

January 3, 2023
Report From Agency

Report on Sections Ins 50.01 (9) and 50.155 (1), Wis. Adm. Code, relating to the office's access to CPA financial compilations and to the exemption from internal audit function requirements.

Clearinghouse Rule No. 22-075
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 definition of "work papers" kept by independent certified public accountants (CPAs), as set forth in Wis. Admin. Code § INS 50.01 (9), will be amended to clarify that "work papers" includes financial compilations. Access to CPA work papers reduces the amount of information that the Office is required to obtain from insurers and aids in the efficient oversight of insurers. The proposed clarification to the definition of "work papers" will further aid the Office in efficiently regulating insurers. Additionally, the proposed rule will allow smaller insurers that are not part of a group to be eligible for the small-size exemption from the internal audit function requirements of Wis. Admin. Code § INS 50.155. The Office believes that it is appropriate for smaller insurers to be eligible for this exemption.

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

Comment:

By October 12, 2022 email submitted in the EIA comment phase, Medica/Dean Health Plan stated that it did not expect the proposed rule to have a financial impact on the organization and that it therefore took no position on the proposed regulatory change.

Response:

None

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

None

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

Appearances for:

None

Appearances against:

None

Appearances for information:

None

Registrations for:

None

Registrations against:

None

Registrations neither for nor against:

Jill Mitchell, Medical Associates Health Plans
Tom Dawson, Strohm Ballweg
Natalie White, Professional Insurance Agents of Wisconsin
Jerry DeArmond, Office of the Commissioner of Insurance

Letters received:

As stated in (b), the Office received an email on this proposed rule in the EIA phase. The Office has received no other letters.

(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 except the following:

1. Comment 2d – The Office believes that the wording proposed in the suggested change may be less clear to regulated entities.
2. Comment 5b – Although the Office agrees that the existing phrase in s. Ins 50.01 (9), “but are not limited to” may be technically unnecessary, the phrase may nonetheless add clarity. Moreover, this phrase has existed in s. Ins 50.01 (9) since the section was created; therefore, it may be helpful to regulated entities to maintain the current definition in substantially the same form.

(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