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☛ Ted Nickel

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on Insurance and Housing...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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

Excused: (0) None.

Moved by Senator Schultz, seconded by Senator Carpenter that **Nickel, Ted** be recommended for confirmation.

Ayes: (7) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter, S. Coggs and C. Larson.

Noes: (0) None.

CONFIRMATION RECOMMENDED, Ayes 7, Noes 0

Jon Kruse
Committee Clerk

Committee Meeting Attendance Sheet

Committee on Insurance and Housing

Date: 1-27-11

Meeting Type: Public/Executive Agency Ted Niche/

Location: 330 SW

<u>Committee Member</u>	<u>Present</u>	<u>Absent</u>	<u>Excused</u>	<u>Recommendation</u>
Senator Frank Lasee, Chair	<input checked="" type="checkbox"/> ✓	<input type="checkbox"/>	<input type="checkbox"/>	✓
Senator Dale Schultz	<input checked="" type="checkbox"/> ✓	<input type="checkbox"/>	<input type="checkbox"/> 1	✓
Senator Luther Olsen	<input checked="" type="checkbox"/> ✓	<input type="checkbox"/>	<input type="checkbox"/>	✓
Senator Van Wanggaard	<input checked="" type="checkbox"/> ✓	<input type="checkbox"/>	<input type="checkbox"/>	✓
Senator Tim Carpenter	<input checked="" type="checkbox"/> ✓	<input type="checkbox"/>	<input type="checkbox"/> 2	✓
Senator Spencer Coggs	<input checked="" type="checkbox"/> ✓	<input type="checkbox"/>	<input type="checkbox"/>	✓
Senator Chris Larson	<input checked="" type="checkbox"/> ✓	<input type="checkbox"/>	<input type="checkbox"/>	✓

Totals: _____

 Jon Kruse
 Committee Clerk





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

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Senate Committee on Insurance and Housing Testimony of Theodore K. Nickel Commissioner of Insurance January 27, 2011

Thank you Chairman Lasee, Vice-Chairman Schultz and all of the members of the Committee on Insurance and Housing. It is my privilege to appear before you as Governor Walker's nominee to be Wisconsin's 33rd Commissioner of Insurance. It was an honor to be selected by Governor Walker for this new role and I look forward to working with the Governor and the Legislature to help set the conditions in Wisconsin for both economic growth and job creation.

The insurance marketplace in Wisconsin can best 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 116,000 agents do business in Wisconsin across multiple lines of insurance. There are over 200 companies selling personal auto insurance in Wisconsin and over 300 companies the commercial auto insurance market. There are 158 companies that sell homeowners insurance, 263 group health insurers, 278 workers compensation insurers and 372 life insurance companies all competing for business in Wisconsin.~~

~~Over 390 insurers call Wisconsin home, making Wisconsin the fifth largest insurance industry in the nation.~~ Wisconsin domestic insurers write \$31 billion in net premiums, 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 64,000 Wisconsin residents at good wages.

This healthy competitive environment has helped keep insurance premiums affordable 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. Wisconsin's citizens have responded to this marketplace by leading the country in insurance coverage for auto, homeowners and health insurance

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 and it is the primary consumer protection tool we have in our toolbox. 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 must remain increasingly vigilant against those few bad apples that 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. OCI's ratio of domestic companies per examiner four times the national average and almost one half the budget as a percent of domestic premiums as the national average. The professional staff at OCI investigated over 9,500 complaints last year; processed 8,000 rate and form filings; examined 63 domestic insurers; and recovered between over \$4 million for policyholders. OCI staff are nationally recognized experts on insurer solvency regulation, long-term care, Medicare, Medicare supplement policies and other senior issues.

Governor Walker's vision for Wisconsin dovetails seamlessly with Wisconsin's insurance marketplace. Insurers in Wisconsin are exporters, job-creators, community servants, and taxpayers. Wisconsin's domestic insurers contribute, on average, \$140 million in premium taxes to the state. They pay additional millions in local taxes, not to mention the contributions of their employees. Insurers are also major investors in the state, particularly in the municipal bond market, making them an important link in local government finances. Wisconsin's regulatory environment, which stresses competition in the marketplace, helps create a market that keeps premiums affordable but yet establishes a clear set of guardrails that ensures consumers are protected and treated fairly.

My goals for OCI are not overreaching. ~~I want to ensure that the insurance marketplace remains as solid and strong as it is today. We can accomplish this by ensuring that the appropriate level of regulation is maintained so that insurers are able to pay claims and that consumers are protected.~~ It is not in anybody's interest to create regulations that provide little additional value but add administrative costs that drive up premiums, or drive insurers out of the market and limit consumer choices. We've already seen how that affects the market in other states.

Another priority concerns the insurance workforce in Wisconsin. There is a growing demand for insurance professionals, one that needs to be addressed as the current workforce ages. OCI is uniquely positioned to lend aid and assistance to Wisconsin's technical colleges and universities to help shape insurance education and provide a pool of future workers. These are the kinds of jobs that will keep Wisconsin graduates here in the state.

OCI will continue its leading role in implementing the Affordable Care Act. The agency is in the process of implementing the health insurance rate review provisions as well as the consumer assistance provisions for which the agency received federal grant funding. Additionally, the next major provision of the Affordable Care Act will involve the creation of state based insurance exchanges. The Act requires that states be able to demonstrate the ability to operate an exchange by 2013. Additionally, the role of health insurance agents is a concern as due to the important role they play in the marketplace.

There is also the perpetual threat of federal regulation of all or part of the insurance industry. The federal Dodd-Frank financial reform act could impact insurer investments, and expose them to systemic risk regulation. Agents are at risk of possible dual regulation over fiduciary rules that are proposed by the Securities and Exchange Commission. All these challenges represent threats to market participants playing a valuable role.

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 its citizens. Thank you.