



DAVID CRAIG

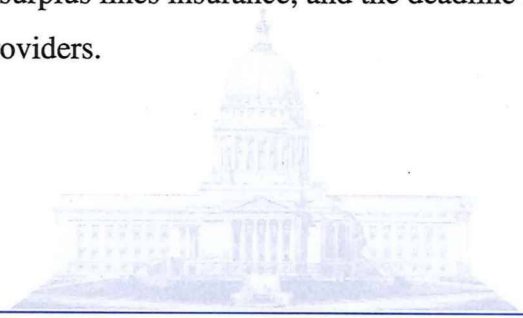
STATE SENATOR

Senate Committee on Insurance, Financial Services, Government Oversight and Courts
Public Hearing, October 15, 2019
Senate Bill 482
Senator David Craig, 28th Senate District

Vice-Chairman Stroebel and members of the Committee, thank you for taking the time to hear my testimony on Senate Bill 482.

This legislation is the 2019 Office of the Commissioner of Insurance "Technical Bill". The technical bill is authored by legislators in partnership with the Commissioner-designee's office to address technical issues in insurance law that are identified by lawmakers, stakeholders, and the agency.

First I would like to highlight several provisions of the bill. This legislation will change the corporate governance disclosure date, allowing the industry and the agency more time to prepare for the new filing date required by 2017 Act 313. Additionally, the legislation would alter the laws related to fraternal benefit organizations that are in a hazardous condition. While insolvency among fraternal organizations is not a problem in Wisconsin, this change would allow Wisconsin fraternal organizations to help out-of-state fraternal organizations in hazardous conditions, as well as having a process in place should it be needed in the future. This bill also contains technical changes to the Injured Patients and Families Compensation Fund Peer Review Council, the Insurance Security Fund, confidentiality provisions related to enforcement actions, certain reporting requirements regarding the placement of surplus lines insurance, and the deadline for financial statements of property service contract providers.



Ultimately, this legislation will benefit both the Commissioner's office and stakeholders by fixing technical issues and help Wisconsin remain one of the most competitive insurance markets in the country.

Thank you for hearing my testimony.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor
Mark V. Afable, Commissioner

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Date: October 15, 2019

To: Senator David Craig, Chair
Senator Duey Stroebel, Vice Chair
Members of the Senate Committee on Insurance, Financial Services,
Government Oversight and Courts

From: Olivia Hwang, Director of Public Affairs
Richard Wicka, Chief Legal Counsel
Office of the Commissioner of Insurance

Subject: Senate Bill 482

The Office of the Commissioner of Insurance (OCI) submits the following comments for your consideration in support of Senate Bill 482 relating to the insurance omnibus bill which contains various technical changes to the insurance statutes. OCI appreciates the Committee's consideration of the proposed changes.

Corporate Governance Annual Disclosure Initial Filing Date Change

The new corporate governance annual disclosure filing requirement was enacted in 2017 WI Act 313. The disclosure filing is a National Association of Insurance Commissioner's accreditation requirement in 2020. The Act currently requires that the first filing be made 60 days after the final rule is promulgated.

This bill would change the first filing date from 60 days after promulgation of the rule to June 1, 2020 ("the first June 1" after the rule is implemented) to allow industry and OCI more time to prepare for the new filing. All subsequent filings will also be required on June 1 of each year.

Fraternal Solvency Revisions

The bill strengthens consumer protection for policyholders of fraternal insurers by giving the Commissioner authority to address financially hazardous fraternal insurers by:

- o Requiring fraternal insurers to submit policyholder assessments to OCI for approval;
- o Giving OCI the authority to facilitate the transfer of policies from a financially hazardous fraternal to another fraternal or insurer;
- o Allowing the Commissioner to place a fraternal into receivership if it refuses to transfer its members or remedy its hazardous condition; and

- o Limiting policyholder assessments for fraternal in liquidation to those needed to satisfy policyholder obligations.

These statutory changes have been requested by the American Fraternal Alliance and the Alliance's Wisconsin domiciled fraternal members who worked with OCI in developing the proposed language.

Injured Patients and Families Compensation Fund

The bill makes the following changes at the request of the Injured Patients and Families Compensation Fund (IPFCF) Board of Governors.

First, the bill allows the IPFCF Audit Committee to establish more than 4 rating classifications. This change will allow the IPFCF Audit Committee to distribute fee assessments in the most equitable manner. For the sake of clarity, the change in risk classifications will not change the total amount of the assessment. It will only change how those fees are allocated between the various practice types.

Second, the bill makes two small changes to the IPFCF Peer Review Council. The bill amends the statutes to make clear that physicians who are licensed and in good standing can participate as members of the Council. As the statute is currently worded, there is some question as to whether retired physicians with active licenses could serve on the Council. The bill also clarifies that the chair of the Peer Review Council may designate another Council member to attend meetings of the Medical Examining Board.

Miscellaneous Provisions

- The bill establishes a deadline of March 31 for service contract providers to submit financial statements to OCI.
- The bill repeals a requirement that surplus line insurers provide a certified copy of their annual report to OCI.
- The bill makes clear that OCI may share information confidentially with other state insurance guarantee funds.

Thank you for your consideration of OCI's comments.



Wisconsin Council of Life Insurers

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American Family Life Insurance Company
Catholic Financial Life
CUNA Mutual Insurance
The Guardian Life Insurance Company of America
MetLife
National Guardian Life Insurance Company
Northwestern Mutual
OneAmerica Financial
Prudential Life Insurance
State Farm Life Insurance Company
Thrivent Financial
WEA Trust

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON
INSURANCE, FINANCIAL SERVICES, GOVERNMENT OVERSIGHT AND
COURTS

FROM: CONNIE O'CONNELL

DATE: OCTOBER 15, 2019

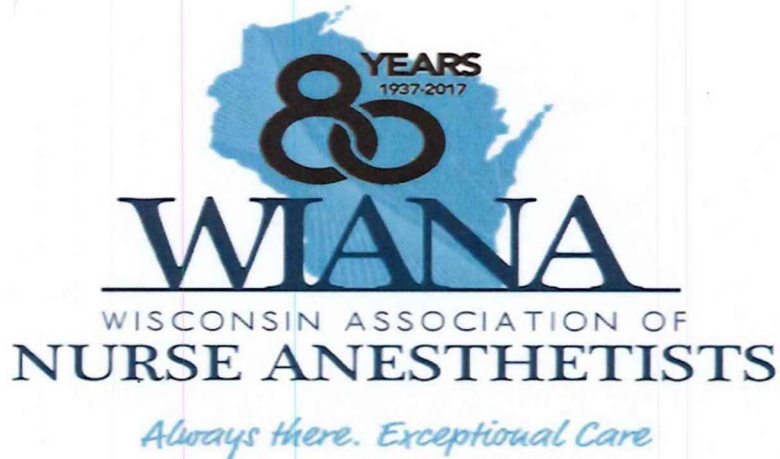
SUBJECT: SENATE BILL 482 RELATING TO TECHNICAL CHANGES TO
INSURANCE LAWS

The Wisconsin Council of Life Insurers, an organization representing both domestic and nondomestic life insurance companies licensed in Wisconsin, respectfully requests your support of Senate Bill 482 relating to various changes to insurance laws. This proposal includes two provisions important to the life insurance industry.

First, it clarifies the due date of the initial corporate governance annual report. As you may recall, legislation was passed in 2018 requiring insurers to annually disclose certain information to regulators regarding corporate governance structures and frameworks, and related policies and practices. The initial report is due 60 days after promulgation of rules establishing the requirements for the report. The draft provides that the report will be due annually on June 1, including the first year.

Second, the legislation strengthens and streamlines financial solvency regulation of fraternal insurers. Wisconsin is home to a number of fraternal benefit societies including Catholic Financial Life and Thrivent Financial. These societies are not-for-profit groups owned by their members, not stockholders. Senate Bill 482 provides greater protection to society members through early regulatory intervention if a fraternal becomes financially troubled, additional regulatory authority and better protection of member assets should the fraternal be placed in liquidation.

WCLI respectfully requests your support for Senate Bill 482.



October 15, 2019

To: Senate Committee on Insurance, Financial Services, Government Oversight & Courts
Senator Craig (Chair)
Senator Stroebel (Vice-Chair)
Senator Feyen
Senator Risser
Senator Taylor

Re: Support for an amendment to SB 482

Chairman Craig and members of the committee, my name is Casey Weis. I am the current Legislative Committee Chair for the Wisconsin Association of Nurse Anesthetists. Thank you for the opportunity to speak today and for your consideration of a simple amendment to the bill.

The Injured Patients and Families Compensation Fund (IPFCF) provides excess medical malpractice coverage to Wisconsin health care providers. Nurse Anesthetists or Certified Registered Nurse Anesthetists (CRNAs) are required to participate in the fund and have been paying into the IPFCF since its inception in our state. CRNAs have also played an important role on the IPFCF peer review council over many years. The peer review council has the statutory duty to review each claim paid by the fund arising from care by a health care provider or employee of the health care provider. The peer review council determines whether the provider has met the appropriate standard of care and makes recommendations based upon that review, including recommendations to the Insurance Commissioner and IPFCF Board of Governors regarding adjustments to be made to fund fees assessed against the provider based on the paid claim.

State law currently requires that if a claim was paid for damages arising out of the care of a CRNA, then the peer review council is required to consult with a CRNA. Although CRNAs have served on the peer review council in the past, no seat on the peer review council is dedicated to a CRNA.

On behalf of WIANA, we would propose amending SB 482 to clarify that one of the five seats of the peer review council must be occupied by a CRNA. Again, thank you for your time and I would be happy to answer any questions that you may have.

Sincerely,

Casey Weis, Committee Chair
Wisconsin Association of Nurse Anesthetists