

# OFFICE OF THE COMMISSIONER OF INSURANCE

## GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY15 Adjusted Base	FY16 Recommended	% Change Over FY15	FY17 Recommended	% Change Over FY16
GPR	0	262,500	0.0	525,000	100.0
PR-F	399,200	244,600	-38.7	0	-100.0
PR-O	17,724,600	18,647,300	5.2	18,724,400	0.4
PR-S	0	12,800	0.0	25,600	100.0
SEG-O	90,777,400	105,102,200	15.8	118,596,300	12.8
TOTAL	108,901,200	124,269,400	14.1	137,871,300	10.9

## FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY15 Adjusted Base	FY16 Recommended	FTE Change Over FY15	FY17 Recommended	FTE Change Over FY16
PR-F	8.30	7.80	-0.50	7.80	0.00
PR-O	132.25	131.35	-0.90	131.35	0.00
PR-S	0.00	0.30	0.30	0.30	0.00
SEG-O	12.75	80.05	67.30	80.05	0.00
TOTAL	153.30	219.50	66.20	219.50	0.00

## AGENCY DESCRIPTION

The agency was created by the Legislature in 1871, and the original intent of the agency has not changed drastically over the past 143 years. The agency is vested with broad powers to ensure that the insurance industry responsibly and adequately meets the insurance needs of Wisconsin citizens. The agency performs a variety of tasks to protect insurance consumers and ensure a competitive insurance environment. The agency's major functions include: reviewing insurance policies that are sold in Wisconsin to make sure they meet the requirements set forth in Wisconsin law; conducting examinations of domestic and foreign insurers to ensure compliance with Wisconsin laws and rules; monitoring the financial solvency of licensed companies to make sure that consumers have the insurance coverage they expect when they need it; issuing licenses to the various parties involved in selling and marketing insurance products; assisting insurance consumers with their insurance problems; researching special insurance issues to understand and assess their impact on Wisconsin; providing technical assistance on legislation and promulgating administrative rules to interpret insurance laws; creating and distributing public information and consumer education pieces to educate people about insurance; and operating a state life insurance fund, a property fund for the property owned by local units of government, and an injured patients and families compensation fund insuring health care providers for medical malpractice.

## Insurance

### MISSION

The mission of the agency is to lead the way in informing and protecting the public and responding to its insurance needs.

### PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

#### Program 1: Supervision of the Insurance Industry

Goal: Proactively address the root causes of problems in the insurance marketplace through effective regulation, with an emphasis on early detection and prevention.

Objective/Activity: Aggressively conduct all regulatory core mission functions including information collection, analysis, licensing and adjudication; refine and improve early warning systems in financial and market regulation; train staff to facilitate intra-agency communication and early identification of regulatory issues; and encourage external interaction and feedback.

Goal: Provide information and assistance to the public including consumers, legislators, insurers, agents, other states, the federal government and other organizations.

Objective/Activity: Ensure that staff members directly interacting with the public have the training and equipment to provide information and assistance in a timely and courteous manner; continue to use and improve performance measures; provide public information through the development and implementation of a coordinated communication plan; and improve and preserve state regulation of insurance by communicating with and informing the public.

Goal: Provide ongoing support and development of each staff member.

Objective/Activity: Provide a healthy and safe work environment; develop the full potential of staff by promoting training and growth opportunities; foster diversity in the workplace; promote positive communication, cooperation and mutual respect within and among all work units, and continue to develop work group teams to improve cross-functional work processes; through continued use of performance standards, strive to improve all functions; and assess restructuring and reallocation of staff resources as appropriate to better address work needs.

Goal: Use appropriate technology to provide tools for the regulation of insurance.

Objective/Activity: Continually review emerging technologies and conduct cost-benefit analyses of applications; encourage officewide participation in technology planning and implementation such as through the Information Technology Strategic Planning Committee; improve state regulation and service by implementing the use of technology to facilitate the sharing of information with other regulatory authorities; and provide opportunities for staff to research and develop new approaches to optimize the use of technology.

#### Program 2: Injured Patients and Families Compensation Fund

The major objective of the program is to assure that adequate funds are available to compensate patients for serious injuries resulting from acts of medical malpractice.

Goal: Provide excess medical malpractice coverage for Wisconsin health care providers.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

## Insurance

### Program 3: Local Government Property Insurance Fund

The purpose of the fund is to make reasonably-priced property insurance available for tax-supported local government property, such as government buildings, schools, libraries and motor vehicles. The fund provides policy and claim service to the policyholders.

Goal: Make reasonably-priced property insurance available for tax-supported local government property.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

### Program 4: State Life Insurance Fund

The fund is a state-sponsored program established to provide low-cost life insurance coverage. The maximum level of coverage available to each policyholder is \$10,000.

Goal: Provide a state-sponsored life insurance program for the benefit of residents of Wisconsin.

Objective/Activity: Ensure the sound fiscal management and integrity of the fund and provide a regular accounting or audit of the fund.

## PERFORMANCE MEASURES

### 2013 AND 2014 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Actual 2014
1.	Number of financial examinations conducted during the fiscal year.	64	57	48	58
1.	Number of market conduct examinations.	12	11	12	N/A
1.	Consumer complaints handled in a timely fashion. <sup>1</sup>	90%	99.6%	90%	N/A
1.	Policy form reviews conducted in a timely manner.	6,000	7,063	6,000	N/A
1.	Insurance intermediary licensing function processed in a timely manner.	22,000	27,245	22,000	N/A
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. <sup>2</sup>	15,000 1 20,000	21,566 4 17,864	15,250 1 17,800	N/A
1.	Continually update the Web site so users can find the information they need. <sup>3</sup>	950 55,000	1,094 55,006	960 55,500	N/A
2.	Injured patients and families compensation fund report accepted by Board of Governors. <sup>1</sup>	Report accepted	Report accepted	Report accepted	N/A
3.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Met GAAP standards	Meet GAAP standards	N/A

## Insurance

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Actual 2014
3.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified audit opinion being rendered. <sup>1</sup>	Unqualified opinion	LAB has not yet conducted its audit of this year's financial statements	Unqualified opinion	Audit has not yet occurred
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Met GAAP standards	Meet GAAP standards	Audit has not yet occurred
4.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified opinion being rendered. <sup>1</sup>	Unqualified opinion	LAB has not yet conducted its audit of this year's financial statements	Unqualified opinion	Audit has not yet occurred

Note: Based on calendar year, unless otherwise noted. Actuals for 2014 are not yet available.

<sup>1</sup>Based on fiscal year.

<sup>2</sup>Three figures are presented. The first is the number of "views" of the Consumer Publications List on the Web site. The second is the number of new publications developed. The third is the number of printed publications distributed.

<sup>3</sup>Two numbers are presented. The first is the number of major updates or additions to the Web site per year. The second is the total number of "hits" per week on the Web site.

## 2015, 2016 AND 2017 GOALS

Prog. No.	Performance Measure	Goal 2015	Goal 2016	Goal 2017
1.	Number of financial examinations conducted during the fiscal year.	63	47	42
1.	Number of market conduct examinations.	Determined by need for examination	Determined by need for examination	Determined by need for examination
1.	Consumer complaints handled in a timely fashion. <sup>1</sup>	95%	95%	95%
1.	Policy form reviews conducted in a timely manner.	6,000	6,000	6,000
1.	Insurance intermediary licensing function processed in a timely manner.	22,000 95%	22,000 95%	22,000 95%

## Insurance

Prog. No.	Performance Measure	Goal 2015	Goal 2016	Goal 2017
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. <sup>2</sup>	15,500 1 17,800	15,500 1 17,800	15,500 1 17,800
1.	Continually update the Web site so users can find the information they need. <sup>3</sup>	975 50,750	975 50,750	975 50,750
2.	Injured patients and families compensation fund report accepted by Board of Governors. <sup>1</sup>	Report accepted	Report accepted	Report accepted
3.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Meet GAAP standards	Meet GAAP standards
3.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified audit opinion being rendered. <sup>1</sup>	Unqualified opinion	Unqualified opinion	Unqualified opinion
4.	Submit annual statement to regulator of the fund timely and in accordance with statutory and GAAP reporting requirements.	Meet GAAP standards	Meet GAAP standards	Meet GAAP standards
4.	Provide a regular accounting or audit of fund via a Legislative Audit Bureau audit, which results in no major issues being identified or qualified opinion being rendered. <sup>1</sup>	Unqualified opinion	Unqualified opinion	Unqualified opinion

Note: Based on calendar year, unless otherwise noted.

<sup>1</sup>Based on fiscal year.

<sup>2</sup>Three figures are presented. The first is the number of "views" of the Consumer Publications List on the Web site. The second is the number of new publications developed. The third is the number of printed publications distributed.

<sup>3</sup>Two numbers are presented. The first is the number of major updates or additions to the Web site per year. The second is the total number of "hits" per week on the Web site.

## OFFICE OF THE COMMISSIONER OF INSURANCE

### GOVERNOR'S BUDGET RECOMMENDATIONS

#### RECOMMENDATIONS

1. Worker's Compensation Transfer
2. Ongoing Lapse Authority
3. Eliminate Long-Term Vacancies
4. Closure of the Local Government Property Insurance Fund
5. Repeal of Health Insurance Risk-Sharing Plan Appropriations
6. Administrative Law Judge Transfer
7. Increase in State Life Insurance Fund Claims Payment Appropriation
8. Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline
9. Actuarial Services for Review of Own Risk and Solvency Assessment Documents
10. Reestimate of Federal Appropriation Level
11. Standard Budget Adjustments

#### ITEMS NOT APPROVED

12. Increase in Local Government Property Insurance Fund Claims Payment Appropriation

**Insurance**

**Table 1  
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST FY16	AGENCY REQUEST FY17	GOVERNOR'S RECOMMENDATION FY16	GOVERNOR'S RECOMMENDATION FY17
GENERAL PURPOSE REVENUE	\$0.0	\$0.0	\$0.0	\$0.0	\$262.5	\$525.0
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	262.5	525.0
FEDERAL REVENUE (1)	\$890.1	\$399.2	\$244.6	\$0.0	\$244.6	\$0.0
State Operations	890.1	399.2	244.6	0.0	244.6	0.0
PROGRAM REVENUE (2)	\$17,041.5	\$17,724.6	\$18,597.6	\$18,627.5	\$18,660.1	\$18,750.0
State Operations	17,041.5	17,724.6	18,597.6	18,627.5	18,660.1	18,750.0
SEGREGATED REVENUE (3)	\$67,943.4	\$90,777.4	\$97,739.7	\$101,680.8	\$105,102.2	\$118,596.3
State Operations	3,057.0	3,438.4	3,474.4	3,475.7	9,044.2	14,162.8
Local Assistance	43,592.4	29,660.2	35,932.5	39,561.7	29,660.2	29,660.2
Aids to Ind. & Org.	21,294.0	57,678.8	58,332.8	58,643.4	66,397.8	74,773.3
TOTALS - ANNUAL	\$85,874.9	\$108,901.2	\$116,581.9	\$120,308.3	\$124,269.4	\$137,871.3
State Operations	20,988.5	21,562.2	22,316.6	22,103.2	27,948.9	32,912.8
Local Assistance	43,592.4	29,660.2	35,932.5	39,561.7	29,660.2	29,660.2
Aids to Ind. & Org.	21,294.0	57,678.8	58,332.8	58,643.4	66,660.3	75,298.3

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 2  
Department Position Summary by Funding Source (in FTE positions) (4)**

	ADJUSTED BASE FY15	AGENCY REQUEST FY16	AGENCY REQUEST FY17	GOVERNOR'S RECOMMENDATION FY16	GOVERNOR'S RECOMMENDATION FY17
FEDERAL REVENUE (1)	8.30	8.30	8.30	7.80	7.80
PROGRAM REVENUE (2)	132.25	132.25	132.25	131.65	131.65
SEGREGATED REVENUE (3)	12.75	12.75	12.75	80.05	80.05
TOTALS - ANNUAL	153.30	153.30	153.30	219.50	219.50

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

**Insurance**

**Table 3  
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY16	FY17	FY16	FY17
1. Supervision of the insurance industry	\$17,931.6	\$18,123.8	\$18,842.2	\$18,627.5	\$18,844.4	\$18,629.7
2. Injured patients and families compensation fund	\$18,819.3	\$55,491.7	\$55,517.0	\$55,517.7	\$55,517.0	\$55,517.7
3. Local government property insurance fund	\$44,913.5	\$31,087.8	\$37,361.6	\$40,990.9	\$31,089.3	\$31,089.4
4. State life insurance fund	\$4,210.5	\$4,197.9	\$4,861.1	\$5,172.2	\$4,861.1	\$5,172.2
6. Worker's Compensation Administration	\$0.0	\$0.0	\$0.0	\$0.0	\$13,957.6	\$27,462.3
<b>TOTALS</b>	<b>\$85,874.9</b>	<b>\$108,901.2</b>	<b>\$116,581.9</b>	<b>\$120,308.3</b>	<b>\$124,269.4</b>	<b>\$137,871.3</b>

**Table 4  
Department Position Summary by Program (in FTE positions) (4)**

	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY16	FY17	FY16	FY17
1. Supervision of the insurance industry	140.55	140.55	140.55	138.75	138.75
2. Injured patients and families compensation fund	8.11	8.11	8.11	8.11	8.11
3. Local government property insurance fund	1.07	1.07	1.07	1.07	1.07
4. State life insurance fund	3.57	3.57	3.57	3.57	3.57
6. Worker's Compensation Administration	0.00	0.00	0.00	68.00	68.00
<b>TOTALS</b>	<b>153.30</b>	<b>153.30</b>	<b>153.30</b>	<b>219.50</b>	<b>219.50</b>

(4) All positions are State Operations unless otherwise specified

## Insurance

### 1. Worker's Compensation Transfer

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	262,500	0.00	525,000	0.00
PR-O	0	0.00	0	0.00	47,500	0.40	94,700	0.40
PR-S	0	0.00	0	0.00	12,800	0.30	25,600	0.30
SEG-O	0	0.00	0	0.00	13,634,800	67.30	26,817,000	67.30
TOTAL	0	0.00	0	0.00	13,957,600	68.00	27,462,300	68.00

The Governor recommends transferring, from the Department of Workforce Development, the Division of Worker's Compensation in the following manner: statutory and administrative functions to the Office of the Commissioner of Insurance and adjudicatory functions to the Department of Administration's Division of Hearings and Appeals. These transfers will consolidate similar functions and create greater efficiencies. See Department of Workforce Development, Item #1; and Department of Administration, Item #20.

### 2. Ongoing Lapse Authority

The Governor recommends amending 2013 Wisconsin Act 20, as last affected by 2013 Wisconsin Act 145, to require a lapse from PR and GPR appropriations of executive branch state agencies to extend through FY17. The office's amount is \$902,700 in each year.

### 3. Eliminate Long-Term Vacancies

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	0	0.00	0	0.00	0	-0.50	0	-0.50
TOTAL	0	0.00	0	0.00	0	-0.50	0	-0.50

The Governor recommends reducing authority for positions that have been vacant for 12 months or more.

### 4. Closure of the Local Government Property Insurance Fund

The Governor recommends closing the local government property insurance fund to new policies and not renewing existing policies. The fund was created to ensure local governmental units had access to affordable property insurance. That situation no longer exists since a wide array of affordable property insurance products are available in the insurance market today. The agency will continue to operate the fund until all existing policyholders have terminated coverage.

**Insurance**

**5. Repeal of Health Insurance Risk-Sharing Plan Appropriations**

The Governor recommends repealing obsolete appropriations related to the health insurance risk-sharing plan.

**6. Administrative Law Judge Transfer**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	-1.30	0	-1.30
TOTAL	0	0.00	0	0.00	0	-1.30	0	-1.30

The Governor recommends adjusting expenditure and position authority to transfer administrative law judge responsibilities to the Department of Administration's Division of Hearings and Appeals to consolidate adjudicatory functions. See Department of Administration, Item #22.

**7. Increase in State Life Insurance Fund Claims Payment Appropriation**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	654,000	0.00	964,600	0.00	654,000	0.00	964,600	0.00
TOTAL	654,000	0.00	964,600	0.00	654,000	0.00	964,600	0.00

The Governor recommends increasing expenditure authority to reflect a reestimate of claims payments from the state life insurance fund.

**8. Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	-21,100	0.00	-21,100	0.00	-21,100	0.00	-21,100	0.00
TOTAL	-21,100	0.00	-21,100	0.00	-21,100	0.00	-21,100	0.00

The Governor recommends adjusting expenditure authority to reflect a reestimate of the costs of the Board on Aging and Long-Term Care's Medigap Helpline that provides seniors with information on health insurance options.

**Insurance**

**9. Actuarial Services for Review of Own Risk and Solvency Assessment Documents**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	37,500	0.00	37,500	0.00	37,500	0.00	37,500	0.00
TOTAL	37,500	0.00	37,500	0.00	37,500	0.00	37,500	0.00

The Governor recommends providing expenditure authority to efficiently review own risk and solvency assessment documents submitted by insurance companies.

**10. Reestimate of Federal Appropriation Level**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	-630,700	0.00	-875,300	0.00	-630,700	0.00	-875,300	0.00
TOTAL	-630,700	0.00	-875,300	0.00	-630,700	0.00	-875,300	0.00

The Governor recommends adjusting the agency's expenditure authority based on reestimates of federal program revenues.

**11. Standard Budget Adjustments**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	476,100	0.00	476,100	0.00	476,100	0.00	476,100	0.00
PR-O	856,600	0.00	886,500	0.00	858,800	0.00	888,700	0.00
SEG-O	36,000	0.00	37,300	0.00	36,000	0.00	37,300	0.00
TOTAL	1,368,700	0.00	1,399,900	0.00	1,370,900	0.00	1,402,100	0.00

The Governor recommends adjusting the agency's base budget for: (a) turnover reduction (-\$244,200 in each year); (b) full funding of continuing position salaries and fringe benefits (\$1,473,300 in each year); and (c) full funding of lease and directed moves costs (\$141,800 in FY16 and \$173,000 in FY17).

**Insurance**

**ITEMS NOT APPROVED**

The following requests are not included in the Governor's budget recommendations for the Office of the Commissioner of Insurance.

Decision Item	Source of Funds	FY16		FY17	
		Dollars	Positions	Dollars	Positions
12. Increase in Local Government Property Insurance Fund Claims Payment Appropriation	SEG-O	6,272,300	0.00	9,901,500	0.00
<b>TOTAL OF ITEMS NOT APPROVED</b>	<b>SEG-O</b>	<b>6,272,300</b>	<b>0.00</b>	<b>9,901,500</b>	<b>0.00</b>