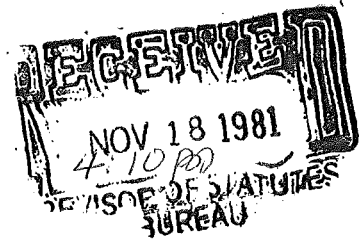


INS 16



STATE OF WISCONSIN  
OFFICE OF THE COMMISSIONER OF INSURANCE

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Susan Mitchell, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order amending a rule relating to annual billing for the examination of domestic insurers was issued by this office November 18, 1981.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

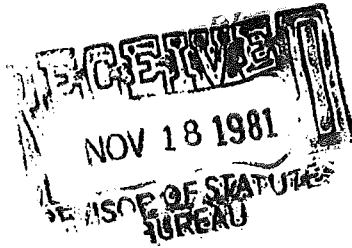
IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 18th day of November, 1981.

STATE OF WISCONSIN  
RECEIVED AND FILED

NOV 18 1981

VEL PHILLIPS  
SECRETARY OF STATE

Susan Mitchell  
Commissioner of Insurance



STATE OF WISCONSIN  
RECEIVED AND FILED

NOV 18 1981

VEL PHILLIPS  
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE  
ADOPTING AND AMENDING A RULE

Relating to annual billing for the examination of domestic insurers.

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ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The order amends section Ins 16.01 which interprets s. 601.45, Stats.

The amendments to Ins 16.01 (1), (2) and (3) (b) specify that health maintenance organizations regulated by the Commissioner are excluded from the annual assessment process and are subject to a direct charge for the actual costs of an examination ordered by the Commissioner. SEC 1493, Chapter 20, Laws of 1981, included the provision that such organizations are subject to examination.

The amendments to Ins 16.01 (3) (b) and (4) (b) provide that insurance agencies (licensees) which are examined are subject to a direct charge for the actual cost of such examinations. This amendment clarifies current policy.

The amendments to Ins 16.01 (4) (a), (5) and (8) change the budgeting and reporting requirements of the Commissioner from a calendar year basis to a fiscal year basis in order to conform with the state's fiscal year. They also establish a fixed month--November-- for the required annual hearing and expand the topics to be covered in that hearing.

Ins 16.01 (3) (c) requires domestic insurers to pay for the actual cost of the conduct of any examination which they request, the end of the period of which is within three years of the end of the period of their last examination. Such requests are usually for the purpose of licensure in another state. The direct charge is in addition to the annual assessment.

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Pursuant to the authority vested in the Commissioner of Insurance by section 601.45, Stats., the Commissioner of Insurance hereby amends Ins 16.01 as follows:

SECTION 1. Section Ins 16.01 (1) and (2) are amended to read:

(1) PURPOSE. The purpose of this ~~rule~~ section is to develop a framework for the regular annual billing of domestic insurers, except for town mutuals and cooperative associations organized under s. 185.981, Stats., to fund the costs of administering examinations as prescribed by s. 601.44, Stats., and to interpret and implement s. 601.45, Stats.

(2) SCOPE. The billing structures established by subsection (4) shall apply to all domestic insurers as defined by s. 600.03 (27) (c), Stats., with the exception of town mutuals and cooperative associations organized under s. 185.981, Stats.

SECTION 2. Section Ins 16.01 (3) (b) is amended to read:

(b) All other insurers and licensees including town mutual insurers and cooperative associations organized under s. 185.981, Stats., shall be billed on a charge-back basis for the full cost of their examinations, including actual salaries and expenses of examinations and other apportionable expenses.

SECTION 3. Section Ins 16.01 (3) (c) is created to read:

(c) Domestic insurers which request an examination, the end of the period of which is to be within three years of the end of the period of the

insurer's last examination, shall be billed on a charge-back basis for the full cost of the conduct of such an examination. This cost shall be in addition to the annual billing of the insurer as determined by sub. (6) and is excluded from the limitations established under sub. (7).

SECTION 4. Section Ins 16.01 (4) (a) and (b) are amended to read:

(4) BILLING STRUCTURE. (a) The commissioner shall annually, prior to ~~the first day of each calendar year~~ annual hearing held under sub. (8), estimate the cost of administering the insurer examinations program for the next ~~calendar~~ fiscal year. This amount shall be based on the biennial budget as approved by the legislature. Included in the estimated cost of administering the insurer examinations program shall be:

1. Salaries, fringe benefits and expenses of insurer examinations staff, including office overhead;
2. Supplies, office space, training costs, related data processing charges; and,
3. A contingency fund for hiring outside consulting or technical services.

(b) Excluded from this amount shall be the estimated share of the costs of the examination function which shall be provided through funding by insurers and licensees who will be charged for their examinations on a charge-back basis.

SECTION 5. Section Ins 16.01 (5) is amended to read:

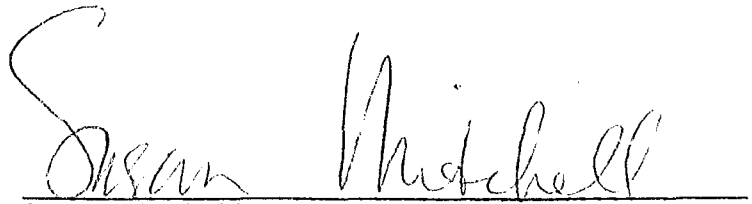
(5) ACCOUNTING SUMMARY. On or before ~~January 31~~ November 1 of each year, an accounting summary of the previous ~~calendar~~ fiscal year's examination costs shall be prepared by the Commissioner. This summary will be furnished upon request to those insurers subject to this rule.

SECTION 6. Section Ins 16.01 (8) is amended to read:

(8) ANNUAL HEARING. The commissioner shall annually schedule a hearing in November under s. 601.41 (5), Stats., to review problems in the area of examinations, the estimated budget established under sub. (4) (a), the accounting summary required under sub. (5) and the formulas established under sub. (6).

The rule contained in this order shall take effect as provided in section 227.026 (1) (intro.), Stats.

Dated at Madison, Wisconsin, this 18th day of November, 1981.

A handwritten signature in cursive script that reads "Susan Mitchell". The signature is written in dark ink and is positioned above a horizontal line.

Susan Mitchell  
Commissioner of Insurance