

## 2007 DRAFTING REQUEST

### Bill

Received: 02/28/2007

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Insurance 264-6239

By/Representing: Jim Guidry

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters:

Subject: Insurance - miscellaneous

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to:

---

### Pre Topic:

No specific pre topic given

---

### Topic:

Agent package

---

### Instructions:

See Attached

---

### 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>
/?	pkahler 02/28/2007	wjackson 03/10/2007		_____			State
/1			pgreensl 03/13/2007	_____	cduerst 03/13/2007		State
			sherritz 03/13/2007	_____	sbasford 03/14/2007		
/2	pkahler 04/09/2007	wjackson 04/09/2007	pgreensl 04/09/2007	_____	cduerst 04/09/2007		State

sent to Rep. Lasee  
per Jim Guidry via  
phone

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	pkahler 07/18/2007	wjackson 07/23/2007	nmatzke 07/25/2007	_____	sbasford 07/25/2007		State
/4	pkahler 08/08/2007	wjackson 08/10/2007	pgreensl 08/13/2007	_____	cduerst 08/13/2007	cduerst 08/14/2007	

FE Sent For: *at into*  
*9/13*

<END>

**2007 DRAFTING REQUEST**

**Bill**

Received: **02/28/2007**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Insurance 264-6239**

By/Representing: **Jim Guidry**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - miscellaneous**

Extra Copies:

Submit via email: **YES**

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

Carbon copy (CC:) to:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Agent package

---

**Instructions:**

See Attached

---

**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>
/?	pkahler 02/28/2007	wjackson 03/10/2007		_____			State
/1			pgreensl 03/13/2007	_____	cduerst 03/13/2007		State
			sherritz 03/13/2007	_____	sbasford 03/14/2007		
/2	pkahler 04/09/2007	wjackson 04/09/2007	pgreensl 04/09/2007	_____	cduerst 04/09/2007		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/3	pkahler 07/18/2007	wjackson 07/23/2007	nmatzke 07/25/2007	_____	sbasford 07/25/2007		State
/4	pkahler 08/08/2007	wjackson 08/10/2007	pgreensl 08/13/2007	_____	cduerst 08/13/2007		

FE Sent For:

**<END>**

### 2007 DRAFTING REQUEST

#### Bill

Received: 02/28/2007

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Insurance 264-6239

By/Representing: Jim Guidry

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters:

Subject: Insurance - miscellaneous

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to:

---

#### Pre Topic:

No specific pre topic given

---

#### Topic:

Agent package

---

#### Instructions:

See Attached

---

#### 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>
/?	pkahler 02/28/2007	wjackson 03/10/2007		_____			State
/1			pgreensl 03/13/2007	_____	cduerst 03/13/2007		State
			sherritz 03/13/2007	_____	sbasford 03/14/2007		
/2	pkahler 04/09/2007	wjackson 04/09/2007	pgreensl 04/09/2007	8/13 _____	cduerst 04/09/2007		State

8/13  
pkahler  
PS/R

Vers.      Drafted      Reviewed      Typed      Proofed      Submitted      Jacketed      Required

/3            pkahler            wjackson            nnatzke            \_\_\_\_\_            sbasford  
07/18/2007      07/23/2007      07/25/2007      \_\_\_\_\_            07/25/2007

8/8 WLJ /4

FE Sent For:

<END>

**2007 DRAFTING REQUEST**

**Bill**

Received: **02/28/2007**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Insurance 264-6239**

By/Representing: **Jim Guidry**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - miscellaneous**

Extra Copies:

Submit via email: **YES**

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

Carbon copy (CC:) to:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Agent package

---

**Instructions:**

See Attached

---

**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>
/?	pkahler 02/28/2007	wjackson 03/10/2007		_____			State
/1			pgreensl 03/13/2007 sherritz 03/13/2007	_____	cduerst 03/13/2007 sbasford 03/14/2007		State
/2	pkahler 04/09/2007	wjackson 04/09/2007	pgreensl 04/09/2007	_____	cduerst 04/09/2007		

13 Wlj 7/23 nwn  
7/23 nwn/rs  
7/24/05

Vers.    Drafted    Reviewed    Typed    Proofed    Submitted    Jacketed    Required

FE Sent For:

<END>



**2007 DRAFTING REQUEST**

**Bill**

Received: **02/28/2007**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Insurance 264-6239**

By/Representing: **Jim Guidry**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - miscellaneous**

Extra Copies:

Submit via email: **YES**

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

Carbon copy (CC:) to:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Agent package

---

**Instructions:**

See Attached

---

**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>
/?	pkahler 02/28/2007	wjackson 03/10/2007		_____			State
/1		1/2 WJ 4/9	pgreensl 03/13/2007 sherritz 03/13/2007	4 1/9 1 PS	cduerst 03/13/2007 sbasford 03/14/2007		

FE Sent For:

2007 DRAFTING REQUEST

Bill

Received: 02/28/2007

Received By: pkahler

Wanted: As time permits

Identical to LRB:

For: Insurance 264-6239

By/Representing: Jim Guidry

This file may be shown to any legislator: NO

Drafter: pkahler

May Contact:

Addl. Drafters:

Subject: Insurance - miscellaneous

Extra Copies:

Submit via email: YES

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

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Agent package

Instructions:

See Attached

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>
/?	pkahler	1 WLj 3/10	dh 3/13	dh/og 3/13			

FE Sent For:

<END>

**Kahler, Pam**

---

**From:** Guidry, Jim R - OCI  
**Sent:** Wednesday, February 21, 2007 11:55 AM  
**To:** Kahler, Pam  
**Subject:** OCI legislative package  
**Attachments:** OCI Legislative Package-Grouped.doc

Pam,

After briefing Commissioner Dilweg on the OCI technical draft sent to you last November, he has decided that he would like to break the bill down into three separate pieces of legislation. Attached you will find the breakdown as requested by the Commissioner.

Additionally, the Commissioner has stated that his preference is that Group 1 - Policy and Form Package have priority over the other two pieces.

Please let me know if you have any questions. Thanks Pam.

Jim Guidry  
Legislative Liaison  
Office of the Commissioner of Insurance  
125 South Webster Street  
PO Box 7873  
Madison, WI 53707-7873

Work: (608) 264-6239  
Cell: (608) 209-6309

***Group 2 – Agent Package***

**Rulemaking Authority for Fingerprinting of Agents.** Gives the Commissioner the authority to promulgate rules regarding collecting fingerprints of prospective agents in order to conduct criminal background checks. Fingerprinting is currently conducted by a number of other states and will be likely be required in all states as part of a reciprocity agreement for uniform agent licensing. The agreement will require states to fingerprint all resident agents.

**Insurance Agent Continuing Education.** Insurance agents are required to biennially file evidence of compliance of their continuing education requirements by a date certain. Under current law, if an agent fails to fulfill that requirement the procedure is as follows:

- The license is suspended.
- If the agent produces evidence of compliance within 60 days of suspension, the agent's license is reinstated.
- If the agent fails to produce evidence of compliance within 60 days, the agent's license is revoked.

- If the agent wishes to be relicensed after revocation, the agent must reapply for licensure and complete pre-licensing education.

The revised process would be as follows

- OCI notifies agent of compliance due date.
- If agent fails to file evidence of compliance by the due date, the license is revoked.
- An agent whose license is revoked for failure to comply with continuing education requirements may have the license reinstated if evidence of compliance is submitted within 12 months of the date of revocation.

If the agent fails to produce evidence of compliance within 12 months, the agent must reapply for licensure and complete pre-licensing education.

**Insurance Agent Nonpayment of Fees.** Under current law, if an agent who fails to pay a fee when due, the agent will have his or her license suspended on the date the fee was due. If the agent pays the required fee within 60 days of license suspension, the agent's license will be reinstated. If an agent fails to pay the fee within 60 days of license suspension, the agent must reapply for licensure and complete pre-licensing education.

The proposed draft would apply the same process to nonpayment of fees as with Continuing Education above. If an agent fails to pay a fee on the required due date, the agent's license will be revoked. If the agent pays the delinquent fees within 12 months of license revocation, the license will be reinstated. An agent who wishes to be relicensed after the 12 month period must pay all delinquent fees and apply for licensure and complete pre-licensing education.

**Revocation for Delinquent Taxes.** Would extend the reinstatement provisions that apply to continuing education and nonpayment of fees to agents who have their licenses revoked for delinquent taxes.

**Change of Residence.** Would establish that an agent who is no longer a resident of Wisconsin will have their resident license revoked 60 days after changing their state of residence. An agent who changes their residence from the state of Wisconsin but still wishes to be licensed in Wisconsin must apply for a non-resident license.

**Agent Fee reductions.**

- Repeals the \$5.00 duplicate license fee
- Repeals the \$10.00 fee for agent letter of certification
- Repeals the \$10.00 fee for agent letter of clearance

## Kahler, Pam

---

**From:** Guidry, Jim R - OCI  
**Sent:** Friday, December 01, 2006 2:23 PM  
**To:** Kahler, Pam  
**Subject:** RE: Omnibus portion of OCI's bill

Pam,

The agent license revocations portion can become effective upon publication.

Jim Guidry  
Legislative Liaison  
Office of the Commissioner of Insurance  
125 South Webster Street  
PO Box 7873  
Madison, WI 53707-7873

Work: (608) 264-6239  
Cell: (608) 209-6309

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

**From:** Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]  
**Sent:** Wednesday, November 29, 2006 9:46 AM  
**To:** Guidry, Jim R - OCI  
**Subject:** RE: Omnibus portion of OCI's bill

I'm on the edge of my seat!

---

**From:** Guidry, Jim R - OCI  
**Sent:** Wednesday, November 29, 2006 9:22 AM  
**To:** Kahler, Pam  
**Subject:** RE: Omnibus portion of OCI's bill

Pam,

We're hashing out an answer. Stay tuned.

Jim Guidry  
Legislative Liaison  
Office of the Commissioner of Insurance  
125 South Webster Street  
PO Box 7873  
Madison, WI 53707-7873

Work: (608) 264-6239  
Cell: (608) 209-6309

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

**From:** Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]  
**Sent:** Tuesday, November 28, 2006 4:07 PM  
**To:** Guidry, Jim R - OCI  
**Subject:** Omnibus portion of OCI's bill

Hi, Jim:

In last session's LRB-3368/5, the only delay in the effective date was to July 1, 2006, for agent license revocations. Do you want that changed to 2007 or 2008? Thanks.

Pam

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



State of Wisconsin  
2005-2006 LEGISLATURE  
2007-2008

2104/1  
LRB-3368/5  
PJK:link:rs  
Wlj

2007  
**2005 BILL**

D-note  
(in 2-28)

LPS: Please  
PWF ✓

regenerate ↓

1 AN ACT *to repeal* 600.01 (1) (b) 9., 601.31 (1) (Lm), 601.31 (1) (u), 601.31 (1) (v),  
2 646.35 (6) (c) 1. a. and 646.35 (6) (c) 2. a.; *to renumber* 646.33 (3), 646.35 (4)  
3 (a) and 646.35 (4) (b); *to renumber and amend* 611.23 (3), 631.61 (1) (c),  
4 646.12 (1) (a) and 646.31 (11); *to consolidate, renumber and amend* 646.35  
5 (6) (c) 1. (intro.) and b. and 646.35 (6) (c) 2. (intro.) and b.; *to amend* 15.165 (3)  
6 (b) 9., 601.415 (3), 611.26 (3) (a), 611.26 (4) (a), 611.26 (4) (b), 611.72 (2), 628.10  
7 (2) (a), 628.10 (2) (am), 628.10 (2) (cm), 628.10 (3), 628.11 (title), 646.11 (4),  
8 646.11 (5), 646.12 (1) (b), 646.12 (2) (a), 646.51 (3) (am) (intro.), 646.51 (4) (a)  
9 and 655.24 (2) (a) 3.; *to repeal and recreate* 628.10 (4) (title); *to create* 601.41  
10 (4) (a) 3., 611.23 (3) (b), 628.04 (1c), 628.10 (2) (e), 628.10 (5), 631.61 (1) (c) 1.,  
11 631.61 (1) (c) 2., 631.61 (1) (c) 3., 632.07, 632.745 (18) (am), 646.12 (1) (a) 2.,  
12 646.12 (1) (a) 3., 646.13 (3) (d), 646.31 (11) (a), 646.31 (11) (c), 646.51 (3) (b) and  
13 655.24 (2) (a) 4. of the statutes; and *to affect* 2003 Wisconsin Act 261, section  
14 162 (1); **relating to:** insurance agent license requirements, revocations, and



**BILL**

1 reinstatements; requirements that apply to municipal insurance mutuals; the  
 2 definition of a late enrollee; making group insurance certificates available  
 3 electronically; prohibiting a lender from requiring property insurance in an  
 4 amount that exceeds the replacement value of improvements; miscellaneous  
 5 changes to the insurance security fund; other miscellaneous insurance-related  
 6 modifications; and granting rule-making authority.

*Analysis by the Legislative Reference Bureau*

**Insurance agent licensing**

Under current law, a person may be licensed to act as an insurance intermediary if he or she: 1) pays the applicable fee; 2) shows to the satisfaction of the commissioner of insurance (commissioner) that he or she has the intent in good faith to do business as an intermediary and is competent and trustworthy; and 3) agrees to be subject to the jurisdiction of the commissioner and the courts of the state on any matter related to the person's insurance activities in the state. In addition, the person must satisfy certain prelicensing education standards and pass an examination; after being licensed, the person must comply with certain continuing education standards. This bill authorizes the commissioner to promulgate a rule that would require applicants for licensure as insurance intermediaries who are state residents and natural persons to provide fingerprints as a condition for licensure. The fingerprints, if required, may be used for conducting state and national criminal history background investigations of the applicants.

Under current law, the license of an insurance intermediary who fails to provide evidence of compliance with continuing education standards, or who fails to pay a fee when due, is suspended, and the suspended license is revoked if the intermediary does not provide evidence of compliance, or pay the fee, within 60 days after the license is suspended. Also under current law, the license of an insurance intermediary is revoked if the Department of Revenue certifies that the intermediary is liable for delinquent taxes. Any intermediary whose license is revoked must satisfy all requirements for initial licensure to be relicensed.

This bill provides that the license of an insurance intermediary who fails to provide evidence of compliance with continuing education standards, or who fails to pay a fee when due, is automatically revoked rather than suspended for 60 days before revocation. Before the automatic revocation occurs, however, the commissioner must notify the intermediary, by first class mail, of the date that the evidence must be provided or the fee must be paid and that the intermediary's license will be revoked if the evidence is not provided or the fee is not paid by that date. The bill provides that, if an intermediary's license is revoked for failure to provide evidence of compliance with continuing education standards, for failure to pay a fee

if a non-resident

requirements

on which

**BILL**

when due, or for being delinquent in the payment of taxes, the intermediary may have his or her license reinstated within 12 months after the revocation without having to satisfy any prelicensing education or examination requirements. If the intermediary's license is not reinstated within 12 months, however, the intermediary may be relicensed only by satisfying all of the requirements that apply to initial licensure.

*not* The bill also provides that the license of an insurance intermediary who changes residency from one state to another is revoked 60 days after the residency change. The intermediary may be relicensed only by satisfying all of the requirements that apply to initial licensure.

**Insurance security fund**

The bill makes various changes to the insurance security fund provisions of the statutes. In general, the insurance security fund (fund), which is created as a nonprofit organization and funded through assessments paid by insurers covered under the fund, pays claims made against insolvent insurers.

Under current law, the board of directors of the fund (board) includes between 7 and 14 members, consisting of the state attorney general, the state treasurer, the commissioner, and representatives of insurers who are chosen under procedures specified by the commissioner by administrative rule. The chairperson of the board is elected by members of the board under a rule promulgated by the commissioner. Under the bill, the board consists of the state attorney general, the state treasurer, the commissioner, and between 9 and 11 representatives of insurers who are appointed by the commissioner; a member who is an insurer representative may designate an alternate representative, who has all of the powers and responsibilities of the designating representative, to represent the insurer at any meeting of the board; and the chairperson of the board is elected annually by the members at the first meeting after June 1.

Under current law, generally, the fund has no liability for payment of a claim that is not filed by the date set by the liquidator or court. The bill provides that the fund is not liable for any claim that is filed after 18 months after the order of liquidation is entered if no date for filing is set by the liquidator or court. The bill also specifies the circumstances under which an insurer, reinsurer, insurance pool, or underwriting association that has paid a claim for health care costs and is subrogated to an insurer in liquidation may assert a claim for reimbursement against the fund.

Under current law, the fund is not responsible for *paying* benefits under a life or disability insurance policy or an annuity contract to the extent that the rate of interest on which the benefits are based, or the interest rate, crediting rate, or similar factor determined by use of an index, exceeds the smaller of the minimum guaranteed rate specified in the contract or a rate of interest determined in relation to Moody's corporate bond yield average. The bill changes this so that the fund's responsibility for payment is based only on whether the interest rate on which the benefits are based exceeds the applicable Moody's corporate bond yield average.

Under current law, assessments paid by insurers to support the fund are based on premium written in this state for the year preceding either the year the

*for three-year term*

*2*

*←*

**BILL**

liquidation order was entered or the year in which the assessment is authorized by the board, depending on when the assessment is authorized. This bill retains that provision for all types of insurance except life or disability insurance policies and annuity contracts. For those types of insurance, assessments are based on average annual premium received in this state for the three most recent years preceding the year the liquidation order was entered. In addition, the bill changes the maximum amount that an insurer may be assessed in any calendar year ~~from 2 percent of average annual premium received in this state during the three calendar years preceding the year in which the liquidation order is entered to 2 percent of the insurer's assessable~~ premiums under the statutory provision that specifies the premiums on which an insurer's assessment is based.

***Miscellaneous insurance provisions***

The bill makes various other insurance-related changes. The bill:

1. Prohibits a lender with a security interest in real property from requiring the borrower to insure the real property against risks to improvements in an amount that exceeds the lesser of the replacement value or market value of the improvements.
2. Clarifies, by specifically providing, that a municipal mutual that provides worker's compensation insurance for its members is required to participate in a worker's compensation pool along with other worker's compensation insurers. The bill also makes the provisions of the statutes regulating intercorporate transactions among affiliates apply to municipal mutuals. Under current law, these provisions specifically do not apply to municipal mutuals.
3. Makes the insurance statutes apply to an association and its publication and clearinghouse activities, which function to match subscribers with financial, physical, or medical needs with subscribers who desire to financially assist the subscribers with those needs. Under current law, such an association and its publication and clearinghouse activities are specifically exempt from the insurance statutes.
4. Authorizes an insurer that provides group or blanket insurance to make the certificates available to certificate holders electronically as an alternative to delivering or mailing the certificates to the policyholder. However, any certificate holder may receive a paper copy of the certificate upon request.
5. Makes the definition of a late enrollee, for purposes of group health benefit plan requirements, consistent with the federal Health Insurance Portability and Accountability Act of 1996. The definition of a late enrollee affects the length of time that may be required for an affiliation period and for a preexisting condition exclusion.
6. Requires an insurer providing health care liability (medical malpractice) insurance to pay its proportional share of interest and taxable costs on an amount recovered against an insured covered by the insurer.
7. Provides that the commissioner or his or her designee must serve as a member of the Wisconsin Retirement Board. Under current law, the commissioner or an experienced actuary in the Office of the Commissioner of Insurance must serve as a member.

**BILL**

*4 The bill*

~~8. Eliminates fees for issuing a duplicate agent's license and for preparing and furnishing an agent's letter of certification or clearance.~~

9. In order to clarify that the remedial measures or restitution that current law specifies may be included in an order of the commissioner are not all-inclusive, provides that an order of the commissioner requiring remedial measures or restitution may include, in addition to what is in current law, any other remedial measures or restitution that the commissioner determines is necessary or advisable.

10. Clarifies that the level of investment allowed in an insurance corporation subsidiary applies to all subsidiaries of the insurance corporation in the aggregate, not to each separate subsidiary.

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:*

1 SECTION 1. 15.165 (3) (b) 9. of the statutes is amended to read:

2 15.165 (3) (b) 9. The commissioner of insurance or an experienced actuary in  
3 the office of the commissioner designated by the commissioner his or her designee  
4 under s. 601.415 (3).

5 SECTION 2. 600.01 (1) (b) 9. of the statutes is repealed.

6 SECTION 3. 601.31 (1) (Lm) of the statutes is repealed.

7 SECTION 4. 601.31 (1) (u) of the statutes is repealed.

8 SECTION 5. 601.31 (1) (v) of the statutes is repealed.

9 SECTION 6. 601.41 (4) (a) 3. of the statutes is created to read:

10 601.41 (4) (a) 3. Any other remedial measures or restitution that the  
11 commissioner determines is necessary or advisable.

12 SECTION 7. 601.415 (3) of the statutes is amended to read:

13 601.415 (3) WISCONSIN RETIREMENT BOARD. The commissioner or an experienced  
14 actuary in the office designated by the commissioner his or her designee shall serve  
15 as a member of the Wisconsin retirement board under s. 15.165 (3) (b).

**BILL****SECTION 8**

1           **SECTION 8.** 611.23 (3) of the statutes is renumbered 611.23 (3) (a) and amended  
2 to read:

3           611.23 (3) (a) Chapters Except as provided in par. (b), chs. 604 to 607, 612 to  
4 616, 618, 619, 625, and 646 do not apply to such mutuals. The commissioner may by  
5 order, after a hearing, exempt such a mutual from any other provisions on a finding  
6 that they are unnecessary for the protection of the interests of the municipalities and  
7 their citizens.

8           **SECTION 9.** 611.23 (3) (b) of the statutes is created to read:

9           611.23 (3) (b) A requirement to participate in a worker's compensation  
10 insurance pool established under s. 619.01 (1) (a) applies to a municipal insurance  
11 mutual that provides worker's compensation insurance for its members.

12           **SECTION 10.** 611.26 (3) (a) of the statutes is amended to read:

13           611.26 (3) (a) *Authorization.* An insurance corporation may form or acquire  
14 subsidiaries to perform functions or provide services that are ancillary to its  
15 insurance operations. It may have up to 10% of its assets invested in such  
16 subsidiaries, unless the commissioner by order or rule provides otherwise.

17           **SECTION 11.** 611.26 (4) (a) of the statutes is amended to read:

18           611.26 (4) (a) Invest in a subsidiary one or more subsidiaries more than 10  
19 percent of its assets or 50 percent of its capital and surplus, whichever is less.

20           **SECTION 12.** 611.26 (4) (b) of the statutes is amended to read:

21           611.26 (4) (b) Invest in a subsidiary one or more subsidiaries to the extent that  
22 the insurer's capital and surplus with regard to policyholders will not be reasonable  
23 in relation to the insurer's outstanding liabilities or adequate to meet the insurer's  
24 financial needs.

25           **SECTION 13.** 611.72 (2) of the statutes is amended to read:

**BILL**

1           611.72 (2) APPROVAL REQUIRED. No proposed plan of merger under s. 180.1101  
2           or 180.1104 or other plan for acquisition of control ~~may be submitted to the~~  
3           shareholders of any domestic stock insurance corporation or its parent insurance  
4           holding corporation participating in the transaction ~~or may be executed unless it has~~  
5           been approved by the commissioner.

6           **SECTION 14.** 628.04 (1c) of the statutes is created to read:

7           628.04 (1c) FINGERPRINTS. The commissioner may by rule require an applicant  
8           under sub. (1) who is a resident and a natural person to provide fingerprints as an  
9           additional condition for the granting of a license to act as an agent. The  
10          commissioner may use the fingerprints, if required, to conduct a state criminal  
11          history background investigation of the applicant and a national criminal history  
12          background investigation of the applicant with the federal bureau of investigation.

13          **SECTION 15.** 628.10 (2) (a) of the statutes is amended to read:

14          628.10 (2) (a) *For failure to comply with continuing education requirements.*  
15          The license of any intermediary who fails to produce evidence of compliance with  
16          continuing education standards set by the commissioner is ~~suspended~~ revoked,  
17          effective on the day date on which the evidence of compliance is due. ~~If an~~  
18          intermediary whose license has been suspended under this paragraph produces  
19          evidence of compliance within 60 days after the date on which the license is  
20          suspended, the commissioner shall reinstate the license effective on the date of  
21          suspension. If such an intermediary does not produce evidence of compliance within  
22          60 days, the license is ~~revoked~~ and the intermediary may be relicensed only after  
23          satisfying all requirements under s. 628.04. Before that date, the commissioner shall  
24          send by 1st class mail to the intermediary's address that is on file with the  
25          commissioner notice of the date by which the evidence of compliance is due and that

**BILL****SECTION 15**

1 the intermediary's license will be revoked if the evidence is not received by that date.

2 An intermediary whose license is revoked under this paragraph may have his or her

3 license reinstated, or may be relicensed, as provided in sub. (5). ✓

4 **SECTION 16.** 628.10 (2) (am) of the statutes is amended to read:

5 628.10 (2) (am) *Nonpayment of fees.* The license of an intermediary who fails  
6 to pay a fee when due is ~~suspended on and after~~ revoked, effective on the date when  
7 on which the fee is due, if. Before that date, the commissioner gave the intermediary  
8 reasonable shall send by 1st class mail to the intermediary's address that is on file  
9 with the commissioner notice that of the date by which the fee was is due and that  
10 the intermediary's license would will be suspended ~~revoked~~ if timely payment was  
11 is not made. If the intermediary pays the fee within 60 days after the date it is due,  
12 the license is reinstated effective on the date of suspension. If payment is not made  
13 within 60 days, the license is revoked and the intermediary may be relicensed only  
14 after satisfying all requirements under s. 628.04. An intermediary whose license is  
15 revoked under this paragraph may have his or her license reinstated, or may be  
16 relicensed, as provided in sub. (5). ✓

17 **SECTION 17.** 628.10 (2) (cm) of the statutes is amended to read:

18 628.10 (2) (cm) *For liability for delinquent taxes.* The commissioner shall  
19 revoke the license of an intermediary, including a temporary license under s. 628.09,  
20 if the department of revenue certifies under s. 73.0301 that the intermediary is liable  
21 for delinquent taxes. An intermediary whose license is revoked under this  
22 paragraph may have his or her license reinstated, or may be relicensed, as provided  
23 in sub. (5).

24 **SECTION 18.** 628.10 (2) (e) of the statutes is created to read:



**BILL**

1           628.10 (2) (e) *For changing state of residence.* The license of an intermediary  
2 who changes residence from one state to another is revoked 60 days after the change  
3 of residence. The intermediary may be relicensed only after satisfying all of the  
4 requirements of s. 628.04.

5           **SECTION 19.** 628.10 (3) of the statutes is amended to read:

6           628.10 (3) DELAY FOR NEW APPLICATION. An order revoking an intermediary's  
7 license under sub. (2) (b) or (c) may specify a time not to exceed 5 years within which  
8 the former intermediary may not apply for a new license. If no time is specified, the  
9 intermediary may not apply for 5 years. ~~An intermediary whose license is revoked~~  
10 ~~under sub. (2) (am) may immediately reapply.~~

11           **SECTION 20.** 628.10 (4) (title) of the statutes is repealed and recreated to read:

12           628.10 (4) (title) PAYMENT OF FEES PAYABLE.

13           **SECTION 21.** 628.10 (5) of the statutes is created to read:

14           628.10 (5) REINSTATEMENT OR RELICENSING AFTER CERTAIN REVOCATIONS. (a)  
15 *Reinstatement within 12 months.* An intermediary who is a natural person and  
16 whose license is revoked under sub. (2) (a), (am), or (cm) may have his or her license  
17 reinstated within 12 months after the date on which the license was revoked without  
18 having to satisfy any preclicensing education or examination requirements under s.  
19 628.04. If the intermediary is also a resident who is required to complete continuing  
20 education, the intermediary must have satisfied all previous continuing education  
21 requirements to have his or her license reinstated under this ~~subsection.~~

22           (b) *Relicensing required after 12 months.* An intermediary specified in par. (a)  
23 whose license has been revoked for more than 12 months is not eligible to have his  
24 or her license reinstated under par. (a) but may apply for relicensing at any time after

paragraph



**BILL**

1 12 months have elapsed from the date of revocation. To be relicensed, the  
2 intermediary must satisfy all of the requirements of s. 628.04.

3 (c) *Penalty for certain revocations.* In addition to the payment of any fees under  
4 sub. (4), to have his or her license reinstated under par. (a) an intermediary whose  
5 license was revoked under sub. (2) (a) or (am) shall pay a penalty of twice the amount  
6 of any unpaid fees that were payable before his or her license was revoked.

7 (d) *Applicability.* This subsection applies to all of the following:

8 1. Intermediaries whose licenses were revoked under sub. (2) (a), (am), or (cm)  
9 before the effective date of this subdivision ... [revisor inserts date], regardless of  
10 whether an order under sub. (3) applies to the intermediary.

11 2. Intermediaries whose licenses are revoked under sub. (2) (a), (am), or (cm)  
12 on or after the effective date of this subdivision ... [revisor inserts date].

13 **SECTION 22.** 628.11 (title) of the statutes is amended to read:

14 **628.11 (title) Listing Appointment of insurance agents.**

15 **SECTION 23.** 631.61 (1) (c) of the statutes is renumbered 631.61 (1) (c) (intro.)  
16 and amended to read:

17 631.61 (1) (c) *Method of providing certificates.* (intro.) The certificate shall be  
18 provided in a manner reasonably calculated to bring it to the attention of the  
19 certificate holder. The insurer may deliver or mail it directly to the certificate holder  
20 or may deliver or mail the certificates in bulk to the policyholder to transmit to  
21 certificate holders, unless the insurer has reason to believe that the policyholder will  
22 not promptly transmit the certificates. An affidavit by the insurer that it has mailed  
23 the certificates in the usual course of business creates a rebuttable presumption that  
24 it has done so. As an alternative to delivering or mailing the certificate, the insurer  
25 may make the certificate available electronically through an online internet or

**BILL**

1           **(b) The treatment of section 646.01 (1) (b) 18. of the statutes first applies to**  
2 liquidation proceedings in which a liquidation order is issued on the effective date  
3 of this ~~subsection~~ paragraph.

**SECTION 53. Nonstatutory provisions.**

5           (1) ~~BOARD OF DIRECTORS OF INSURANCE SECURITY FUND. Notwithstanding section~~  
6 ~~646.12 (1) (a) of the statutes, as affected by this act, each insurer representative~~  
7 ~~member of the board of directors of the insurance security fund who is serving on the~~  
8 ~~effective date of this subsection shall continue in that capacity until he or she resigns~~  
9 ~~or his or her term expires, whichever occurs first.~~

**SECTION 54. Initial applicability.**

11           (1) **ELIMINATION OF FEES.**

12           (a) The treatment of section 601.31 (1) (Lm) of the statutes first applies to  
13 requests for duplicate licenses that are received on the effective date of this  
14 paragraph.

15           (b) The treatment of section 601.31 (1) (u) of the statutes first applies to  
16 requests for letters of certification that are received on the effective date of this  
17 paragraph.

18           (c) The treatment of section 601.31 (1) (v) of the statutes first applies to requests  
19 for letters of clearance that are received on the effective date of this paragraph.

20           (2) **INSURANCE SECURITY FUND.** The treatment of sections 646.13 (3) (d), 646.33  
21 (3), 646.35 (4) (a) and (b) and (6) (c) 1. (intro.), a., and b. and 2. (intro.), a., and b., and  
22 646.51 (3) (am) (intro.) and (b) and (4) (a) of the statutes, the renumbering and  
23 amendment of section 646.31 (11) of the statutes, and the creation of section 646.31  
24 (11) (a) and (c) of the statutes first apply to insurance company liquidations  
25 commenced or pending on the effective date of this subsection.

**BILL**

1 (3) RESTRICTION ON PROPERTY INSURANCE. The treatment of section 632.07 of the  
2 statutes first applies to property insurance coverage required by a lender on the  
3 effective date of this subsection.

4 2 (4) AGENT LICENSE REVOCATION FOR CHANGING RESIDENCE. The treatment of  
5 section 628.10 (2) (e) of the statutes first applies to intermediaries <sup>who</sup> ~~that~~ change  
6 residence from one state to another state on the effective date of this subsection.

7 3 (5) DELAY IN APPLICATION AFTER REVOCATION. The treatment of section 628.10 (3)  
8 of the statutes first applies to revocations that occur on the effective date of this  
9 subsection.

10 **SECTION 55. Effective dates.** This act takes effect on the day after publication,  
11 except as follows:

12 (1) AGENT LICENSE REVOCATIONS. The treatment of section 628.10 (2) (a), (am),  
13 and (cm), (3), and (5) of the statutes and SECTION (54) (5) of this act take effect on July

14 1, ~~2006~~ → 2008

15

(END)

*D* *- wife* ✓

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

LRB-2104/7dn  
PJK:.....

Wlj

This is the agent package, which includes the agent-related provisions from last session's LRB-3368/5 (the omnibus bill). This draft does not include the change to the title of s. 628.11, however, because that was not mentioned in the description of the agent package. Be sure to let me know if that, or anything else, should be added, or if anything should be deleted.

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

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

LRB-2104/1dn  
PJK:wlj:sh

March 13, 2007

This is the agent package, which includes the agent-related provisions from last session's LRB-3368/5 (the omnibus bill). This draft does not include the change to the title of s. 628.11, however, because that was not mentioned in the description of the agent package. Be sure to let me know if that, or anything else, should be added, or if anything should be deleted.

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

**Kahler, Pam**

---

**From:** Guidry, Jim R - OCI  
**Sent:** Thursday, April 05, 2007 3:47 PM  
**To:** Kahler, Pam  
**Subject:** LRB 2104

Pam,

After checking with Fred, 628.11 should be changed to read "Appointment of Agents." Otherwise, it is good.

Jim Guidry  
Legislative Liaison  
Office of the Commissioner of Insurance  
125 South Webster Street  
PO Box 7873  
Madison, WI 53707-7873

Work: (608) 264-6239  
Cell: (608) 209-6309

04/09/2007