

**NOTICE OF PRELIMINARY PUBLIC HEARING
OFFICE OF THE COMMISSIONER OF INSURANCE**

The Office of the Commissioner of Insurance announces that it will hold a preliminary public hearing on a Statement of Scope for s. INS 3.17, Wis. Adm. Code, relating to reserve standards for accident and sickness insurance and affecting small business. In accordance with s. 227.136, Stats., the Commissioner is seeking public input through the hearing and comment period regarding the content of the proposed rule as described in the Statement of Scope at the time and place shown below.

Hearing Information:

Date: November 28, 2018
Time: 10:00 am
Location: Office of the Commissioner of Insurance
125 S. Webster St., 2nd Floor Rm. 227
Madison, WI 53703

Accessibility:

Pursuant to the American with Disabilities Act reasonable accommodations including the provision of informational materials in an alternative format, will be provided for individuals with disabilities upon request. Please call Karyn Culver at (608) 267-9586 with specific information on your request at least 5 days before the date of the hearing. There is also handicap access to the hearing location.

Appearances at the Hearing and Submittal of Written Comments:

Persons wishing to testify or provide oral or written comments regarding the Statement of Scope for the proposed administrative rule may appear during the hearing. Additionally comments may be submitted at <https://docs.legis.wisconsin.gov/code>.

For additional information please contact Julie E. Walsh at (608) 264-8101 or email at Julie.Walsh@wisconsin.gov in the OCI Legal Unit.

Deadline for submitting comments is December 10, 2018, by 4:00 pm.

Initial Regulatory Flexibility Analysis:

The Statement of Scope for the proposed rule will modify s. Ins 3.17, Wis. Adm. Code, in order to require life and health insurers doing the business of insurance in this state to calculate claim reserves for health insurance policies issued prior to January 1, 2017, such that they comply with the minimum requirements in Appendix A-010 of the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual (APPM). Section 623.06 (8m), Wis. Stat., establishes s. Ins 3.17 as the reserving standard for policies issued after November 13, 2015 and prior to January 1, 2017, and the NAIC Valuation Manual as the standard for policies issued on or after January 1, 2017. Section Ins 3.17 does not currently authorize the use of the 2013 Individual Disability Income Valuation Table (IDIVT) and the 2012 Group Long-Term Disability Valuation Table (GLTDVT) for calculating disability claim reserves. Both the APPM and the Valuation Manual authorize the use of the updated tables. Health claim reserves traditionally have been determined based on the incurred date of the claim and not the issue date of the policy. However, under the current Wisconsin requirements, if a new claim is made on a policy that was issued before January 1, 2017, the insurer must use the reserve standard under s. Ins 3.17 rather than the updated tables adopted by the NAIC. If a claim is made on a policy that was issued after January 1, 2017, the insurer must use the reserve standard based on the applicable new table. Therefore, two claims with the same incurred date would be valued on two different bases as a result of the policy issue date. To bridge this gap, the proposed rule will permit insurers to use the IDIVT and GLTDVT, as appropriate for policies issued prior to January 1, 2017.

The rule is unlikely to have a significant impact on small businesses as the effect on calculated reserves is not expected to be material. The purposes of the change are to create easier and more logical record-keeping and to promote consistency with the standards of other states.

Agency Small Business Regulatory Coordinator:

The OCI small business coordinator is Kate Ludlum and she may be reached at Kate.Ludlum@wisconsin.gov or (608) 264-6232.

This Notice of Preliminary Public Hearing
is approved on November 12, 2018.