



**WISCONSIN LEGISLATIVE AUDIT BUREAU
AUDIT SUMMARY**

Report 00-12

November 2000

LOCAL GOVERNMENT PROPERTY INSURANCE FUND

The Local Government Property Insurance Fund provides property insurance to counties, towns, villages, school districts, and other local units of government. The Property Fund must accept any local unit of government that wishes to participate, and it cannot place restrictions on the type of property covered. As of June 30, 2000, the Property Fund insured 1,113 local units of government with an insured property value of approximately \$25.1 billion. The Office of the Commissioner of Insurance, which has statutory responsibility for administering the Property Fund, contracts with private firms for the provision of most administrative activities.

Section 13.94(1)(de), Wis. Stats., requires the Legislative Audit Bureau to perform financial audits of the Property Fund. As necessary parts of the financial audit, we reviewed the Property Fund's control procedures, assessed the fair presentation of its financial statements for fiscal years 1999-2000, 1998-99, and 1997-98, and reviewed compliance with statutory provisions. We were able to provide an unqualified auditor's report on the Property Fund's financial statements, and we found no instances of material weaknesses in its internal control or instances of noncompliance with state statutes.

The Property Fund earned net income totaling \$4.3 million for the three-year period ended June 30, 2000, and as of that date had a surplus of \$23.4 million. The Property Fund's surplus, which has been an issue discussed in prior audit reports, is still being maintained at a level above the industry standard. The Office of the Commissioner of Insurance monitors the surplus level and believes it is currently appropriate considering recent loss experience. The Property Fund had several large fire and windstorm claims during the last three years, but reinsurance limited the effect of these losses on the Fund. If the Fund's loss experience results in increased reinsurance premiums and coverage levels in the future, its fund surplus can help limit the effect of future reinsurance increases on policyholder premiums and help ensure a financially stable program.

[full report, PDF file \(87KB\)](#)