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Details: Sean Dilweg

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WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Transportation and Tourism (SC-TT)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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



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Senate Committee on Transportation, Tourism, and Insurance Testimony of Sean Dilweg Commissioner of Insurance January 24, 2007

Thank you Chairman Breske, Vice-Chairman Plale and all of the members of the Transportation, Tourism, and Insurance Committee. It is my privilege to appear before you as Governor Doyle's nominee to be Wisconsin's 35th Insurance Commissioner. It was an honor to be selected by Governor Doyle for this new role and I look forward to working with the Governor and the Legislature.

The insurance marketplace in Wisconsin can be described as strong, competitive and growing. Wisconsin is seen nationally as a place to do insurance business and that is reflected in the tremendous number of companies and agents that are licensed to do business here. Over 2,000 companies and over 100,000 agents do business in Wisconsin across multiple lines of insurance. There are over 200 companies selling personal auto insurance in Wisconsin and even more are in the commercial auto insurance market. There are 170 companies that sell homeowners insurance, 275 group health insurers, 273 workers compensation insurers and over 400 life insurance companies all competing for business in Wisconsin.

Over 370 insurers call Wisconsin home, making Wisconsin the sixth largest insurance industry in the nation. Wisconsin domestic insurers write \$52 billion in net premiums, ranking Wisconsin sixth in that category as well and making insurance a leading export industry for the state. Serving a multitude of markets, companies range from local town mutuals, a Wisconsin tradition going back over a century, to multi-national industry leaders. Wisconsin is home to industry leaders in whole life, fraternal, credit union, and mortgage insurance and also in specialty markets such as jeweler and church insurance. Additionally, these companies are located throughout the state, from Merrill to Green Bay, Appleton to Wausau, Stevens Point, La Crosse, Sheboygan, Milwaukee and Madison. Insurers and insurance agencies employ over 63,000 Wisconsin residents at above average wages.

This healthy competitive environment has helped keep insurance rates low for many Wisconsin consumers, especially in the property and casualty lines. Wisconsin historically has among the lowest rates in the country for homeowners and personal auto insurance. Unfortunately, health insurance rates are a problem for the state, as they are throughout the country.

The regulatory environment in Wisconsin is one that recognizes the rapidly changing marketplace, but does not overlook the necessity for a sound financial foundation to ensure that

claims will get paid. OCI views insurer solvency as an important component for maintaining a healthy marketplace. No less important, however, is how insurers and agents act in the marketplace. While there is no law against bad customer service, there are laws regulating marketing, ethics and competency. As the baby boom generation heads into retirement over the next twenty years, OCI will become increasingly vigilant against those few bad apples who see a growing senior population as an opportunity for fraud.

Compared to insurance departments across the nation, OCI is by every measure a model of efficiency. Wisconsin has more than twice as many companies per examiner as the national average and one fifth the budget per domestic company as the national average. The professional staff at OCI investigates over 8,000 complaints per year; over 8,000 rate and form filings; 50 on site financial examinations of companies; and recover between \$3 and \$4 million for policyholders every year. OCI staff are nationally recognized experts on health insurance, long-term care, Medicare, Medicare supplement policies and other senior issues.

It is this expertise that I offer to you as work on health care reform moves to the center stage. Health care delivery and financing is complex and involves many participants. Rising health insurance premiums are a symptom of many factors that drive the cost of health care. Equally concerning, the number of enrollees in commercial insurance products has been declining for a number of years. Currently only about 26% the population is within OCI's regulatory influence. As a state, we must be cautious about making changes that may seem logical at the surface, but come with a host of unintended consequences. The expertise at OCI can help flesh out these issues. Additionally, we can draw on the resources the National Association of Insurance Commissioners to help us learn the experiences of other states.

I would like to thank all of the members of the committee for meeting with me individually. I look forward to working with the committee and the legislature on making Wisconsin better for all of it's citizens. I would also like to invite all of you to OCI to see how insurance regulation is done. Thank you.

◦ AGING BABYBOOMERS HAVE LESS SAVINGS

◦ COMPACT
LIFE INSURANCE
DISABILITY PLANS } 29 STATES
LTC

◦ CO-OP CARE ? (LEIBHAM)