

Fiscal Estimate Narratives

OCI 2/14/2018

LRB Number	17-4594/1	Introduction Number	AB-0877	Estimate Type	Original
Description disclosures to the commissioner of insurance and other changes to the insurance laws, extending the time limit for emergency rule procedures, providing an exemption from emergency rule-making procedures, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill is largely based on the National Association of Insurance Commissioner's (NAIC) corporate governance model legislation. The bill allows OCI to gather information annually on corporate governance issues, including highly confidential information on systems of rules, practices and processes by which an insurance company governs itself. This corporate governance annual disclosure addresses the allocation and regulation of power and accountabilities within an insurer, and includes avoiding undue concentration of authority and power. It must be transparent and have appropriate systems, controls and limits to ensure the given authority and power is used protecting the interest of all of the insurance company's stakeholders. This information will be utilized by OCI to understand, review and assess the corporate governance practices of insurers to promote effective oversight on an ongoing basis. Additionally, adopting the corporate governance annual disclosure regulation is a requirement for OCI to maintain NAIC accreditation, which helps Wisconsin insurers by ensuring OCI has full regulatory authority over its domestic insurers.

This bill also consolidates standards of confidentiality that OCI must adhere to with respect to withholding company specific information. Currently, there are over 10 standards of confidentiality definitions and the bill simplifies the definitions to two.

Currently, law requires insurers who are authorized to write medical malpractice insurance to file an annual medical malpractice insurance report with OCI. This report is obsolete and the bill eliminates this filing requirement.

Lastly, the bill modifies the membership on the rating committee of the Wisconsin Compensation Rating Bureau, which establishes rating plans for worker's compensation insurance. Currently, there are four members chosen by stock insurers and four chosen by mutual insurers. The bill adds one additional stock and one additional mutual insurer representative. This change in membership will allow the committee to gain representation for local Wisconsin companies.

Long-Range Fiscal Implications