



Wisconsin Office of the
COMMISSIONER
OF INSURANCE

Introduction to Insurance

Our Mission at OCI

The mission of the Office of the Commissioner of Insurance is leading the way in informing and protecting the public and responding to their insurance needs.



Office of the Commissioner of Insurance

- The Office of the Commissioner of Insurance (OCI) was created by the legislature in 1870. The original intent of OCI has not changed drastically over the past 125 years. In 1870, OCI was vested with broad powers to ensure that the insurance industry responsibly and adequately met the insurance needs of Wisconsin citizens. Today, OCI's mission is to lead the way in informing and protecting the public and responding to its insurance needs.



Powers and Duties of the Insurance Commissioner

- Protect and Educate the Public
- Ensure insurance industry meets needs
 - Responsibly
 - Adequately
 - Even-handedly



General Powers

- Administer and enforce insurance laws and regulations
- Issue orders
- Require licensees to respond to inquiries and provide reports
- Power to examine licensees
- Rehabilitate and Liquidate Insurers



Statutes and Rules

- General Statutes and Administrative Rules
 - Commissioner Responsibilities
 - Licensing
 - Financial Solvency
 - Marketing
 - Insurance Contracts



Insurance Statute s. 601.01, Wis. Stat.

The purpose of the Wisconsin Insurance Statutes is to:

- Ensure the solidity of all insurers doing business in this state
- Ensure that policyholders, claimants and insurers are treated fairly and equitably
- Ensure that the state has an adequate and healthy insurance market, characterized by competitive conditions and the exercise of initiative
- Provide for an office that is an expert in the field of insurance and has the authority to enforce chs. 600 to 655, Wis. Stat.
- Encourage full cooperation of the office with other regulatory bodies, both of this and other states and of the federal government
- Improve and thereby preserve state regulation of insurance
- Maintain freedom of contract and freedom of enterprise so far as consistent with the other purposes of the law
- Encourage self-regulation of the insurance enterprise
- Encourage loss prevention as an aspect of the operation of the insurance enterprise;
- Keep the public informed on insurance matters; and
- Achieve the other purposes stated in chs. 600 to 655, Wis. Stat.



Enforcement Procedures

- Hearings
 - Before issuing rules
 - Before issuing formal guidance
 - Agents/Navigators right to hearing
- Enforcement Sanctions
 - Order to comply
 - Forfeitures
 - Restitution



Licensing Authority

- Licensing of insurance agents
- Licensing of navigators
- Insurance marketing practices
- Compensation of agents (commission)
- Regulation of non-navigator assisters



When is an Insurance License Required?

- A person may not solicit, negotiate, sell or advertise any service as an intermediary in Wisconsin unless the person obtains a license. No person may use the services of another as an intermediary if the person knows or should know that the other does not have a license as required by law. The commissioner may by rule exempt certain classes of persons from the requirements of obtaining a license. Persons may be made exempt if the functions they perform do not require special competence or trustworthiness or the regulatory surveillance made possible by licensing, or if other existing safeguards make regulation unnecessary. An insurance contract is valid even if sold or serviced by an unlicensed intermediary. [s. 628.03]



Is a License is Required?

- A person who incidentally advises other persons about insurance needs and coverages during the normal course of his or her noninsurance-related business, and who receives no direct or indirect compensation on account of any transaction which results from the advice?
- A person who places insurance for an insurance company on a door-to door basis?
- A person who advises other persons about insurance needs and coverages and is directly compensated by an insurance company or the insured?



Principles of Insurance

- Principles of insurance
 - Definition of risk
 - Pooling concept
 - Types of insurance companies
- Contract law
 - Elements of a contract
 - Unique aspects of health insurance contracts



Insurance Contracts

- Laws apply to policies sold in Wisconsin
- Policies need to comply with readability requirements
- Notice to agent is notice to insurer
- Insurer bound by acts of the agent within scope of apparent authority
Representations – oral and written statements by applicant
- Privacy protections
- Right to file a complaint with Commissioner of Insurance



Polling Slide #1

- An insurance company is bound by the acts of its appointed agent when the agent acts within the scope of their apparent authority, even if they do not have actual authority from the company:
 - A. True
 - B. False



Insurance Contracts cont.

- Notice of claim
- Prompt settlement of claims
- Effect of a mistake in an insurance contract



Insurance Contracts cont.

- Unfair claim settlement practices
- Right to Return policy
- Grace periods



Examples of Plans Not Regulated by OCI

- Self-funded ERISA Plans
- Labor Union Health & Welfare Plans
- Discount Plans
- Medicare Advantage Plans
- Medicare Part D Prescription Drug Plans
- Healthcare Sharing Ministries (HCSMs)
- Direct Primary Care



Marketing Practices

- Unfair marketing practices
- Misrepresentation
- Restraint of competition
- Choice of Insurer
- Home solicitation and sales



Marketing Methods and Practices

- Advertising rules
 - Advertisements must be truthful and not misleading
 - No disparaging statements
- Insurer/agent responsible for suitability of sale



Polling Slide #2

- Which of the following are not considered insurance?:
 - A. Health Sharing Ministries
 - B. Self-funded ERISA plans
 - C. Medicare Advantage Plans
 - D. All of the above



Common Federal Laws Impacting Health Ins.

- Medicare (Title XVIII of the Social Security Act)
- ERISA
- COBRA
- Mothers' Health Protection Act of 1996
- Women's Health and Cancer Rights Act of 1998
- HIPAA
- Mental Health Parity & Addiction Equity Act (MHPAEA)
- PPACA (Affordable Care Act)



Timely Payment of Claims

- Insurers can require sufficient documentation necessary to make a determination of liability.
- Consumers may need to provide additional information to their insurer in order to facilitate payment of health care claims. Frequently the insurer is needing confirmation as to who received the services, who provided the services and why services were needed.
- The policy will identify the timeframe consumers must file a claim or provide information for payment.



Nonrenewal of Insurance

- Nonrenewal of a policy refers to the termination of a policy at the expiration date. If an insurer decides it does not want to renew your policy, it must mail or deliver to you a nonrenewal notice at least 60 days before the policy expires. The notice must provide the reason for the nonrenewal.
- Reasons include:
 - Nonpayment of premium
 - Fraud by the consumer
 - Failure to meet minimum participation or employer contribution requirements
 - Insurer ceases to offer coverage in the market or area in which the group plan is located
 - For network plans, when no enrollees under the plan reside, live or work in the insurer's service area



Timely Notice of Cancellation

- Section 631.36 (2) (b), Wis. Stat., provides that no cancellation is effective until at least 10 days after the 1st class mailing or delivery of a written notice to the policyholder
- The Court of Appeals of Wisconsin has discussed the "10 days after the 1st class mailing or delivery" language and determined that the two words "mailing" (using postal mail) and "delivery" (some form other than the postal mail) refer to two different methods of providing notice of cancellation to consumers
 - Further, the Court of Appeals of Wisconsin has held that when using the postal service to mail a cancellation notice pursuant to s. 631.36 (2) (b), Wis. Stat., the phrase "1st class mailing ... of a written notice to the policyholder" refers not to receipt by the policyholder, but to the date the notice was mailed by 1st class mail, as permitted by statute.



Complaints

- OCI's focus is consumer harm and compliance with Insurance laws and regulations
- Did the company identify the problem?
- Was the company's action proactive?
- Was consumer made whole?
- Was corrective action taken by the insurer or agent?



Issues based on Source of Complaint

- Insureds
 - Complaint is typed but purportedly from Senior or Elderly
 - Secondhand reports
 - Use of sophisticated insurance terminology
- Agents
 - Third party accounts
 - Competing for business
- Providers
 - Accounts receivable



OCI Complaint Information

- **What You Should Know Before Filing a Complaint**

- The Office of the Commissioner of Insurance assists complainants with their insurance problems. A copy of your complaint will be sent to the company or agent with a request to respond directly to you and to advise our office of the action taken. You should hear from the company or agent in about 25 days from the date you send us your complaint. When we receive the information from the company or agent, we will review the file to determine what action we can take. We will notify you of our determination. If our office is unable to obtain the resolution you desired, you may consider contacting a private attorney for advice. If your complaint involves a claim dispute, you may want to contact your county's small claims court.



OCI Complaint Information

- **What OCI will do:**
- Send your complaint to the insurance company and require them to provide an explanation for their actions
(insurance companies/agencies have 20 days to respond).
- Review the company's response to make sure they followed Wisconsin state laws and your policy.
- Tell the company to fix the problem or help you and the company communicate with one another.
- Help you understand your insurance policy.
- Recommend places you can go for help if we don't have the legal right to resolve it.



OCI Complaint Information

- **What OCI can't do:**

- Act as your lawyer or give you legal advice.
- Make medical judgments or determine who is at fault.
- Establish the facts surrounding a claim (for example: who is being truthful when there are different accounts of what happened, or he said/she said situations).
- Determine the value of a claim, the amount owed to you, or act as your adjuster.
- Address issues we can't legally enforce.
- Tell a company to pay a claim, refund a premium, or reinstate or issue a policy (if they followed the law and your policy).
- Please be advised that under Wisconsin's Open Records Law all information you provide may become a public record once the file is closed. Only actual medical records obtained from a health care provider are confidential under s. 146.82, Wis. Stat. As a result, you should omit or mark out any confidential or personal information such as Social Security Numbers prior to submitting it to our office.



OCI Resources

- Policy form checklists
 - Bulletins
 - Publications
 - Wisconsin Insurance Report
 - WisCovered.com
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- <https://oci.wi.gov/Pages/Agents/NavigatorLicense.aspx>

