



# State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

## **RESEARCH APPENDIX -** **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 01/06/2015 (Per: CMH & MPG)

### **☞ Compile Draft – Appendix A ... Part VII**

**Appendix A** ☞ The 2015 drafting file for LRB-0797

**Appendix B** ☞ The 2015 drafting file for LRB-0799

**Appendix C** ☞ The 2015 drafting file for LRB-0800

**Appendix D** ☞ The 2015 drafting file for LRB-0852

**Appendix E** ☞ The 2015 drafting file for LRB-0872

**Appendix F** ☞ The 2015 drafting file for LRB-0906

**Appendix G** ☞ The 2015 drafting file for LRB-0941

has been copied/added to the drafting file for

**2015 LRB-0807**

1 examiner. The ~~commissioner~~ secretary shall take statements presented under this  
2 paragraph into consideration in making the determination under sub. (7).

3 **SECTION 357.** 644.07 (7) (title) of the statutes is amended to read:

4 644.07 (7) (title) APPROVAL BY ~~COMMISSIONER~~ SECRETARY.

5 **SECTION 358.** 644.07 (7) (a) of the statutes is amended to read:

6 644.07 (7) (a) The ~~commissioner~~ secretary shall approve the mutual holding  
7 company plan unless he or she finds that the plan violates the law, is not fair and  
8 equitable to policyholders or is contrary to the interests of policyholders or the public.

9 **SECTION 359.** 644.07 (7) (b) of the statutes is amended to read:

10 644.07 (7) (b) In considering the plan, the ~~commissioner~~ secretary shall  
11 consider whether the restructuring would be detrimental to the safety and  
12 soundness of the converting insurance company or the contractual rights and  
13 reasonable expectations of the persons who are policyholders on the effective date of  
14 the restructuring. The ~~commissioner~~ secretary may take into consideration any  
15 conclusions and recommendations on the subject of restructuring published by  
16 recognized organizations of professional insurance actuaries. The ~~commissioner~~  
17 department may by rule establish standards applicable to a restructuring under this  
18 chapter.

19 **SECTION 360.** 644.07 (9) of the statutes is amended to read:

20 644.07 (9) AMENDMENT OR WITHDRAWAL. At any time before the effective date of  
21 the restructuring, the converting insurance company may, by resolution of its board,  
22 amend the mutual holding company plan or withdraw the mutual holding company  
23 plan. The ~~commissioner~~ secretary shall determine whether any amendment made  
24 after the public hearing under sub. (6) changes the mutual holding company plan in  
25 a manner that is materially disadvantageous to any of the policyholders of the

1 converting insurance company and, in such case, may require a further public  
2 hearing on the plan as amended. If an amendment that the ~~commissioner~~ secretary  
3 determines is materially disadvantageous to any of the policyholders is made after  
4 the plan has been approved by the policyholders, the plan as amended shall be  
5 submitted for reconsideration by the policyholders.

6 **SECTION 361.** 644.07 (10m) of the statutes is amended to read:

7 644.07 (10m) EFFECT ON SERVICE INSURANCE CORPORATION OF DISAPPROVAL OF  
8 PLAN. Notwithstanding sub. (1) (a) 2. and s. 644.02 (1) (b), if the converting insurance  
9 company is a service insurance corporation, and the ~~commissioner~~ secretary  
10 disapproves the mutual holding company plan under sub. (7) or the policyholders  
11 disapprove the mutual holding company plan under sub. (8), the converting  
12 insurance company shall remain a service insurance corporation subject to ch. 613.

13 **SECTION 362.** 644.07 (11) of the statutes is amended to read:

14 644.07 (11) EXPENSES. The converting insurance company may not pay  
15 compensation of any kind to any person in connection with the mutual holding  
16 company plan other than regular salaries to the company's personnel. This  
17 subsection does not prohibit the payment of reasonable fees and compensation to  
18 attorneys at law, accountants, financial advisers, actuaries or other consultants for  
19 services performed in the independent practice of their professions. All expenses of  
20 the restructuring, including the expenses incurred by the ~~commissioner~~ secretary  
21 and the prorated salaries of any involved office staff members of the ~~office of the~~  
22 ~~commissioner of insurance~~ department, shall be borne by the converting insurance  
23 company.

24 **SECTION 363.** 644.09 (2) of the statutes is amended to read:

1           644.09 (2) AMENDMENT OF ARTICLES. A mutual holding company may amend its  
2 articles in the manner provided in ss. 181.1001, 181.1002 (1), 181.1003, 181.1005 and  
3 181.1006, ~~except that papers required by those sections to be filed with the~~  
4 ~~department of financial institutions shall instead be filed with the commissioner.~~  
5 The articles may be amended in any desired respect, including substantial changes  
6 of its original purposes, except that no amendment may be made that is contrary to  
7 sub. (1). In addition to the requirements of s. 181.1005, the articles of amendment  
8 of a mutual holding company shall, if mail voting is used, state the number of  
9 members voting by mail and the number of such members voting for and against the  
10 amendment. No amendment may become effective until the articles of amendment  
11 have been filed with the ~~commissioner~~ department. No amendment shall affect any  
12 existing cause of action in favor of or against such mutual holding company, any civil,  
13 criminal, administrative or investigatory proceeding to which the mutual holding  
14 company is a party or the existing rights of persons other than members. In the event  
15 that the corporate name is changed by amendment, no suit brought by or against  
16 such mutual holding company under its former name shall abate for that reason.

17           **SECTION 364.** 644.10 (1) (intro.) of the statutes is amended to read:

18           644.10 (1) (intro.) The converting insurance company may propose to acquire,  
19 or to merge or consolidate with, one or more domestic or foreign insurers, or both, as  
20 part of a mutual holding company plan under s. 644.07. The ~~commissioner~~ secretary  
21 shall approve the acquisition, merger or consolidation as part of the mutual holding  
22 company plan and shall approve the continued corporate existence of any domestic  
23 insurer that is a party to the plan under this section as a subsidiary of the mutual  
24 holding company or any intermediate stock holding company, if any of the following  
25 applies:

1           **SECTION 365.** 644.10 (1) (b) of the statutes is amended to read:

2           644.10 (1) (b) In the case of a domestic mutual, no grounds for disapproval exist  
3           under s. 611.73 (3) (a) and the domestic mutual has complied with s. 644.07 (2) to (8).  
4           The converting insurance company and any domestic mutual that the converting  
5           insurance company proposes to acquire, or merge or consolidate with, may adopt one  
6           plan. The ~~commissioner~~ secretary may combine the hearings required under s.  
7           644.07 (6) for the converting insurance company and any domestic mutual that is the  
8           subject of the acquisition by, or merger or consolidation with, the converting  
9           insurance company. Section 644.07 (9), (10) (b) to (f), and (11) applies to a domestic  
10          mutual acquired by, merged into, or consolidated with a converting insurance  
11          company under this section.

12          **SECTION 366.** 644.11 (2) (c) 2. of the statutes is amended to read:

13          644.11 (2) (c) 2. The ~~commissioner~~ secretary may hold a hearing on the plan  
14          of merger prior to the meeting at which a vote of the members will be taken. A  
15          hearing under this subdivision may be combined with the hearing required under  
16          par. (b). The existing domestic mutual holding company shall provide written notice  
17          of the hearing to each member in the manner provided under s. 644.07 (6) (b) 1. for  
18          notice to policyholders of the hearing under s. 644.07 (6).

19          **SECTION 367.** 644.11 (2) (c) 3. of the statutes is amended to read:

20          644.11 (2) (c) 3. The ~~commissioner~~ secretary shall approve the proposed plan  
21          of merger unless he or she finds that the plan is not fair and equitable to members  
22          or is contrary to the interests of members.

23          **SECTION 368.** 644.11 (2) (d) (title) of the statutes is amended to read:

24          644.11 (2) (d) (title) ~~Commissioner issues new~~ New certificate of authority if  
25          approved.

1           **SECTION 369.** 644.19 (3) (title) of the statutes is amended to read:

2           644.19 (3) (title) NOTICE TO ~~COMMISSIONER~~ DEPARTMENT.

3           **SECTION 370.** 644.28 (2) (title) of the statutes is amended to read:

4           644.28 (2) (title) APPROVAL BY THE ~~COMMISSIONER~~ SECRETARY.

5           **SECTION 371.** 644.28 (2) (a) of the statutes is amended to read:

6           644.28 (2) (a) At least 60 days prior to the submission to members of any  
7 proposed voluntary dissolution of a mutual holding company under s. 181.1401, the  
8 plan shall be filed with the ~~commissioner~~ secretary. The ~~commissioner~~ secretary may  
9 require the submission of additional information relevant to the effect of the  
10 proposed dissolution on the solvency of the converted insurance company. The  
11 ~~commissioner~~ secretary shall approve the dissolution unless, after a hearing, the  
12 ~~commissioner~~ secretary finds that dissolution of the mutual holding company would  
13 cause the converted insurance company to become insolvent, would be unfair or  
14 inequitable to the members of the mutual holding company or would not be in the  
15 best interests of the policyholders of the converted insurance company or the public.

16           **SECTION 372.** 644.28 (4) of the statutes is amended to read:

17           644.28 (4) FILING AND RECORDING ARTICLES OF DISSOLUTION AND EFFECT THEREOF.  
18 Upon approval by the ~~commissioner~~ secretary under sub. (2) and by the members  
19 under s. 181.1401, the mutual holding company shall file articles of dissolution with  
20 the ~~commissioner~~ department. When the articles are filed, the existence of the  
21 mutual holding company shall cease, except for the purpose of suits, other  
22 proceedings and appropriate corporate action of members, directors and officers as  
23 provided in this chapter and in ss. 181.1401 to 181.1407. Upon the filing of the  
24 articles, the ~~commissioner~~ department may issue a certificate of dissolution.

25           **SECTION 373.** 645.01 (2) of the statutes is amended to read:

1           645.01 (2) CONSTRUCTION: NO LIMITATION OF POWERS. This chapter shall not be  
2 interpreted to limit the powers granted the ~~commissioner~~ department by other  
3 provisions of the law.

4           **SECTION 374.** 645.03 (1) (f) of the statutes is amended to read:

5           645.03 (1) (f) “Insurer” means any person who is doing, has done, purports to  
6 do or is licensed to do an insurance business and is or has been subject to the  
7 authority of, or to liquidation, rehabilitation, reorganization or conservation by, the  
8 secretary or a commissioner. For purposes of this chapter, all other persons included  
9 under s. 645.02 shall be deemed to be insurers.

10           **SECTION 375.** 645.03 (1) (i) of the statutes is amended to read:

11           645.03 (1) (i) “Reciprocal state” means any state other than this state in which  
12 in substance and effect ss. 645.42 (1), 645.83 (1) and (3), 645.84 and 645.86 to 645.89  
13 are in force, and in which provisions are in force requiring that the commissioner or  
14 other insurance regulator be the receiver of a delinquent insurer, and in which some  
15 provision exists for the avoidance of fraudulent conveyances and preferential  
16 transfers.

17           **SECTION 376.** 645.04 (1) of the statutes is amended to read:

18           645.04 (1) ACTIONS BY ~~COMMISSIONER~~ SECRETARY. Except as provided in sub. (2)  
19 and s. 645.45 (1), no delinquency proceeding may be commenced under this chapter  
20 by anyone other than the ~~commissioner of this state~~ secretary and no court has  
21 jurisdiction to entertain, hear or determine any proceeding commenced by any other  
22 person.

23           **SECTION 377.** 645.04 (2) (a) (intro.) of the statutes is amended to read:

24           645.04 (2) (a) (intro.) The judgment creditors of 3 or more unrelated judgments  
25 may commence proceedings under the conditions and in the manner prescribed in

1 this subsection, by serving notice upon the ~~commissioner~~ secretary and the insurer  
2 of intention to file a petition for liquidation under s. 645.41 or 645.82. Each of the  
3 judgments must:

4 **SECTION 378.** 645.04 (2) (b) of the statutes is amended to read:

5 645.04 (2) (b) If any one of the judgments in favor of a petitioning creditor  
6 remains unpaid for 30 days after service of the notice, and the ~~commissioner~~  
7 secretary has not then filed a petition for liquidation, the creditor may file in the  
8 name of the ~~commissioner~~ secretary a verified petition for liquidation of the insurer  
9 under s. 645.41 or 645.82 alleging the conditions stated in this subsection. The  
10 ~~commissioner~~ secretary shall be served and joined in the action.

11 **SECTION 379.** 645.06 of the statutes is amended to read:

12 **645.06 Costs and expenses of litigation.** In any proceeding or action  
13 brought by the ~~commissioner~~ secretary or a receiver under this chapter, the court  
14 may award such costs and other expenses of litigation to the ~~commissioner~~ secretary  
15 or receiver as justice requires, without regard to the limitations otherwise prescribed  
16 by law.

17 **SECTION 380.** 645.07 (1) (intro.) of the statutes is amended to read:

18 645.07 (1) DUTY TO COOPERATE. (intro.) Any officer, manager, trustee or general  
19 agent of any insurer, any attorney representing an insurer on any matter, and any  
20 other person with executive authority over or in charge of any segment of the  
21 insurer's affairs shall cooperate with the ~~commissioner~~ secretary in any proceeding  
22 under this chapter or any investigation preliminary or incidental to the proceeding.

23 "To cooperate" includes:

24 **SECTION 381.** 645.07 (1) (a) of the statutes is amended to read:



1           645.07 (1) (a) To reply promptly in writing to any inquiry from the  
2 ~~commissioner~~ secretary requesting a reply; and

3           **SECTION 382.** 645.07 (1) (b) of the statutes is amended to read:

4           645.07 (1) (b) To make available and deliver to the ~~commissioner~~ secretary any  
5 books, accounts, documents or other records, or information or property of or  
6 pertaining to the insurer and in the person's possession, custody or control.

7           **SECTION 383.** 645.07 (2) of the statutes is amended to read:

8           645.07 (2) DUTY NOT TO OBSTRUCT. No person may obstruct or interfere with the  
9 ~~commissioner~~ secretary in the conduct of any delinquency proceeding or any  
10 investigation preliminary or incidental thereto.

11           **SECTION 384.** 645.07 (4) of the statutes is amended to read:

12           645.07 (4) SANCTION. Any person included within sub. (1) who fails to cooperate  
13 with the ~~commissioner~~ secretary, or any person who obstructs or interferes with the  
14 ~~commissioner~~ secretary in the conduct of any delinquency proceeding or any  
15 investigation preliminary or incidental thereto, is subject to s. 601.64.

16           **SECTION 385.** 645.08 (1) of the statutes is amended to read:

17           645.08 (1) BONDS. In any proceeding under this chapter the ~~commissioner~~  
18 secretary and the ~~commissioner's~~ secretary's deputies are responsible on their  
19 official bonds for the faithful performance of their duties. If the court deems it  
20 desirable for the protection of the assets, it may at any time require an additional  
21 bond from the ~~commissioner~~ secretary or the ~~commissioner's~~ secretary's deputies.

22           **SECTION 386.** 645.08 (2) of the statutes is amended to read:

23           645.08 (2) IMMUNITY. No civil cause of action may arise against and no civil  
24 liability may be imposed upon the state, ~~commissioner~~ secretary, special deputy  
25 ~~commissioner~~, rehabilitator or liquidator, or their employees or agents, or the

1 insurance security fund under ch. 646 or its agents, employees, directors or  
2 contributor insurers, for an act or omission by any of them in the performance of their  
3 powers and duties under this chapter or in the performance of their powers and  
4 duties relating to regulation of the capital or solvency of an insurer under chs. 600  
5 to 646, including the compulsory or security surplus requirements under ch. 623.  
6 This subsection does not apply to a civil cause of action arising from an act or  
7 omission that is criminal under ch. 943. Such a cause of action, however, may be  
8 barred or limited by common law, sovereign immunity, governmental immunity or  
9 otherwise by law.

10 **SECTION 387.** 645.09 (title), (1) (intro.) and (a), (2) (a) and (b) and (3) of the  
11 statutes are amended to read:

12 **645.09** (title) **Commissioner's Secretary's reports.** (1) GENERAL REPORT OF  
13 PROCEEDINGS. (intro.) The ~~commissioner~~ secretary may include in his or her annual  
14 report any of the following:

15 (a) *Formal proceedings.* The names of the insurers proceeded against under  
16 ss. 645.31, 645.41, 645.45, 645.81, 645.82 and 645.84, and such other facts as indicate  
17 in reasonable detail the ~~commissioner's~~ secretary's formal proceedings under this  
18 chapter; ~~and~~.

19 (2) (a) *Causes of delinquency.* The ~~commissioner~~ secretary may include in his  
20 or her annual report, not later than the 2nd annual report following the initiation  
21 of any formal proceedings under this chapter, a detailed analysis of the basic causes  
22 and the contributing factors making the initiation of formal proceedings necessary,  
23 and may make recommendations for remedial legislation. For this purpose the  
24 ~~commissioner~~ secretary may appoint a special assistant qualified in insurance,  
25 finance, and accounting to conduct the study and prepare the analysis, and may

1 determine the special assistant's compensation, which shall be paid from the  
2 appropriation under s. ~~20.145 (1)~~ 20.142 (3) (g) 1.

3 (b) *Final study.* The ~~commissioner~~ secretary may include in his or her annual  
4 report, not later than the 2nd annual report following discharge of the receiver, a  
5 detailed study of the delinquency proceeding for each insurer subjected to a formal  
6 proceeding, with an analysis of the problems faced and their solutions. The  
7 ~~commissioner~~ secretary may also suggest alternative solutions, as well as other  
8 material of interest, for the purpose of assisting and guiding liquidators or  
9 rehabilitators in the future. For this purpose the ~~commissioner~~ secretary may  
10 appoint a special assistant qualified to conduct the study and prepare the analysis,  
11 and may determine his or her compensation, which shall be paid from the  
12 appropriation under s. ~~20.145 (1)~~ 20.142 (3) (g) 1.

13 (3) REPORTS ON INSURERS SUBJECT TO PROCEEDINGS. The ~~commissioner~~ secretary  
14 as receiver shall make and file annual reports and any other required reports for the  
15 companies proceeded against under ss. 645.31, 645.41, 645.45, 645.81, 645.82 and  
16 645.84 in the manner and form and within the time required by law of insurers  
17 authorized to do business in this state, and under the same penalties for failure to  
18 do so.

19 **SECTION 388.** 645.10 of the statutes is amended to read:

20 **645.10 Continuation of delinquency proceedings.** Every proceeding  
21 commenced before August 5, 1967 is deemed to have commenced under this chapter  
22 for the purpose of conducting the proceeding thereafter, except that in the discretion  
23 of the ~~commissioner~~ secretary the proceeding may be continued, in whole or in part,  
24 as it would have been continued had this chapter not been enacted.

25 **SECTION 389.** 645.21 of the statutes is amended to read:

1           **645.21 Commissioner's Secretary's summary orders.** (1) SUMMARY ORDER  
2 AFTER HEARING. Whenever the ~~commissioner~~ secretary has reasonable cause to  
3 believe, and determines, after a hearing held as prescribed in s. 601.62, that any  
4 insurer has committed or engaged in, or is committing or engaging in or is about to  
5 commit or engage in any act, practice or transaction, or is in or is about to get into  
6 a situation that would subject it to formal delinquency proceedings under this  
7 chapter, the ~~commissioner~~ secretary may make and serve upon the insurer and any  
8 other persons involved, such orders other than seizure orders under ss. 645.22 and  
9 645.23 as are reasonably necessary to correct, eliminate or remedy such conduct,  
10 condition or ground.

11           (2) SUMMARY ORDER BEFORE HEARING. If the conditions of sub. (1) are satisfied,  
12 and if it appears to the ~~commissioner~~ secretary that irreparable harm to the property  
13 or business of the insurer or to the interests of its policyholders, creditors or the  
14 public may occur unless the ~~commissioner~~ secretary issues with immediate effect the  
15 orders described in sub. (1), the ~~commissioner~~ secretary may make and serve such  
16 orders without notice and before hearing, simultaneously serving upon the insurer  
17 notice of hearing under s. 601.62.

18           (4) JUDICIAL RELIEF. If the ~~commissioner~~ secretary issues a summary order  
19 before hearing under sub. (2), the insurer may at any time waive the ~~commissioner's~~  
20 secretary's hearing and apply for immediate judicial relief by means of any remedy  
21 afforded by law without first exhausting administrative remedies. Subsequent to a  
22 hearing the insurer or any person whose interests are substantially affected is  
23 entitled to judicial review of any order issued by the ~~commissioner~~ secretary.

24           **SECTION 390.** 645.22 (1) (intro.) of the statutes is amended to read:

1           645.22 (1) ISSUANCE. (intro.) Upon the filing by the ~~commissioner~~ secretary in  
2 any circuit court in this state of a verified petition alleging any ground that would  
3 justify a court order for a formal delinquency proceeding against an insurer under  
4 this chapter and that the interests of policyholders, creditors or the public will be  
5 endangered by delay, and setting out the order considered necessary by the  
6 ~~commissioner~~ secretary, the court shall issue forthwith, ex parte and without a  
7 hearing, the requested order, which may do any of the following:

8           **SECTION 391.** 645.22 (1) (a) of the statutes is amended to read:

9           645.22 (1) (a) Direct the ~~commissioner~~ secretary to take possession and control  
10 of all or a part of the property, books, accounts, documents and other records of an  
11 insurer and of the premises occupied by it for the transaction of its business.

12           **SECTION 392.** 645.22 (1) (b) of the statutes is amended to read:

13           645.22 (1) (b) Until further order of the court, enjoin the insurer and its officers,  
14 managers, agents, and employees from disposition of its property and from  
15 transaction of its business except with the written consent of the ~~commissioner~~  
16 secretary.

17           **SECTION 393.** 645.22 (2) of the statutes is amended to read:

18           645.22 (2) DURATION. The court shall specify in the order what its duration shall  
19 be, which shall be such time as the court deems necessary for the ~~commissioner~~  
20 secretary to ascertain the condition of the insurer. On motion of either party or on  
21 its own motion, the court may hold such hearings as it deems desirable after such  
22 notice as it deems appropriate, and may extend, shorten or modify the terms of the  
23 seizure order. The court shall vacate the seizure order if the ~~commissioner~~ secretary  
24 fails to commence a formal proceeding under this chapter after having had a

1 reasonable opportunity to do so. The issuance of an order of the court pursuant to  
2 a formal proceeding under this chapter vacates the seizure order.

3 **SECTION 394.** 645.23 (title), (1), (2) and (3) of the statutes are amended to read:

4 **645.23 (title) Commissioner's Secretary's seizure order.** (1) ISSUANCE. If  
5 it appears to the ~~commissioner~~ secretary that the interests of creditors, policyholders  
6 or the public will be endangered by the delay incident to asking for a court seizure  
7 order, then on any ground that would justify a court seizure order under s. 645.22,  
8 without notice and without applying to the court, the ~~commissioner~~ secretary may  
9 issue a seizure order which must contain a verified statement of the grounds for the  
10 action. As directed by the seizure order, the ~~commissioner's~~ secretary's  
11 representatives shall forthwith take possession and control of all or part of the  
12 property, books, accounts, documents and other records of the insurer, and of the  
13 premises occupied by the insurer for the transaction of its business. The  
14 ~~commissioner~~ secretary shall retain possession and control until the order is vacated  
15 or is replaced by an order of the court pursuant to a proceeding commenced under  
16 sub. (2) or a formal proceeding under this chapter.

17 (2) JUDICIAL REVIEW. At any time after seizure under sub. (1), the insurer may  
18 apply to the circuit court for Dane County or for the county in which the insurer's  
19 principal office is located. The court shall thereupon order the ~~commissioner~~  
20 secretary to appear forthwith and shall proceed thereafter as if the order were a court  
21 seizure order issued under s. 645.22.

22 (3) DUTY TO ASSIST ~~COMMISSIONER~~ SECRETARY. Every law enforcement officer  
23 shall assist the ~~commissioner~~ secretary in making and enforcing any such seizure,  
24 and every sheriff's and police department shall furnish the ~~commissioner~~ secretary  
25 with such deputies, patrolmen or officers as are necessary to assist in the seizure.

1           **SECTION 395.** 645.24 (1) of the statutes is amended to read:

2           645.24 (1) CONFIDENTIALITY OF ~~COMMISSIONER'S~~ SECRETARY'S HEARINGS. The  
3 ~~commissioner~~ secretary shall hold all hearings in summary proceedings privately  
4 unless the insurer requests a public hearing, in which case the hearing shall be  
5 public.

6           **SECTION 396.** 645.24 (3) of the statutes is amended to read:

7           645.24 (3) RECORDS. In all summary proceedings and judicial reviews thereof,  
8 all records of the company, other documents, and all ~~office of the commissioner of~~  
9 ~~insurance~~ department files and court records and papers, so far as they pertain to  
10 or are a part of the record of the summary proceedings, shall be and remain  
11 confidential except as is necessary to obtain compliance therewith, unless the court,  
12 after hearing arguments from the parties in chambers, orders otherwise, or unless  
13 the insurer requests that the matter be made public. Until the court order is issued,  
14 all papers filed with the clerk of the court shall be held by the clerk in a confidential  
15 file.

16           **SECTION 397.** 645.24 (5) of the statutes is amended to read:

17           645.24 (5) SANCTIONS. Any person having possession or custody of and refusing  
18 to deliver any of the property, books, accounts, documents or other records of an  
19 insurer against which a seizure order or a summary order has been issued by the  
20 ~~commissioner~~ secretary or by the court, is subject to s. 601.64.

21           **SECTION 398.** 645.31 (intro.) of the statutes is amended to read:

22           **645.31 Grounds for rehabilitation.** (intro.) The ~~commissioner~~ secretary  
23 may apply by verified petition to the circuit court for Dane County or for the county  
24 in which the principal office of the insurer is located for an order directing

1 rehabilitation of a domestic insurer or an alien insurer domiciled in this state on any  
2 one or more of the following grounds:

3 **SECTION 399.** 645.31 (1) of the statutes is amended to read:

4 645.31 (1) Any ground on which the ~~commissioner~~ secretary may apply for an  
5 order of liquidation under s. 645.41, whenever he or she believes that the insurer may  
6 be successfully rehabilitated without substantial increase in the risk of loss to  
7 creditors of the insurer or to the public.

8 **SECTION 400.** 645.31 (2) of the statutes is amended to read:

9 645.31 (2) That the ~~commissioner~~ secretary has reasonable cause to believe  
10 that there has been embezzlement from the insurer, wrongful sequestration or  
11 diversion of the insurer's assets, forgery or fraud affecting the insurer or other illegal  
12 conduct in, by or with respect to the insurer, that if established would endanger  
13 assets in an amount threatening the solvency of the insurer.

14 **SECTION 401.** 645.31 (3) of the statutes is amended to read:

15 645.31 (3) That information coming into the ~~commissioner's~~ secretary's  
16 possession has disclosed substantial and not adequately explained discrepancies  
17 between the insurer's records and the most recent annual report or other official  
18 company reports.

19 **SECTION 402.** 645.31 (4) of the statutes is amended to read:

20 645.31 (4) That the insurer has failed to remove any person who in fact has  
21 executive authority in the insurer, whether an officer, manager, general agent,  
22 employee or other person, if the person has been found by the ~~commissioner~~ secretary  
23 after notice and hearing to be dishonest or untrustworthy in a way affecting the  
24 insurer's business.

25 **SECTION 403.** 645.31 (6) of the statutes is amended to read:



1           645.31 (6) That any person who in fact has executive authority in the insurer,  
2           whether an officer, manager, general agent, employee or other person, has refused  
3           to be examined under oath by the ~~commissioner~~ secretary concerning its affairs,  
4           whether in this state or elsewhere, and after reasonable notice of the fact the insurer  
5           has failed promptly and effectively to terminate the employment and status of the  
6           person and all his or her influence on management.

7           **SECTION 404.** 645.31 (7) of the statutes is amended to read:

8           645.31 (7) That after demand by the ~~commissioner~~ secretary the insurer has  
9           failed to submit promptly any of its own property, books, accounts, documents or  
10          other records, or those of any subsidiary or other affiliate within the control of the  
11          insurer, or those of any person having executive authority in the insurer so far as they  
12          pertain to the insurer, to reasonable inspection or examination by the ~~commissioner~~  
13          secretary or the ~~commissioner's~~ secretary's authorized representative. If the insurer  
14          is unable to submit the property, books, accounts, documents or other records of a  
15          person having executive authority in the insurer, it shall be excused from doing so  
16          if it promptly and effectively terminates the relationship of the person to the insurer.

17          **SECTION 405.** 645.31 (8) of the statutes is amended to read:

18          645.31 (8) That less than 30 days after reporting the proposed action to the  
19          ~~commissioner~~ secretary unless it is earlier approved by the ~~commissioner~~ secretary,  
20          or after the action has been disapproved by the ~~commissioner~~ secretary, the insurer  
21          has transferred, or attempted to transfer, substantially its entire property or  
22          business, or has entered into any transaction the effect of which is to merge,  
23          consolidate or reinsure substantially its entire property or business in or with the  
24          property or business of any other person.

25          **SECTION 406.** 645.31 (10) of the statutes is amended to read:

1           645.31 (10) That within the previous year the insurer has willfully violated its  
2 charter or articles of incorporation or its bylaws or any insurance law or regulation  
3 of any state, or of the federal government, or any valid order of the ~~commissioner~~  
4 secretary under s. 645.21, or having become aware within the previous year of an  
5 unintentional violation has failed to take all reasonable steps to remedy the situation  
6 resulting from the violation and to prevent future violations.

7           **SECTION 407.** 645.31 (12) of the statutes is amended to read:

8           645.31 (12) That the insurer has failed to pay for 60 days after due date any  
9 obligation to this state or any political subdivision thereof or any judgment entered  
10 in this state, except that such nonpayment shall not be a ground until 60 days after  
11 any good faith effort by the insurer to contest the obligation has been terminated,  
12 whether it is before the ~~commissioner~~ secretary or in the courts.

13           **SECTION 408.** 645.31 (13) of the statutes is amended to read:

14           645.31 (13) That the insurer has failed to file its annual report or other report  
15 within the time allowed by law, and after written demand by the ~~commissioner~~  
16 secretary has failed to give an adequate explanation immediately.

17           **SECTION 409.** 645.32 (1) of the statutes is amended to read:

18           645.32 (1) APPOINTMENT OF REHABILITATOR. An order to rehabilitate the business  
19 of a domestic insurer, or an alien insurer domiciled in this state, shall appoint the  
20 ~~commissioner~~ secretary and his or her successors in office rehabilitator and shall  
21 direct the rehabilitator to take possession of the assets of the insurer and to  
22 administer them under the orders of the court. The recording of the order with any  
23 register of deeds in the state imparts the same notice as a deed, bill of sale or other  
24 evidence of title recorded with that register of deeds.

25           **SECTION 410.** 645.33 (1) of the statutes is amended to read:

1           645.33 (1) ~~SPECIAL DEPUTY COMMISSIONER~~. The rehabilitator may appoint a  
2 special deputy ~~commissioner~~ to rehabilitate the insurer. The special deputy  
3 ~~commissioner~~ shall have all of the powers of the rehabilitator granted under this  
4 section. Subject to court approval, the rehabilitator shall make such arrangements  
5 for compensation as are necessary to obtain a special deputy ~~commissioner~~ of proven  
6 ability. The special deputy ~~commissioner~~ shall serve at the pleasure of the  
7 rehabilitator.

8           **SECTION 411.** 645.41 (intro.) of the statutes is amended to read:

9           **645.41 Grounds for liquidation.** (intro.) The ~~commissioner~~ secretary may  
10 apply by verified petition to the circuit court for Dane County or for the county in  
11 which the principal office of the insurer is located for an order directing him or her  
12 to liquidate a domestic insurer or an alien insurer domiciled in this state on any one  
13 or more of the following grounds:

14           **SECTION 412.** 645.41 (1) of the statutes is amended to read:

15           645.41 (1) Any ground on which the ~~commissioner~~ secretary may apply for an  
16 order of rehabilitation under s. 645.31, whenever the ~~commissioner~~ secretary  
17 believes that attempts to rehabilitate the insurer would substantially increase the  
18 risk of loss to its creditors, its policyholders or the public, or would be futile, or that  
19 rehabilitation would serve no useful purpose;

20           **SECTION 413.** 645.41 (8) of the statutes is amended to read:

21           645.41 (8) That the insurer has concealed records or assets from the  
22 ~~commissioner~~ secretary or improperly removed them from the jurisdiction;

23           **SECTION 414.** 645.42 (1) of the statutes is amended to read:

24           645.42 (1) **ORDER TO LIQUIDATE.** An order to liquidate the business of a domestic  
25 insurer shall appoint the ~~commissioner~~ secretary and his or her successors in office

1 liquidator and shall direct the liquidator to take possession of the assets of the  
2 insurer and to administer them under the orders of the court. The liquidator is  
3 vested by operation of law with the title to all of the property, contracts, rights of  
4 action and books and records, wherever located, of the insurer ordered liquidated,  
5 and with all of the stock issued by the insurer and any cause of action that has or  
6 subsequently accrues to the holder of the stock, as of the date of the filing of the  
7 petition for liquidation. The liquidator may recover and reduce the same to  
8 possession except that ancillary receivers in reciprocal states shall have, as to assets  
9 located in their respective states, the rights and powers which are prescribed in s.  
10 645.84 (3) for ancillary receivers appointed in this state as to assets located in this  
11 state. The recording of the order with any register of deeds in this state imparts the  
12 same notice as a deed, bill of sale or other evidence of title recorded with that register  
13 of deeds.

14 **SECTION 415.** 645.42 (4) of the statutes is amended to read:

15 645.42 (4) DECLARATION OF INSOLVENCY. At the time of petitioning for an order  
16 of liquidation, or at any time thereafter, the ~~commissioner~~ secretary may petition the  
17 court to declare the insurer insolvent, and after such notice and hearing as it deems  
18 proper, the court may make the declaration.

19 **SECTION 416.** 645.44 of the statutes is amended to read:

20 **645.44 Dissolution of insurer.** The ~~commissioner~~ secretary may petition for  
21 an order dissolving the corporate existence of a domestic insurer or the U.S. branch  
22 of an alien insurer domiciled in this state at the time of the application for a  
23 liquidation order. If the court issues a liquidation order, it also shall order dissolution  
24 if the commissioner has petitioned for it. The court shall order dissolution of the  
25 corporation upon petition by the ~~commissioner~~ secretary at any time after a

1 liquidation order has been granted. If the dissolution has not previously occurred,  
2 it shall be effected by operation of law upon the discharge of the liquidator.

3 **SECTION 417.** 645.45 (1) of the statutes is amended to read:

4 645.45 (1) PETITION FOR FEDERAL RECEIVER. Whenever in the ~~commissioner's~~  
5 secretary's opinion, liquidation of a domestic insurer or an alien insurer domiciled  
6 in this state would be facilitated by a federal receivership, and when any ground  
7 exists upon which the ~~commissioner~~ secretary might petition the court for an order  
8 of rehabilitation or liquidation under s. 645.31 or 645.41, or if an order of  
9 rehabilitation or liquidation has already been entered, the ~~commissioner~~ secretary  
10 may request another insurance regulator or commissioner or other willing resident  
11 of another state to petition any appropriate federal district court for the appointment  
12 of a federal receiver. The ~~commissioner~~ secretary may intervene in any such action  
13 to support or oppose the petition, and may accept appointment as the receiver if he  
14 or she is so designated. So much of this chapter shall apply to the receivership as can  
15 be made applicable and is appropriate. Upon motion of the ~~commissioner~~ secretary,  
16 the courts of this state shall relinquish all jurisdiction over the insurer for purposes  
17 of rehabilitation or liquidation.

18 **SECTION 418.** 645.45 (2) of the statutes is amended to read:

19 645.45 (2) COMPLIANCE WITH FEDERAL REQUIREMENTS. If the ~~commissioner~~  
20 secretary is appointed receiver under this section, the ~~commissioner~~ secretary shall  
21 comply with any requirements necessary to give him or her title to and control over  
22 the assets and affairs of the insurer.

23 **SECTION 419.** 645.46 (4) of the statutes is amended to read:

24 645.46 (4) Defray all expenses of taking possession of, conserving, conducting,  
25 liquidating, disposing of, or otherwise dealing with the business and property of the

1 insurer. If the property of the insurer does not contain sufficient cash or liquid assets  
2 to defray the costs incurred, the liquidator may advance the costs so incurred out of  
3 the appropriation under s. ~~20.145 (1)~~ 20.142 (3) (g) 1. Any amounts so paid shall be  
4 deemed expense of administration and shall be repaid for the credit of the ~~office of~~  
5 ~~the commissioner of insurance~~ department out of the first available moneys of the  
6 insurer.

7 **SECTION 420.** 645.46 (14) of the statutes is amended to read:

8 645.46 (14) Remove any records and property of the insurer to the offices of the  
9 ~~commissioner~~ department or to such other place as is convenient for the purposes of  
10 efficient and orderly execution of the liquidation.

11 **SECTION 421.** 645.46 (21) of the statutes is amended to read:

12 645.46 (21) Enter into agreements with any receiver or insurance regulator or  
13 commissioner of any other state relating to the rehabilitation, liquidation,  
14 conservation or dissolution of an insurer doing business in both states.

15 **SECTION 422.** 645.47 (1) (a) of the statutes is amended to read:

16 645.47 (1) (a) *General requirements.* The liquidator shall give notice of the  
17 liquidation order as soon as possible by first class mail and either by telegram or  
18 telephone to the insurance regulator or commissioner of each jurisdiction in which  
19 the insurer is licensed to do business, by first class mail and by telephone to the  
20 ~~department of workforce development of this state~~ if the insurer is or has been an  
21 insurer of worker's compensation, by first class mail to all insurance agents having  
22 a duty under s. 645.48, by first class mail to the director of state courts under s. 601.53  
23 (1) if the insurer does a surety business and by first class mail at the last-known  
24 address to all persons known or reasonably expected from the insurer's records to  
25 have claims against the insurer, including all policyholders. The liquidator also shall

1 publish a class 3 notice, under ch. 985, in a newspaper of general circulation in the  
2 county in which the liquidation is pending or in Dane County, the last publication to  
3 be not less than 3 months before the earliest deadline specified in the notice under  
4 sub. (2).

5 **SECTION 423.** 645.49 (1) of the statutes is amended to read:

6 645.49 (1) TERMINATION OF ACTIONS AGAINST INSURER BY ORDER APPOINTING  
7 LIQUIDATOR. Upon issuance of any order appointing the ~~commissioner~~ secretary  
8 liquidator of a domestic insurer or of an alien insurer domiciled in this state, all  
9 actions and all proceedings against the insurer whether in this state or elsewhere  
10 shall be abated and the liquidator shall not intervene in them, except as provided in  
11 this subsection. Whenever in the liquidator's judgment an action in this state has  
12 proceeded to a point where fairness or convenience would be served by its  
13 continuation to judgment, the liquidator may apply to the court for leave to defend  
14 or to be substituted for the insurer, and if the court grants the application, the action  
15 shall not be abated. Whenever in the liquidator's judgment, protection of the estate  
16 of the insurer necessitates intervention in an action against the insurer that is  
17 pending outside this state, with approval of the court the liquidator may intervene  
18 in the action. The liquidator may defend at the expense of the estate of the insurer  
19 any action in which he or she intervenes under this section at the expense of the  
20 estate of the insurer.

21 **SECTION 424.** 645.61 (4) of the statutes is amended to read:

22 645.61 (4) FILING OF CLAIMS BY FUNDS. Claims by funds under s. 646.33 and  
23 corresponding provisions of funds of other jurisdictions that satisfy s. 646.60 (1) (b)  
24 shall be filed periodically by the funds pursuant to rules promulgated by the  
25 ~~commissioner~~ department.

1           **SECTION 425.** 645.73 (2) of the statutes is amended to read:

2           **645.73 (2) WITHHELD FUNDS.** All funds withheld under s. 645.64 and not  
3 distributed shall upon discharge of the liquidator be deposited with the secretary of  
4 revenue and paid by the secretary in accordance with s. 645.64. Any sums remaining  
5 which under s. 645.64 would revert to the undistributed assets of the insurer shall  
6 be transferred to the secretary of revenue and become the property of the state under  
7 sub. (1), unless the ~~commissioner~~ secretary of financial institutions, insurance, and  
8 professional standards petitions the court to reopen the liquidation under s. 645.75.

9           **SECTION 426.** 645.75 of the statutes is amended to read:

10           **645.75 Reopening liquidation.** After the liquidation proceeding has been  
11 terminated and the liquidator discharged, the ~~commissioner~~ secretary or other  
12 interested party may at any time petition the court to reopen the proceedings for good  
13 cause, including the discovery of additional assets. If the court is satisfied that there  
14 is justification for reopening, it shall so order.

15           **SECTION 427.** 645.77 of the statutes is amended to read:

16           **645.77 External audit of receiver's books.** The court in which the  
17 proceeding is pending may, as it deems desirable, cause audits to be made of the  
18 books of the ~~commissioner~~ secretary relating to any receivership established under  
19 this chapter, and a report of each audit shall be filed with the ~~commissioner~~ secretary  
20 and with the court. The books, records and other documents of the receivership shall  
21 be made available to the auditor at any time without notice. The expense of each  
22 audit shall be considered a cost of administration of the receivership.

23           **SECTION 428.** 645.81 (1) (intro.) of the statutes is amended to read:

24           **645.81 (1) GROUNDS FOR PETITION.** (intro.) If a domiciliary liquidator has not  
25 been appointed, the ~~commissioner~~ secretary may apply to the circuit court for Dane



1 County by verified petition for an order directing him or her to conserve the property  
2 of an alien insurer not domiciled in this state or a foreign insurer on any one or more  
3 of the following grounds:

4 **SECTION 429.** 645.82 (1) (intro.) of the statutes is amended to read:

5 645.82 (1) GROUNDS FOR PETITION. (intro.) If no domiciliary receiver has been  
6 appointed, the ~~commissioner~~ secretary may apply to the circuit court for Dane  
7 County by verified petition for an order directing the ~~commissioner~~ secretary to  
8 liquidate the assets found in this state of a foreign insurer or an alien insurer not  
9 domiciled in this state, on any of the following grounds:

10 **SECTION 430.** 645.82 (4) of the statutes is amended to read:

11 645.82 (4) FEDERAL RECEIVERSHIP. On the same grounds as are specified in sub.  
12 (1), the ~~commissioner~~ secretary may petition any appropriate federal district court  
13 to be appointed receiver to liquidate that portion of the insurer's assets and business  
14 over which the court will exercise jurisdiction, or any lesser part thereof that the  
15 ~~commissioner~~ secretary deems desirable for the protection of the policyholders and  
16 creditors in this state. The ~~commissioner~~ secretary may accept appointment as  
17 federal receiver if another person files a petition.

18 **SECTION 431.** 645.83 (2) of the statutes is amended to read:

19 645.83 (2) PROPERTY RIGHTS AND TITLE: STATE NOT A RECIPROCAL STATE. If a  
20 domiciliary liquidator is appointed for an insurer not domiciled in a reciprocal state,  
21 the ~~commissioner of this state~~ secretary shall be vested by operation of law with the  
22 title to all of the property, contracts and rights of action, and all of the books, accounts  
23 and other records of the insurer located in this state, at the same time that the  
24 domiciliary liquidator is vested with title in the domicile. The ~~commissioner of this~~  
25 ~~state~~ secretary may petition for a conservation or liquidation order under s. 645.81

1 or 645.82, or for an ancillary receivership under s. 645.84, or after approval by the  
2 circuit court for Dane County may transfer title to the domiciliary liquidator, as the  
3 interests of justice and the equitable distribution of the assets require.

4 **SECTION 432.** 645.84 (1) (intro.) of the statutes is amended to read:

5 645.84 (1) APPOINTMENT OF ANCILLARY RECEIVER IN THIS STATE. (intro.) If a  
6 domiciliary liquidator has been appointed for an insurer not domiciled in this state,  
7 the ~~commissioner~~ secretary shall file a petition with the circuit court for Dane  
8 County requesting appointment as ancillary receiver in this state in any of the  
9 following circumstances:

10 **SECTION 433.** 645.84 (1) (a) of the statutes is amended to read:

11 645.84 (1) (a) If the ~~commissioner~~ secretary finds that there are sufficient  
12 assets of the insurer located in this state to justify the appointment of an ancillary  
13 receiver;

14 **SECTION 434.** 645.84 (1) (b) of the statutes is amended to read:

15 645.84 (1) (b) If 10 or more persons resident in this state having claims against  
16 the insurer file a petition with the ~~commissioner~~ secretary requesting appointment  
17 of an ancillary receiver; ~~or.~~

18 **SECTION 435.** 645.85 of the statutes is amended to read:

19 **645.85 Ancillary summary proceedings.** The ~~commissioner~~ secretary in  
20 his or her sole discretion may institute proceedings under ss. 645.21 to 645.23 at the  
21 request of the ~~commissioner~~ secretary or other appropriate official of the domiciliary  
22 state of any nondomestic insurer having property located in this state.

23 **SECTION 436.** 646.11 (5) of the statutes is amended to read:

24 646.11 (5) IMMUNITY. No cause of action of any nature may arise against and  
25 no liability may be imposed upon the fund or its agents, employees, directors,

1 including alternate representatives designated under s. 646.12 (1) (a) 3., or  
2 contributor insurers, or the ~~commissioner~~ secretary or the ~~commissioner's~~  
3 secretary's agents, employees, or representatives, for any act or omission by any of  
4 them in the performance of their powers and duties under this chapter.

5 **SECTION 437.** 646.12 (1) (a) 1. of the statutes is amended to read:

6 646.12 (1) (a) 1. The fund shall be administered by a board of directors that  
7 shall consist of the attorney general, the state treasurer, and the ~~commissioner~~  
8 secretary, each of whom shall have full voting rights, and at least 9 but not more than  
9 11 insurer representatives of domestic, foreign, and alien insurers subject to this  
10 chapter.

11 **SECTION 438.** 646.12 (1) (a) 2. of the statutes is amended to read:

12 646.12 (1) (a) 2. The ~~commissioner~~ secretary shall appoint the insurer  
13 representative members for 3-year terms, after considering recommendations of the  
14 other board members currently serving terms. In recommending candidates to fill  
15 the positions, the board shall consider whether all insurers subject to this chapter  
16 are fairly represented, including property and casualty insurers, life and health  
17 insurers, health maintenance organizations and service insurance corporations, and  
18 domestic and nondomestic insurers.

19 **SECTION 439.** 646.12 (2) (e) of the statutes is amended to read:

20 646.12 (2) (e) Advise and make recommendations to the ~~commissioner~~  
21 secretary on any matter related to the possible insolvency of an insurer covered by  
22 this chapter, and respond to any reasonable questions presented by the  
23 ~~commissioner~~ secretary. Information, recommendations and advice under this  
24 subsection are privileged and confidential and are not open to public inspection  
25 under s. 19.35 (1).

1           **SECTION 440.** 646.16 (1) of the statutes is amended to read:

2           646.16 (1) The ~~commissioner~~ department shall promptly pay to the fund any  
3 deposit held in this state that was paid, as required by law or the ~~commissioner~~  
4 department, by the insolvent insurer for the benefit of creditors, including  
5 policyholders, and not turned over to the domiciliary liquidator upon the entry of a  
6 final order of liquidation of an insurer domiciled in this state or in a reciprocal state,  
7 as defined in s. 645.03 (1) (i). Of the amount paid to the fund under this subsection,  
8 the fund may retain the percentage determined by dividing the aggregate amount  
9 of policyholders' claims that are related to the insolvency and for which the fund has  
10 provided benefits under this chapter by the aggregate amount of all policyholders'  
11 claims in this state that are related to the insolvency. The fund shall remit the  
12 balance to the domiciliary liquidator.

13           **SECTION 441.** 646.35 (8) (e) of the statutes is amended to read:

14           646.35 (8) (e) This subsection supersedes s. 645.58 (1), any applicable rules of  
15 the ~~commissioner~~ department, and the provisions of any affected reinsurance  
16 agreement that provide for or require payment of reinsurance proceeds to the  
17 liquidator of the insolvent insurer on account of losses or events that occur after the  
18 coverage date. The liquidator remains entitled to any amounts payable by the  
19 reinsurer under the reinsurance agreement with respect to losses or events that  
20 occur before the coverage date, subject to any applicable setoff provisions.

21           **SECTION 442.** 646.51 (7) (d) of the statutes is amended to read:

22           646.51 (7) (d) Any amount available for credit against future tax liabilities  
23 under this subsection may be regarded as an asset of the insurer under rules  
24 promulgated by the ~~commissioner~~ department.

25           **SECTION 443.** 648.01 (2) of the statutes is repealed.

1           **SECTION 444.** 648.05 (2) (intro.) of the statutes is amended to read:

2           648.05 (2) APPLICATION. (intro.) A care management organization applying for  
3 a permit shall submit all of the following information in the format required by the  
4 ~~commissioner~~ department of financial institutions, insurance, and professional  
5 standards:

6           **SECTION 445.** 648.05 (2) (a) of the statutes is amended to read:

7           648.05 (2) (a) The names, addresses and occupations of all controlling persons  
8 and directors and principal officers of the care management organization currently  
9 and for the preceding 10 years, unless the ~~commissioner~~ department of financial  
10 institutions, insurance, and professional standards waives this requirement.

11           **SECTION 446.** 648.05 (2) (c) of the statutes is amended to read:

12           648.05 (2) (c) A business plan approved by the department of health services,  
13 including a projection of the anticipated operating results at the end of each of the  
14 next 3 years of operation, based on reasonable estimates of income and operating  
15 expenses.

16           **SECTION 447.** 648.05 (2) (d) of the statutes is amended to read:

17           648.05 (2) (d) Any other relevant documents or information that the  
18 ~~commissioner~~ department of financial institutions, insurance, and professional  
19 standards reasonably requires after consulting with the department of health  
20 services.

21           **SECTION 448.** 648.05 (3) (intro.) of the statutes is amended to read:

22           648.05 (3) STANDARDS FOR ISSUING PERMIT. (intro.) The ~~commissioner~~  
23 department of financial institutions, insurance, and professional standards may  
24 issue a permit to the care management organization if the ~~commissioner~~ department

1 of financial institutions, insurance, and professional standards finds, after  
2 consulting with the department of health services, all of the following:

3 **SECTION 449.** 648.05 (4) (intro.) of the statutes is amended to read:

4 648.05 (4) SUSPENSION OR REVOCATION. (intro.) The ~~commissioner~~ department  
5 of financial institutions, insurance, and professional standards may suspend or  
6 revoke a permit issued under this chapter if the ~~commissioner~~ department of  
7 financial institutions, insurance, and professional standards finds, after consulting  
8 with the department of health services, any of the following:

9 **SECTION 450.** 648.05 (4) (d) of the statutes is amended to read:

10 648.05 (4) (d) The permittee conceals records from the ~~commissioner~~  
11 department of financial institutions, insurance, and professional standards.

12 **SECTION 451.** 648.05 (4) (f) of the statutes is amended to read:

13 648.05 (4) (f) The permittee ceases to be certified by or maintain a contract with  
14 the department of health services.

15 **SECTION 452.** 648.10 (intro.) and (1) of the statutes are amended to read:

16 **648.10 Powers and duties of the ~~commissioner~~ department.** (intro.) The  
17 ~~commissioner~~ department of financial institutions, insurance, and professional  
18 standards may do any of the following:

19 (1) Promulgate rules that are necessary to carry out the intent of this chapter,  
20 including, after consulting with the department of health services, standards for the  
21 financial condition of care management organizations.

22 **SECTION 453.** 648.15 (1) (intro.) of the statutes is amended to read:

23 648.15 (1) REPORTS. (intro.) The ~~commissioner~~ department of financial  
24 institutions, insurance, and professional standards may require from any care  
25 management organization any of the following:

1           **SECTION 454.** 648.15 (1) (a) of the statutes is amended to read:

2           648.15 (1) (a) Statements, reports, answers to questionnaires, and other  
3 information in whatever reasonable form the ~~commissioner~~ department of financial  
4 institutions, insurance, and professional standards designates and at such  
5 reasonable intervals as the ~~commissioner~~ department of financial institutions,  
6 insurance, and professional standards chooses, or from time to time.

7           **SECTION 455.** 648.15 (2) of the statutes is amended to read:

8           648.15 (2) FORMS. The ~~commissioner~~ department of financial institutions,  
9 insurance, and professional standards, after consulting with the department of  
10 health services, may prescribe forms for the reports under sub. (1) and specify who  
11 shall execute or certify such reports.

12           **SECTION 456.** 648.15 (3) of the statutes is amended to read:

13           648.15 (3) ACCOUNTING METHODS. The ~~commissioner~~ department of financial  
14 institutions, insurance, and professional standards, after consulting with the  
15 department of health services, may prescribe reasonable minimum standards and  
16 techniques of accounting and data handling to ensure that timely and reliable  
17 information will exist and will be available to the ~~commissioner~~ department of  
18 financial institutions, insurance, and professional standards.

19           **SECTION 457.** 648.15 (4) of the statutes is amended to read:

20           648.15 (4) REPLIES. Any officer or manager of a care management organization,  
21 any person controlling or having a contract under which the person has a right to  
22 control a care management organization, whether exclusively or otherwise, or any  
23 person with executive authority over or in charge of any segment of such a care  
24 management organization's affairs, shall reply promptly in writing or in another

1 designated form, to any written inquiry from the ~~commissioner~~ department of  
2 financial institutions, insurance, and professional standards requesting a reply.

3 SECTION 458. 648.15 (5) of the statutes is amended to read:

4 648.15 (5) VERIFICATION. The ~~commissioner~~ department of financial  
5 institutions, insurance, and professional standards may require that any  
6 communication made to the ~~commissioner~~ department of financial institutions,  
7 insurance, and professional standards under this section be verified.

8 SECTION 459. 648.15 (6) of the statutes is amended to read:

9 648.15 (6) IMMUNITY. In the absence of actual malice, no person shall be subject  
10 to damages in an action for defamation based on a communication to the  
11 ~~commissioner~~ department of financial institutions, insurance, and professional  
12 standards required by law under this chapter or by the ~~commissioner~~ department of  
13 financial institutions, insurance, and professional standards under this chapter.

14 SECTION 460. 648.15 (7) of the statutes is amended to read:

15 648.15 (7) EXPERTS. The ~~commissioner~~ department of financial institutions,  
16 insurance, and professional standards may employ experts to assist the  
17 ~~commissioner~~ department of financial institutions, insurance, and professional  
18 standards in an examination or in the review of any transaction subject to approval  
19 under this chapter. The care management organization that is the subject of the  
20 examination, or that is a party to a transaction under review, including the person  
21 acquiring, controlling, or attempting to acquire the care management organization,  
22 shall pay the reasonable costs incurred by the ~~commissioner~~ department of financial  
23 institutions, insurance, and professional standards for the expert and related  
24 expenses.

25 SECTION 461. 648.20 (1) (a) of the statutes is amended to read:



1           648.20 (1) (a) To inform himself or herself about a matter related to the  
2 enforcement of this chapter, the ~~commissioner~~ department of financial institutions,  
3 insurance, and professional standards may examine the affairs and condition of any  
4 permittee.

5           **SECTION 462.** 648.20 (1) (b) (intro.) of the statutes is amended to read:

6           648.20 (1) (b) (intro.) So far as reasonably necessary for an examination under  
7 par. (a), the ~~commissioner~~ department of financial institutions, insurance, and  
8 professional standards may examine the accounts, records, or documents so far as  
9 they relate to the permittee, of any of the following:

10          **SECTION 463.** 648.20 (1) (c) of the statutes is amended to read:

11          648.20 (1) (c) On demand, every permittee shall make available to the  
12 ~~commissioner~~ department of financial institutions, insurance, and professional  
13 standards for examination any of its own accounts, records, documents, or evidences  
14 of transactions.

15          **SECTION 464.** 648.20 (1) (d) of the statutes is amended to read:

16          648.20 (1) (d) On order of the ~~commissioner~~ department of financial  
17 institutions, insurance, and professional standards any examinee under this chapter  
18 shall bring to the ~~office~~ department of financial institutions, insurance, and  
19 professional standards for examination such records as the order reasonably  
20 requires.

21          **SECTION 465.** 648.20 (2) of the statutes is amended to read:

22          648.20 (2) AUDITS OR ACTUARIAL OR OTHER EVALUATIONS. In lieu of all or part of  
23 an examination under sub. (1), or in addition to it, the ~~commissioner~~ department of  
24 financial institutions, insurance, and professional standards may order an  
25 independent audit by certified public accountants or an actuarial or other evaluation

1 by actuaries or other experts approved by the ~~commissioner~~ department of financial  
2 institutions, insurance, and professional standards of any permittee. Any  
3 accountant, actuary, or other expert selected is subject to rules respecting conflicts  
4 of interest promulgated by the ~~commissioner~~ department of financial institutions,  
5 insurance, and professional standards. Any audit or evaluation under this section  
6 is subject to s. 648.25, so far as applicable.

7 **SECTION 466.** 648.20 (3) of the statutes is amended to read:

8 648.20 (3) ALTERNATIVES TO EXAMINATION. In lieu of all or part of an examination  
9 under this section, the ~~commissioner~~ department of financial institutions,  
10 insurance, and professional standards may accept the report of an audit already  
11 made by certified public accountants or of an actuarial or other evaluation already  
12 made by actuaries or other experts approved by the ~~commissioner~~ department of  
13 financial institutions, insurance, and professional standards, or the report of an  
14 examination made by another government agency in this state, the federal  
15 government, or another state.

16 **SECTION 467.** 648.20 (4) of the statutes is amended to read:

17 648.20 (4) PURPOSE AND SCOPE OF EXAMINATION. An examination may but need  
18 not cover comprehensively all aspects of the permittee's affairs and condition. The  
19 ~~commissioner~~ department of financial institutions, insurance, and professional  
20 standards shall determine the exact nature and scope of each examination, and in  
21 doing so shall take into account all relevant factors, including the length of time the  
22 permittee has been doing business, the length of time the permittee has been  
23 certified by the department of health services, the nature of the business being  
24 examined, the nature of the accounting records available, and the nature of  
25 examinations performed elsewhere.

1           **SECTION 468.** 648.25 (1) of the statutes is amended to read:

2           648.25 (1) ORDER OF EXAMINATION. For each examination under s. 648.20, the  
3           ~~commissioner~~ department of financial institutions, insurance, and professional  
4           standards shall issue an order stating the scope of the examination and designating  
5           the examiner in charge. Upon demand, a copy of the order shall be provided to the  
6           examinee.

7           **SECTION 469.** 648.25 (2) of the statutes is amended to read:

8           648.25 (2) ACCESS TO EXAMINEE. Any examiner authorized by the ~~commissioner~~  
9           department of financial institutions, insurance, and professional standards shall, for  
10          the purposes of the examination, have access at all reasonable hours to the premises  
11          and to any property of the examinee.

12          **SECTION 470.** 648.25 (4) of the statutes is amended to read:

13          648.25 (4) CORRECTION OF BOOKS. If the ~~commissioner~~ department of financial  
14          institutions, insurance, and professional standards finds the accounts or records to  
15          be inadequate for proper examination of the condition and affairs of the permittee  
16          or improperly kept or posted, the ~~commissioner~~ department of financial institutions,  
17          insurance, and professional standards may employ experts to rewrite, post, or  
18          balance them at the expense of the permittee.

19          **SECTION 471.** 648.25 (5) of the statutes is amended to read:

20          648.25 (5) REPORT ON EXAMINATION. The examiner in charge of an examination  
21          shall make a proposed report of the examination, including information and analysis  
22          ordered in sub. (1), together with the examiner's recommendations. Preparation of  
23          the proposed report may include conferences with the examinee or the examinee's  
24          representatives at the option of the examiner in charge. The ~~commissioner~~

1 department of financial institutions, insurance, and professional standards shall  
2 serve the final examination report on the examinee.

3 **SECTION 472.** 648.27 (1) of the statutes is amended to read:

4 648.27 (1) COSTS TO BE PAID BY CARE MANAGEMENT ORGANIZATIONS. Permittees  
5 shall pay the reasonable estimate of costs of examinations under s. 648.20, of review  
6 of applications under s. 648.05, and of analysis and financial monitoring of care  
7 management organizations by the ~~commissioner~~ department of financial  
8 institutions, insurance, and professional standards and the department of health  
9 services, including overhead and fixed costs, by a system of regular annual billings.

10 **SECTION 473.** 648.27 (2) of the statutes is amended to read:

11 648.27 (2) DETERMINATION OF COSTS. Annually, the ~~commissioner~~ department  
12 of financial institutions, insurance, and professional standards shall determine the  
13 estimated costs under sub. (1) for the ~~commissioner~~ department of financial  
14 institutions, insurance, and professional standards and the department of health  
15 services. The ~~commissioner~~ department of financial institutions, insurance, and  
16 professional standards shall serve a request for payment on each permittee  
17 allocating the cost to each permittee in an amount that the ~~commissioner~~  
18 department of financial institutions, insurance, and professional standards  
19 determines reflects the permittee's proportionate share of projected enrollment in  
20 the ~~department's~~ annual contracting period for the department of health services.

21 **SECTION 474.** 648.27 (3) of the statutes is amended to read:

22 648.27 (3) PAYMENT DEADLINE. The permittee shall pay the amount determined  
23 by the ~~commissioner~~ department of financial institutions, insurance, and  
24 professional standards within 30 days of service of the request for payment under  
25 sub. (2).

1           **SECTION 475.** 648.30 (1) (intro.) of the statutes is amended to read:

2           648.30 (1) TYPES OF INFORMATION. (intro.) The ~~office~~ department of financial  
3 institutions, insurance, and professional standards may refuse to disclose and may  
4 prevent any other person from disclosing any of the following:

5           **SECTION 476.** 648.30 (1) (c) (intro.) of the statutes is amended to read:

6           648.30 (1) (c) (intro.) Testimony, reports, records, communications, and  
7 information that are obtained by the ~~office~~ department of financial institutions,  
8 insurance, and professional standards from, or provided by the office to, any of the  
9 following, under a pledge of confidentiality or for the purpose of assisting or  
10 participating in monitoring activities or in the conduct of any inquiry, investigation,  
11 or examination:

12           **SECTION 477.** 648.30 (1) (c) 5. of the statutes is amended to read:

13           648.30 (1) (c) 5. An international, federal, state, or local regulatory or law  
14 enforcement agency, including the department of health services.

15           **SECTION 478.** 648.35 (1) of the statutes is amended to read:

16           648.35 (1) INJUNCTIONS AND RESTRAINING ORDERS. The ~~commissioner~~  
17 department of financial institutions, insurance, and professional standards may  
18 commence an action in circuit court in the name of the state to restrain by temporary  
19 or permanent injunction or by temporary restraining order any violation of this  
20 chapter, any rule promulgated under this chapter, or any order issued under s.  
21 648.10 (2). The ~~commissioner~~ department of financial institutions, insurance, and  
22 professional standards need not show irreparable harm or lack of an adequate  
23 remedy at law in an action commenced under this subsection.

24           **SECTION 479.** 648.35 (2) of the statutes is amended to read:

1           648.35 (2) ORDERS. The ~~commissioner~~ department of financial institutions,  
2 insurance, and professional standards shall issue any orders under the procedures  
3 described in s. 601.63 and shall hold any hearings under the procedures described  
4 in s. 601.62.

5           **SECTION 480.** 648.35 (3) of the statutes is amended to read:

6           648.35 (3) COMPULSIVE FORFEITURES. If a person does not comply with an order  
7 issued under s. 648.10 (2) within 2 weeks after the ~~commissioner~~ department of  
8 financial institutions, insurance, and professional standards has given the care  
9 management organization notice of the ~~commissioner's~~ department's intention to  
10 proceed under this subsection, the ~~commissioner~~ department of financial  
11 institutions, insurance, and professional standards may commence an action for a  
12 forfeiture in such sum as the court considers just, but not exceeding \$5,000 for each  
13 day that the violation continues after the commencement of the action until  
14 judgment is rendered. No forfeiture may be imposed under this subsection if at the  
15 time the action was commenced the care management organization was in  
16 compliance with the order, nor for any violation of an order occurring while any  
17 proceeding for judicial review of the order was pending, unless the court in which the  
18 proceeding was pending certifies that the claim of invalidity or nonapplicability of  
19 the order was frivolous or a sham. If after judgment is rendered the care  
20 management organization does not comply with the order, the commissioner  
21 department of financial institutions, insurance, and professional standards may  
22 commence a new action for a forfeiture and may continue commencing actions until  
23 the person complies. The proceeds of all actions under this subsection, after  
24 deduction of the expenses of collection, shall be paid into the common school fund of  
25 the state.

1           **SECTION 481.** 648.35 (4) (c) of the statutes is amended to read:

2           648.35 (4) (c) *Forfeiture for violation of statute or rule.* Whoever violates,  
3 intentionally aids in violating, or knowingly permits a person over whom he or she  
4 has authority to violate a section of this chapter or a rule promulgated under this  
5 chapter shall forfeit to the state not more than \$1,000 for each violation. If the section  
6 or rule violated imposes a duty to make a report to the ~~commissioner~~ department of  
7 financial institutions, insurance, and professional standards, each week of delay in  
8 complying with the duty is a new violation.

9           **SECTION 482.** 648.35 (4) (d) of the statutes is amended to read:

10          648.35 (4) (d) *Procedure.* The ~~commissioner~~ department of financial  
11 institutions, insurance, and professional standards may order any person to pay a  
12 forfeiture imposed under this subsection, which shall be paid into the common school  
13 fund. If the order is issued without a hearing, the affected person may demand a  
14 hearing through procedures described under s. 601.62 (3) (a). If the person fails to  
15 request a hearing, the order is conclusive as to the person's liability. The scope of  
16 review for forfeitures ordered is that specified under s. 227.57. The ~~commissioner~~  
17 department of financial institutions, insurance, and professional standards may  
18 cause an action to be commenced to recover the forfeiture. Before an action is  
19 commenced, the ~~commissioner~~ department of financial institutions, insurance, and  
20 professional standards may compromise the forfeiture.

21          **SECTION 483.** 648.45 (1) of the statutes is amended to read:

22          648.45 (1) INFORMATION. A permittee and a person attempting to acquire or  
23 having control of a permittee, shall report to the ~~commissioner~~ department of  
24 financial institutions, insurance, and professional standards the information  
25 concerning the permittee, its affiliates, and the person attempting to acquire control

1 of the permittee that the ~~commissioner~~ department of financial institutions,  
2 insurance, and professional standards requires by rule. The ~~commissioner~~  
3 department of financial institutions, insurance, and professional standards may  
4 promulgate rules prescribing the timing of reports under this subsection, including  
5 requiring periodic reporting and the form and procedure for filing reports.

6 SECTION 484. 648.45 (3) of the statutes is amended to read:

7 648.45 (3) CONSENT TO JURISDICTION. Every permittee shall promptly submit  
8 to the ~~commissioner~~ department of financial institutions, insurance, and  
9 professional standards a statement from each of its affiliates that the affiliate agrees  
10 to be subject to the jurisdiction of the ~~commissioner~~ department of financial  
11 institutions, insurance, and professional standards and the courts of this state for  
12 the purposes of this chapter. A governmental unit is not subject to this requirement.  
13 The ~~commissioner~~ department of financial institutions, insurance, and professional  
14 standards may exempt other affiliates from this subsection.

15 SECTION 485. 648.45 (4) of the statutes is amended to read:

16 648.45 (4) INFORMATION ORDER. The ~~commissioner~~ department of financial  
17 institutions, insurance, and professional standards may, by order, require any  
18 permittee or any person attempting to acquire or having control of the permittee, to  
19 report information under sub. (1) or other information to the ~~commissioner~~  
20 department of financial institutions, insurance, and professional standards.

21 SECTION 486. 648.45 (5) (d) of the statutes is amended to read:

22 648.45 (5) (d) The transaction complies with any other standard that the  
23 ~~commissioner~~ department of financial institutions, insurance, and professional  
24 standards, after consulting with the department of health services, prescribes by  
25 rule.



1           **SECTION 487.** 648.45 (6) (a) 1. (intro.) of the statutes is amended to read:

2           648.45 (6) (a) 1. (intro.) ~~The commissioner~~ department of financial institutions,  
3 insurance, and professional standards, after consulting with the department of health  
4 services, may promulgate rules requiring a permittee, a person attempting  
5 to acquire or having control of a permittee, and affiliates of a permittee to report a  
6 transaction or a group or series of transactions, if all of the following are satisfied:

7           **SECTION 488.** 648.45 (6) (a) 2. of the statutes is amended to read:

8           648.45 (6) (a) 2. Transactions that are material to a permittee for the purposes  
9 of subd. 1. include management contracts, service contracts, and cost-sharing  
10 arrangements. ~~The commissioner~~ department of financial institutions, insurance,  
11 and professional standards, after consulting with the department of health services,  
12 may prescribe by rule standards for determining whether a transaction is material  
13 under this subsection.

14           **SECTION 489.** 648.45 (6) (a) 3. of the statutes is amended to read:

15           648.45 (6) (a) 3. No permittee, person attempting to acquire or having control  
16 of a permittee, or affiliate of the permittee may enter into a transaction required to  
17 be reported to the ~~commissioner~~ department of financial institutions, insurance, and  
18 professional standards under this subsection unless the permittee, person, and  
19 affiliate report the transaction to the ~~commissioner~~ department of financial  
20 institutions, insurance, and professional standards in the form and by the date  
21 before the effective date of the transaction that are prescribed by the ~~commissioner~~  
22 department of financial institutions, insurance, and professional standards by rule,  
23 after consulting with the department of health services. ~~The commissioner~~  
24 department of financial institutions, insurance, and professional standards may not

1 require the transaction to be reported earlier than 30 days before the effective date  
2 of the transaction.

3 **SECTION 490.** 648.45 (6) (b) of the statutes is amended to read:

4 648.45 (6) (b) *Disapproval.* The ~~commissioner~~ department of financial  
5 institutions, insurance, and professional standards may, within the period  
6 prescribed in par. (a) 3., disapprove any transaction reported under par. (a) if the  
7 ~~commissioner~~ department of financial institutions, insurance, and professional  
8 standards finds, after consulting with the department, that it would violate the law  
9 or would be contrary to the interests of enrollees of the permittee, the department  
10 of health services, or the public.

11 **SECTION 491.** 648.45 (6) (c) of the statutes is amended to read:

12 648.45 (6) (c) *Transactions prohibited.* No permittee, person attempting to  
13 acquire or having control of the permittee, or affiliate of the permittee may enter into  
14 a transaction that is not reported as required under par. (a) or that is disapproved  
15 by the ~~commissioner~~ department of financial institutions, insurance, and  
16 professional standards under par. (b).

17 **SECTION 492.** 648.45 (6) (d) of the statutes is amended to read:

18 648.45 (6) (d) *Voidable transactions.* If a permittee, person attempting to  
19 acquire or having control of the permittee, or affiliate enters into a transaction in  
20 violation of this section, the permittee may void the transaction, obtain an  
21 injunction, and recover from the person or affiliate the amount necessary to restore  
22 the permittee to its condition had the transaction not occurred. The ~~commissioner~~  
23 department of financial institutions, insurance, and professional standards may  
24 order a permittee to void the transaction, to commence an action against the person  
25 or affiliate, or to take other action.

1           **SECTION 493.** 648.45 (6) (e) of the statutes is amended to read:

2           648.45 (6) (e) *Required financial conditions.* The ~~commissioner~~ department of  
3 financial institutions, insurance, and professional standards, after consulting with  
4 the department of health services, may promulgate rules for determining adequacy  
5 of financial condition under this section.

6           **SECTION 494.** 648.45 (6) (f) of the statutes is amended to read:

7           648.45 (6) (f) *Exemption if permittee reports.* Paragraph (a) does not apply to  
8 a person attempting to acquire or having control of, or an affiliate of, a permittee, if  
9 the permittee reports on behalf of the person or on behalf of the affiliate, and the  
10 transaction is not disapproved by the ~~commissioner~~ department of financial  
11 institutions, insurance, and professional standards under par. (b).

12           **SECTION 495.** 648.45 (7) (a) of the statutes is amended to read:

13           648.45 (7) (a) A permittee may not pay a dividend or distribution, and an  
14 affiliate of a permittee may not accept a dividend or distribution, unless the  
15 permittee reports the dividend or distribution to the ~~commissioner~~ department of  
16 financial institutions, insurance, and professional standards at least 30 days before  
17 payment and the ~~commissioner~~ department of financial institutions, insurance, and  
18 professional standards does not disapprove the dividend or distribution within that  
19 period.

20           **SECTION 496.** 648.45 (7) (b) (intro.) of the statutes is amended to read:

21           648.45 (7) (b) (intro.) The ~~commissioner~~ department of financial institutions,  
22 insurance, and professional standards, after consulting with the department of  
23 health services, may promulgate rules under this section that do any of the following:

24           **SECTION 497.** 648.45 (7) (b) 2. of the statutes is amended to read:

1           648.45 (7) (b) 2. Exempt dividends or distributions from the reporting  
2 requirement under par. (a) under conditions that the ~~commissioner~~ department of  
3 financial institutions, insurance, and professional standards determines will not  
4 jeopardize the financial condition of the permittee.

5           **SECTION 498.** 648.45 (7) (c) of the statutes is amended to read:

6           648.45 (7) (c) A permittee may declare a dividend or distribution that is  
7 conditioned upon the permittee's compliance with this subsection. A declaration of  
8 a dividend or distribution under this subsection does not confer rights to the  
9 proposed recipient of the dividend or distribution unless this subsection is complied  
10 with and is void if the dividend or distribution is disapproved by the ~~commissioner~~  
11 department of financial institutions, insurance, and professional standards under  
12 par. (a).

13           **SECTION 499.** 648.45 (8) (b) of the statutes is amended to read:

14           648.45 (8) (b) An officer or director of a permittee or of an affiliate of a permittee  
15 who knows, or reasonably should know, that the permittee or affiliate has entered  
16 into a transaction or paid a dividend or distribution that violates this chapter shall  
17 report the transaction, dividend, or distribution to the commissioner in writing  
18 within 30 days after attaining that knowledge. Section 648.15 (6) applies to a report  
19 under this section, and the report is confidential unless the ~~commissioner~~  
20 department of financial institutions, insurance, and professional standards finds it  
21 necessary to disclose the report for the purpose of enforcing this chapter.

22           **SECTION 500.** 648.50 (1) of the statutes is amended to read:

23           648.50 (1) APPROVAL REQUIRED. No proposed plan of merger or other plan for  
24 acquisition of control of a permittee may be executed unless the ~~commissioner~~

1 department of financial institutions, insurance, and professional standards, after  
2 consulting with the department of health services, approves the plan.

3 **SECTION 501.** 648.50 (2) of the statutes is amended to read:

4 648.50 (2) GROUNDS FOR APPROVAL. The ~~commissioner~~ department of financial  
5 institutions, insurance, and professional standards shall approve the plan under  
6 this section if the ~~commissioner~~ department of financial institutions, insurance, and  
7 professional standards finds, after a hearing, that it would not violate the law or be  
8 contrary to the interests of the public, the department of health services, or the  
9 enrollees.

10 **SECTION 502.** 648.50 (3) of the statutes is amended to read:

11 648.50 (3) INFORMATION REQUIRED. A permittee shall report to the ~~commissioner~~  
12 department of financial institutions, insurance, and professional standards any  
13 changes in directors or principal officers after a permit is issued, together with  
14 biographical data on the new director or officer that the ~~commissioner~~ department  
15 of financial institutions, insurance, and professional standards requires by rule.

16 **SECTION 503.** 648.55 (title) of the statutes is amended to read:

17 **648.55 (title) Commissioner's Department's summary orders.**

18 **SECTION 504.** 648.55 (1) (intro.) of the statutes is amended to read:

19 648.55 (1) (intro.) The ~~commissioner~~ department of financial institutions,  
20 insurance, and professional standards, after consulting with the department of  
21 health services, may make and serve an order on a permittee, requiring it to stop  
22 providing services under the department contract, or to take corrective measures,  
23 without notice and before hearing, if it appears to the ~~commissioner~~ department of  
24 financial institutions, insurance, and professional standards that irreparable harm  
25 to the property or business of the permittee or to the interests of its enrollees or the

1 public, will occur unless the ~~commissioner~~ department of financial institutions,  
2 insurance, and professional standards acts with immediate effect and one of the  
3 following applies:

4 **SECTION 505.** 648.55 (3) of the statutes is amended to read:

5 648.55 (3) The permittee has the rights provided under s. 601.62. The  
6 ~~commissioner~~ department of financial institutions, insurance, and professional  
7 standards may serve upon the permittee notice of hearing under the procedures  
8 under s. 601.62 simultaneously with service of the order under sub. (1).

9 **SECTION 506.** 648.55 (4) of the statutes is amended to read:

10 648.55 (4) The ~~commissioner~~ department of financial institutions, insurance,  
11 and professional standards may keep proceedings under this section confidential.

12 **SECTION 507.** 648.65 (1) of the statutes is amended to read:

13 648.65 (1) IMMUNITY. An enrollee of a care management organization is not  
14 liable for health care, service, equipment, or supply charges that are covered under  
15 the care management organization's contract with the department of health  
16 services.

17 **SECTION 508.** 648.75 (1) of the statutes is amended to read:

18 648.75 (1) DEPOSIT REQUIRED. A permittee shall deposit an amount established  
19 by the contract with the department of health services, and not less than \$250,000,  
20 using the procedures under s. 601.13.

21 **SECTION 509.** 648.75 (2) (intro.) of the statutes is amended to read:

22 648.75 (2) RELEASE OF DEPOSIT. (intro.) A deposit under this section may be  
23 released only with the approval of the ~~commissioner~~ department of financial  
24 institutions, insurance, and professional standards, after consulting with the

1 department of health services, by the procedures under s. 601.13 (10) and only in one  
2 of the following circumstances:

3 **SECTION 510.** 648.75 (2) (b) of the statutes is amended to read:

4 648.75 (2) (b) To pay creditors of the permittee according to the priority  
5 determined by the department of health services if the permittee is insolvent,  
6 dissolves, or is subject to an insolvency proceeding, including a bankruptcy  
7 proceeding.

8 **SECTION 511.** 648.75 (3) of the statutes is amended to read:

9 648.75 (3) ASSESSMENT. The department of health services may assess an  
10 amount from each permittee's deposit for the purpose of funding arrangements for,  
11 or to pay expenses related to, services for enrollees of an insolvent or financially  
12 hazardous permittee. ~~The department's~~ assessment by the department of health  
13 services shall be allocated to each permittee's deposit in an amount that reflects the  
14 permittee's proportionate share of projected enrollment in the ~~department's~~ annual  
15 contracting period for the department of health services. ~~The commissioner~~  
16 department of financial institutions, insurance, and professional standards may  
17 authorize release, and the department of administration shall pay to the department  
18 of health services the assessed amount for the purposes of this subsection.

19 **SECTION 512.** 648.75 (4) of the statutes is amended to read:

20 648.75 (4) RESTORATION. A permittee shall restore its deposit that is subject to  
21 an assessment under sub. (3) within 30 days after the assessment, unless the ~~office~~  
22 department of financial institutions, insurance, and professional standards, after  
23 consulting with the department of health services, authorizes a longer period, which  
24 shall not exceed 2 years.

25 **SECTION 513.** 648.75 (4) of the statutes is amended to read:

1           648.75 (4) RESTORATION. A permittee shall restore its deposit that is subject to  
2 an assessment under sub. (3) within 30 days after the assessment, unless the office  
3 department of financial institutions, insurance, and professional standards, after  
4 consulting with the department of health services, authorizes a longer period, which  
5 shall not exceed 2 years.

6           **SECTION 514.** 648.75 (5) of the statutes is amended to read:

7           648.75 (5) RECOVERY. The department of health services may recover, and may  
8 file a claim or bring civil action to recover, from the insolvent or financially hazardous  
9 permittee any amount that the department of health services assesses and pays  
10 under sub. (3). Any amount recovered shall be restored to each permittee's deposit  
11 in the same proportion as the assessment.

12           **SECTION 515.** 655.001 (4) of the statutes is repealed.

13           **SECTION 516.** 655.001 (14) of the statutes is amended to read:

14           655.001 (14) "Self-insurance plan" means a plan approved by the  
15 ~~commissioner~~ department of financial institutions, insurance, and professional  
16 standards to self-insure health care providers against medical malpractice claims  
17 in accordance with this chapter. A "self-insurance plan" may provide coverage to a  
18 single health care provider or affiliated health care providers.

19           **SECTION 517.** 655.002 (2) (intro.) of the statutes is amended to read:

20           655.002 (2) OPTIONAL PARTICIPATION. (intro.) All of the following may elect, in  
21 the manner designated by the ~~commissioner~~ department of financial institutions,  
22 insurance, and professional standards by rule under s. 655.004, to be subject to this  
23 chapter:

24           **SECTION 518.** 655.003 (3) of the statutes is amended to read:



1           655.003 (3) Except for a physician or nurse anesthetist who meets the criteria  
2 under s. 146.89 (5) (a), a physician or a nurse anesthetist who provides professional  
3 services under the conditions described in s. 146.89, with respect to those  
4 professional services provided by the physician or nurse anesthetist for which he or  
5 she is covered by s. 165.25 and considered an agent of the department of health  
6 services, as provided in s. 165.25 (6) (b).

7           **SECTION 519.** 655.004 of the statutes is amended to read:

8           **655.004 Rule-making authority.** The director of state courts, department  
9 of health services and commissioner department of financial institutions, insurance,  
10 and professional standards may promulgate such rules under ch. 227 as are  
11 necessary to enable them to perform their responsibilities under this chapter.

12           **SECTION 520.** 655.015 of the statutes is amended to read:

13           **655.015 Future medical expenses.** If a settlement or judgment under this  
14 chapter resulting from an act or omission that occurred on or after May 25, 1995,  
15 provides for future medical expense payments in excess of \$100,000, that portion of  
16 future medical expense payments in excess of an amount equal to \$100,000 plus an  
17 amount sufficient to pay the costs of collection attributable to the future medical  
18 expense payments, including attorney fees reduced to present value, shall be paid  
19 into the fund. The ~~commissioner~~ department of financial institutions, insurance,  
20 and professional standards shall develop by rule a system for managing and  
21 disbursing those moneys through payments for these expenses, which shall include  
22 a provision for the creation of a separate accounting for each claimant's payments  
23 and for crediting each claimant's account with a proportionate share of any interest  
24 earned by the fund, based on that account's proportionate share of the fund. The  
25 ~~commissioner~~ department of financial institutions, insurance, and professional

1 standards shall promulgate a rule specifying the criteria that shall be used to  
2 determine the medical expenses related to the settlement or judgment, taking into  
3 consideration developments in the provision of health care. The payments shall be  
4 made under the system until either the account is exhausted or the patient dies.

5 **SECTION 521.** 655.019 of the statutes is amended to read:

6 **655.019 Information needed to set fees.** The department of health services  
7 shall provide the director of state courts, the ~~commissioner~~ department of financial  
8 institutions, insurance, and professional standards and the board of governors with  
9 information on hospital bed capacity and occupancy rates as needed to set fees under  
10 s. 655.27 (3) or 655.61.

11 **SECTION 522.** 655.23 (3) (a) of the statutes is amended to read:

12 655.23 (3) (a) Except as provided in par. (d), every health care provider either  
13 shall insure and keep insured the health care provider's liability by a policy of health  
14 care liability insurance issued by an insurer authorized to do business in this state  
15 or shall qualify as a self-insurer. Qualification as a self-insurer is subject to  
16 conditions established by the ~~commissioner~~ department of financial institutions,  
17 insurance, and professional standards and is valid only when approved by the  
18 ~~commissioner~~ department of financial institutions, insurance, and professional  
19 standards. The ~~commissioner~~ department of financial institutions, insurance, and  
20 professional standards may establish conditions that permit a self-insurer to  
21 self-insure for claims that are against employees who are health care practitioners  
22 and that are not covered by the fund. An approved self-insurance plan may provide  
23 coverage for all affiliated health care providers under a controlling legal entity.

24 **SECTION 523.** 655.23 (3) (b) of the statutes is amended to read:

1           655.23 (3) (b) Each insurance company issuing health care liability insurance  
2 that meets the requirements of sub. (4) to any health care provider shall, at the times  
3 prescribed by the ~~commissioner~~ department of financial institutions, insurance, and  
4 professional standards, file with the ~~commissioner~~ department of financial  
5 institutions, insurance, and professional standards in a form prescribed by the  
6 ~~commissioner~~ department of financial institutions, insurance, and professional  
7 standards a certificate of insurance on behalf of the health care provider upon  
8 original issuance and each renewal.

9           **SECTION 524.** 655.23 (3) (c) of the statutes is amended to read:

10           655.23 (3) (c) Each self-insured health care provider furnishing coverage that  
11 meets the requirements of sub. (4) shall, at the times and in the form prescribed by  
12 the ~~commissioner~~ department of financial institutions, insurance, and professional  
13 standards, file with the ~~commissioner~~ department of financial institutions,  
14 insurance, and professional standards a certificate of self-insurance and a separate  
15 certificate of insurance for each additional health care provider covered by the  
16 self-insured plan.

17           **SECTION 525.** 655.23 (3) (d) of the statutes is amended to read:

18           655.23 (3) (d) If a cash or surety bond furnished by a health care provider for  
19 the purpose of insuring and keeping insured the health care provider's liability was  
20 approved by the commissioner before April 25, 1990, par. (a) does not apply to the  
21 health care provider while the cash or surety bond remains in effect. A cash or surety  
22 bond remains in effect unless the ~~commissioner~~ department of financial institutions,  
23 insurance, and professional standards, at the request of the health care provider or  
24 the surety, approves its cancellation.

25           **SECTION 526.** 655.23 (4) (d) of the statutes is amended to read: