

## 2009 DRAFTING REQUEST

### Assembly Amendment (AA-AB701)

Received: 03/03/2010

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **David Cullen (608) 267-9836**

By/Representing: **Ritch Williams**

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

Drafter: **pkahler**

May Contact:

Addl. Drafters: **tdodge**

Subject: **Insurance - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Cullen@legis.wisconsin.gov**

Carbon copy (CC:) to:

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#### Pre Topic:

No specific pre topic given

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#### Topic:

Changes to technical bill

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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>
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FE Sent For:

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/?	pkahler	1 3/3 jld	03/3	RS/6 3/3			

FE Sent For:

<END>

**Kahler, Pam**

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**From:** Williams, Ritch  
**Sent:** Wednesday, March 03, 2010 9:11 AM  
**To:** Kahler, Pam  
**Cc:** Guidry, Jim R - OCI; Peterson, Eric  
**Subject:** FW: AB 701/SB 516 amendments  
**Attachments:** AB 701 amendment memo v2.doc

Pam –

Attached is a memo from OCI regarding changes they'd like to see made in AB 701. We'd like to have these drafted as a simple amendment to the bill. Also, because we are planning a vote on the bill for next week, 3/11, we need to get it as soon as possible. I apologize for the hastiness. Thanks for your help. If you have any questions, please feel free to contact Jim Guidry directly.

**Ritch Williams**

*Clerk, Committee on Insurance*  
Office of Rep. David Cullen  
216 North, State Capitol  
(608) 267-9836

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**From:** Guidry, Jim R - OCI [mailto:Jim.Guidry@wisconsin.gov]  
**Sent:** Monday, March 01, 2010 2:40 PM  
**To:** Williams, Ritch; Peterson, Eric  
**Cc:** Mallow, Eileen K - OCI; Nepple, Fred - OCI; Dilweg, Sean - OCI; Shaul, Kimberly A - OCI; Frings, Roger - OCI; Stegall, Jennifer L - OCI  
**Subject:** AB 701/SB 516 amendments

Ritch, Eric;

Attached is a revised memo indicating the Commissioner's desired changes to OCI's technical bill. I do not anticipate any further changes originating from OCI. We have previously discussed provisions of these changes, however, we will continue to discuss them with you as needed.

Thanks.

Jim Guidry  
Legislative Liaison/Public Information  
Office of the Commissioner of Insurance  
(608) 264-6239 Work  
(608) 209-6309 Mobile



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor  
Sean Dilweg, Commissioner

Wisconsin.gov

**Legal Unit**  
125 South Webster Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 267-9586 • Fax: (608) 264-6228  
Web Address: oci.wi.gov

Date: March 3, 2010

To: Sean Dilweg  
Commissioner

From: Jim Guidry  
Legislative Liaison

Subject: Amendment to AB 701-SB 516

As a result of the hearing testimony on Assembly Bill 701 (AB 701) as well as input from others there are a number of items that should be addressed in the form of an amendment to the bill as well as its companion Senate Bill 516 (SB 516).

**1. HIRSP**

The amendment would remove Section 3 of the bill. This would have the effect of removing the proposed changes to HIRSP.

Suggested amendment language:

On page 5 of AB 701/SB 516, delete lines 13-18.  
On page 6, delete lines 1-2.

**2. 611.24**

An addition to AB 701/SB 516 would make a change to segregated accounts established by stock and mutual insurance corporations.

The amendment clarifies that an insurer established segregated account may be funded or supported by obligations issued by the general account or another segregated account. The amendment also allows the commissioner to determine the relative priority of payment of the obligation to the segregated account in the event of a receivership.

Suggested amendment language:

Insert after line 7 on page 8:

611.24 (3) (i) Expenses, loans and services. The general account of the corporation, or any segregated account, may for a fair consideration provide loans or guarantees in connection with, perform services for or reinsure other accounts, subject to rules

promulgated by the commissioner. Generally accepted accounting principles and realistic actuarial tables may be considered to ascertain what is a fair consideration. Notwithstanding s. 645.68, the commissioner may (approve assignment) of a general or segregated account obligation to a segregated account to a priority in order of distribution higher than otherwise provided for under s. 645.68 (5).

This change will be effective upon publication.

### **3. Charitable Gift Annuities**

The amendment will remove the sections in AB 701 that amended the investment restrictions to charitable gift annuities in Chapter 615. As you described in your testimony on AB 701, you determined that the changes to Ch. 615 by 2009 Wisconsin Act 33 were reasonable for charitable gift annuity issuers, making the changes proposed in the bill no longer necessary.

Suggested amendment language:

On page 10, delete lines 3-24.

On page 11, delete lines 1-3.

### **4. Definition of uninsured/underinsured motorist.**

The change would remove Section 25 from the AB 701 which added motor vehicles owned by a governmental unit in the definition of underinsured motorist in s. 632.32 (2) (e). The change would also remove from Section 28 the references to government owned vehicles in the definition of uninsured motor vehicle.

Suggested amendment language:

✓ On page 12, delete lines 6-10.

632.32 (2)(e) (intro)

✓ On page 13, line 1 delete everything after "vehicle" and before "that" on line two.

✓ On page 13, line 8 delete everything after "vehicles" and before "involved."



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRBa1737 1  
TJD&PJK:....  
JLD

In: 3/3/10 Due 3/8/10  
Monday

~~PRELIMINARY DRAFT NOT READY FOR INTRODUCTION~~

ASSEMBLY AMENDMENT,  
TO 2009 ASSEMBLY BILL 701

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At the locations indicated, amend the bill as follows:

1. Page 1, line 13: delete the material beginning with "investment" and ending with "participation" on line 14 and substitute "segregated accounts".

2. Page 5, line 13: delete the material beginning with that line and ending with page 6, line 2.

3. Page 8, line 7: after that line insert:

"SECTION 9t. 611.24 (3) (i) of the statutes is amended to read:

611.24 (3) (i) Expenses, loans, and services. The general account of the corporation, or any segregated account, may for a fair consideration provide loans or guarantees in connection with, perform services for, or reinsure other accounts, subject to rules promulgated by the commissioner. Generally accepted accounting principles and realistic actuarial tables may be considered to ascertain what is a fair

1 consideration. Notwithstanding s. 645.68, the commissioner may assign a general  
 2 or segregated account obligation to a segregated account an order of distribution  
 3 higher in priority than provided for under s. 645.68 (5).

History: 1971 c. 260; 1979 c. 102 s. 236 (5); 1979 c. 109; 1981 c. 314 s. 146; 1987 a. 167.

4 **4.** Page 10, line 3: delete the material beginning with that line and ending with  
 5 page 11, line 2.

6 **5.** Page 12, line 6: delete lines 6 to 10.

7 **6.** Page 13, line 1: delete the material beginning with “,other” and ending with  
 8 “unit,” on line 2.

9 **7.** Page 13, line 8: delete the material beginning with “,other” and ending with  
 10 unit.” on that line. than a motor vehicle owned by governmental  
 11 units.

11 **8.** Page 19, line 24: delete “(intro.), 2., or” and substitute “2. or”.

12 **9.** Page 20, line 1: delete “(intro.), 2., or” and substitute “2. or”.

13 (END)