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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2011-12

(session year)

Senate

(Assembly, Senate or Joint)

Committee on Insurance and Housing...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Insurance and Housing

Senate Bill 492

Relating to: regulating certain service contracts and granting rule-making authority.
By Senators Lasee, Olsen and Schultz; cosponsored by Representatives Nygren,
LeMahieu, Bies and A. Ott.

February 20, 2012 Referred to Committee on Insurance and Housing.

February 22, 2012 **PUBLIC HEARING HELD**

Present: (5) Senators Lasee, Schultz, Wanggaard, Carpenter
and C. Larson.
Absent: (2) Senators Olsen and S. Coggs.
Excused: (0) None.

Appearances For

- Sen Frank Lasee — 1st Senate District
- Stephen McDaniel — Service Contract Industry Council

Appearances Against

- Gary Antoniewicz — Ethos Group
- David Snyder — Ethos Group
- Brandon Scholz — Nat'l Home Service Contracts Assn

Appearances for Information Only

- Dan Scharzter, Madison — OCI
- JP Wieske, Madison — OCI

Registrations For

- Paul Basile — Assurant
- Tony Langenohl — Asurion
- Rep John Nygren — 89th Assembly District

Registrations Against

- None.

Registrations for Information Only

- None.

February 22, 2012 **EXECUTIVE SESSION HELD**

Present: (0) None.
Absent: (0) None.
Excused: (0) None.

February 29, 2012 **EXECUTIVE SESSION HELD**

Present: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter and C. Larson.
Absent: (1) Senator S. Coggs.
Excused: (0) None.

March 1, 2012 **EXECUTIVE SESSION HELD**

Present: (7) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter, S. Coggs and C. Larson.
Absent: (0) None.
Excused: (0) None.

Moved by Senator Lasee that **Senate Amendment 1** be recommended for adoption.

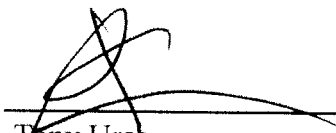
Ayes: (6) Senators Lasee, Schultz, Olsen, Wanggaard,
Carpenter and S. Coggs.
Noes: (1) Senator C. Larson.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED,
Ayes 6, Noes 1

Moved by Senator Lasee that **Senate Bill 492** be recommended for passage as amended.

Ayes: (4) Senators Lasee, Schultz, Olsen and
Wanggaard.
Noes: (3) Senators Carpenter, S. Coggs and C. Larson.

PASSAGE AS AMENDED RECOMMENDED, Ayes 4, Noes 3



Tony Urs
Committee Clerk

492

Vote Record Committee on Insurance and Housing

Date: 2/29

Moved by: _____ Seconded by: _____

AB _____	SB _____	Clearinghouse Rule _____
AJR _____	SJR _____	Appointment _____
AR _____	SR _____	Other _____

A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

<input type="checkbox"/> Passage	<input type="checkbox"/> Adoption	<input type="checkbox"/> Confirmation	<input type="checkbox"/> Concurrence	<input type="checkbox"/> Indefinite Postponement
<input type="checkbox"/> Introduction	<input type="checkbox"/> Rejection	<input type="checkbox"/> Tabling	<input type="checkbox"/> Nonconcurrence	

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Frank Lasee, Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Dale Schultz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Luther Olsen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Van Wanggaard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Tim Carpenter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Spencer Coggs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Chris Larson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	_____	_____	_____	_____

Motion Carried Motion Failed

TO: Senator Carpenter
FROM: Senator Lasee,
Chair, Senate Committee on Insurance and Housing
DATE: March 1, 2012
RE: Ballot votes for the committee on Insurance and Housing.

Pursuant to Senate Rule 25 (4) (am), the Senate Committee on Insurance and Housing is voting by ballot on the motions below. Please review and record your vote by circling "AYE" or "NO". By circling "AYE" you indicate your approval of the motion. If this ballot is not returned to 316 South, State Capitol by Thursday, March 1, 2012 at 3:00 p.m., you will be designated as not voting.

Senate Bill 466. Relating to miscellaneous landlord-tenant provisions and prohibiting a local government from imposing a moratorium on eviction actions:

The committee chair has elected to not take executive action on Senate Bill 466 at this time.

Senate Bill 492. Relating to regulating certain service contracts and granting rule-making authority:


[MOTION 1]: To recommend adoption of Senate Amendment 1 to Senate Bill 492:

AYE NO

[MOTION 2]: To recommend Passage of Senate Bill 492 as amended by Senate Amendment 1:

AYE NO

Signed,



Senator Tim Carpenter

3/1/12

Date

TO: Senator Coggs
FROM: Senator Lasee,
Chair, Senate Committee on Insurance and Housing
DATE: March 1, 2012
RE: Ballot votes for the committee on Insurance and Housing.

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[MOTION 1]: To recommend adoption of Senate Amendment 1 to Senate Bill 492:

AYE

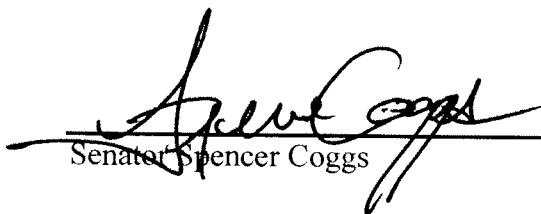
NO

[MOTION 2]: To recommend Passage of Senate Bill 492 as amended by Senate Amendment 1:

AYE

NO

Signed,



Senator Spencer Coggs

3-1-2012

Date

TO: Senator Larson
FROM: Senator Lasee,
Chair, Senate Committee on Insurance and Housing
DATE: March 1, 2012
RE: Ballot votes for the committee on Insurance and Housing.

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AYE NO

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AYE NO

Signed,



Senator Chris Larson

3-1-12

Date

TO: Senator Lasee
FROM: Senator Lasee,
Chair, Senate Committee on Insurance and Housing
DATE: March 1, 2012
RE: Ballot votes for the committee on Insurance and Housing.

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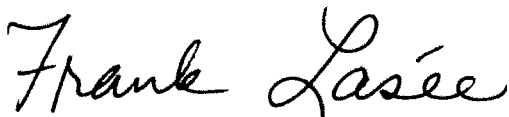
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AYE NO

[MOTION 2]: To recommend Passage of Senate Bill 492 as amended by Senate Amendment 1:

AYE NO

Signed,



3/1/12

Senator Frank Lasee

Date

TO: Senator Olsen
FROM: Senator Lasee,
Chair, Senate Committee on Insurance and Housing
DATE: March 1, 2012
RE: Ballot votes for the committee on Insurance and Housing.

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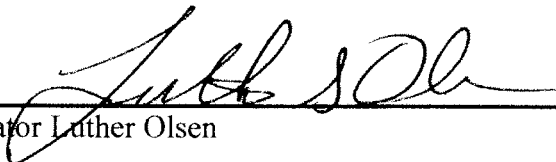
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AYE NO


[MOTION 2]: To recommend Passage of Senate Bill 492 as amended by Senate Amendment 1:

AYE NO

Signed,



Senator Luther Olsen



Date

TO: Senator Schultz
FROM: Senator Lasee,
Chair, Senate Committee on Insurance and Housing
DATE: March 1, 2012
RE: Ballot votes for the committee on Insurance and Housing.

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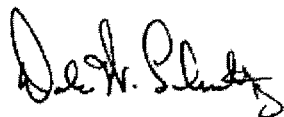
[MOTION 1]: To recommend adoption of Senate Amendment 1 to Senate Bill 492:

AYE NO

[MOTION 2]: To recommend Passage of Senate Bill 492 as amended by Senate Amendment 1:

AYE NO

Signed,



Senator Dale Schultz

3/1/2012

Date

TO: Senator Wanggaard
FROM: Senator Lasee,
Chair, Senate Committee on Insurance and Housing
DATE: March 1, 2012
RE: Ballot votes for the committee on Insurance and Housing.

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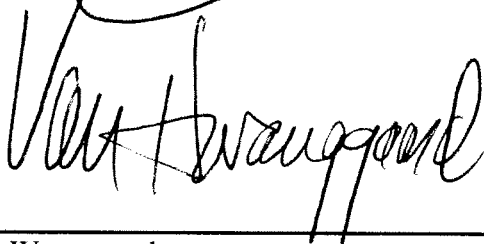
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AYE NO

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AYE NO

Signed,



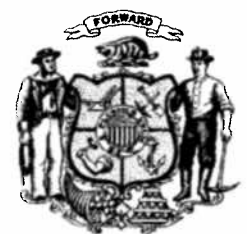
March 01, 2012

Senator Van Wanggaard

Date



WISCONSIN STATE LEGISLATURE





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

Legal Unit
125 South Webster Street • P. O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 267-9586 • Fax: (608) 264-6228
Web Address: oci.wi.gov

CONFIDENTIAL LEGAL MEMORANDUM

Date: February 8, 2012
To: Dan Schwartzer
From: Richard B. Wicka
Subject: Consequences of not treating service contracts as insurance

This memorandum is in response to your inquiry as to what the legal consequences would be if service contracts were no longer treated as insurance under Wisconsin law. As discussed in more detail below, the two main consequences would be that: 1) service contracts would no longer be subject to the insurance exemption contained in the McCarran-Ferguson Act and, thus, any state laws governing service contracts may be preempted by federal law; and 2) in the event a service contract provider declares bankruptcy, Wisconsin consumers will lose state protection and their claims will be subject to reduced and delayed payments through the bankruptcy process. Without citing or discussing the cases in detail, it should also be noted that Wisconsin courts have consistently defined insurance in a manner that encompasses service contracts.

McCarran-Ferguson Act

The McCarran-Ferguson Act, 15 U.S.C. § 1011, et seq., grants states the power to regulate the insurance industry except where Congress enacts legislation that "specifically relates to the business of insurance." 15 U.S.C. § 1012(b). The Act's purpose and effect has been to maintain the states' historic role as the primary regulator of the insurance industry. In practice, this means that in cases where federal laws, unrelated to the business of insurance, conflict with Wisconsin insurance laws, the federal laws do not preempt Wisconsin law and insurance regulation is left to the state.

By redefining service contracts so that they are no longer considered insurance, service contracts would be removed from the purview of McCarran-Ferguson. Thus, if federal law and state law are in conflict, the federal law will preempt Wisconsin law. The OCI legal unit has not conducted a review of what, if any, federal laws would apply in this area. That being said, one could readily imagine federal law and Wisconsin law differing on such issues as what disclosures a provider must make to consumers, to use one potential example. In such a conflict, federal law would prevail. In the event of federal law preemption, not only would Wisconsin's role in regulating service contracts be reduced but it will also create confusion among providers as to whether state or federal requirements would apply.

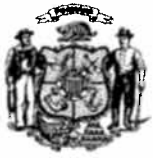
Bankruptcy

Another concern OCI has regarding ending the treatment of service contracts as insurance is the affect it would have on OCI's ability to protect Wisconsin contract holders in the event of a provider bankruptcy. Such a concern is not theoretical. Since 1991, thirteen service contract providers operating in Wisconsin have declared bankruptcy.

In the past, OCI has successfully protected Wisconsin consumers whose service contract providers entered bankruptcy by arguing that the state's role in regulating the providers as insurers under McCarran-Ferguson should govern over federal bankruptcy law. To use one example, Automotive Professionals Inc. ("API") filed for bankruptcy in 2007. At the time, API had funds on deposit with the state and also an irrevocable letter of credit. OCI was successful in arguing that, because service contract providers were insurers subject to OCI regulation, OCI had the authority to maintain these funds outside of the bankruptcy estate and to distribute them exclusively for the payment of Wisconsin contract holders. As a result, Wisconsin contract holders received a guaranteed payout of \$.75 on the dollar for all claims where contract holders in other states received substantially lower payments. In addition, OCI was able to obtain an immediate, one-time payment to contract holders whereas other contract holders had to wait for periodic payments as the bankruptcy ran its course.

Should service contracts no longer be considered insurance, OCI would not be able to rely on McCarran-Ferguson to protect Wisconsin consumers in the event of a bankruptcy. It would appear that service contracts would be treated as any other contract and would be subject to federal bankruptcy law. Funds and letters of credit held by the state could be placed in the general bankruptcy estate and Wisconsin contract holders will lose any preferential claim to those funds. Wisconsin contract holders would likely receive far less in payment than what they would have received outside the bankruptcy action and funds held by the state to protect Wisconsin contract holders could be used to pay secured claims by banks or the claims of contract holders in other states, for example. Finally, Wisconsin contract holders would not receive an immediate, one-time payment, as happened in ACI, and would have to wait for periodic payments as the bankruptcy progressed.

Please let me know if you have any related questions or require additional information.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

February 22, 2012

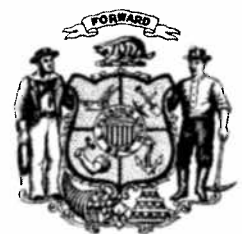
125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ociinformation@wisconsin.gov
Web Address: oci.wi.gov

Risk Retention Groups

1. SB 492 merely adds a streamlined regulatory option for existing service contracts. We make no substantive changes in the status of risk retention groups.
2. Risk retention groups are allowed to become licensed insurers in this state under existing law.
3. The underlying service contract company is allowed to do business in Wisconsin if they either submit to deposit/line of credit requirements OR by working through a licensed insurer.
4. Changing the law would create an uneven playing field for the 120 active service contract companies in Wisconsin. These companies continue to be required to meet state solvency requirements.
5. Allowing an unauthorized risk retention group would violate state solvency requirements. It would allow the unauthorized risk retention group to meet a different solvency standard (i.e. those of another state) than any other licensed insurer in the state. We do not have investigatory authority to review the solvency requirements imposed by another state.
6. We do allow risk retention groups in various lines of insurance. Our current data indicates approximately \$11 million dollars is written in authorized risk retention groups.
7. Wisconsin has successfully litigated a case on this issue. Specifically, we took the position that a risk retention group's coverage of doctors did not meet the state insurance requirements under the patient compensation fund.



WISCONSIN STATE LEGISLATURE



MEMORANDUM

TO: SENATE INSURANCE AND HOUSING COMMITTEE

FROM: Ethos Group Holdings; Gary L. Antoniewicz, Legal Counsel at Boardman & Clark LLP, Madison, WI; and David B. Snyder, General Counsel, Irving, TX

DATE: February 22, 2012

RE: Senate Bill 492 and Assembly Bill 571 on Service Contracts

- Ethos Group Holdings is parent of Ethos Administrative Services, Inc. ("Ethos") and Titan Insurance Company, Inc. ("Titan").
- Ethos currently does business in and offers motor vehicle service contracts in over 35 states.
- Ethos' contractual liabilities are insured by Titan, a Risk Retention Group ("RRG") domiciled in South Carolina and subject to full insurance regulation in that state.
- Titan has an "excellent" rating with A.M. Best, is actuarially extremely sound, and is registered in Wisconsin as an RRG since 2003.
- Wisconsin has denied Ethos application for a limited certificate of authority to do business in Wisconsin solely because Ethos' financial security is offered by a RRG.
- Federal law, 15 U.S.C. §§ 3901, *et. seq.*, supports formation of RRGs and prohibit states from discrimination against them.
- RRGs save consumers money by allowing service contract providers to insure risks through companies specifically designed for that purpose and which are fully regulated by the state of domicile.
- SB 492 and AB 571 continue OCI's unlawful discrimination against RRGs by requiring them to have a "certificate of authority" to provide contractual liability insurance. A certificate of authority requires full regulation as a domestic insurer and high unnecessary regulatory costs to Titan.
- Ethos opposes SB 492 and AB 571 in current form without amendment permitting RRGs, who are financially sound, to offer contractual liability policies to service contract providers to satisfy financial responsibility requirements.

§616.54 Requirements for doing business.

“...(6) ASSURANCE OF PERFORMANCE; INSURANCE. (a) A provider may satisfy sub. (5) by insuring all service contracts under a reimbursement insurance policy that has been filed with and approved by the commissioner under s. 631.20, that is issued by an insurer authorized, registered as a risk retention group, or otherwise authorized to do business in this state, and that satisfies, at a minimum, all of the following:...”

Gary L. Antoniewicz

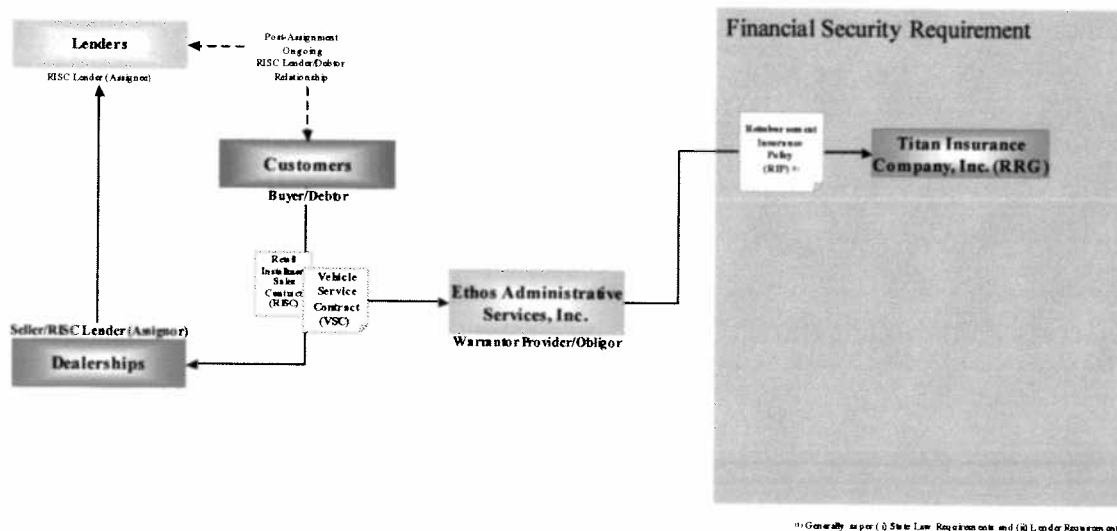
From: David Snyder [dsnyder@ethosgroup.com]
Sent: Tuesday, February 21, 2012 11:17 PM
To: Sen.Lasee@legis.wisconsin.gov; Sen.Schultz@legis.wisconsin.gov;
Sen.Olsen@legis.wisconsin.gov; Sen.Wanggaard@legis.wisconsin.gov;
Sen.Carpenter@legis.wisconsin.gov; Sen.Coggs@legis.wisconsin.gov;
Sen.Larson@legis.wisconsin.gov
Cc: Barry Goldwater Jr. (bgoldwaterjr@cox.net); Beth Kigel (bkigel@goldwatertaplin.com); Gary L. Antoniewicz; Jillian Box; William Surprise
Subject: Wisconsin Senate Bill 492: Request for Amendment
Attachments: BILL-WI_S.B. 492_2012-02-21.pdf

Importance: High

Dear Mr. Chairman and Committee Members:

My name is David Snyder, General Counsel and an executive officer of the Ethos Group Holdings organization and its subsidiaries Ethos Administrative Services, Inc. and Titan Insurance Company, Inc., a RRG. Respectfully, we are contacting you regarding Senate Bill 492 ("Bill"). As a near-nationwide service contract provider, we are genuinely concerned about the current language of the Bill which does not include important and necessary language that will protect Wisconsin's consumers as well as comply with Federal Law.

- **A Consumer-Driven Business.** In general, service contract providers provide a valuable and necessary service to consumer purchasers of new and pre-owned motor vehicles. In essence, service contracts provide consumers with protections over, above, and beyond the term of manufacturer's warranties. Most states require the provider of service contracts have a form of financial security by way of securing a reimbursement insurance policy from a financially-capable insurance provider:



- **Origin of the Bill.** Ethos Group Holdings is a member of, and I serve as an officer of, the Service Contract Industry Council ("SCIC") (<http://go-scic.com>), the national trade association responsible for initiating and introducing this Bill. When the SCIC introduced this Bill to the Office of the Commissioner of Insurance ("OCI"), the regulatory agency responsible for the regulation of service contracts, important language permitting Risk Retention Groups ("RRGs") to issue reimbursement insurance policies was stricken by OCI staff from the Bill that is now before you.
 - To be clear, the SCIC *strongly recommended* this language remain in the Bill; however, the OCI employee staff ultimately insisted the language be removed for purposes not permitted by federal law.
 - Conversely, the model act (as adopted by the NAIC) which was presented to the OCI *has been approved, in whole or in part, in over 35 states and includes the language-at-issue we are asking to be reinstated.*

- **Discrimination is Wrong & Federal Law Prohibits It.** The removal of the language-at-issue denies RRGs the opportunity to provide reimbursement insurance policies to service contract providers as they are otherwise allowed to do so under Federal law (15 U.S.C.A. §3902 et seq.). RRGs are comprised of policyholders whom are also stockholders who engage in similar or related businesses and are authorized to write liability insurance for all or portions of the exposures of its group members. Further:
 - RRGs, as another type of insurance company, provide their insured service contract providers with valuable and competitive insurance policies that secure the obligations of their insureds and ultimately the consumers purchasing service contracts.
 - RRGs, and the need in the market for such types of insurance companies, were viewed so favorably they were provided protection under federal law from discrimination and undue regulation by state law in 1981 and again in 1986 under The Federal Liability Risk Retention Act of 1986. Under this law, RRGs are afforded the opportunity to do business in any state by registering with the recognized state insurance agency. Therefore, by removing the language at-issue from the Bill, the OCI staff, by its own actions, is attempting to prevent RRGs from offering reimbursement insurance policies to service contract providers in the State of Wisconsin.
 - By example, Titan Insurance, a RRG: (1) holds an A.M. Best Financial Strength Rating (FSR) rating of A- or "Excellent"; (2) utilizes a nationally-recognized accounting firm in performing its independent audit and preparing its annual financial statements; (3) utilizes the services of a nationally recognized actuarial firm and is actuarially sound; and (4) retained on its Board of Directors the former Insurance Commissioner of the State of South Carolina.
- **Solution.** We respectfully and urgently ask for your assistance in correcting this critical omission that will adversely affect Wisconsin's businesses and its consumers. Barring RRGs from providing reimbursement insurance policies is not only detrimental to Wisconsin businesses, but a violation of federal law. We therefore request an amendment to the Bill in order to restore the Bill to its core prior language, so as to effect its original intention as my organization fully-supports and the SCIC had originally presented. The proposed amendment to the Bill at §616.54 at paragraph (6) (underlined) is as follows:

§616.54 Requirements for doing business.

"...(6) ASSURANCE OF PERFORMANCE; INSURANCE. (a) A provider may satisfy sub. (5) by insuring all service contracts under a reimbursement insurance policy that has been filed with and approved by the commissioner under s. 631.20, that is issued by an insurer authorized, registered as a risk retention group, or otherwise authorized to do business in this state, and that satisfies, at a minimum, all of the following:..."

As always, should you have any questions or need any further information, please do not hesitate to contact us at any time. We sincerely hope that the Committee will act favorably upon our request.

Thanks...David
 David B. Snyder
 General Counsel
 Senior Vice President
 Chief Compliance Officer and Secretary
 Ethos Group Holdings
 5215 North O'Connor Blvd., Suite 1200
 Irving, Texas 75039
 Direct: (972) 331-1020
 Co: (972) 331-1000 x136
 Cell: (214) 507-7509
 Fax: (214) 774-2037
 dsnyder@ethosgroup.com
 www.ethosgroup.com

<u>Items</u>	LRRRA	WI CoA	<u>Compliance Effect</u>
Wisconsin Law			
<i>Item 1:</i> Articles of Incorporation (W.S.A. §618.11 (1))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 2:</i> Financial Statements (W.S.A. §618.11 (2))	Substantially Similar (Ref Item 20)	Required	Should be able to comply with WI CoA State Law requirement provided requirements are consistent with Federal Law
<i>Item 3:</i> Financial summary of the preceding 10 years (W.S.A. §618.11 (3))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 4:</i> Name and address of directors and principal officers (W.S.A. §618.11 (4))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 5:</i> Occupational history for directors and principal officers for the preceding 10 years (W.S.A. §618.11 (4))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 6:</i> Schedule of all jurisdictions in which it has done or been authorized to do an insurance business during the preceding 10 years (W.S.A. §618.11 (6)(a))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 7:</i> Schedule of all jurisdictions in which it has applied to do insurance work, the dates and outcomes of each application, for the preceding 10 years (W.S.A. §618.11 (6)(b))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 8:</i> Schedule of all jurisdictions in which it has withdrawn and the reasons for withdrawals for the preceding 10 years (W.S.A. §618.11 (6)(c))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 9:</i> Schedule of all administrative or criminal actions, orders or proceedings to which it or any of its directors or principal officers have been subjected on account of an alleged violation of any law governing insurance operations in any jurisdiction during the preceding 10 years, or not involving insurance operations if it is a felony (W.S.A. §618.11 (6)(d))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 10:</i> A description of its present business operations, including the coverages written and the territories in which it does business, and including a statement that it is in compliance with s. §620.05 (W.S.A. §620.05- limitations on security investments made in different currencies), with such documentary evidence of compliance as the commissioner requires (W.S.A. §618.11 (7))	Substantially Similar (Ref Item 19)	Required	Should be able to comply with WI CoA State Law requirement provided requirements are consistent with Federal Law
<i>Item 11:</i> A list of any significant statements, reports or other documents that have been prepared during the preceding 10 years for any insurance regulatory authority or for general distribution among creditors, shareholders, members, subscribers or policyholders (W.S.A. §618.11 (8))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 12:</i> If it has actually transacted an insurance business for less than 5 years, a detailed history of the past and projection of the anticipated operating results at the end of each of the first 5 years of operation, based where known on actual data and otherwise on reasonable assumptions of loss experience, premium and other income, operating expenses and acquisition costs (W.S.A. §618.11 (9))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 13:</i> A statement showing to what extent organizational and promotional expenses have been paid, and to what extent organizational procedures are incomplete (W.S.A. §618.11 (10))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 14:</i> A certificate from the domiciliary regulatory authority and the state of entry into the United States, if any, that so far as known the applicant is sound and that there are no legitimate objections to its proposed operations in this state (W.S.A. §618.11 (11))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 15:</i> The plan for conducting an insurance business in this state, including: (a) The geographical area in which business is intended to be done; (b) The types of insurance intended to be written; (c) The proposed marketing methods; (d) The proposed method for the establishment of premium rates; and (e) Copies of the policy and application forms intended to be used in this state (W.S.A. §618.11 (12))	Substantially Similar (Ref Item 19)	Required	Should be able to comply with WI CoA State Law requirement provided requirements are consistent with Federal Law
<i>Item 16:</i> Any other information the commissioner reasonably requires (W.S.A. §618.11 (13))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
<i>Item 17:</i> Authorization to the commissioner or office to make inquiry of any person about the applicant, its manager under a management contract, its attorney in fact, its general agents, and any of the officers, directors or shareholders of any of them designated by the commissioner or office, and agreement by the applicant and any other persons so designated that in the absence of actual malice, no communication made in response to any such inquiry will subject the persons making it to an action for damages for the communication brought by the applicant or the designated person or a legal representative of either. No such action shall lie whether such agreement is made or not (W.S.A. §618.11 (14))	Prohibited	Required	CANNOT comply with WI CoA State Law requirement as prohibited by Federal Law
Federal Law			
<i>Item 18:</i> Register with and designate the insurance commissioner as its agent solely for the purpose of receiving service of legal documents or process (15 U.S.C.A. §3902(a)(1)(D))	Permitted	Prohibited	CANNOT comply with WI CoA State Law requirement pursuant to exclusion from being required by WI CoA application
<i>Item 19:</i> Submit a plan of operation or a feasibility study and revisions of such plan (15 U.S.C.A. §3902(d)(2)(A))	Required	Substantially Similar	Should be able to comply with WI CoA State Law requirement provided requirements are consistent with Federal Law
<i>Item 20:</i> A copy of the annual financial statement submitted to the State in which it is chartered, certified by an independent public accountant and contain a statement of opinion on loss and loss adjustment expense reserves made by-- (A) a member of the American Academy of Actuaries, or (B) a qualified loss reserve specialist (15 U.S.C.A. §3902(d)(3))	Required	Substantially Similar	Should be able to comply with WI CoA State Law requirement provided requirements are consistent with Federal Law

Precedent and Control

An extensive survey of case law, both Wisconsin state and the 7th Circuit federal, clearly revealed that:

(a) Cases with distinguishable facts, or (b) Cases with distinct issues

DO NOT Control

Distinguishable Facts

<i>Ophthalmic Mutual</i>	<i>Ethos Application</i>
<p>(a) <i>Legal Source.</i> Duly-enacted statute</p> <p>(b) <i>Liability Classification.</i> Professional liability on health care providers</p> <p>(c) <i>Insured Obligors.</i> Health care providers</p> <p>(d) <i>Actuarial Risk.</i> The risks underlying the liability coverage derived from medical malpractice</p> <p>(e) <i>Ultimate Promise.</i> To a Person</p> <p>(f) <i>Underlying Obligor.</i> Doctor</p>	<p>(a) <i>Legal Source.</i> OCI self-determined rule</p> <p>(b) <i>Liability Classification.</i> Motor vehicle warranties</p> <p>(c) <i>Insured Obligors.</i> Warranty plan providers</p> <p>(d) <i>Actuarial Risk.</i> The risks underlying the liability coverage derived from motor vehicle warranties</p> <p>(e) <i>Ultimate Promise.</i> On a Motor Vehicle</p> <p>(f) <i>Underlying Obligor.</i> Unaffiliated Third-Party (thru Franchised Vehicle Dealership)</p>

Distinct Issues

<i>Ophthalmic Mutual</i>	<i>Ethos Application</i>
<p>(a) <i>Preemption.</i> Whether W.S.A. §655.23 is valid and proper “financial responsibility” law such that it fits within 15 U.S.C. §3905(d) which provides that the Risk Retention Act does not preempt a statute from establishing financial responsibility requirements of state licensees, such as health care professionals.</p> <p>(b) <i>Limited Regulatory Scope.</i> Whether W.S.A. §655.23, which requires health care professionals, such as ophthalmologists, to purchase health care malpractice liability insurance only from insurance companies which are licensed by the State of Wisconsin, is preempted by 15 U.S.C. §3902(a)(1) of the Risk Retention Act.</p>	<p><i>Discrimination is Discrimination.</i> The only issue to be determined in this summary judgment motion is whether Titan <Insurance, the CLIP provider to Ethos> is permitted to act as alternate financial security for a warranty plan under Wisconsin Administrative Code s. Ins. 15.01(8), state and federal law” (Reference: OCI Summary Judgment Motion, Issue Section at page 1).</p>

The facts in Ophthalmic are distinguishable from those in Ethos’ Application. The issues in Ophthalmic are distinct from those in Ethos’ Application. Ophthalmic UPHELD a then-existing medical liability statute and DID NOT MANDATE application of such holding to the use of RRGs in warranty plans.

Ophthalmic does not control the Ethos Application.

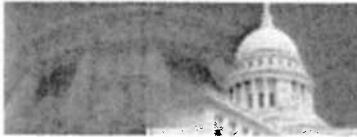
CONTROLLING AS IDENTIFIED/DEFINED BY SURVEY OF WISCONSIN AND 7TH CIRCUIT CASE LAW

DISTINGUISHING FACTS

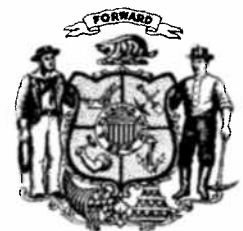
1. "Tynan contends that the facts in his case are the same as those in Skebba, that Skebba controls the outcome of this case, and that the trial court erred in concluding that reliance damages, rather than expectation damages were appropriate in this case. We reject Tynan's contention. **The facts in this case are distinguishable from the facts in Skebba.**" (*Tynan v. JBVBB, LLC.*, 743 N.W.2d 730,736 (Wis. Ct. App. 2007)).
2. "The cases of *Hanson v. Feuling*, 160 Wis. 511, 152 N. W. 287, and *M_____ v. J_____*, 164 Wis. 39, 159 N. W. 551, relied upon by appellant, are **easily distinguishable, and do not control this case.**" (*Grant v. Yates*, 199 N.W. 53, 54 (Wis. 1924)).
3. "Metropolitan argues that Nodolf and cases similar to it all apply to real estate transactions. Metropolitan contends that the specificity in financing contingency rules has never been extended to business sale contracts. It concludes, therefore, that **because the LPPA was a business sale contract rather than a real estate transaction, the Nodolf line of cases do not control.** We are persuaded by the logic of this argument." (*Metropolitan Ventures, LLC v. GEA Associates*, 727 N.W.2d 502 (Wis. Ct. App. 2004))
4. "Rainbow essentially contends that Discount Fabric is exactly on point with the facts of this case, and therefore, it should control our decision. We do not reach the same conclusion...[the court analyzes the facts of Discount Fabric as it relates to the current case]... **Despite the similarities between Discount Fabric and this case, there are important distinctions that lead us to a different result** in 2005 than we reached in 1984." (*Rainbow Country Rental and Retail, Inc. v. Ameritech Publishing, Inc.*, 706 N.W.2d 95, 100 (Wis. 2005)).
5. "**The facts here much more than meet the requirements laid down in the case of Green v. Somers...This earlier case does not meet or control the situation here.**" (*Green Bay Fish Co. v. Jorgensen*, 163 N.W. 142, 144 (Wis. 1917)).

DISTINGUISHING ISSUES

1. "The doctrine of stare decisis is inapplicable here. Although Wisconsin appellate decisions have treaded close to the constitutionality of the cap on recovery of noneconomic damages in medical malpractice cases, **none has reached the issue central to the instant case.**" (*Ferdon ex rel. Petrucelli v. Wisconsin Patients Comp Fund*, 701 N.W.2d 440 (Wis. 2005)).
2. "We are bound by controlling precedent on an **issue properly raised in this court.**" (*Zak v. Zifferblatt*, 715 N.W.2d 739, 745 (Wis. Ct. App. 2006)).
3. "The applicability of sec. 209.07, Stats., in relation to the questions contained on the medical report was **raised in the respondent's brief** in the Ludwig Case and was **pertinent to the court's decision.** In our opinion, the trial court was correct in regarding the Ludwig Case as controlling in the case at bar" (*Platke v. John Hancock Mut. Life Ins. Co.*, 133 N.W.2d 277, 282-83 (Wis. 1965)).
4. "Mariades appealed, and we held our decision in abeyance pending issuance of the supreme court's opinion in a case raising **similar issues** regarding the application and interaction of §§ 893.80(4) and 81.15, STATS." (*Mariades v. Marquette County*, Unpublished Disposition 222 Wis.2d 624 (Wis. Ct. App. 2009)).
5. "Therefore, we agree with Riedel that the implied consent analysis employed in *VanLaarhoven* does not directly **control the issue** in this case." (*State v. Riedel*, 259 Wis.2d 921, 927 (Wis. Ct. App. 2002)).

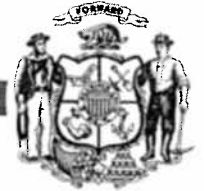


WISCONSIN STATE LEGISLATURE





Frank Lasee
WISCONSIN STATE SENATOR
FIRST SENATE DISTRICT



Testimony for bill SB-492
Service Contracts Bill
Senate Committee on Insurance and Housing
February 22, 2011

The purpose of this bill is to statutorily define what service contracts are and provides certainty about the way the OCI regulates this industry.

These products are an important industry in Wisconsin, and it's important to have a concrete regulatory platform available for this industry. It also helps the industry by having a similar regulatory environment compared to other states. This bill will codify regulations for this industry similar to 30 other states.

This bill also preserves consumer protection that is important for Wisconsin consumers. OCI has a long track record of providing these consumer protections for this product. It will offer additional protections over that of other states in the event of a service contract provider that would become insolvent.

A handwritten signature in cursive script that reads "Frank Lasee".

Frank Lasee
Wisconsin State Senator
First Senate District



WISCONSIN STATE LEGISLATURE





John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

State Representative John Nygren
Testimony on Service Contracts Act
Senate Committee on Insurance
February 22, 2012

Chairman Lasee and members of the Committee,

Good afternoon, I would first like to thank you for bringing Senate Bill 492 in front of your committee today.

When you or I buy a product, often times we are asked if we would like to purchase a separate contract to cover the service, repair or replacement of that product in case of an internal defect or malfunction.

Service contracts can be offered for sale to cover a variety of products anywhere from homes to the appliances within those homes. The Office of the Commissioner of Insurance (OCI) is responsible for the enforcement of these service contracts.

Under current law, there is no defined statutory framework for these contracts. This has lead to inconsistencies when determining if an agreement is a service contract and what is covered under the agreement. Ultimately this causes uncertainty in the market place for business offering service contracts and is detrimental to the consumer.

Senate Bill 492 provides a legal framework, within which service contracts are defined, may be sold, and are regulated by OCI.

This bill does a number of things. First, it defines a service contract as: a contract or agreement for a separately stated consideration to perform, or provide indemnification for the repair, replacement or maintenance of property for the operational or structural failure of property that is due to a defect in materials or workmanship, accidental damage from handling, or normal wear and tear.

Second, this bill defines a service contract provider and requires them to obtain a reimbursement insurance policy or provide OCI with a deposit of securities, an irrevocable letter of credit or a combination in specified amounts to show ability to cover the contract.

Third, a provider will have to obtain OCI approval of service contract terms and comply with numerous requirements including, but not limited to contract language, specific disclosures to the consumers, cancellation of service and refunds, payment of claims and record-keeping. Additionally, the provider is prohibited from requiring the purchase of a service contract as a condition of the sale of the property covered.

You will hear testimony today from those within this industry who support this Act on the grounds that the legislation provides regulatory certainty and increased uniformity for service contract programs, creates a level playing field for providers to transact service contracts, and provides consumer protection.

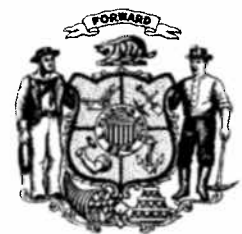
We have worked with OCI, the industry and other stakeholders in drafting this legislation to ensure that there is certainty in how these products are regulated while at the same time requiring important consumer protection and financial reporting requirements.

I believe Senate Bill 492 is a common sense bill that provides much needed consumer protection.

In closing, I would like to thank you for scheduling this bill for a hearing and for allowing me the opportunity to submit testimony. I would also like to thank Chairman Lasee for taking the lead on this legislation in the Wisconsin State Senate.



WISCONSIN STATE LEGISLATURE



Urso, Tony

From: de Felice, David Patrick
Sent: Monday, February 27, 2012 2:41 PM
To: Urso, Tony
Subject: FW: Wisconsin Senate Bill 492: Request for Amendment
Attachments: BILL-WI_S.B. 492_2012-02-21.pdf

Tony,

Is Sen. Lasee or anyone considering introducing this as an amendment?

Dave de Felice
Office of Sen. Spencer Coggs
Phone: (608) 266-2500

2/27 called @ update

From: David Snyder [mailto:dsnyder@ethosgroup.com]

Sent: Monday, February 27, 2012 10:15 AM

To: Sen.Lasee; Sen.Schultz; Sen.Olsen; Sen.Wanggaard; Sen.Carpenter; Sen.Coggs; Sen.Larson

Cc: Barry Goldwater Jr. (bgoldwaterjr@cox.net); Beth Kigel (bkigel@goldwatertaplin.com); Gary Antoniewicz (gantoni@boardmanlawfirm.com); Mary Ann Gerrard (m.gerrard@att.net); Jillian Box; William Surprise

Subject: FW: Wisconsin Senate Bill 492: Request for Amendment

4/27 3:45p called & wanted to speak with Frank. Aggressive. Gave to Rob.

Dear Mr. Chairman and Committee Members:

On behalf of the Ethos Group Holdings organization, please accept our sincere appreciation for permitting me to speak before the Committee last week regarding a proposed amendment to S.B. 492. As set forth in the testimony and various exhibits provided, barring risk retention groups from providing reimbursement insurance policies is not only detrimental to Wisconsin businesses and does not provide a full range of choice for Wisconsin consumers, but is also a violation of federal law.

We genuinely hope that you would give serious independent consideration to our request to amend the Bill in order to restore the Bill to its core prior language, so as to effect its original intention as my organization fully-supports and the SCIC had originally presented. The proposed amendment to the Bill at §616.54 at paragraph (6) (underlined) is as follows:

§616.54 Requirements for doing business.

“...(6) ASSURANCE OF PERFORMANCE; INSURANCE. (a) A provider may satisfy sub. (5) by insuring all service contracts under a reimbursement insurance policy that has been filed with and approved by the commissioner under s. 631.20, that is issued by an insurer authorized, registered as a risk retention group, or otherwise authorized to do business in this state, and that satisfies, at a minimum, all of the following:...”

As always, should you have any questions or need any further information, please do not hesitate to contact us at any time.

Thanks...David
David B. Snyder

General Counsel
Senior Vice President
Chief Compliance Officer and Secretary
Ethos Group Holdings
5215 North O'Connor Blvd., Suite 1200
Irving, Texas 75039
Direct: (972) 331-1020
Co: (972) 331-1000 x136
Cell: (214) 507-7509
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dsnyder@ethosgroup.com
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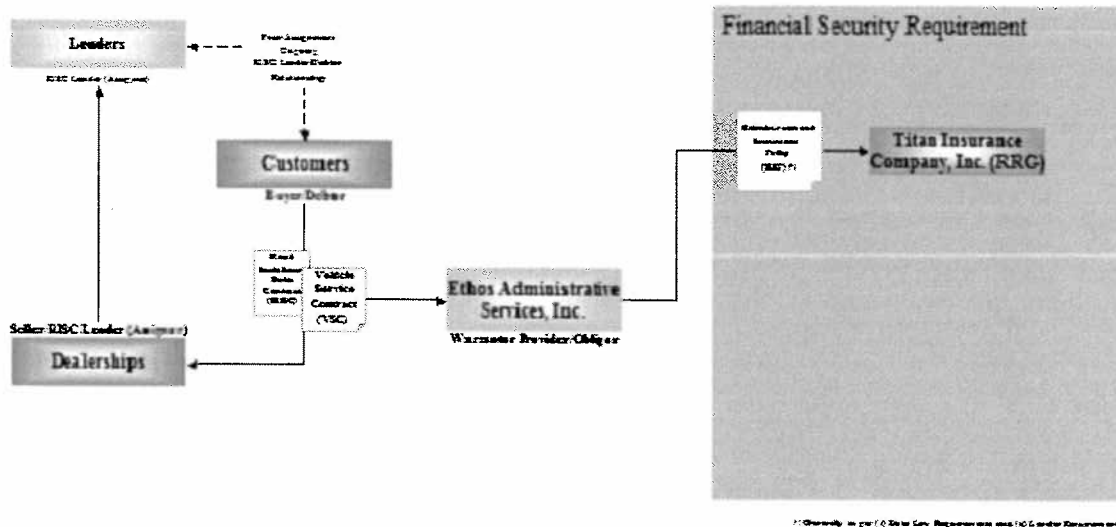
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From: David Snyder
Sent: Tuesday, February 21, 2012 11:17 PM
To: Sen.Lasee@legis.wisconsin.gov; Sen.Schultz@legis.wisconsin.gov; Sen.Olsen@legis.wisconsin.gov;
Sen.Wanggaard@legis.wisconsin.gov; Sen.Carpenter@legis.wisconsin.gov; Sen.Coggs@legis.wisconsin.gov;
Sen.Larson@legis.wisconsin.gov
Cc: Barry Goldwater Jr. (bgoldwaterjr@cox.net); Beth Kigel (bkigel@goldwatertaplin.com); Gary Antoniewicz
(gantoni@boardmanlawfirm.com); Jillian Box (jbox@ethosgroup.com); William Surprise (wsurprise@ethosgroup.com)
Subject: Wisconsin Senate Bill 492: Request for Amendment
Importance: High

Dear Mr. Chairman and Committee Members:

My name is David Snyder, General Counsel and an executive officer of the Ethos Group Holdings organization and its subsidiaries Ethos Administrative Services, Inc. and Titan Insurance Company, Inc., a RRG. Respectfully, we are contacting you regarding Senate Bill 492 ("Bill"). As a near-nationwide service contract provider, we are genuinely concerned about the current language of the Bill which does not include important and necessary language that will protect Wisconsin's consumers as well as comply with Federal Law.

- **A Consumer-Driven Business.** In general, service contract providers provide a valuable and necessary service to consumer purchasers of new and pre-owned motor vehicles. In essence, service contracts provide consumers with protections over, above, and beyond the term of manufacturer's warranties. Most states require the provider of service contracts have a form of financial security by way of securing a reimbursement insurance policy from a financially-capable insurance provider:



***Originally in part (6) State Law Requirements and (6) Leader Requirements

- Origin of the Bill.** Ethos Group Holdings is a member of, and I serve as an officer of, the Service Contract Industry Council ("SCIC") (<http://go-scic.com>), the national trade association responsible for initiating and introducing this Bill. When the SCIC introduced this Bill to the Office of the Commissioner of Insurance ("OCI"), the regulatory agency responsible for the regulation of service contracts, important language permitting Risk Retention Groups ("RRGs") to issue reimbursement insurance policies was stricken by OCI staff from the Bill that is now before you.

 - To be clear, the SCIC *strongly recommended* this language remain in the Bill; however, the OCI employee staff ultimately insisted the language be removed for purposes not permitted by federal law.
 - Conversely, the model act (as adopted by the NAIC) which was presented to the OCI *has been approved, in whole or in part, in over 35 states and includes the language-at-issue we are asking to be reinstated.*
- Discrimination is Wrong & Federal Law Prohibits It.** The removal of the language-at-issue denies RRGs the opportunity to provide reimbursement insurance policies to service contract providers as they are otherwise allowed to do so under Federal law (15 U.S.C.A. §3902 et seq.). RRGs are comprised of policyholders whom are also stockholders who engage in similar or related businesses and are authorized to write liability insurance for all or portions of the exposures of its group members. Further:

 - RRGs, as another type of insurance company, *provide their insured service contract providers with valuable and competitive insurance policies that secure the obligations of their insureds and ultimately the consumers purchasing service contracts.*
 - RRGs, and the need in the market for such types of insurance companies, were viewed so favorably they were *provided protection under federal law from discrimination* and undue regulation by state law in 1981 and again in 1986 under The Federal Liability Risk Retention Act of 1986. Under this law, RRGs are afforded the opportunity to do business in any state by registering with the recognized state insurance agency. Therefore, by removing the language at-issue from the Bill, the OCI staff, by its own actions, is attempting to prevent RRGs from offering reimbursement insurance policies to service contract providers in the State of Wisconsin.
 - By example, Titan Insurance, a RRG: (1) holds an A.M. Best Financial Strength Rating (FSR) rating of A- or "Excellent"; (2) utilizes a nationally-recognized accounting firm in performing its independent audit and preparing its annual financial statements; (3) utilizes the services of a nationally recognized actuarial firm and is actuarially sound; and (4) retained on its Board of Directors the former Insurance Commissioner of the State of South Carolina.
- Solution.** We respectfully and urgently ask for your assistance in correcting this critical omission that will adversely affect Wisconsin's businesses and its consumers. Barring RRGs from providing reimbursement insurance policies is not only detrimental to Wisconsin businesses, but a violation of federal law. We therefore request an amendment to the Bill in order to restore the Bill to its core prior language, so as to effect its original intention as my organization fully-supports and the SCIC had originally presented. The proposed amendment to the Bill at §616.54 at paragraph (6) (underlined) is as follows:

§616.54 Requirements for doing business.

“...(6) ASSURANCE OF PERFORMANCE; INSURANCE. (a) A provider may satisfy sub. (5) by insuring all service contracts under a reimbursement insurance policy that has been filed with and approved by the commissioner under s. 631.20, that is issued by an insurer authorized, registered as a risk retention group, or otherwise authorized to do business in this state, and that satisfies, at a minimum, all of the following:...”

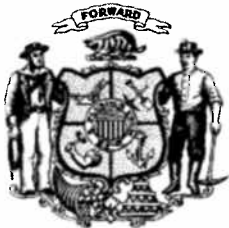
As always, should you have any questions or need any further information, please do not hesitate to contact us at any time. We sincerely hope that the Committee will act favorably upon our request.

Thanks...David
David B. Snyder
General Counsel
Senior Vice President
Chief Compliance Officer and Secretary
Ethos Group Holdings
5215 North O'Connor Blvd., Suite 1200
Irving, Texas 75039
Direct: (972) 331-1020
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Cell: (214) 507-7509
Fax: (214) 774-2037
dsnyder@ethosgroup.com
www.ethosgroup.com

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WISCONSIN STATE LEGISLATURE





WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: SENATOR FRANK LASEE

FROM: Margit S. Kelley, Staff Attorney *MSK*

RE: Senate Amendment 1 to 2011 Senate Bill 492, Relating to Regulating Certain Service Contracts and Granting Rule-Making Authority

DATE: March 1, 2012

This memorandum describes Senate Amendment 1 to 2011 Senate Bill 492, relating to regulating certain service contracts and granting rule-making authority.

2011 SENATE BILL 492

Senate Bill 492 modifies the procedures for oversight of service contract providers by the Office of Commissioner of Insurance (OCI). The bill defines a service contract to include the repair of motor vehicle windshield chips or cracks, but not the replacement of the entire windshield, among other types of service contracts. The bill excludes a service contract for voice, video, and Internet access for an inside wire protection plan for telecommunications services.

SENATE AMENDMENT 1 TO 2011 SENATE BILL 492

Senate Amendment 1 revises the definition of a service contract that is subject to OCI oversight to include the replacement of a motor vehicle windshield, in addition to the repair of chips or cracks.

The amendment revises the exclusion of an inside wire protection plan for telecommunications services to exclude voice, *data*, video, or *other* information. The amendment also excludes a service contract between telecommunication service providers for maintenance of the property used in the provision of the service.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

MSK:ksm:jal



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: SENATOR FRANK LASEE, CHAIR, AND MEMBERS OF THE SENATE COMMITTEE
ON INSURANCE AND HOUSING

FROM: Margit S. Kelley, Staff Attorney *MSK*

RE: Amendment Requested by Ethos Group Holdings to Companion Bills 2011 Senate Bill 492
and 2011 Assembly Bill 571, Relating to Regulating Certain Service Contracts and Granting
Rule-Making Authority

DATE: March 1, 2012

At the respective public hearings on companion bills 2011 Senate Bill 492 and 2011 Assembly Bill 571; some committee members asked if the amendment requested by Ethos Group Holdings was within the scope of the bills, relating to regulating certain service contracts and granting rule-making authority. This memorandum discusses that question.

2011 SENATE BILL 492 AND 2011 ASSEMBLY BILL 571

The companion bills modify the procedures for oversight of service contract providers by the Office of Commissioner of Insurance (OCI). Among the requirements, a service contract provider must obtain a reimbursement insurance policy from an insurer licensed and authorized to do business in Wisconsin to cover all contractual obligations of the service contract provider.

AMENDMENT REQUESTED BY ETHOS GROUP HOLDINGS

Ethos Group Holdings has requested an amendment to the companion bills to allow a risk retention group that is registered but not licensed and authorized to do business in Wisconsin to provide the required reimbursement insurance policy.

OCI TREATMENT OF A RISK RETENTION GROUP

A memorandum from Richard B. Wicka, of OCI, dated February 28, 2012, states that it has been OCI's policy to require any risk retention group doing business in Wisconsin to be licensed and authorized to do business in Wisconsin, under the authority of Wisconsin statutes requiring insurers to

properly show financial responsibility, and federal law given in 15 U.S.C. s. 3905 (d), which have been confirmed by the U.S. 7th Circuit Court of Appeals in *Ophthalmic Mutual Insurance Co. v. Musser*, 143 F.3d 1062 (1998). A copy of the memorandum is attached.

DISCUSSION

The bills do not modify OCI's policy, based on state and federal law, to require all insurers to properly show financial responsibility by becoming duly licensed and authorized to do business in Wisconsin.

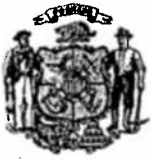
The amendment requested by Ethos Group Holdings would eliminate OCI's authority to require a risk retention group providing a reimbursement insurance policy to be licensed and authorized to do business in Wisconsin, while maintaining the requirement that all other insurers providing a reimbursement insurance policy be duly licensed and authorized.

In sum, the amendment requested by Ethos Group Holdings is germane to the issue of reimbursement insurance policies for service contract providers, but it would eliminate Wisconsin law and OCI policy requiring each insurer, including a risk retention group, to be duly licensed and authorized to do business in Wisconsin. However, because the companion bills modify the procedures, but do not remove OCI's oversight of service contract providers and their reimbursement insurance policies, the requested amendment could be considered to be outside the intended scope of the bills.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

MSK:ksm:jal

Attachment



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

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Date: February 28, 2012
To: Dan Schwartzner
J.P. Wieske
From: Richard B. Wicka
Subject: Risk Retention Groups

This memo provides a brief discussion of Risk Retention Groups, how they operate in Wisconsin, and how state law applies to them.

I. What are Risk Retention Groups?

In the broadest terms, Risk Retention Groups are owner controlled insurers consisting of members who engage in related or similar activities. Their general purpose is to assume and spread the liability risk of its group members. Risk Retention Groups are authorized under Federal law by the Liability Risk Retention Act ("LRRRA"). The LRRRA allows a Risk Retention Group to be chartered in one state and conduct business in all other states without meeting many of the requirements, with some exceptions, of the non-chartered states' insurance laws. The LRRRA specifically exempts Risk Retention Groups from laws requiring participation in state insurance insolvency guarantee funds and from regulations related to non-resident agents. The LRRRA also provides that a state may not "discriminate against a risk retention group or any of its members."

II. Risk Retention Groups in Wisconsin

In the last four years, 64 Risk Retention Groups were registered in Wisconsin. Of these, 41 Risk Retention Groups were active in the state writing approximately \$11 million to \$12 million in premiums. Nationally, Risk Retention Groups write policies primarily in the areas of healthcare liability and professional services liability and the same holds true for Wisconsin. Wisconsin does not subject Risk Retention Groups to financial requirements in all types of insurance. Where a Risk Retention Group sells liability policies directly to their members, the state does not impose any financial requirements as the policyholders are also the member owners of the Risk Retention Group and participation is voluntary. Further, in the case of insolvency, any losses incurred would only affect the member-policyholders of the Risk Retention Group. In Wisconsin, Risk Retention Groups are required to meet the state's financial requirements in the areas of medical malpractice insurance and when they serve as reimbursement policies for service contracts and warranty plans. The reason for this is to protect non-members from the risk of insolvency. With regard to the medical malpractice insurance, it is to protect the state patient compensation fund from losses below the fund's attachment point. For Service Contracts, it is to protect the contract holders who are not members of the Risk Retention Group guaranteeing

their claims. Under such circumstances it is reasonable to subject Risk Retention Groups to greater financial scrutiny.

III. Risk Retention Groups and State Law

The LRRRA contains an exception to the general exemption from state law for state requirements regarding "acceptable means of demonstrating financial responsibility." This exception was the subject of litigation in Ophthalmic Mutual Ins. Co. v. Musser, 143 F3d 1062 (7th Cir. 1998). Ophthalmic, a Risk Retention Group, challenged Wisconsin's mandatory medical malpractice insurance law which required health care providers to maintain their primary malpractice insurance with "an insurer authorized to do business in the state." Ophthalmic argued that the authorized insurer requirement was preempted by the LRRRA and that the law discriminated against Risk Retention Groups. They contended that they should not be required to obtain authorization to sell medical malpractice insurance within the state. The Seventh Circuit found that Wisconsin law was not preempted by the LRRRA holding that the authorized insurer requirement was within the financial responsibility exception of the act. Further, the court found that the law did not discriminate against Risk Retention Groups because the law excluded all unauthorized insurers and treated Risk Retention Groups the same as any other unauthorized insurer¹. This important exception maintains the state's role in insuring that Risk Retention Groups who do business in the state are financially sound.

IV. Risk Retention Groups and Service Contracts

Warranty plans and service contracts are sold directly to consumers and are subjected to limited regulation by OCI. To protect consumers in the event of a provider insolvency, Ins. 15, and the Service Contract Bill, require a financial guarantee in the form of a securities deposit, irrevocable letter of credit, or a reimbursement insurance policy from an authorized insurer. Thus, if a service contract provider goes bankrupt, a consumer may receive money for any claims from the direct financial guarantees or have their claims paid by the reimbursement insurer who covered the service contract provider's risk.

The requirement that an insurer be authorized enables OCI to insure that service contract providers are backed by reimbursement policies from financially stable providers². If the bill were to allow unauthorized insurers, including unauthorized Risk Retention Groups, to issue reimbursement policies, there would be no means by which OCI could determine whether a service contract provider's financial guarantee was stable and sufficient and not merely illusory. This would undermine the whole goal of a financial guarantee which is to minimize the harm Wisconsin consumers would face in the event of a service contract provider bankruptcy.

It should be noted that there is nothing in federal or state law which prevents Risk Retention Groups from becoming authorized, non-domestic insurers in Wisconsin. In fact, OCI has authorized a Risk Retention Group to do business in the state in the past. As long as a Risk Retention Group was authorized, they could act as a reimbursement insurer with regard to service contracts just like any other authorized insurer.

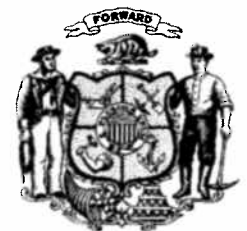
Please let me know if you have any related questions or require additional information.

¹ The language in INS. 15 and the service contract bill mirror the language at issue in this case and, thus, the holding would equally apply.

² This is of particular concern with Risk Retention Groups who do not participate in the state guarantee fund.



WISCONSIN STATE LEGISLATURE





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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SB 492

Date: March 1, 2012
To: Members, Senate Committee on Insurance and Housing
From: JP Wieske, Legislative Liaison-Public Information Officer
Subject: State and NAIC treatment of service contracts

Please find attached a memo detailing the state treatment of service contracts and home service contracts. As you will see from the memo, state treatment of both issues is diverse.

We also believe it is important to note that the National Association of Insurance Commissioners (NAIC) is silent on the issue of the regulatory treatment (i.e. whether it is insurance or not) of service contracts and home owner warranties. Any claim that the NAIC has taken a position based on a 1990's model law, or based on debate around that model law is simply factually inaccurate.

If you have any further questions, please do not hesitate to contact our office.



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Date: February 24, 2012
To: Richard Wicka, Deputy Legal Counsel
From: Nate Raygor, Legal Intern
Subject: 50-State Survey of Service Contract as Insurance Law

You asked me to research the law of each state in the United States to determine the answer to two specific questions:

1. Whether a given state's law provides that a consumer service contract (or a "service agreement," "maintenance agreement," or "warranty plan," etc.) falls within that state's definition of "insurance," and,
2. Regardless of whether or not a consumer service contract falls within a given state's definition of "insurance," whether such consumer service contracts are regulated by that state's department of insurance.

The chart in the attached appendix briefly answers these questions for each state and the District of Columbia. The chart is organized as follows: In the left-most column, I listed each jurisdiction in alphabetical order. In the middle column under the heading, "Service Contracts," I created two sub-columns, each containing questions 1 and 2 from above, respectively. Under each sub-column, I created two more sub-columns, one giving a simple answer for each jurisdiction, and the other citing a reference in that jurisdiction's law that provides the simple answer. In the right-most column under "Homeowner Warranties," I created question and answer sub-columns similar to the middle column for each jurisdiction's service contract law in the homeowner context.

In conducting my research, I noticed the following trends with respect to consumer service contracts:

- Thirty-two states (AK, AZ, AR, CA, CO, FL, ID, IL, KS, KY, ME, MD, MA, MN, MS, MO, MT, NE, NV, NH, NM, NY, ND, OH, OR, PE, TN, TX, UT, VA, WA, and WV) explicitly exclude consumer service contracts from their definitions of "insurance."
- Only 2 states, Georgia and Wisconsin, explicitly include consumer service contracts in their definitions of "insurance."
- Sixteen jurisdictions (AL, CT, DE, DC, HI, IN, IA, LA, NJ, NC, OK, RI, SC, SD, VT, and WY) are silent with respect to whether or not consumer service contracts fall under the definition of "insurance." Eight of those states, however

(CT, HI, OK, RI, SC, SD, VT, and WY), seem to treat consumer service contracts as insurance by including the service contract statute with in the insurance title or by giving regulatory authority over to consumer insurance contracts to the state's department of insurance.

- Regardless of whether a state includes consumer service contracts in their definitions of "insurance," 26 states (AL, AR, CA, CT, FL, GA, HI, IL, KY, LA, ME, MA, MN, MO, NV, NH, NM, NY, OK, OR, SC, UT, VT, WA, WI, and WY) provide that their respective departments of insurance regulate all consumer service contracts (or almost all consumer service contracts, with only a few exceptions).

With respect to home owner warranties, I noticed the following additional trends:

- Eleven states (CO, FL, LA, ME, MA, MS, NE, NH, OH, TX, and UT) explicitly exclude homeowner warranties from their definitions of "insurance."
- Ten states (CT, GA, NV, ND, OR, VT, VA, WV, WI, and WY) explicitly include homeowner warranties in their definitions of "insurance."
- Thirty jurisdictions (AL, AK, AZ, AR, DE, DC, HI, ID, IL, IN, IA, KS, KY, MD, MI, MN, MO, MT, NJ, NM, NY, NC, OK, PE, RI, SC, SD, TN, WA, and WY) are silent with respect to whether or not homeowner warranties fall under the definition of "insurance." Four states, however (AK, HI, IA, and OK), seem to treat home warranties as insurance by giving regulatory authority over to consumer insurance contracts to the state's department of insurance.
- Regardless of whether a state includes home warranties in their definitions of "insurance," states (AK, CA, CT, FL, GA, IA, MA, MO, NV, NH, NY, ND, OK, OR, UT, VT, VA, WV, and WI) provide that their respective departments of insurance regulate all homeowner warranties.

Please let me know if you have any questions regarding this survey or my research, and also let me know if I may be of any further assistance.

**Appendix:
50-State Survey of Service Contract as Insurance Law**

State	Service Contracts				Homeowner Warranties			
	Is it "insurance"?		Does the state DOI regulate all or only certain consumer service contracts?		Is it "insurance"?		Does the state DOI regulate all or only certain home service contracts?	
	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)
Alabama	?	Silent; no immediately apparent case law	Certain contracts	§ 8-32-1. All consumer service contracts are regulated by the commissioner except for contracts (1) involving pub utilities, (2) sales under \$250, or (3) for less than 60 days	?	Silent; no immediately apparent case law	?	Silent
Alaska	N	§ 21.03.021 (e). Service contracts are not "insurance," but four exceptions do fall under the insurance statutes: (1) mechanical breakdown insurance;(B) certain indemnity payment per incident contracts;(C) motor vehicle service contracts under AS 28.10.011; or (D) home warranty contracts	Certain contracts	§ 21.03.021 (e). The director does not regulate service contracts unless a contract falls under one of the four enumerated exceptions	?	§ 21.03.021 (e). Home warranties are not explicitly "insurance," but do fall under insurance statutes and director's regulation.	All contracts	§ 21.03.021 (e).
Arizona	N	§ 20-1095.02 (A). Almost all types of consumer service contracts exempted from complying with insurance statutes	Certain contracts	§ 20-1095.02 (A). Director may regulate alleged instances of unfair practices under § 20-1095.09.	?	§ 20-1095.02 (A). Homeowner warranties are not explicitly exempted, but § 20-1095.02 (A) (1) says warranties issued by builders covering that which they build ARE exempted	Certain contracts	§ 20-1095.02 (A). Director may regulate alleged instances of unfair practices under § 20-1095.09.
Arkansas	N	§ 4-114-102. Statute explicitly says service contracts are not "insurance," but commissioner regulates service contracts under § 4-114 and § 4-90-500.	All contracts	§ 4-114-104.	?	Silent; no immediately apparent case law	?	Silent
California	N	§ 9855.1 (b). "Service contracts" are exempted from the insurance code.	All contracts	§ 9855.3 (a), 9855.7, 9855.85	Depends	§ 12740 (a) says third-party home warranties are under ins code; § 12741 says no application to warranties given by builder	All contracts	Whether "insurance" or not, § 12744 and § 9855.3 (a), 9855.7 say contracts regulated by department

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	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)
Colorado	N	Ins. Reg. 5-1-12 ("Service contracts" are not insurance and are not regulated by DOI); § 42-11-107 (motor vehicle service contracts regulated by attorney general)	None	ins. Reg. 5-1-12; § 42-11-107	N	Ins. Reg. 5-1-12	None	Ins. Reg. 5-1-12
Connecticut	?	Statutes generally silent, but § 38a-837 refers to service contracts in a way that can be read as if they are a type of insurance	All contracts	§ 42-260 (e), (g). "Extended warranty" contracts req. reimbursement ins., and commissioner regulates sale of such contracts	Y	§ 38a-320 (b).	All	§ 38a-320 (b).
Delaware	?	Silent; no immediately apparent case law	?	Silent	?	Silent; no immediately apparent case law	?	Silent
District of Columbia	?	Silent; no immediately apparent case law	?	Silent	?	Silent; no immediately apparent case law	?	Silent
Florida	N	§ 634.4025. Not explicit, but "service warranty associations" are only subject to § 634 and not subject to the insurance code	All contracts	Regs. 690-198, 199, & 200	N	§ 634.3025. "Home warranty associations" are only subject to § 634 and not subject to the insurance code	All contracts	§ 634.3025, Reg. 690-199
Georgia	Y	§ 33-7-6 (b). Service contracts are generally "insurance," but definition has lots of exceptions.	All contracts	§ 33-7-6 (d).	Y	§ 33-7-6 (b) (2) & (b)(3)(E). Service contracts are generally "insurance," but definition has lots of exceptions.	All contracts	§ 33-7-6 (d).
Hawaii	?	§ 481X. Service contracts regulated in their own section outside of ins code, but all activities regulated by commissioner	All contracts	§ 481X	?	Silent w/r/t homeowner warranties specifically, but otherwise covered under § 481X	?	Silent w/r/t homeowner warranties specifically, but otherwise covered under § 481X
Idaho	N	§ 41-114A (2). Exempt from insurance code	None	Attorney general regulates under § 41-114A (3).	?	Silent	?	Silent
Illinois	N	§ 215 ILCS 152/10. Service contract providers exempt from insurance title	All contracts	§ 215 ILCS 152/50.	?	Silent	?	Silent

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50-State Survey of Service Contract as Insurance Law**

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	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)	Y/N	Reference(s)	All contracts/Certain contracts/None	Reference(s)
Indiana	?	Silent in general; Bulletin 78, however, excepts motor vehicle service contracts from definition of "insurance."	?	Silent	?	Silent	?	Silent; §§ 32-27-1 and 32-27-2 discuss home warranties and civil remedies for breach; no reference to any state agency
Iowa	?	Silent in general; § 516E.20, however, excepts motor vehicle service contracts from definition of "insurance."	?	Motor vehicle service contracts are regulated by commissioner; silent regarding all other service contracts	?	§ 523C neither exempts or includes "residential service contracts" but such contracts are regulated by the commissioner	All contracts	§ 523C
Kansas	N	§ 40-201a	?	Silent	?	Silent	?	Silent
Kentucky	N	§ 304.5-070 (q). Service contracts not insurance as long as service contract provider meets certain requirements; insurance statutes apply if requirements not met	Y	§ 304.5-070	?	Silent	?	Silent
Louisiana	?	Silent in general; § 22:373, however, excepts motor vehicle service contracts from definition of "insurance."	Y	§ 22:373	N	§ 22:1806.1	Y	§ 22:1806
Maine	N	§§ 3 (4), 7102 (11); service contracts are regulated by superintendent, however, in their own section	Y	§ 7109	N	§ 3 (3)	?	Silent
Maryland	N	§ 14-409	None	§ 14-409 (a). Only private remedies available for violations of Service Contract Act	?	Silent	None	§ 10-607, 608, 609. Attorney General regulates new home warranties
Massachusetts	N	ch. 175, § 149N (i)	All	ch. 175, § 149N (i)	N	Ch. 175, § 149F	All	ch. 175, § 149H

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50-State Survey of Service Contract as Insurance Law

State	Service Contracts				Homeowner Warranties			
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	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)	Y/N	Reference(s)	All contracts/Certain contracts/None	Reference(s)
Michigan	?	Silent whether "service contracts" are insurance, but they are defined in the consumer protection statute § 445.903a	None	Attorney general regulates under § 445.905.	?	Silent	?	Of "homeowner" warranties mentioned (mobile homes, condos), attorney general or other state offices regulate such warranties, not insurance bureau
Minnesota	N	Service contracts exempted from ins code, but regulated by specific service contracts statute. § 59B.03 (b).	All	§ 59B.01 et seq.	?	Silent	None	§ 327A.01 et seq. Is the housing warranties statute; regulation given to labor and industry, not insurance
Mississippi	N	§ 75-24-91	None	Attorney general regulates service contracts. § 75-24-91 (3)	N	§ 75-24-91	None	Attorney general regulates home warranties. § 75-24-91 (3)
Missouri	N	§ 385.300 (14)	All	§ 385.302	?	Silent	All	§ 385.300 (10), § 385.300 (14), § 385.302
Montana	N	§ 33-1-102 (10).	None	Attorney general regulates service contracts. § 30-14-1302 et seq.	?	Silent	?	Silent
Nebraska	N	§ 44-102.01. [NOTE: Portable electronic service contracts are exempted from the definition of "service contract" and ARE insurance. § 44-8502 (6)(a).]	Certain contracts	Director regulates portable electronics service contracts; silent wrt other service contracts	N	§ 44-102.01.	?	Silent
Nevada	N	§ 690C.100 (2)	All	§ 690C.160	Y	§ 690B.100 (2)	All	§ 690B.100 (2)
New Hampshire	N	§ 415-C:1.	All	§ 415-C:3 et seq.	N	§ 415-C:1 (III) (a)	All	§ 415-C:3 et seq.
New Jersey	?	Silent, no apparent case law	?	Silent	?	Silent, no apparent case law	?	Silent
New Mexico	N	§ 59A-58-B.	All	§ 59A-58-4.	?	Silent	?	Silent
New York	N	Ins § 7903 (a).	All	ins § 7907	?	Silent	All	Homeowner warranties are "service contracts," and, therefore, regulated by superintendent under Ins § 7907. Opinion of NY Ins Dept General Counsel dated 3-26-2002.

**Appendix:
50-State Survey of Service Contract as Insurance Law**

State	Service Contracts				Homeowner Warranties			
	Is it "insurance"?		Does the state DOI regulate all or only certain consumer service contracts?		Is it "insurance"?		Does the state DOI regulate all or only certain home service contracts?	
	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)	Y/N	Reference(s)	All contracts/C ertain contracts/N one	Reference(s)
North Carolina	?	Silent; service contracts specifically for "home appliances" regulated under own section. § 66-370 et seq.	Certain contracts	All home appliance service contracts are regulated by the Commissioner. § 66-373.	?	Silent	?	Silent
North Dakota	N	§ 9-01-21.	?	Silent	Y	Reg. 45-13-01-02.	All	Reg. 45-13-01-02.
Ohio	N	§ 3905.422, § 3955.05 (M).	None	Service contracts are consumer transactions regulated by the attorney general. § 3905.422 (C).	N	§ 3905.422, § 3955.05 (M).	None	Home service contracts are consumer transactions regulated by the attorney general. § 3905.422 (C).
Oklahoma	?	"Service warranties" not explicitly included or excluded from "insurance," but Commissioner regulates either way. § 6602 (14).	All	§ 6603	?	"Service warranties" not explicitly included or excluded from "insurance," but Commissioner regulates either way. § 6602 (14).	All	§ 6603
Oregon	N	§ 646A.154 (1). [NOTE: "Reimbursement insurance" is separately defined and distinct from "service contracts." § 742.390.]	All	§ 646A.154 (2) & (3).	Y	§ 731.102 (3).	All	§ 731.102 (3).
Pennsylvania	N	§ 477f.	?	Silent, but attorney general otherwise regulates consumer transactions. 73 P.S. § 201-3.1.	?	Silent	?	Silent, but attorney general otherwise regulates consumer transactions. 73 P.S. § 201-3.1.
Rhode Island	?	"Service contracts" not explicitly included or excluded, but § 27-34-3 (5) refers to service contracts as a possible type of insurance; otherwise silent.	?	Silent	?	Silent	?	Silent

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50-State Survey of Service Contract as Insurance Law

State	Service Contracts				Homeowner Warranties			
	Is it "insurance"?		Does the state DOI regulate all or only certain consumer service contracts?		Is it "insurance"?		Does the state DOI regulate all or only certain home service contracts?	
	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)	Y/N	Reference(s)	All contracts/C ertain contracts/N one	Reference(s)
South Carolina	?	Probably insurance. No explicit lang including or excluding, but § 38-78-10 (D), by omission, seems to say service contracts ARE included as "insurance."	All	§ 38-78-100.	?	Silent	?	Silent
South Dakota	?	Silent; AG opinion 78-35 says motor vehicle repair plans are insurance.	Certain contracts	Motor vehicle repair plans regulated by director; otherwise silent.	?	Silent; AG opinion 78-35 says prepaid service agreements for home mechanical and electrical components are insurance.	Certain contracts	Prepaid service agreements for home mechanical and electrical components are regulated by director; otherwise silent
Tennessee	N	§ 56-2-126 (a).	?	Silent	?	Silent	?	Silent
Texas	N	§ 1304.005 (3).	None	§ 1304.051 (a). Licensing and reg regulates service contracts.	N	§ 1303.003 (a).	None	§ 1303.051 (a). Real estate commission regulates "residential service contracts."
Utah	N	§ 31A-1-103 (d).	All	§ 31A-6a-110 (2).	N	R590-166-4. [Admin. Rule]	All	R590-166-4. [Admin. Rule]
Vermont	?	§ 4256. Not explicitly included or excluded from definition of "insurance," but located w/in insurance code, and commissioner regulates all service contracts.	All	§ 4256.	Y	Attorney Gen. Opinion No. 82-24	All	Attorney Gen. Opinion No. 82-24
Virginia	N	§ 59.1-435.	None	§ 59.1-435. Board of Ag and Consumer Serv regulates service contracts.	Y	§ 38.2-2613.	All	§ 38.2-2613.
Washington	N	§ 48.110.033 (2).	All	§ 48.110.150.	?	Silent	?	Silent
West Virginia	N	§ 33-4-2 (5).	?	Silent	Y	Riffe v. Home Finders Assocs., 205 W. Va. 216; 517 S.E.2d 313	All	Riffe v. Home Finders Assocs., 205 W. Va. 216; 517 S.E.2d 313
Wisconsin	Y	Ins. 15.01 (1).	Y	Ins. 15.01 (1).	Y	Ins. 15.01 (1).	All	Ins. 15.01 (1).

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50-State Survey of Service Contract as Insurance Law

State	Service Contracts				Homeowner Warranties			
	Is it "insurance"?		Does the state DOI regulate all or only certain consumer service contracts?		Is it "insurance"?		Does the state DOI regulate all or only certain home service contracts?	
	Y/N	Reference(s)	All contracts/ Certain contracts/ None	Reference(s)	Y/N	Reference(s)	All contracts/C ertain contracts/N one	Reference(s)
Wyoming	?	§ 26-49-101 et seq. Not explicitly Included or excluded from definition of "insurance," but located w/in insurance code and commissioner regulates all service contracts.	Y	§ 26-49-111	?	Silent	?	Silent