

2013 DRAFTING REQUEST

Bill

Received: 11/12/2013 Received By: pkahler
Wanted: As time permits Same as LRB:
For: Insurance, office of emmsnr of By/Representing: Mollie Zito
May Contact: Drafter: pkahler
Subject: Insurance - miscellaneous Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Mollie.Zito@wisconsin.gov
Carbon copy (CC) to: Tamara.Dodge@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Miscellaneous provisions for accreditation by NAIC

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 11/12/2013		jfrantze 11/12/2013	_____			
/P1	pkahler 1/21/2014	jdye 12/6/2013	rschluet 12/6/2013	_____	srose 12/6/2013		
/P2	pkahler 1/29/2014	jdye 1/28/2014	jfrantze 1/28/2014	_____	srose 1/28/2014		
/P3	pkahler	jdye	jmurphy	_____	mbarman		

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/1	2/3/2014	1/31/2014 jdye 2/3/2014	1/31/2014 jfrantze 2/3/2014	_____	1/31/2014 lparisi 2/3/2014	mbarman 2/4/2014	State

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INTRO

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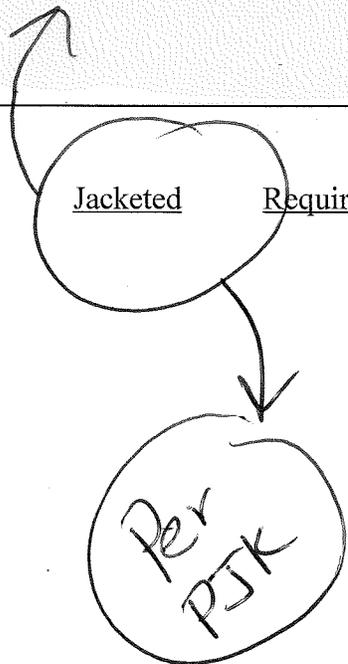
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Jd

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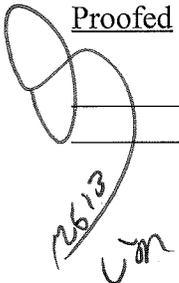
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/?	pkahler	PI 12/6 jld	jd				

FE Sent For:

<END>

Kahler, Pam

new →

611.72 (3m), 611.73 (3m),
617.21(1)(d), 617.215, ch. 622

From: Zito, Mollie K - OCI <Mollie.Zito@wisconsin.gov>
Sent: Tuesday, November 12, 2013 10:45 AM
To: Kahler, Pam
Subject: RE: OCI Technical Legislation

Sorry Pam I mischaracterized. I think of our statutes as the 600s and meant to say we were making changes in the 600s but not specifically in Chapter 600. The attachments are the correct attachments.

Thanks for your help.

From: Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]
Sent: Tuesday, November 12, 2013 9:33 AM
To: Zito, Mollie K - OCI
Subject: RE: OCI Technical Legislation

Hi, Mollie:

I'm a little confused. None of the attachments has any changes in ch. 600. Are the attachments not the correct ones?

Pam

From: Zito, Mollie K - OCI [<mailto:Mollie.Zito@wisconsin.gov>]
Sent: Monday, November 11, 2013 5:58 PM
To: Kahler, Pam
Subject: OCI Technical Legislation

Hi Pam –

I am not sure you are the correct person for my request but I spoke with Julie Walsh and she said you have drafted a lot of OCI legislation and know Chapter 600 very well. OCI is looking to have the attached changes to Chapter 600 included in one technical bill. For background purposes, the National Association of Insurance Commissioners conducts an accreditation process for every state insurance department and the attached changes to Chapter 600 are needed for OCI accreditation starting in 2015.

Please let me know next steps or if you need any additional information to start drafting legislation. Happy to discuss over the phone or meet in person.

Thanks for your help!

Mollie

Mollie K. Zito
Chief Legal Counsel
WI Office of the Commissioner of Insurance
(608) 261-6017 (direct)

****CONFIDENTIAL*****

This communication is intended to be transmitted to or from the OCI legal unit and may contain information that is privileged, confidential and protected by the attorney-client, attorney work product or s. 601.465, Wis. Stat., privileges.

611.72 Merger or other acquisition or divestiture of control of a stock insurance corporation. (1) GENERAL. Subject to this section, ss. 180.1101, 180.1103 to 180.1106, 180.1706, 180.1707, and 180.1708 (5) apply to the merger of a domestic stock insurance corporation or its parent insurance holding corporation, except that papers required by those sections to be filed with the department of financial institutions shall instead be filed with the commissioner.

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

(3) GROUNDS FOR DISAPPROVAL. The commissioner shall approve the plan if the commissioner finds, after a hearing, unless a hearing is not required under sub. (3m), that it would not violate the law or be contrary to the interests of the insureds of any participating domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation and that:

(a) After the change of control, the domestic stock insurance corporation or any domestic stock insurance corporation controlled by the insurance holding corporation would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(b) The effect of the merger or other acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in this state;

(c) The financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic stock insurance corporation or its parent insurance holding corporation, or prejudice the interests of its Wisconsin policyholders;

(d) The plans or proposals which the acquiring party has to liquidate the domestic stock insurance corporation or its parent insurance holding corporation, sell its assets, merge it with any person or make any other material change in its business or corporate structure or management, are fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest; and

(e) The competence and integrity of those persons who would control the operation of the domestic stock insurance corporation or its parent insurance holding corporation are such that it would be in the interest of the policyholders of the corporation and of the public to permit the merger or acquisition of control.

(3m) HEARING NOT REQUIRED. A hearing is not required under sub. (3) before approval of a proposed plan of merger or other plan for acquisition of control if the proposed merger is with, or the proposed acquirer is, an affiliate of the insurer and the proposed merger or other acquisition of control does not change the controlling person of the insurer.

new { (3n) CONSOLIDATED HEARING. If the proposed acquisition of control will require the approval of more than one commissioner, the hearing under sub. (3) may be held on a consolidated basis upon request of the person filing the statement required under s. Ins 40.02(2), Wis. Adm. Code. Such person shall file the statement required under s. Ins 40.02(2), Wis. Adm. Code, with the National Association of Insurance Commissioners within 5 days of making the request for a consolidated hearing under this subsection. The commissioner may opt out of a consolidated hearing, and shall provide notice to the applicant of the opt-out within 10 days of the receipt of the statement required under s. Ins 40.02(2). A hearing conducted on a consolidated basis shall be public and shall be held within the United States before the commissioners of the states in which the insurers are domiciled. Such commissioners shall hear and receive evidence. A commissioner may attend such hearing in person or by telecommunication.

(4) PLANS OF EXCHANGE. Any domestic stock insurance corporation may adopt a plan of exchange of all the outstanding shares of its shareholders under which another stock insurance corporation, which acquires the shares, shall as consideration transfer its own shares or other securities issued by it or pay cash or other consideration, or pay or provide any combination of the foregoing types of consideration. The procedure for the adoption and approval of a plan of exchange and the rights of shareholders of the participating corporations shall be the same as for a merger under subs. (2) and (3).

611.73 Merger of mutuals. (1) AUTHORIZATION, DOMESTIC CORPORATIONS.

(a) *In general.* Any 2 or more domestic mutuals may merge under the procedures of this section and ss. 181.1105 and 181.1106, except that papers required by those sections to be filed with the department of financial institutions shall instead be filed with the commissioner.

(b) *Plan of merger and board resolution.* The board of directors of each mutual shall, by resolution adopted by each such board, approve a plan of merger that includes all of the following:

1. The names of the mutuals proposing to merge and the name of the surviving mutual into which they propose to merge.

2. The terms and conditions of the proposed merger.

3. The respective interests and rights of the members of the merging mutuals in the surviving mutual.

4. Any change in the articles of incorporation of the surviving mutual to be effected by the merger.

5. Other provisions with respect to the proposed merger that are considered necessary and desirable.

(c) *Approval of merger.* A plan of merger may be adopted only in the following manner:

1. If the articles of incorporation or bylaws of a merging mutual give members the right to vote on the merger, the board of directors of the mutual shall adopt a resolution approving the proposed plan and directing that it be submitted to a vote at a meeting of members, which may be either an annual or a special meeting. Written notice setting forth the proposed plan or summary of the plan shall be given to each member entitled to vote at the meeting within the time and in the manner provided in this chapter for the giving of notice of meetings of members. The proposed plan shall be adopted by at least two-thirds of the votes entitled to be cast by the members present or represented by proxy at the meeting.

2. If the articles of incorporation or bylaws of any merging mutual do not give the members the right to vote on the merger, a plan of merger shall be adopted at a meeting of the board of directors of each mutual by at least a majority of the directors in office.

(d) *Abandonment of merger.* After approval under par. (c) and prior to the filing of the articles of merger, the merger may be abandoned pursuant to the provisions for abandonment, if any, set forth in the plan of merger.

(2) AUTHORIZATION, DOMESTIC AND FOREIGN CORPORATIONS. (a) *In general.* Any 2 or more domestic and foreign mutuals may merge if the merger is permitted by the laws of the state in which the foreign mutuals are organized. Each domestic mutual shall comply with the provisions of this section with respect to the merger of domestic corporations and each foreign mutual shall comply with the applicable provisions of the laws of the state under which it is organized.

(b) *Effect of merger.* The effect of a merger under this subsection is the same as in the case of the merger of domestic mutuals, if the surviving mutual is to be governed by the laws of this state. If the surviving mutual is to be governed by the laws of a state other than this state, the effect of the merger is the same as in the case of the merger of domestic mutuals except as provided by the laws of that other state.

(3) APPROVAL BY THE COMMISSIONER. The plan of merger shall be submitted to the commissioner for his or her approval after any necessary action by the boards and before any necessary action by the policyholders. The commissioner shall approve the plan unless he or she finds, after a hearing, that the proposed merger would be contrary to the law or to the interests of the insureds of any participating domestic corporation or the Wisconsin insureds of any participating nondomestic corporation.

new { **(3m) CONSOLIDATED HEARING.** If the proposed merger of 2 or more domestic and foreign mutuals will require the approval of more than one commissioner, the hearing under sub. (3) may be held on a consolidated basis upon request of the person filing the plan of merger required under sub. (3). Such person shall file the plan of merger required under sub. (3) and the statement required under s. Ins 40.02(2), Wis. Adm. Code, with the National Association of Insurance Commissioners within 5 days of making the request for a consolidated hearing under this subsection. The commissioner may opt out of a consolidated hearing, and shall provide notice to the applicant of the opt-out within 10 days of the receipt of the plan of merger required under sub. (3) and the statement required under s. Ins 40.02(2), Wis. Adm. Code. A hearing conducted on a consolidated basis shall be public and shall be held within the United States before the commissioners of the states in which the insurers are domiciled. Such commissioners shall hear and receive evidence. A commissioner may attend such hearing in person or by telecommunication.

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

(b) Beginning January 1, 1989, laws, rules or regulations of its domicile that are substantially similar to or more stringent than ss. 617.21 (1) and (3r) and 617.225 and rules promulgated under those sections.

(c) Beginning January 1, 1989, laws, rules or regulations of the jurisdiction of its domicile that either:

1. Require it to report to that jurisdiction a material change in or addition to a report required under laws, rules or regulations under par. (a) within 15 days after the last day of the month during which it learns of the change or addition; or

2. Are substantially similar to or more stringent than s. 617.21 (2) to (3g) and rules promulgated under those subsections.

(2m) EXEMPTION IF THE INSURER REPORTS. Subsection (1) does not apply to a person attempting to acquire or having control of an insurer, if the insurer reports as required under sub. (1) on behalf of the person.

(3) REPORT FOR AFFILIATES. One insurer may report on behalf of all affiliated insurers if it provides all the information that would be required if each insurer reported separately.

(5) CONSENT TO JURISDICTION. Every insurer authorized to do business in this state shall promptly submit to the commissioner a statement from each of its affiliates that owns stock in the insurer either directly or through intermediaries, that controls the insurer or that is a party to any transaction, dividend or distribution that the insurer is required to report under s. 617.21, to the effect that the affiliate agrees to be subject to the jurisdiction of the commissioner and the courts of this state for the purposes of this chapter. The commissioner may by rule require that such statements be submitted for other classes of affiliates if he or she finds that the interests of policyholders or the public so require.

(6) INFORMATION ORDER. Notwithstanding subs. (2) and (2m), the commissioner may, by order, require any insurer authorized to do business in this state, or any person attempting to acquire or having control of the insurer, to report information under sub. (1) or other information to the commissioner.

History: 1979 c. 102 s. 236 (2), (5); 1987 a. 167.

617.21 Transactions with affiliates. (1) GENERAL REQUIREMENTS. Except as provided under s. 617.11 (2), neither an insurer authorized to do business in this state nor an affiliate of the insurer may enter into a transaction between the insurer and affiliate unless all of the following apply:

(a) The transaction at the time it is entered into is reasonable and fair to the interests of the insurer.

(b) The books, accounts and records of each party to the transaction are kept in a manner that clearly and accurately discloses the nature and details of the transaction and in accordance

with generally accepted accounting principles permits ascertainment of charges relating to the transaction.

(c) The insurer's surplus following any dividends or distributions to shareholders or a person having control of the insurer is reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

new (d) Cost-sharing services and management agreements include such provisions as the commissioner requires by rule.

(e) The transaction complies with any other standard that the commissioner prescribes by rule.

(2) TRANSACTIONS OF DOMESTIC INSURERS SUBJECT TO DISCLOSURE. (a)

1. Except as provided under sub. (3t), the commissioner may promulgate rules requiring a domestic insurer, a person attempting to acquire or having control of a domestic insurer and affiliates of a domestic insurer to report a transaction or a group or series of transactions, if all of the following are satisfied:

a. The transaction is between a domestic insurer and a person attempting to acquire or having control of the domestic insurer or an affiliate of the domestic insurer, or the transaction directly or indirectly benefits the person or affiliate.

b. The transaction is, or the group or series of transactions are, material to the domestic insurer.

2. Transactions which are material to a domestic insurer for the purposes of subd. 1. include, but are not limited to, management contracts, service contracts and cost-sharing arrangements.

(b) Except as provided under sub. (3t), no domestic insurer, person attempting to acquire or having control of a domestic insurer or affiliate of the domestic insurer may enter into a transaction required to be reported to the commissioner under this subsection unless the domestic insurer, person and affiliate report the transaction to the commissioner in the form and by the date before the effective date of the transaction that are prescribed by the commissioner by rule. The commissioner may not require the transaction to be reported earlier than at least 30 days before the effective date.

(3) DISAPPROVAL. The commissioner may, within the period prescribed in sub. (2), disapprove any transaction reported under sub. (2) if the commissioner finds that it would violate the law or would be contrary to the interests of insureds, stockholders or the public.

(3g) TRANSACTIONS PROHIBITED. Except as provided under sub. (3t), no domestic insurer, person attempting to acquire or having control of the insurer or affiliate of the insurer may enter into a transaction that is not reported as required under sub. (2) or that is disapproved by the commissioner under sub. (3).

(3m) VOIDABLE TRANSACTIONS. If a domestic insurer, person attempting to acquire or having control of the insurer or affiliate enters into a transaction in violation of this section, the insurer may void the transaction and obtain an injunction and recovery from the person or affiliate of the amount necessary to restore the insurer to its condition had the transaction not occurred. The commissioner may order an insurer to void the transaction, to commence an action against the person or affiliate or to take other action.

(3r) REQUIRED SURPLUS. The commissioner may promulgate rules for determining adequacy of surplus under this section.

(3t) EXEMPTION IF INSURER REPORTS. Section 617.21 (2) to (3g) does not apply to a person attempting to acquire or having control of, or an affiliate of, an insurer, if the insurer reports as required under sub. (2) on behalf of the person or on behalf of the affiliate, and the transaction is not disapproved by the commissioner under sub. (3).

History: 1977 c. 203 ss. 102, 104; 1979 c. 102 ss. 144, 236 (6), (20); 1983 a. 120; 1987 a. 167.

new
617.215 Supervisory Colleges. (1) POWER OF COMMISSIONER. With respect to any insurer registered under s. 617.21, and in accordance with sub. (3) below, the commissioner shall also have the power to participate in a supervisory college for any domestic insurer that is part of an insurance holding company system with international operations in order to determine compliance by the insurer with this chapter. The powers of the commissioner with respect to supervisory colleges include, but are not limited to, the following:

- (a) Initiating the establishment of a supervisory college;
- (b) Clarifying the membership and participation of other supervisors in the supervisory college;
- (c) Clarifying the functions of the supervisory college and the role of other regulators, including the establishment of a group-wide supervisor;
- (d) Coordinating the ongoing activities of the supervisory college, including planning meetings, supervisory activities, and processes for information sharing; and
- (e) Establishing a crisis management plan.

(2) EXPENSES. Each registered insurer subject to this section shall be liable for and shall pay the reasonable expenses of the commissioner's participation in a supervisory college in accordance with sub. (3) below, including reasonable travel expenses. For purposes of this section, a supervisory college may be convened as either a temporary or permanent forum for communication and cooperation between the regulators charged with the supervision of the insurer or its affiliates, and the commissioner may establish a regular assessment to the insurer for the payment of those expenses.

new
↓

(3) SUPERVISORY COLLEGE. In order to assess the business strategy, financial position, legal and regulatory position, risk exposure, risk management and governance processes, and as part of the examination of individual insurers in accordance with s. 601.43, the commissioner may participate in a supervisory college with other regulators charged with supervision of the insurer or its affiliates, including other state, federal and international regulatory agencies. The commissioner may enter into agreements in accordance with s. 601.465 providing the basis for cooperation between the commissioner and the other regulatory agencies, and the activities of the supervisory college. Nothing in this section shall delegate to the supervisory college the authority of the commissioner to regulate or supervise the insurer or its affiliates within its jurisdiction.

617.22 Dividends and other distributions. (1) GENERAL. Any action by the board of a stock insurer authorized to do business in this state authorizing any distribution to shareholders other than a stock dividend shall be reported to the commissioner in writing. No payment may be made until at least 30 days after such report.

(2) NEW CORPORATIONS. For 5 years after the initial issuance of a certificate of authority, no payment may be made under sub. (1) until at least 45 days after the report. The commissioner may extend the waiting period an additional 45 days by giving notice to the corporation not less than 5 days before expiration of the first 45-day period.

(3) EXEMPTIONS. If sub. (2) is inapplicable, no report need be made under sub. (1) of a distribution that is no more than 15% larger than for the corresponding period in the previous year.

(4) SPECIAL EXEMPTION FOR CERTAIN NONDOMESTIC INSURERS. A nondomestic insurer which does not have to report under s. 617.11 is only required to report dividends if so directed by the commissioner.

History: 1979 c. 102 ss. 145, 236 (2).

617.225 Extraordinary dividends. (1) A domestic insurer may not pay an extraordinary dividend to its shareholders and an affiliate of the insurer may not accept an extraordinary dividend unless the insurer reports the extraordinary dividend to the commissioner at least 30 days before payment and the commissioner does not disapprove the extraordinary dividend within that period.

(2) The commissioner may promulgate rules under this section including, but not limited to, rules prescribing the form and content of and procedure for filing reports under this section.

(3) An insurer may declare an extraordinary dividend that is conditioned upon the insurer's compliance with sub. (1). A declaration of an extraordinary dividend under this subsection does not confer rights on a shareholder or affiliate unless sub. (1) is complied with and is void if the extraordinary dividend is disapproved by the commissioner.

(4) In addition to any remedies available under s. 617.23, an insurer may recover from an affiliate any extraordinary dividend paid in violation of this section.

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(B) + caps
CHAPTER 622

(E) + caps
OWN RISK AND SOLVENCY ASSESSMENT

622.01	Scope and Purpose
622.03	Definitions
622.05	Risk Management Framework
622.07	Own Risk and Insolvency Assessment Requirement
622.09	Summary Report
622.11	Exemption from Requirements
622.13	Contents of Summary Report
622.15	Confidentiality
622.17	Penalties
611.19	Severability

622.01 Scope and purpose. (1) SCOPE. This chapter applies to all insurers domiciled in the state of Wisconsin unless exempt pursuant to s. 622.11.

(2) PURPOSE. The purpose of this chapter is to provide insurers with the requirements for maintaining a risk management framework and completing an assessment of the insurer's risk and solvency and to provide guidance and instruction to insurers for filing an ORSA summary report with the commissioner.

Insert A → **622.03 Definitions.** In this chapter, unless the context indicates otherwise:

See next page
2 ^(A) "Insurance holding company system" means 2 or more persons who are affiliates, one or more of which is an insurer.

3 ^(A) "Insurer" has the meaning given in s. 600.03(27), except that "insurer" does not include agencies, authorities or instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.

4 ^(A) "Lead state" means the state in which an insurer member of the insurance holding company system is domiciled that is determined to be the lead state under the procedures in the financial analysis handbook most recently adopted by the national association of insurance commissioners.

5 ^(A) "Own risk and solvency assessment" or "ORSA." An "Own Risk and Solvency Assessment" or "ORSA" means a confidential internal assessment, appropriate to the nature, scale and complexity of an insurer or insurance holding company system, conducted by that insurer or insurance holding company system of the material and relevant risks associated with

the insurer's or insurance holding company system's current business plan, and the sufficiency of capital resources to support those risks.

Insert A → (5) "ORSA guidance manual" means the most current version of the *Own Risk and Solvency Assessment Guidance Manual* that is developed and adopted by the National Association of Insurance Commissioners (NAIC) as of [the effective date of this act]. Amendments made by the NAIC to the ORSA guidance manual become effective in this state if adopted by the commissioner by order after giving a 30-day notice to insurers of the changes proposed by the NAIC. If one or more insurers request a hearing on the proposed changes during this 30-day period, then the commissioner will hold a hearing to determine whether the commissioner will, in his or her discretion, adopt one or more of the changes made by the NAIC.

(6) "ORSA summary report" An "ORSA Summary Report" shall mean ^{means} a confidential high-level summary of an insurer's or insurance holding company system's ORSA.

own risk and solvency assessment

622.05 Risk management framework. An insurer shall maintain a risk management framework to assist the insurer with identifying, assessing, monitoring, managing and reporting on its material and relevant risks. This requirement may be satisfied if the insurance holding company system of which the insurer is a member maintains a risk management framework applicable to the operations of the insurer.

622.07 ORSA requirement. Subject to s. 622.11, an insurer, or the insurance holding company system of which the insurer is a member, shall regularly conduct an ORSA consistent with a process comparable to the ORSA guidance manual. The ORSA shall be conducted whenever there are significant changes to the risk profile of the insurer or the insurance holding company system of which the insurer is a member but in no event less than annually.

622.09 ORSA summary report. (1) FILING WITH THE COMMISSIONER. Within 45 days of the date the final ORSA summary report is provided to the insurer's board of directors or the appropriate committee thereof, but no more than once each year, an insurer shall file with the commissioner an ORSA summary report or any combination of reports that together contain the information described in the ORSA guidance manual applicable to the insurer and, if applicable, the insurance holding company system of which it is a member.

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

(3) ALTERNATE FILING. An insurer may satisfy sub. (1) by providing the most recent report provided by the insurer or another member of the insurance holding company system of which the insurer is a member to the commissioner of another state or to a supervisor or regulator of a foreign jurisdiction, if that report provides information that is substantially

comparable to the information described in the ORSA guidance manual. Any such report in a language other than English must be accompanied by a translation of that report into English.

622.11 Exemption. (1) EXEMPT INSURERS. An insurer shall be exempt from the requirements of this chapter, if:

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

(b) The insurance holding company system of which the insurer is a member has annual direct written premium and assumed premium from unaffiliated insurers, including international direct and assumed premium but excluding premiums reinsured with the federal crop insurance corporation and federal flood program, less than \$1,000,000,000.

(2) PARTIAL EXEMPTION. (a) If an insurer qualifies for exemption under subs. (1)(a), but the insurance holding company system of which the insurer is a member does not qualify for exemption under subs. (1)(b), then the ORSA summary report required under s. 622.09 shall include every insurer within the insurance holding company system. This requirement may be satisfied by the submission of more than one ORSA summary report for any combination of insurers provided any combination of reports includes every insurer within the insurance holding company system.

(b) If an insurer does not qualify for exemption pursuant to subs. (1)(a), but the insurance holding company system of which it is a member qualifies for exemption under subs. (1)(b), then the only ORSA summary report that is required under s. 622.09 shall be the report applicable to that insurer.

(3) WAIVER. An insurer that does not qualify for exemption pursuant to subs. (1) may apply to the commissioner for a waiver from the requirements of this chapter. In determining whether to grant the waiver, the commissioner may consider the type and volume of business written by the insurer, ownership and organizational structure of the insurer and any other factor the commissioner considers relevant to the insurer or insurance holding company system of which the insurer is a member. If the insurer is part of an insurance holding company system which includes insurers domiciled in more than one state, the commissioner shall coordinate with the lead state commissioner and with the commissioners of each of the other states in which insurer members of the insurance holding company system are domiciled in determining whether to grant the insurer's request for a waiver.

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

(a) The commissioner finds that unique circumstances, including the type and volume of business written, ownership and organizational structure, federal agency requests and international supervisor requests, warrant withdrawal of the exemption or waiver. If the commissioner withdraws the exemption or waiver, the insurer or the insurance holding company system will be subject to the requirement of s. 622.09 until the commissioner reinstates the exemption in subs. (1) or the waiver in subs. (3).

(b) The insurer has a risk based capital company action level event as defined in s. Ins 51.01(4), Wis. Adm. Code, meets one or more of the standards of an insurer deemed to be in hazardous financial condition as defined in s. 645.41(2) or (4), or otherwise exhibits qualities of a troubled insurer as determined by the commissioner.

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

622.13 Contents of ORSA summary report. (1) PREPARATION. The ORSA summary report shall be prepared consistent with the ORSA guidance manual, subject to the requirements of subs. (2). Documentation and supporting information shall be maintained and made available upon examination or upon request of the commissioner.

(2) REVIEW. The review of the ORSA summary report, and any additional requests for information, shall be made using similar procedures currently used in the analysis and examination of multi-state or global insurers and insurance holding company systems

622.15 Confidentiality. (1) LEGISLATIVE INTENT. The legislature finds and declares that the ORSA summary report will contain confidential and sensitive information related to an insurer or insurance holding company system's identification of risks material and relevant to the insurer or insurance holding company system filing the report. This information will include proprietary and trade secret information that has the potential for harm and competitive disadvantage to the insurer or insurance holding company system if the information is made public. Notwithstanding ss. 19.31 to 19.37, it is the intent of the legislature that the ORSA summary report shall be a confidential document filed with the commissioner, that the ORSA summary report will be shared only as stated herein and to assist the commissioner in the performance of his or her duties, and that in no event shall the ORSA summary report be subject to public disclosure.

(2) CONFIDENTIAL TREATMENT. Documents, materials or other information, including the ORSA summary report, in the possession of or control of the commissioner that are obtained by, created by or disclosed to the commissioner or any other person under this chapter, are recognized by this state as being proprietary and containing trade secrets. All such documents, materials or other information shall be confidential by law and privileged, shall not be subject to disclosure under ss. 19.31 to 19.37, shall not be subject to subpoena, and shall not be subject to

discovery or admissible in evidence in any private civil action. The commissioner is authorized to use the documents, materials or other information in the commissioner's regulation of the insurer or insurance holding company system but shall not make the documents, materials or other information public without the prior written consent of the insurer.

(3) PROHIBITION ON TESTIMONY. Neither the commissioner nor any person who received documents, materials or other ORSA-related information, through examination or otherwise, while acting under the authority of the commissioner or with whom such documents, materials or other information are shared pursuant to this chapter shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subs. (2).

(4) PERMITTED DISCLOSURES. In order to assist in the performance of the commissioner's regulatory duties, the commissioner:

(a) May, upon request, share documents, materials or other ORSA-related information, including the confidential and privileged documents, materials or information subject to subs. (2), including proprietary and trade secret documents and materials with other state, federal and international financial regulatory agencies, including members of any supervisory college as defined in s. 617.215, with the NAIC and with any third-party consultants designated by the commissioner, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the ORSA-related documents, materials or other information required by this section and has verified in writing the legal authority to maintain confidentiality; and

(b) May receive documents, materials or other ORSA-related information, including otherwise confidential and privileged documents, materials or information, including proprietary and trade-secret information or documents, from regulatory officials of other jurisdictions, including members of any supervisory college as defined in the s. 617.215, and from the NAIC, and shall maintain as confidential or privileged any documents, materials or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material or information.

(c) Shall enter into a written agreement with the NAIC or ~~third~~ ^{3rd} parties consulted formally or informally by the commissioner governing sharing and use of information provided under this chapter, consistent with this subsection that shall:

1. Specify procedures and protocols regarding the confidentiality and security of information shared with the NAIC or third-party consultants pursuant to this chapter, including procedures and protocols for sharing by the NAIC with other state regulators from states in which the insurance holding company system has domiciled insurers. The agreement shall provide that the recipient agrees in writing to maintain the confidentiality and privileged status of the ORSA-related documents, materials or other information and has verified in writing the legal authority to maintain confidentiality;

2. Specify that ownership of information shared with the NAIC or ~~third~~²-party consultants pursuant to this chapter remains with the commissioner and the NAIC's, regulatory officials' or ~~third~~^{3rd}-party consultants' use of the information is subject to the direction of the commissioner;

3. Prohibit the NAIC or ~~third~~^{3rd}-party consultants from storing the information shared under this chapter in a permanent database after the underlying analysis is completed, and provide that the NAIC or ~~third~~^{3rd}-party consultants will either destroy or return the information to the insurer within ~~two~~² years of completion of the underlying analysis;

4. Require prompt notice to be given to an insurer whose confidential information in the possession of the NAIC or ~~third~~^{3rd}-party consultant under this chapter is subject to a request or subpoena to the NAIC or ~~third~~^{3rd}-party consultant for disclosure or production;

5. Require the NAIC or ~~third~~^{3rd}-party consultant to consent to intervention by an insurer in any judicial or administrative action in which the NAIC or ~~third~~^{3rd}-party consultant may be required to disclose confidential information about the insurer shared with the NAIC or a ~~third~~^{3rd}-party consultant under this chapter; and

6. In the case of an agreement involving a ~~third~~^{3rd}-party consultant, provide for the insurer's written consent.

(d) The sharing of information and documents by the commissioner under this chapter shall not constitute a delegation of regulatory authority or rulemaking, and the commissioner is solely responsible for the administration, execution and enforcement of the provisions of this chapter.

(e) No waiver of any applicable privilege or claim of confidentiality in the documents, proprietary and trade-secret materials or other ORSA-related information obtained or developed under this chapter shall occur as a result of disclosure of such ORSA-related information or documents to the commissioner under this section or as a result of the commissioner sharing such ORSA-related information or documents as authorized in this section.

² (f) Documents, materials or other information in the possession or control of the NAIC or ~~third~~^{3rd}-party consultants under this chapter shall be confidential by law and privileged, shall not be subject to ss. 19.31 to 19.37, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

622.17 Penalty. Any insurer subject to this chapter that fails, without just cause, to timely file the ORSA summary report required in s. 622.09 is subject to the penalties provided under s. 601.64(2) and (3).

6.22.19 Severability Clause. If any provision of this chapter or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter that can be given effect without the invalid provision or application, and to that end the provisions of this Chapter are severable.

EFFECTIVE DATE: January 1, 2015

(END)



Friday
(cmh)

stays
+ misread JLD

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

(in 11-19)
Dvote

✓
gen cat

1 AN ACT [✓]; relating to: own risk and solvency assessments, supervisory colleges,
2 and consolidated hearings for mergers of insurance companies. ✓

Analysis by the Legislative Reference Bureau

✓ This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

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

3 SECTION 1. 601.415 (11) [✓] of the statutes is created to read:
4 601.415 (11) [✓] AMENDMENTS TO OWN RISK AND SOLVENCY ASSESSMENT GUIDANCE
5 MANUAL. The commissioner [✓] shall, in his or her discretion, adopt amendments made,
6 after the effective date of this [✓] subsection [LRB inserts date] [✓], by the National
7 Association of Insurance Commissioners to the [✓] guidance manual, as defined in s.
8 622.03 (1). [✓] Any such amendments made by the [✓] National Association of Insurance

1 Commissioners become effective in this state if adopted by the commissioner by order
2 after giving 30[✓] days' notice to insurers of the changes proposed by the National
3 Association of Insurance Commissioners. If one or more insurers request a hearing
4 on the proposed changes during the 30-day[✓] period, the commissioner shall hold a
5 hearing to determine whether the commissioner will, in his or her discretion, adopt
6 one or more of the changes made by the National Association of Insurance
7 Commissioners.[✓]

8 **SECTION 2.** 611.72 (3)[✓] of the statutes is renumbered 611.72 (3) (am).

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

10 611.72 (3) (bm) 1. If the proposed merger or other acquisition of control will
11 require the approval of more than one commissioner, the hearing under par.[✓] (am)
12 may be held on a consolidated basis upon the request of a person filing a statement
13 under s. Ins 40.02 (2), Wis. Adm. Code.[✓] That person shall file the statement under
14 s. Ins 40.02 (2), Wis. Adm. Code, with the National Association of Insurance
15 Commissioners within 5[✓] days after making the request for a consolidated hearing.
16 A hearing conducted on a consolidated[✓] basis shall be public and held within the
17 United States[✓] before the commissioners of the states in which the insurers involved
18 in the merger or other acquisition of control are domiciled.[✓] The commissioners may
19 hear and receive evidence. A commissioner may attend the hearing in person or by
20 telecommunication.[✓]

* ******NOTE:** Does the person file the statement only with the NAIC or do they file the
statement with the commissioner and a copy with the NAIC?[✓] *De*

21 2. The commissioner of insurance of this state may opt out of a consolidated
22 hearing, and shall provide notice to the applicant of the opt out within[✓] 10 days after
23 the commissioner receives the statement under s. Ins 40.02 (2), Wis. Adm. Code.[✓]

****NOTE: In the subdivision above, does "opt out" mean decline to participate in a consolidated hearing or not allow a consolidated hearing? Is the request for a consolidated hearing made to the commissioner? The proposed language doesn't specify. Does the request for a consolidated hearing have to be made in conjunction with the filing of the statement? If not, the commissioner may be required to provide notice of the opt out even before the person requests a consolidated hearing. Is the "applicant" the person requesting the hearing? The word does not appear anywhere else in the section. *

1 SECTION 4. 611.73 (3) of the statutes is renumbered 611.73 (3) (a).

2 SECTION 5. 611.73 (3) (b) of the statutes is created to read:

3 611.73 (3) (b) 1. If the proposed merger of 2 or more domestic and foreign
4 mutuals will require the approval of more than one commissioner, the hearing under
5 par. (a) may be held on a consolidated basis upon the request of a person filing the
6 plan of merger under par. (a). That person shall file the plan of merger and the
7 statement under s. Ins 40.02 (2), Wis. Adm. Code, with the National Association of
8 Insurance Commissioners within 5 days after making the request for a consolidated
9 hearing. A hearing conducted on a consolidated basis shall be public and held within
10 the United States before the commissioners of the states in which the insurers involved
11 in the merger are domiciled. The commissioners may hear and receive evidence. A
12 commissioner may attend the hearing in person or by telecommunication.

* ****NOTE: Does the person file the plan of merger and the statement only with the
NAIC or do they file both with the commissioner and copies with the NAIC? de

13 2. The commissioner of insurance of this state may opt out of a consolidated
14 hearing, and shall provide notice to the applicant of the opt out within 10 days after
15 the commissioner receives the plan of merger under par. (a) and the statement under
16 s. Ins 40.02 (2), Wis. Adm. Code.

****NOTE: See my comments after proposed s. 611.72 (3) (bm) 2. above. In addition,
must the plan and statement be delivered on the same day? If not, the notice requirement
should be 10 days after receipt of the one received later.

17 SECTION 6. 611.73 (4) of the statutes is amended to read:

1 **611.73 (4) VOTING BY POLICYHOLDERS.** The commissioner may order that the
 2 plan submitted to him or her under sub. (3) (a) be amended to provide for voting by
 3 policyholders of any mutual involved.

4 **History:** 1971 c. 260; 1973 c. 184; 1979 c. 102 ss. 105, 236 (20); 1995 a. 27; 1997 a. 79.

4 **SECTION 7.** 611.76 (1) (c) of the statutes is amended to read:

5 **611.76 (1) (c) Conversion and merger.** A domestic mutual may adopt a plan of
 6 acquisition or merger as part of a plan of conversion under this section. The
 7 commissioner shall approve the plan of acquisition or merger as part of the plan of
 8 conversion unless grounds for disapproval exist under s. 611.72 (3) (am).

9 **History:** 1971 c. 260; 1979 c. 102 ss. 107, 236 (5), (13); 1981 c. 314; 1983 a. 192, 215; 1985 a. 29, 215; 1995 a. 27; 1997 a. 79; 1999 a. 85; 2003 a. 33; 2007 a. 196.

9 **SECTION 8.** 617.21 (1) (cm) of the statutes is created to read:

10 **617.21 (1) (cm)** Any cost-sharing services or management agreements
 11 involved in the transaction include such provisions as the commissioner requires by
 12 rule.

****NOTE: Couldn't par. (d) in current law cover this requirement?

13 **SECTION 9.** 617.215 of the statutes is created to read:

14 **617.215 Supervisory colleges. (1) DEFINITIONS.** In this section:

15 (a) "Insurance holding company system" has the meaning given in s. 622.03 (2).

****NOTE: I assumed that this term would have the same meaning as it does in new
 ch. 622.

16 (b) "Supervisory college" means a temporary or permanent forum for
 17 communication and cooperation between the regulators charged with the
 18 supervision of an insurer or its affiliates.

****NOTE: Please modify as appropriate.

19 **(2) POWERS OF COMMISSIONER.** (a) The commissioner may participate in a
 20 supervisory college with other regulators charged with the supervision of an insurer

1 or its affiliates, including other state, federal, and international regulatory agencies,
2 for any of the following purposes:

3 1. To determine compliance with this chapter[✓] by a domestic insurer that is part
4 of an insurance holding company system with international operations.

5 2. To assess an insurer's business strategy, financial position, legal and
6 regulatory position, risk exposure, risk management, and governance processes.[✓]

7 3. As part of an examination of an insurer under s. 601.43.[✓]

8 (b) The commissioner may enter into agreements, in accordance with s.
9 601.465,[✓] providing the basis for cooperation between the commissioner and the other
10 regulatory agencies and the activities of the supervisory college.[✓]

***NOTE: This language seems a little vague and obtuse. Should the agreements
be in compliance with s.[✓]601.465 (rather than in accordance with)? What does it mean
that the agreements provide the basis for cooperation and the activities of the supervisory
college? Does it mean that the agreements set out what the activities of the college will
be and what the role or responsibilities of the commissioner and the other agencies will
be?

11 (c) The powers of the commissioner with respect to supervisory colleges include
12 all of the following:[✓]

13 1. Initiating the establishment of a supervisory college.[✓]

14 2. Clarifying the membership and participation of other supervisors in the
15 supervisory college.[✓]

16 3. Clarifying the functions of the supervisory college[✓] and the role of other
17 regulators, including the establishment of a group-wide supervisor.

18 4. Coordinating the ongoing activities of the supervisory college, including
19 planning meetings, supervisory activities, and processes for information sharing.[✓]

20 5. Establishing a crisis management plan.[✓]

21 (3) PAYMENT OF EXPENSES.[✓] All insurers subject to this section[✓] are liable for and
22 shall pay the reasonable expenses related to the commissioner's participation in

1 supervisory colleges, including reasonable travel expenses. The commissioner may
2 impose a regular assessment on insurers to cover the expenses.

****NOTE: I'm not sure which insurers are "subject to this section." Is it all insurers
or only domestic insurers that are part of insurance holding company systems with
international operations?

3 (4) NOT DELEGATION OF AUTHORITY. Nothing in this section delegates to a
4 supervisory college the authority of the commissioner to regulate or supervise an
5 insurer or its affiliates within its jurisdiction.

****NOTE: Whose jurisdiction is being referred to by "its jurisdiction"? Is it the
commissioner's?

6 SECTION 10. Chapter 622 of the statutes is created to read:

7 CHAPTER 622

8 OWN RISK AND SOLVENCY ASSESSMENT

9 **622.03 Definitions.** In this chapter, unless the context indicates otherwise:

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

15 (2) "Insurance holding company system" means 2 or more persons who are
16 affiliates, at least one of which is an insurer.

17 (3) "Insurer" means an insurer domiciled in this state, except that "insurer"
18 does not include agencies, authorities, or instrumentalities of the United States, its
19 possessions and territories, the Commonwealth of Puerto Rico, the District of
20 Columbia, or a state or political subdivision of a state.

21 (4) "Lead state" means the state in which an insurer member of an insurance
22 holding company system is domiciled and that is determined to be the lead state

1 under the procedures in the financial analysis handbook most recently adopted by
2 the National Association of Insurance Commissioners.✓

****NOTE: To pin down this handbook further, is it the financial analysis handbook
of the NAIC? Is the term “lead state” necessary? See my comment after proposed s. 622.11
(3).✓

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

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

11 **622.05 Risk management framework.**✓ An insurer shall maintain a risk
12 management framework to assist the insurer in identifying, assessing, monitoring,
13 managing, and reporting on its material and relevant risks.✓ This requirement may
14 be satisfied if the insurer is a member of an insurance holding company system that
15 maintains a risk management framework applicable to the operations of the insurer.✓

****NOTE: Instead of “may be satisfied,” should the second sentence say “is
satisfied”? The construction “may be satisfied if” does not indicate how the requirement
is satisfied.✓

16 **622.07 Own risk and solvency assessment requirement.** Subject to s.
17 622.11,✓ an insurer, or the insurance holding company system of which the insurer is
18 a member, shall regularly conduct an own risk and solvency assessment *consistent*
19 *with a process comparable to the guidance manual.*✓ The own risk and solvency
20 assessment must be conducted whenever there are significant changes to the risk

1 profile of the insurer or the insurance holding company system of which the insurer
2 is a member, but in no case less often than annually.

****NOTE: Is there another way to say the phrase italicized above? A guidance manual is not a process. Should it say “consistent with the process specified in the guidance manual”?✓

3 **622.09 Own risk and solvency assessment summary report.** (1) FILING
4 WITH THE COMMISSIONER.✓ Within 45 days after the date,✓ the final summary report is
5 provided to the insurer’s board of directors or the appropriate committee of that
6 board, but no more than once each year, an insurer must file with the commissioner
7 a summary report or any combination of reports that together contain the
8 information described in the guidance manual applicable to the insurer and, if
9 applicable, the insurance holding company system of which the insurer is a member.✓

****NOTE: There doesn’t seem to be any requirement in this new chapter that a final summary report be provided to an insurer’s board of directors. Is this something required under the✓ Own Risk and Solvency Assessment Guidance Manual? Does the insurer provide the report to the board of directors? (The passive construction gives no indication.)

10 (2) ATTESTATION.✓ The summary report shall include the signature of the
11 insurer’s, or insurance holding company system’s, chief risk officer or other executive
12 having responsibility for the oversight of the insurer’s enterprise risk management
13 process attesting to the best of his or her belief and knowledge that the insurer
14 applies the enterprise risk management process described in the summary report
15 and that a copy of the summary report has been provided to the insurer’s board of
16 directors or the appropriate committee of that board.✓

****NOTE: I have added “summary” in a couple of places, since “summary report” is the defined term.

17 (3) ALTERNATE FILING.✓ An insurer may satisfy sub. (1)✓ by providing the most
18 recent report provided by the insurer or another member of the insurance holding
19 company system of which the insurer is a member to the commissioner of another

1 state or to a supervisor or regulator of a foreign jurisdiction, if that report provides
2 information that is substantially comparable to the information described in the
3 guidance manual. Any such report in a language other than English must be
4 accompanied by a translation of that report into English.

****NOTE: What is the meaning of "foreign jurisdiction" in the subsection above?
The definition of a "foreign insurer" in s. 600.03 (2) is an insurer domiciled in another
state, but here it seems to mean another country. Perhaps a definition should be added.

****NOTE: Should "summary" be added before "report" in this subsection, too?

5 **622.11 Exemption.** (1) EXEMPT INSURERS. An insurer is exempt from the
6 requirements of this chapter, if all of the following apply:

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

11 (b) The insurance holding company system of which the insurer is a member
12 has annual direct written premium and assumed premium from unaffiliated
13 insurers, including international direct and assumed premium but excluding
14 premiums reinsured with the federal crop insurance corporation and federal flood
15 program, of less than \$1,000,000,000.

****NOTE: Will every insurer be a member of an insurance holding company
system? If not, the application of par. (b) should be limited to an insurer who is a member
of an insurance holding company system.

16 (2) PARTIAL EXEMPTION. (a) If an insurer qualifies for exemption under sub. (1)
17 (a), but the insurance holding company system of which the insurer is a member does
18 not qualify for exemption under sub. (1) (b), the summary report required under s.
19 622.09 shall include every insurer within the insurance holding company system.
20 An insurer may satisfy this requirement by submitting more than one summary

1 report for any combination of insurers, provided that any combination of summary
2 reports includes every insurer within the insurance holding company system.✓

****NOTE: I restructured the second sentence to make it active rather than passive,
and added “summary” before “reports.” Is the sentence still accurate?

3 (b) If an insurer does not qualify for exemption under sub. (1) (a), but the ✓
4 insurance holding company system of which the insurer is a member qualifies for
5 exemption under sub. (1) (b),✓ the only summary report that is required under s.
6 622.09✓ is the summary report applicable to that insurer.

7 (3) WAIVER.✓ An insurer that does not qualify for exemption under sub. (1)✓ may
8 apply to the commissioner for a waiver from the requirements of this chapter.✓ In
9 determining whether to grant the waiver, the commissioner may consider the type
10 and volume of business written by the insurer, the ownership and organizational
11 structure of the insurer, and any other factor the commissioner considers relevant
12 to the insurer or insurance holding company system of which the insurer is a
13 member.✓ If the insurer is part of an insurance holding company system that includes
14 insurers domiciled in more than one state, the commissioner shall coordinate with
15 the commissioner of the lead state ✓ and with the commissioners of each of the other
16 states in which insurer members of the insurance holding company system are
17 domiciled in determining whether to grant the insurer’s request for a waiver.✓

****NOTE: I note that “lead state” is used in this new chapter ✓ only in the subsection
above. In addition, unless I’m missing something, the use of that term does not appear
to be necessary since the commissioner must coordinate with the commissioners of all of
the states in which insurer members of the insurance holding company system are
domiciled. Can the term and its definition be removed from the draft? ✓

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