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# Wisconsin Legislative Council

## ACT MEMO

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### **2023 Wisconsin Act 212** [2023 Assembly Bill 437]

### **Insurance Regulations**

2023 Wisconsin Act 212 makes various changes relating to regulation of the insurance industry.

## **WISCONSIN RETIREMENT BOARD**

Prior law required the Wisconsin Retirement Board to include the Commissioner of Insurance or an experienced actuary in the Office of the Commissioner of Insurance designated by the commissioner.

The act requires the board to include the commissioner or the commissioner's designee. The commissioner may designate the deputy commissioner, chief legal counsel, or chief financial regulator to service as a member of the board.

## **CONSULTANT**

The act permits the commissioner to enter into a contract for the services of a consultant if both of the following apply:

- The office and the insurance department of another state are coordinating a review on a regulatory matter.
- The other state's insurance department has already procured the services of the consultant.

## **INSURANCE SECURITY FUND**

The act specifies that the insurance security fund must be composed of five segregated accounts instead of six, including an insurance and annuities account, which was previously separated into two accounts. After a liquidation order is issued, the board of directors of the insurance security fund must estimate separately for each of the five accounts of the insurance security fund, and separately for life insurance policies and for annuity contracts in the life insurance and annuities account, the amounts necessary to make the payments provided by the insurance security fund. The board must authorize assessments separately for each account, and separately for life insurance policies and for annuity contracts in the life insurance and annuities account.

The act also specifies that, except as provided for administrative assessments, with respect to the life insurance and annuities account, the board must calculate the assessments separately for life insurance policies and for annuity contracts. The assessments are a percentage of premiums each insurer receives in this state in the classes protected by the account for the year immediately preceding the year in which the board authorizes the assessment. If the assessment data for the year immediately preceding the year in which the board authorizes the assessment is not available when the assessment is called, then the board may use the assessment data for the most recent year for which data is available.

Additionally, the act permits the insurance security fund to negotiate and contract with other guaranty associations to provide and receive administrative services, claims services, and other services that are usual to guaranty associations.

## **OFFICE OF THE COMMISSIONER OF INSURANCE NONDISCLOSURE**

Prior law permitted the Office of the Commissioner of Insurance to refuse to disclose and to prevent any other person from disclosing various information obtained by the office from, or provided by the office to, various entities under a pledge of confidentiality or for the purpose of assisting or participating in monitoring activities or in the conduct of an inquiry, investigation, or examination.

The act specifies that the Office of the Commissioner of Insurance may refuse to disclose and may prevent any other person from disclosing various information obtained by the office from, or provided by the office to, the insurance security fund under a pledge of confidentiality or for the purpose of assisting or participating in monitoring activities or in the conduct of an inquiry, investigation, or examination.

## **FAMILY CARE PROGRAM**

The act specifies that a health maintenance organization participating in the family care program is subject to state law on insolvency funding in the regulation of care management organizations.

## **FORUM SELECTION PROVISION**

The act specifies that the articles or bylaws of a service insurance corporation may require, consistent with applicable jurisdictional requirements, that any or all claims pertaining to the internal affairs of the service insurance corporation must be brought solely and exclusively in the courts in this state.

## **ENFORCEMENT PROCEDURE**

The act specifies that whoever violates an insurance statute or rule, intentionally aids a person in violating an insurance statute or rule, or knowingly permits a person over whom he or she has authority to violate an insurance statute or rule must, if the violation involves or constitutes fraud or misrepresentation, forfeit to the state not more than \$5,000 for each violation.

## **TERMINATION OF LICENSE**

Prior law authorized the commissioner to revoke, suspend, or limit the license of an intermediary or individual navigator if the commissioner found the licensee to not be of good character, among other findings.

The act specifies that, after a hearing, the commissioner may revoke, suspend, or limit in whole or in part the license of any intermediary or individual navigator if the commissioner finds that the licensee is not competent or trustworthy, instead of the previous provision for a licensee who is not of good character.

## **NOTIFICATION TO AGENTS OF REVOCATION**

Prior law required the commissioner to notify all agents of the insurer upon issuance of any order limiting, suspending or revoking an insurer's authority to do business in this state.

The act specifies that upon issuance of any order revoking an insurer's authority to do business in this state, the insurer must within 10 business days and by separate written notice notify all agents appointed with the insurer and must provide a copy of the notice to the commissioner. The commissioner must publish a notice of the revocation in whatever reasonable form the commissioner designates.

## UNIFORM EMPLOYEE APPLICATION FORM

The act eliminates the following prior law requirements:

- The commissioner must by rule develop, in consultation with the appropriate advisory council or committee designated by the commissioner, a uniform employee application form that a small employer insurer must use when a small employer applies for coverage under a group health benefit plan offered by the small employer insurer.
- The commissioner must by rule prescribe uniform questions and the format for applications for individual major medical health insurance policies. An insurer may use only the prescribed questions and format for individual major medical health insurance policy applications.
- Every small employer insurer must use the uniform employee application form developed by the commissioner when a small employer applies for coverage under a group health benefit plan offered by the small employer insurer.

## STUDY

The act eliminates the following prior law requirements:

- The commissioner must study whether, in certain types of transactions with health care providers, compliance by health insurers with certain standards is likely to reduce the cost of health care administration.
- The commissioner, in consultation with the Department of Health Services, must study the feasibility and cost-effectiveness of health insurance identification cards and a computerized support system for the cards.<sup>1</sup>

## NAVIGATOR FINANCIAL RESPONSIBILITY

The act eliminates the following prior law requirement:

- Each entity that is a navigator or individual navigator must furnish a bond in an amount no less than \$100,000 from an insurer authorized to do business in this state or provide other evidence of financial responsibility capable of protecting all persons against the wrongful acts, misrepresentations, errors, omissions, or negligence of the navigator.

**Effective date:** March 24, 2024

For a full history of the bill, visit the Legislature's [bill history page](#).

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<sup>1</sup> The act also removes rule making authority and reporting requirements related to the study.