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☛ Details: Emergency Rules by Office of the Commissioner of Insurance

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

1995-96

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Insurance, Securities and Corporate Policy...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner

October 5, 1995

121 East Wilson Street
P.O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585

Members of the Legislature

Re: Emergency Rule, Section Ins 6.57(4), 6.58(5) and 6.59(4), Wis. Adm. Code,
Relating to the fees for listing insurance agents and renewal of corporation licenses and
other licensing procedures

Dear Senator or Representative to the Assembly:

I have promulgated the attached rule as an emergency rule. The rule will be published in
the official State newspaper on October 6, 1995.

The attached copy of the rule includes the Finding of Emergency which required
promulgation of the rule. If you have any questions, please contact Bob Luck, at 266-
0082.

Best regards,

Josephine W. Musser
Commissioner of Insurance

JWM:RRL
Attachment: 1 copy rule

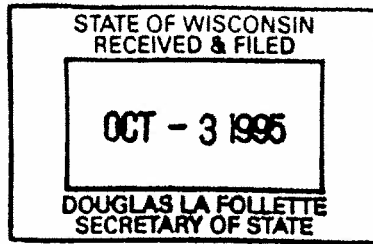
Did Dale see Musser!
see note inside



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner



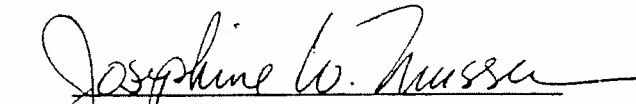
121 East Wilson Street
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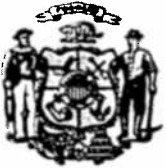
STATE OF WISCONSIN)
) SS
OFFICE OF THE COMMISSIONER OF INSURANCE)

I, Josephine W. Musser, Commissioner of Insurance and custodian of the official records, certify that the annexed emergency rule affecting sections Ins 6.57(4), 6.58(5) and 6.59(4), Wis. Adm. Code, relating to the fees for listing insurance agents and renewal of corporation licenses and other licensing procedures, was duly approved and adopted by this Office on October 3, 1995.

I further certify that I have compared this copy with the original on file in this Office and that it is a true copy of the original, and the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 121 East Wilson Street, Madison, Wisconsin, on October 3, 1995.

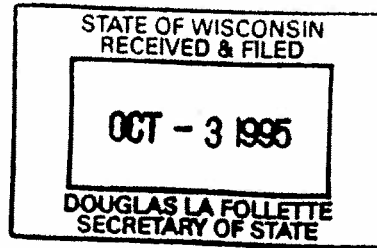

Josephine W. Musser
Commissioner of Insurance



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner



121 East Wilson Street
P.O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585

ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

AMENDING A RULE

To amend Ins 6.57 (4), 6.58 (5) (a) and 6.59 (4) (a) relating to the fees for listing insurance agents and renewal of corporation licenses and other licensing procedures.

FINDING OF EMERGENCY

The Commissioner of Insurance finds that an emergency exists and that the attached rule are necessary for the immediate preservation of the public peace, health, safety, or welfare. Facts constituting the emergency are as follows: In the biannual budget passed by the legislature, the permissible fees collected by OCI were raised for certain activities. The implementation of the increased fees require a rule change. These increased fees were utilized in preparing OCI's budget. Without the increased fees, OCI may not have the revenue needed to balance its budget. The normal rulemaking procedure has been started but, even without unforeseen delays, the changes will not take effect until near the end of the current fiscal year. Therefore, it is necessary to change the rules with an emergency rule in order to

Prof. [unclear]

[unclear]

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3) and 601.31 (1) (n), Stats.

Statutes Interpreted: s. 628.11, Stats.

This change will increase the annual listing fees for resident agents from \$5.00 per year to \$8.00 per year and for nonresident agents from \$15.00 per year to \$24.00 per year. These changes will generate additional revenue for OCI. The recent budget bill raised the limits to these amounts and the increased amounts were utilized in preparing OCI's current budget. The renewal fees for corporations are raised to the same level as individual intermediaries. In addition, agents will be specifically required to give their current residence address when applying for a license.

SECTION 1. Amend ss. Ins 6.57 (4), 6.58 (5) (a) and 6.59 (4)

(a) and (am) to read:

Ins 6.57 (4) Fees are applicable for ~~annually~~ listing of insurance agents under s. 628.11, Stats., ~~are hereby established to be:~~

Resident individual intermediary-agents	\$ 5.00	<u>\$ 8.00</u>
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Nonresident individual intermediary-agents	\$15.00	<u>\$24.00</u>
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6.58 (5) (a) Biennially, on or before January 1 of even numbered years, a regulation fee of ~~\$10.00~~ \$25.00 for resident and ~~\$30.00~~ \$50.00 for nonresident intermediaries, reinsurance intermediaries and managing general agents will be billed.

6.59 (4) (a) Application for resident intermediary agents. Application for a permanent resident agent license, an enlargement of authority or managing general agent authority shall be made on form OCI 11-041 (rev.) at the time of examination. A completed application

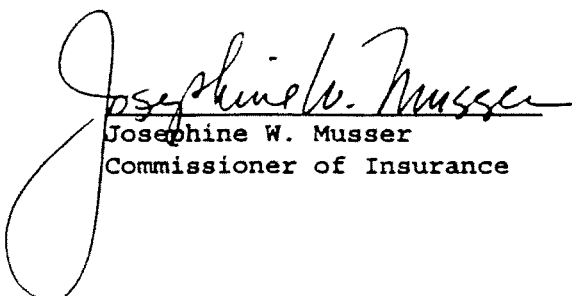
consists of a completed OCI 11-041 (rev.) giving the current address for the residence of the applicant; an original certificate of prelicensing education dated not more than one year prior to the test date or an original exemption form as required in ch. Ins 26; an original Form DJ-LE-250 provided from the Wisconsin department of justice, crime information bureau, dated not more than 90 days prior to the test date; payment of the fees to the testing vendor; a photograph of the applicant taken by the test service at the time of testing; and any documentation required in answer to questions on the application.

(4) (am) *Application for nonresident intermediary agents.*

Application for a permanent nonresident agent license or an enlargement of authority shall be made on form OCI 11-041N (rev.) and filed with the office of the commissioner of insurance. A completed application consists of a completed OCI 11-041N (rev.) giving the current address for the residence of the applicant; an original certificate of licensing from the state of residence dated not more than 60 days prior to the application date; payment of the fees; and any documentation required in answer to questions on the application.

SECTION 2. This rule will take effect upon publication, as provided in s. 227.24(1)(c), Stats.

Dated at Madison, Wisconsin, this 3rd day of October 1995.


Josephine W. Musser
Commissioner of Insurance

LRB or Bill No./Adm. Rule No.

Amendment No. if Applicable

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

FISCAL ESTIMATE
 DOA-2048 N(R10/94)

Subject

Increase in Annual Listing Fees and Corporate Renewal Fees

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

Using the amounts billed to companies during the last fiscal year, OCI would increase revenues by \$1,382,526 if the new listing fees went into effect on October 1, 1995. (340,050 resident listings x \$3.00 increase = \$1,020,150 + 40,264 nonresident listings x \$9.00 increase = \$362,376)

If fees are not increased until January 1, 1996, the revenues would increase by \$994,242; and as of February 1, 1996, the increase would be \$745,299.

Authorization to increase these fees was provided in the 1995-97 Biennial Budget Bill. These figures were used to prepare OCI's budget request, projecting an additional \$1,418,580 to be collected during the fiscal year ending June 30, 1996.

The corporate renewal fees are being increased to coincide with the agent regulation fees increased by administrative rule. There are currently 812 corporate licensees (580 residents and 232 non-residents). The increase in revenues would be as follows:

Resident corporations	580 x \$15 =	\$8,700
Nonresident corporations	232 x \$20 =	\$4,640
Total increase		\$13,340

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)
 Laurina J. Landphier
 (608) 267-1238

Authorized Signature/Telephone No.

Joseph W. Nusser

Date

9/19/95

SCAL ESTIMATE WORKSHEET

1995 Session

Estimated Estimate of Annual Fiscal Effect
 SA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

Amendment No.

Subject

Increase in Annual Listings Fees and Corporate Renewal Fees

One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

-0-

Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
State Costs by Category		
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
State Costs by Source of Funds		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS	+1,395,866	-
SEG/SEG-S		-
TOTAL State Revenues	\$ 1,395,866	\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS \$ _____ \$ _____

NET CHANGE IN REVENUES \$ +1,395,866 \$ _____

Agency/Prepared by: (Name & Phone No.)

Laurna J. Landphier
 (608) 267-1238

Authorized Signature/Telephone No.

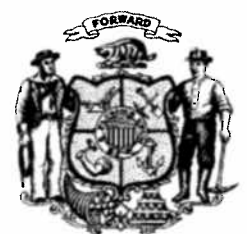
Josephine W. Russer

Date

9/19/95



WISCONSIN STATE LEGISLATURE





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner

December 26, 1995

121 East Wilson Street
P O Box 7873
Madison Wisconsin 53707-7873
(608) 266-3585

Members of the Legislature

Re: Emergency Rule, Section Ins 3.25, Wis. Adm. Code, Relating to rates charged for credit life insurance and underwriting of credit life insurance

Dear Senator or Representative to the Assembly:

I have promulgated the attached rule as an emergency rule. The rule will be published in the official State newspaper on December 28, 1995.

The attached copy of the rule includes the Finding of Emergency which required promulgation of the rule. If you have any questions, please contact Bob Luck, at 266-0082.

Best regards,

Randy Blumer
Deputy Commissioner of Insurance

RB:RRL
Attachment: 1 copy rule

*talk to Lisa # Babblech
Have Blumer come
discuss this -*



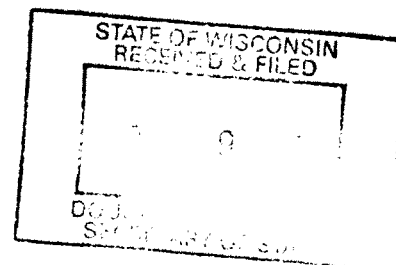
State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
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December 26, 1995

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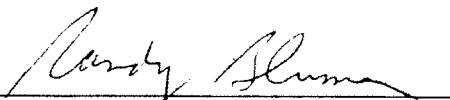
STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE

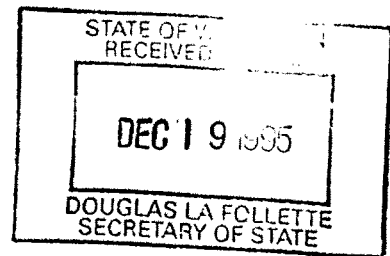
SS

I, Randy Blumer, Deputy Commissioner of Insurance and custodian of the official records, certify that the annexed emergency rule affecting sections Ins 3.25, Wis. Adm. Code, relating to rates charged for credit life insurance and underwriting of credit life insurance, was duly approved and adopted by this Office on December 19, 1995.

I further certify that I have compared this copy with the original on file in this Office and that it is a true copy of the original, and the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 121 East Wilson Street, Madison, Wisconsin, on December 19, 1995.


Randy Blumer
Deputy Commissioner of Insurance



ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

REPEALING, AMENDING, REPEALING AND RECREATING, AND CREATING A RULE

To repeal ss. Ins 3.25 (19) (a) and (b), (21), and 3.25 Appendix B; to amend ss. Ins 3.25 (13) (c) (intro.), 1. and 4.c., 6. (Intro.), d. (Intro.), (14) (e) 1. and 2.b., (15) (b) 2.b., (17) (d) (worksheet), and (19); to repeal and recreate s. Ins 3.25 (20) (f); and to create ss. Ins 3.25 (13) (bm) and (c) 4.d., and (14) (e) 3., relating to prima facie premium rates, basic loss ratios, guaranteed issue amounts of life insurance coverage, maximum age limitations, and reporting of experience data connected with credit life and credit accident and sickness insurance.

FINDING OF EMERGENCY

The Commissioner of Insurance finds that an emergency exists and that the attached rule is necessary for the immediate preservation of the public peace, health, safety, or welfare. Facts constituting the emergency are as follows: The rule adjusts the rate charged for credit life insurance upward from 32¢ to 39¢ per hundred dollars of initial indebtedness and requires that credit life insurance in amounts less than \$15,000 be issued without underwriting. This rate increase is necessary to provide adequate provisions for expenses of insurers. A public hearing was held on rule on September 27, 1995. The rule was sent to the legislature on November 22, 1995 and there has been no comment or modification sought. The permanent rule will be effective after publication, probably February 1, 1996. This emergency rule is identical to the permanent rule only with an effective date of January 1, 1996. The January 1, 1996 effective date is necessary so that insurers and creditors can charge the new rates for the entire year.

ANALYSIS PREPARED BY THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 424.602, 601.41 (3), and 601.415 (9), Stats.

Statutes interpreted: ss. 424.209, 601.01, 601.42, 623.06, 625.03 (7),
625.11, 625.12, and 625.34, Stats.

This proposed rule makes several modifications to the credit life and credit accident and sickness rule. The primary reason for these changes was/is to reflect the changes made to s. 424.209.1, Stats., by 1993 Act 325. As stated in the analysis by the Legislative Reference Bureau, this Act extends to credit life insurance the commissioner's ability to designate a lower loss ratio than the 50% specified in the statute, making allowance for expenses, that fulfills the presumption that benefits are reasonable in relation to the premiums to be charged. The proponents of this legislation advised the legislature that the revised method of computing credit life rates would cause the current rates to increase, but this method would also assist in making this coverage available to more Wisconsin residents as insurers would have a reasonable expense allowance.

We have been provided with an analysis of expense components that has been reviewed for reasonableness. Unless we receive conflicting evidence as a result of this hearing, it is our intention to adopt these proposed expense factors. This will result in a new credit life basic loss ratio of 41.8% and a prima facie single premium uniformly decreasing single life credit life rate of \$.39 per \$100 of initial indebtedness per year. This rate would be used until January 1, 2000.

The proposed expense factors, some expressed in cents and others as a percentage of premium, are the basis of the development of the prima facie premium for single premium decreasing gross life coverage. The standard conversion factors in the rule are used to develop level life and monthly outstanding balance rates. Net decreasing life rates would continue to be developed by the filed conversion formulas. The "cents" components are claim costs, general

insurer expenses and compensation. The percentage of premium components are premium and miscellaneous taxes, investment income and return on equity. The formula to be used is:

$$\text{Prima Facie Rate} = \frac{(\text{claim costs}) + (\text{general insurer expenses}) + (\text{compensation})}{1 + (\text{investment income}) - (\text{taxes \& assessments}) - (\text{return on equity})}$$

Assumptions used:

Claims cost = 16.3¢/\$100/year (3 years WI data)

General insurer expenses = 8.0¢/\$100/year (1993 industry study)

Compensation = 11.6¢/\$100/year (current WI marketplace level)

Value of investment income (single premium only) = 5% of premium

Premium taxes, misc. taxes, and guaranty fund assessments = 3% of premium

Return on required equity = 5% of premium

Return on equity to support surplus strain = 5% of premium (single premium only)

Result:

$$\text{Prima Facie Rate} = \frac{16.3¢ + 8.0¢ + 11.6¢}{1 + .05 - .03 - .05 - .05} = \frac{35.9¢}{.92} = 39.0¢/\$100/\text{year}$$

The initial expense allowances, other than claim costs, are to be unchanged for a 10-year period beginning January 1, 1996. In the interim, beginning on January 1, 2000, the rate will be subject to adjustment on a three-year basis only for differences in claim costs. The formula to adjust the rate and the method of calculating claim costs will appear in sub. (13) (c) 4.d.

As insurers have tightened underwriting requirements as the credit life insurance prima facie rates have decreased and as one of the arguments made to the legislature for the adoption of AB 960 was to make coverage available to more Wisconsin debtors, sub. (14) has been expanded to require that credit life insurance for initial amounts of coverage of \$15,000, or less, be provided on a guaranteed issue basis, subject only to any maximum age limitations and the opportunity for an insurer to use the preexisting conditions and suicide exclusions permitted in subs. 14 (e) 1. and 2. a., respectively.

The changes in the maximum age provisions are being made to clarify that maximum age limits higher than age 65 or 66 are permitted. We have allowed this under the "no more restrictive" language in sub. (12) and the logic that if an insurer can use prima facie rates

with no age limits or an age 65 limitation, use of a higher minimum age of greater than 65 would also be permissible. However, a few insurers have told Wisconsin accounts and consumers that they would like to use higher maximums such as age 70, but the current rule language does not permit it. They have held this position after discussions with this office. Section (20)(f) is based on the existing Ins 3.25 (21).

The changes involving repeal of APPENDIX B are to recognize that the current version of the annual statement Credit Insurance Experience Exhibit has changed. Current APPENDIX B is the same as the annual statement form in use at the time the appendix was created. The current annual statement form has been expanded to collect additional information in addition to the data collected on APPENDIX B. The rule is being changed to repeal Appendix B and instead incorporate the use of the annual statement Credit Insurance Exhibit to avoid the necessity of future rule changes whenever this form is revised.

SECTION 1. Ins 3.25 (13) (bm) is created to read:

Ins 3.25 (13) (bm) 1. The initial basic loss ratio for credit life insurance, as shown in subd. (d), shall remain in effect through December 31, 1995. Effective January 1, 1996, the commissioner shall adopt a basic loss ratio for credit life insurance that reflects a specific allowance for expenses. The expense factor adopted effective January 1, 1996, shall remain effective for a period of ten (10) years. At the end of ten (10) years the factor will be reviewed for possible adjustment.

2. This new loss ratio and the resultant new prima facie credit life premium rates shall remain effective until December 31, 1999. Effective January 1, 2000, the credit life premium rates shall be subject to adjustment every three years as outlined in subd. (c). These periodic adjustments of the credit life premium rates shall only be based on differences in claim costs. Any new basic loss ratio resulting from a change in claim costs will be provided with the written notice of the prima facie premium rates to be used for the next three-year period.

SECTION 2. Ins 3.25 (13) (c) (intro.), (c) 1. And 4.c. are amended to read:

Ins 3.25 (13) (c) (intro.) On or before October 1, 1990, and each three years after that, except that the initial prima facie credit life rates adopted under subd. (bm) above shall remain effective until December 31, 1999, the commissioner shall give written notice to all authorized insurers specifying the prima facie premium rates to be effective for the three-year period beginning on the next January 1. Such rates shall be determined based on experience data submitted by all insurers pursuant to sub. (19) for the immediately preceding 3 calendar years and shall be calculated as follows:

1. For each category of coverage specified in ~~Appendix B~~ subd. (d) or (e), total prima facia earned premium and total incurred claims shall be calculated for each year for all insurers.

4. c. Prior to January 1, 1996, the The credit life insurance loss ratio at prima facie rates is divided by the basic loss ratio for credit life insurance. The quotient, rounded to 2 decimal places, is the credit life insurance adjustment factor; and

SECTION 3. Ins 3.25 (13) (c) 4.d. is created to read:

Ins 3.25 (13) (c) 4.d. Effective January 1, 1996, and thereafter, the single premium uniformly decreasing single life credit life insurance prima facie rate is the quotient of the following formula rounded to 2 decimal places:

$$\text{Prima Facie Rate} = \frac{\text{Claim Costs} + .196}{.92}$$

where Claim Costs are calculated by dividing total credit life insurance incurred claims by total credit life insurance prima facie earned premiums and multiplying the result by the current prima facie rate, rounded to 3 decimal places, and the other factors in the formula remain fixed until changed as outlined in subd. (bm).

SECTION 4. Ins 3.25 (13) (c) 6. (intro.), (d) (intro.), (14) (e) 1. and 2.b. are amended to read:

Ins 3.25 (13) (c) 6. Prior to January 1, 1996, for ~~For~~ single premium uniformly decreasing single life credit life insurance coverage, the new prima facie premium rate per \$100 of initial indebtedness per year equals the prima facie premium rate then in effect multiplied by the credit life insurance adjustment factor, rounded to the nearest cent. Effective January 1, 1996, this rate will be the rate calculated under subd. 4.D. above. This new prima facie premium rate is then multiplied by the following factors to derive the new prima facie premium rate for the indicated plan:

(13) (d) The initial basis loss ratio for credit life insurance shall be .50. The basic loss ratio for credit accident and sickness insurance shall vary by plan as follows:

(14) (e) 1. For initial amounts of credit life insurance in excess of \$15,000, if evidence of individual insurability is not

required, the policy shall contain no exclusion for pre-existing conditions except for those conditions which manifested themselves to the insured debtor by requiring medical advice, diagnosis, consultation or treatment, or would have caused a reasonably prudent person to have sought medical advice, diagnosis, consultation or treatment, within 6 months preceding the effective date of coverage and which causes loss within 6 months following the effective date of coverage. Under open-end credit plans, the effective date of coverage applies separately with respect to each purchase or loan to which the coverage relates.

(14) (e) 2.b. Either no age restrictions, or age restrictions making ineligible for coverage debtors not less than age 65 or over at the time the indebtedness is incurred, or debtors who will have attained at least age 66 on the maturity date of the indebtedness. Insurance written in connection with an open-end credit plan may exclude from the classes eligible for insurance, classes of debtors determined by age, and may provide for the cessation of the insurance or a reduction in the amount of insurance upon attainment of not less than age 65.

SECTION 5. Ins 3.25 (14) (e) 3. Is created to read:

Ins 3.25 (14) (e) 3. Credit life insurance provided on debts where the initial amount of credit life insurance would be \$15,000, or less, shall be provided on a guaranteed issue basis, provided that the debtor is not ineligible for coverage due to age. The insurer may also use the preexisting conditions and suicide exclusions appearing in (e) 1. and 2. a, respectively.

SECTION 6. Ins 3.25 (15) (b) 2.b., (17) (d) (worksheet) and (19) are amended to read:

Ins 3.25 (15) (b) 2.b. Either no age restrictions, or age restrictions making ineligible for coverage debtors not less than age 65 or over at the time the indebtedness is incurred, or debtors who will have attained at least age 66 on the maturity date of the indebtedness. Insurance written in connection with an open-end credit plan may exclude from the classes eligible for insurance classes of debtors determined by

age, and may provide for the cessation of the insurance or a reduction in the amount of insurance upon attainment of not less than age 65.

(17) (d) Worksheet heading for basis loss ratio column is amended to read:

Initial Basic Loss Ratio

(19) FILING OF EXPERIENCE INFORMATION. Every insurer having credit life insurance or credit accident and sickness insurance in force in this state shall report Wisconsin experience data annually ~~in the form of Appendix B on the annual statement Credit Insurance Experience Exhibit form (available at no charge from the Commissioner.~~ The experience data for each calendar year shall be submitted as specified in the instructions to the annual statement ~~and shall be accompanied by the following+ and according to the requirements of sub. 20.~~

SECTION 7. Ins 3.25 (19) (a) and (b) are repealed.

SECTION 8. Ins 3.25 (20) (f) is repealed and created to read:

Ins 3.25 (20) (f) Unearned premium reserves shall be computed as follows:

1. Unearned premiums shall be reported consistently as of the beginning and the end of each year, and shall be based on the premium that would be charged for the remaining amount and term of coverage using the premium rate or schedule of premium rates in effect at the time the coverage became effective. The following calculation bases shall be deemed to comply with this requirement in lieu of a precise calculation:

a. For single premium uniformly decreasing credit life insurance coverage, the "sum of the digits" method, commonly known as the "Rule of 78";

b. For single premium credit accident and sickness coverage with substantially equal monthly benefits and with conterminous coverage and benefit periods, the arithmetic mean of the unearned premium calculated according to the "sum of the digits" method and the pro rata

unearned premium calculated as the original premium multiplied by the ratio of the remaining coverage term to the original coverage term;

c. For premiums payable on a monthly outstanding balance basis, single premium level life coverage or any other coverage where the benefit amount remains constant throughout the remaining coverage period, the pro rata unearned premium calculated as the original premium multiplied by the ratio of the remaining coverage term to the original coverage term;

d. For decreasing credit life insurance coverage provided for the full term of the indebtedness where the benefit is equal to the actual or scheduled net amount necessary to liquidate the indebtedness, the unearned premium calculated as the original premiums multiplied by the ratio of the scheduled remaining dollar-months of coverage to the scheduled initial dollar-months of coverage. Dollar-months of coverage may be approximated using an assumed interest rate that is reasonably representative of the interest rates applicable to all indebtedness with respect to which coverage is provided on this basis;

e. For credit life insurance coverage providing a combination of level and decreasing benefits, or providing a truncated coverage period or providing full-term coverage of an indebtedness that requires a balloon payment, an appropriate combination of methods described in this paragraph; or

f. Any other reasonable approximation method approved by the commissioner.

g. In this paragraph, a "dollar-month of coverage" means one dollar of coverage for one month.

2. Unearned premium for partial months may be calculated on an exact daily basis, on a basis assuming that the valuation date occurs in the middle of each installment period or using the method commonly known as the "15 day 16 day rule" in which the value at the beginning of the month is used if less than 16 days have elapsed in the current month and the value at the end of the month is used if more than 15 days have

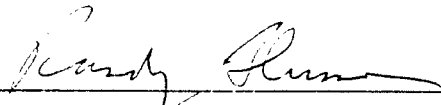
elapsed in the current month. For the purpose of the "15 day-16 day rule," the current month shall be deemed to begin on the day following the most recent payment due date of the indebtedness and end on the next succeeding payment due date. The valuation date shall be counted as a full day.

3. Claim reserves and liabilities shall be reported on a consistent basis from year to year. Any change in the basis of calculation shall be disclosed, together with a recalculation of all items as of the end of the preceding calendar year according to the revised basis.

SECTION 9. Ins 3.25 (21) and APPENDIX B are repealed.

SECTION 10. EFFECTIVE DATE: Pursuant to s. 227.22 (2) (b), Stats., this rule shall take effect on January 1, 1996.

Dated at Madison, Wisconsin, this 19th day of December, 1995.



Randy Blumer

Deputy Commissioner of Insurance

325_ECOP.doc

FISCAL ESTIMATE WORKSHEET

1995 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
INS 3.25

Amendment No.

Subject: Credit life and credit accident and sickness insurance rates

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
None

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$ 0	\$ - 0

NET ANNUALIZED FISCAL IMPACT

	STATE	LOCAL
NET CHANGE IN COSTS	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

Agency/Prepared by: (Name & Phone No.)
Robert Luck 266-0082

Authorized Signature/Telephone No.
Joseph W. Nusser

Date
8/14/95

LRB or Bill No./Adm. Rule No.
INS 3.25

Amendment No. If Applicable

FISCAL ESTIMATE
DOA-2048 N(R10/94)

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject
Credit life and credit accident and sickness insurance rates

Fiscal Effect
State: No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No
 Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory

2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory

4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

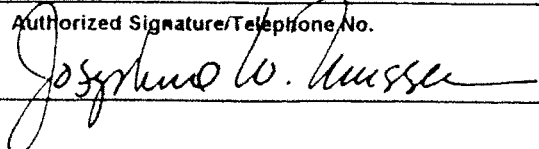
Fund Sources Affected
 GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

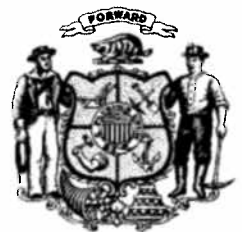
This rule change will have no fiscal effect on state and local governments.
The rule changes the rates to be charged for credit life insurance and will require no new filings with the Insurance Commissioner.

Long-Range Fiscal Implications
None

Agency/Prepared by: (Name & Phone No.) Robert Luck 266-0082	Authorized Signature/Telephone No. 	Date 8/14/95
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WISCONSIN STATE LEGISLATURE





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

Josephine W. Musser
Commissioner

May 28, 1996

121 East Wilson Street
P O Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585

Members of the Legislature

*Alice Gordon
call next week*

Re: Emergency Rule, Section Ins 17.01, 17.26 and 17.28, Wis. Adm. Code, relating to Patients Compensation Fund and Mediation Fund Fees for fiscal year 1996-97

Dear Senator or Representative to the Assembly:

I have promulgated the attached rule as an emergency rule. The rule will be published in the official State newspaper on May 28, 1996.

The attached copy of the rule includes the Finding of Emergency which required promulgation of the rule.

If you have any questions, please contact Alice Shuman at 266-9892.

Best regards,

Josephine W. Musser
Josephine W. Musser
Commissioner of Insurance

JWM:AS

Attachment: 1 copy rule

ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE
AND THE BOARD OF GOVERNORS OF THE PATIENTS COMPENSATION FUND
AMENDING AND REPEALING AND RECREATING A RULE

The office of the commissioner of insurance and the board of governors of the patients compensation fund propose an order to amend ss. Ins 17.01 (3) (intro.); to repeal and recreate s. Ins 17.28 (6); and to amend s. Ins 17.26 (4) (a), relating to annual patients compensation fund and mediation fund fees for the fiscal year beginning July 1, 1996, future medical expense attachment point changing from \$25,000 to \$100,000.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3), 655.004, 655.27 (3) (b) and 655.61, Stats.

Statutes interpreted: ss. 655.27 (3) and 655.015, Stats.

The commissioner of insurance, with the approval of the board of governors (board) of the patients compensation fund (fund), is required to establish by administrative rule the annual fees which participating health care providers must pay to the fund. This emergency rule establishes those fees for the fiscal year beginning July 1, 1996. These fees represent an overall 10% increase over the fees paid for the current fiscal year. The board approved this increase at its meeting on February 21, 1996, based on the recommendation of the board's actuarial and underwriting committee.

The board is also required to promulgate by rule the annual fees for the operation of the patients compensation mediation system, based on the recommendation of the director of state courts. This emergency rule implements the director's funding level recommendation by establishing mediation panel fees for the next fiscal year at \$38.00 for physicians and \$3.00 per occupied bed for hospitals, the same as current year fees.

This emergency rule also makes a technical edit in s. Ins 17.26 required by 1995 Wisconsin Act 10 which pertains to administration of future medical expenses. Act 10 requires fund administration of future medical expenses commencing at the \$100,000 level instead of the previous \$25,000 level.

FINDING OF EMERGENCY

The commissioner of insurance (commissioner) finds that an emergency exists and that promulgation of this emergency rule is necessary for the preservation of the public peace, health, safety or welfare. The facts constituting the emergency are as follows:

The commissioner was unable to promulgate the permanent rule corresponding to this emergency rule, clearinghouse rule no. 96-045, in time for the patients compensation fund (fund) to bill health care providers in a timely manner for fees applicable to the fiscal year beginning July 1, 1996. The permanent rule was delayed pending legislative action on Senate Bill 378 which, if passed, would have resulted in a lowering of the fund fees originally proposed by the fund's board of governors. Senate Bill 378 was tabled by the assembly on May 8, 1996, before it adjourned for the year on May 13, 1996.

The commissioner expects that the permanent rule will be filed with the secretary of state in time to take effect September 1, 1996. Because the provisions of this rule first apply on July 1, 1996, it is necessary to promulgate the rule on an emergency basis. A hearing on the permanent rule, pursuant to published notice thereof, was held on April 18, 1996.

SECTION 1. Ins 17.01 (3) (intro.) is amended to read:

Ins 17.01 (3) FEE SCHEDULE. (intro.) The following fee schedule shall be effective July 1, ~~1995~~ 1996.

SECTION 2. Ins 17.26 (4) (a) is amended to read:

Ins 17.26 Payments for future medical expenses. (4) ADMINISTRATION.

(a) If a settlement, ~~panel award~~ or judgment is subject to s. 655.015, Stats., the insurer or other person responsible for payment shall, within 30 days after the date of the settlement, ~~panel award~~ or judgment, pay the fund the amount in excess of ~~\$25,000~~ \$100,000 and shall provide the fund with an executed copy of the document setting forth the terms under which payments for medical expenses are to be made.

SECTION 3. Ins 17.28 (6) is repealed and recreated to read:

Ins 17.28 (6) FEE SCHEDULE. The following fee schedule is in effect from July 1, 1996, to June 30, 1997:

(a) Except as provided in pars. (b) to (g) and (6e), for a physician for whom this state is a principal place of practice:

Class 1	\$3,215	Class 3	\$13,825
Class 2	\$6,430	Class 4	\$19,290

(b) For a resident acting within the scope of a residency or fellowship program:

Class 1	\$1,608	Class 3	\$6,914
Class 2	\$3,216	Class 4	\$9,648

(c) For a resident practicing part-time outside the scope of a residency or fellowship program:

All classes	\$1,929
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(d) For a medical college of Wisconsin, inc., full-time faculty member:

Class 1	\$1,286	Class 3	\$5,530
Class 2	\$2,572	Class 4	\$7,716

(e) For a physician who practices fewer than 500 hours during the fiscal year, limited to office practice and nursing home and house calls, and who does not practice obstetrics or surgery or assist in surgical procedures:

\$804

(f) For a physician for whom this state is not a principal place of practice:

Class 1	\$1,608	Class 3	\$6,914
Class 2	\$3,216	Class 4	\$9,648

(g) For a nurse anesthetist for whom this state is a principal place of practice: \$824

(h) For a nurse anesthetist for whom this state is not a principal place of practice: \$412

(i) For a hospital:

1. Per occupied bed \$203; plus
2. Per 100 outpatient visits during the last calendar year for which totals are available \$10.17

(j) For a nursing home, as described under s. 655.002 (1) (j), Stats., which is wholly owned and operated by a hospital and which has health care liability insurance separate from that of the hospital by which it is owned and operated:

Per occupied bed	\$38
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(k) For a partnership comprised of physicians or nurse anesthetists, organized for the primary purpose of providing the medical services of physicians or nurse anesthetists, whichever of the following is applicable:

1. If the total number of partners and employed physicians and nurse anesthetists is from 2 to 10 \$115
2. If the total number of partners and employed physicians and nurse anesthetists is from 11 to 100 \$1,150
3. If the total number of partners and employed physicians and nurse anesthetists exceeds 100 \$2,876

(L) For a corporation, including a service corporation, with more than one shareholder organized under ch. 180, Stats., for the primary purpose of providing the medical services of physicians or nurse anesthetists, whichever of the following is applicable:

1. If the total number of shareholders and employed physicians and nurse anesthetists is from 2 to 10 \$115

2. If the total number of shareholders and employed physicians and nurse anesthetists is from 11 to 100 \$1,150

3. If the total number of shareholders and employed physicians or nurse anesthetists exceeds 100 \$2,876

(m) For a corporation organized under ch. 181, Stats., for the primary purpose of providing the medical services of physicians or nurse anesthetists, whichever of the following is applicable:

1. If the total number of employed physicians and nurse anesthetists is from 1 to 10 \$115

2. If the total number of employed physicians and nurse anesthetists is from 11 to 100 \$1,150

3. If the total number of employed physicians or nurse anesthetists exceeds 100 \$2,876

(n) For an operational cooperative sickness care plan:

1. Per 100 outpatient visits during the last calendar year for which totals are available \$0.25; plus

2. 2.5% of the total annual fees assessed against all of the employed physicians.

(o) For a freestanding ambulatory surgery center, as defined in s. Ins 120.03 (10):

Per 100 outpatient visits during the last calendar year for which totals are available \$49

(p) For an entity affiliated with a hospital, the greater of \$100 or whichever of the following applies:

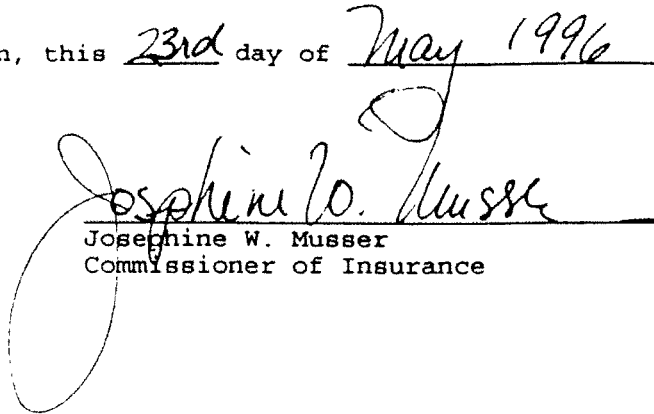
1. 15% of the amount the entity pays as premium for its primary health care liability insurance, if it has occurrence coverage.

2. 20% of the amount the entity pays as premium for its primary health care liability insurance, if it has claims-made coverage.

SECTION 4. INITIAL APPLICABILITY. This rule first applies on July 1, 1996.

SECTION 5. EFFECTIVE DATE. This rule will take effect upon publication as provided in s. 227.24 (1) (c), Stats.

Dated at Madison, Wisconsin, this 23rd day of May 1996.



Josephine W. Musser
Commissioner of Insurance

FISCAL ESTIMATE
DOA-2048 N(R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LFB or Bill No./Adm. Rule No.
ins 17.01, 17.28, 17.26
Amendment No. if Applicable

Subject

Relating to annual PCF fund fees, mediation panel fees and attachment point for future medical expense payments for fiscal year 1996-97.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The Patients Compensation Fund (Fund) is a segregated fund. Annual fund fees are established to become effective each July 1, based on actuarial estimates of the Fund's needs for payment of medical malpractice claims. The proposed fees were approved by the Fund's Board at its February 21, 1996 meeting.

There is no effect on GPR.

The increase in segregated revenues is approximately \$5 million and represents an overall 10% increase in the Fund's projected revenue of \$50 million for fiscal year 1995-96. Estimated revenue for fiscal year 1996-97 is approximately \$55 million

The Fund is required to assess, collect and remit mediation panel fees to the state court system. These mediation panel fee levels remain constant with last years rates. The projected target base is \$300,000.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)
OCI/Peter Farrow, (608) 264-6239

Authorized Signature/Telephone No.

Candy Shime (608) 266-0102

Date

3/13/96