



Local Government Property Insurance Fund

FY 2014-15 through FY 2018-19

Office of the Commissioner of Insurance

Background

The Local Government Property Insurance Fund (Fund) made property insurance available for local government property, such as municipal buildings and motor vehicles. The Fund is administered by the Office of the Commissioner of Insurance (OCI). 2017 Wisconsin Act 59, the 2017-19 Biennial Budget Act, created a timeline to cease operations of the Fund. Coverage provided by the Fund was required to end no later than December 31, 2018, and all claims were to be filed with the Fund on or before July 1, 2019.

2017 Wisconsin Act 355 removed a requirement that the Legislative Audit Bureau perform a financial audit of the Fund at least once every three years and required the Bureau to complete a final audit of the Fund. To conduct this final audit, we reviewed the activity of the Fund for the period from fiscal year (FY) 2014-15 through FY 2018-19 and the financial status of the Fund as of June 30, 2019.

Key Findings

We found that:

- [coverage was terminated](#) for all policyholders by December 31, 2018, and no claims were filed after July 1, 2019, as required;
- as of late October 2019, [one claim had yet to be fully resolved](#);
- from FY 2015-16 through FY 2018-19, [a total of \\$29.9 million was transferred from the State's General Fund to the Fund and the Fund repaid \\$15.1 million](#);
- as of June 30, 2019, [approximately \\$2.2 million was available in the Fund](#) to make final claim payments and pay administrative costs; and
- it is unlikely that the Fund will acquire sufficient assets to either fully repay the State's General Fund or make a distribution to policyholders.

Recommendations

We recommend that OCI:

- provide periodic updates to the Joint Legislative Audit Committee on the [status of the claim](#) that was not fully resolved as of late October 2019;
- provide periodic updates to the Joint Legislative Audit Committee on the [amounts transferred from the State's General Fund to the Fund and the amounts the Fund repaid to the General Fund](#); and
- report the [total amount obtained from but not repaid](#) to the State's General Fund, upon cessation of all operations of the Fund.