

# OFFICE OF THE COMMISSIONER OF INSURANCE

## GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY19 Adjusted Base	FY20 Recommended	% Change Over FY19	FY21 Recommended	% Change Over FY20
GPR	0	0	0.0	72,273,700	0.0
PR-F	614,400	0	-100.0	127,726,300	0.0
PR-O	19,646,600	20,441,400	4.0	20,473,800	0.2
SEG-O	91,775,900	61,212,900	-33.3	61,213,800	0.0
TOTAL	112,036,900	81,654,300	-27.1	281,687,600	245.0

## FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY19 Adjusted Base	FY20 Recommended	FTE Change Over FY19	FY21 Recommended	FTE Change Over FY20
PR-F	5.10	0.00	-5.10	0.00	0.00
PR-O	124.15	131.25	7.10	131.25	0.00
SEG-O	11.75	10.68	-1.07	10.68	0.00
TOTAL	141.00	141.93	0.93	141.93	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 145 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.

The 2017-19 Biennial Budget, 2017 Wisconsin Act 59, allowed for the closure of the Local Government Property Insurance Fund and set the following timeline:

- No coverage may be renewed after December 31, 2017.
- No coverage may terminate later than December 31, 2018.
- All claims must be filed with the property fund by no later than July 1, 2019.
- No claim filed after July 1, 2019, will be covered by 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

### 2017 AND 2018 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2017	Actual 2017	Goal 2018	Actual 2018
1.	Number of financial examinations conducted.	55	38	55	N/A
1.	Consumer complaints handled in a timely fashion.	95%	99%	95%	N/A
1.	Policy form reviews conducted in a timely manner.	6,000	10,000	6,000	N/A
1.	Insurance intermediary licensing function processed in a timely manner.	39,000	55,000	39,000	N/A
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. <sup>1</sup>	15,500 1 350,000	14,423 0 280,255	15,500 1 350,000	N/A
1.	Continually update the Web site so users can find the information they need. <sup>2</sup>	975 50,750	683 23,948	975 50,750	N/A
2.	Injured patients and families compensation fund report accepted by Board of Governors.	Report accepted	Report accepted	Report accepted	N/A

## Insurance

<b>Prog. No.</b>	<b>Performance Measure</b>	<b>Goal 2017</b>	<b>Actual 2017</b>	<b>Goal 2018</b>	<b>Actual 2018</b>
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
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.	Unqualified opinion	Unqualified opinion	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.	Unqualified opinion	LAB audit is currently in process	Unqualified opinion	Audit has not yet occurred

Note: Based on calendar year. Actuals for 2018 are not yet available.

<sup>1</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 viewed publications on-line.

<sup>2</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 views per year on the Web site.

## Insurance

### 2019, 2020 AND 2021 GOALS

Prog. No.	Performance Measure	Goal 2019 <sup>1</sup>	Goal 2020	Goal 2021
1.	Number of financial examinations conducted during the fiscal year.	62	34	46
1.	Consumer complaints handled in a timely fashion.	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.	39,000	39,000	39,000
1.	Develop, maintain and distribute consumer education material to the public in a timely manner. <sup>2</sup>	1 350,000	1 350,000	1 350,000
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.	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.	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.	Unqualified opinion	Unqualified opinion	Unqualified opinion

Note: Based on calendar year.

<sup>1</sup>Certain goals have been revised.

<sup>2</sup>Two figures are presented. The first is the number of new publications developed. The second is the number of viewed publications on-line.

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

**OFFICE OF THE COMMISSIONER OF INSURANCE**

**GOVERNOR'S BUDGET RECOMMENDATIONS**

**RECOMMENDATIONS**

1. Prescription Drug Transparency Review
2. Healthcare Outreach
3. Preexisting Healthcare Coverage
4. Reinsurance Program State Subsidy Reestimate
5. Nonresident Insurance Agent Appointment Fees
6. Local Government Property Insurance Fund
7. Fully Fund the Board on Aging and Long-Term Care's Medigap Helpline
8. Removal of Unfunded Federal Positions
9. Standard Budget Adjustments

**ITEMS NOT APPROVED**

10. Transfer of Position to Program Revenue
11. Position Request to Fully Fund Agency Outreach

**Insurance**

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

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
GENERAL PURPOSE REVENUE	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$72,273.7
State Operations	0.0	0.0	0.0	0.0	0.0	72,273.7
FEDERAL REVENUE (1)	(\$55.5)	\$614.4	\$0.0	\$0.0	\$0.0	\$127,726.3
State Operations	(55.5)	614.4	0.0	0.0	0.0	127,726.3
PROGRAM REVENUE (2)	\$16,336.7	\$19,646.6	\$19,858.6	\$19,891.1	\$20,441.4	\$20,473.8
State Operations	16,336.7	19,646.6	19,858.6	19,891.1	20,441.4	20,473.8
SEGREGATED REVENUE (3)	\$18,419.2	\$91,775.9	\$61,212.9	\$61,213.8	\$61,212.9	\$61,213.8
State Operations	1,989.7	3,472.3	2,069.5	2,070.4	2,069.5	2,070.4
Local Assistance	(1,517.8)	29,660.2	500.0	500.0	500.0	500.0
Aids to Ind. & Org.	17,947.3	58,643.4	58,643.4	58,643.4	58,643.4	58,643.4
TOTALS - ANNUAL	\$34,700.4	\$112,036.9	\$81,071.5	\$81,104.9	\$81,654.3	\$281,687.6
State Operations	18,270.9	23,733.3	21,928.1	21,961.5	22,510.9	222,544.2
Local Assistance	(1,517.8)	29,660.2	500.0	500.0	500.0	500.0
Aids to Ind. & Org.	17,947.3	58,643.4	58,643.4	58,643.4	58,643.4	58,643.4

(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 FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
FEDERAL REVENUE (1)	5.10	0.00	0.00	0.00	0.00
PROGRAM REVENUE (2)	124.15	125.32	125.32	131.25	131.25
SEGREGATED REVENUE (3)	11.75	10.68	10.68	10.68	10.68
TOTALS - ANNUAL	141.00	136.00	136.00	141.93	141.93

(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 FY18	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY20	FY21	FY20	FY21
1. Supervision of the insurance industry	\$16,281.2	\$20,261.0	\$19,858.6	\$19,891.1	\$20,441.4	\$20,473.8
2. Injured patients and families compensation fund	\$14,300.8	\$55,541.6	\$55,539.1	\$55,539.6	\$55,539.1	\$55,539.6
3. Local government property insurance fund	(\$1,366.0)	\$31,091.2	\$500.0	\$500.0	\$500.0	\$500.0
4. State life insurance fund	\$5,484.4	\$5,143.1	\$5,173.8	\$5,174.2	\$5,173.8	\$5,174.2
5. Wisconsin Healthcare Stability Plan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$200,000.0
<b>TOTALS</b>	<b>\$34,700.4</b>	<b>\$112,036.9</b>	<b>\$81,071.5</b>	<b>\$81,104.9</b>	<b>\$81,654.3</b>	<b>\$281,687.6</b>

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

	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY20	FY21	FY20	FY21
1. Supervision of the insurance industry	129.25	125.32	125.32	131.25	131.25
2. Injured patients and families compensation fund	7.11	7.11	7.11	7.11	7.11
3. Local government property insurance fund	1.07	0.00	0.00	0.00	0.00
4. State life insurance fund	3.57	3.57	3.57	3.57	3.57
<b>TOTALS</b>	<b>141.00</b>	<b>136.00</b>	<b>136.00</b>	<b>141.93</b>	<b>141.93</b>

(4) All positions are State Operations unless otherwise specified

## Insurance

### 1. Prescription Drug Transparency Review

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	176,100	2.00	176,100	2.00
TOTAL	0	0.00	0	0.00	176,100	2.00	176,100	2.00

To stop prescription price gouging and consumer exploitation, and to hold pharmaceutical manufacturers accountable, the Governor recommends requiring drug companies to justify their price increases, disclose production and marketing costs, and report rebates. The Governor also recommends requiring pharmacy benefit managers to register with the state and to disclose price concessions they receive from drug companies. Under the provision, the Governor recommends providing funding and position authority to manage pharmacy benefit managers operating in Wisconsin, and publish reports and documents publicly disclosing price justification for prescription drugs and emerging trends in prescription drug prices.

### 2. Healthcare Outreach

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	541,300	5.10	541,300	5.10
TOTAL	0	0.00	0	0.00	541,300	5.10	541,300	5.10

The Governor recommends providing funding and position authority to increase Navigator outreach and help consumers navigate the federal marketplace exchange.

### 3. Preexisting Healthcare Coverage

The Governor recommends that the insurance marketplace guarantee health insurance for individuals with preexisting conditions, so all Wisconsin residents receive the same quality of healthcare without the additional costs associated with preexisting conditions.

## Insurance

### 4. Reinsurance Program State Subsidy Reestimate

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	0	0.00	72,273,700	0.00
PR-F	0	0.00	0	0.00	0	0.00	127,726,300	0.00
TOTAL	0	0.00	0	0.00	0	0.00	200,000,000	0.00

The Governor recommends adjusting the office's base budget to reflect a reestimate of reinsurance payments provided to insurers under the Wisconsin Healthcare Stability Plan to pay for high-cost individuals on the federal marketplace exchange.

### 5. Nonresident Insurance Agent Appointment Fees

The Governor recommends the adjustment of fees for out-of-state insurance agents.

### 6. Local Government Property Insurance Fund

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	-30,462,900	0.00	-30,462,900	0.00	-30,462,900	0.00	-30,462,900	0.00
TOTAL	-30,462,900	0.00	-30,462,900	0.00	-30,462,900	0.00	-30,462,900	0.00

The Governor recommends adjusting the office's base budget to reflect a reestimate of the local government property insurance fund as a result of its closure at the end of the 2017-19 biennium. The Governor also recommends retaining \$500,000 in the local government property insurance fund in each year of the biennium to manage the administration of residual claims against the fund.

**Insurance**

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

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	8,800	0.00	9,700	0.00	8,800	0.00	9,700	0.00
TOTAL	8,800	0.00	9,700	0.00	8,800	0.00	9,700	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.

**8. Removal of Unfunded Federal Positions**

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	-541,300	-5.10	-541,300	-5.10	-541,300	-5.10	-541,300	-5.10
TOTAL	-541,300	-5.10	-541,300	-5.10	-541,300	-5.10	-541,300	-5.10

The Governor recommends the removal of position expenditure authority for federal positions for which the office no longer receives federal funding.

**9. Standard Budget Adjustments**

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	-73,100	0.00	-73,100	0.00	-73,100	0.00	-73,100	0.00
PR-O	68,600	0.00	100,100	0.00	68,600	0.00	100,100	0.00
SEG-O	27,800	0.00	28,800	0.00	27,800	0.00	28,800	0.00
TOTAL	23,300	0.00	55,800	0.00	23,300	0.00	55,800	0.00

The Governor recommends adjusting the office's base budget for: (a) turnover reduction (-\$242,900 in each year); (b) full funding of continuing position salaries and fringe benefits (\$487,800 in each year); and (c) full funding of lease and directed moves costs (-\$221,600 in FY20 and -\$189,100 in FY21).

**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	FY20		FY21	
		Dollars	Positions	Dollars	Positions
10. Transfer of Position to Program Revenue	PR-O	127,900	1.07	128,000	1.07
	SEG-O	-127,900	-1.07	-128,000	-1.07
11. Position Request to Fully Fund Agency Outreach	PR-O	6,700	0.10	6,700	0.10
TOTAL OF ITEMS NOT APPROVED	PR-O	134,600	1.17	134,700	1.17
	SEG-O	-127,900	-1.07	-128,000	-1.07