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👉 Details: Miscellaneous committee correspondence and documents

(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**



JAN 10 1996

State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson  
Governor

121 East Wilson Street  
P.O. Box 7873

Josephine W. Musser  
Commissioner

January 5, 1995

Madison, Wisconsin 53707-7873  
(608) 266-3585

Members of the Legislature

*sent 1-12-96*

Re: Emergency Rule, Section Ins 18.13(5), Wis. Adm. Code, relating to Cost containment rules for the health insurance risk sharing plan

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 January 8, 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 Stephen Mueller at 267-2833.

Best regards,

*Josephine W. Musser*  
Josephine W. Musser  
Commissioner of Insurance

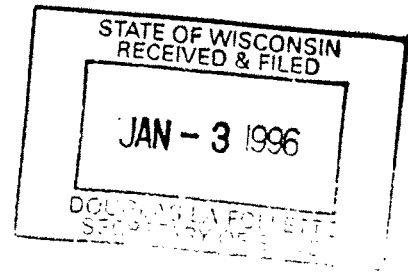
JWM:SM  
Attachment: 1 copy rule

*Jan 5th letter*

*I appreciate the OCI's pursuit of ~~changes~~ rule modifications for control costs of the HIK's (populart). ~~Health~~ <sup>exam</sup> ~~and~~ flexibility in contract negotiations ~~to~~ <sup>interest</sup> first step, but I would like to see some negotiations that a listing of other options is for determining <sup>from your office</sup> ~~who are part of the~~ <sup>population</sup> ~~that~~ <sup>are</sup> ~~the~~ <sup>populated</sup> ~~are~~ <sup>costs</sup>*

Articles to my understanding will result in program  
increases of 30%.

Please advise us when my copy  
list of all articles require adjustments  
changes.

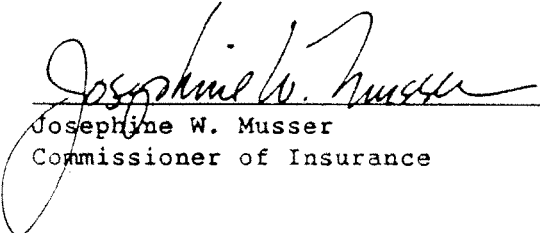


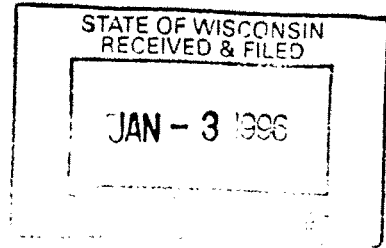
STATE OF WISCONSIN )  
 )  
OFFICE OF THE COMMISSIONER OF INSURANCE)

I, Josephine W. Musser, Commissioner of Insurance and custodian of the official records of this office, certify that the attached rule-making order affecting s. Ins 18.13 (5), Wis. Adm. Code, relating to cost-containment rules for the health insurance risk-sharing plan, will be issued by this office on January 2, 1996.

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 whole of the original.

Dated at Madison, Wisconsin, this 28 day of December 1995.

  
\_\_\_\_\_  
Josephine W. Musser  
Commissioner of Insurance



ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

CREATING AN EMERGENCY RULE

To create s. Ins 18.13 (5), Wis. Adm. Code, relating to creating a network of providers for the health insurance risk-sharing plan who will provide services at a discount greater than that which is already mandated by statute.

---

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3), 619.11, 619.14 (5) (d), 619.15 (5), 619.17 (4) (a), 227.11, and 227.24, Stats.

Statutes interpreted: s. 601.01, Stats.

Chapter 619, Stats., provides for the funding of the health insurance risk-sharing plan through premiums paid by policyholders and assessments on the insurance industry. Benefits are mandated by s. 619.14, Stats. Section 619.14 (5) (d), Stats., allows the board to establish different deductible amounts, a different coinsurance percentage, and different covered costs and deductible aggregate amounts from those specified in accordance with cost-containment provisions established by the commissioner under s. 619.17 (4) (a), Stats. This rule promulgated under that section provides for

cost-containment provisions in addition to those already found in the statutes and rules. This rule will allow the HIRSP board greater flexibility in negotiating contracts with health care providers to provide for services at a discount greater than that already mandated by statute. This emergency rule is necessary to avoid a funding crisis with the necessary increase in assessments and premiums beyond that which is instituted each year when the contract and policy is renewed.

---

#### FINDING OF EMERGENCY

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

The rule permits the health insurance risk-sharing plan (HIRSP) board to create a network of providers that have agreed to give discounts in addition to the mandatory discount of 10%. This rule is necessary to implement cost-containment measures allowed by statute. These measures become necessary to help control costs that have threatened a funding crisis for the HIRSP program. That funding crisis poses a potentially deleterious effect upon HIRSP policyholders and the insurance industry.

SECTION 1. Ins 18.13 (5) is created to read:

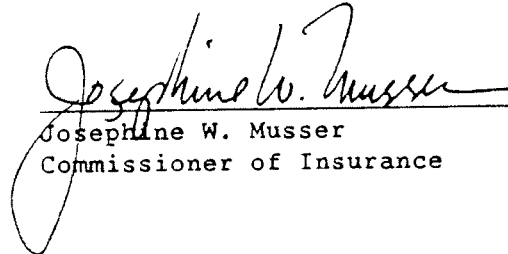
Ins 18.13 (5) Provider Network Cost Containment Provisions.

a. The board may direct the plan administrator to contract with a network or networks of providers at discounts greater than those mandated by s. 619.15 (3) (e), Stats., and the board may establish different deductible amounts, a different coinsurance percentage, and different covered costs and deductible aggregate amounts from those specified in s. 619.14 (5) (a) to (c), Stats., for utilization of non-network providers.

b. The board may establish a copayment schedule for services provided by non-network providers that is different from that established for network providers.

SECTION 2. Pursuant to s. 227.22 (2) (b), Stats., this rule shall take effect on January 8, 1996.

Dated at Madison, Wisconsin, this 28 day of December 1995.

  
\_\_\_\_\_  
Josephine W. Musser  
Commissioner of Insurance

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

FISCAL ESTIMATE  
DOA-2048 N(R10/94)

Subject

COST CONTAINMENT RULE FOR HEALTH INSURANCE RISK SHARING PLAN

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

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

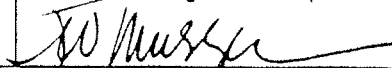
Long-Range Fiscal Implications

NONE

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

INSURANCE COMMISSIONERS OFFICE  
STEVE MUELLER 267-2833

Authorized Signature/Telephone No.



Date

12-29-95



**FISCAL ESTIMATE WORKSHEET**

1995 Session

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

ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.  
 INS 18.13 (5)

Amendment No.

Subject

**COST CONTAINMENT RULE FOR HEALTH INSURANCE RISK SHARING PLAN**

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

NONE

I. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
<b>1. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		\$ -
(FTE Position Changes)		( FTE)	(- FTE)
State Operations - Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$ -</b>
<b>3. State Costs by Source of Funds</b>		<b>Increased Costs</b>	<b>Decreased Costs</b>
GPR	\$		\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>II. State Revenues -</b>	<b>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$		\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

STATE

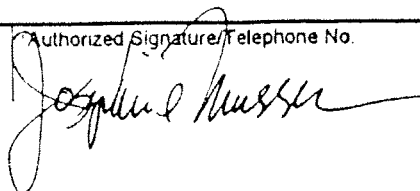
LOCAL

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

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

INSURANCE COMMISSIONERS OFFICE  
 STEVE MUELLER                    267-2833

Authorized Signature/Telephone No.

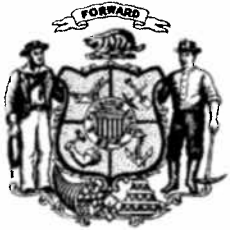


Date

12-29-95



# WISCONSIN STATE LEGISLATURE





# Wisconsin State Assembly

P.O. BOX 8952 • MADISON, WI 53708

## MEMORANDUM

TO: INSURANCE, SECURITIES AND CORPORATE POLICY COMMITTEE MEMBERS

FROM: REPRESENTATIVE SHERYL ALBERS

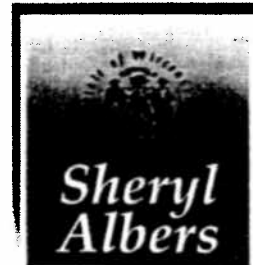
RE: NOTICE OF COMMITTEE HEARING

DATE: JANUARY 10, 1995

I have just been informed that you will be a member of the Insurance committee. As chairperson, I just wanted to welcome you to the committee and again provide you with notice of our first meeting on January 19, 1995, 9:00 a.m. Room 318 SW. Our meeting room has been changed from MLK(3) to Room 318SW.

Additionally, as you can see from the notice, the issue before us on Thursday will be medical malpractice reform. You will be receiving a copy of the LRB draft as soon as it becomes available and most certainly 24 hours in advance of our hearing.

Kelly M. Rosati be the Committee Research Clerk. Both Kelly and I will be glad to work with you on any questions or concerns that you may have. I look forward to working with you on Insurance, Securities, and Corporate Policy issues in the upcoming session.



To: Rep. Krueg  
From: Rep. Albers

Date: Jan 23, 1995

Here is the notice of executive session, per your request.

Please be advised that I do not intend to recognize you as a member of the Insurance Committee until I have official notice from Speaker Prosser.

C. Representative David Prosser,  
Speaker



JAN 24 1995

Wisconsin Legislature  
Assembly Chamber

P.O. Box 8952  
Madison, Wisconsin 53708

January 23, 1995

Hon. Mark Green, State Representative  
Room 303, 119 Martin Luther King, Jr. Blvd.  
P.O. Box 8952  
Madison, WI 53708

Dear Rep. Green:

Please be advised that I am appointing you to the Assembly Committee on Insurance, Securities and Corporate Policy, effective immediately upon the resignation or removal of any other member of the Committee.

Allow me to extend my congratulations and best wishes concerning this new assignment.

Sincerely,

DAVID T. PROSSER, JR.  
Speaker of the Assembly

Committee Records -



# Mark Meyer

STATE REPRESENTATIVE ■ 95TH ASSEMBLY DISTRICT

JAN 25 1995

January 24, 1995

Speaker David Prosser  
Wisconsin State Assembly  
101 Martin Luther King  
Madison, Wisconsin 53708

Dear Speaker Prosser:

This letter serves as my notice of resignation from the Assembly Committee on Insurance, Securities and Corporate Policy.

Thank you for your attention to this matter.

Sincerely,

*Mark Meyer*

Mark Meyer  
State Representative  
95th Assembly District

MM:jke



Wisconsin Legislature  
Assembly Chamber

P.O. Box 8952  
Madison, Wisconsin 53708

January 24, 1995

Honorable Mark Green  
State Representative  
119 Martin Luther King Jr. Blvd, Ste 303  
Madison, Wisconsin 53702

Dear Mark:

This letter is to confirm your appointment to the Assembly Committee on Insurance, Securities and Corporate Policy effective immediately. You will be filling the vacancy created by Rep. Mark Meyer's resignation.

Sincerely,

A handwritten signature in cursive script that reads "David Prosser Jr." The signature is written in dark ink and is positioned above the typed name and title.

David Prosser, Jr.  
Speaker

DP:lj

cc: Assembly Records  
Sheryl Albers



Wisconsin Legislature

Assembly Chamber

P.O. Box 8952  
Madison, Wisconsin 53708

January 24, 1995

Honorable Mark Meyer  
State Representative  
100 North Hamilton, Suite 310  
Madison, Wisconsin 53702

Dear Mark:

This will acknowledge receipt of your letter of January 24, 1995, which you indicate "serves as my notice of resignation from the Assembly Committee on Insurance, Securities and Corporate Policy." Please know that I have appointed Rep. Mark Green of Green Bay as your replacement.

Representative Kunicki has forwarded a number of committee changes to my office. Action will be taken on these changes later in the week.

Thank you for your service on the committee.

Sincerely,

A handwritten signature in cursive script that reads "David Prosser".

David Prosser, Jr.  
Speaker

DP:lj

cc: Assembly Records  
Sheryl Albers



JAN 25 1995



Wisconsin Legislature  
Assembly Chamber

P.O. Box 8952  
Madison, Wisconsin 53708

January 25, 1995

Hon. Sheryl Albers, Chair  
Assembly Committee on Insurance,  
Securities and Corporate Policy  
Room 136 South  
State Capitol, P.O. Box 8952  
Madison, WI 53708

Dear Rep. Albers:

As you know, on Monday, January 23, I directed that Rep. Mark Green be appointed to the Committee on Insurance, Securities and Corporate Policy, effective immediately upon the resignation or removal of any other member of the Committee. A copy of my letter to Rep. Green informing him of that appointment has been provided for your files.

This letter is to confirm that yesterday morning, I received a letter from Rep. Mark Meyer, notifying me of his resignation from the Committee. Rep. Green's appointment therefore took effect as of yesterday's date, January 24. A copy of Rep. Meyer's letter of resignation is attached.

Thank you for your attention to these matters.

Sincerely,

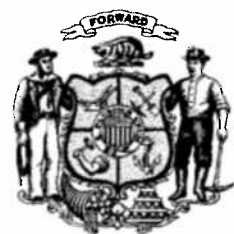
A handwritten signature in cursive script that reads "David Prosser".

DAVID T. PROSSER, JR.  
Speaker of the Assembly

cc: Assembly Records



# WISCONSIN STATE LEGISLATURE



MEMORANDUM

TO: SPEAKER PROSSER

FROM: REPRESENTATIVE ALBERS

RE: AGENDA FOR THE INSURANCE, SECURITIES, AND CORPORATE POLICY COMMITTEE

DATE: JANUARY 24, 1995

Pursuant to your request, I would like to delineate some of the proposals I expect to consider in the Insurance, Securities, and Corporate Policy Committee during the upcoming legislative session. The following is not meant to be an exhaustive list of proposals, but rather is an attempt to familiarize you with the items with which I am most familiar.

For consideration during the upcoming spring tort reform day in the Assembly, I expect to debate the following policy changes:

(1) AB25--The anti-stacking legislation introduced by Representative Brancel. That legislation is tentatively scheduled for public hearing on Feb. 9, 1995;

(2) LRB 0171/1--Legislation relating to fire departments organized under Chapter 181 of the Wis. Statutes. Apparently, their existing liability coverage will expire on May 1, 1995 due to the discovery by their insurers that the tort liability cap applicable to fire departments organized under Chapter 213 of the Wisconsin Statutes does not apply to those organized under Chapter 181. An extension of the cap to Ch.181 fire departments will address and alleviate the anticipated difficulty;

(3) Duty To Warn Statutory Clarification for mental health professionals-- Currently, mental health professionals have a legal obligation (Schuster v. Altenburg, 1988) to warn or protect the public from dangerous acts of their patients. However, there are no guidelines to provide certainty with respect to fulfilling that duty. I am looking at legislation which would provide standards by which the action of the therapist could be measured. This legislation would set forth criteria, which, if complied with, would provided a legal defense for the therapist in both duty to warn/protect and breach of confidentiality actions; and,

(4) Volunteer Immunity

Other items expected to come before my committee are as follows:

(1) Statutory revision to s.632.32 Stats. in response to the Kemp v. Feltz decision. Clarification that insurers need not be held liable for damages as a result of illegal conduct committed.

- (2) Increase in the damage reduction allowable for failure to comply with mandatory safety belt use. Current reduction 'up to 15%'--Increase to 'up to 80%';
- (3) Revision of interest paid by insurers. Current law-fixed-12%--Proposed revision--Variable-T-bill rate;
- (4) Legislative revision relating to FRAUD in the insurance arena;
  - (a) Immunity Statute- for individuals who, in good faith, making fraud allegations;
  - (b) Medical Disclosure- Full disclosure of prior medical history so that accurate policy determinations can be made and so that the market can better adjust; and,
  - (c) Homeowners Insurance--allow insurers to rescind coverage in the event an insured misrepresents a provision of the policy application. Current law allows one misrepresentation;
- (5) Joint and Several liability reform--to come from Senate;
- (6) Sports Injury Liability--Change standard from negligence to gross negligence;
- (7) Declaratory Judgment Attorney Fees--Currently, if the insurer loses a declaratory judgment, it must pay the legal fees for the plaintiff. However, the opposite is not true. A more equitable solution is probably forthcoming;
- (8) The impact of mandates on Wisconsin's premium payers. Possible repeal of existing mandates;
- (9) Continuing education credits; and,
- (10) The exploration of medical savings accounts and other health care issues.

*Industry oppose & they don't want*

*Dem make it neutral*

*Self-insured*

*Self*

There are also issues I will be alert to because they may have a long-term negative effect on Wisconsin citizens. Briefly, they include:

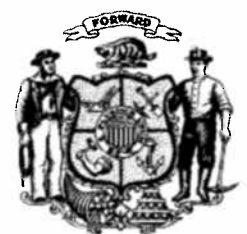
- (1) Compulsory Auto Insurance;
- (2) Territorial Rating;
- (3) Glass Repair;
- (4) Redlining;
- (5) Senior Subsidies; and,
- (6) Auto Theft Fund

Finally, some periphery issues include: OCI's consumer protection record; Worker's Compensation; Chiropractic issues; Auto Salvage Restrictions; and, DOT Privacy Issues.

I hope this is useful to you. Please call me if you have any questions.



# WISCONSIN STATE LEGISLATURE



Sent 2/7/95



# Wisconsin State Assembly

P.O. BOX 8952 • MADISON, WI 53708

## MEMORANDUM

TO: INSURANCE, SECURITIES, AND CORPORATE POLICY COMMITTEE MEMBERS

FROM: REPRESENTATIVE ALBERS, CHAIR

DATE: FEBRUARY 7, 1995

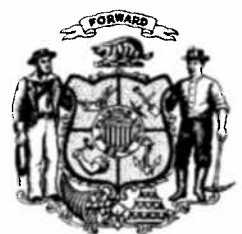
RE: UPDATE ON ASSEMBLY BILL NUMBERS

Please make note of the following:

- 1.) LRB 2820/1, the bill relating to immunity from civil liability for local agencies with emergency response teams, is AB 109;
- 2.) LRB 0171/1, the bill relating to limitation of liability for certain fire companies, is AB 95;



# WISCONSIN STATE LEGISLATURE





# DAVID CULLEN

STATE REPRESENTATIVE

February 27, 1995

Representative Sheryl Albers, Chair  
Assembly Committee on Insurance, Securities and Corporate Policy  
Room 136 South  
State Capitol  
INTER-D

Dear Representative Albers:

I am writing to request that you schedule a public hearing for Assembly Bill 137 at your earliest possible convenience. I would greatly appreciate it if the hearing could take place in my district on the Northwest side of Milwaukee. I would be happy to furnish you with a list of possible locations.

Assembly Bill 137 attempts to address problems associated with basing automobile insurance premiums on the zip code area in which an individual resides. I believe it would be beneficial to the Committee to here from people in Milwaukee who are directly affected by this practice.

Thank you for considering this request. I look forward to your response.

Sincerely,

DAVID A. CULLEN  
State Representative  
13th Assembly District

DAC:jp

*Sen Cosenzweig & I had already discussed having joint hearings on some aspects of the budget, dating back to the conference we attended in Milwaukee. Milwaukee - May do Budget + pose questions on high ins - n*

*As you maybe aware, the Senator also has an interest in redlining. My thoughts at this point, is to ~~go~~ go forward with a Milwaukee hearing on budget issues +*

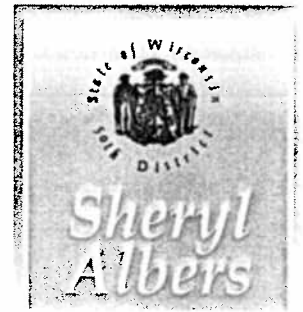
OFFICE: P.O. BOX 5952, MADISON, WISCONSIN 53708 • (608) 267-9836  
LEGISLATIVE HOTLINE: 1-800-362-9472

Printed on Recycled paper

*add several questions related to redlining - If you would be so kind as to put together a list - most list*



of questions that would be appropriate I  
would appreciate it. Know that I have  
asked Senator Rosenzweig to do the same.



March 13, 1995

Representative David Cullen  
5 North  
State Capitol  
INTER-D

Dear Representative Cullen:

Thank you for your February 27, 1995 letter to my office regarding AB 137.

I am also very interested in the issue of territorial rating in the automobile insurance industry. I am working closely with Senator Rosenzweig and we are planning to hold joint committee hearings on this subject. We anticipate announcing our course of action in the near future. I will certainly keep you advised as we progress.

Thank you for your concerns in this regard and I hope we can work toward some substantive progress in this area.

Sincerely,

Sheryl K. Albers  
State Representative  
50th Assembly District

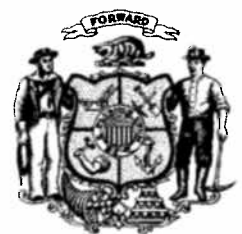
Office: P.O. Box 8952 • State Capitol • Madison, WI 53708-8952 • (608) 266-8531  
Message Hotline: (800) 362-9472

Home: S6896 Seeley Creek Rd. • Loganville, WI 53943 • (608) 727-5084

  
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# WISCONSIN STATE LEGISLATURE





# Wisconsin State Assembly

P.O. BOX 8952 • MADISON, WI 53708

## MEMORANDUM

TO: JFC CHAIRS/ SPEAKER PROSSER  
FROM: REPRESENTATIVE SHERYL ALBERS  
DATE: FEBRUARY 29, 1995  
RE: BUDGET HEARINGS BY ASSEMBLY COMMITTEES

Rather than waiting for the Joint Finance Committee to begin its work on the budget which tends to put options and alternatives in the hands of the Fiscal Bureau, I would like to go forward by scheduling hearings immediately on the budget provisions related to the Insurance, Securities, and Corporate Policy Committee subject area.

Some of the issues of concern include: The merging of ~~securities and banking~~; The State Life Insurance fund; The provision which allows counties to purchase insurance to provide health benefits for uninsured individuals; the issue of derivatives; and, the abolition of the ~~Office of the Secretary of State as it~~ relates to corporate policy. I believe that Assembly members would be well-served when we reach floor debate on the budget if both standing committees and the joint finance committee have already examined its provisions in detail and provided an opportunity for public input.

I hope you will give careful consideration to my proposal. Thank you for your attention.

*Let's schedule this*

*B- W's  
Remember*



# Wisconsin State Assembly

MEMORANDUM BOX 8952 • MADISON, WI 53708

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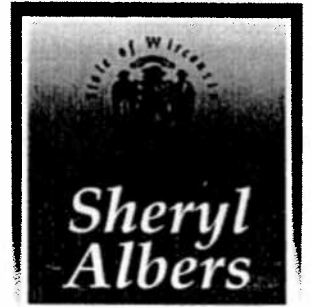
TO: JFC CHAIRS/ SPEAKER PROSSER  
FROM: REPRESENTATIVE SHERYL ALBERS  
DATE: FEBRUARY 29, 1995  
RE: BUDGET HEARINGS BY ASSEMBLY COMMITTEES

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I hope you will give careful consideration to my proposal. Thank you for your attention.

MEMORANDUM



TO: INSURANCE, SECURITIES, AND CORPORATE POLICY COMMITTEE MEMBERS

FROM: REPRESENTATIVE ALBERS, CHAIR

RE: MARCH 23, 1995 HEARING

DATE: MARCH 17, 1995

Attached please find copies of:

- (1) The second amended hearing notice; and,
- (2) A copy of LRB 1754/1, relating to municipal insurance mutuals;

If you have any questions regarding the March 23, 1995 hearing, please contact my office at 266-8531 and speak with Kelly. Thank you.

Office: P.O. Box 8952 • State Capitol • Madison, WI 53708-8952 • (608) 266-8531  
Message Hotline: (800) 362-9472

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SECOND AMENDED NOTICE OF HEARING

ASSEMBLY COMMITTEE ON INSURANCE, SECURITIES, AND CORPORATE POLICY

This amended notice is being issued for the sake of **clarification** concerning the March 23, 1995 Insurance, Securities, and Corporate Policy Committee hearing in Room 318 SW, at 1:30 p.m.

(1) The portion of the hearing relating to the provisions of the Governor's Budget which address:

(A) Continuing education program for insurance agents and an accompanying LRB draft which mirrors the provisions of the Governor's Budget, LRB 3091/1, relating to continuing education requirements for insurance intermediaries and granting rule-making authority; and,

(B) Health Care Provider Information Center via OHCI

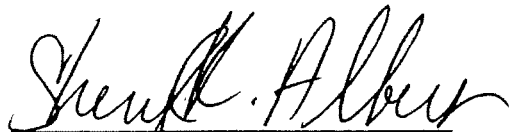
(2) Additionally, we will hold a public hearing on LRB 1754/1, relating to municipal insurance mutuels, and may be having an executive session on this proposed legislation.

--WILL BE A PUBLIC HEARING, PUBLIC TESTIMONY IS WELCOME--

However, the portion of the hearing relating to the issue of derivatives, as it relates to:

- (A) The investment of pension funds;
- (B) The investment of retirement funds; and,
- (C) The issue of disclosure

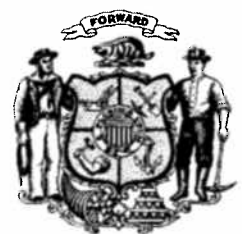
--WILL FEATURE ONLY SPECIALLY INVITED GUESTS OF THE CHAIR --



Sheryl K. Albers  
State Representative  
50th Assembly District



# WISCONSIN STATE LEGISLATURE







# State Medical Society of Wisconsin

Over 150 Years of Caring

**TO:** State Representative Sheryl Albers, Chair  
Members, Assembly Committee on Insurance,  
Securities and Corporate Policy

**FROM:** M. Colleen Wilson, Legislative Counsel  
Government Relations

**RE:** Data Collection

**DATE:** March 23, 1995

Data collection is an issue that has come to the forefront as the health care delivery system continues its frantic evolution. We appreciate the opportunity to share the thoughts of the State Medical Society with regard to this issue, and discuss our own data collection initiative, the Medical Outcomes Research Project.

Under current law, the Office of Health Care Information (OHCI) has the statutory authority to collect data from hospitals, ambulatory surgery centers and as of 1992, other health care providers. To date, OHCI has only collected data from hospitals and ambulatory surgery centers, in large part because they have not been able to fund collection of data from other health care providers. Language in the budget bill that imposes higher fees on insurance companies may make it possible for OHCI to expand its data collection, analysis and dissemination.

Without changes in current practices, the State Medical Society has significant concerns about OHCI collecting data from outpatient health care providers. Currently, OHCI collects claims form and hospital discharge data. This data is extremely problematic. It is incomplete, as it does not include patient case-mix adjustments (such as the severity of disease and demographics), patient judgments (such as satisfaction, treatment preferences, and compliance), or physician adjustments (such as specialty and practice arrangement). Also, outpatient claims data involves more chance for variation in coding, more chance of coding errors and is generally considered less reliable than hospital claims data.

The lack of this critical information can skew analysis of data and lead to misleading conclusions. A recent Journal of Quality Improvement article explains that a woman was treated for a medical condition with anticoagulants. The woman was only marginally compliant with physician recommendations and dosage adjustments, and could not be reached by telephone with instructions for dosage changes. The woman subsequently died. On a claims form and hospital discharge data, the patient's failure to comply would not appear. Her condition would appear in code, as well as the fact that she died. Without the critical factor included about the woman's failure to comply, the data is incomplete as to why she died, and says nothing about the quality of care she received.

RICHARD G. ROBERTS, MD, *President*  
MARCIA J. S. RICHARDS, MD, *President-Elect*  
THOMAS L. ADAMS, CAE, *Executive Vice President*  
HARRY J. ZEMEL, MD, *Treasurer*

Claims based data makes analysis troublesome. Claims data was designed for billing and making claims, with the ultimate goal of securing reimbursement. It is simply not appropriate for review of utilization and appropriateness of treatment. The resulting limitations on clinical and other information make it very difficult or impossible to produce accurate and meaningful analyses of treatment appropriateness. As an example of the limitations of this data for analysis, a hospital just north of Madison sustained an undeserved reputation when a newspaper headline stated that it had a 20% failure rate for prostate surgery. Five men were hospitalized for prostate surgery. One of the men had a heart attack while hospitalized and died. The claims information reflected that he was hospitalized for prostate surgery, and did not explain that the patient died due to a condition unrelated to prostate surgery. Obviously, claims data is often misleading and provides little meaningful information.

Recognizing that data is vital to improving the quality of health care, the State Medical Society has undertaken its own project, the Medical Outcomes Research Project that is administered through its 501(c)(3) Charitable Education and Scientific Foundation (CESF). It is a non-proprietary effort to establish data formats, data norms and investigation (research) of what treatment works. This data collection effort emphasizes clinical outcomes research. Data is collected from patients and physicians throughout the course of treatment using standardized questionnaires. Data collected includes information on health conditions and health risk, as well as information on physical and mental status which is used to determine changes in general health status over time.

The Medical Outcomes Research Project is distinct from other data collection projects in that it combines patient reports of quality of life and functional health status with physician information on process of care specifically for the purpose of assessing and improving quality. This project, unlike the efforts of non-physician organizations, does not start with existing data collected for other purposes and attempt to extract answers. The Medical Outcomes Research Project creates a new set of data that makes it possible to move beyond morbidity and mortality reports, which do not provide feedback on how to improve quality.

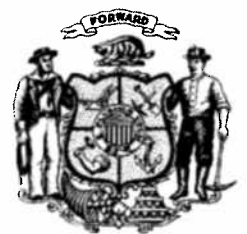
The Medical Outcomes Research Project will generate reports with the data collected and individual physicians or clinics will receive reports showing their patients' scores compared to overall scores for similar patients from other sites and comparing the scores with available national norms. These comparative reports will provide the basic information for clinical study groups that will be formed to discuss the outcomes and process of care for each condition. Moreover, this Project aims at testing guidelines and disseminating information to health care providers about what treatment results in the best patient outcomes.

Hospitals, clinics and physician offices need comparative data. The role of the CESF is to serve as a central collecting point so that survey results from one organization can be compared with others. The Project makes it possible for smaller practices to become involved by assisting small practices that do not have the resources to enter data and develop reports.

Again, the State Medical Society appreciates the opportunity to discuss this issue with you. I would be happy to answer questions at this time.



WISCONSIN STATE LEGISLATURE



March 28, 1996

Representative Judy Robson  
PO Box 8953  
Madison, WI 53708

Dear Representative Robson:

I received your request for a hearing on AB 1016, relating to the purchase of health care coverage by private employers.

As you may know, I am in the process of setting up a hearing for Thursday morning before session. My committee clerk contacted your office to make sure you would be available at that time and was informed that you had an appointment at 9 a.m. Thursday morning and would have to leave the hearing early.

I plan to have a vote on a number of bills that day including two remedial legislation bills and believe we will not have enough time for a hearing on your bill that day as well.

I am uncertain at this time of how many more hearings the Assembly Insurance Committee will have yet this session and a number of bills must be dealt with at this hearing.

Sincerely,

Sheryl K. Albers  
State Representative  
50th Assembly District



JUDITH B. ROBSON

STATE REPRESENTATIVE • WISCONSIN LEGISLATURE

March 19, 1996

Chair Sheryl Albers  
Insurance, Securities  
& Corporate Policy Committee  
127 West, State Capitol

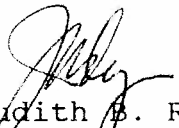
Dear Representative Albers:

I am renewing my request for a hearing on Assembly Bill 1016 at the committee meeting this Thursday, March 21.

As we discussed earlier today, I will cancel an appointment which conflicts with the committee hearing schedule so I can be present for the full hearing.

Your accommodating this request would be appreciated. Please let me know if AB 1016 is scheduled so I can plan accordingly.

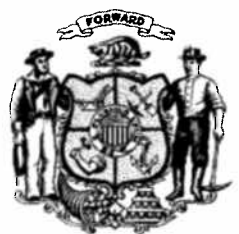
Sincerely,

  
Judith B. Robson  
State Representative  
45th Assembly District

JBR:kas



# WISCONSIN STATE LEGISLATURE





*The Institute for Civil Justice*

RAND • 1700 Main Street • P.O. Box 2138  
Santa Monica, California 90407-2138

15<sup>TH</sup> Anniversary Year

*Deborah R. Hensler*  
Director  
310-451-6916  
FAX 310-451-6979

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*Bill Wagner*  
Wagner, Vaughan  
& McLaughlin

*Paul C. Weiler*  
Harvard University  
Law School

April 3, 1995

The Institute for Civil Justice is a public policy research program within RAND. Our mission is to help make the civil justice system more efficient and more equitable by supplying policymakers and the public with the results of objective, empirically based, analytic research.

Last fall, California's Deputy Insurance Commissioner asked the ICJ to assess the effects of an absolute no-fault plan that will be on the ballot in 1996. The Commissioner came to us because we were the only institution with both expertise in evaluating alternatives to traditional automobile injury insurance and a reputation for objectivity and substantive excellence. This Issue Paper summarizes our assessment of the no-fault initiative.

The ICJ has been conducting research on automobile insurance issues since its inception in 1979. Please contact me if you would like more information about our work.

Sincerely,

*Deborah R. Hensler*

DRH/dam/IP146-2

*Ins Issues  
File*

# Issue Paper

RAND

Institute for Civil Justice

MARCH 1995

## The Effects of a Proposed No-Fault Plan on the Costs of Auto Insurance in California

*Stephen Carroll and Allan Abrahamse*

The Coalition for Common Sense, a private, non-profit organization, has proposed a no-fault automobile insurance plan for California (Coalition for Common Sense, November 1994). The California Department of Insurance asked the Institute for Civil Justice to analyze the effects of the proposed plan on automobile insurance costs in California. Because the Institute has been conducting research for more than a decade on alternatives to the tort system for compensating automobile accident victims, we had developed analytic models and a database we could use to estimate the effects of the Coalition's proposal.<sup>1</sup> This issue paper presents our results.

Although the analysis is focused on California, we believe the results will be of broader interest. Escalating auto insurance premiums have been a major public policy issue in numerous states over the last three decades. Because some form of personal injury auto insurance (or equivalent financial responsibility) is required in every

<sup>1</sup>Abrahamse and Carroll (forthcoming) provides a detailed description of the data and methods we used to analyze the effects in all states of a no-fault plan similar to the Coalition's proposal. We drew upon the results presented there for California for this discussion.

state, the growing price tag increases the burden on everyone who complies with the law. The affordability of auto insurance is of special concern for lower-income populations. Some estimates suggest that these groups are now spending as much as 30 percent of their total annual incomes on automobile insurance (Maril, 1993, p. 11). Moreover, the high costs of coverage also swell the ranks of citizens who drive without coverage, thus increasing costs for those who purchase insurance.

Our discussion has four parts: (1) a description of the Coalition's proposal, (2) a summary of our results, (3) an assessment of how uncertainty affects our estimates, and (4) a description of our data and methods.

### THE CURRENT AUTO INSURANCE SYSTEM

The traditional rules of the tort system govern recovery for auto accident injuries in California. An injured party may seek compensation for all economic and noneconomic losses from the driver who caused the accident.<sup>2</sup> However, the accident victim is entitled to

<sup>2</sup>Economic losses include an accident victim's medical costs, lost wages, burial expenses, replacement service losses, and other pecuniary expenditures. Noneconomic losses include physical and



compensation only to the degree that the other driver is responsible for the accident. A driver's bodily injury (BI) insurance pays the compensation he owes someone he injures, up to the policy's limits. Uninsured motorist (UM) insurance pays the policyholder any compensation he cannot obtain from an uninsured motorist, up to policy limits.

## THE PROPOSED AUTO INSURANCE PLAN

The Coalition's proposal establishes a pure no-fault auto insurance system for personal injuries resulting from auto accidents. It eliminates tort liability for auto accident personal injuries.<sup>3</sup> In return for this barrier to liability claims, the plan establishes first-party, no-fault insurance, called Personal Injury Protection (PIP), which covers all of an accident victim's economic losses up to policy limits. Under a "minimum limits" option, motorists would be required to carry \$50,000 of PIP coverage. Under a "standard limits" option, mandatory PIP coverage would be \$1 million. Accident victims' compensation would be limited to the PIP coverage.<sup>4</sup> They could not seek compensation from another driver, even if the PIP limit was not sufficient to cover all of their economic losses.

The Coalition's proposal would reduce insurers' costs in two respects: They would not compensate accident victims for noneconomic losses, and they would not incur the transaction costs—claim processing and legal costs—associated with resolving liability claims. In earlier work, we estimated that about 56 percent of the compensation paid by auto insurers to accident victims

---

emotional pain, physical impairment, mental anguish, disfigurement, loss of enjoyment, and other nonpecuniary losses.

<sup>3</sup>Under the Coalition's proposal, there would be no restriction on the injured's rights to recovery under tort when the injury was caused by a tortfeasor's alcohol or drug abuse. Because of data and resource limitations, we do not consider that provision in this analysis. In any event, this provision would have little effect on our estimates. Alcohol is not involved in the accidents that account for the overwhelming majority of auto injuries and costs. For example, only 5 percent of all the people injured in auto accidents in 1993 were injured in alcohol-involved accidents. See Insurance Research Council (1994), Table A11.

<sup>4</sup>The Coalition's proposal requires insurers to offer supplemental PIP insurance that would pay up to \$250,000 for pain and suffering resulting from a serious injury. The amount of payment in any given case would be determined by a schedule established by the Insurance Commissioner. Because we lack information on the injuries included under this provision, the benefits payable for any of those injuries, and the fraction of drivers who might purchase such a policy, we do not consider that provision in this analysis. Because the supplemental coverage is optional and would presumably be self-financing, its availability would not affect the savings that accrue to drivers who decline it.

in California was for noneconomic loss (Carroll et al., 1991, Table G.3.2), while transaction costs accounted for about 17 percent of the total costs insurers incurred in compensating auto accident victims (Carroll et al., 1991, Table G.1.2).

The proposal would also increase costs by providing full compensation for economic loss to all insured accident victims. We estimated earlier that about 19 percent of California auto accident victims receive less than full compensation for their economic losses (Carroll et al., 1991, Table G.6.2).

The Coalition asserts that savings will outweigh the increased costs, allowing reductions in insurance premiums, while ensuring full compensation for economic loss to all insured accident victims. This analysis tests that claim.

## RESULTS

The Coalition's proposal would not affect current auto insurance covering property damages. Accordingly, we focus on the effects of the proposed plan on the costs of auto insurance for personal injuries.

Our data are a random sample of California auto-accident injury claims closed with payment during 1988. We assume that the distributions of accidents, injuries, and losses observed in that sample are representative of the corresponding future distributions in the state. We compare the amount insurers would have to charge the average policyholder to recover exactly what they paid out in compensating the sample victims under the current system to what they would have to charge the average policyholder to recover compensation for the same victims, for the same injuries and losses, under the proposal.

We estimate that the proposed plan with a \$50,000 PIP limit would reduce the costs of compensating auto accident victims for personal injuries by about 65 percent. This includes savings on both the compensation paid to accident victims and the transaction costs incurred in providing that compensation. If the PIP limit were \$1,000,000, the cost reduction would be about 48 percent.

What these cost savings would mean for California drivers depends on the coverages they purchase and the relationship between the costs insurers incur on behalf of those they insure and the premiums they charge. In 1992, the most recent year for which data are available, California drivers spent about \$3.5 billion for collision

and comprehensive insurance and about \$6.4 billion for personal injury and property damage liability coverages combined (National Association of Insurance Commissioners, 1994, Table 7 [a]). We estimate that the latter includes about \$5.2 billion for personal injury coverages and about \$1.2 billion for property damage liability.<sup>5</sup> If the premium an insurer charges for a policy varies in proportion to the compensation costs the insurer can expect to incur on behalf of the policyholder, the 65-percent savings on personal injury coverages under the \$50,000 PIP version of the plan would result in a 34-percent reduction in the average California driver's auto insurance premiums.<sup>6</sup> Under this assumption, the average California driver's insurance premiums would be reduced 25 percent under the \$1,000,000 PIP version of the plan.<sup>7</sup>

The affordability of auto insurance is a particular concern to low-income drivers. Our data do not allow us to directly estimate the effects of the plan on low-income drivers. However, we can estimate its relative effects on drivers who purchase only the coverages required by law—BI and property damage liability under the present system and PIP and property damage liability under the proposed no-fault plan. Under the \$50,000 PIP version of the plan, drivers who purchase only required coverages would save about 53 percent of what they have to pay for the personal injury and property damage liability coverages mandated by current law.<sup>8</sup> Under the \$1,000,000 PIP version of the plan, drivers purchasing only required coverages would save about 39 percent of the cost of liability coverages mandated by current law.<sup>9</sup>

Note that we estimate the likely effects of the Coalition's proposal relative to the current liability

<sup>5</sup>National Association of Independent Insurers (1994) data show that insurers' compensation costs for all personal injury coverages combined accounted for about 81 percent of their total compensation costs for personal injury and property damage liability coverages. We assume the distribution of premiums between personal injury coverages and property damage liability is the same as the corresponding distribution of costs.

<sup>6</sup> $0.65 \times \$5.2$  billion in savings on personal injury coverages divided by \$9.9 in total premiums under the present system.

<sup>7</sup> $0.48 \times \$5.2$  billion in savings on personal injury coverages divided by \$9.9 in total premiums under the present system.

<sup>8</sup> $0.65 \times \$5.2$  billion in savings on personal injury coverages divided by \$6.4 in premiums for mandated coverages under the present system.

<sup>9</sup> $0.48 \times \$5.2$  billion in savings on personal injury coverages divided by \$6.4 in premiums for mandated coverages under the present system.

system. When we estimate that the costs of personal injury coverages will be 65 percent lower under the Coalition's proposal for the \$50,000 PIP option, we do not mean that the injury coverage costs of the auto compensation system will fall 65 percent if the proposal is adopted. Rather, we mean that if the proposal is adopted, these costs will be 65 percent smaller than they would be if the current system were retained.

## ASSESSING THE EFFECTS OF UNCERTAINTY

There are several sources of uncertainty in these estimates:

1. The cost elements were obtained from a sample of closed claims. Thus they are subject to sampling error. However, our sample was quite large (about 6,000 cases); in our judgment, sampling error is likely small.
2. Any sample of auto injury claims will tend to include many small value claims and a few rather large ones, leaving open the possibility that results might be sensitive to a small number of unusually large claims.
3. Savings in any future year depend on the fraction of the California driving population that would have purchased insurance under the present system in that year.
4. Savings also depend on the fraction of the uninsured driving population that would decide to purchase insurance under the Coalition's proposal in any future year.
5. Savings depend somewhat on the fraction of auto accident victims who are injured in single-car accidents.

To assess how these uncertainties might affect our estimates, we recalculated them under many different assumptions (Table 1).

*Table 1*  
*Assumptions*

	Low (%)	Nominal (%)	High (%)
Uninsured under current system	20	30	40
Uninsured who purchase insurance under proposed system	0	20	40
Fraction injured in single-car accidents	0	10	20

1. We used all the cases in our sample to make nominal (midpoint) estimates of the compensation elements. We dropped the top 10 percent of all cases to obtain a second set of estimates, then we dropped (only) the bottom 10 percent of all cases to obtain a third set. It is unlikely that the effect of sampling error in a file of 6,000 cases would be as great as the effect of discarding the top or bottom 10 percent of the sample. Furthermore, removing the top 10 percent of the sample eliminates any unusually large observations.
2. We assumed that 30 percent of all drivers in California are uninsured under the current system. We recalculated our results assuming that either only 20 percent, or as many as 40 percent, are uninsured.
3. We assumed that 20 percent of all drivers who are currently uninsured would purchase insurance under the Coalition's proposal. We recalculated our results assuming that either no uninsured driver, or as many as 40 percent, would do so.
4. We assumed that 10 percent of all accidents involve a single car. We recalculated our results assuming that either no accidents, or as many as 20 percent of all accidents, involved a single car.

In all, we used three different estimates of cost elements, fraction of drivers insured under the current system, percentage of uninsured drivers who will purchase insurance under the proposed plan, and percentage of people injured in single-car accidents. Taking all possible combinations, we made 81 different estimates. We summarize these calculations in Table 2.

Table 2  
Range of Estimated Savings

PIP Limit	Estimation Sample	At Least (%)	Nominal (%)	At Most (%)
\$50K	Average of all cases	59	65	69
	Remove top 10%	61	67	71
	Remove bottom 10%	59	65	69
\$1M	Average of all cases	39	48	55
	Remove top 10%	61	67	71
	Remove bottom 10%	39	47	54

As the table shows, under a \$50,000 PIP limit the Coalition's proposal will reduce the costs of compensating personal injuries about 65 percent. Under the most extreme assumptions, this estimate ranges from 59 per-

cent to 71 percent. Under a \$1 million PIP limit, cost reduction is about 48 percent, with a range from 39 percent to 71 percent. These findings are insensitive to both the uninsured motorist rate and the possibility that our data file contained too many small-value cases.

Our estimates for the \$50,000 PIP limit are also insensitive to the distribution of cases in the sample: When we drop either the largest 10 percent or the smallest 10 percent of the cases in the sample, our estimates under a \$50,000 PIP limit are very similar to our estimates using the entire sample. However, our estimates for a \$1,000,000 PIP limit are roughly 20 percentage points greater when we drop the largest 10 percent of the cases in the sample, compared to the corresponding estimates based on the entire sample. This means that if our data file contains an uncharacteristically large number of high-value cases, we may be underestimating the relative savings under no-fault with a \$1 million PIP limit. However, it seems unlikely that California has fewer high-value cases today than it did seven years ago.

Taking all sources of uncertainty into account, our estimate of the relative savings on personal injury coverages under a \$50,000 PIP limit has a margin of error of about 10 percentage points. If premiums vary in proportion to compensation costs, the average Californian could purchase auto insurance under the proposed plan with a \$50,000 PIP limit for about 31-36 percent less than he or she pays today.<sup>10</sup> Under a \$1,000,000 PIP limit, the margin of error is roughly 30 percentage points, translating to premium savings for the average California of about 20-29 percent.<sup>11</sup>

## DATA AND METHODS

We obtained data from closed claim surveys conducted by the Insurance Research Council, formerly named the All-Industry Research Advisory Council.<sup>12</sup> These surveys obtained detailed information on a national random sample of auto-accident injury claims closed with payment during 1988 under the principal auto-injury coverages.<sup>13</sup> The data detail each victim's

<sup>10</sup>  $0.59 (0.69) \times \$5.2$  billion in savings on personal injury coverages divided by \$9.9 in premiums for mandated coverages under the present system.

<sup>11</sup>  $0.39 (0.55) \times \$5.2$  billion in savings on personal injury coverages divided by \$9.9 in premiums for mandated coverages under the present system.

<sup>12</sup> All-Industry Research Advisory Council (1989), provides a detailed description of the data.

<sup>13</sup> The data were collected by 34 insurance companies that together accounted for about 60 percent of private-passenger

accident and his or her resulting injuries and losses. They also detail the compensation each claimant obtained from auto insurance. We combined data from several sources to estimate insurers' transaction costs,<sup>14</sup> including both allocated loss-adjustment expenses—costs, primarily legal fees and related expenses, incurred on behalf of and directly attributed to a specific claim—and unallocated, or general claim-processing costs, for each line of private-passenger auto insurance.<sup>15</sup>

We assumed that the distributions of accidents, injuries, and losses observed in the 1988 data for California are representative of the corresponding future distributions in the state. We then estimated the effects of the Coalition's proposal on insurance costs by comparing the costs of compensating the accident victims in the sample under the current insurance system to the costs of compensating the same victims, for the same injuries and losses, under the proposal. We included all accident victims—insured and uninsured drivers, passengers, pedestrians, bicyclists, people injured in single-car accidents, etc.—in these calculations.

We assumed the proportions of drivers who will purchase each available type of auto insurance personal injury coverage and, by implication, the proportion of drivers who will go uninsured, under California's current system. Given these assumptions, we computed the probability that an accident victim will have access to compensation under each coverage, multiplied by the average compensation paid California accident victims under that coverage, and summed over all coverages to estimate insurers' expected compensation costs under the current system. We then estimated a "break-even premium" for the current system—the amount insurers would have to charge the average insured driver to just recover what they paid out in compensating victims and the transaction costs they incurred in providing that compensation.

We similarly assumed the proportion of drivers who will purchase the mandated PIP coverage under the Coalition's plan and, by implication, the proportion of drivers who will go uninsured. We computed insurers'

expected compensation costs, given those assumptions, and estimated the break-even premium under the Coalition's plan—the amounts insurers would have to charge insured drivers to just recover compensation costs.

Finally, we calculated relative savings under the Coalition's proposal as the percentage difference between the break-even premium under the current system and the one under the proposal.

We focused on the effects of the choice plan on auto insurers' compensation costs, including both the amounts they pay out in compensation and the transaction costs they incur in providing that compensation. We neglected the many other factors (e.g., insurers' overhead and profit margins and investment income) that also determine insurance premiums.

We focused on the relative costs of the two insurance systems. Because any factors that proportionately affect costs under both the current system and the Coalition's plan net out in the comparison, the results are insensitive to changes in such factors over time. Inflation in medical costs, for example, will drive up insurance costs under both the current system and the Coalition's plan, but will have little effect on the relative costs of the two systems. However, because our results address relative costs, they do not address whether auto insurance costs will rise or fall if California adopts the Coalition's plan. Rather, they show the difference between what will happen if the current system is retained and what would occur if the Coalition's plan were adopted instead.

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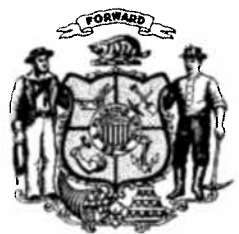
automobile insurance by premium volume at the time the data were collected.

<sup>14</sup>Carroll et al. (1991), Appendix D, describes the data and methods used to estimate insurers' transaction costs.

<sup>15</sup>We do not include claimants' legal costs, the value of claimants' time, or the costs the courts incur in handling litigated claims. Those costs do not affect insurers' costs and hence do not affect auto-insurance premiums.



WISCONSIN STATE LEGISLATURE





APR 4 0 1995  
APR 0 6 1995

**BOB ZIEGELBAUER**

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

TO: All Interested Legislators

FROM: Bob Ziegelbauer

DATE: April 7, 1995

RE: **LRB 3511/2**

If you wish to co-sponsor this legislation, please contact Luanne in my office by **April 18th at 6-0315.**

*IRS Committee  
File*

As a result of the recent renewed interest in complicated high risk financial investments such as derivatives, and how they might relate to the investment of public funds by local government, I have asked for the following bill to be drafted.

**LRB 3511/2** relates to the list of permitted investments that local treasurers may choose from, when investing idle cash.

In the past few sessions, the Legislature has responded to relatively low market interest rates by broadening the permitted list allowing local treasurers to assume increasing levels of risk in the pursuit of higher yields. Currently, some derivative products are permitted under that provision.

**LRB 3511/2** seeks to scale back the permitted list of investments to its original intent of minimizing risk while maximizing the preservation of principal by limiting permissible investments options to those guaranteed as to principal, interest, and maturity date by the federal government, certificates of deposit, bank deposits, the State Investment Board's local government investment pool, and the governmental units' own securities.

On the other side you will find the Legislative Reference Bureau's analysis of this proposal.

-OVER-

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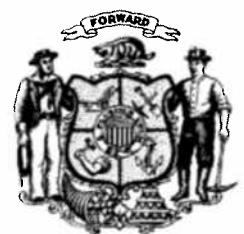
TOLL-FREE LEGISLATIVE HOTLINE: 1-800-362-9472

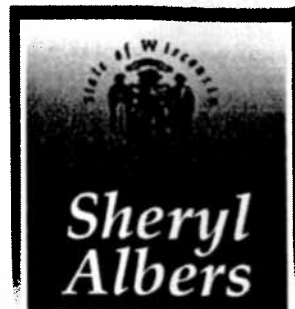
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# WISCONSIN STATE LEGISLATURE





MEMORANDUM

TO: INSURANCE, SECURITIES, AND CORPORATE POLICY COMMITTEE MEMBERS

FROM: REPRESENTATIVE SHERYL ALBERS

RE: APRIL 20, 1995 HEARING NOTICE

DATE: APRIL 12, 1995

Please note that the previous notice inaccurately stated that the hearing would be held on April 12, 1995. The correct date is April 20, 1995. I apologize for the error.

Office: P.O. Box 8952 • State Capitol • Madison, WI 53708-8952 • (608) 266-8531  
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ASSEMBLY

ASSEMBLY COMMITTEE ON INSURANCE, SECURITIES, AND CORPORATE POLICY

AMENDED NOTICE OF PUBLIC HEARING

THURSDAY, APRIL 20, 1995  
318 SW, STATE CAPITOL 1:30 p.m.

(PLEASE NOTE THAT THE EARLIER NOTICE STATED THE HEARING WOULD BE HELD ON APRIL 12, 1995)

Items to be taken up include the following:

(1) An informational briefing by the Insurance Commissioner regarding the National Association of Insurance Commissioners (NAIC).

(2) An informational briefing by Representatives Al Baldus and Bill Lorge regarding the recent NCOIL meeting in Florida.

(3) Assembly Bill 193

AN ACT relating to health care professional service corporations. Introduced by Representatives Baldus, Ainsworth, Huber, Seratti, Ziegelbauer, Handrick, Plombon, and L. Young.

(4) Senate Bill 45

AN ACT relating to liability of shareholders to corporate employees. Introduced by Senators Huelsman, Petak, Rude, Farrow, Darling, Lekan, Buettner, Cowles, Schultz, Panzer, and Moore; cosponsored by Representatives Seratti, Dobyms, Musser, Duff, Grothman, Schneiders, Kaufert, Jensen, Ladwig, Goetsch, Freese, Handrick, Albers, Vrakas, Brandemuehl, Huebsch, Olsen, and Klusman.

(5) LRB 0963/2 AB 325

AN ACT relating to health care professional service corporations.

*I added same bill  
different people*

