

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-4392/1	Introduction Number AB-0437
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Description
 various changes to insurance laws and providing a penalty

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
OCI/ Jeff Grothman (608) 264-6239	Sarah Smith (608) 267-9460	10/9/2023

Fiscal Estimate Narratives

OCI 10/9/2023

LRB Number	23-4392/1	Introduction Number	AB-0437	Estimate Type	Original
Description various changes to insurance laws and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

The provisions in this legislation are considered "technical cleanup" to the statutes governing OCI. OCI, in consultation with insurance stakeholders, bundles the following provision into a single "cleanup" bill once a biennium. This bill does the following:

- Allows the commissioner of insurance to appoint the deputy commissioner, chief legal counsel, or chief financial regulator in OCI to serve as a member on the Wisconsin Retirement Board, rather than limiting the commissioner's designee to an experienced actuary in OCI.
- Eliminates the requirement that the commissioner develop a uniform employee application form that small employer insurers must use when a small employer applies for coverage under a group health benefit plan, including the requirement that small employer insurers must use the form.
- Eliminates the requirement that the commissioner prescribe, by rule, uniform questions and the format for applications for individual major medical health insurance policies and the requirement that all insurers may use only those questions and that format for individual major medical health insurance policy applications.
- Allows the commissioner to enter directly into a contract for the services of a consultant if OCI is coordinating a review on a regulatory matter with another state's or U.S. territory's insurance department that has already procured the services of the consultant.
- Eliminates the commissioner's remaining responsibility regarding dissolution of the former Health Insurance Risk-Sharing Plan.
- Adds the insurance security fund to the list of persons with whom OCI may confidentially share or from whom OCI may confidentially obtain information. Current law includes on that list a similar fund or other entity in another state but does not expressly include this state's fund.
- Eliminates the requirement that the commissioner study, and provide a report to the legislature and governor on, a) whether the cost of health care administration is likely to be reduced by health insurers' compliance with certain standards in their transactions with health care providers and b) the feasibility and cost-effectiveness of certain requirements related to uniform health insurance identification cards. The bill also eliminates the requirement that the commissioner must promulgate rules depending on the results of those studies.
- Changes the procedures for providing notice of the revocation of an insurer's authority to do business in this state.
- Increases the forfeiture amount, from \$1,000 to \$5,000 per violation, for a violation of an insurance statute or rule that involves or constitutes fraud.
- Requires a health maintenance organization that participates in the Family Care Program to make a monetary deposit, in an amount determined by the Department of Health Services, to pay for services on behalf of an insolvent or financially hazardous care management organization. The Family Care Program provides community-based long-term care services to eligible individuals. Current law requires a care management organization that provides services under the Family Care Program to make the deposit.
- Allows a domestic stock or mutual insurance corporation to include certain forum selection provisions in its articles of incorporation or bylaws.
- Changes a standard under which the commissioner may revoke, suspend, or limit the license of an insurance marketing intermediary or individual navigator from finding that the licensee "is not of good character" to finding that the licensee "is not competent or trustworthy." Under current law, proof of competence and trustworthiness are required for the initial issuance of a license.
- Eliminates the financial responsibility requirement under current law that applies to navigators.
- Reduces the number of segregated accounts that compose the insurance security fund, from six to five, by merging the life insurance and annuities accounts. The bill retains the current law requirement that the board of directors of the fund, when it authorizes assessments of insurers that have been ordered liquidated, must continue to estimate the amounts necessary to make payments from the fund and must authorize assessments separately for life insurance policies and for annuity contracts in the merged life insurance and annuities account.
- Changes the manner in which the board calculates assessment amounts for the merged life insurance and annuities account. Under current law, the amount is calculated as a percentage of average annual premiums received in this state by an insurer for life insurance policies and for annuity contracts for the three most recent years. Under the bill, the amount is calculated as a percentage of premiums for the year immediately

preceding the year in which the board authorizes the assessment or, if that data is not available, for the most recent year for which that data is available.

- Adds to the powers of the insurance security fund the authority to negotiate and contract with other guaranty associations to provide and receive administrative, claims, and other services that are usual to guaranty associations.

The fiscal effect of this proposed legislation is indeterminate.

Long-Range Fiscal Implications

None