtained, produced or created in the course of an examination under s. 601.43.

(c) Testimony, reports, records, communications, and information that are obtained by the office from, or provided by the office to, any of the following, under a pledge of confidentiality or for the purpose of assisting or participating in monitoring activities or in the conduct of an inquiry, investigation, or examination:

1. The National Association of Insurance Commissioners.
2. An agent or employee of the National Association of Insurance Commissioners.
3. The insurance commissioner of another state.
4. An agent or employee of the insurance commissioner of another state.
5. An international, federal, state or local regulatory or law enforcement agency.
6. An agent or employee of an agency described in subd. 5.
7. Members of any supervisory college described in s. 617.215.

(1n) PRESUMPTION. (a) Notwithstanding s. 19.31 and par. (1m), it is presumed that documents and information provided by an insurer to the office under ss. 601.42 and 601.43 are proprietary and confidential and that the potential for harm and competitive disadvantage to the insurer if the information is made public by the office outweighs the public interest in the disclosure of the documents and information.

(b) With notice to the insurer, the presumption in par. (a) may be rebutted by presenting clear and convincing evidence to a court of competent jurisdiction that the public interest in disclosure of the documents and information substantially outweighs the potential for harm or competitive disadvantage to the insurer if the information is disclosed and that the public interest concerns cannot be addressed without disclosure of the information. If the presumption is successfully rebutted, disclosure shall be made only to the extent necessary to protect the public interest.

(2m) WAIVER AND APPLICABILITY OF THE PRIVILEGE. All of the following apply to the privilege under this section:

(a) The privilege may be waived only by the affirmative written and specific consent of the commissioner.

(b) The privilege may not be constructively waived.

(c) The privilege applies to testimony, reports, records, communications, and information obtained, created, or provided by any official, employee, or agent of the office for the purpose of assisting or participating in monitoring activities or in the conduct of an inquiry, investigation, or examination by, or coordinated through, the National Association of Insurance Commissioners.

(d) The privilege applies to testimony, reports, records, communications, and information in existence on or after April 9, 2008.

(3) EXCEPTIONS. This section does not apply to:

(a) Own risk and solvency assessment reports and related information provided by an insurer under ch. 622, Stat., which shall be subject only to the confidentiality provisions of that chapter.

(b) Enterprise risk filing and any related information provided by an insurer under sub. Ins 40.03(9), Wis. Adm. Code, which shall not be subject to ss. 19.31 to 19.37 and shall only be subject to the confidentiality provisions of sub. Ins 40.03(9), Wis. Adm. Code.

(c) Report of internal control over financial reporting and any related information provided by an insurer under s. Ins 50.17, Wis. Adm. Code, which shall not be subject to ss. 19.31 to 19.37 and shall only be subject to the confidentiality provisions of sub. Ins 50.17(6)(b).



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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

(w/1-22)

✓
propy voting by mutual
policyholders, and a
presumption and exceptions with
respect to the disclosure of insurance-related
information

4

regenerate

1 **AN ACT to renumber** 611.72 (3) and 611.73 (3); **to amend** 611.73 (4), 611.76 (1)
2 (c), 644.10 (1) (a) and 644.10 (1) (b); and **to create** 601.415 (11), 611.72 (3) (bm),
3 611.73 (3) (b), 617.21 (1) (cm), 617.215 and chapter 622 of the statutes; **relating**
4 **to:** own risk and solvency assessments, supervisory colleges, and consolidated
5 hearings for mergers of insurance companies.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

6 **SECTION 1.** 601.415 (11) of the statutes is created to read:
7 601.415 (11) AMENDMENTS TO OWN RISK AND SOLVENCY ASSESSMENT GUIDANCE
8 MANUAL. The commissioner shall, in his or her discretion, adopt amendments made

1 after the effective date of this subsection [LRB inserts date], by the National
 2 Association of Insurance Commissioners to the guidance manual, as defined in s.
 3 622.03 (1). Any such amendments made by the National Association of Insurance
 4 Commissioners become effective in this state if adopted by the commissioner by order
 5 after giving 30 days' notice to insurers of the changes proposed by the National
 6 Association of Insurance Commissioners. If one or more insurers request a hearing
 7 on the proposed changes during the 30-day period, the commissioner shall hold a
 8 hearing to determine whether the commissioner will, in his or her discretion, adopt
 9 one or more of the changes made by the National Association of Insurance
 10 Commissioners.

Insert 2-10

11 SECTION 2. 611.72 (3) of the statutes is renumbered 611.72 (3) (am).

12 SECTION 3. 611.72 (3) (bm) of the statutes is created to read:

13 611.72 (3) (bm) 1. If the proposed merger or other acquisition of control will
 14 require the approval of more than one commissioner, the hearing under par. (am)
 15 may be held on a consolidated basis upon the request of a person filing a statement
 16 under s. Ins 40.02 (2), Wis. Adm. Code. That person shall file the statement under
 17 s. Ins 40.02 (2), Wis. Adm. Code, with the National Association of Insurance
 18 Commissioners within 5 days after making the request for a consolidated hearing.
 19 A hearing conducted on a consolidated basis shall be public and held within the
 20 United States before the commissioners of the states in which the insurers involved
 21 in the merger or other acquisition of control are domiciled. The commissioners may
 22 hear and receive evidence. A commissioner may attend the hearing in person or by
 23 telecommunication.

with the commissioner of insurance of this state

Insert 2-1b a copy of

***NOTE: Does the person file the statement only with the NAIC or do they file the statement with the commissioner and a copy with the NAIC?

person requesting the consolidated hearing

1 2. The commissioner of insurance of this state may opt out of a consolidated
2 hearing, and shall provide notice to the applicant of the opt out within 10 days after
3 the commissioner receives the statement under s. Ins 40.02 (2), Wis. Adm. Code.

Insert 3-3

****NOTE: In the subdivision above, does "opt out" mean decline to participate in a consolidated hearing or not allow a consolidated hearing? Is the request for a consolidated hearing made to the commissioner? The proposed language doesn't specify. Does the request for a consolidated hearing have to be made in conjunction with the filing of the statement? If not, the commissioner may be required to provide notice of the opt out even before the person requests a consolidated hearing. Is the "applicant" the person requesting the hearing? The word does not appear anywhere else in the section.

4 **SECTION 4.** 611.73 (3) of the statutes is renumbered 611.73 (3) (a).

5 **SECTION 5.** 611.73 (3) (b) of the statutes is created to read:

6 611.73 (3) (b) 1. If the proposed merger of 2 or more domestic and foreign
7 mutuals will require the approval of more than one commissioner, the hearing under
8 par. (a) may be held on a consolidated basis upon the request of a person filing the
9 plan of merger under par. (a). That person shall file the plan of merger and the
10 statement under s. Ins 40.02 (2), Wis. Adm. Code, with the National Association of
11 Insurance Commissioners within 5 days after making the request for a consolidated
12 hearing. A hearing conducted on a consolidated basis shall be public and held within
13 the United States before the commissioners of the states in which the insurers
14 involved in the merger are domiciled. The commissioners may hear and receive
15 evidence. A commissioner may attend the hearing in person or by
16 telecommunication.

with the commissioner of insurance of this state

Insert 3-16

****NOTE: Does the person file the plan of merger and the statement only with the NAIC or do they file both with the commissioner and copies with the NAIC?

17 2. The commissioner of insurance of this state may opt out of a consolidated
18 hearing, and shall provide notice to the applicant of the opt out within 10 days after
19 the commissioner receives the plan of merger under par. (a) and the statement under
20 s. Ins 40.02 (2), Wis. Adm. Code.

person requesting the consolidated hearing

****NOTE: See my comments after proposed s. 611.72 (3) (bm) 2. above. In addition, must the plan and statement be delivered on the same day? If not, the notice requirement should be 10 days after receipt of the one received later.

1 SECTION 6. 611.73 (4) of the statutes is amended to read:
2 611.73 (4) VOTING BY POLICYHOLDERS. The commissioner may order that the
3 plan submitted to him or her under sub. (3) (a) be amended to provide for voting by
4 policyholders of any mutual involved.

5 SECTION 7. 611.76 (1) (c) of the statutes is amended to read:
6 611.76 (1) (c) Conversion and merger. A domestic mutual may adopt a plan of
7 acquisition or merger as part of a plan of conversion under this section. The
8 commissioner shall approve the plan of acquisition or merger as part of the plan of
9 conversion unless grounds for disapproval exist under s. 611.72 (3) (am).

10 SECTION 8. 617.21 (1) (cm) of the statutes is created to read:
11 617.21 (1) (cm) Any cost-sharing services or management agreements
12 involved in the transaction include such provisions as the commissioner requires by
13 rule.

****NOTE: Couldn't par. (d) in current law cover this requirement?

14 SECTION 9. 617.215 of the statutes is created to read:
15 617.215 Supervisory colleges. (1) DEFINITIONS. In this section:
16 (a) "Insurance holding company system" has the meaning given in s. 622.03 (2).

****NOTE: I assumed that this term would have the same meaning as it does in new ch. 622.

17 (b) "Supervisory college" means a temporary or permanent forum for
18 communication and cooperation between the regulators charged with the
19 supervision of an insurer or its affiliates.

Insert 4-19 ✓

****NOTE: Please modify as appropriate.

In accordance with sub. (4),

1 (2) POWERS OF COMMISSIONER. (a) The commissioner may participate in a
2 supervisory college with other regulators charged with the supervision of an insurer
3 or its affiliates, *insert 5-3* including other state, federal, and international regulatory agencies,
4 for any of the following purposes:

- 5 1. To determine compliance with this chapter by a domestic insurer that is part
- 6 of an insurance holding company system with international operations.
- 7 2. To assess an insurer's business strategy, financial position, legal and
- 8 regulatory position, risk exposure, risk management, and governance processes.
- 9 3. As part of an examination of an insurer under s. 601.43.

10 (b) The commissioner may enter into agreements *for keeping information confidential* in accordance with s.
11 601.465, providing the basis for cooperation between the commissioner and the other
12 regulatory agencies and the activities of the supervisory college.

NOTE: This language seems a little vague and obtuse. Should the agreements be in compliance with s. 601.465 (rather than in accordance with)? What does it mean that the agreements provide the basis for cooperation and the activities of the supervisory college? Does it mean that the agreements set out what the activities of the college will be and what the role or responsibilities of the commissioner and the other agencies will be?

13 (c) The powers of the commissioner with respect to supervisory colleges include
14 all of the following:

- 15 1. Initiating the establishment of a supervisory college.
- 16 2. Clarifying the membership and participation of other supervisors in the
- 17 supervisory college.
- 18 3. Clarifying the functions of the supervisory college and the role of other
- 19 regulators, including the establishment of a group-wide supervisor.
- 20 4. Coordinating the ongoing activities of the supervisory college, including
- 21 planning meetings, supervisory activities, and processes for information sharing.
- 22 5. Establishing a crisis management plan.

Insert 5-22 →

information confidential

to which

applies

1 (3) PAYMENT OF EXPENSES. All insurers subject to this section are liable for and
 2 shall pay the reasonable expenses related to the commissioner's participation in
 3 supervisory colleges, including reasonable travel expenses. The commissioner may
 4 impose a regular assessment on insurers to cover the expenses.

Insert 6-7

****NOTE: I'm not sure which insurers are "subject to this section." Is it all insurers or only domestic insurers that are part of insurance holding company systems with international operations?

5 (4) NOT DELEGATION OF AUTHORITY. Nothing in this section delegates to a
 6 supervisory college the authority of the commissioner to regulate or supervise an
 7 insurer or its affiliates within its jurisdiction.

****NOTE: Whose jurisdiction is being referred to by "its jurisdiction"? Is it the commissioner's?

8 SECTION 10. Chapter 622 of the statutes is created to read:

CHAPTER 622

OWN RISK AND SOLVENCY ASSESSMENT

11 622.03 Definitions. In this chapter, unless the context indicates otherwise:

12 (1) "Guidance manual" means the most current version of the Own Risk and
 13 Solvency Assessment Guidance Manual developed and adopted by the National
 14 Association of Insurance Commissioners as of the effective date of this subsection
 15 [LRB inserts date], subject to the adoption of any amendments by the commissioner
 16 under s. 601.415 (11).

17 (2) "Insurance holding company system" means 2 or more persons who are
 18 affiliates, at least one of which is an insurer.

19 (3) "Insurer" means an insurer domiciled in this state, except that "insurer"
 20 does not include agencies, authorities, or instrumentalities of the United States, its
 21 possessions and territories, the Commonwealth of Puerto Rico, the District of
 22 Columbia, or a state or political subdivision of a state.

1 (4) "Lead state" means the state in which an insurer member of an insurance
2 holding company system is domiciled and that is determined to be the lead state
3 under the procedures in the financial analysis handbook most recently adopted by
4 the National Association of Insurance Commissioners.

****NOTE: To pin down this handbook further, is it the financial analysis handbook of the NAIC? Is the term "lead state" necessary? See my comment after proposed s. 622.11 (3).

5 (5) "Own risk and solvency assessment" means a confidential internal
6 assessment, appropriate to the nature, scale, and complexity of an insurer or
7 insurance holding company system, conducted by that insurer or insurance holding
8 company system, of the material and relevant risks associated with the insurer's or
9 insurance holding company system's current business plan and the sufficiency of
10 capital resources to support those risks.

11 (6) "Summary report" means a confidential high-level summary of an insurer's
12 or insurance holding company system's own risk and solvency assessment.

13 **622.05 Risk management framework.** An insurer shall maintain a risk
14 management framework to assist the insurer in identifying, assessing, monitoring,

15 managing, and reporting on its material and relevant risks. This requirement ~~may~~
16 ^{is} be satisfied if the insurer is a member of an insurance holding company system that
17 maintains a risk management framework applicable to the operations of the insurer.

****NOTE: Instead of "may be satisfied," should the second sentence say "is satisfied"? The construction "may be satisfied if" does not indicate how the requirement is satisfied.

18 **622.07 Own risk and solvency assessment requirement.** Subject to s.
19 622.11, an insurer, or the insurance holding company system of which the insurer is

20 a member, shall regularly conduct an own risk and solvency assessment ^{no I} consistent
21 ^{no I} with a process comparable to the guidance manual. ^{no I} The own risk and solvency
^{no I} the process specified in

1 assessment must be conducted whenever there are significant changes to the risk
2 profile of the insurer or the insurance holding company system of which the insurer
3 is a member, but in no case less often than annually.

****NOTE: Is there another way to say the phrase italicized above? A guidance manual is not a process. Should it say "consistent with the process specified in the guidance manual"?

4 **622.09 Own risk and solvency assessment summary report.** (1) FILING
5 WITH THE COMMISSIONER. Within 45 days after the date the final summary report is
6 provided to the insurer's board of directors or the appropriate committee of that
7 board, but no more than once each year, an insurer must file with the commissioner
8 a summary report or any combination of reports that together contain the
9 information described in the guidance manual applicable to the insurer and, if
10 applicable, the insurance holding company system of which the insurer is a member.

****NOTE: There doesn't seem to be any requirement in this new chapter that a final summary report be provided to an insurer's board of directors. Is this something required under the Own Risk and Solvency Assessment Guidance Manual? Does the insurer provide the report to the board of directors? (The passive construction gives no indication.)

Insert 8-10

11 (2) ATTESTATION. The summary report shall include the signature of the
12 insurer's, or insurance holding company system's, chief risk officer or other executive
13 having responsibility for the oversight of the insurer's enterprise risk management
14 process attesting to the best of his or her belief and knowledge that the insurer
15 applies the enterprise risk management process described in the summary report
16 and that a copy of the summary report has been provided to the insurer's board of
17 directors or the appropriate committee of that board.

****NOTE: I have added "summary" in a couple of places, since "summary report" is the defined term.

18 (3) ALTERNATE FILING. An insurer may satisfy sub. (1) by providing the most
19 recent report provided by the insurer or another member of the insurance holding

summary

Insert 9-2 ✓

Summary

1 company system of which the insurer is a member to the commissioner of another
2 state or to a supervisor or regulator of a foreign jurisdiction, if that report provides
3 information that is substantially comparable to the information described in the
4 guidance manual. Any such report in a language other than English must be
5 accompanied by a translation of that report into English.

****NOTE: What is the meaning of "foreign jurisdiction" in the subsection above?
The definition of a "foreign insurer" in s. 600.03 (20) is an insurer domiciled in another
state, but here it seems to mean another country. Perhaps a definition should be added.
****NOTE: Should "summary" be added before "report" in this subsection, too?

6 **622.11 Exemption.** (1) EXEMPT INSURERS. An insurer is exempt from the
7 requirements of this chapter, if all of the following apply:

8 (a) The insurer has annual direct written premium and assumed premium
9 from unaffiliated insurers, including international direct and assumed premium but
10 excluding premiums reinsured with the federal crop insurance corporation and
11 federal flood program, of less than \$500,000,000.

12 *Insert 9-12 ✓*
(b) The insurance holding company system of which the insurer is a member
13 has annual direct written premium and assumed premium from unaffiliated
14 insurers, including international direct and assumed premium but excluding
15 premiums reinsured with the federal crop insurance corporation and federal flood
16 program, of less than \$1,000,000,000.

****NOTE: Will every insurer be a member of an insurance holding company
system? If not, the application of par. (b) should be limited to an insurer who is a member
of an insurance holding company system.

17 (2) PARTIAL EXEMPTION. (a) If an insurer qualifies for exemption under sub. (1)
18 (a), but the insurance holding company system of which the insurer is a member does
19 not qualify for exemption under sub. (1) (b), the summary report required under s.
20 622.09 shall include every insurer within the insurance holding company system.
21 An insurer may satisfy this requirement by submitting more than one summary

that is a member of an insurance holding company system

✓ (that is a member of an insurance holding company system

1 report for any combination of insurers, provided that any combination of summary
2 reports includes every insurer within the insurance holding company system.

****NOTE: I restructured the second sentence to make it active rather than passive, and added "summary" before "reports." Is the sentence still accurate?

3 (b) If an insurer does not qualify for exemption under sub. (1) (a), but the
4 insurance holding company system of which the insurer is a member qualifies for
5 exemption under sub. (1) (b), the only summary report that is required under s.
6 622.09 is the summary report applicable to that insurer.

7 (3) WAIVER. An insurer that does not qualify for exemption under sub. (1) may
8 apply to the commissioner for a waiver from the requirements of this chapter. In
9 determining whether to grant the waiver, the commissioner may consider the type
10 and volume of business written by the insurer, the ownership and organizational
11 structure of the insurer, and any other factor the commissioner considers relevant
12 to the insurer or insurance holding company system of which the insurer is a
13 member. If the insurer is part of an insurance holding company system that includes
14 insurers domiciled in more than one state, the commissioner shall coordinate with
15 the commissioner of the lead state and with the commissioners of each of the other
16 states in which insurer members of the insurance holding company system are
17 domiciled in determining whether to grant the insurer's request for a waiver.

****NOTE: I note that "lead state" is used in this new chapter only in the subsection above. In addition, unless I'm missing something, the use of that term does not appear to be necessary since the commissioner must coordinate with the commissioners of all of the states in which insurer members of the insurance holding company system are domiciled. Can the term and its definition be removed from the draft?

18 (4) WITHDRAWAL OF EXEMPTION OR WAIVER. Notwithstanding subs. (1) and (3), the
19 commissioner may issue an order requiring an insurer to create and maintain a risk
20 management framework, conduct an own risk and solvency assessment, and file a
21 summary report if either of the following applies:

1 (a) The commissioner finds that the insurer's unique circumstances, including
2 the type and volume of business written, the ownership and organizational
3 structure, federal agency requests, or international supervisor requests, warrant
4 withdrawal of the exemption or waiver. If the commissioner withdraws the
5 exemption or waiver, the insurer or the insurance holding company system is subject
6 to the requirement under s. 622.09 until the commissioner reinstates the exemption
7 under sub. (1) or the waiver under sub. (3).

8 (b) The insurer has a risk-based capital company action level event, as defined
9 in s. Ins 51.01 (4), Wis. Adm. Code, meets one or more of the standards for an insurer
10 in hazardous financial condition as described in s. 645.41 (2) or (4), or otherwise
11 exhibits qualities of a troubled insurer as determined by the commissioner.

12 (5) COMPLIANCE AFTER LOSS OF EXEMPTION. If an insurer no longer qualifies for
13 an exemption under sub. (1) due to increased premium, as reflected in the insurer's
14 most recent annual statement or in the most recent annual statements of the
15 insurers within the insurance holding company system of which the insurer is a
16 member, the insurer shall have one year following the year in which the premium
17 threshold is exceeded to comply with the requirements of this chapter.

18 **622.13 Contents of summary report. (1) PREPARATION.** The summary report
19 shall be prepared consistently with the guidance manual, subject to the
20 requirements of sub. (2). Documentation and supporting information shall be
21 maintained and made available upon examination or upon request of the
22 commissioner.

✓
Insert 11-22

***NOTE: I don't understand why preparation of the summary report is subject to the requirements of sub. (2), which relate to reviewing the summary report.

1 (2) REVIEW. The review of the summary report, and any additional requests for
2 information, shall be made using similar procedures used in the analysis and
3 examination of multistate or global insurers and insurance holding company
4 systems.

****NOTE: I deleted the word "currently" after "similar procedures." Without the word "currently," the procedures that will be used are those currently in use at the time the statute is read, so the word is not necessary.

****NOTE: Since the subsection above is written in passive form, it is not clear who is doing the reviewing. Is it the commissioner? If so, it would be better to state, "The commissioner shall review the summary report and make any additional requests for information ... etc."

add
1 space

5 **622.15 Confidentiality.** (1) CONFIDENTIAL TREATMENT. Documents, materials,
6 or other information, including summary reports, in the possession of or control of
7 the commissioner that are obtained by, created by, or disclosed to the commissioner
8 or any other person under this chapter, are confidential and privileged, are not
9 subject to inspection or copying under s. 19.35 (1), are not subject to subpoena, and
10 are not subject to discovery or admissible in evidence in any private civil action. The
11 commissioner is authorized to use the documents, materials, or other information in
12 the commissioner's regulation of the insurer or insurance holding company system
13 but may not make the documents, materials, or other information public without the
14 prior written consent of the insurer.

15 (2) PROHIBITION ON TESTIMONY. Neither the commissioner nor any person who
16 received documents, materials, or other information related to own risk and solvency
17 assessments, through examination or otherwise, while acting under the authority of
18 the commissioner or with whom such documents, materials, or other information are
19 shared in accordance with this chapter, may testify in any private civil action
20 concerning any confidential documents, materials, or information subject to sub. (1).

Insert 13-13

1 (3) PERMITTED DISCLOSURES. In furtherance of the performance of the
2 commissioner’s regulatory duties, all of the following apply:

3 (a) The commissioner may, upon request, share documents, materials, or other
4 information related to own risk and solvency assessments, including the confidential
5 and privileged documents, materials, or information subject to sub. (1), including
6 proprietary and trade secret documents and materials, with other state, federal, and
7 international financial regulatory agencies, including members of any supervisory
8 college as described in s. 617.215, with the National Association of Insurance
9 Commissioners, and with any 3rd-party consultants designated by the
10 commissioner, provided that the recipient agrees in writing to maintain the
11 confidentiality and privileged status of the documents, materials, or other
12 information required by this section related to own risk and solvency assessments
13 and has verified in writing ^{its} the legal authority to maintain confidentiality.

****NOTE: What is being referred to by “has verified in writing the legal authority to maintain confidentiality”? I’m not sure what that means.

14 (b) The commissioner may receive documents, materials, or other information
15 related to own risk and solvency assessments, including otherwise confidential and
16 privileged documents, materials, or information, including proprietary and trade
17 secret information or documents, from regulatory officials of other jurisdictions,
18 including members of any supervisory college as described in the s. 617.215, and from
19 the National Association of Insurance Commissioners, and shall maintain as
20 confidential or privileged any document, material, or information received with
21 notice or the understanding that it is confidential or privileged under the laws of the
22 jurisdiction that is the source of the document, material, or information.

1 (c) The commissioner shall enter into a written agreement with the National
2 Association of Insurance Commissioners or any 3rd party consulted formally or
3 informally by the commissioner governing the sharing and use of information
4 provided under this chapter, consistent with this subsection, that does all of the
5 following:

6 1. Specifies procedures and protocols regarding the confidentiality and security
7 of information shared with the National Association of Insurance Commissioners or
8 3rd-party consultants in accordance with this chapter, including procedures and
9 protocols for sharing by the National Association of Insurance Commissioners with
10 other state regulators from states in which the insurance holding company system
11 has domiciled insurers. The agreement shall provide that the recipient agrees in
12 writing to maintain the confidentiality and privileged status of the documents,
13 materials, or other information related to own risk and solvency assessments and
14 has verified in writing ^{its} the legal authority to maintain confidentiality. ✓

****NOTE: What is being referred to by "has verified in writing the legal authority to maintain confidentiality"? I'm not sure what that means.

15 2. Specifies that ownership of information shared with the National
16 Association of Insurance Commissioners or 3rd-party consultants in accordance
17 with this chapter remains with the commissioner and that the use of the information
18 by the National Association of Insurance Commissioners, regulatory officials, or
19 3rd-party consultants is subject to the direction of the commissioner.

20 3. Prohibits the National Association of Insurance Commissioners or ^a 3rd-party
21 consultant ✓ from storing the information shared under this chapter in a permanent
22 database after the underlying analysis is completed, and provides that the National
23 Association of Insurance Commissioners or 3rd-party consultant will either destroy

1 or return the information to the insurer within 2 years of completion of the
2 underlying analysis.

3 4. Requires prompt notice to be given to an insurer whose confidential
4 information in the possession of the National Association of Insurance
5 Commissioners or ^a3rd-party consultant [✓] under this chapter is subject to a request or
6 subpoena to the National Association of Insurance Commissioners or 3rd-party
7 consultant for disclosure or production.

****NOTE: Doesn't this conflict with the other parts of this section that provide generally that the documents are privileged and confidential and not subject to subpoena?

8 5. Requires the National Association of Insurance Commissioners or ^a3rd-party
9 consultant [✓] to consent to intervention by an insurer in any judicial or administrative
10 action in which the National Association of Insurance Commissioners or 3rd-party
11 consultant may be required to disclose confidential information about the insurer
12 shared with the National Association of Insurance Commissioners or [✓]@ 3rd-party
13 consultant under this chapter.

****NOTE: Doesn't this conflict with the other parts of this section that provide generally that the documents are not subject to disclosure and that no person may testify concerning them?

14 6. In the case of an agreement involving a 3rd-party consultant, provides for
15 the insurer's written consent. [✓] ^{to intervene}

[✓]
Insert
15-15 →

****NOTE: What is the insurer consenting to?

16 (d) The sharing of information and documents by the commissioner under this
17 chapter does not constitute a delegation of regulatory authority or rule making, and
18 the commissioner is solely responsible for the administration, execution, and
19 enforcement of the provisions of this chapter.

20 (e) No waiver of any applicable privilege or claim of confidentiality in the
21 documents, proprietary and trade secret materials, or other information related to

1 own risk and solvency assessments obtained or developed under this chapter shall
2 occur as a result of disclosure of such information or documents to the commissioner
3 under this section or as a result of the commissioner sharing such information or
4 documents as authorized in this section.

5 (f) Documents, materials, or other information in the possession or control of
6 the National Association of Insurance Commissioners or 3rd-party consultants
7 under this chapter are confidential and privileged, are not subject to inspection or
8 copying under s. 19.35 (1), are not subject to subpoena, and are not subject to
9 discovery or admissible in evidence in any private civil action.

Insert 16-9

10 SECTION 11. 644.10 (1) (a) of the statutes is amended to read:

11 644.10 (1) (a) In the case of a domestic stock corporation, no grounds for
12 disapproval exist under s. 611.72 (3) (am).

13 SECTION 12. 644.10 (1) (b) of the statutes is amended to read:

14 644.10 (1) (b) In the case of a domestic mutual, no grounds for disapproval exist
15 under s. 611.73 (3) (a) and the domestic mutual has complied with s. 644.07 (2) to (8).
16 The converting insurance company and any domestic mutual that the converting
17 insurance company proposes to acquire, or merge or consolidate with, may adopt one
18 plan. The commissioner may combine the hearings required under s. 644.07 (6) for
19 the converting insurance company and any domestic mutual that is the subject of the
20 acquisition by, or merger or consolidation with, the converting insurance company.
21 Section 644.07 (9), (10) (b) to (f), and (11) applies to a domestic mutual acquired by,
22 merged into, or consolidated with a converting insurance company under this
23 section.

publication, except as follows:

24

Fix component

SECTION 13. Effective date.

25

(1) This act takes effect on January 1, 2015.

This act takes effect on the day after

The treatment of chapter 622 of the statutes

****NOTE: Did you mean for the entire act to take effect on this date, or only new
ch. 622?

1

(END)

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3620/P2ins
PJK:.....

INSERT 2-10

187 5

✓

✓

1 SECTION 1. 601.465 (1m) (c) 7. of the statutes is created to read:
2 601.465 (1m) (c) 7. Members of a supervisory college described in s. 617.215.

3 SECTION 2. 601.465 (1n) of the statutes is created to read:
4 601.465 (1n) PRESUMPTION OF CONFIDENTIALITY. (a) Notwithstanding sub. (1m)
5 and subch. II of ch. 19, there is a rebuttable presumption that documents and
6 information provided by an insurer to the office under s. 601.42 or 601.43 are
7 proprietary and confidential and that the potential for harm and competitive
8 disadvantage to the insurer if the documents and information are made public by the
9 office outweighs the public interest in the disclosure of the documents and
10 information.

11 (b) With notice to the insurer, the presumption under par. (a) may be rebutted
12 by presenting clear and convincing evidence to a court of competent jurisdiction that
13 the public interest in the disclosure of the documents and information substantially
14 outweighs the potential for harm or competitive disadvantage to the insurer if the
15 documents and information are disclosed and that the public interest concerns
16 cannot be addressed without the disclosure of the documents and information. If
17 the presumption under par. (a) is successfully rebutted, disclosure of the documents
18 and information shall be made only to the extent necessary to protect the public
19 interest.

20 SECTION 3. 601.465 (3) of the statutes is created to read:
21 601.465 (3) EXCEPTIONS. This section does not apply to any of the following:

↓

Ins 2-10 cont'd 285

1 (a) Own risk and solvency assessment reports and related information
2 provided by an insurer under ch. 622[✓], which are subject only to the confidentiality
3 provisions in that chapter. → ch. 622[✓]

4 (b) Enterprise risk filing and any related information provided by an insurer
5 under s. Ins 40.03 (9), Wis. Adm. Code, which are not subject to subch. II of ch. 19[✓] and
6 are subject only to the confidentiality provisions of s. Ins 40.03 (9), Wis. Adm. Code.[✓]

← *****NOTE: I couldn't find the provision that is cited above in the Wisconsin Administrative Code. ←

7 (c) Reports of internal control over financial reporting and any related
8 information provided by an insurer under s. Ins 50.17, Wis. Adm. Code, which are
9 not subject to subch. II of ch. 19[✓] and are subject only to the confidentiality provisions
10 of s. Ins 50.17 (6) (b), Wis. Adm. Code.[✓]

11 **SECTION 4.** 611.42 (1) of the statutes is amended to read:

12 611.42 (1) GENERAL. Subject to this section and s. 611.53, ss. 181.0701,
13 181.0702, 181.0705 (1) to (4), 181.0722 (1) to (3), 181.0723[✓], 181.0724 and 181.0727
14 apply to mutuals.

History: 1971 c. 260; 1979 c. 102 s. 236 (5); 1997 a. 79.[✓]

15 **SECTION 5.** 611.42 (2) (a) of the statutes is amended to read:

16 611.42 (2) (a) *Mandatory voting rights.* Policyholders in all mutuals have the
17 right to vote on conversion, voluntary dissolution, amendment of the articles, and the
18 election of all directors except public directors appointed under s. 611.53 (1). Voting
19 may be conducted by mail, by electronic means[✓], or by any other method or
20 combination of methods prescribed by the articles or bylaws. Directors may be
21 divided into classes, and in that case one class shall be elected at least every 4 years
22 for terms not exceeding 6 years.

History: 1971 c. 260; 1979 c. 102 s. 236 (5); 1997 a. 79.[✓]

23 **SECTION 6.** 611.425 of the statutes is created to read:



(3)
jus 2-10 contd
30/5

1

611.425 Mutual policyholders' proxy voting. (1) DEFINITION. In this

2 section, "electronic transmission" means transmission by the Internet, telephone,
3 electronic mail, telegram, cablegram, datagram, or any other form or process of
4 communication that does not directly involve the physical transfer of paper and that
5 is capable of retention, retrieval, and reproduction of information by the recipient.

***NOTE: I changed "suitable for" to "capable of." Okay?

(2) GENERALLY. (a) Unless the articles of incorporation or bylaws prohibit or
7 limit proxy voting, a policyholder may appoint another person as proxy to vote or
8 otherwise act for the policyholder at a meeting of policyholders or to express consent
9 or dissent in writing to any corporate action without a meeting of policyholders.

(b) A policyholder or the policyholder's authorized officer, director, employee,
11 agent, or attorney-in-fact may validly appoint a proxy by signing or causing the
12 policyholder's signature to be affixed to an appointment form by any reasonable
13 means, including by facsimile signature.

(c) To the extent authorized by the mutual's bylaws, a policyholder or the
15 policyholder's authorized officer, director, employee, agent, or attorney-in-fact may
16 validly appoint a proxy by transmitting or authorizing the transmission of an
17 electronic transmission of the appointment to the person who will be appointed as
18 proxy or to a proxy solicitation firm, proxy support service organization, or like agent
19 authorized to receive the transmission by the person who will be appointed as proxy.
20 Every electronic transmission shall contain, or be accompanied by, information that
21 can be used to reasonably determine that the policyholder transmitted or authorized
22 the transmission of the electronic transmission. Any person charged with
23 determining whether a policyholder transmitted or authorized the transmission of

↓

Ins 2-10 cont'd

485

1 the electronic transmission shall specify the information upon which the
2 determination is made.✓

3 (d) Any copy, facsimile telecommunication, or other reliable reproduction of the
4 information in the appointment form under par. (b)✓ or the electronic transmission
5 under par. (c)✓ may be substituted or used in lieu of the original appointment form or
6 electronic transmission for any purpose for which the original appointment form or
7 electronic transmission may be used, but only if the copy, facsimile
8 telecommunication, or other reliable reproduction is a complete reproduction of the
9 information in the original appointment form or electronic transmission.✓

10 (3) WHEN EFFECTIVE.✓ An appointment of a proxy is effective when a signed
11 appointment form or, if authorized, an electronic transmission of the appointment
12 is received by the inspector of election or the officer or agent of the mutual authorized
13 to tabulate votes. An appointment is valid for 11 months unless a different period
14 is expressly provided in the appointment.

15 (4) REVOCABILITY.✓ (a) An appointment of a proxy is revocable unless the
16 appointment form or, if authorized, electronic transmission states that it is
17 irrevocable.✓

The

18 (b) Appointment of a proxy is revoked if the person appointing the proxy does
19 any of the following:

- 20 1. Attends any meeting and votes in person.✓
- 21 2. Signs and delivers to the secretary or other officer or agent authorized to
- 22 tabulate proxy votes either a written statement that the appointment of the proxy
- 23 is revoked or a subsequent appointment form.✓

24 (5) EFFECT OF DEATH OR INCAPACITY.✓ The death or incapacity of the policyholder
25 appointing a proxy does not affect the right of the corporation to accept the proxy's

↓

Ins 2-10 cont'd 5075

1 authority unless the secretary or other officer or agent of the mutual authorized to
2 tabulate votes receives notice of the death or incapacity before the proxy exercises
3 his or her authority under the appointment. ✓

4 (6) ACCEPTANCE BY MUTUAL. ✓ Subject to s. 181.0727 ✓ and to any express limitation
5 on the proxy's authority stated in the appointment form or, if authorized, electronic
6 transmission, a mutual may accept the proxy's vote or other action as that of the
7 policyholder making the appointment. ✓

(END OF INSERT 2-10)

INSERT 2-16

8 *not*, which request must be made when the statement is filed *NO*

(END OF INSERT 2-16)

INSERT 3-3

****NOTE: I'm sorry, but I couldn't tell from the explanation what the ultimate significance of "opting out" of a consolidated hearing was, so I didn't attempt to further elaborate on the meaning of "opting out." Did I correctly understand that the "applicant" or "acquiring party" was the same person that filed the statement and requested the consolidated hearing?

(END OF INSERT 3-3)

INSERT 3-9

9 *not* and the statement under s. Ins 40.02 (2), Wis. Adm. Code. ✓ The person must
10 request a consolidated hearing when the plan of merger and statement are filed *NO*

(END OF INSERT 3-9)

INSERT 3-16

****NOTE: Although the original instructions did not mention filing a statement under s. Ins 40.02 (2) with the commissioner, I added it, as well as modifying the provision in the same manner as proposed s. 611.72 (3) (bm) 1. ✓ Is that correct?

(END OF INSERT 3-16)

INSERT 4-19



Ins 4-19

no 4

1 that is part of an insurance holding company system with international
2 operations

(END OF INSERT 4-19)

INSERT 5-3

no 4

3 that is part of an insurance holding company system with international
4 operations

(END OF INSERT 5-3)

INSERT 5-22

18 2

5 (2) POWERS OF COMMISSIONER. (a) In accordance with par. (b), the commissioner
6 may participate in a supervisory college for any domestic insurer that is part of an
7 insurance holding company system with international operations to determine
8 compliance with this chapter. The powers of the commissioner with respect to
9 supervisory colleges include all of the following:

- 10 1. Initiating the establishment of a supervisory college.
- 11 2. Clarifying the membership and participation of other supervisors in the
12 supervisory college.
- 13 3. Clarifying the functions of the supervisory college and the role of other
14 regulators, including the establishment of a group-wide supervisor.
- 15 4. Coordinating the ongoing activities of the supervisory college, including
16 planning meetings, supervisory activities, and processes for information sharing.
- 17 5. Establishing a crisis management plan.

18 (b) In order to assess the business strategy, financial position, legal and
19 regulatory position, risk exposure, risk management, and governance processes of
20 an insurer specified in par. (a), and as part of an examination of such an insurer



Ins 5-22 cont'd 2/2

1 under s. 601.43, the commissioner may participate in a supervisory college with
2 other regulators charged with the supervision of the insurer or its affiliates,
3 including other state, federal, and international regulatory agencies. ✓

4 (c) The commissioner may enter into agreements for keeping information
5 confidential in accordance with s. 601.465, ✓ providing the basis for cooperation
6 between the commissioner and the other regulatory agencies and the activities of the
7 supervisory college.

***NOTE: I reorganized sub. (2) above to be more like the model act language. Is
this satisfactory? It wasn't clear whether the insurers that are mentioned in par. (b) are
limited to the types of insurers mentioned in par. (a). ✓ I assumed they were. Let me know
if that is not the case.

(END OF INSERT 5-22)

INSERT 6-4

more
***NOTE: I changed "subject to this section" to "to which this section applies."
Okay? I don't think it is accurate to say that a particular type of insurer is "subject to"
a statutory provision that authorizes the commissioner to participate in a supervisory
college with other regulators charged with the supervision of that particular type of
insurer.

(END OF INSERT 6-4)

INSERT 8-10

8 *no ff* as follows: ✓

9 (a) Within 45 days after the date *on which* the final summary report is provided to the
10 insurer's board of directors or the appropriate committee of that board, but no more
11 than once each year if either of the following applies:

12 1. The insurer is domiciled in Wisconsin and is not a member of an insurance
13 holding company system. *

14 2. The insurer is a member of an insurance holding company system and the
15 commissioner is the lead state commissioner. ✓

✓

*Ins. 8-10 cont'd 2/22
on which*

1

(b) Within 45 days after the date the final summary report is filed with the

2

commissioner of the insurer's lead state if all of the following apply: ✓

3

1. The insurer is domiciled in Wisconsin. ✓

4

2. The insurer is a member of an insurance holding company system for which

5

the commissioner is not the lead state commissioner. ✓

(END OF INSERT 8-10)

INSERT 9-2

6

not

not located in the United States or any of its territories ✓

NO #

(END OF INSERT 9-2)

INSERT 9-12

7

not

If the insurer is a member of an insurance holding company system,

NO #

(END OF INSERT 9-12)

INSERT 11-22

****NOTE: Is it possible to come up with some language for "subject to sub. (2)" that means what you think it means? I tried and couldn't. Doesn't the second sentence ensure that additional information can be requested? (I just don't like drafting language that I would not be able to explain if someone asked me what it means.) What it means now is that the summary report must be prepared consistently with the guidance manual, subject to its review being made using certain procedures.

(END OF INSERT 11-22)

INSERT 13-13

****NOTE: Thank you for your explanation and example. I changed "the legal authority" to "its legal authority." Okay? ✓

(END OF INSERT 13-13)

INSERT ~~16-9~~ 15-15



Insert 15-15

****NOTE: You thought the insurer was consenting to intervene. I don't think this makes sense. In subd. 5. above, the 3rd-party consultant is consenting to intervention by the insurer. Could the insurer's consent in subd. 6. be to the disclosure of confidential information?

(END OF INSERT 15-15)

INSERT 16-9

1 **622.17 Penalty.** Notwithstanding s. 601.64 (1) and (4), an insurer that is
2 subject to this chapter that fails, without just cause, to timely file the summary
3 report required under s. 622.09 is subject to the penalties under s. 601.64 (2) and (3).

(END OF INSERT 16-9)

Kahler, Pam

From: Zito, Mollie K - OCI <Mollie.Zito@wisconsin.gov>
Sent: Tuesday, January 28, 2014 6:27 PM
To: Kahler, Pam
Cc: Noreen Parrett
Subject: FW: Draft review: LRB -3620/P2 Topic: Miscellaneous provisions for accreditation by NAIC
Attachments: 13-3620/P2.pdf

Hi Pam –

Thanks Pam for your quick turnaround. Below are answers to the questions in the LRB-3620/P2 draft and one change. Our folks in financial are still looking at the draft but I thought I would shoot you answers to your questions so we can keep the process moving. Please let me know if you have any questions or need additional information.

Questions in LRB-3620/P2 draft:

1. Page 3, note after line 14: The provision cited does not yet exist. The rule section referred to in the statute won't be promulgated until after the statute is enacted. Below is what OCI proposes:
 - (a) Adding a new section to Chapter 617 (either immediately before or immediately after s. 617.11 Wis. Stat.). The section would define "enterprise risk report" and give OCI the authority to promulgate rules.
 - (b) The language at lines 12-14 on page 3 could be changed to reference the new section in Chapter 617.
 - (c) Suggested language for lines 12-14 on page 3:
 - (b) Enterprise risk filing and any related information provided by an insurer under s. 617.___, which are not subject to subch. II of ch. 19 and are subject only to the confidentiality provisions of s. 617.___ and rules promulgated thereunder.
 - (d) Language for new s. 617.___:

617.__. ENTERPRISE RISK REPORTS. (a) The Commissioner shall promulgate rules requiring insurers to report their enterprise risk, including the form of report and the manner and process for filing the report.

(b) For purposes of this section, enterprise risk means any activity, circumstance, event or series of events involving one or more affiliates of an insurer that, if not remedied promptly, is likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole, including, but not limited to, anything that would cause the insurer's risk-based capital to fall into company action level as set forth in s. Ins 51.01(4), Wis. Adm. Code, or would cause the insurer to be in a hazardous financial condition pursuant to s. 623.11, 645.31 or 645.41.
- ✓ 2. Page 4, note after line 13: Yes.
- ✓ 3. Page 7, note after line 8: Yes you understood correctly that the "applicant" is the same as the "acquiring party."
- ✓ 4. Page 8, note after line 2: I believe the answer is yes but will let you know if that is not correct.
- ✓ 5. Page 10, note after line 2: Looks good.
- ✓ 6. Page 10, note after line 6: Okay.
- ✓ 7. Page 15, note after line 22: Please delete "subject to the requirements of sub. (2)."

✓ 8. Page 17, note after line 11: Okay.

← 9. Page 19, note after line 10: We are still looking into this. Very poorly worded by the NAIC. Maybe that the written agreement for sharing with a third-party consultant requires the insurer's consent?

Language change:

Page 15, line 10: "in hazardous financial condition as described in s. 623.11, 645.31 and 645.41, or otherwise". Consistent with the definition of Enterprise Risk Report.

From: LRB.Legal [<mailto:lrblegal@legis.wisconsin.gov>]

Sent: Tuesday, January 28, 2014 1:12 PM

To: Zito, Mollie K - OCI

Subject: Draft review: LRB -3620/P2 Topic: Miscellaneous provisions for accreditation by NAIC

Following is the PDF version of draft LRB -3620/P2.