

State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0388/4²

PJK:lmk:wn

in 1-9
stays

DOA:.....Jablonsky, BB0062 - Combining two OCI appropriations into one
FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

(in 1-9)

*do not
you cut*

✓

1 AN ACT *do not you cut*; relating to: an appropriation for general program operations.

Analysis by the Legislative Reference Bureau

INSURANCE

This bill does all of the following: 1) eliminates an OCI appropriation under which administrative and support services are provided with moneys received for the administrative and support services; 2) expands OCI's general program operations appropriation to include the provision of organizational support services; 3) adds as a source of funding for the general program operations appropriation payments made to OCI by the injured patients and families compensation fund, local government property insurance fund, and state life insurance fund for organizational support services; and 4) transfers the unencumbered balance from the eliminated appropriation to the general program operations appropriation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

2 SECTION 1. 14.83 of the statutes is amended to read:

3 **14.83 Interstate insurance receivership commission.** There is created an
4 interstate insurance receivership commission as specified in s. 601.59 (3). The

1 member of the commission representing this state shall be the commissioner of
2 insurance or his or her designated representative. The commission member shall
3 serve without compensation but shall be reimbursed from the appropriation under
4 s. 20.145 (1) (g) 1. for actual and necessary expenses incurred in the performance of
5 his or her duties. The commission has the powers and duties granted and imposed
6 under s. 601.59.

7 **SECTION 2.** 20.145 (1) (g) of the statutes is renumbered 20.145 (1) (g) (intro.)
8 and amended to read:

9 20.145 (1) (g) *General program operations.* (intro.) The amounts in the
10 schedule for general program operations, including organizational support services.

11 All of the following shall be credited to this appropriation account:

12 1. Ninety percent of all moneys received under ss. 601.31, 601.32, 601.42 (7),
13 601.45, and 601.47 and by the commissioner for expenses related to insurance
14 company restructurings, except for restructurings specified in par. (h), ~~shall be~~
15 ~~credited to this appropriation account.~~

16 **SECTION 3.** 20.145 (1) (g) 2. of the statutes is created to read:

17 20.145 (1) (g) 2. All moneys received under s. 655.27 (2) from the injured
18 patients and families compensation fund and under s. 604.04 (3) from the local
19 government property insurance fund and the state life insurance fund as payment
20 for organizational support services.

21 **SECTION 4.** 20.145 (1) (k) of the statutes is repealed.

22 **SECTION 5.** 20.145 (2) (u) of the statutes is amended to read:

23 20.145 (2) (u) *Administration.* From the injured patients and families
24 compensation fund under s. 655.27 (3), the amounts in the schedule for
25 administration, other than organizational support services for which payment is

1 made under s. 655.27 (2) and except for costs of the injured patients and families
2 compensation fund peer review council and its associated administrative costs
3 assessed under s. 655.27 (3) (am).

4 **SECTION 6.** 20.145 (2) (v) of the statutes is amended to read:

5 20.145 (2) (v) *Specified responsibilities, investment board payments, and future*
6 *medical expenses.* After deducting the amounts appropriated under pars. (q), (u), and
7 (um), the balance of the moneys paid into the injured patients and families
8 compensation fund under s. 655.27 (3), excluding moneys paid to the commissioner
9 for organizational support services, to carry out the responsibilities of the
10 commissioner of insurance specified under s. 655.27, excluding payment of expenses
11 related to administering the fund, to make payments to the investment board under
12 s. 20.536, and to pay future medical expenses under s. 655.015.

13 **SECTION 7.** 20.145 (3) (u) of the statutes is amended to read:

14 20.145 (3) (u) *Administration.* The amounts in the schedule for
15 administration, other than organizational support services for which payment is
16 made under s. 604.04 (3).

17 **SECTION 8.** 20.145 (3) (v) of the statutes is amended to read:

18 20.145 (3) (v) *Specified payments, fire dues and reinsurance.* After deducting
19 the amounts appropriated under par. (u), the balance of moneys in the local
20 government property insurance fund, excluding moneys paid to the commissioner for
21 organizational support services, for the payment of insurance losses, payments to the
22 investment board under s. 20.536, payments to the general fund under s. 101.573 (1),
23 loss adjustment expenses, fire rating bureau dues, and the cost to purchase
24 reinsurance under s. 604.04 (6).

25 **SECTION 9.** 20.145 (4) (u) of the statutes is amended to read:

1 20.145 (4) (u) *Administration.* The amounts in the schedule for
2 administration, other than organizational support services for which payment is
3 made under s. 604.04 (3).

4 **SECTION 10.** 20.145 (4) (v) of the statutes is amended to read:

5 20.145 (4) (v) *Specified payments and losses.* After deducting the amounts
6 appropriated under par. (u), the balance of moneys in the state life fund, excluding
7 moneys paid to the commissioner for organizational support services, for payments
8 authorized under chs. 604 and 607, excluding payment of expenses related to
9 administering the fund except for those administrative expenses specifically
10 authorized in ch. 604 or 607. Payments to the investment board pursuant to s.
11 20.536, payments to the general fund under s. 607.21 (4), and payments for medical
12 examinations and inspection reports shall be charged directly to this subsection.

13 **SECTION 11.** 20.432 (1) (kb) of the statutes is amended to read:

14 20.432 (1) (kb) *Insurance and other information, counseling and assistance.*
15 The amounts in the schedule for the purpose of providing information and counseling
16 on medicare supplemental insurance, long-term care insurance, and medical
17 assistance eligibility requirements, training, educational materials, and technical
18 assistance under s. 16.009 (2) (j). The office of the commissioner of insurance shall
19 credit to this appropriation account amounts equal to the amounts in the schedule
20 for the purposes of this paragraph, from the appropriation under s. 20.145 (1) (g) 1.
21 Notwithstanding s. 20.001 (3) (a), the unencumbered balance on June 30 of each
22 fiscal year shall revert to the appropriation account under s. 20.145 (1) (g).

23 **SECTION 12.** 601.32 (1) of the statutes is amended to read:

24 601.32 (1) If the moneys credited to s. 20.145 (1) (g) 1. under other sections of
25 the statutes prove inadequate for the office's supervision of insurance industry

1 program, the commissioner may increase any or all of the fees imposed by s. 601.31,
2 or may in any year levy a special assessment on all domestic insurers, or both, for the
3 general operation of that program.

4 **SECTION 13.** 601.45 (3) of the statutes is amended to read:

5 601.45 (3) DEPOSIT. The commissioner may require any examinee, before or
6 from time to time during an examination, to deposit with the secretary of
7 administration such deposits as the commissioner deems necessary to pay the costs
8 of the examination. Any deposit and any payment made under subs. (1) and (2) shall
9 be credited to the appropriation account under s. 20.145 (1) (g) 1. in the percentage
10 specified in that paragraph subdivision.

11 **SECTION 14.** 601.45 (4) of the statutes is amended to read:

12 601.45 (4) EXEMPTIONS. On the examinee's request or on the commissioner's
13 own motion, the commissioner may pay all or part of the costs of an examination from
14 the appropriation under s. 20.145 (1) (g) 1, whenever the commissioner finds that
15 because of the frequency of examinations or other factors, imposition of the costs
16 would place an unreasonable burden on the examinee. The commissioner shall
17 include in his or her annual report information about any instance in which the
18 commissioner applied this subsection.

19 **SECTION 15.** 601.47 (1) of the statutes is amended to read:

20 601.47 (1) GENERAL. The commissioner may prepare books, pamphlets, and
21 other publications relating to insurance and sell them in the manner and at the
22 prices the commissioner determines. The cost of publication and distribution may
23 be paid from the appropriation under s. 20.145 (1) (g) 1.

24 **SECTION 16.** 601.47 (3) of the statutes is amended to read:

1 601.47 (3) FREE DISTRIBUTION. The commissioner may furnish free copies of the
2 publications prepared under subs. (1) and (2) to public officers and libraries in this
3 state and elsewhere. The cost of free distribution shall be charged to the
4 appropriation under s. 20.145 (1) (g) 1.

5 **SECTION 17.** 601.48 (1) of the statutes is amended to read:

6 601.48 (1) NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. The
7 commissioner and the office of the commissioner shall maintain close relations with
8 the commissioners of other states and shall participate in the activities and affairs
9 of the National Association of Insurance Commissioners and other organizations so
10 far as it will, in the judgment of the commissioner, enhance the purposes of chs. 600
11 to 655. The actual and necessary expenses incurred thereby shall be reimbursed out
12 of the appropriation under s. 20.145 (1) (g) 1.

13 **SECTION 18.** 601.62 (4) of the statutes is amended to read:

14 601.62 (4) FEES IN INVESTIGATIONS AND HEARINGS. The fees for stenographic
15 services in investigations, examinations, and hearings may not exceed the sum
16 provided for like services in the circuit court. The fees of officers, witnesses,
17 interpreters, and stenographers on behalf of the commissioner or the state shall be
18 paid by the secretary of administration, authorized by the certificate of the
19 commissioner, and shall be charged to the appropriation under s. 20.145 (1) (g) 1.

20 **SECTION 19.** 604.04 (3) of the statutes is amended to read:

21 604.04 (3) EXPENSES. No full-time state officer or employee may receive
22 additional compensation for services under chs. 604 to 607. Appropriate portions of
23 the salaries of such persons who do work for the funds or supervise them, and other
24 expenses including reasonable charges for state-owned or state-rented office space
25 and the use of state-owned or state-rented office equipment shall be charged against

1 each fund. Each fund shall pay to the commissioner amounts charged for
2 organizational support services, which shall be credited to the appropriation account
3 under s. 20.145 (1)(g) 2. Each fund shall also be charged a sum equivalent to the state
4 premium tax that would be paid by a domestic mutual insurer organized or operating
5 under ch. 611 and doing the same kind of insurance business, except that no such
6 charge shall be made for the insurance of governmental units.

7 **SECTION 20.** 645.09 (2) (a) of the statutes is amended to read:

8 645.09 (2) (a) *Causes of delinquency.* The commissioner may include in his or
9 her annual report, not later than the 2nd annual report following the initiation of any
10 formal proceedings under this chapter, a detailed analysis of the basic causes and the
11 contributing factors making the initiation of formal proceedings necessary, and may
12 make recommendations for remedial legislation. For this purpose the commissioner
13 may appoint a special assistant qualified in insurance, finance, and accounting to
14 conduct the study and prepare the analysis, and may determine the special
15 assistant's compensation, which shall be paid from the appropriation under s. 20.145
16 (1) (g) 1.

17 **SECTION 21.** 645.09 (2) (b) of the statutes is amended to read:

18 645.09 (2) (b) *Final study.* The commissioner may include in his or her annual
19 report, not later than the 2nd annual report following discharge of the receiver, a
20 detailed study of the delinquency proceeding for each insurer subjected to a formal
21 proceeding, with an analysis of the problems faced and their solutions. The
22 commissioner may also suggest alternative solutions, as well as other material of
23 interest, for the purpose of assisting and guiding liquidators or rehabilitators in the
24 future. For this purpose the commissioner may appoint a special assistant qualified

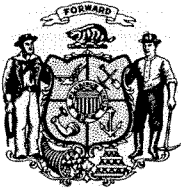
1 to conduct the study and prepare the analysis, and may determine his or her
2 compensation, which shall be paid from the appropriation under s. 20.145 (1) (g) 1.

3 **SECTION 22.** 645.46 (4) of the statutes is amended to read:

4 645.46 (4) Defray all expenses of taking possession of, conserving, conducting,
5 liquidating, disposing of, or otherwise dealing with the business and property of the
6 insurer. If the property of the insurer does not contain sufficient cash or liquid assets
7 to defray the costs incurred, the liquidator may advance the costs so incurred out of
8 the appropriation under s. 20.145 (1) (g) 1. Any amounts so paid shall be deemed
9 expense of administration and shall be repaid for the credit of the office of the
10 commissioner of insurance out of the first available moneys of the insurer.

11 **SECTION 23.** 655.27 (2) of the statutes is amended to read:

12 655.27 (2) FUND ADMINISTRATION AND OPERATION. Management of the fund shall
13 be vested with the board of governors. The commissioner shall either provide staff
14 services necessary for the operation of the fund or, with the approval of the board of
15 governors, contract for all or part of these services. Such a contract is subject to ss.
16 16.753 and 16.765, but is otherwise exempt from subch. IV of ch. 16. The
17 commissioner shall adopt rules governing the procedures for creating and
18 implementing these contracts before entering into the contracts. At least annually,
19 the contractor shall report to the commissioner and to the board of governors
20 regarding all expenses incurred and subcontracting arrangements. If the board of
21 governors approves, the contractor may hire legal counsel as needed to provide staff
22 services. The cost of contracting for staff services shall be funded from the
23 appropriation under s. 20.145 (2) (u). The fund shall pay to the commissioner
24 amounts charged for organizational support services, which shall be credited to the
25 appropriation account under s. 20.145 (1) (g) 2.



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0388/3

PJK:lmk:nwn

rm is from
Stays

DOA:.....Jablonsky, BB0062 - Combining two OCI appropriations into one
FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

D-note

do not get cut

1 AN ACT ...; relating to: an appropriation for general program operations.

Analysis by the Legislative Reference Bureau

INSURANCE

This bill does all of the following: 1) eliminates an OCI appropriation under which administrative and support services are provided with moneys received for the administrative and support services; 2) expands OCI's general program operations appropriation to include the provision of organizational support services; 3) adds as a source of funding for the general program operations appropriation payments made to OCI by the injured patients and families compensation fund, local government property insurance fund, and state life insurance fund for organizational support services; and 4) transfers the unencumbered balance from the eliminated appropriation to the general program operations appropriation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

2 SECTION 1. 14.83 of the statutes is amended to read:

3 **14.83 Interstate insurance receivership commission.** There is created an
4 interstate insurance receivership commission as specified in s. 601.59 (3). The

1 member of the commission representing this state shall be the commissioner of
2 insurance or his or her designated representative. The commission member shall
3 serve without compensation but shall be reimbursed from the appropriation under
4 s. 20.145 (1) (g) 1. for actual and necessary expenses incurred in the performance of
5 his or her duties. The commission has the powers and duties granted and imposed
6 under s. 601.59.

7 **SECTION 2.** 20.145 (1) (g) of the statutes is renumbered 20.145 (1) (g) (intro.)
8 and amended to read:

9 20.145 (1) (g) *General program operations.* (intro.) The amounts in the
10 schedule for general program operations., including organizational support services.
11 All of the following shall be credited to this appropriation account:

12 1. Ninety percent of all moneys received under ss. 601.31, 601.32, 601.42 (7),
13 601.45, and 601.47 and by the commissioner for expenses related to insurance
14 company restructurings, except for restructurings specified in par. (h), ~~shall be~~
15 ~~credited to this appropriation account.~~

16 **SECTION 3.** 20.145 (1) (g) 2. of the statutes is created to read:

17 20.145 (1) (g) 2. All moneys received under s. 655.27 (2) from the injured
18 patients and families compensation fund and under s. 604.04 (3) from the local
19 government property insurance fund and the state life insurance fund as payment
20 for organizational support services.

21 **SECTION 4.** 20.145 (1) (k) of the statutes is repealed.

22 **SECTION 5.** 20.432 (1) (kb) of the statutes is amended to read:

23 20.432 (1) (kb) *Insurance and other information, counseling and assistance.*
24 The amounts in the schedule for the purpose of providing information and counseling
25 on medicare supplemental insurance, long-term care insurance, and medical

1 assistance eligibility requirements, training, educational materials, and technical
2 assistance under s. 16.009 (2) (j). The office of the commissioner of insurance shall
3 credit to this appropriation account amounts equal to the amounts in the schedule
4 for the purposes of this paragraph, from the appropriation under s. 20.145 (1) (g) 1.
5 Notwithstanding s. 20.001 (3) (a), the unencumbered balance on June 30 of each
6 fiscal year shall revert to the appropriation account under s. 20.145 (1) (g).

7 **SECTION 6.** 601.32 (1) of the statutes is amended to read:

8 601.32 (1) If the moneys credited to s. 20.145 (1) (g) 1, under other sections of
9 the statutes prove inadequate for the office's supervision of insurance industry
10 program, the commissioner may increase any or all of the fees imposed by s. 601.31,
11 or may in any year levy a special assessment on all domestic insurers, or both, for the
12 general operation of that program.

13 **SECTION 7.** 601.45 (3) of the statutes is amended to read:

14 601.45 (3) DEPOSIT. The commissioner may require any examinee, before or
15 from time to time during an examination, to deposit with the secretary of
16 administration such deposits as the commissioner deems necessary to pay the costs
17 of the examination. Any deposit and any payment made under subs. (1) and (2) shall
18 be credited to the appropriation account under s. 20.145 (1) (g) 1 in the percentage
19 specified in that ~~paragraph~~ subdivision.

20 **SECTION 8.** 601.45 (4) of the statutes is amended to read:

21 601.45 (4) EXEMPTIONS. On the examinee's request or on the commissioner's
22 own motion, the commissioner may pay all or part of the costs of an examination from
23 the appropriation under s. 20.145 (1) (g) 1, whenever the commissioner finds that
24 because of the frequency of examinations or other factors, imposition of the costs
25 would place an unreasonable burden on the examinee. The commissioner shall

1 include in his or her annual report information about any instance in which the
2 commissioner applied this subsection.

3 **SECTION 9.** 601.47 (1) of the statutes is amended to read:

4 601.47 (1) GENERAL. The commissioner may prepare books, pamphlets, and
5 other publications relating to insurance and sell them in the manner and at the
6 prices the commissioner determines. The cost of publication and distribution may
7 be paid from the appropriation under s. 20.145 (1) (g) 1.

8 **SECTION 10.** 601.47 (3) of the statutes is amended to read:

9 601.47 (3) FREE DISTRIBUTION. The commissioner may furnish free copies of the
10 publications prepared under subs. (1) and (2) to public officers and libraries in this
11 state and elsewhere. The cost of free distribution shall be charged to the
12 appropriation under s. 20.145 (1) (g) 1.

13 **SECTION 11.** 601.48 (1) of the statutes is amended to read:

14 601.48 (1) NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. The
15 commissioner and the office of the commissioner shall maintain close relations with
16 the commissioners of other states and shall participate in the activities and affairs
17 of the National Association of Insurance Commissioners and other organizations so
18 far as it will, in the judgment of the commissioner, enhance the purposes of chs. 600
19 to 655. The actual and necessary expenses incurred thereby shall be reimbursed out
20 of the appropriation under s. 20.145 (1) (g) 1.

21 **SECTION 12.** 601.62 (4) of the statutes is amended to read:

22 601.62 (4) FEES IN INVESTIGATIONS AND HEARINGS. The fees for stenographic
23 services in investigations, examinations, and hearings may not exceed the sum
24 provided for like services in the circuit court. The fees of officers, witnesses,
25 interpreters, and stenographers on behalf of the commissioner or the state shall be

1 paid by the secretary of administration, authorized by the certificate of the
2 commissioner, and shall be charged to the appropriation under s. 20.145 (1) (g) 1.

3 **SECTION 13.** 604.04 (3) of the statutes is amended to read:

4 604.04 (3) EXPENSES. No full-time state officer or employee may receive
5 additional compensation for services under chs. 604 to 607. Appropriate portions of
6 the salaries of such persons who do work for the funds or supervise them, and other
7 expenses including reasonable charges for state-owned or state-rented office space
8 and the use of state-owned or state-rented office equipment shall be charged against
9 each fund. Each fund shall pay to the commissioner amounts charged for
10 organizational support services, which shall be credited to the appropriation account
11 under s. 20.145 (1) (g) 2. Each fund shall also be charged a sum equivalent to the state
12 premium tax that would be paid by a domestic mutual insurer organized or operating
13 under ch. 611 and doing the same kind of insurance business, except that no such
14 charge shall be made for the insurance of governmental units.

15 **SECTION 14.** 645.09 (2) (a) of the statutes is amended to read:

16 645.09 (2) (a) *Causes of delinquency.* The commissioner may include in his or
17 her annual report, not later than the 2nd annual report following the initiation of any
18 formal proceedings under this chapter, a detailed analysis of the basic causes and the
19 contributing factors making the initiation of formal proceedings necessary, and may
20 make recommendations for remedial legislation. For this purpose the commissioner
21 may appoint a special assistant qualified in insurance, finance, and accounting to
22 conduct the study and prepare the analysis, and may determine the special
23 assistant's compensation, which shall be paid from the appropriation under s. 20.145
24 (1) (g) 1.

25 **SECTION 15.** 645.09 (2) (b) of the statutes is amended to read:

1 645.09 (2) (b) *Final study.* The commissioner may include in his or her annual
 2 report, not later than the 2nd annual report following discharge of the receiver, a
 3 detailed study of the delinquency proceeding for each insurer subjected to a formal
 4 proceeding, with an analysis of the problems faced and their solutions. The
 5 commissioner may also suggest alternative solutions, as well as other material of
 6 interest, for the purpose of assisting and guiding liquidators or rehabilitators in the
 7 future. For this purpose the commissioner may appoint a special assistant qualified
 8 to conduct the study and prepare the analysis, and may determine his or her
 9 compensation, which shall be paid from the appropriation under s. 20.145 (1) (g) 1.

10 **SECTION 16.** 645.46 (4) of the statutes is amended to read:

11 645.46 (4) Defray all expenses of taking possession of, conserving, conducting,
 12 liquidating, disposing of, or otherwise dealing with the business and property of the
 13 insurer. If the property of the insurer does not contain sufficient cash or liquid assets
 14 to defray the costs incurred, the liquidator may advance the costs so incurred out of
 15 the appropriation under s. 20.145 (1) (g) 1. Any amounts so paid shall be deemed
 16 expense of administration and shall be repaid for the credit of the office of the
 17 commissioner of insurance out of the first available moneys of the insurer.

18 **SECTION 17.** 655.27 (2) of the statutes is amended to read:

19 655.27 (2) **FUND ADMINISTRATION AND OPERATION.** Management of the fund shall
 20 be vested with the board of governors. The commissioner shall either provide staff
 21 services necessary for the operation of the fund or, with the approval of the board of
 22 governors, contract for all or part of these services. Such a contract is subject to ss.
 23 16.753 ~~and~~ 16.765, but is otherwise exempt from subch. IV of ch. 16. The
 24 commissioner shall adopt rules governing the procedures for creating and
 25 implementing these contracts before entering into the contracts. At least annually,

and 16.771;

1 the contractor shall report to the commissioner and to the board of governors
 2 regarding all expenses incurred and subcontracting arrangements. If the board of
 3 governors approves, the contractor may hire legal counsel as needed to provide staff
 4 services. The cost of contracting for staff services shall be funded from the
 5 appropriation under s. 20.145 (2) (u). The fund shall pay to the commissioner
 6 amounts charged for organizational support services, which shall be credited to the
 7 appropriation account under s. 20.145 (1) (g) 2.

Support 7-7

8 **SECTION 9225. Fiscal changes; Insurance.**

9 (1) REPEAL OF SUPPORT SERVICES APPROPRIATION. The unencumbered balance in
 10 the appropriation account under section 20.145 (1) (k), 2005 stats., is transferred to
 11 the appropriation account under section 20.145 (1) (g) of the statutes, as affected by
 12 this act.

13 (END)

D-note

**2007-2008 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0388/3ins
PJK:lmk:nwn

INSERT 7-7

****NOTE: This is reconciled s. 655.27 (2). This SECTION has been affected by drafts with the following LRB numbers: LRB-0388/2 and LRB-0444/P2. ✓

(END OF INSERT 7-7)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0388/3dn
PJK:lmk:nwn

(date)

Sue:

This draft reconciles LRB-0388/2 and LRB-0444/P2. Both LRB-0388 and LRB-0444
should continue to appear in the compiled bill. ✓

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

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

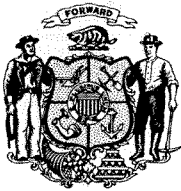
LRB-0388/3dn
PJK:lmk:pg

January 30, 2007

Sue:

This draft reconciles LRB-0388/2 and LRB-0444/P2. Both LRB-0388 and LRB-0444 should continue to appear in the compiled bill.

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



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-0388/3
PJK:lmk:pg

DOA:.....Jablonsky, BB0062 - Combining two OCI appropriations into one
FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: an appropriation for general program operations.

Analysis by the Legislative Reference Bureau

INSURANCE

This bill does all of the following: 1) eliminates an OCI appropriation under which administrative and support services are provided with moneys received for the administrative and support services; 2) expands OCI's general program operations appropriation to include the provision of organizational support services; 3) adds as a source of funding for the general program operations appropriation payments made to OCI by the injured patients and families compensation fund, local government property insurance fund, and state life insurance fund for organizational support services; and 4) transfers the unencumbered balance from the eliminated appropriation to the general program operations appropriation.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

2 SECTION 1. 14.83 of the statutes is amended to read:

3 **14.83 Interstate insurance receivership commission.** There is created an
4 interstate insurance receivership commission as specified in s. 601.59 (3). The

1 member of the commission representing this state shall be the commissioner of
2 insurance or his or her designated representative. The commission member shall
3 serve without compensation but shall be reimbursed from the appropriation under
4 s. 20.145 (1) (g) 1 for actual and necessary expenses incurred in the performance of
5 his or her duties. The commission has the powers and duties granted and imposed
6 under s. 601.59.

7 **SECTION 2.** 20.145 (1) (g) of the statutes is renumbered 20.145 (1) (g) (intro.)
8 and amended to read:

9 20.145 (1) (g) *General program operations.* (intro.) The amounts in the
10 schedule for general program operations, including organizational support services.

11 All of the following shall be credited to this appropriation account:

12 1. Ninety percent of all moneys received under ss. 601.31, 601.32, 601.42 (7),
13 601.45, and 601.47 and by the commissioner for expenses related to insurance
14 company restructurings, except for restructurings specified in par. (h), ~~shall be~~
15 ~~credited to this appropriation account.~~

16 **SECTION 3.** 20.145 (1) (g) 2. of the statutes is created to read:

17 20.145 (1) (g) 2. All moneys received under s. 655.27 (2) from the injured
18 patients and families compensation fund and under s. 604.04 (3) from the local
19 government property insurance fund and the state life insurance fund as payment
20 for organizational support services.

21 **SECTION 4.** 20.145 (1) (k) of the statutes is repealed.

22 **SECTION 5.** 20.432 (1) (kb) of the statutes is amended to read:

23 20.432 (1) (kb) *Insurance and other information, counseling and assistance.*

24 The amounts in the schedule for the purpose of providing information and counseling
25 on medicare supplemental insurance, long-term care insurance, and medical

1 assistance eligibility requirements, training, educational materials, and technical
2 assistance under s. 16.009 (2) (j). The office of the commissioner of insurance shall
3 credit to this appropriation account amounts equal to the amounts in the schedule
4 for the purposes of this paragraph, from the appropriation under s. 20.145 (1) (g) 1.
5 Notwithstanding s. 20.001 (3) (a), the unencumbered balance on June 30 of each
6 fiscal year shall revert to the appropriation account under s. 20.145 (1) (g).

7 **SECTION 6.** 601.32 (1) of the statutes is amended to read:

8 601.32 (1) If the moneys credited to s. 20.145 (1) (g) 1 under other sections of
9 the statutes prove inadequate for the office's supervision of insurance industry
10 program, the commissioner may increase any or all of the fees imposed by s. 601.31,
11 or may in any year levy a special assessment on all domestic insurers, or both, for the
12 general operation of that program.

13 **SECTION 7.** 601.45 (3) of the statutes is amended to read:

14 601.45 (3) DEPOSIT. The commissioner may require any examinee, before or
15 from time to time during an examination, to deposit with the secretary of
16 administration such deposits as the commissioner deems necessary to pay the costs
17 of the examination. Any deposit and any payment made under subs. (1) and (2) shall
18 be credited to the appropriation account under s. 20.145 (1) (g) 1, in the percentage
19 specified in that paragraph subdivision.

20 **SECTION 8.** 601.45 (4) of the statutes is amended to read:

21 601.45 (4) EXEMPTIONS. On the examinee's request or on the commissioner's
22 own motion, the commissioner may pay all or part of the costs of an examination from
23 the appropriation under s. 20.145 (1) (g) 1, whenever the commissioner finds that
24 because of the frequency of examinations or other factors, imposition of the costs
25 would place an unreasonable burden on the examinee. The commissioner shall

1 include in his or her annual report information about any instance in which the
2 commissioner applied this subsection.

3 **SECTION 9.** 601.47 (1) of the statutes is amended to read:

4 601.47 (1) GENERAL. The commissioner may prepare books, pamphlets, and
5 other publications relating to insurance and sell them in the manner and at the
6 prices the commissioner determines. The cost of publication and distribution may
7 be paid from the appropriation under s. 20.145 (1) (g) 1.

8 **SECTION 10.** 601.47 (3) of the statutes is amended to read:

9 601.47 (3) FREE DISTRIBUTION. The commissioner may furnish free copies of the
10 publications prepared under subs. (1) and (2) to public officers and libraries in this
11 state and elsewhere. The cost of free distribution shall be charged to the
12 appropriation under s. 20.145 (1) (g) 1.

13 **SECTION 11.** 601.48 (1) of the statutes is amended to read:

14 601.48 (1) NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. The
15 commissioner and the office of the commissioner shall maintain close relations with
16 the commissioners of other states and shall participate in the activities and affairs
17 of the National Association of Insurance Commissioners and other organizations so
18 far as it will, in the judgment of the commissioner, enhance the purposes of chs. 600
19 to 655. The actual and necessary expenses incurred thereby shall be reimbursed out
20 of the appropriation under s. 20.145 (1) (g) 1.

21 **SECTION 12.** 601.62 (4) of the statutes is amended to read:

22 601.62 (4) FEES IN INVESTIGATIONS AND HEARINGS. The fees for stenographic
23 services in investigations, examinations, and hearings may not exceed the sum
24 provided for like services in the circuit court. The fees of officers, witnesses,
25 interpreters, and stenographers on behalf of the commissioner or the state shall be

1 paid by the secretary of administration, authorized by the certificate of the
2 commissioner, and shall be charged to the appropriation under s. 20.145 (1) (g) 1.

3 **SECTION 13.** 604.04 (3) of the statutes is amended to read:

4 604.04 (3) EXPENSES. No full-time state officer or employee may receive
5 additional compensation for services under chs. 604 to 607. Appropriate portions of
6 the salaries of such persons who do work for the funds or supervise them, and other
7 expenses including reasonable charges for state-owned or state-rented office space
8 and the use of state-owned or state-rented office equipment shall be charged against
9 each fund. Each fund shall pay to the commissioner amounts charged for
10 organizational support services, which shall be credited to the appropriation account
11 under s. 20.145 (1) (g) 2. Each fund shall also be charged a sum equivalent to the state
12 premium tax that would be paid by a domestic mutual insurer organized or operating
13 under ch. 611 and doing the same kind of insurance business, except that no such
14 charge shall be made for the insurance of governmental units.

15 **SECTION 14.** 645.09 (2) (a) of the statutes is amended to read:

16 645.09 (2) (a) *Causes of delinquency.* The commissioner may include in his or
17 her annual report, not later than the 2nd annual report following the initiation of any
18 formal proceedings under this chapter, a detailed analysis of the basic causes and the
19 contributing factors making the initiation of formal proceedings necessary, and may
20 make recommendations for remedial legislation. For this purpose the commissioner
21 may appoint a special assistant qualified in insurance, finance, and accounting to
22 conduct the study and prepare the analysis, and may determine the special
23 assistant's compensation, which shall be paid from the appropriation under s. 20.145
24 (1) (g) 1.

25 **SECTION 15.** 645.09 (2) (b) of the statutes is amended to read:

1 645.09 (2) (b) *Final study*. The commissioner may include in his or her annual
2 report, not later than the 2nd annual report following discharge of the receiver, a
3 detailed study of the delinquency proceeding for each insurer subjected to a formal
4 proceeding, with an analysis of the problems faced and their solutions. The
5 commissioner may also suggest alternative solutions, as well as other material of
6 interest, for the purpose of assisting and guiding liquidators or rehabilitators in the
7 future. For this purpose the commissioner may appoint a special assistant qualified
8 to conduct the study and prepare the analysis, and may determine his or her
9 compensation, which shall be paid from the appropriation under s. 20.145 (1) (g) 1.

10 **SECTION 16.** 645.46 (4) of the statutes is amended to read:

11 645.46 (4) Defray all expenses of taking possession of, conserving, conducting,
12 liquidating, disposing of, or otherwise dealing with the business and property of the
13 insurer. If the property of the insurer does not contain sufficient cash or liquid assets
14 to defray the costs incurred, the liquidator may advance the costs so incurred out of
15 the appropriation under s. 20.145 (1) (g) 1. Any amounts so paid shall be deemed
16 expense of administration and shall be repaid for the credit of the office of the
17 commissioner of insurance out of the first available moneys of the insurer.

18 **SECTION 17.** 655.27 (2) of the statutes is amended to read:

19 655.27 (2) FUND ADMINISTRATION AND OPERATION. Management of the fund shall
20 be vested with the board of governors. The commissioner shall either provide staff
21 services necessary for the operation of the fund or, with the approval of the board of
22 governors, contract for all or part of these services. Such a contract is subject to ss.
23 16.753 and, 16.765, and 16.771, but is otherwise exempt from subch. IV of ch. 16. The
24 commissioner shall adopt rules governing the procedures for creating and
25 implementing these contracts before entering into the contracts. At least annually,

1 the contractor shall report to the commissioner and to the board of governors
2 regarding all expenses incurred and subcontracting arrangements. If the board of
3 governors approves, the contractor may hire legal counsel as needed to provide staff
4 services. The cost of contracting for staff services shall be funded from the
5 appropriation under s. 20.145 (2) (u). The fund shall pay to the commissioner
6 amounts charged for organizational support services, which shall be credited to the
7 appropriation account under s. 20.145 (1) (g) 2.

****NOTE: This is reconciled s. 655.27 (2). This SECTION has been affected by drafts
with the following LRB numbers: LRB-0388/2 and LRB-0444/P2.

8 **SECTION 9225. Fiscal changes; Insurance.**

9 (1) REPEAL OF SUPPORT SERVICES APPROPRIATION. The unencumbered balance in
10 the appropriation account under section 20.145 (1) (k), 2005 stats., is transferred to
11 the appropriation account under section 20.145 (1) (g) of the statutes, as affected by
12 this act.

13 (END)