



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-2365/P1  
PJK&TJD:kjf&an  
PK, TD, AM  
EJCM

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

Friday  
(or Tuesday if Friday  
not possible)

1        **AN ACT to repeal** 601.422, 601.425, 601.428, 612.14 (1) to (12), 612.31 (5), 612.31  
2            (6), 612.32 (4), 612.53 (1) (title), 612.53 (2), 612.71, 628.81, 635.13 (title) and  
3            635.13 (2); **to renumber** 612.53 (1) and 635.13 (1); **to renumber and amend**  
4            612.14 (intro.), 620.04 (1), 623.06 (1f), 623.06 (8) and 632.43 (6m) (a) 3.; **to**  
5            **amend** 600.01 (1) (b) 10. b., 605.21 (2), 610.21 (1), 611.07 (4), 611.56 (5), 612.02  
6            (2) (a), 612.13 (3), 612.13 (4), 612.31 (4) (m), 612.32 (1), 612.32 (2) (a), 612.33 (1),  
7            612.33 (2) (b), 623.06 (2) (intro.), 628.07, 628.10 (2) (a), 628.10 (2) (am), 628.347  
8            (1) (a), 628.347 (4) (c), 628.347 (4m) (b) 3. c., 632.43 (6m) (e) 3. f., 632.43 (6m)  
9            (e) 3. g., 655.27 (3) (b) 1., 655.27 (3) (b) 2., 655.27 (3) (b) 2m., 655.27 (3) (bg) 1.,  
10          655.27 (3) (bg) 2., 655.27 (3) (br) (intro.), 655.27 (3) (d), 655.27 (3) (e) and 655.61  
11          (1); **to repeal and recreate** 623.06 (1c); and **to create** 227.01 (13) (pm),  
12          601.465 (1m) (c) 8., 601.465 (1m) (c) 9., 620.04 (1) (b), 623.06 (1f) (b), 623.06 (1m)  
13          (intro.), 623.06 (1r), 623.06 (9), 623.06 (10), 623.06 (11), 623.06 (12), 623.06 (13)  
14          (b), 632.43 (6m) (a) 3. b., 632.43 (6m) (a) 4m., 645.675, 655.27 (3) (bt) and 655.61

1 (3) of the statutes; **relating to:** various miscellaneous changes to the insurance  
2 statutes *→ and granting rule-making authority*

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***Analysis by the Legislative Reference Bureau***

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

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

3 **SECTION 1.** 227.01 (13) (pm) of the statutes is created to read:

4 227.01 (13) (pm) Relates to setting fees under s. 655.27 (3) for the injured  
5 patients and families compensation fund or setting fees under s. 655.61 for the  
6 mediation fund.

7 **SECTION 2.** 600.01 (1) (b) 10. b. of the statutes is amended to read:

8 600.01 (1) (b) 10. b. The exemption under subd. 10. a. does not apply if the  
9 services offered by the care management organization include hospital, physician or  
10 other acute health care services other than mental health and alcohol and other drug  
11 abuse treatment services.

12 **SECTION 3.** 601.422 of the statutes is repealed.

13 **SECTION 4.** 601.425 of the statutes is repealed.

14 **SECTION 5.** 601.428 of the statutes is repealed.

15 **SECTION 6.** 601.465 (1m) (c) 8. of the statutes is created to read:

16 601.465 (1m) (c) 8. The International Association of Insurance Supervisors.

17 **SECTION 7.** 601.465 (1m) (c) 9. of the statutes is created to read:

18 601.465 (1m) (c) 9. An agent or employee of the International Association of  
19 Insurance Supervisors.

20 **SECTION 8.** 605.21 (2) of the statutes is amended to read:

*Insert 2-19*

1           605.21 (2) PREMIUM PAYMENT. Upon receipt of certification of premium due, the  
2 premium shall be paid into the state treasury for the benefit of the property fund,  
3 within ~~60~~ 30 days after the date of certification or the effective date of the policy,  
4 whichever is the later. Premiums for property insured effective at a later date shall  
5 be paid within ~~60~~ 30 days after the effective date of each addition. The amount of a  
6 premium in default shall be a special charge against the local governing unit, and  
7 be included in the next certification of state taxes and charged and collected as other  
8 special charges are collected, with interest from the due date at a rate set by the  
9 commissioner by rule or, in the absence of a rule, at twice the most common prime  
10 rate charged by major banks in this state. ✓

11           **SECTION 9.** 610.21 (1) of the statutes is amended to read:

12           610.21 (1) PROHIBITION FOR DOMESTIC INSURERS. No domestic insurer may  
13 engage, directly or indirectly, in any business other than insurance and business  
14 reasonably incidental to its insurance business, except as specifically authorized by  
15 s. 611.26 (4), ~~or s. 611.26 (4) as incorporated by s. 613.26 or 614.24 (1), or s. 613.26~~  
16 or any other provision of chs. 600 to 646; ~~except that a domestic insurer not restricted~~  
17 under s. 620.03 may engage directly in any ~~activity~~ incidental business to the extent  
18 it is authorized to do so through a subsidiary.

\*\*\*\*NOTE: I have amended this so that the specific authorization is under 1) s.  
611.26 (4); 2) s. 611.26 (4) as incorporated by s. 613.26 or 614.24 (1); or 3) any other  
provision of chs. 600 to 646. Is this correct? I can't tell what current law means. Section  
613.26 appears to incorporate s. 611.26. Does current law mean that "s. 611.26 (4) is  
incorporated by any other provision of chs. 600 to 646?"

19           **SECTION 10.** 611.07 (4) of the statutes is amended to read:

20           611.07 (4) WAIVER OF NOTICE AND INFORMAL ACTION BY SHAREHOLDERS,  
21 POLICYHOLDERS OR DIRECTORS. Sections 180.0704, 180.0706, 180.0821, and 180.0823  
22 apply to stock corporations and ss. 181.0704, 181.0706, 181.0821, and 181.0823

1 apply to mutuals. Section 180.0821 also applies to a committee of the board of a stock  
2 corporation and s. 181.0821 also applies to a committee of the board of a mutual,  
3 except that, in both cases, references to “board” shall be read as “committee” and  
4 “directors” shall mean members of the board appointed to serve on the committee.

5 SECTION 11. 611.56 (5) of the statutes is amended to read:

6 611.56 (5) ~~QUORUM MEETINGS, QUORUM, AND VOTING.~~ Section Sections 180.0820,  
7 180.0821, and 180.0824 ~~applies~~ apply to a committee of the board of a stock  
8 corporation, except that references in s. 180.0824 to a committee “created under s.  
9 180.0825” shall be read as a committee “created under this section”. Sections  
10 181.0820, 181.0821, and 181.0824 apply to a committee of the board of a mutual,  
11 except that references to “board” shall be read as “committee”, “majority” in s.  
12 181.0824 (1) shall mean a majority of the members of the board appointed to serve  
13 on the committee, and “majority” in s. 181.0824 (2) shall mean a majority of the  
14 members of the board appointed to serve on the committee who are present at the  
15 meeting.

16 SECTION 12. 612.02 (2) (a) of the statutes is amended to read:

17 612.02 (2) (a) The name of the corporation ~~which shall contain the words “Town~~  
18 Mutual”;

19 SECTION 13. 612.13 (3) of the statutes is amended to read:

20 612.13 (3) DUTIES. The board shall ~~manage~~ direct the business and affairs of  
21 the corporation and shall not delegate its power or responsibility to any person except  
22 as specifically provided otherwise in this chapter.

23 SECTION 14. 612.13 (4) of the statutes is amended to read:

24 612.13 (4) ADJUSTMENT COMMITTEE. The directors shall ~~shall~~ may annually appoint  
25 from their own number an adjustment committee of at least 3 persons, to adjust or

1 supervise the adjustment of losses under s. 612.53. If no adjustment committee is  
2 appointed, the entire board shall act as the adjustment committee to adjust or  
3 supervise the adjustment of losses under s. 612.53.

4 SECTION 15. 612.14 (intro.) of the statutes is renumbered 612.14 and amended  
5 to read:

6 **612.14 Reports.** ~~The secretary and the treasurer~~ An officer or person  
7 designated by an officer of the company shall present to the annual meeting written  
8 reports showing the condition of the town mutual on the previous December 31 and  
9 its activity during the preceding calendar year, including: any information required  
10 to be presented by the articles or bylaws or by the commissioner. The officer or person  
11 designated by an officer shall include in the reports a sufficient level of information  
12 to reasonably inform members about the financial condition of the town mutual.

13 SECTION 16. 612.14 (1) to (12) of the statutes are repealed.

14 SECTION 17. 612.31 (4) (m) of the statutes is amended to read:

15 612.31 (4) (m) Assuming reinsurance, ~~except under sub. (6);~~ or

16 SECTION 18. 612.31 (5) of the statutes is repealed.

17 SECTION 19. 612.31 (6) of the statutes is repealed.

18 SECTION 20. 612.32 (1) of the statutes is amended to read:

19 612.32 (1) REAL PROPERTY OUTSIDE TERRITORY. Town mutuals may insure real  
20 property and contents in villages and cities partially located in the specified territory,  
21 real property and contents in an immediately adjoining county owned by a member  
22 ~~immediately adjoining and contiguous to land owned by the same member which is~~  
23 who has real property and contents insured by the town mutual within the specified  
24 territory, and real property and contents used exclusively by the member and his or  
25 her family for recreational purposes.

1           **SECTION 21.** 612.32 (2) (a) of the statutes is amended to read:

2           612.32 (2) (a) *Farm property.* A town mutual may provide coverage for  
3 livestock, while temporarily located outside the town mutual's territory, for farm  
4 products, while temporarily located for a period not exceeding 2 years outside the  
5 town mutual's territory, and for farm machinery and farm vehicles while temporarily  
6 located, for a period not exceeding ~~6 months~~, one year outside its territory, subject  
7 to limitations in the policy or in the articles or bylaws with respect to the distance  
8 from the territory to which the property may be removed without suspension of the  
9 coverage.

10          **SECTION 22.** 612.32 (4) of the statutes is repealed.

11          **SECTION 23.** 612.33 (1) of the statutes is amended to read:

12          612.33 (1) **PERMITTED AND PROHIBITED REINSURANCE.** A town mutual may cede  
13 reinsurance only under s. 612.31 (6), or to an insurer authorized to do business in this  
14 state under s. 612.71 or ch. 611 or 618, or under arrangements which are approved  
15 in advance by the commissioner and which are subject to the controls the  
16 commissioner prescribes.

17          **SECTION 24.** 612.33 (2) (b) of the statutes is amended to read:

18          612.33 (2) (b) *Nonproperty insurance.* To the extent that a town mutual  
19 provides insurance under s. 612.31 (3), it shall obtain reinsurance of at least a 90%  
20 proportional share of each risk or it shall obtain excess of loss reinsurance with a  
21 retention in a similar dollar amount with an insurer authorized to do such business  
22 in this state, in either instance not to exceed \$25,000 on each risk. The commissioner  
23 may permit a town mutual to retain a larger percentage or have a greater excess of  
24 loss retention level if he or she finds that the interests of the members will not be  
25 endangered thereby, or may require it to reinsure a larger percentage or obtain a

1 lesser excess of loss retention level if he or she finds that the interests of the members  
2 make it advisable. The commissioner may by rule require other reinsurance.

3 SECTION 25. 612.53 (1) (title) of the statutes is repealed.

4 SECTION 26. 612.53 (1) of the statutes is renumbered 612.53.

5 SECTION 27. 612.53 (2) of the statutes is repealed.

6 SECTION 28. 612.71 of the statutes is repealed.

7 SECTION 29. 620.04 (1) of the statutes is renumbered 620.04 (1) (intro.) and  
8 amended to read:

9 620.04 (1) ADDITIONAL RESTRICTIONS. (intro.) If the commissioner finds that by  
10 reason of investment conditions generally or of the financial condition or current  
11 investment practice of an individual insurer, the interests of insureds, creditors, or  
12 the public are or may be endangered, the commissioner may do any of the following:

13 (a) For insurers that are not restricted under s. 620.03, impose reasonable and  
14 temporary restrictions upon the investments of an individual insurer, including  
15 prohibition or divestment of a particular investment.

16 SECTION 30. 620.04 (1) (b) of the statutes is created to read:

17 620.04 (1) (b) For insurers that are subject to s. 620.03, impose reasonable  
18 restrictions upon the investments of an individual insurer, including prohibition or  
19 divestment of a particular investment.

\*\*\*NOTE: I did not include any of the titles suggested for the new subsections in  
s. 623.06. None of the subsections in s. 623.06 in current law have titles; if any  
subsections in a section have titles, all should. Do you want titles for all of the subsections  
in s. 623.06? If so, I'm open to suggestions for titles to the subsections in current law.

20

SECTION 31. 623.06 (1c) of the statutes is repealed and recreated to read:

21

623.06 (1c) In this section:

as affected by 2015 Wisconsin Act... (Mason)

Insert 8-1 →

① ~~b~~ <sup>b</sup> (a) "Appointed actuary" means a qualified actuary who is appointed in accordance with the valuation manual to prepare the actuarial opinion required in sub. (1r).

④ ~~c~~ <sup>c</sup> (b) "Deposit-type contract" means a contract that does not incorporate mortality or morbidity risks and as may be specified in the valuation manual.

⑥ ~~e~~ <sup>e</sup> (c) "Life insurance contract" means a contract that incorporates mortality risk, including annuity contracts, as may be specified in the valuation manual.

⑨ ~~f~~ <sup>f</sup> (d) "Operative date" means the date determined under sub. (9) (b).

⑪ ~~g~~ <sup>g</sup> (e) "Principle of valuation" means the method of valuation that uses one or more methods, or combination of methods, as determined by the insurer and that is required to comply with the valuation manual.

⑭ ~~h~~ <sup>h</sup> (f) "Qualified actuary" means an individual who is qualified to sign the applicable statement of actuarial opinion in accordance with the American academy of actuaries qualification standards for actuaries signing such statements and who meets the requirements specified in the valuation manual and any other requirements that the commissioner may by rule specify.

⑲ ~~i~~ <sup>i</sup> (g) "Tail risk" means a risk that occurs either when the frequency of low probability events is higher than expected under a normal probability distribution or when there are observed events of very significant size or magnitude.

⑳ ~~j~~ <sup>j</sup> (h) "Valuation manual" means the manual of valuation instructions as adopted by the National Association of Insurance Commissioners under sub. (9) or as subsequently amended.

Insert 8-5 →

delete pages  
8-21  
they are being  
replaced w/ insert  
22-13



1           **SECTION 32.** 623.06 (1f) of the statutes is renumbered 623.06 (1f) (a) and  
2 amended to read:

3           623.06 (1f) (a) The For policies and contracts issued before the operative date  
4 of the valuation manual, the commissioner shall annually value, or cause to be  
5 valued, the reserve liabilities (hereinafter called reserves) for all outstanding life  
6 insurance policies and annuity and pure endowment contracts of every life insurance  
7 company doing business in this state, ~~except that in the case of an alien company,~~  
8 ~~such valuation shall be limited to its United States business,~~ and may certify the  
9 amount of any such reserves, specifying the mortality table or tables, rate or rates  
10 of interest and methods (net level premium method or other) used in the calculation  
11 of such reserves. In calculating such reserves, the commissioner may use group  
12 methods and approximate averages for fractions of a year or otherwise. In lieu of the  
13 valuation of the reserves herein required of any foreign or alien company, the  
14 commissioner may accept any valuation made, or caused to be made, by the  
15 insurance supervisory official of any state or other jurisdiction ~~when~~ if such  
16 valuation complies with the minimum standard herein provided and if the official  
17 of such state or jurisdiction accepts as sufficient and valid for all legal purposes the  
18 certificate of valuation of the commissioner when such certificate states the  
19 valuation to have been made in a specified manner according to which the aggregate  
20 reserves would be at least as large as if they had been computed in the manner  
21 prescribed by the law of that state or jurisdiction.

22           **SECTION 33.** 623.06 (1f) (b) of the statutes is created to read:

23           623.06 (1f) (b) For policies and contracts issued on or after the operative date  
24 of the valuation manual, the commissioner shall annually value, or cause to be  
25 valued, the reserve liabilities (hereinafter called reserves) for all outstanding life

1 insurance contracts, annuity and pure endowment contracts, and deposit-type  
 2 contracts of every insurer doing business in this state. In lieu of the valuation of the  
 3 reserves required of a foreign or alien company, the commissioner may accept a  
 4 valuation made, or caused to be made, by the insurance supervisory official of any  
 5 state or other jurisdiction if the valuation complies with the minimum standard  
 6 provided in this section. Subsections (9) and (10) apply to all policies and contracts  
 7 issued on or after the operative date of the valuation manual.

\*\*\*\*NOTE: I dropped "issued on or after the operative date of the valuation manual"  
 after "deposit-type contracts." Okay? It seemed repetitive and unnecessary.

8 SECTION 34. 623.06 (1m) (intro.) of the statutes is created to read:  
 9 623.06 (1m) (intro.) Before the operative date of the valuation manual, all of  
 10 the following apply:

11 SECTION 35. 623.06 (1r) of the statutes is created to read:  
 12 623.06 (1r) Beginning on the operative date of the valuation manual, all of the  
 13 following apply:

14 (a) Every insurance company that has outstanding life insurance contracts, or  
 15 deposit-type contracts in this state and that is subject to regulation by the  
 16 commissioner shall submit to the commissioner <sup>as prescribed in par. (c),</sup> the opinion of the appointed actuary  
 17 as to whether the reserves and related actuarial items held in support of those  
 18 outstanding contracts are computed appropriately, are based on assumptions that  
 19 satisfy contractual provisions, are consistent with prior reported amounts, and  
 20 comply with applicable laws of this state. The valuation manual shall prescribe the  
 21 specifics of this opinion, including any items that are necessary to its scope.

22 (b) Every insurance company that has outstanding life insurance contracts, or  
 23 deposit-type contracts in this state and that is subject to regulation by the

*accident and health insurance contracts,*

1 commissioner, except as exempted in the valuation manual, shall also annually  
2 include in the opinion required under par. (a) an opinion of the same appointed  
3 actuary as to whether the reserves and related actuarial items held in support of the  
4 policies and contracts specified in the valuation manual, when considered in light of  
5 the assets held by the company with respect to the reserves and related actuarial  
6 items, including the investment earnings on the assets and the considerations  
7 anticipated to be received and retained under the policies and contracts, make  
8 adequate provision for the company's obligations under the policies and contracts,  
9 including the benefits under and expenses associated with the policies and contracts.  
10 The opinion required under this paragraph shall be governed by the following:

11 1. A memorandum, in form and substance as specified in the valuation manual  
12 and acceptable to the commissioner, shall be prepared to support each actuarial  
13 opinion.

14 2. If the insurance company fails to provide a supporting memorandum at the  
15 request of the commissioner within a period specified in the valuation manual, or the  
16 commissioner determines that the supporting memorandum provided by the  
17 insurance company fails to meet the standards prescribed by the valuation manual  
18 or is otherwise unacceptable to the commissioner, the commissioner may engage a  
19 qualified actuary at the expense of the company to review the opinion and the basis  
20 for the opinion and prepare the supporting memorandum required by the  
21 commissioner.

22 (c) All opinions required under this subsection shall be governed by the  
23 following:

24 1. The opinion shall be in form and substance as specified in the valuation  
25 manual and acceptable to the commissioner.

1           2. The opinion shall be submitted with the annual statement reflecting the  
2 valuation of such reserve liabilities for each year ending on or after the operative date  
3 of the valuation manual.

\*\*\*\*NOTE: "Year" means calendar year. The operative date of the valuation manual is a particular January 1. Therefore, a year cannot end on the operative date of the valuation manual.

4           3. The opinion shall apply to all policies and contracts (subject to par. (b)), plus  
5 other actuarial liabilities as may be specified in the valuation manual.

Insert 12-5

\*\*\*\*NOTE: Should this say "policies and contracts described in par. (b)"? It doesn't seem like there are any policies and contracts "subject to par. (b)." Since subd. 3. above is limited to "policies and contracts subject to par. (b)" but the intro. says that all opinions are governed by the following, I'm wondering if the policies and contracts described in par. (a) the same ones as those described in par. (b)?

described in par. (a) and (b)

6           4. The opinion shall be based on standards adopted from time to time by the  
7 actuarial standards board or its successor and on any additional standards  
8 prescribed in the valuation manual.

9           5. With respect to an opinion required to be submitted by a foreign or alien  
10 company, the commissioner may accept the opinion filed by that company with the  
11 insurance supervisory official of another state if the commissioner determines that  
12 the opinion reasonably meets the requirements applicable to a company domiciled  
13 in this state.

14           6. Except in cases of fraud or willful misconduct, the appointed actuary shall  
15 not be liable for damages to any person, other than the insurance company and the  
16 commissioner, for any act, error, omission, decision, or conduct with respect to the  
17 appointed actuary's opinion.

18           **SECTION 36.** 623.06 (2) (intro.) of the statutes is amended to read:

19           623.06 (2) (intro.) Except as provided in subs. (2a) and (2m), the minimum  
20 standard for the valuation of all such policies and contracts issued prior to the

1 effective date of this section [see sub. (8) (13) and s. 632.43 (9)] shall be that provided  
2 by the laws in effect immediately prior to such date. Except as provided in subs. (2a)  
3 and (2m), the minimum standard for the valuation of all such policies and contracts  
4 issued on or after the effective date of this section shall be the commissioners reserve  
5 valuation methods defined in subs. (3) to (4m) and (7), with 3.5 percent interest, or  
6 in the case of policies and contracts, other than annuity and pure endowment  
7 contracts, issued on or after June 19, 1974, and prior to November 8, 1977, 4 percent  
8 interest, and for policies issued on or after November 8, 1977, 4.5 percent interest and  
9 the following tables:

10 SECTION 37. 623.06 (8) of the statutes is renumbered 623.06 (13) (a) and  
11 amended to read:

12 623.06 (13) (a) This Except as provided in par. (b), this section shall become  
13 effective on the same date as does s. 632.43.

14 (c) The provisions of this section shall supersede all provisions of law  
15 inconsistent or in conflict therewith.

16 SECTION 38. 623.06 (9) of the statutes is created to read:

17 623.06 (9) (a) For policies and contracts issued on or after the operative date  
18 of the valuation manual, the standard prescribed in the valuation manual is the  
19 minimum standard of valuation required under sub. (1f) (b), except as provided in  
20 pars. (e) and (g).

\*\*\*\*NOTE: I added "and contracts" in the paragraph above. Okay?

21 (b) The operative date of the valuation manual is January 1 of the first calendar  
22 year beginning after the first July 1 as of which all of the following have occurred:

Insert 13-15

→

1           1. The valuation manual has been adopted by the National Association of  
2 Insurance Commissioners by an affirmative vote of at least 42 members, or  
3 three-fourths of the members voting, whichever is greater.

4           2. The standard valuation law, as amended by the National Association of  
5 Insurance Commissioners in 2009, or legislation including substantially similar  
6 terms and provisions, has been enacted by states representing more than 75 percent  
7 of the direct premiums written as reported in all of the following annual statements  
8 submitted for 2008:

- 9           a. Life, accident, and health annual statements.  
10           b. Health annual statements.  
11           c. Fraternal annual statements.

\*\*\*\*NOTE: How does this work? Do you add up the premium written on all three  
types of annual statements for each state?

12           3. The standard valuation law, as amended by the National Association of  
13 Insurance Commissioners in 2009, or legislation including substantially similar  
14 terms and provisions, has been enacted by at least 42 of the following 55  
15 jurisdictions:

- 16           a. The 50 states of the United States.  
17           b. American Samoa.  
18           c. The American Virgin Islands  
19           d. The District of Columbia.  
20           e. Guam.  
21           f. Puerto Rico.

22           (c) Unless a change in the valuation manual specifies a later effective date,  
23 changes to the valuation manual shall be effective on the first January 1 after the

1 date when such changes have been adopted by the National Association of Insurance  
2 Commissioners by an affirmative vote representing all of the following:

3 1. At least three-fourths of the members of the National Association of  
4 Insurance Commissioners voting, but not less than a majority of the total  
5 membership.

6 2. Members of the National Association of Insurance Commissioners  
7 representing jurisdictions with more than 75 percent of the direct premiums written  
8 as reported in all of the following annual statements most recently available before  
9 the vote under subd. 1.:

10 a. Life, accident, and health annual statements.

11 b. Health annual statements.

12 c. Fraternal annual statements.

\*\*\*NOTE: How does this work? Do you add up the premium written on all three types of annual statements for each jurisdiction? Is a jurisdiction a state?

13 (d) The valuation manual must specify all of the following:

14 1. Minimum valuation standards for and definitions of the policies and  
15 contracts subject to sub. (1f) (b). The minimum valuation standards shall be all of  
16 the following:

17 a. The commissioner's reserve valuation method for life insurance contracts,  
18 other than annuity contracts, subject to sub. (1f) (b).

\*\*\*NOTE: Have I correctly placed the commas?

19 b. The commissioner's annuity reserve valuation method for annuity contracts  
20 subject to sub. (1f) (b).

\*\*\*NOTE: Do the two provisions above refer to the Wisconsin commissioner? Other references to "commissioners" in the section have no apostrophe.

21 c. Minimum reserves for all other policies and contracts subject to sub. (1f) (b).

Insert 15-12

2. Which policies or contracts, or types of policies or contracts, are subject to the requirements of a principle-based valuation in sub. (10) (a) and the minimum valuation standards consistent with those requirements.

\*\*\*\*NOTE: Previously this read "contracts that are subject to..." I removed "that." Is this correct?

3. For policies and contracts subject to a principle-based valuation under sub. (10), all of the following:

a. Requirements for the format of reports to the commissioner under sub. (10)

(b) 3., which <sup>reports</sup> shall include information necessary to determine if the valuation is appropriate and in compliance with this section.

\*\*\*\*NOTE: What does "which" refer to? Is it the requirements, the format, or the reports?

b. ~~Assumptions shall be prescribed for~~ risks over which the insurance company does not have significant control or influence. <sup>Requirements regarding the treatment of</sup>

\*\*\*\*NOTE: All of these provisions should follow from par. (d) (intro.), i.e., something that must be specified in the valuation manual. This one does not. How should it read?

c. Procedures for corporate governance and oversight of the actuarial function and a process for appropriate waiver or modification of such procedures.

4. ~~For~~ policies not subject to a principle-based valuation under sub. (10), ~~the~~ <sup>which</sup> minimum valuation standard shall be the greater of the following:

a. Reserves that are consistent with the minimum standard of valuation before the operative date of the valuation manual.

b. Reserves that quantify the benefits, guarantees, and funding associated with the contracts and their risks at a level of conservatism that reflects conditions that include unfavorable events that have a reasonable probability of occurring. This does not preclude, for policies with significant tail risk, reflecting in the reserve conditions appropriately adverse to quantify that tail risk.

The minimum valuation standard

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\*\*\*\*NOTE: I'm having difficulty understanding the last sentence. Does "to quantify" mean "to enable quantifying"? If so, I think that might help.

\*\*\*\*NOTE: Subdivision 4. above also does not follow from par. (d) (intro.). Could it say, "The minimum valuation standard for policies not subject to ..., which minimum valuation standard shall be the greater of ...."? If it cannot be reworded, it will have to come out of the list in par. (d).

1           5. Other requirements, including those relating to reserve methods, models for  
2 measuring risk, generation of economic scenarios, assumptions, margins, use of  
3 insurance company experience, risk measurement, disclosure, certifications,  
4 reports, actuarial opinions and memoranda, transition rules, and internal controls.

5           6. The data and form of the data required under sub. (11) and to whom the data  
6 must be submitted. The valuation manual may specify other related requirements,  
7 including data analyses and reporting of analyses.

8           (e) In the absence of a specific valuation requirement, or if a specific valuation  
9 requirement in the valuation manual is not, in the opinion of the commissioner, in  
10 compliance with this section, the insurance company shall, with respect to such  
11 requirements, comply with minimum valuation standards prescribed by the  
12 commissioner by rule.

\*\*\*\*NOTE: I changed "by regulation" to "by rule."

13           (f) The commissioner may engage a qualified actuary, at the expense of the  
14 insurance company, to perform an actuarial examination of the company and opine  
15 on the appropriateness of any reserve assumption or method used by the company,  
16 or to review and opine on a company's compliance with any requirement in this  
17 section. The commissioner may rely on the opinion, regarding provisions in this  
18 section, of a qualified actuary engaged by the commissioner of another state or  
19 district or territory of the United States. As used in this paragraph, the term  
20 "engage" includes both "employ" and "contract with."

1 (g) The commissioner may require an insurance company to make any change  
2 to an assumption or method that, in the opinion of the commissioner, is necessary to  
3 comply with the requirements of the valuation manual or this section. An insurance  
4 company shall adjust the reserves as required by the commissioner. The  
5 commissioner may take any disciplinary action permitted under ss. 601.41 (4) and  
6 601.64.

7 (h) 1. The commissioner may exempt specific product forms or product lines of  
8 a domestic company that is licensed and doing business only in Wisconsin from the  
9 requirements of this subsection if all of the following are satisfied:

10 a. The commissioner has issued an exemption in writing to the company and  
11 has not subsequently revoked the exemption in writing.

12 b. The company computes reserves using assumptions and methods used  
13 before the operative date of the valuation manual in addition to any requirements  
14 established by the commissioner and promulgated by rule.

15 2. For policy forms and product lines for which a company is granted an  
16 exemption under subd. 1., subs. (1f) (a), (1m), and (2) to (7) apply, and any reference  
17 to the valuation manual does not apply.

\*\*\*\*NOTE: This paragraph was sub. (13) in the submitted draft. Because it creates  
an exemption from sub. (9), I thought it was more appropriate to place it in sub. (9).

18 **SECTION 39.** 623.06 (10) of the statutes is created to read:

19 623.06 (10) (a) An insurer must establish reserves for policies and contracts as  
20 specified in the valuation manual using a principle-based valuation that does all of  
21 the following:

\*\*\*\*NOTE: Is how I have reworded the intro. acceptable? (What follows the intro.  
are not really conditions.)

1           1. Quantifies the benefits, guarantees, and funding associated with the  
2 contracts and their risks at a level of conservatism that reflects conditions that  
3 include unfavorable events that have a reasonable probability of occurring during  
4 the lifetime of the contracts. For policies or contracts with significant tail risk, the  
5 principle-based valuation should reflect conditions appropriately adverse to  
6 quantify the tail risk.

\*\*\*\*NOTE: As before, does "to quantify" mean "to enable quantifying"?

7           2. Incorporates assumptions, risk analysis methods and financial models, and  
8 management techniques that are consistent with, but not necessarily identical with,  
9 those used within the company's overall risk assessment process, while recognizing  
10 potential differences in financial reporting structures and any prescribed  
11 assumptions or methods.

12           3. Incorporates assumptions that are derived in one of the following ways:

13           a. The assumption is prescribed in the valuation manual.

14           b. For an assumption that is not prescribed in the valuation manual, the  
15 assumption is established using the company's available experience to the extent it  
16 is relevant and statistically credible. To the extent that company data is not  
17 available, relevant, or statistically credible, the assumption is established using  
18 other relevant, statistically credible experience.

19           4. Provides margins for uncertainty, including adverse deviation and  
20 estimation error, such that the greater the uncertainty the larger the margin and  
21 resulting reserve.

22           (b) A company using a principle-based valuation for one or more policies or  
23 contracts subject to this section as specified in the valuation manual shall do all of  
24 the following:

1           1. Establish procedures for corporate governance and oversight of the actuarial  
2 valuation function consistent with those described in the valuation manual.

3           2. Provide to the commissioner and the board of directors an annual  
4 certification of the effectiveness of the internal controls with respect to the  
5 principle-based valuation. The internal controls shall be designed to ensure that all  
6 material risks inherent in the liabilities and associated assets subject to the  
7 valuation are included in the valuation and that valuations are made in accordance  
8 with the valuation manual. The certification shall be based on the controls in place  
9 as of the end of the preceding calendar year.

10           3. Develop, and file with the commissioner upon request, a principle-based  
11 valuation report that complies with standards prescribed in the valuation manual.

12           (c) A principle-based valuation may include a prescribed formulaic reserve  
13 component.

14           **SECTION 40.** 623.06 (11) of the statutes is created to read:

15           623.06 (11) A company shall submit mortality, morbidity, policyholder  
16 behavior, or expense experience and other data as prescribed in the valuation  
17 manual.

\*\*\*\*NOTE: Do all of the words before "experience" modify "experience"?

18           **SECTION 41.** 623.06 (12) of the statutes is created to read:

19           623.06 (12) (a) For purposes of par. (b), all of the following are confidential  
20 information:

\*\*\*\*NOTE: Is the requirement under par. (b) the sole purpose for defining "confidential information"? Alternatively, do you just want to specify what is confidential?

21           1. A memorandum in support of an opinion submitted under sub. (1m) or (1r)  
22 and any other documents, materials, or other information, including all working

1 papers and copies of working papers, created, produced, or obtained by or disclosed  
2 to the commissioner or any other person in connection with the memorandum.

3 2. All documents, materials, and other information, including all working  
4 papers and copies of working papers, created, produced, or obtained by or disclosed  
5 to the commissioner or any other person in the course of an examination made under  
6 sub. (9) (f), except that if an examination report or other material prepared in  
7 connection with an examination made under ss. 601.43 and 601.44 is not held as  
8 private and confidential information under s. 601.465 (1m) (b), an examination  
9 report or other material prepared in connection with an examination made under  
10 sub. (9) (f) is not confidential information to the same extent as if the examination  
11 report or other material had been prepared under ss. 601.43 and 601.44.

12 3. Any reports, documents, materials, or other information developed by a  
13 company in support of, or in connection with, an annual certification by the company  
14 under sub. (10) (b) 2. evaluating the effectiveness of the company's internal controls  
15 with respect to a principle-based valuation and any other documents, materials, or  
16 other information, including all working papers and copies of working papers,  
17 created, produced, or obtained by or disclosed to the commissioner or any other  
18 person in connection with the reports, documents, materials, and other information.

19 4. Any principle-based valuation report developed under sub. (10) (b) 3. and  
20 any other documents, materials, or other information, including all working papers  
21 and copies of working papers, created, produced, or obtained by or disclosed to the  
22 commissioner or any other person in connection with the report.

23 5. (a. In this subdivision, "experience data" means any documents, materials,  
24 data, or other information submitted by a company under sub. (11), and "experience  
25 materials" means ....

Insert 21-24

1           b. Experience data, and any other documents, materials, data, or other  
 2 information, including all working papers and copies of working papers, created or  
 3 produced in connection with experience data, that include any potentially  
 4 company-identifying or personally identifiable information and that is provided to  
 5 or obtained by the commissioner and any other documents, materials, data, or other  
 6 information, including all working papers and copies of working papers, created,  
 7 produced, or obtained by or disclosed to the commissioner or any other person in  
 8 connection with the experience materials.

\*\*\*\*NOTE: I couldn't tell how you were defining "experience materials." This seems  
 overly complicated. Is there any way to simplify?

9           (b) Confidential information under this subsection is required to be provided  
 10 to the commissioner under s. 601.42 and shall be kept confidential under s. 601.465.

11           **SECTION 42.** 623.06 (13) (b) of the statutes is created to read:

12           623.06 (13) (b) Any provision in this section that references the valuation  
 13 manual shall become effective on the operative date of the valuation manual.

14           **SECTION 43.** 628.07 of the statutes is amended to read:

15           **628.07 Licensing of nonresidents.** The commissioner ~~may~~ shall waive the  
 16 any examination requirement of an ~~examination~~ for a nonresident applicant under  
 17 s. 628.04 if the ~~jurisdiction~~ of the applicant's residence has imposed upon the  
 18 applicant requirements ~~substantially as rigorous as those of this state~~ and has  
 19 enforced them with comparable rigor home state or state of residence has issued the  
 20 applicant a license for which the qualifications are equivalent to the qualifications  
 21 for a license issued by this state and if that license is in good standing at the time of  
 22 application.

23           **SECTION 44.** 628.10 (2) (a) of the statutes is amended to read:

Insert 22-13

1           628.10 (2) (a) *For failure to comply with continuing education or annual*  
2 *training requirements.* The license of any intermediary or individual navigator who  
3 fails to produce evidence of compliance with continuing education standards set by  
4 the commissioner or with annual training requirements is revoked, effective on the  
5 date on which the evidence of compliance is due. At least 60 days before that date,  
6 the commissioner shall ~~send by 1st class mail to the intermediary's or navigator's~~  
7 ~~address that is on file with the commissioner~~ notice *notify the intermediary or*  
8 *navigator* of the date by which the evidence of compliance is due and that the  
9 intermediary's or navigator's license will be revoked if the evidence is not received  
10 by that date. An intermediary or navigator whose license is revoked under this  
11 paragraph may have his or her license reinstated, or may be relicensed, as provided  
12 in sub. (5).

13           **SECTION 45.** 628.10 (2) (am) of the statutes is amended to read:

14           628.10 (2) (am) *Nonpayment of fees.* The license of an intermediary or  
15 individual navigator who fails to pay a fee when due is revoked, effective on the date  
16 on which the fee is due. At least 60 days before that date, the commissioner shall ~~send~~  
17 ~~by 1st class mail to the intermediary's or navigator's address that is on file with the~~  
18 ~~commissioner~~ notice *notify the intermediary or navigator* of the date by which the  
19 fee is due and that the intermediary's or navigator's license will be revoked if timely  
20 payment is not made. An intermediary who is a natural person, or an individual  
21 navigator, whose license is revoked under this paragraph may have his or her license  
22 reinstated, or may be relicensed, as provided in sub. (5).

23           **SECTION 46.** 628.347 (1) (a) of the statutes is amended to read:

1           628.347 (1) (a) "Annuity" means ~~a fixed or variable~~ an annuity that is an  
2 insurance product that is individually solicited, whether the product is classified as  
3 an individual or group annuity.

4           **SECTION 47.** 628.347 (4) (c) of the statutes is amended to read:

5           628.347 (4) (c) This subsection applies to FINRA broker-dealer sales of  
6 ~~variable annuities and fixed~~ annuities if the suitability and supervision are similar  
7 to those applied to variable annuity sales.

\*\*\*\*NOTE: This provision still makes reference to variable annuities. Is this okay under these circumstances?

8           **SECTION 48.** 628.347 (4m) (b) 3. c. of the statutes is amended to read:

9           628.347 (4m) (b) 3. c. How ~~fixed, variable, and indexed~~ product-specific  
10 annuity contract ~~provisions~~ features affect consumers.

Insert 24-11

11           **SECTION 49.** 628.81 of the statutes is repealed.

12           **SECTION 50.** 632.43 (6m) (a) 3. of the statutes is renumbered 632.43 (6m) (a)  
13 3. (intro.) and amended to read:

14           632.43 (6m) (a) 3. (intro.) "Nonforfeiture interest rate" means ~~125%~~ either of  
15 the following:

16           a. For all policies other than those described in subd. 3. b., 125 percent of the  
17 applicable calendar year valuation interest rate under s. 623.06 rounded to the  
18 nearest ~~0.25%~~ 0.25 percent, but in no case less than 4 percent.

\*\*\*\*NOTE: Is this okay or might there be a time *after* the operative date of the valuation manual when there is no *effective* operative date of the valuation manual?

19           **SECTION 51.** 632.43 (6m) (a) 3. b. of the statutes is created to read:

20           632.43 (6m) (a) 3. b. For policies issued on or after the operative date of the  
21 valuation manual, the rate per annum provided in the valuation manual.

22           **SECTION 52.** 632.43 (6m) (a) 4m. of the statutes is created to read:



1           632.43 (6m) (a) 4m. “Operative date of the valuation manual” means the  
2           January 1 of the first calendar year that the valuation manual, as defined in s. 623.06  
3           (1c) (h), is effective in accordance with s. 623.06 (9) (b) *Insert 25-3*

*Insert 25-4* → **\*\*\*NOTE:** Should this be the January 1 of the year *after* the manual is effective, in case the manual is effective in the middle of or late in a year? Should this definition be the same as in s. 623.06 (1c) (d)?

4           **SECTION 53.** 632.43 (6m) (e) 3. f. of the statutes is amended to read:

5           632.43 (6m) (e) 3. f. Any For policies issued before the operative date of the  
6           valuation manual, any ordinary mortality tables adopted after 1980 by the National  
7           Association of Insurance Commissioners, that are approved by rule adopted by the  
8           commissioner for use in determining the minimum nonforfeiture standard, may be  
9           substituted for the commissioners 1980 standard ordinary mortality table with or  
10          without 10–year select mortality factors or for the commissioners 1980 extended  
11          term insurance table. For policies issued on or after the operative date of the  
12          valuation manual, the valuation manual provides the commissioners standard  
13          mortality table for use in determining the minimum nonforfeiture standard that  
14          may be substituted for the commissioners 1980 standard ordinary mortality table  
15          with or without 10–year select mortality factors or for the commissioners 1980  
16          extended term insurance table. If the commissioner approves, by rule, any ordinary  
17          mortality table adopted by the National Association of Insurance Commissioners for  
18          use in determining the minimum nonforfeiture standard for policies issued on or  
19          after the operative date of the valuation manual, then that minimum nonforfeiture  
20          standard supersedes the minimum nonforfeiture standard provided by the valuation  
21          manual.

22          **SECTION 54.** 632.43 (6m) (e) 3. g. of the statutes is amended to read:

1           632.43 (6m) (e) 3. g. Any For policies issued before the operative date of the  
 2 valuation manual, any industrial mortality tables adopted after 1980 by the  
 3 National Association of Insurance Commissioners, that are approved by rule  
 4 adopted by the commissioner for use in determining the minimum nonforfeiture  
 5 standard, may be substituted for the commissioners 1961 standard industrial  
 6 mortality table or the commissioners 1961 industrial extended term insurance table.  
 7 For policies issued on or after the operative date of the valuation manual, the  
 8 valuation manual provides the commissioners standard mortality table for use in  
 9 determining the minimum nonforfeiture standard that may be substituted for the  
 10 commissioners 1961 standard industrial mortality table or for the commissioners  
 11 1961 industrial extended term insurance table. If the commissioner approves, by  
 12 rule, any industrial mortality table adopted by the National Association of Insurance  
 13 Commissioners for use in determining the minimum nonforfeiture standard for  
 14 policies issued on or after the operative date of the valuation manual, then that  
 15 minimum nonforfeiture standard supersedes the minimum nonforfeiture standard  
 16 provided by the valuation manual.

Insert 26-16

\*\*\*\*NOTE: In both this provision and the provision above, I substituted "by rule" for "by regulation." Is rule what is meant?

Insert 26-17

17           **SECTION 55.** 635.13 (title) of the statutes is repealed.  
 18           **SECTION 56.** 635.13 (1) of the statutes is renumbered 635.13.  
 19           **SECTION 57.** 635.13 (2) of the statutes is repealed.  
 20           **SECTION 58.** 645.675 of the statutes is created to read:  
 21           **645.675 Qualified financial contracts.** (1) In this section:  
 22           (a) "Actual direct compensatory damages" includes normal and reasonable  
 23 costs of cover or other reasonable measures of damages used in the derivatives,

1 securities, or other markets for the contract and agreement claims. “Actual direct  
2 compensatory damages” does not include punitive or exemplary damages, damages  
3 for lost profit or lost opportunity, or damages for pain and suffering.

4 (b) “Business day” means any day other than a Saturday, a Sunday, or a day  
5 on which the New York Stock Exchange, or the Federal Reserve Bank of New York  
6 is closed.

7 (c) “Commodity contract” means any of the following:

8 1. A contract for the purchase or sale of a commodity for future delivery on, or  
9 subject to the rules of, a board of trade or contract market under the federal  
10 Commodity Exchange Act, 7 USC 1, et seq., or a board of trade outside the United  
11 States.

12 2. An agreement that is subject to regulation under the federal Commodity  
13 Exchange Act, 7 USC 23, and that is commonly known to the commodities trade as  
14 a margin account, margin contract, leverage account, or leverage contract.

15 3. An agreement or transaction that is subject to regulation under the federal  
16 Commodity Exchange Act, 7 USC 6c, and that is commonly known to the  
17 commodities trade as a commodity option.

18 4. Any combination of agreements or transactions specified in subds. 1. to 3.

19 5. Any option to enter into an agreement or transaction specified in subds. 1.  
20 to 3.

21 (d) “Contractual right” includes any right established in a rule or bylaw, or in  
22 a resolution, of the governing board of a derivatives clearing organization or board  
23 of trade as defined in the federal Commodity Exchange Act, 7 USC 1, et seq.; a  
24 multilateral clearing organization, as defined in the federal Deposit Insurance  
25 Corporation Improvement Act of 1991, 12 USC 4402; a national securities exchange,

1 a national securities association, a securities clearing agency, or a control market  
2 designated under the federal Commodity Exchange Act, 7 USC 1, et seq.; or a  
3 derivatives transaction execution facility registered under the federal Commodity  
4 Exchange Act, 7 USC 1, et seq., or any right, regardless whether it is in writing,  
5 arising under statutory or common law, or under the uniform commercial code, or by  
6 reason of normal business practice.

7 (e) “Counterparty” means a person who enters into a qualified financial  
8 contract with an insurer.

9 (f) “Credit insurance” means insurance against loss arising from failure of  
10 debtors to meet financial obligations to creditors, except mortgage guaranty  
11 insurance.

12 (g) “Credit life insurance” means insurance on the lives of borrowers or  
13 purchasers of goods in connection with specific loans or credit transactions when all  
14 or a portion of the insurance is payable to the creditor to reduce or extinguish the  
15 debt.

16 (h) “Disability insurance” means insurance covering injury or death of persons  
17 caused by accident or insurance covering the health of persons.

18 (i) “Financial guaranty insurance” means a surety bond, insurance policy,  
19 indemnity contract, or any similar guarantee issued by an insurer under which a loss  
20 is payable upon proof of occurrence of financial loss to an insured claimant.  
21 “Financial guaranty insurance” does not include credit insurance, credit life  
22 insurance, disability insurance, mortgage guaranty insurance, or long-term care  
23 insurance.

1 (j) “First-method provision” means a contract provision in which the  
2 nondefaulting party is not required to pay if a net or settlement amount is owed to  
3 the defaulting party.

4 (k) “Forward contract” has the meaning given in 12 USC 1821 (e) (8) (D).

5 (L) “Mortgage guaranty insurance” means insurance against loss arising from  
6 any of the following:

7 1. Debtors to meet financial obligations to creditors under evidences of  
8 indebtedness that are secured by any of the following:

9 a. A first lien or charge on residential real estate designed for occupancy by not  
10 more than 4 families.

11 b. A first lien of charge on residential real estate designed for occupancy by 5  
12 or more families.

13 c. A first lien or charge on real estate designed for industrial or commercial  
14 purposes.

15 d. A junior lien or charge on residential real estate.

16 2. Lessees to make payment on rentals under leases of real estate in which the  
17 lease extends for 3 years or longer.

18 (m) “Netting agreement” means any of the following:

19 1. A contract or agreement, or terms and conditions in a contract or agreement,  
20 including a master agreement together with all schedules, confirmations,  
21 definitions, and addenda, that documents one or more transactions between the  
22 parties to the agreement for, or involving, one or more qualified financial contracts  
23 and that provides for either the netting, liquidation, setoff, termination,  
24 acceleration, or close-out under, or in connection with, one or more qualified  
25 financial contracts or present or future payment or delivery obligations or

1 entitlements, including related liquidation or close-out values, among the parties to  
2 the netting agreement.

3 2. Any master agreement or bridge agreement for one or more master  
4 agreements described in subd. 1.

5 3. Any security agreement or arrangement or other credit enhancement or  
6 guarantee or reimbursement obligation related to any contract or agreement  
7 described in subd. 1. or 2.

8 (n) “Qualified financial contract” means a commodity contract, forward  
9 contract, repurchase agreement, securities contract, swap agreement, or any similar  
10 agreement that the commissioner determines by rule or order to be a qualified  
11 financial contract.

12 (o) “Repurchase agreement” has the meaning given in 12 USC 1821 (e) (8) (D).

13 (p) “Second-method provision” means a contract provision requiring a  
14 nondefaulting party to pay if a net or settlement amount is owed to the defaulting  
15 party.

16 (q) “Securities contract” has the meaning given in 12 USC 1821 (e) (8) (D).

17 (r) “Swap agreement” has the meaning given in 12 USC 1821 (e) (8) (D).

18 (s) “Two-way payment provision” means a contract provision under which both  
19 parties to the contract may have payment obligations to each other.

20 (t) “Walkaway clause” means a provision in a netting agreement or a qualified  
21 financial contract that, after calculation of a value of a party’s position or an amount  
22 due to or from one of the parties in accordance with its terms upon termination,  
23 liquidation, or acceleration of the netting agreement or qualified financial contract,  
24 either does not create a payment obligation of a party or extinguishes a payment

1 obligation of a party, in whole or in part, solely because of the party's status as a  
2 nondefaulting party.

3 (2) (a) On or after 5 p.m. central time on the business day following the date  
4 of appointment of a receiver, with regard to qualified financial contracts with an  
5 insurer that are subject to a proceeding under this chapter, no person may be stayed  
6 or prohibited from exercising any of the following rights, unless that person has  
7 received written notice that the contract has been sold or transferred under s. 645.33  
8 (2) or 645.46 (9):

9 1. A contractual right to cause the termination, liquidation, acceleration, or  
10 close-out of obligations under, or in connection with, any netting agreement or  
11 qualified financial contract with an insurer on account of any of the following:

12 a. The insolvency, financial condition, or default of the insurer at any time, if  
13 the right is enforceable under applicable law other than this chapter.

14 b. The commencement of a formal delinquency proceeding under this chapter.

15 2. Any right under a pledge, security, collateral, reimbursement, or guarantee  
16 agreement or arrangement, or any other similar security agreement or arrangement  
17 or other credit enhancement, relating to one or more netting agreements or qualified  
18 financial contracts.

19 3. Subject to s. 645.56 (2), any right to set-off or net-out any termination value,  
20 payment amount, or other transfer obligation arising under, or in connection with,  
21 one or more qualified financial contracts in which the counterparty or its guarantor  
22 is organized under the laws of the United States or a state or foreign jurisdiction  
23 approved by the National Association of Insurance Commissioners office responsible  
24 for securities validation as eligible for netting.

1 (b) If a counterparty to a master netting agreement or a qualified financial  
2 contract with an insurer subject to a proceeding under this chapter terminates,  
3 liquidates, closes-out, or accelerates the agreement or contract, damages will be  
4 measured as of the date of the termination, liquidation, close-out, or acceleration.  
5 The amount of a claim for damages is the actual direct compensatory damages  
6 calculated in accordance with sub. (6).

7 (3) Upon termination of a netting agreement or qualified financial contract,  
8 notwithstanding any walkaway clause in the netting agreement or qualified  
9 financial contract, the net or settlement amount, if any, owed by a nondefaulting  
10 party to an insurer against which an application or petition has been filed under this  
11 chapter shall be transferred to the receiver of the insurer or as directed by the  
12 receiver of the insurer, even if the insurer is the defaulting party. Any limited 2-way  
13 payment provision or first-method provision in a netting agreement or qualified  
14 financial contract with an insurer that has defaulted shall be considered to be a full  
15 2-way payment provision or 2nd-method provision as against the defaulting  
16 insurer. Any <sup>such</sup> property or amount is a general asset of the insurer, except to the extent  
17 that it is subject to one or more secondary liens or encumbrances or rights of netting  
18 or setoff.

19 (4) (a) With respect to transferring a netting agreement or qualified financial  
20 contract of an insurer that is the subject of a proceeding under this chapter, the  
21 receiver of the insurer shall do one of the following:

22 1. Transfer to one party, other than an insurer subject to a proceeding under  
23 this chapter, all netting agreements and qualified financial contracts between the  
24 counterparty and the insurer that is subject to a proceeding under this chapter,  
25 including all of the following:



1           a. All rights and obligations of each party under each netting agreement and  
2 qualified financial contract.

3           b. All property, including any guarantee or other credit enhancement, securing  
4 any claims of each party under each netting agreement and qualified financial  
5 contract.

6           2. Transfer none of the netting agreements, qualified financial contracts,  
7 rights, obligations, or property referred to in subd. 1. with respect to the  
8 counterparty.

9           (b) If a receiver of an insurer transfers a netting agreement or qualified  
10 financial contract, the receiver shall use its best efforts to notify any person who is  
11 a party to the netting agreement or qualified financial contract of the transfer by  
12 noon, central time, on the business day following the transfer.

13           (5) Notwithstanding s. 645.52 or 645.54, a receiver may not avoid a transfer  
14 of money or other property arising under or in connection with a netting agreement  
15 or qualified financial contract, or any pledge, security, collateral, or guarantee  
16 agreement or any other similar security arrangement or credit support document  
17 relating to a netting agreement or qualified financial contract, that is made before  
18 the commencement of a formal delinquency proceeding under this chapter.

19           (6) (a) In exercising the rights of disaffirmance or repudiation with respect to  
20 a netting agreement or qualified financial contract between a counterparty and an  
21 insurer that is the subject of a proceeding under this chapter, the receiver of the  
22 insurer shall do one of the following:

23           1. Disaffirm or repudiate all netting agreements and qualified financial  
24 contracts between the counterparty and the insurer.

1           2. Disaffirm or repudiate none of the netting agreements or qualified financial  
2 contracts between the counterparty and the insurer.

3           (b) Notwithstanding any provision of this section to the contrary, any claim of  
4 a counterparty against the estate arising from the receiver's disaffirmance or  
5 repudiation of a netting agreement or qualified financial contract that has not been  
6 previously affirmed in the liquidation or immediately preceding conservation or  
7 rehabilitation case shall be determined and shall be allowed or disallowed as if the  
8 claim had arisen before the date on which the petition for liquidation was filed or, if  
9 a conservation or rehabilitation proceeding is converted to a liquidation proceeding,  
10 as if the claim had arisen before the date on which the petition for conservation or  
11 rehabilitation was filed. The amount of the claim is the actual direct compensatory  
12 damages determined as of the date of the disaffirmance or repudiation of the netting  
13 agreement or qualified financial contract.

14           (7) All rights of counterparties under this chapter that apply to netting  
15 agreements and qualified financial contracts entered into on behalf of a general  
16 account are available only to counterparties of netting agreements and qualified  
17 financial contracts entered into on behalf of that general account. All rights of  
18 counterparties under this chapter that apply to netting agreements and qualified  
19 financial contracts entered into on behalf of a separate account are available only to  
20 counterparties of netting agreements and qualified financial contracts entered into  
21 on behalf of that separate account.

22           (8) (a) This section does not apply to persons who are affiliates of an insurer  
23 subject to a proceeding under this chapter.

24           (b) This section does not apply to qualified financial contracts entered into with  
25 an insurer authorized to write financial guaranty insurance.

1           **SECTION 59.** 655.27 (3) (b) 1. of the statutes is amended to read:

2           655.27 (3) (b) 1. The commissioner, after approval by the board of governors,  
3 shall ~~by rule~~ set the fees under par. (a). ~~The rule shall provide that~~ fees may be paid  
4 annually or in semiannual or quarterly installments. In addition to the prorated  
5 portion of the annual fee, semiannual and quarterly installments shall include an  
6 amount sufficient to cover interest not earned and administrative costs incurred  
7 because the fees were not paid on an annual basis. This paragraph does not impose  
8 liability on the board of governors for payment of any part of a fund deficit.

9           **SECTION 60.** 655.27 (3) (b) 2. of the statutes is amended to read:

10          655.27 (3) (b) 2. With respect to fees paid by physicians, ~~the rule~~ commissioner  
11 shall provide for not more than 4 payment classifications, based upon the amount of  
12 surgery performed and the risk of diagnostic and therapeutic services provided or  
13 procedures performed.

14          **SECTION 61.** 655.27 (3) (b) 2m. of the statutes is amended to read:

15          655.27 (3) (b) 2m. In addition to the fees and payment classifications described  
16 under subs. 1. and 2., the commissioner, after approval by the board of governors,  
17 may ~~by rule~~ establish a separate payment classification for physicians satisfying s.  
18 655.002 (1) (b) and a separate fee for nurse anesthetists satisfying s. 655.002 (1) (b)  
19 which take into account the loss experience of health care providers for whom  
20 Michigan is a principal place of practice.

21          **SECTION 62.** 655.27 (3) (bg) 1. of the statutes is amended to read:

22          655.27 (3) (bg) 1. ~~Every rule under par. (b)~~ The commissioner shall provide for  
23 an automatic increase in a health care provider's fees, except as provided in subd. 2.,  
24 if the loss and expense experience of the fund and other sources with respect to the  
25 health care provider or an employee of the health care provider exceeds either a

1 number of claims paid threshold or a dollar volume of claims paid threshold, both as  
2 established ~~in the rule by the commissioner.~~ The ~~rule~~ commissioner shall specify  
3 applicable amounts of increase corresponding to the number of claims paid and the  
4 dollar volume of awards in excess of the respective thresholds.

5 **SECTION 63.** 655.27 (3) (bg) 2. of the statutes is amended to read:

6 655.27 (3) (bg) 2. The ~~rule~~ commissioner shall provide that the automatic  
7 increase does not apply if the board of governors determines that the performance  
8 of the injured patients and families compensation fund peer review council in  
9 making recommendations under s. 655.275 (5) (a) adequately addresses the  
10 consideration set forth in par. (a) 2m.

11 **SECTION 64.** 655.27 (3) (br) (intro.) of the statutes is amended to read:

12 655.27 (3) (br) *Limit on fees.* (intro.) ~~Every rule~~ The commissioner, in setting  
13 fees for a particular fiscal year under par. (b), shall ensure that the fees assessed do  
14 not exceed the greatest of the following:

15 **SECTION 65.** 655.27 (3) (bt) of the statutes is created to read:

16 655.27 (3) (bt) *Report to joint committee on finance.* Annually, no later than  
17 April 1, the commissioner shall send to the cochairpersons of the joint committee on  
18 finance a report detailing the proposed fees set for the next fiscal year under par. (b)  
19 and under s. 655.61 (1). If, within 14 working days after the date that the  
20 commissioner submits the report, the cochairpersons of the committee notify the  
21 commissioner that the committee has scheduled a meeting for the purpose of  
22 reviewing the proposed fees, the commissioner may not impose the fees until the  
23 committee approves the report. If the cochairpersons of the committee do not notify  
24 the commissioner, the commissioner may impose the proposed fees. In addition to  
25 any other method prescribed by rule for advising health care providers of the amount

1 of the fees, the commissioner shall post the fees set under par. (b) for the next fiscal  
2 year on the office's Internet site and the director of state courts shall post the fees set  
3 under s. 655.61 (1) for the next fiscal year on the mediation fund's Internet site.

4 **SECTION 66.** 655.27 (3) (d) of the statutes is amended to read:

5 655.27 (3) (d) ~~Rule not effective; Late establishment or approval of fees.~~ If the  
6 ~~rule establishing fees under par. (b) does not take effect prior to~~ for any particular  
7 fiscal year are not established by the commissioner, approved by the board of  
8 governors, or approved under par. (bt) by the joint committee on finance before June  
9 2 of any that fiscal year, the commissioner may elect to collect fees as established for  
10 the previous fiscal year. If the commissioner so elects and the ~~rule~~ fees for that fiscal  
11 year are subsequently takes effect established by the commissioner, approved by the  
12 board of governors, or approved under par. (bt) by the joint committee on finance, the  
13 balance for the fiscal year shall be collected or refunded or the remaining semiannual  
14 or quarterly installment payments shall be adjusted except the commissioner may  
15 elect not to collect, refund, or adjust for minimal amounts.

16 **SECTION 67.** 655.27 (3) (e) of the statutes is amended to read:

17 655.27 (3) (e) *Podiatrist fees.* The commissioner, after approval by the board  
18 of governors, may ~~by rule~~ assess fees against podiatrists for the purpose of paying the  
19 fund's portion of medical malpractice claims and expenses resulting from claims  
20 against podiatrists based on occurrences before July 1, 1986.

21 **SECTION 68.** 655.61 (1) of the statutes is amended to read:

22 655.61 (1) The mediation fund created under s. 655.68 shall be financed from  
23 fees charged to health care providers. The director of state courts shall, by February  
24 1 annually, determine the revenues needed for the operation of the mediation system  
25 during the succeeding fiscal year and inform the board of governors of that amount.

**SECTION 68**

1 The director of state courts shall also inform the board of governors of the number  
2 of requests for mediation involving each type of health care provider set out in s.  
3 655.002 for the most recent fiscal year for which statistics are available. The board  
4 of governors shall, ~~by rule,~~ set fees to charge health care providers at a level sufficient  
5 to provide the necessary revenue.

6 **SECTION 69.** 655.61 (3) of the statutes is created to read:

7 655.61 (3) If the fees under sub. (1) for any particular fiscal year are not  
8 established by the board of governors or approved by the joint committee on finance  
9 under s. 655.27 (3) (bt) before June 2 of that fiscal year, the commissioner may elect  
10 to collect fees as established for the previous fiscal year. If the commissioner so elects  
11 and the fees for that fiscal year are subsequently established by the board of  
12 governors or approved by the joint committee on finance under s. 655.27 (3) (bt), the  
13 balance for the fiscal year shall be collected or refunded, except that the  
14 commissioner may elect not to collect or refund minimal amounts.

15

(END)

Insert 38-14

## Kahler, Pam

---

**From:** Kovach, Robert  
**Sent:** Thursday, September 17, 2015 11:41 AM  
**To:** Kahler, Pam  
**Subject:** FW: OCI's Technical Bill - Wisconsin Insurance Security Fund Amendment  
**Attachments:** ATT00001.htm; Amendments to Assessment Section (00074450-2xAF627).docx; ATT00002.htm

Please add this to the OCI technical. Thanks!

## Rob Kovach

Policy Advisor/Committee Clerk  
Office of Senator Frank Lasee  
(608) 266-3512

---

**From:** Wieske, JP - OCI [mailto:JP.Wieske@wisconsin.gov]  
**Sent:** Thursday, September 17, 2015 8:56 AM  
**To:** Kovach, Robert <Robert.Kovach@legis.wisconsin.gov>  
**Cc:** Kahler, Pam <Pam.Kahler@legis.wisconsin.gov>  
**Subject:** Fwd: OCI's Technical Bill - Wisconsin Insurance Security Fund Amendment

Rob

I need to give you a call later today. Attached is some possible language to be incorporated from the Guarantee Fund / Security fund. I'll update you on these issues and where we are at with connie's changes.

Thanks.  
Jp.

JP Wieske  
[JP.wieske@wisconsin.gov](mailto:JP.wieske@wisconsin.gov)  
608-266-2493

Begin forwarded message:

**From:** Noreen Parrett <nparrett@parrettoconnell.com>  
**Date:** September 15, 2015 at 11:42:47 AM CDT  
**To:** "James.Boll@wisconsin.gov" <James.Boll@wisconsin.gov>, "Wicka, Richard B - OCI" <Richard.Wicka@wisconsin.gov>, "jp.wieske@wisconsin.gov" <jp.wieske@wisconsin.gov>  
**Cc:** "ted.nickel@wisconsin.gov" <ted.nickel@wisconsin.gov>, "dan.schwartz@wisconsin.gov" <dan.schwartz@wisconsin.gov>, "Allan Patek (allan@wisf-madison.org)" <allan@wisf-madison.org>  
**Subject:** OCI's Technical Bill - Wisconsin Insurance Security Fund Amendment

Attached is a copy of the amendments to Wis. Stat. sec. 646.51 that the Wisconsin Insurance Security Fund would like to include in the OCI's technical bill if possible from a timing standpoint. The WISF Legal Committee met this morning and adopted a motion to recommend the amendment to the WISF Board of Directors at the Board meeting this Thursday, September 17. Because of the tight timeline, we are sending the draft to the OCI for review prior to the Board's action. The proposed amendments make the following changes:

1. Delete subd. 1 in sec. 646.51(3)(am). This was transition language adopted with the amendments to the section in 2003 and is no longer necessary.
2. Create new par. 646.51(3)(ar). This new paragraph changes the assessment base for disability insurance and HMOs from the three years prior to the entry of the order of liquidation to the year prior to the WISF Board's authorization of an assessment. The intent of the change is to provide administrative simplification to the disability and HMO assessment process and also to redistribute the assessment base of insurers that have become insolvent and no longer participate in assessments. It was necessary to provide a transition to the new base; hence subd. 1 retains the current assessment base for assessments prior to the effective date of the amendments and subd. 2 applies the new assessment base beginning on the effective date of the amendments.
3. Amend sec. 646.51(3)(b). Since we have created a new assessment base for disability and HMO, this amendment deletes disability and HMO from the assessment provision that is applicable to life and annuities.
4. Amend sec. 646.51(9). Currently this subsection provides for assessments in the event a certificate of authority terminates or expires. The only change we suggest is to include cases where an insurer surrenders its license since, arguably at least, a surrender is different from a termination or an expiration. Our intent was to be sure all bases were covered.
5. Create new subsec. 646.51(10). The purpose of this subsection is to address the assessment process when an insurer converts from one license to another license making the insurer subject to a different WISF account. An example would be an HMO that converts to an indemnity insurer. As an HMO, the insurer would be subject to the HMO account; as an indemnity insurer, it would be subject to the disability account. The intent of the subsection is for the converting insurer to be liable under the account to which it was subject prior to conversion for any assessments authorized by the WISF Board prior to or during the year of the effective date of conversion and to be liable under the account to which it becomes subject by virtue of its conversion for all assessments authorized by the Board after the year of the effective date of the conversion.

We understand that the OCI is would like to have the legislature schedule a hearing on its technical bill as quickly as possible since the legislature is evidently planning a short fall session. The WISF would appreciate it if the OCI would consider including the attached legislation in its technical bill, if possible as a part of its original bill, or if the bill is going to move more quickly than it is possible to get the amendments drafted by LRB and into the technical bill, then by amendment during the hearing or floor process.

We appreciate the OCI's consideration. Please call should you have any questions on the language.

**Noreen Parrett**



**PROPOSED AMENDMENTS TO  
CHAPTER 646**

**Proposed Amendments to Wis. Stat. § 646.51(3):**

**646.51(3)(am) General.** Except as provided in pars. (ar), (b) and (c), assessments shall be calculated as follows:

1. For assessments authorized by the board before April 30, 2004, as a percentage of premium written in this state by each insurer in the classes protected by the accounts for the year preceding the year of entry of the order of liquidation.

2. For assessments authorized by the board on or after April 30, 2004, as a percentage of premium written in this state by each insurer in the classes protected by the accounts for the year preceding the year in which the assessment is authorized by the board.

(ar) Disability and HMO. Except as provided in par. (c), with respect to disability insurance policies or policies issued by health maintenance organization insurers, assessments shall be calculated as follows:

1. For assessments authorized by the board before [insert effective date of act], as a percentage of average annual premium received in this state by each insurer in the classes protected by the accounts for the 3 most recent years preceding the year of entry of the order of liquidation.

2. For assessments authorized by the board on or after [insert effective date of act], as a percentage of premium written in this state by each insurer in the classes protected by the accounts for the year preceding the year in which the assessment is authorized by the board.

(b) Life and annuities/health. Except as provided in par. (c), with respect to annuity contracts or life or disability insurance policies, including policies issued by health maintenance organizations, assessments shall be calculated as a percentage of average annual premium received in this state by each insurer in the classes protected by the accounts for the 3 most recent years preceding the year of the entry of the order of liquidation.

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**Proposed Amendment to Wis. Stat. § 646.51(9):**

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**646.51(9) OBLIGATION TO CONTRIBUTE CEASES. (a)**

Except as provided in par. (b), if an insurer's license or certificate of authority to do business in this state ~~terminates, expires or is surrendered~~, the insurer's obligation to pay assessments under this section ceases beginning on the day after the insurer's license or certificate of authority ~~terminates, expires or is surrendered~~.

~~(b) An insurer whose license or certificate of authority to do business in this state terminates, expires or is surrendered remains liable after the termination or expiration to pay all of the following:~~

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~~1. Assessments authorized or called before the insurer's license or certificate of authority terminated, expired or was surrendered.~~

~~2. Assessments authorized or called after the insurer's license or certificate of authority terminated, expired or was surrendered that relate to a liquidation order entered before the insurer's license or certificate of authority terminated, expired or was surrendered.~~

**Proposed New Wis. Stat. § 646.51(10):**

**646.51(10) ASSESSMENT OF CONVERTING INSURERS.**

When an insurer converts to a different type of entity or license and the effect of the conversion is to subject the insurer to the liabilities of a different account or accounts of the fund, the converting insurer's obligation to pay assessments will be as follows:

(a) Assessments authorized prior to or during the year of conversion. For assessments authorized by the board prior to or during the year in which the insurer's conversion to a different type of entity or license is effective, the insurer is liable for assessments to cover the obligations of the account or accounts to which it was subject prior to conversion.

(b) Assessments authorized after the year of conversion. For assessments authorized by the board after the year in which the insurer's conversion to a different type of entity or license is effective, the insurer is liable for assessments to cover the obligations of the account to which it is subject after its conversion.

**Kahler, Pam**

---

**From:** Connie O'Connell <coconnell@parrettoconnell.com>  
**Sent:** Monday, September 21, 2015 11:33 AM  
**To:** Kahler, Pam  
**Subject:** OCI Bill

Requested language for Section 623.06(12)(a)5

5. Any documents, materials, data and other information submitted by a company under sub. (12) (collectively, "experience data") and any other documents, materials, data and other information, including, but not limited to, all working papers, and copies thereof, created or produced in connection with such experience data, in each case that include any potentially company-identifying or personally identifiable information, that is provided to or obtained by the commissioner (together with any "experience data", the "experience materials") and any other documents, materials, data and other information, including, but not limited to, all working papers, and copies thereof, created, produced or obtained by or disclosed to the commissioner or any other person in connection with such experience materials.

**Connie O'Connell**

**Parrett &  
O'Connell, LLP**

ATTORNEYS AT LAW

**10 East Doty Street, Suite 615**

**Madison, WI 53703**

**Telephone: (608) 251-1968**

**Mobile: (608) 225-4695**

**Fax: (608) 251-1996**

**E-mail: [coconnell@parrettoconnell.com](mailto:coconnell@parrettoconnell.com)**

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## Kahler, Pam

---

**From:** Kahler, Pam  
**Sent:** Monday, September 21, 2015 12:56 PM  
**To:** 'Connie O'Connell'  
**Cc:** Kovach, Robert  
**Subject:** Confidentiality language

Connie:

Since we can't use parentheses within text or define a term within text by adding quotation marks, I've defined "experience data" and "experience materials" at the beginning of sub. (12) in par. (a) and then used those terms in subd. 5. What is currently par. (a) would become par. (am). See if you think this would work.

Pam

*Pamela J. Kahler*  
*Legislative Attorney*  
*Legislative Reference Bureau*  
608-266-2682



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(1).pdf

**Kahler, Pam**

---

**From:** Connie O'Connell <coconnell@parrettoconnell.com>  
**Sent:** Tuesday, September 22, 2015 12:50 PM  
**To:** Kahler, Pam  
**Cc:** Kovach, Robert  
**Subject:** RE: Confidentiality language

I had a few experts review the language and they are comfortable with it. Thank you!

**Connie O'Connell**

**Parrett &  
O'Connell, LLP**

ATTORNEYS AT LAW

10 East Doty Street, Suite 615

Madison, WI 53703

Telephone: (608) 251-1968

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---

**From:** Kahler, Pam [mailto:Pam.Kahler@legis.wisconsin.gov]  
**Sent:** Monday, September 21, 2015 12:56 PM  
**To:** Connie O'Connell  
**Cc:** Kovach, Robert  
**Subject:** Confidentiality language

Connie:

Since we can't use parentheses within text or define a term within text by adding quotation marks, I've defined "experience data" and "experience materials" at the beginning of sub. (12) in par. (a) and then used those terms in subd. 5. What is currently par. (a) would become par. (am). See if you think this would work.

Pam

*Pamela J. Kahler*  
*Legislative Attorney*  
*Legislative Reference Bureau*  
608-266-2682

**Kahler, Pam**

---

**From:** Kovach, Robert  
**Sent:** Thursday, September 24, 2015 12:20 PM  
**To:** Kahler, Pam  
**Subject:** RE: Tech Bill

Ok, thanks!

**Rob Kovach**

Policy Advisor/Committee Clerk  
Office of Senator Frank Lasee  
(608) 266-3512

---

**From:** Kahler, Pam  
**Sent:** Thursday, September 24, 2015 12:19 PM  
**To:** Kovach, Robert <Robert.Kovach@legis.wisconsin.gov>  
**Subject:** RE: Tech Bill

Rob, I found it in the draft – it's 632.62 (4) (b)

---

**From:** Kovach, Robert  
**Sent:** Thursday, September 24, 2015 12:10 PM  
**To:** Kahler, Pam <Pam.Kahler@legis.wisconsin.gov>  
**Subject:** FW: Tech Bill

One more p-draft (I think)

**Rob Kovach**

Policy Advisor/Committee Clerk  
Office of Senator Frank Lasee  
(608) 266-3512

---

**From:** Connie O'Connell [<mailto:coconnell@parrettoconnell.com>]  
**Sent:** Thursday, September 24, 2015 12:09 PM  
**To:** Kovach, Robert <[Robert.Kovach@legis.wisconsin.gov](mailto:Robert.Kovach@legis.wisconsin.gov)>  
**Subject:** Tech Bill

Rob,

When we spoke on September 11<sup>th</sup> re: the OCI bill, I said there were two minor changes we would like in the draft. You directed us to get sign off from WIA and OCI on those changes. We ran the changes past both of them.

You have already taken care of the first change related to technical confidentiality language. I worked with Pam to resolve.

The second one was asking to modify the draft § 632.24(b) to add “its calculation of” after “reasonably proportioned to...” I spoke to JP this morning and he agreed to the change. He indicated that they left it out of

the draft because they thought it was redundant but, since it doesn't change the meaning, they are comfortable with it being included. Could you ask Pam to add the language to the draft?

**Connie O'Connell**

**Parrett &  
O'Connell, LLP**

**ATTORNEYS AT LAW**

**10 East Doty Street, Suite 615**

**Madison, WI 53703**

**Telephone: (608) 251-1968**

**Mobile: (608) 225-4695**

**Fax: (608) 251-1996**

**E-mail: [coconnell@parrettoconnell.com](mailto:coconnell@parrettoconnell.com)**

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