

**2015 DRAFTING REQUEST**

**Bill**

Received: 12/8/2014 Received By: pkahler  
Wanted: As time permits Same as LRB:  
For: Administration-Budget By/Representing: Hutter  
May Contact: Drafter: pkahler  
Subject: Insurance - other insurance Addl. Drafters:  
Extra Copies:

Submit via email: YES  
Requester's email:  
Carbon copy (CC) to: tamara.dodge@legis.wisconsin.gov  
sbostatlanguage@webapps.wi.gov

---

**Pre Topic:**

DOA:.....Hutter, BB0279 -

---

**Topic:**

Prohibit new coverage under the local government property insurance fund

---

**Instructions:**

See attached

---

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 12/8/2014	kfollett 12/9/2014		_____			
/P1	pkahler 1/23/2015		rschluet 12/9/2014	_____	lparisi 12/9/2014		
/P2	pkahler 1/26/2015	kfollett 1/23/2015	rschluet 1/23/2015	_____	lparisi 1/23/2015		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1		kfollett 1/26/2015	rschluet 1/26/2015	_____	mbarman 1/26/2015		

FE Sent For:

<END>

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Subject: **Insurance - other insurance** Addl. Drafters:  
Extra Copies:

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**Topic:**

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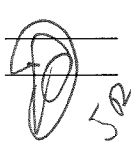
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**Instructions:**

See attached

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/P1	pkahler 1/23/2015		rschluet 12/9/2014	_____	lparisi 12/9/2014		
/P2		kfollett 1/23/2015 <i>1/26</i>	rschluet 1/23/2015 <i>1/26</i>		lparisi 1/23/2015		

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/P1		1/23 1/23 rschluef 12/9/2014		_____ SK	lparisi 12/9/2014		

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<END>

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Carbon copy (CC) to: **tamara.dodge@legis.wisconsin.gov** ✓  
**sbostatlanguage@webapps.wi.gov**

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**Pre Topic:**

DOA:.....Hutter, BB0279 -

---

**Topic:**

Prohibit new coverage under the local government property insurance fund ✓

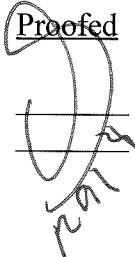
---

**Instructions:**

See attached

---

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 12/8/2014	kfollett 1/11/5f 12/9	1/11/5f 12/9				

FE Sent For:

<END>

**Kahler, Pam**

---

**From:** Hanaman, Cathlene  
**Sent:** Monday, December 08, 2014 9:50 AM  
**To:** Kahler, Pam; Dodge, Tamara  
**Subject:** FW: Statutory Language Drafting Request - BB0279

---

**From:** ryan.hutter@wisconsin.gov [mailto:ryan.hutter@wisconsin.gov]  
**Sent:** Monday, December 08, 2014 9:21 AM  
**To:** Hanaman, Cathlene  
**Cc:** Steinmetz, Jana D - DOA; Hutter, Ryan M - DOA; Connor, Christopher B - DOA  
**Subject:** Statutory Language Drafting Request - BB0279

Biennial Budget: 2015-17

DOA Tracking Code: BB0279

Topic: Eliminate Local Government Property Insurance Fund

SBO Team: HSI

SBO Analyst: Hutter, Ryan  
Phone: 608-266-2214  
E-mail: [ryan.hutter@wisconsin.gov](mailto:ryan.hutter@wisconsin.gov)

Agency Acronym: OCI

Agency Number: 145

Priority: Medium

Intent:

Repeal Chapter 605 Wisconsin Statute and eliminate references to Local Government Property Insurance Fund in statute.

Attachments: False

Please send completed drafts to [SBOStatlanguage@webapps.wi.gov](mailto:SBOStatlanguage@webapps.wi.gov)

12-8

Ryan Huttler → change instruction to  
prohibiting any new policies

(<sup>had</sup> explained to him that there would be outstanding  
policies and that, unless the coverage  
was claims-made, there would be  
a need to keep that for a long time  
because occurrences might not be  
known for a long time.)

if coverage was occurrence coverage





UPS: See new topic request on sheet

is changed

DOA:.....Hutter, BB0279 - Eliminate the local government property insurance fund

**FOR 2015-2017 BUDGET — NOT READY FOR INTRODUCTION**

D-1000  
(w/12-8)

12/12

Don't Gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**INSURANCE**

Under current law, a local governmental unit, including any city, county, town, village, school, or library board, may pass a resolution to insure its property, and property that it does not own but for which it is contractually liable if the property is damaged or destroyed, in the local government property insurance fund (fund). The fund is managed by the commissioner of insurance, and provides protection for the property insured in the fund against fire and extended coverage perils. This bill provides that no new coverage may be issued, and no existing coverage may be renewed, under the fund on or after the effective date of the 2015-16 biennial budget act.

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

2 SECTION 1. 605.03 (1) (f) of the statutes is created to read:



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0823/7dn

PJK.....

PI  
SF

*Date*

Ryan:

As we discussed, because there may be outstanding policies on the effective date of the budget, and because claims could be made far into the future based on something that occurred during the term of a policy, rather than repealing the local government property insurance fund, I have prohibited any coverage from being issued or renewed under the fund on or after the effective date of the budget.

  
Pamela J. Kahler  
Senior Legislative Attorney  
(608) 266-2682  
pam.kahler@legis.wisconsin.gov

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0823/P1dn  
PJK:kjf:rs

December 9, 2014

Ryan:

As we discussed, because there may be outstanding policies on the effective date of the budget, and because claims could be made far into the future based on something that occurred during the term of a policy, rather than repealing the local government property insurance fund I have prohibited any coverage from being issued or renewed under the fund on or after the effective date of the budget.

Pamela J. Kahler  
Senior Legislative Attorney  
(608) 266-2682  
[pam.kahler@legis.wisconsin.gov](mailto:pam.kahler@legis.wisconsin.gov)

## Kahler, Pam

---

**From:** Hutter, Ryan M - DOA <Ryan.Hutter@wisconsin.gov>  
**Sent:** Friday, January 23, 2015 8:56 AM  
**To:** Kahler, Pam  
**Cc:** Steinmetz, Jana D - DOA  
**Subject:** RE: Draft BB0279 Modifications

Pam-

The following dates in your previous email are correct:

- no new policies after July 1, 2015
- no renewals after Dec. 31, 2015
- All policies must terminate by Dec. 31, 2016
- All claims must be filed by July 1, 2017

After that, the language related to "all claims will be resolved" can be removed completely.

If you have any questions or concerns, please let me know.

Thanks,

Ryan

*per Ryan, leave out "distribution" language, too*

---

**From:** Kahler, Pam [mailto:Pam.Kahler@legis.wisconsin.gov]  
**Sent:** Wednesday, January 21, 2015 11:04 AM  
**To:** Hutter, Ryan M - DOA  
**Subject:** RE: Draft BB0279 Modifications

Ryan:

I don't think the timing works out. This is what I have working through all the one-year and 6-month time periods: no new policies after July 1, 2015; no renewals after Dec. 31, 2015. All policies must terminate by Dec. 31, 2016. All claims must be filed by July 1, 2017. All claims will be resolved and distribution of any funds balance by Dec. 31, 2017. (I don't get the distribution on 12/31/18, or the distribution "two years from the effective date," which would be July 1, 2017.)

Let me know where my dates are wrong. Thanks!

Pam

---

**From:** Hutter, Ryan M - DOA [mailto:Ryan.Hutter@wisconsin.gov]  
**Sent:** Tuesday, January 20, 2015 12:02 PM  
**To:** Kahler, Pam  
**Subject:** RE: Draft BB0279 Modifications

Pam –

The policies have one year terms so if a policy was renewed on 12/31/15, it would expire 12/31/16. We would then want to give 6 months (June 2017) after that to file a claim. We would need another 6 months after that to resolve claims so distribution would be 12/31/17. The distribution would be 12/31/18, to give the two years allowed under the current policy.

The 18 months to file a claim would be the one year policy period plus 6 months. Distribution would occur one year after all the policies expired and six months after the date to file a claim or two years from the effective date.

Ryan

---

**From:** Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]  
**Sent:** Tuesday, January 20, 2015 10:39 AM  
**To:** Hutter, Ryan M - DOA  
**Subject:** FW: Draft BB0279 Modifications

I've got it – 0823.

---

**From:** Kahler, Pam  
**Sent:** Tuesday, January 20, 2015 10:35 AM  
**To:** 'Hutter, Ryan M - DOA'  
**Subject:** RE: Draft BB0279 Modifications

Ryan – what is the LRB number of the draft?

---

**From:** Hutter, Ryan M - DOA [<mailto:Ryan.Hutter@wisconsin.gov>]  
**Sent:** Friday, January 16, 2015 5:48 PM  
**To:** Kahler, Pam  
**Cc:** Steinmetz, Jana D - DOA  
**Subject:** Draft BB0279 Modifications

Hi Pam,

Below are modifications for draft BB0279, Prohibiting new coverage under the local government property insurance fund.

Let me know if you have any further questions or you wish to discuss.

For renewals, no coverage may be renewed after December 31, 2015. Those policies would expire December 31, 2016. The timeline for non-renewals then, would be to give 6 months for all policies to expire, 6 months after that (12 months) to file a claim, distribution of the remainder 12 months after that (2years). Subrogation recoveries after distribution shall be transferred to the general fund.

Additional language for s. 605.03(1)(f):

Claims must be filed with the property fund no later than 18 months after the effective date of this paragraph and claims filed after this date are not entitled to coverage by the property fund. The balance of any funds remaining in the property fund two years after the effective date of this paragraph, if any, shall be distributed to participants insured with the fund as of the effective date of this paragraph. The commissioner at his sole discretion shall develop a plan of distribution of any remaining balance. The plan shall provide for the distribution of any remaining funds based proportionately on the amount of premium paid by each eligible participant. Any funds recovered by the property fund after the date of distribution shall be transferred to the general fund.

Thanks,

Ryan Hutter  
Division of Executive Budget & Finance  
Department of Administration  
(608) 266-2214



State of Wisconsin  
2015 - 2016 LEGISLATURE



LRB-0823/P  
PJK:kjfrs

P2

DOA:.....Hutter, BB0279 - Prohibit new coverage under the local government property insurance fund

**FOR 2015-2017 BUDGET — NOT READY FOR INTRODUCTION**

(w/1-23)

11/24 or  
11/25

Don't Gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**INSURANCE**

Under current law, a local governmental unit, including any city, county, town, village, school, or library board, may pass a resolution to insure its property, and property that it does not own but for which it is contractually liable if the property is damaged or destroyed, in the local government property insurance fund (fund). The fund is managed by the commissioner of insurance, and provides protection for the property insured in the fund against fire and extended coverage perils. This bill provides that no new coverage may be issued, and no existing coverage may be renewed, under the fund on or after the effective date of the 2015-16 biennial budget act.

Insert A

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

2 SECTION 1. 605.03 (1) (f) of the statutes is created to read:



Insert 2-3

1 605.03 (1) (f) *Limit on issuance and renewal.* No coverage may be newly issued,  
2 and no existing coverage may be renewed, on or after the effective date of this  
3 paragraph .... [LRB inserts date].

4 SECTION 2. 605.21 (1) of the statutes is amended to read:

5 605.21 (1) PLACING INSURANCE. ~~The~~ Subject to s. 605.03 (1) (f), the property fund  
6 shall insure property described in s. 605.02 after receipt from the clerk of the local  
7 governmental unit of a certified copy of the resolution authorizing insurance in the  
8 property fund. The clerk shall report to the manager each policy then in force upon  
9 such property, stating the property covered by the policy and the dates of issue and  
10 of expiration, the amounts and rates of insurance and the premiums. Property  
11 already insured shall become insured by the property fund as existing policies expire  
12 or are canceled. Thereafter the insurance on all property described in s. 605.02 shall  
13 be provided. Premiums shall be certified by the manager to the clerk of the  
14 appropriate unit.

15 SECTION 3. 605.35 of the statutes is repealed.

16 (END)

Insert 2-14

2015-2016 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0823/P2ins  
PJK:.....

INSERT A

<sup>no ft</sup>  
under the fund on or after July 1, 2015; no coverage may be renewed after December 31, 2015; no coverage may extend beyond December 31, 2016; and all claims must be filed by July 1, 2017, or they will not be covered under the fund  
(END OF INSERT A)

INSERT 2-3

1           **SECTION 1.** 605.03 (1) (a) of the statutes is amended to read:  
2           605.03 (1) (a) *Mandatory coverage.* The Subject to par. (f) 1, the property fund  
3 shall provide protection against fire and extended coverage perils. The coverage  
4 shall be at least as favorable as that customarily provided by policies filed with the  
5 commissioner for the use of private insurers in insuring comparable property.

History: 1973 c. 117; 2007 a. 168.

6           **SECTION 2.** 605.03 (1) (d) of the statutes is amended to read:  
7           605.03 (1) (d) *Term of policy.* The Subject to par. (f) 1, the manager may  
8 prescribe the time periods for which coverage is to be provided.

History: 1973 c. 117; 2007 a. 168.

9           **SECTION 3.** 605.03 (1) (f) of the statutes is created to read:  
10           605.03 (1) (f) *Limits on issuance, renewal, and filing claims.* 1. No coverage  
11 under the property fund may be issued on or after July 1, 2015. No coverage may be  
12 renewed after December 31, 2015. No coverage may terminate later than December  
13 31, 2016.  
14           2. All claims must be filed with the property fund by no later than July 1, 2017.  
15 No claim filed after July 1, 2017, will be covered by the fund.

(END OF INSERT 2-3)

INSERT 2-14

16           **SECTION 4.** 605.23 (1) of the statutes is amended to read:

*Ins 2-14 Contd*

✓

1           605.23 (1) PAYMENT FOR LOSSES. The Subject to s. 605.03 (1) (f) 2., the manager  
2 shall determine within a reasonable time any loss on insured property owned by a  
3 local governmental unit or for which the unit is liable and promptly certify the  
4 amount to the department of administration, which shall issue a warrant on the  
5 property fund payable to the treasurer of the local governmental unit for the amount  
6 of the loss less any applicable amounts under s. 605.03 (2) or (3).

History: 1973 c. 117; 1979 c. 102, 221.

(END OF INSERT 2-14)

## Kahler, Pam

---

**From:** Hutter, Ryan M - DOA <Ryan.Hutter@wisconsin.gov>  
**Sent:** Monday, January 26, 2015 11:43 AM  
**To:** Kahler, Pam  
**Subject:** RE: Draft BB0279 Modifications

Hi Pam,

LGPIF Update 1-26-2015

Here is some suggested language to add to the end of Section 3 of the draft. "Upon cessation of the property fund's operations, the commissioner shall distribute any remaining funds to local governmental units who were policyholders on July 1, 2015."

Let me know if you have any questions or concerns.

Thanks,

Ryan

---

**From:** Kahler, Pam [mailto:Pam.Kahler@legis.wisconsin.gov]  
**Sent:** Wednesday, January 21, 2015 11:23 AM  
**To:** Hutter, Ryan M - DOA  
**Subject:** RE: Draft BB0279 Modifications

Also, I want to add that claims (which I'm assuming must be filed by July 1, 2017) must be paid by December 31, 2017 (which I'm assuming is the date for distribution of any surplus). Okay?

---

**From:** Hutter, Ryan M - DOA [mailto:Ryan.Hutter@wisconsin.gov]  
**Sent:** Tuesday, January 20, 2015 12:02 PM  
**To:** Kahler, Pam  
**Subject:** RE: Draft BB0279 Modifications

Pam –

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**Cc:** Steinmetz, Jana D - DOA  
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Additional language for s. 605.03(1)(f):

Claims must be filed with the property fund no later than 18 months after the effective date of this paragraph and claims filed after this date are not entitled to coverage by the property fund. The balance of any funds remaining in the property fund two years after the effective date of this paragraph, if any, shall be distributed to participants insured with the fund as of the effective date of this paragraph. The commissioner at his sole discretion shall develop a plan of distribution of any remaining balance. The plan shall provide for the distribution of any remaining funds based proportionately on the amount of premium paid by each eligible participant. Any funds recovered by the property fund after the date of distribution shall be transferred to the general fund.

Thanks,

Ryan Hutter  
Division of Executive Budget & Finance  
Department of Administration  
(608) 266-2214



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-0823/P2  
PJK:kjf:rs

DOA:.....Hutter, BB0279 - Prohibit new coverage under the local government property insurance fund

**FOR 2015-2017 BUDGET -- NOT READY FOR INTRODUCTION**

(w/1-26)

Today

Don't Gen

operations cease will be distributed among the local governmental units that were insured on July 1, 2015

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*  
**INSURANCE**

Under current law, a local governmental unit, including any city, county, town, village, school, or library board, may pass a resolution to insure its property, and property that it does not own but for which it is contractually liable if the property is damaged or destroyed, in the local government property insurance fund (fund). The fund is managed by the commissioner of insurance, and provides protection for the property insured in the fund against fire and extended coverage perils. This bill provides that no new coverage may be issued under the fund on or after July 1, 2015; no coverage may be renewed after December 31, 2015; no coverage may extend beyond December 31, 2016; and all claims must be filed by July 1, 2017, or they will not be covered under the fund. → and any money remaining after all

→  
→

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

2 SECTION 1. 605.03 (1) (a) of the statutes is amended to read:

3 605.03 (1) (a) *Mandatory coverage.* The Subject to par. (f), the property fund  
4 shall provide protection against fire and extended coverage perils. The coverage

1 shall be at least as favorable as that customarily provided by policies filed with the  
2 commissioner for the use of private insurers in insuring comparable property.

3 SECTION 2. 605.03 (1) (d) of the statutes is amended to read:

4 605.03 (1) (d) *Term of policy.* ~~The Subject to par. (f) 1., the~~ manager may  
5 prescribe the time periods for which coverage is to be provided.

6 SECTION 3. 605.03 (1) (f) of the statutes is created to read:

7 605.03 (1) (f) *Limits on issuance, renewal, and filing claims.* 1. No coverage  
8 under the property fund may be issued on or after July 1, 2015. No coverage may be  
9 renewed after December 31, 2015. No coverage may terminate later than December  
10 31, 2016.

11 2. All claims must be filed with the property fund by no later than July 1, 2017.  
12 No claim filed after July 1, 2017, will be covered by the fund.

13 SECTION 4. 605.21 (1) of the statutes is amended to read:

14 605.21 (1) PLACING INSURANCE. ~~The Subject to s. 605.03 (1) (f), the~~ property fund  
15 shall insure property described in s. 605.02 after receipt from the clerk of the local  
16 governmental unit of a certified copy of the resolution authorizing insurance in the  
17 property fund. The clerk shall report to the manager each policy then in force upon  
18 such property, stating the property covered by the policy and the dates of issue and  
19 of expiration, the amounts and rates of insurance and the premiums. Property  
20 already insured shall become insured by the property fund as existing policies expire  
21 or are canceled. Thereafter the insurance on all property described in s. 605.02 shall  
22 be provided. Premiums shall be certified by the manager to the clerk of the  
23 appropriate unit.

24 SECTION 5. 605.23 (1) of the statutes is amended to read:

I  
final distribution

Insert 2-12





2015-2016 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0823/lins  
PJK:.....

INSERT 2-12

1 3. Upon the cessation of all operations of the property fund, the manager shall  
2 distribute any remaining moneys among the local governmental units that were  
3 insured under the fund on July 1, 2015.

(END OF INSERT 2-12)

remaining in the fund



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-0823/1  
PJK:kjf:rs

DOA:.....Hutter, BB0279 - Prohibit new coverage under the local government property insurance fund

**FOR 2015-2017 BUDGET — NOT READY FOR INTRODUCTION**

1 **AN ACT ...; relating to:** the budget.

---

*Analysis by the Legislative Reference Bureau*

**INSURANCE**

Under current law, a local governmental unit, including any city, county, town, village, school, or library board, may pass a resolution to insure its property, and property that it does not own but for which it is contractually liable if the property is damaged or destroyed, in the local government property insurance fund (fund). The fund is managed by the commissioner of insurance, and provides protection for the property insured in the fund against fire and extended coverage perils. This bill provides that no new coverage may be issued under the fund on or after July 1, 2015; no coverage may be renewed after December 31, 2015; no coverage may extend beyond December 31, 2016; all claims must be filed by July 1, 2017, or they will not be covered under the fund, and any moneys remaining after all operations cease will be distributed among the local governmental units that were insured on July 1, 2015.

---

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

2 **SECTION 1.** 605.03 (1) (a) of the statutes is amended to read:

1           605.03 (1) (a) *Mandatory coverage.* The Subject to par. (f), the property fund  
2 shall provide protection against fire and extended coverage perils. The coverage  
3 shall be at least as favorable as that customarily provided by policies filed with the  
4 commissioner for the use of private insurers in insuring comparable property.

5           **SECTION 2.** 605.03 (1) (d) of the statutes is amended to read:

6           605.03 (1) (d) *Term of policy.* The Subject to par. (f) 1., the manager may  
7 prescribe the time periods for which coverage is to be provided.

8           **SECTION 3.** 605.03 (1) (f) of the statutes is created to read:

9           605.03 (1) (f) *Limits on issuance, renewal, and filing claims; final distribution.*

10          1. No coverage under the property fund may be issued on or after July 1, 2015. No  
11 coverage may be renewed after December 31, 2015. No coverage may terminate later  
12 than December 31, 2016.

13          2. All claims must be filed with the property fund by no later than July 1, 2017.  
14 No claim filed after July 1, 2017, will be covered by the fund.

15          3. Upon the cessation of all operations of the property fund, the manager shall  
16 distribute any moneys remaining in the fund among the local governmental units  
17 that were insured under the fund on July 1, 2015.

18           **SECTION 4.** 605.21 (1) of the statutes is amended to read:

19           605.21 (1) PLACING INSURANCE. The Subject to s. 605.03 (1) (f), the property fund  
20 shall insure property described in s. 605.02 after receipt from the clerk of the local  
21 governmental unit of a certified copy of the resolution authorizing insurance in the  
22 property fund. The clerk shall report to the manager each policy then in force upon  
23 such property, stating the property covered by the policy and the dates of issue and  
24 of expiration, the amounts and rates of insurance and the premiums. Property  
25 already insured shall become insured by the property fund as existing policies expire

1 or are canceled. Thereafter the insurance on all property described in s. 605.02 shall  
2 be provided. Premiums shall be certified by the manager to the clerk of the  
3 appropriate unit.

4 **SECTION 5.** 605.23 (1) of the statutes is amended to read:

5 605.23 (1) PAYMENT FOR LOSSES. ~~The~~ Subject to s. 605.03 (1) (f) 2., the manager  
6 shall determine within a reasonable time any loss on insured property owned by a  
7 local governmental unit or for which the unit is liable and promptly certify the  
8 amount to the department of administration, which shall issue a warrant on the  
9 property fund payable to the treasurer of the local governmental unit for the amount  
10 of the loss less any applicable amounts under s. 605.03 (2) or (3).

11 **SECTION 6.** 605.35 of the statutes is repealed.

12 (END)