

December 9, 2022
Report From Agency

Report on Section Ins 51.01 (21) and 51.80, Wis. Adm. Code, relating to capital requirements for insurers

Clearinghouse Rule No. 22-071
Submitted Under s. 227.19 (3), Stats.

(The proposed rule-making order is attached.)

(a) A detailed statement of basis for the proposed rule and how the rule advances relevant statutory goals or purposes:

The proposed rule will modify compulsory surplus requirements for variable business, medical professional liability insurance, and Medicare stand-alone drug coverage products to reflect requirements currently enforced through individual order. Adopting current factors as industry-wide standards will promote simplicity and uniformity. In addition, the proposed rule will add provisions regarding premiums for health insurers for purposes of Wis. Admin. Code. § Ins 51.80 and will correct a citation cross reference in Wis. Admin. Code § Ins 51.01 (21).

(b) Summary of the public comments and the agency's responses to those comments:

Comment: By November 28, 2022 letter, the Wisconsin Council of Life Insurers stated its support for this rule as it relates to amending the compulsory surplus requirement for variable life insurance but requested a similar change for variable annuities, to more accurately reflect the risk of all variable business products.

Response: OCI agrees with this change and has edited the proposed rule to reflect this suggestion.

(c) An explanation of any modifications made in proposed rule as a result of public comments or testimony received at a public hearing:

As stated in (b), OCI agrees that it is appropriate to the modify compulsory surplus requirement for all variable business products.

(d) Persons who appeared or registered regarding the proposed rule:

Appearances for:

Connie O'Connell, Wisconsin Council of Life Insurers

Appearances against:

None

Appearances for information:

None

Registrations for:

None

Registrations against:

None

Registrations neither for nor against:

Lara Bessey, SECURA Insurance
Morbi Mendoba, Catholic Financial Life
Craig Aittama, Delta Dental of Wisconsin
Amy Malm, OCI
Jerry DeArmond, OCI

Letters received:

Wisconsin Council of Life Insurers

(e) An explanation of any changes made to the plain language analysis of the rule under s. 227.14 (2), Stats., or to any fiscal estimate prepared under s. 227.14 (4), Stats.

None

(f) The response to the Legislative Council staff recommendations indicating acceptance of the recommendations and a specific reason for rejecting any recommendation:

All comments were complied with and corrected.

(g) The response to the report prepared by the small business regulatory review board:

The small business regulatory review board did not prepare a report.

(h) Final Regulatory Flexibility Analysis

A Final Regulatory Flexibility Analysis is Not Required because the rule will not have a significant economic impact on a substantial number of small businesses.

(i) Fiscal Effect

See fiscal estimate attached to proposed rule.

Attachment: Legislative Council Staff Recommendations