

Cooperative Network Mutual Interests

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Cooperative Network makes legislative connections

Cooperatives, including town mutual insurance companies, are represented in the halls of Wisconsin government by Cooperative Network. Government relations work is one of the most important duties that Cooperative Network does

on behalf of its members. The success of Cooperative Network's government relations team entailed many years of taking responsible positions on issues facing cooperatives. This history has given Cooperative Network a high level of respect

among legislators.

Cooperation among cooperatives is one of the seven cooperative principles.

"When one sector of the cooperative community has a legislative issue, Cooperative Network has the weight of all cooperative sectors to assist in finding a solution to the problem," said Cooperative Network President & CEO Bill Oemichen.

With the legislative session just underway, Cooperative Network staff are busy making new legislators aware of the importance of cooperatives to Wisconsin. Cooperative Network staff will also be working with the chairperson of the Senate committee that deals with insurance issues, Sen. Lena Taylor (D-Milwaukee), and Rep. David Cullen (D-Milwaukee), who chairs the Assembly Committee on Insurance. Any Town Mutual Insurance Company that has a legislative issue or needs help getting in touch with a legislator should contact Cooperative Network's David Ward at 608-258-4414 or david.ward@cooperativenetwork.coop.



(Left) Cooperative Network Director of Government Relations David Ward visits with first-term Senator Randy Hopper (R-Fond du Lac), and discusses provisions in the governor's budget that impact Flyway Mutual Insurance Company, which is located in Senator Hopper's district.

Governor Doyle introduces state budget

Gov. Jim Doyle delivered a pretty bleak forecast for the upcoming year in his budget address at the Capitol on February 17. Clearly, Wisconsin is one of many states to have fallen victim to the national economic disaster, and solutions to the problem are not easy. The task of passing a state budget got even more difficult on February 11 when the Legislative Fiscal Bureau announced that the state could be starting the fiscal year with a deficit of \$600.2 million, in part due to a reduction in estimated cigarette tax collections.

The governor outlined his 2009-11 \$62.7 billion budget before a joint session of the Legislature in the Assembly chambers. The governor stated his priorities for Wisconsin remained education and health care. Because of the budget deficit Wisconsin is facing, Governor Doyle warned legislators that all Wisconsin citizens are going to have to share in the sacrifice.

Two items in the budget that are bound to be contro-

versial are raising Wisconsin's cigarette tax by 75 cents a pack and a new high-income tax bracket for Wisconsin. The increase in the cigarette tax comes on top of a \$1 increase in the 2007-09 budget.

Cooperative Network is looking into a proposal in the governor's budget which would require insurance companies to check Medicaid and child support records before paying any insurance claims over \$500. "This provision is similar to a provision Cooperative Network worked to remove from the 2007-09 state budget," said Cooperative Network President and CEO Bill Oemichen. "Cooperative Network will be discussing the impact this will have on Town Mutuals with legislators," added Oemichen.

In addition to the tax increases, cuts to Wisconsin government were also part of Doyle's plan to fill in the budget deficit, with a \$900 million cut to state government and no raises for state employees. Wisconsin will cut 209 state jobs

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New audit rules for insurance companies go into effect

A new year means new requirements for insurers when it comes to their relationships with their independent auditors. On January 1, 2009, new rules became effective that define auditor qualifications and auditor independence.

“Consumer protection is the driving force behind insurance regulation,” said Insurance Commissioner Sean Dilweg. “Consumers are the reason behind strict solvency requirements for insurance companies. With these new audit rules, consumers will have greater confidence that insurance companies will have objective and independent audits they can rely on.”

The Wisconsin Office of the Commissioner of Insurance (OCI) adopted new audit rules based on a model regulation adopted by the National Association of Insurance Commissioners. The regulation was adopted for Wisconsin insurers with the assistance of an advisory committee that included insurer, consumer, and auditor representatives.

Insurers have long been required to have their financial records audited by an independent audit firm. The rule now reduces the period the lead auditor may serve in that capacity to five years; specifies various non-audit services that, if performed by the auditor, would impair the auditor’s independence in relation to the insurer; and prohibits partners and senior managers of the audit engagement from serving as a member of the board of directors, officer, controller, or similar position of the insurer if employed by the independent accounting firm that audited the insurer during the one-year period that preceded the most current statutory opinion.

The rule also provides that every insurer required to file an annual audited fi-

ancial report is required to have an audit committee that is directly responsible for the appointment, oversight, and compensation of the auditor.

The rule requires that management of insurers with more than \$500 million in premium annually file a report with the commissioner assessing internal controls over financial reporting, including a statement whether the controls are effective to provide reasonable assurance regarding the reliability of the statutory financial statements and disclosure of any unremediated material weaknesses in internal control over financial reporting. Insurers, including town mutual insurance companies, that have under \$100 million in premiums annually may be exempted from the auditor independence provisions of the rule. Such companies may contact the State of Wisconsin Office of the Commissioner of Insurance-Financial Bureau at 608-266-0091.

“We all know what happened over the past decade when corporations and their auditors developed relationships that were too close for comfort,” said Dilweg. “This rule gives Wisconsin consumers regulatory reassurance that audit opinions are objective and reliable.”

Doyle introduces budget

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by June 2011. Thirty-seven mobile Department of Motor Vehicles service centers and 25 DNR service centers were eliminated under the governor’s plan.

Governor Doyle’s budget will now go to the Joint Committee on Finance which will hold hearings on the plan so Wisconsin citizens can share their ideas on how state government should spend \$62.7 billion. After the Joint Committee on Finance deals with the budget each house of the Legislature will deliberate on the bill. Both houses of the Legislature are controlled by Democrats and Gov. Doyle is also a Democrat, so it is anticipated that the budget will pass in a timely fashion—unlike past budgets in which the balance of power in state government was split between Democrats and Republicans.

Co-op Care Update

Eight health care cooperatives are now up and running in Wisconsin thanks in part to Co-op Care. These cooperatives insure farmers and their families, rural communities, and small businesses throughout the state.

Farmers’ Health Cooperative of Wisconsin (FHCW) has been able to hold premium increases below 10 percent for each of its annual renewals and is providing better quality health insurance than was accessible to farmers previously. These increased benefits include 24-hour coverage, health risk assessments, and now dental coverage.

There are a number of Co-op Care cooperatives that are forming to serve small businesses. The oldest, Healthy Lifestyles Cooperative, is also the largest and has a focus on personal health choices and wellness. Healthy Lifestyles is located in Green Bay and serves small businesses and non-profits in Brown County and the surrounding area. Healthy Communities Cooperative is located in Rock County in southern Wisconsin and has the same target membership—small businesses.

A recently formed cooperative, Cooperative Health Choices, has defined a 17-county area of northwest and western Wisconsin with a broad membership base of small businesses, non-profits, unions, municipalities and others. Another recent cooperative to form, Union Health Cooperative, focuses on U.S. steelworkers union members and the small businesses in Wisconsin where they work.

There are two cooperatives that have formed to serve independent physicians, one in the Milwaukee area and one in the Fox River Valley, and a health care cooperative made up of school districts has been serving members in the Waukesha County area since 2007.

If you would like additional information about Co-op Care, please visit our website at www.cooperative-network.coop or contact Matt Krumenauer at matt.krumenauer@cooperativenetwork.coop.

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