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**Prepared Testimony by Rep. David Steffen before the
Assembly Committee on Insurance
Assembly Bill 110: Re: Surplus lines insurance policies issued by domestic insurers.
April 20, 2017**

Chairman Petersen and Committee Members,

Thank you for scheduling a public hearing for Assembly Bill 110, which provides an appropriate, common sense solution to a peculiar problem in Wisconsin's insurance law. Assembly Bill 110 would allow Wisconsin insurers to sell surplus lines insurance products within the state of Wisconsin. Current law only allows out-of-state companies to sell these niche insurance products to our Wisconsin residents, non-profits, and corporations. AB 110 would eliminate this outdated provision and allow Wisconsin-based surplus lines insurers to sell in Wisconsin, while maintaining all the existing industry and consumer safeguards already in place.

Surplus lines insurance provide critical coverage to many of the unique risks that may not be covered through standard/admitted insurance. These lines allow consumers to purchase the coverage they need in order to engage in innovative and cutting-edge projects. They serve an important role in facilitating economic growth by insuring new business start-ups and unique niche markets. Our Wisconsin-based surplus lines insurers know and understand the unique needs of Wisconsin residents and businesses best. This bill simply allows them to be eligible to offer their coverage in-state.

Several other states have already amended their law to allow surplus lines insurers to offer coverage within their home state. AB 110 keeps Wisconsin abreast with the insurance industry by allowing our surplus lines insurers to offer their coverage in Wisconsin.

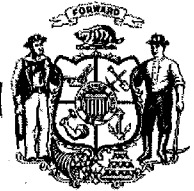
Assembly Amendment 1 to AB 110 simply provides a technical change to ensure regulatory consistency across the market and to avoid any unintended consequences. The amendment is supported by OCI as well as the insurance industry. The Senate companion to AB 110 passed unanimously out of the Senate Committee on Insurance, Housing and Trade, and was passed by the full Senate earlier this month.

Thank you for considering my written testimony on AB 110. I strongly encourage you to support AB 110 as amended by Assembly Amendment 1.



Frank Lasee

WISCONSIN STATE SENATOR
FIRST SENATE DISTRICT



Senator Lasee's Testimony Assembly Bill 110—Allowing Wisconsin Surplus Lines Insurers to sell their insurance in Wisconsin

Historically, Wisconsin Insurers who sold "Surplus Lines" are only allowed to sell insurance to customers in the other 49 states. Recently, 12 other states have changed their laws to allow surplus lines insurance to be sold in the same state in which the company is domiciled. AB 110 puts Wisconsin in line with that trend and will keep Wisconsin's insurers competitive with the other states.

Surplus lines insurance is a product that insures a specific risk like an amusement park ride, a hole-in-one contest, or any other unique risk that isn't covered by the mainstream insurance marketplace. Surplus lines insurers specialize in these unique risks, conducts specific research to understand the exposure, and creates a product that is a good fit for their customers.

AB 110 in conjunction with Assembly Amendment 1 provides a belt and suspenders preservation of all sectors of the market and keeps all of the consumer and market protections that are already in place, while keeping the surplus insurance lines and standard insurance lines separate.