



2013 SENATE BILL 582

1 **AN ACT** *to renumber* 611.72 (3) and 611.73 (3); *to amend* 611.42 (1), 611.42 (2)
2 (a), 611.73 (4), 611.76 (1) (c), 644.10 (1) (a) and 644.10 (1) (b); and *to create*
3 601.415 (11), 601.465 (1m) (c) 7., 601.465 (1n), 601.465 (3), 611.425, 611.72 (3)
4 (bm), 611.73 (3) (b), 617.12, 617.21 (1) (cm), 617.215 and chapter 622 of the
5 statutes; **relating to:** own risk and solvency assessments, supervisory colleges,
6 consolidated hearings for mergers of insurance companies, proxy voting by
7 mutual policyholders, a presumption and exceptions with respect to the
8 disclosure of insurance-related information, granting rule-making authority,
9 and providing a penalty.

Analysis by the Legislative Reference Bureau

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

10 **SECTION 1.** 601.415 (11) of the statutes is created to read:

SENATE BILL 582**SECTION 1****601.415 (11) AMENDMENTS TO OWN RISK AND SOLVENCY ASSESSMENT GUIDANCE**

MANUAL. The commissioner shall, in his or her discretion, adopt amendments made after the effective date of this subsection [LRB inserts date], by the National Association of Insurance Commissioners to the guidance manual, as defined in s. 622.03 (1). Any such amendments made by the National Association of Insurance Commissioners become effective in this state if adopted by the commissioner by order after giving 30 days' notice to insurers of the changes proposed by the National Association of Insurance Commissioners. If one or more insurers request a hearing on the proposed changes during the 30-day period, the commissioner shall hold a hearing to determine whether the commissioner will, in his or her discretion, adopt one or more of the changes made by the National Association of Insurance Commissioners.

SECTION 2. 601.465 (1m) (c) 7. of the statutes is created to read:

601.465 (1m) (c) 7. Members of a supervisory college described in s. 617.215.

SECTION 3. 601.465 (1n) of the statutes is created to read:

601.465 (1n) PRESUMPTION OF CONFIDENTIALITY. (a) Notwithstanding sub. (1m) and subch. II of ch. 19, it is presumed that nonpublic documents and information provided by an insurer to the office under s. 601.42 or 601.43 are proprietary and confidential and that the potential for harm and competitive disadvantage to the insurer if the documents and information are made public by the office outweighs the public interest in the disclosure of the documents and information.

(b) With notice to the insurer, the presumption under par. (a) may be rebutted by the requesting party presenting clear and convincing evidence to a court of competent jurisdiction that the public interest in the disclosure of the documents and information substantially outweighs the potential for harm or competitive

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1 disadvantage to the insurer if the documents and information are disclosed and that
2 the public interest concerns cannot be addressed without the disclosure of the
3 documents and information. If the presumption under par. (a) is successfully
4 rebutted, disclosure of the documents and information shall be made only to the
5 extent necessary to protect the public interest.

6 (c) Paragraph (a) does not apply to the commissioner's discretion to disclose
7 documents and information provided by an insurer to the office under s. 601.42 or
8 601.43 as a part of an enforcement proceeding the commissioner brings under s.
9 601.64.

10 **SECTION 4.** 601.465 (3) of the statutes is created to read:

11 601.465 (3) EXCEPTIONS. This section does not apply to any of the following:

12 (a) Own risk and solvency assessment reports and related information
13 provided by an insurer under ch. 622, which are subject only to the confidentiality
14 provisions in ch. 622.

15 (b) Enterprise risk filing and any related information provided by an insurer
16 under rules promulgated under s. 617.12, which are not subject to subch. II of ch. 19
17 and are subject only to any confidentiality provisions of rules promulgated under s.
18 617.12.

19 (c) Reports of internal control over financial reporting and any related
20 information provided by an insurer under s. Ins 50.17, Wis. Adm. Code, which are
21 not subject to subch. II of ch. 19 and are subject only to the confidentiality provisions
22 of s. Ins 50.17 (6) (b), Wis. Adm. Code.

23 **SECTION 5.** 611.42 (1) of the statutes is amended to read:

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1 611.42 (1) GENERAL. Subject to this section and s. 611.53, ss. 181.0701,
2 181.0702, 181.0705 (1) to (4), 181.0722 (1) to (3), 181.0723, 181.0724 and 181.0727
3 apply to mutuals.

4 **SECTION 6.** 611.42 (2) (a) of the statutes is amended to read:

5 611.42 (2) (a) *Mandatory voting rights.* Policyholders in all mutuals have the
6 right to vote on conversion, voluntary dissolution, amendment of the articles, and the
7 election of all directors except public directors appointed under s. 611.53 (1). Voting
8 may be conducted by mail, by electronic means, or by any other method or
9 combination of methods prescribed by the articles or bylaws. Directors may be
10 divided into classes, and in that case one class shall be elected at least every 4 years
11 for terms not exceeding 6 years.

12 **SECTION 7.** 611.425 of the statutes is created to read:

13 **611.425 Mutual policyholders' proxy voting.** (1) DEFINITION. In this
14 section, "electronic transmission" means transmission by the Internet, telephone,
15 electronic mail, telegram, cablegram, datagram, or any other form or process of
16 communication that does not directly involve the physical transfer of paper and that
17 is capable of retention, retrieval, and reproduction of information by the recipient.

18 (2) GENERALLY. (a) Unless the articles of incorporation or bylaws prohibit or
19 limit proxy voting, a policyholder may appoint another person as proxy to vote or
20 otherwise act for the policyholder at a meeting of policyholders or to express consent
21 or dissent in writing to any corporate action without a meeting of policyholders.

22 (b) A policyholder or the policyholder's authorized officer, director, employee,
23 agent, or attorney-in-fact may validly appoint a proxy by signing or causing the
24 policyholder's signature to be affixed to an appointment form by any reasonable
25 means, including by facsimile signature.

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1 (c) To the extent authorized by the mutual's bylaws, a policyholder or the
2 policyholder's authorized officer, director, employee, agent, or attorney-in-fact may
3 validly appoint a proxy by transmitting or authorizing the transmission of an
4 electronic transmission of the appointment to the person who will be appointed as
5 proxy or to a proxy solicitation firm, proxy support service organization, or like agent
6 authorized to receive the transmission by the person who will be appointed as proxy.
7 Every electronic transmission shall contain, or be accompanied by, information that
8 can be used to reasonably determine that the policyholder transmitted or authorized
9 the transmission of the electronic transmission. Any person charged with
10 determining whether a policyholder transmitted or authorized the transmission of
11 the electronic transmission shall specify the information upon which the
12 determination is made.

13 (d) Any copy, facsimile telecommunication, or other reliable reproduction of the
14 information in the appointment form under par. (b) or the electronic transmission
15 under par. (c) may be substituted or used in lieu of the original appointment form or
16 electronic transmission for any purpose for which the original appointment form or
17 electronic transmission may be used, but only if the copy, facsimile
18 telecommunication, or other reliable reproduction is a complete reproduction of the
19 information in the original appointment form or electronic transmission.

20 **(3) WHEN EFFECTIVE.** An appointment of a proxy is effective when a signed
21 appointment form or, if authorized, an electronic transmission of the appointment
22 is received by the inspector of election or the officer or agent of the mutual authorized
23 to tabulate votes. An appointment is valid for 11 months unless a different period
24 is expressly provided in the appointment.

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1 (4) REVOCABILITY. (a) An appointment of a proxy is revocable unless the
2 appointment form or, if authorized, electronic transmission states that it is
3 irrevocable.

4 (b) The appointment of a proxy is revoked if the policyholder appointing the
5 proxy does any of the following:

6 1. Attends any meeting and votes in person.

7 2. Signs and delivers to the secretary or other officer or agent authorized to
8 tabulate proxy votes either a written statement that the appointment of the proxy
9 is revoked or a subsequent appointment form.

10 (5) EFFECT OF DEATH OR INCAPACITY. The death or incapacity of the policyholder
11 appointing a proxy does not affect the right of the mutual to accept the proxy's
12 authority unless the secretary or other officer or agent of the mutual authorized to
13 tabulate votes receives notice of the death or incapacity before the proxy exercises
14 his or her authority under the appointment.

15 (6) ACCEPTANCE BY MUTUAL. Subject to s. 181.0727 and to any express limitation
16 on the proxy's authority stated in the appointment form or, if authorized, electronic
17 transmission, a mutual may accept the proxy's vote or other action as that of the
18 policyholder making the appointment.

19 **SECTION 8.** 611.72 (3) of the statutes is renumbered 611.72 (3) (am).

20 **SECTION 9.** 611.72 (3) (bm) of the statutes is created to read:

21 611.72 (3) (bm) 1. If the proposed merger or other acquisition of control will
22 require the approval of more than one commissioner, the hearing under par. (am)
23 may be held on a consolidated basis upon the request of a person filing a statement
24 with the commissioner of insurance of this state under s. Ins 40.02 (2), Wis. Adm.
25 Code, which request must be made when the statement is filed. That person shall

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1 file a copy of the statement under s. Ins 40.02 (2), Wis. Adm. Code, with the National
2 Association of Insurance Commissioners within 5 days after making the request for
3 a consolidated hearing. A hearing conducted on a consolidated basis shall be public
4 and held within the United States before the commissioners of the states in which
5 the insurers involved in the merger or other acquisition of control are domiciled. The
6 commissioners may hear and receive evidence. A commissioner may attend the
7 hearing in person or by telecommunication.

8 2. The commissioner of insurance of this state may opt out of a consolidated
9 hearing, and shall provide notice to the person requesting the consolidated hearing
10 of the opt out within 10 days after the commissioner receives the statement under
11 s. Ins 40.02 (2), Wis. Adm. Code.

12 **SECTION 10.** 611.73 (3) of the statutes is renumbered 611.73 (3) (a).

13 **SECTION 11.** 611.73 (3) (b) of the statutes is created to read:

14 611.73 (3) (b) 1. If the proposed merger of 2 or more domestic and foreign
15 mutuals will require the approval of more than one commissioner, the hearing under
16 par. (a) may be held on a consolidated basis upon the request of a person filing with
17 the commissioner of insurance of this state the plan of merger under par. (a) and the
18 statement under s. Ins 40.02 (2), Wis. Adm. Code. The person must request a
19 consolidated hearing when the plan of merger and statement are filed. That person
20 shall file copies of the plan of merger and the statement under s. Ins 40.02 (2), Wis.
21 Adm. Code, with the National Association of Insurance Commissioners within 5 days
22 after making the request for a consolidated hearing. A hearing conducted on a
23 consolidated basis shall be public and held within the United States before the
24 commissioners of the states in which the insurers involved in the merger are

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1 domiciled. The commissioners may hear and receive evidence. A commissioner may
2 attend the hearing in person or by telecommunication.

3 2. The commissioner of insurance of this state may opt out of a consolidated
4 hearing, and shall provide notice to the person requesting the consolidated hearing
5 of the opt out within 10 days after the commissioner receives the plan of merger
6 under par. (a) and the statement under s. Ins 40.02 (2), Wis. Adm. Code.

7 **SECTION 12.** 611.73 (4) of the statutes is amended to read:

8 611.73 (4) **VOTING BY POLICYHOLDERS.** The commissioner may order that the
9 plan submitted to him or her under sub. (3) (a) be amended to provide for voting by
10 policyholders of any mutual involved.

11 **SECTION 13.** 611.76 (1) (c) of the statutes is amended to read:

12 611.76 (1) (c) *Conversion and merger.* A domestic mutual may adopt a plan of
13 acquisition or merger as part of a plan of conversion under this section. The
14 commissioner shall approve the plan of acquisition or merger as part of the plan of
15 conversion unless grounds for disapproval exist under s. 611.72 (3) (am).

16 **SECTION 14.** 617.12 of the statutes is created to read:

17 **617.12 Rules requiring enterprise risk reports.** (1) In this section,
18 “enterprise risk” means any activity, circumstance, event, or series of events
19 involving one or more affiliates of an insurer that, if not remedied, is likely to have
20 a material adverse effect on the financial condition or liquidity of the insurer or its
21 insurance holding company system, as defined in s. 622.03 (2), as a whole, including
22 anything that would cause the insurer’s risk-based capital to fall into company
23 action level as set forth in s. Ins 51.01 (4), Wis. Adm. Code, or that would cause the
24 insurer to be in a hazardous financial condition as described in s. 623.11, 645.31, or
25 645.41.

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1 (2) The commissioner shall promulgate rules requiring insurers to report their
2 enterprise risk, including the form of the report and the manner and process for filing
3 the report.

4 **SECTION 15.** 617.21 (1) (cm) of the statutes is created to read:

5 617.21 (1) (cm) Any cost-sharing services or management agreements
6 involved in the transaction include such provisions as the commissioner requires by
7 rule.

8 **SECTION 16.** 617.215 of the statutes is created to read:

9 **617.215 Supervisory colleges. (1) DEFINITIONS.** In this section:

10 (a) “Insurance holding company system” has the meaning given in s. 622.03 (2).

11 (b) “Supervisory college” means a temporary or permanent forum for
12 communication and cooperation between the regulators charged with the
13 supervision of an insurer that is part of an insurance holding company system with
14 international operations.

15 (2) **POWERS OF COMMISSIONER.** (a) In accordance with par. (b), the commissioner
16 may participate in a supervisory college for any domestic insurer that is part of an
17 insurance holding company system with international operations to determine the
18 insurer’s compliance with this chapter. The powers of the commissioner with respect
19 to supervisory colleges include all of the following:

20 1. Initiating the establishment of a supervisory college.

21 2. Clarifying the membership and participation of other supervisors in the
22 supervisory college.

23 3. Clarifying the functions of the supervisory college and the role of other
24 regulators, including the establishment of a group-wide supervisor.

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1 (1) “Guidance manual” means the most current version of the Own Risk and
2 Solvency Assessment Guidance Manual developed and adopted by the National
3 Association of Insurance Commissioners as of the effective date of this subsection
4 [LRB inserts date], subject to the adoption of any amendments by the commissioner
5 under s. 601.415 (11).

6 (2) “Insurance holding company system” means 2 or more persons that are
7 affiliates, at least one of which is an insurer.

8 (3) “Insurer” means an insurer domiciled in this state, except that “insurer”
9 does not include agencies, authorities, or instrumentalities of the United States, its
10 possessions and territories, the Commonwealth of Puerto Rico, the District of
11 Columbia, or a state or political subdivision of a state.

12 (4) “Lead state” means the state in which an insurer member of an insurance
13 holding company system is domiciled and that is determined to be the lead state
14 under the procedures in the financial analysis handbook most recently adopted by
15 the National Association of Insurance Commissioners.

16 (5) “Own risk and solvency assessment” means a confidential internal
17 assessment, appropriate to the nature, scale, and complexity of an insurer or
18 insurance holding company system, conducted by that insurer or insurance holding
19 company system, of the material and relevant risks associated with the insurer’s or
20 insurance holding company system’s current business plan and of the sufficiency of
21 capital resources to support those risks.

22 (6) “Summary report” means a confidential high-level summary of an insurer’s
23 or insurance holding company system’s own risk and solvency assessment.

24 **622.05 Risk management framework.** An insurer shall maintain a risk
25 management framework to assist the insurer in identifying, assessing, monitoring,

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1 managing, and reporting on its material and relevant risks. This requirement is
2 satisfied if the insurer is a member of an insurance holding company system that
3 maintains a risk management framework applicable to the operations of the insurer.

4 **622.07 Own risk and solvency assessment requirement.** Subject to s.
5 622.11, an insurer, or the insurance holding company system of which the insurer is
6 a member, shall regularly conduct an own risk and solvency assessment consistent
7 with the process specified in the guidance manual. The own risk and solvency
8 assessment must be conducted whenever there are significant changes to the risk
9 profile of the insurer or the insurance holding company system of which the insurer
10 is a member, but in no case less often than annually.

11 **622.09 Own risk and solvency assessment summary report. (1) FILING**
12 **WITH THE COMMISSIONER.** An insurer must file with the commissioner a summary
13 report or any combination of reports that together contain the information described
14 in the guidance manual applicable to the insurer and, if applicable, the insurance
15 holding company system of which the insurer is a member as follows:

16 (a) Within 45 days after the date on which the final summary report is provided
17 to the insurer's board of directors or the appropriate committee of that board, but no
18 more than once each year if either of the following applies:

19 1. The insurer is domiciled in Wisconsin and is not a member of an insurance
20 holding company system.

21 2. The insurer is a member of an insurance holding company system and the
22 commissioner is the lead state commissioner.

23 (b) Within 45 days after the date on which the final summary report is filed with
24 the commissioner of the insurer's lead state if all of the following apply:

25 1. The insurer is domiciled in Wisconsin.

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1 2. The insurer is a member of an insurance holding company system for which
2 the commissioner is not the lead state commissioner.

3 **(2) ATTESTATION.** The summary report shall include the signature of the
4 insurer's, or insurance holding company system's, chief risk officer or other executive
5 having responsibility for the oversight of the insurer's enterprise risk management
6 process attesting to the best of his or her belief and knowledge that the insurer
7 applies the enterprise risk management process described in the summary report
8 and that a copy of the summary report has been provided to the insurer's board of
9 directors or the appropriate committee of that board.

10 **(3) ALTERNATE FILING.** An insurer may satisfy sub. (1) by providing the most
11 recent summary report provided by the insurer or another member of the insurance
12 holding company system of which the insurer is a member to the commissioner of
13 another state or to a supervisor or regulator of a jurisdiction not located in the United
14 States or any of its territories, if that summary report provides information that is
15 substantially comparable to the information described in the guidance manual. Any
16 such summary report in a language other than English must be accompanied by a
17 translation of that summary report into English.

18 **622.11 Exemption. (1) EXEMPT INSURERS.** An insurer is exempt from the
19 requirements of this chapter, if all of the following apply:

20 (a) The insurer has annual direct written premium and assumed premium
21 from unaffiliated insurers, including international direct and assumed premium but
22 excluding premiums reinsured with the federal crop insurance corporation and
23 federal flood program, of less than \$500,000,000.

24 (b) If the insurer is a member of an insurance holding company system, the
25 insurance holding company system of which the insurer is a member has annual

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1 direct written premium and assumed premium from unaffiliated insurers, including
2 international direct and assumed premium but excluding premiums reinsured with
3 the federal crop insurance corporation and federal flood program, of less than
4 \$1,000,000,000.

5 **(2) PARTIAL EXEMPTION.** (a) If an insurer that is a member of an insurance
6 holding company system qualifies for exemption under sub. (1) (a), but the insurance
7 holding company system of which the insurer is a member does not qualify for
8 exemption under sub. (1) (b), the summary report required under s. 622.09 shall
9 include every insurer within the insurance holding company system. An insurer
10 may satisfy this requirement by submitting more than one summary report for any
11 combination of insurers, provided that any combination of summary reports includes
12 every insurer within the insurance holding company system.

13 (b) If an insurer that is a member of an insurance holding company system does
14 not qualify for exemption under sub. (1) (a), but the insurance holding company
15 system of which the insurer is a member qualifies for exemption under sub. (1) (b),
16 the only summary report that is required under s. 622.09 is the summary report
17 applicable to that insurer.

18 **(3) WAIVER.** An insurer that does not qualify for exemption under sub. (1) may
19 apply to the commissioner for a waiver from the requirements of this chapter. In
20 determining whether to grant the waiver, the commissioner may consider the type
21 and volume of business written by the insurer, the ownership and organizational
22 structure of the insurer, and any other factor the commissioner considers relevant
23 to the insurer or insurance holding company system of which the insurer is a
24 member. If the insurer is part of an insurance holding company system that includes
25 insurers domiciled in more than one state, the commissioner shall coordinate with

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1 the commissioner of the lead state and with the commissioners of each of the other
2 states in which insurer members of the insurance holding company system are
3 domiciled in determining whether to grant the insurer's request for a waiver.

4 (4) WITHDRAWAL OF EXEMPTION OR WAIVER. Notwithstanding subs. (1) and (3), the
5 commissioner may issue an order requiring an insurer to create and maintain a risk
6 management framework, conduct an own risk and solvency assessment, and file a
7 summary report if either of the following applies:

8 (a) The commissioner finds that the insurer's unique circumstances, including
9 the type and volume of business written, the ownership and organizational
10 structure, federal agency requests, or international supervisor requests, warrant
11 withdrawal of the exemption or waiver. If the commissioner withdraws the
12 exemption or waiver, the insurer or the insurance holding company system is subject
13 to the requirement under s. 622.09 until the commissioner reinstates the exemption
14 under sub. (1) or the waiver under sub. (3).

15 (b) The insurer has a risk-based capital company action level event, as defined
16 in s. Ins 51.01 (4), Wis. Adm. Code, meets one or more of the standards for an insurer
17 in hazardous financial condition as described in s. 623.11, 645.31, or 645.41, or
18 otherwise exhibits qualities of a troubled insurer as determined by the
19 commissioner.

20 (5) COMPLIANCE AFTER LOSS OF EXEMPTION. If an insurer no longer qualifies for
21 an exemption under sub. (1) due to increased premium, as reflected in the insurer's
22 most recent annual statement or in the most recent annual statements of the
23 insurers within the insurance holding company system of which the insurer is a
24 member, the insurer shall have one year following the year in which the premium
25 threshold is exceeded to comply with the requirements of this chapter.

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1 **622.13 Contents of summary report. (1) PREPARATION.** The summary report
2 shall be prepared consistently with the guidance manual. Documentation and
3 supporting information shall be maintained and made available upon examination
4 or upon request of the commissioner.

5 **(2) REVIEW.** The commissioner’s review of the summary report, and any
6 additional requests for information, shall be made using similar procedures used in
7 the analysis and examination of multistate or global insurers and insurance holding
8 company systems.

9 **622.15 Confidentiality. (1) CONFIDENTIAL TREATMENT.** Documents, materials,
10 or other information, including summary reports, in the possession or control of the
11 commissioner that are obtained by, created by, or disclosed to the commissioner or
12 any other person under this chapter, are confidential and privileged, are not subject
13 to inspection or copying under s. 19.35 (1), are not subject to subpoena, and are not
14 subject to discovery or admissible in evidence in any private civil action. The
15 commissioner is authorized to use the documents, materials, or other information in
16 the commissioner’s regulation of the insurer or insurance holding company system
17 but may not make the documents, materials, or other information public without the
18 prior written consent of the insurer.

19 **(2) PROHIBITION ON TESTIMONY.** Neither the commissioner nor any person who
20 received documents, materials, or other information related to own risk and solvency
21 assessments, through examination or otherwise, while acting under the authority of
22 the commissioner or with whom such documents, materials, or other information are
23 shared in accordance with this chapter, may testify in any private civil action
24 concerning any confidential documents, materials, or information subject to sub. (1).

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1 **(3) PERMITTED DISCLOSURES.** In furtherance of the performance of the
2 commissioner’s regulatory duties, all of the following apply:

3 (a) The commissioner may, upon request, share documents, materials, or other
4 information related to own risk and solvency assessments, including the confidential
5 and privileged documents, materials, or information subject to sub. (1), including
6 proprietary and trade secret documents and materials, with other state, federal, and
7 international financial regulatory agencies, including members of any supervisory
8 college as described in s. 617.215, with the National Association of Insurance
9 Commissioners, and with any 3rd-party consultants designated by the
10 commissioner, provided that the recipient agrees in writing to maintain the
11 confidentiality and privileged status of the documents, materials, or other
12 information required by this section related to own risk and solvency assessments
13 and has verified in writing its legal authority to maintain confidentiality.

14 (b) The commissioner may receive documents, materials, or other information
15 related to own risk and solvency assessments, including otherwise confidential and
16 privileged documents, materials, or information, including proprietary and trade
17 secret information or documents, from regulatory officials of other jurisdictions,
18 including members of any supervisory college as described in the s. 617.215, and from
19 the National Association of Insurance Commissioners, and shall maintain as
20 confidential or privileged any document, material, or information received with
21 notice or the understanding that it is confidential or privileged under the laws of the
22 jurisdiction that is the source of the document, material, or information.

23 (c) The commissioner shall enter into a written agreement with the National
24 Association of Insurance Commissioners or any 3rd party consulted formally or
25 informally by the commissioner governing the sharing and use of information

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1 provided under this chapter, consistent with this subsection, that does all of the
2 following:

3 1. Specifies procedures and protocols regarding the confidentiality and security
4 of information shared with the National Association of Insurance Commissioners or
5 3rd-party consultants in accordance with this chapter, including procedures and
6 protocols for sharing by the National Association of Insurance Commissioners with
7 other state regulators from states in which the insurance holding company system
8 has domiciled insurers. The agreement shall provide that the recipient agrees in
9 writing to maintain the confidentiality and privileged status of the documents,
10 materials, or other information related to own risk and solvency assessments and
11 has verified in writing its legal authority to maintain confidentiality.

12 2. Specifies that ownership of information shared with the National
13 Association of Insurance Commissioners or 3rd-party consultants in accordance
14 with this chapter remains with the commissioner and that the use of the information
15 by the National Association of Insurance Commissioners, regulatory officials, or
16 3rd-party consultants is subject to the direction of the commissioner.

17 3. Prohibits the National Association of Insurance Commissioners or a
18 3rd-party consultant from storing the information shared under this chapter in a
19 permanent database after the underlying analysis is completed, and provides that
20 the National Association of Insurance Commissioners or 3rd-party consultant will
21 either destroy or return the information to the insurer within 2 years of completion
22 of the underlying analysis.

23 4. Requires prompt notice to be given to an insurer whose confidential
24 information in the possession of the National Association of Insurance
25 Commissioners or a 3rd-party consultant under this chapter is subject to a request

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1 or subpoena to the National Association of Insurance Commissioners or 3rd-party
2 consultant for disclosure or production.

3 5. Requires the National Association of Insurance Commissioners or a
4 3rd-party consultant to consent to intervention by an insurer in any judicial or
5 administrative action in which the National Association of Insurance
6 Commissioners or 3rd-party consultant may be required to disclose confidential
7 information about the insurer shared with the National Association of Insurance
8 Commissioners or 3rd-party consultant under this chapter.

9 6. In the case of an agreement involving a 3rd-party consultant, provides for
10 the insurer's written consent before sharing any of the insurer's information with the
11 3rd-party consultant.

12 (d) The sharing of information and documents by the commissioner under this
13 chapter does not constitute a delegation of regulatory authority or rule making, and
14 the commissioner is solely responsible for the administration, execution, and
15 enforcement of the provisions of this chapter.

16 (e) No waiver of any applicable privilege or claim of confidentiality in the
17 documents, proprietary and trade secret materials, or other information related to
18 own risk and solvency assessments obtained or developed under this chapter shall
19 occur as a result of disclosure of such information or documents to the commissioner
20 under this section or as a result of the commissioner sharing such information or
21 documents as authorized in this section.

22 (f) Documents, materials, or other information in the possession or control of
23 the National Association of Insurance Commissioners or 3rd-party consultants
24 under this chapter are confidential and privileged, are not subject to inspection or

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1 copying under s. 19.35 (1), are not subject to subpoena, and are not subject to
2 discovery or admissible in evidence in any private civil action.

3 **622.17 Penalty.** Notwithstanding s. 601.64 (1) and (4), an insurer that is
4 subject to this chapter that fails, without just cause, to timely file the summary
5 report required under s. 622.09 is subject to the penalties under s. 601.64 (2) and (3).

6 **SECTION 18.** 644.10 (1) (a) of the statutes is amended to read:

7 644.10 (1) (a) In the case of a domestic stock corporation, no grounds for
8 disapproval exist under s. 611.72 (3) (am).

9 **SECTION 19.** 644.10 (1) (b) of the statutes is amended to read:

10 644.10 (1) (b) In the case of a domestic mutual, no grounds for disapproval exist
11 under s. 611.73 (3) (a) and the domestic mutual has complied with s. 644.07 (2) to (8).
12 The converting insurance company and any domestic mutual that the converting
13 insurance company proposes to acquire, or merge or consolidate with, may adopt one
14 plan. The commissioner may combine the hearings required under s. 644.07 (6) for
15 the converting insurance company and any domestic mutual that is the subject of the
16 acquisition by, or merger or consolidation with, the converting insurance company.
17 Section 644.07 (9), (10) (b) to (f), and (11) applies to a domestic mutual acquired by,
18 merged into, or consolidated with a converting insurance company under this
19 section.

20 **SECTION 20. Effective dates.** This act takes effect on the day after publication,
21 except as follows:

22 (1) The treatment of chapter 622 of the statutes takes effect on January 1, 2015.

23 (END)