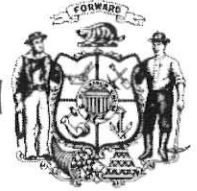




# Frank Lasee

WISCONSIN STATE SENATOR  
FIRST SENATE DISTRICT



## Senator Lasee's Testimony Senate Bill 77—Allowing Wisconsin Surplus Lines Insurers to sell their insurance in Wisconsin

Historically, Wisconsin Insurers who sold "Surplus Lines" are only allowed to sell insurance to customers in the other 49 states. Recently, 12 other states have changed their laws to allow surplus lines insurance to be sold in the same state in which the company is domiciled. SB 77 puts Wisconsin in line with that trend and will keep Wisconsin's insurers competitive with the other states.

Surplus lines insurance is a product that insures a specific risk like an amusement park ride, a hole-in-one contest, or any other unique risk that isn't covered by the mainstream insurance marketplace. Surplus lines insurers specialize in these unique risks, conducts specific research to understand the exposure, and creates a product that is a good fit for their customers.

SB 77 in conjunction with Senate Amendment 1 provides a belt and suspenders preservation of all sectors of the market and keeps all of the consumer and market protections that are already in place, while keeping the surplus insurance lines and standard insurance lines separate.



# DAVID STEFFEN

STATE REPRESENTATIVE • 4<sup>TH</sup> ASSEMBLY DISTRICT

**Prepared Testimony by Rep. David Steffen before the  
Senate Committee on Insurance, Housing and Trade  
Senate Bill 77: Re: Surplus lines insurance policies issued by domestic insurers.  
March 8, 2017**

Chairman Lasee and Committee Members,

Thank you for scheduling a public hearing for Senate Bill 77, which provides an appropriate, common sense solution to a peculiar problem in Wisconsin's insurance law. Senate Bill 77 would allow Wisconsin insurers to sell surplus lines insurance products within the state of Wisconsin. Current law only allows out-of-state companies to sell these niche insurance products to our Wisconsin residents, non-profits, and corporations. SB 77 would eliminate this outdated provision and allow Wisconsin-based surplus lines insurers to sell in Wisconsin, while maintaining all the existing industry and consumer safeguards already in place.

Surplus lines insurance provide critical coverage to many of the unique risks that may not be covered through standard/admitted insurance. These lines allow consumers to purchase the coverage they need in order to engage in innovative and cutting-edge projects. They serve an important role in facilitating economic growth by insuring new business start-ups and unique niche markets. Our Wisconsin-based surplus lines insurers know and understand the unique needs of Wisconsin residents and businesses best. This bill simply allows them to be eligible to offer their coverage in-state.

Several other states have already amended their law to allow surplus lines insurers to offer coverage within their home state. SB 77 keeps Wisconsin abreast with the insurance industry by allowing our surplus lines insurers to offer their coverage in Wisconsin.

Senate Amendment 1 to SB 77 simply provides a technical change to ensure regulatory consistency across the market and to avoid any unintended consequences. The amendment is supported by OCI as well as the insurance industry.

Thank you for considering my written testimony on SB 77. I strongly encourage you to support SB 77 as amended by Senate Amendment 1.