

## **Assessment information for Insurers**

### **Administrative Account Assessments**

- The Fund generally levies administrative assessments **every other year in the odd numbered years**. You can expect the next administrative assessment in the first quarter of 2019.

### **Insolvency Account Assessments**

#### **Property Casualty (Other Insurance) Account**

- There are currently no plans to make an assessment in 2017.
- Authorized, but uncalled Assessments Pending
  - None

#### **Life Account**

- There are currently no plans to make an assessment in 2017.
- Authorized, but uncalled Assessments Pending
  - None

#### **Annuity Account**

- There are currently no plans to make an assessment in 2017.
- Authorized, but uncalled Assessments Pending
  - None

#### **Disability (includes Health) Account**

- A \$7.5 Million Assessment was invoiced to insurers on October 27, 2017.
  - Payment is due by November 30, 2017.
  - Assessment appeals require full payment under protest and the filing of the appeal by November 27, 2017.
  - This assessment is for the National States and Penn Treaty insolvencies.
  - The Assessment cover letter is included at the end of this document.

#### **HMO Account**

- There are currently no plans to make an assessment in 2017
- Authorized, but uncalled Assessments Pending
  - None

### **Assessment Premium Reporting and Exemption Claims**

- Insurers writing life, annuity, accident and health or HMO coverage should utilize the NOLHGA Assessment Data Survey reconciliation with the annual financial statement to report exempt premium (i.e. Medicare and Medicaid).

- Insurers writing property casualty or other covered lines of business who have exempt premium that appears on their annual financial statement should contact the Fund for instructions on how to file for a premium exemption.

### **Guidance for Statutory Reserving**

- Each December, the Fund produces a summary of projected liabilities and account balances by insolvency account to assist companies in their statutory accounting reserve determinations.
- If you would like to be added to the distribution list for this report, please send your contact information to [Wisconsin@wisf-madison.org](mailto:Wisconsin@wisf-madison.org)

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## **10/27/2017 Disability Account Assessment Invoice Cover Letter**

October 27, 2017

**Attn: Department Responsible For Insurance Guaranty Association Assessments**

**Re: National States Insurance Company, in Liquidation  
Penn Treaty Network America Insurance Company, in Liquidation  
Disability Account Combined Assessment Invoice**

This is a combined Disability Account invoice for the National States and Penn Treaty insolvencies. The Wisconsin Insurance Security Fund Board of Directors at its June 5, 2017 meeting took action on the following assessments:

1. **Authorized the call of \$500,000 Disability Account assessment** from the December, 2014 approved \$3,000,000 assessment for costs generated by the **National States Insurance Company Liquidation**.
2. **Rescinded the remaining \$500,000** of the **authorized Disability Account assessment** for costs generated by the **National States Insurance Company Liquidation**.
3. **Authorized the call of \$7,000,000 Disability Account assessment** for costs generated by the **Penn Treaty Network America Insurance Company Liquidation**.

The assessable premium on the enclosed invoice was obtained through the National Association of Life and Health Guaranty Associations (NOLHGA) Assessment Data Survey. This survey is part of your annual Reconciliation Exhibit as filed with the NAIC. Many insurers also received and responded to assessment queries from a NOLHGA representative after the annual statement filing to verify premium amounts required to establish the assessment base. The assessment base used for each insolvency is established by application of Wisconsin Statutes Chapter 646 with the base year(s) for Disability Account assessments determined by application of Wisconsin Statute 646.51(3) (ar).

**National States.** Per Wisconsin Statute 646.51(3) (ar) 1, the assessment is calculated as a percentage of premium written for the three years preceding 2010 when National States was placed in liquidation. Therefore, the assessment base for this liquidation includes Wisconsin premium reported for 2007, 2008 and 2009. This premium base was accepted by subject insurers in the first 2015 call of this authorized assessment. Your billed amount is based on the following:

- Composite Wisconsin assessable premium reported for the subject years averaged \$5,059,120,155.
- The \$500,000 assessment call produces an assessment rate of 0.00009883.
- Your company's share of the assessment is obtained by applying this rate to your average assessable premium for the defined three-year period.

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- Please note, some insurers will see an additional (third) billing line for their portion of the 2015 assessment call that was deferred because of its small value, but now is included in this invoice because the total company billing exceeds our invoice billing threshold.

**Penn Treaty.** Per Wisconsin Statute 646.51(3) (ar) 2, the assessment is calculated as a percentage of premium written for the year preceding 2017 which was the year Penn Treaty was placed in liquidation. Therefore, the assessment base for this liquidation assessment includes Wisconsin premium reported for 2016. Your billed amount is based on the following:

- Composite Wisconsin assessable premium reported for 2016 was \$5,896,894,437.
- The \$7,000,000 assessment call produces an assessment rate of 0.00118706.
- Your company's share of the assessment is obtained by applying this rate to your 2016 assessable premium.

**If you wish to appeal this assessment, you must pay the full amount shown on the invoice under protest and send a separate notice of appeal under §646.51 (6) identifying the company or companies including the NAIC number of each company that is protesting the assessment. Your protest must state your specific objection and your basis for that objection to this assessment. Appeal communications should be sent to the Wisconsin Insurance Security Fund, 2820 Walton Commons Lane, Suite 135, Madison, WI 53718-6797. The appeal must be sent to us within 30 days of the date of this notice.**

Thank you for your prompt attention to this matter and supporting the Wisconsin Insurance Security Fund. Please contact the Fund at 608-242-9473 if you have any questions regarding these assessment calls or your invoice.

Sincerely,



Allan Patek  
Executive Director