

**2003 DRAFTING REQUEST**

**Bill**

Received: 10/29/2003

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Bonnie Ladwig (608) 266-9171

By/Representing: Jim Guidry

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters: chanaman  
rmarchan

Subject: Insurance - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: Rep.Ladwig@legis.state.wi.us

Carbon copy (CC:) to: jim.guidry@oci.state.wi.us

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**Pre Topic:**

No specific pre topic given

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**Topic:**

scellaneous insurance provisions

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**Instructions:**

See Attached

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**Drafting History:**

| <u>Vers.</u> | <u>Drafted</u>         | <u>Reviewed</u>        | <u>Typed</u>           | <u>Proofed</u> | <u>Submitted</u>       | <u>Jacketed</u> | <u>Required</u> |
|--------------|------------------------|------------------------|------------------------|----------------|------------------------|-----------------|-----------------|
| /P1          | chanaman<br>10/29/2003 |                        | pgreensl<br>10/30/2003 | _____          |                        |                 |                 |
| /1           | pkahler<br>10/30/2003  | csicilia<br>10/31/2003 | jfrantze<br>10/31/2003 | _____          | sbasford<br>10/31/2003 |                 |                 |

| <u>Vers.</u> | <u>Drafted</u>        | <u>Reviewed</u>        | <u>Typed</u>           | <u>Proofed</u> | <u>Submitted</u>     | <u>Jacketed</u>        | <u>Required</u> |
|--------------|-----------------------|------------------------|------------------------|----------------|----------------------|------------------------|-----------------|
| /2           | pkahler<br>11/03/2003 | csicilia<br>11/03/2003 | pgreensl<br>11/03/2003 | _____          | lemery<br>11/03/2003 | lnorthro<br>11/11/2003 |                 |
|              |                       |                        |                        | _____          |                      | lnorthro<br>11/11/2003 |                 |
|              |                       |                        |                        | _____          |                      | lnorthro<br>11/11/2003 |                 |
|              |                       |                        |                        | _____          |                      | lnorthro<br>11/11/2003 |                 |
|              |                       |                        |                        | _____          |                      | lnorthro<br>11/11/2003 |                 |
|              |                       |                        |                        | _____          |                      | lnorthro<br>11/11/2003 |                 |
| /3           | pkahler<br>11/13/2003 | csicilia<br>11/13/2003 | pgreensl<br>11/13/2003 | _____          | lemery<br>11/13/2003 | lemery<br>11/13/2003   |                 |

FE Sent For:

<END>

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For: Insurance 4-6239

By/Representing: Jim Guidry

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Drafter: pkahler

May Contact:

Addl. Drafters: chanaman  
rmarchan

Subject: Insurance - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: jim.guidry@oci.state.wi.us

Carbon copy (CC:) to: robert.marchant@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

scellaneous insurance provisions

Instructions:

See Attached

Drafting History:

| Vers. | Drafted                | Reviewed               | Typed                  | Proofed   | Submitted              | Jacketed | Required |
|-------|------------------------|------------------------|------------------------|-----------|------------------------|----------|----------|
| /P1   | chanaman<br>10/29/2003 |                        | pgreensl<br>10/30/2003 |           |                        |          |          |
| /1    | pkahler<br>10/30/2003  | csicilia<br>10/31/2003 | jfrantze<br>10/31/2003 | <u>ll</u> | sbasford<br>10/31/2003 |          |          |

1/3 jgs 11/13  
 1/13 pr P816E

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| /2           | pkahler<br>11/03/2003 | csicilia<br>11/03/2003 | pgreensl<br>11/03/2003 | _____          | lemery<br>11/03/2003 | lnorthro<br>11/11/2003 |                 |
|              |                       |                        |                        | _____          |                      | <del>lnorthro</del>    |                 |
|              |                       |                        |                        | _____          |                      | <del>11/11/2003</del>  |                 |

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By/Representing: **Jim Guidry**

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May Contact:

Addl. Drafters: **chanaman  
rmarchan**

Subject: **Insurance - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email: **jim.guidry@oci.state.wi.us**

Carbon copy (CC:) to: **robert.marchant@legis.state.wi.us**

**Pre Topic:**

No specific pre topic given

**Topic:**

scellaneous insurance provisions

**Instructions:**

See Attached

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| /2           | pkahler<br>11/03/2003 | csicilia<br>11/03/2003 | pgreensl<br>11/03/2003 | _____          | lemery<br>11/03/2003 |                 |                 |

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scellaneous insurance provisions

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| /P1          | chanaman<br>10/29/2003 |                        | pgreensl<br>10/30/2003 |                |                        |                 |                 |
| /1           | pkahler<br>10/30/2003  | csicilia<br>10/31/2003 | jfrantze<br>10/31/2003 | <u>1/1</u>     | sbasford<br>10/31/2003 |                 |                 |

Handwritten notes and signatures:

1/2 ys 11/3 03

1/3 ps

~~1/3~~

~~pkahler~~

FE Sent For:

**<END>**

**2003 DRAFTING REQUEST**

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For: **Insurance 4-6239**

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Subject: **Insurance - miscellaneous**

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scellaneous insurance provisions

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|--------------|----------------|----------------------|--------------|----------------|------------------|-----------------|-----------------|
| /P1          | chanaman       | 1 9/5<br>10/31<br>03 | 10/31        | 10/31          |                  |                 |                 |

FE Sent For:

<END>

|      |     |      |   |
|------|-----|------|---|
| 2003 | LRB | 3140 | ✓ |
| "    |     | 3160 | ✓ |
| "    |     | 3186 | ✓ |
| "    |     | 3254 | ✓ |
|      |     | 3267 | ✓ |
|      |     | 3275 | ✓ |
|      |     | 3326 | ✓ |

(these drafts were all compiled into  
one draft with a new LRB  
number → 3601.

You may want to just transfer,  
rather than copy, the entire  
drafting files to the ~~LRB~~ file for  
LRB-3601, which is  
simply a compilation of all of  
the above files.)

PJK

# RESEARCH APPENDIX - Draft Transfer/Copy Request Form

- Atty's please complete this form and give to Mike Barman (or Lynn E. in his absence)

(Request Made By: \_\_\_\_\_) (Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_)



Please transfer the drafting file for

2001 LRB \_\_\_\_\_ to the drafting file

for 2003 LRB \_\_\_\_\_

The final version of the 2001 draft and the final Request sheet will be copied on yellow paper, and returned to the original 2001 drafting file. A new cover sheet will be created/included listing the new location of the drafting file's "guts".

For research purposes, because the 2001 draft was incorporated into a 2003 draft, the complete drafting file will be transferred, as a separate appendix, to the new 2003 drafting file. This request form will be inserted into the "guts" of the 2003 draft. If introduced, the appendix will be scanned/added to the electronic drafting file folder.

— OR —

Please <sup>(probably transfer)</sup> copy the drafting file for

2003 LRB (see attached) / all (include the version) and place it in the

drafting file for 2003 LRB 3601

For research purposes, because the original 2003 draft was incorporated into another 2003 draft, the original drafting file will be copied on yellow paper (darkened/auto centered/reduced to 90%) and added, as a separate appendix, to the new 2003 drafting file. This request form will be inserted into the "guts" of the new 2003 draft. If introduced the appendix will be scanned/added to the electronic drafting file folder.

The original drafting file will then returned, intact, to it's folder and filed. For future reference, a copy of the transfer/copy request form will also be added to the "guts" of the original draft.

please compile the following LRB numbers:

(no d-notes)

3140

3160

3186

~~3284~~

3267

3275

3326

as LRB-3119/P1

3001

## Sorted Item List

| <u>Store File Name</u> | <u>Text</u>   |
|------------------------|---|
| -3186.1                | 600.03 (21) of the statutes is amended to read:   |
| -3160.1                | 601.31 (1) (k) (intro.) of the statutes is amended to read:                               |
| -3186.2                | 601.31 (1) (tc) of the statutes is created to read:                                       |
| -3140.1                | 601.41 (4) (a) of the statutes is renumbered 601.41 (4) (a) (intro.) and amended to read: |
| -3140.2                | 601.41 (4) (a) 1. of the statutes is created to read:                                     |
| -3140.3                | 601.41 (4) (a) 2. of the statutes is created to read:                                     |
| -3140.4                | 601.465 (3) (intro.) of the statutes is amended to read:                                  |
| -3160.2                | 601.64 (1) of the statutes is amended to read:  |
| -3326.1                | 609.98 (1) of the statutes is amended to read:  |
| -3326.2                | 609.98 (4) (a) of the statutes is amended to read:  |
| -3326.3                | 609.98 (4) (b) of the statutes is amended to read:  |
| -3140.5                | 611.26 (4) of the statutes is renumbered 611.26 (4) (intro.) and amended to read:         |
| -3140.6                | 611.26 (4) (a) of the statutes is created to read:  |
| -3140.7                | 611.26 (4) (b) of the statutes is created to read:  |
| -3275.1                | 611.56 (1) of the statutes is amended to read:  |
| -3275.2                | 611.56 (2) of the statutes is amended to read:  |
| -3267.1                | 612.13 (1m) of the statutes is created to read:   |
| -3267.2                | 612.22 (title) of the statutes is amended to read:  |
| -3267.3                | 612.22 (1) of the statutes is amended to read:  |
| -3267.4                | 612.22 (3) of the statutes is renumbered 612.22 (3) (a) and amended to read:              |
| -3267.5                | 612.22 (3) (b) of the statutes is created to read:  |
| -3267.6                | 612.22 (4) of the statutes is amended to read:  |
| -3267.7                | 612.22 (6) of the statutes is amended to read:  |
| -3140.8                | 617.225 (1) of the statutes is amended to read:   |
| -3140.9                | 617.225 (5) of the statutes is repealed.  |
| -3140.10               | 628.347 of the statutes is created to read:   |
| -3160.3                | Chapter 641 of the statutes, as affected by 2001 Wisconsin Act 109, is repealed.          |

- 3326.4 645.58 (1) (intro.) of the statutes, as affected by 2003 Wisconsin Act 44, is amended to read:
- 3326.5 646.01 (1) (a) 2. k. of the statutes is created to read:
- 3326.6 646.01 (1) (a) 2. L. of the statutes is created to read:
- 3326.7 646.01 (1) (b) 1. of the statutes is repealed and recreated to read:
- 3326.8 646.01 (1) (b) 9. (intro.) of the statutes is renumbered 646.01 (1) (b) 9. and amended to read:
- 3326.9 646.01 (1) (b) 9. a. of the statutes is repealed.
- 3326.10 646.01 (1) (b) 9. b. of the statutes is repealed.
- 3326.11 646.01 (1) (b) 9. c. of the statutes is repealed.
- 3326.12 646.01 (1) (b) 9. d. of the statutes is repealed.
- 3326.13 646.01 (1) (b) 11. of the statutes is repealed and recreated to read:
- 3326.14 646.01 (1) (b) 11m. of the statutes is created to read:
- 3326.15 646.01 (1) (b) 15. of the statutes is created to read:
- 3326.16 646.01 (1) (b) 16. of the statutes is created to read:
- 3326.17 646.01 (1) (b) 17. of the statutes is created to read:
- 3326.18 646.01 (1) (b) 18. of the statutes is created to read:
- 3326.19 646.03 (1m) of the statutes is created to read:
- 3326.20 646.03 (2n) of the statutes is created to read:
- 3326.21 646.03 (2p) of the statutes is created to read:
- 3326.22 646.03 (4) of the statutes is created to read:
- 3326.23 646.03 (5) of the statutes is created to read:
- 3326.24 646.11 (1) of the statutes is renumbered 646.11 (1) (intro.) and amended to read:
- 3326.25 646.11 (1) (d) of the statutes is created to read:
- 3326.26 646.11 (1) (e) of the statutes is created to read:
- 3326.27 646.12 (2) (d) of the statutes is amended to read:
- 3326.28 646.12 (2) (f) 2. of the statutes is amended to read:
- 3326.29 646.12 (2) (f) 3. of the statutes is amended to read:
- 3326.30 646.12 (4) of the statutes is amended to read:
- 3326.31 646.13 (title) of the statutes is amended to read:
- 3326.32 646.13 (1) (intro.) of the statutes is amended to read:
- 3326.33 646.13 (1) (b) of the statutes is amended to read:
- 3326.34 646.13 (2) (intro.) of the statutes is amended to read:
- 3326.35 646.13 (2) (b) of the statutes is amended to read:

-3326.36 646.13 (2) (c) of the statutes is amended to read:  
-3326.37 646.13 (2) (d) of the statutes is amended to read:  
-3326.38 646.13 (2) (g) of the statutes is created to read:  
-3326.39 646.13 (3) (intro.) of the statutes is amended to read:  
-3326.40 646.13 (3) (a) of the statutes is amended to read:  
-3326.41 646.13 (3) (b) of the statutes is amended to read:  
-3326.42 646.13 (3) (c) (intro.) of the statutes is amended to read:  
-3326.43 646.13 (3) (c) 2. of the statutes is amended to read:  
-3326.44 646.13 (4) of the statutes is amended to read:  
-3326.45 646.15 (title) of the statutes is amended to read:  
-3326.46 646.15 (1) (a) (intro.) of the statutes is amended to read:  
-3326.47 646.15 (1) (a) 1. of the statutes is amended to read:  
-3326.48 646.15 (1) (a) 2. of the statutes is amended to read:  
-3326.49 646.15 (1) (a) 4. of the statutes is amended to read:  
-3326.50 646.16 of the statutes is created to read:  
-3326.51 646.21 (2) of the statutes is amended to read:  
-3326.52 646.31 (1) (d) 10. and 11. of the statutes are created to read:  
-3326.53 646.31 (2) (a) 1. of the statutes is amended to read:  
-3326.54 646.31 (2) (a) 2. of the statutes is amended to read:  
-3326.55 646.31 (2) (b) 1. of the statutes is repealed.  
-3326.56 646.31 (2) (b) 2. (intro.) and a. of the statutes are consolidated,  
renumbered 646.31 (2) (b) and amended to read:  
-3326.57 646.31 (2) (b) 2. b. of the statutes is repealed.  
-3326.58 646.31 (2) (b) 3. of the statutes is repealed.  
-3326.59 646.31 (2) (f) (title) of the statutes is amended to read:  
-3326.60 646.31 (2) (f) 2. of the statutes is amended to read:  
-3326.61 646.31 (2) (g) of the statutes is created to read:  
-3326.62 646.31 (3) of the statutes is repealed.  
-3326.63 646.31 (5) of the statutes is repealed.  
-3326.64 646.31 (6) (a) of the statutes is amended to read:  
-3326.65 646.31 (6) (b) of the statutes is amended to read:  
-3326.66 646.31 (7) of the statutes is amended to read:  
-3326.67 646.31 (8) of the statutes is amended to read:  
-3326.68 646.31 (9) (a) of the statutes is amended to read:

- 3326.69 646.31 (9) (b) of the statutes is amended to read:
- 3326.70 646.31 (9) (c) of the statutes is amended to read:
- 3326.71 646.31 (9) (cm) of the statutes is created to read:
- 3326.72 646.31 (9) (d) of the statutes is amended to read:
- 3326.73 646.31 (10) of the statutes is renumbered 646.31 (10) (intro.) and amended to read:
- 3326.74 646.31 (10) (b) of the statutes is created to read:
- 3326.75 646.31 (11) of the statutes is amended to read:
- 3326.76 646.31 (13) of the statutes is renumbered 646.31 (13) (intro.) and amended to read:
- 3326.77 646.31 (13) (b) of the statutes is created to read:
- 3326.78 646.31 (13) (c) of the statutes is created to read:
- 3326.79 646.31 (13) (d) of the statutes is created to read:
- 3326.80 646.32 (1) of the statutes is amended to read:
- 3326.81 646.325 (1) of the statutes is amended to read:
- 3326.82 646.325 (2) (intro.) of the statutes is amended to read:
- 3326.83 646.325 (2) (a) (intro.) of the statutes is amended to read:
- 3326.84 646.325 (2) (b) of the statutes is amended to read:
- 3326.85 646.33 (1) of the statutes is renumbered 646.33 (1) (a) and amended to read:
- 3326.86 646.33 (1) (b), (c) and (d) of the statutes are created to read:
- 3326.87 646.33 (2) of the statutes is amended to read:
- 3326.88 646.33 (2m) (b) of the statutes is created to read:
- 3326.89 646.33 (3) of the statutes is amended to read:
- 3326.90 646.35 (2) of the statutes is repealed.
- 3326.91 646.35 (3) (title) of the statutes is amended to read:
- 3326.92 646.35 (3) (intro.) (except 646.35 (3) (title)) of the statutes is renumbered 646.35 (3) (am) (intro.) and amended to read:
- 3326.93 646.35 (3) (a) of the statutes is renumbered 646.35 (3) (am) 1. and amended to read:
- 3326.94 646.35 (3) (b) of the statutes is renumbered 646.35 (3) (am) 2. and amended to read:
- 3326.95 646.35 (3) (c) of the statutes is renumbered 646.35 (3) (bm) and amended to read:
- 3326.96 646.35 (4) of the statutes is renumbered 646.35 (4) (a) and amended to read:

- 3326.97 646.35 (4) (b) of the statutes is created to read:
- 3326.98 646.35 (5) of the statutes is amended to read:
- 3326.99 646.35 (6) (a) of the statutes is amended to read:
- 3326.100 646.35 (6) (b) of the statutes is amended to read:
- 3326.101 646.35 (6) (bm) of the statutes is amended to read:
- 3326.102 646.35 (6) (c) (intro.) of the statutes is amended to read:
- 3326.103 646.35 (6) (c) 1. (intro.) of the statutes is amended to read:
- 3326.104 646.35 (6) (c) 1. b. of the statutes is amended to read:
- 3326.105 646.35 (6) (c) 2. (intro.) of the statutes is amended to read:
- 3326.106 646.35 (6) (c) 2. b. of the statutes is amended to read:
- 3326.107 646.35 (7) of the statutes is created to read:
- 3326.108 646.35 (8) of the statutes is created to read:
- 3326.109 646.35 (9) of the statutes is created to read:
- 3326.110 646.35 (10) of the statutes is created to read:
- 3326.111 646.51 (1) of the statutes is renumbered 646.51 (1m) and amended to read:
- 3326.112 646.51 (1c) of the statutes is created to read:
- 3326.113 646.51 (2) of the statutes is repealed.
- 3326.114 646.51 (3) (a) (title) of the statutes is renumbered 646.51 (3) (am) (title).
- 3326.115 646.51 (3) (a) 1. of the statutes is renumbered 646.51 (1c) (c) and amended to read:
- 3326.116 646.51 (3) (a) 2. of the statutes is renumbered 646.51 (3) (am) (intro.) and amended to read:
- 3326.117 646.51 (3) (am) 2. of the statutes is created to read:
- 3326.118 646.51 (3) (b) of the statutes is repealed.
- 3326.119 646.51 (3) (c) of the statutes is amended to read:
- 3326.120 646.51 (4) of the statutes is renumbered 646.51 (4) (c) and amended to read:
- 3326.121 646.51 (4) (a), (b) and (d) of the statutes are created to read:
- 3326.122 646.51 (5) of the statutes is amended to read:
- 3326.123 646.51 (6) of the statutes is amended to read:
- 3326.124 646.51 (7) (a) of the statutes is amended to read:
- 3326.125 646.51 (8) of the statutes is amended to read:
- 3326.126 646.51 (9) (b) 1. of the statutes is amended to read:
- 3326.127 646.51 (9) (b) 2. of the statutes is amended to read:

-3326.128

646.60 (1) (a) of the statutes is amended to read:

-3326.129

646.61 (2) of the statutes is amended to read:

-3326.130

646.73 of the statutes is repealed.

-3140.11

Initial applicability.

-3140.12

Effective dates. This act takes effect on the day after publication, except as follows:

-3326.131

Initial applicability.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: information@oci.state.wi.us
Web Address: oci.wi.gov

DATE: August 8, 2003
TO: Pam Kahler
Legislative Reference Bureau
FROM: Jim Guidry
Legislative Liaison
SUBJECT: Legislation Changes

The Office of the Commissioner of Insurance (OCI) has prepared a list of technical or minor statutory changes. A summary of each of the changes is below along with suggested statutory language. Please draft statutory language needed to implement the changes.

3250 P
out

1. Coverage of Mold. easy to medium

632.105 Coverage for damage caused by mold. (1) Whenever a policy insures property owned and occupied by the insured primarily as a residence, the policy shall provide coverage for mold damage as follows:

- (a) A minimum of \$10,000 coverage for damage caused by mold incidental to a loss covered under the policy.
(b) A minimum of \$50,000 coverage for the insured's liability to third parties for injury or damage resulting from mold on the insured property

(2) Whenever a policy insures property owned and occupied by the insured primarily as a residence, the insurer shall offer additional property coverage to the insured for damage caused by mold.

The following is the bulletin describing what OCI wishes to accomplish:

Many homeowners insurance policy forms approved for use in Wisconsin contain anti-concurrent causation language that, in effect, excludes coverage for first party property damage from mold, whether or not the mold was a result of a covered cause of loss. However, homeowners insurers may not refuse to cover damage caused by a covered peril solely on the fact that mold is present in or on the damaged property. OCI expects insurers to pay for repair or replacement of

property damaged by a covered peril according to the terms of the applicable policy even though repair or replacement of damaged property may result in removal or clean-up of mold incidental to such repair or replacement. Costs directly associated with the removal or remediation of mold may be limited or excluded according to the terms of the applicable policy and the insurer's claim adjudication procedures. Insurers are encouraged to offer mold coverage buyback endorsements or riders for those individuals who desire such coverage.

The office is refining its internal guidelines on personal lines policy form reviews. OCI will not disapprove personal lines policy form filings that contain anti-concurrent causation language and that limit first-party property coverage for mold that arises from a covered cause of loss so long as first-party property insurance claims submitted under such policies are adjusted in the manner described in the preceding paragraph. With respect to the liability portion of personal lines policy form filings, the office will not disapprove a filing that specifically limits third party liability coverage for claims resulting from mold so long as the form provides at least \$50,000 of coverage.

3140 P  
out

2. **Suitability of Life and Annuity Products.** Draft legislation that would require companies to maintain a suitability compliance program, and prohibit unsuitable sales. *hard*

**See Attachment 1**

3254 P  
out

3. **Annuity nonforfeiture value minimum guarantee rate indexing.** The Office also is seeking an amendment to s. 632.435 to allow insurers to set the minimum crediting rate for nonforfeiture values in annuities at a rate determined by an index. This allows insurers to guarantee a lower rate when market rates are low but requires issuance of a higher guarantee rate as rates rise. A draft and background material are attached. *hard*

**See Attachment 2**

3267 P  
out

4. **Mergers of Domestic Stock or Mutual Companies with Town Mutual insurers.** When a domestic stock (611) or mutual insurance companies merge with town mutuals (612), the domestic or mutual insurer and not the town mutual is the company that survives. This request would change the statute so that the surviving company could also be a 612 insurer.

In cases where members of the board of directors of the town mutual are agents of the insurer who to be merged with the town mutual, this relationship creates a conflict of interest. OCI is proposing legislation that would require that no director of a town mutual can be an agent or employee of a competitor insurer.

PIK

*medium (based on what we've done already)*

3241 C no longer

5. **Local Government Property Insurance Fund-Titled Property.** *easy* OCI has seen incidences of property, not properly titled to an insured municipality, becoming insured under the Local Government Property fund. OCI is proposing legislation requiring that any property insured by the LGPIF be municipally owned.

**605.02 Kinds of property insured.** Any local governmental unit may insure in the property fund its property or property owned or leased by it for which it may be liable in the event of damage or destruction. Property insured under this section by a local governmental unit may not also be insured in any other manner unless the manager certifies that additional insurance is necessary, or unless the local governmental unit by resolution, a certified copy of which is filed with the manager, decides to insure specified personal property with insurers authorized to do business in this state.

3186 out C

*easy*  
6. **Out of State Group Policies certificates.** Amend the definition of "form" under s. 600.03 to make it clear group certificates must be filed under s. 631.20.

**600.03(21)** "Form" means a policy, group certificate or application prepared for general use and does not include one specially prepared for use in an individual case. See also "policy".

no longer in C

7. **Surplus Lines Listing fees.** Amend 601.31(1)(t) to create an annual listing fee of \$500.00 *easy*

8. **Telephonic meetings of Stock Insurance Companies and Consent authority for Committees.**

Revise Chapter 611 that permits telephonic meetings of committees and creates constant authority for committees. ? *easyish*

3326 P in editing

9. **Chapter 646 Revisions.**

Technical revisions to the Insurance Security Fund *band*

**See Attachment 3**

3275 C out

10. **Chapter 611 Committees of Directors** *easy*

Requested revision would revise 611.56 to permit board of directors of domestic stock and mutual corporations to designate a minority of persons to committees of the board of directors who are not directors.

**611.556 Committees of directors. (1) APPOINTMENT.** If the articles or bylaws of a corporation so provide, the board by resolution adopted by a majority of the full board may designate one or more committees. ~~Each committee shall consist of at least 23 or more directors and may include a minority of persons who are not directors.~~ All committee members serving at the pleasure of the board. The board may designate one or more ~~directors as~~ alternate members of any committee to substitute for any absent member at any meeting of the committee. The designation of a committee and delegation of authority to it shall not relieve the board or any director of any responsibility imposed by law.

3160  
out

11. Chapter 641 repeal *easy*

Chapter 641 is largely pre-empted by ERISA. It is now merely an anti-  
embezzlement statute that is covered by other statutes.

Thank you for your assistance. Please let me know if you have any questions. I can be reached at (608) 264-6239 or by email at [jim.guidry@oci.state.wi.us](mailto:jim.guidry@oci.state.wi.us).

\* 3267 → phase in ①  
limit to assessable materials ②  
③ (see mutual insurer requirement -  
A. 611.51(2)(a)  
↓ same as → + (3)  
replace Sec 1

\* 3140 See makeup  
prepaid license

\* 3254

~~Handwritten scribbles~~

Fred will try to modify the "formula"

✓ 3241 → halougen

✓ 3326 → noun (analysis)

✓ 3186 → or (analysis)

✓ 3275 → no change other than sentence added

\*  
Handwritten scribble

will  
email someone instructions

3254

return rate?



632.435(1)(c), (e), (6), (7)

\* amend??

what is minimum forfeiture amt?

help w/ analysis

(policy holder will not forfeit this value)

3326

analysis

+ feedback

1. Coverage of  
mod is out of OCI draft

per Jim Guidry 10-14-03

local govt prop fund draft is also out

**Kahler, Pam**

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**From:** Nepple, Fred

**Sent:** Tuesday, October 28, 2003 10:49

**To:** Kahler, Pam

**Subject:** telephone meeting draft

Please consider this one withdrawn. We will work with MGIC to either issue an interpretation or prepare a draft for a later amendment.

10/28/2003

**Kahler, Pam**

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**From:** Nepple, Fred  
**Sent:** Tuesday, October 28, 2003 4:05 PM  
**To:** Kahler, Pam  
**Subject:** Suitability draft

Pam:

This is probably my error, but I think the reference in 628.347 (4) should be limited to sub. (2) and should not include sub. (3). Since sub. (3) is the supervisory requirement this could be wrongly interpreted as stating that compliance with the NASD suitability requirements exempt the insurer from supervising. Is it timely to correct this?

As to the applicability provisions I'll rely on your assurance that the amendments on their face apply to previous violations/communications.

## Kahler, Pam

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**From:** Nepple, Fred  
**Sent:** Tuesday, October 28, 2003 5:01 PM  
**To:** Kahler, Pam  
**Subject:** RE: Suitability draft

Pam

NML asked for the following change in the index draft:

(d) The interest rate determined under par. (c) shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. the basis is the date or average over a specified period that produces the value of the 5-year constant maturity treasury rate to be used at each redetermination date. The **methodology for determining of the interest rate [determination]** under par. (c) shall be specified in the contract if the interest rate will be reset.

However please leave this to be addressed by future amendment or otherwise if it would delay the process.

-----Original Message-----

**From:** Kahler, Pam  
**Sent:** Tuesday, October 28, 2003 4:20 PM  
**To:** Nepple, Fred  
**Subject:** RE: Suitability draft

It is not too late. All of the drafts have to be combined into one yet, and I also need to hear back on the others that were redrafted. I think all of the redrafts are done, and the ones you have not yet seen are in either editing or typing.

-----Original Message-----

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## Kahler, Pam

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**From:** Nepple, Fred  
**Sent:** Wednesday, October 29, 2003 8:07 AM  
**To:** Kahler, Pam  
**Subject:** RE: Suitability draft

Pam:

I had this morning the following comment from a supervisory examiner-again only if it can be easily done, I don't see a real concern:

1) In the proposed 612.22(3)(b), it says "The commissioner may approve any reasonable time schedule that does not exceed 3 years."

The first draft said The commissioner may approve a reasonable schedule, not to exceed five years, for the surviving corporation to come into compliance with this chapter.

Please change "any" to "a reasonable time schedule". Legally/logically, there should not be a difference in the meaning. I realize that it says the commissioner "may approve" not "shall approve", however I imagine pressure from companies or attorneys for OCI to approve "any schedule" as long as it does not exceed 3 years.

-----Original Message-----

**From:** Kahler, Pam  
**Sent:** Tuesday, October 28, 2003 4:53 PM  
**To:** Nepple, Fred  
**Subject:** RE: Suitability draft

I'm not surprised. You should get that draft tomorrow.

-----Original Message-----

**From:** Nepple, Fred  
**Sent:** Tuesday, October 28, 2003 4:53 PM  
**To:** Kahler, Pam  
**Subject:** RE: Suitability draft

Ok, I had another round of objections from NML on a new language issue. However Steve Radtke agreed that the issues raised to date are more style than substance and can, if need be, resolved later. The people at NML who participated in the NAIC deliberations feel that any change to the model language introduces interpretative issues. My read is that is because they all subscribed a certain meaning to the model language, as opposed to purity of drafting.

-----Original Message-----

**From:** Kahler, Pam  
**Sent:** Tuesday, October 28, 2003 4:20 PM  
**To:** Nepple, Fred  
**Subject:** RE: Suitability draft

It is not too late. All of the drafts have to be combined into one yet, and I also need to hear back on the others that were redrafted. I think all of the redrafts are done, and the ones you have not yet seen are in either editing or typing.

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**Subject:** Suitability draft

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As to the applicability provisions I'll rely on your assurance that the amendments on their face apply to previous violations/communications.

**Kahler, Pam**

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**From:** Nepple, Fred

**Sent:** Thursday, October 30, 2003 10:39

**To:** Kahler, Pam

**Subject:** Document

Pam:

I also included the "method of determining" change. I appreciate Rob's effort to clarify the standard for an "averaging period." I think its best to go with the model language at this point.

1. The 5-year constant maturity treasury rate, as of a date, or average over a period, specified in the contract no longer than fifteen months prior to the contract issue date or redetermination date under par. (d), less 125 basis points or, if the contract provides substantive participation in an equity indexed benefit during the period or term, the contract may increase the reduction by up to an additional 100 basis points to reflect the value of the equity index benefit, ~~whichever is less,~~ and rounded to the nearest one-twentieth of 1 percent. ~~If the 5-year constant maturity rate is a monthly yield, the rate shall be as published on any date occurring during the 15 months before the contract issue date or redetermination date under par. (d). If the 5-year constant maturity rate is an average monthly yield, the rate shall be as determined from consecutive monthly yields published during the 15 months before the contract issue date or redetermination date under par. (d).~~

(d) The interest rate determined under par. (c) shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the 5-year constant maturity treasury rate to be used at each redetermination date. The method for determination of the interest rate ~~determination~~ under par. (c) shall be specified in the contract if the interest rate will be reset.