

Ins 3

Filed Jan. 7 - 1958
9:30 AM

ORDER OF THE DEPARTMENT OF INSURANCE

Adopting Rules

Pursuant to authority vested in the Commissioner of Insurance by section 200.03 (2), Wis. Stats., the Commissioner of Insurance hereby adopts a rule as follows:

Section Ins 3.12 of the Wisconsin administrative code is adopted to read:

Ins 3.12 Membership Fees and Policy Fees. (1) PURPOSE. This rule is intended to implement and interpret section 204.405, Wis. Stats., consistent with the purpose and scope of the applicable insurance statutes.

(2) DEFINITION. (a) Automobile coverage means the insurance against any loss, expense, and liability resulting from the ownership, maintenance, or use of any automobile or other vehicle except aircraft.

(b) Initial membership fee is the fee charged for any automobile coverage for membership in an insurance company at the time the policyholder first procures insurance from the insurance company.

(c) Policy fee is the fee charged for issuing an insurance policy.

(3) ACCOUNTING. Every initial membership fee, policy fee, or other similar charge for any automobile coverage shall be considered as additional premium for the first policy term subsequent to the collection or payment thereof: (a) for all annual statement purposes, including all summaries, tabulations, schedules, and exhibits;

(b) for recording and reporting in accordance with the Uniform Classification of Expense for Fire, Marine, and Casualty and Surety Insurance;

(c) for tax purposes;

(d) and shall be subject to all statutory requirements for reserves and financial statements;

(e) and reasonable allocation consistent with the company's method of operation for renewal business shall be made to each coverage for which there is a premium charge contained in the policy.

(4) INSURANCE RATES AND PREMIUM CHARGES. (a) Every initial membership fee, policy fee, or other similar charge for any automobile coverage shall be considered as additional premium for the first policy term subsequent to the collection or payment thereof and: 1. shall be reasonable, equitable, and consistent with the company's method of operation;

2. shall not discriminate unfairly between risks or classes;

3. reasonable allocation shall be made to each coverage in accordance with the statistical plans applicable for the specific coverages contained in the policy;

4. in event of cancellation within the first policy term, shall be subject to return to at least the same extent as premium;

5. the conditions applicable to such fees shall be stated in the policy.

(b) Each and every consideration for the policy, including initial membership fee, policy fee, or other similar charge, and the premium, must be stated in the policy.

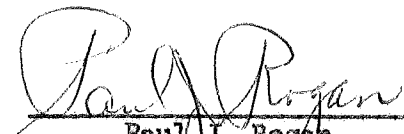
(c) With respect to the same kind or class of automobile coverage, an insurer may operate only on a plan which is limited to the use of the conventional premium method or to the use of an initial membership fee or policy fee or other similar charge.

(d) No policy fee or other similar charge shall be charged for renewal or extension of an insurance policy by endorsement or certificate.

The rule contained herein shall take effect on the first day of the month following publication as provided in section 227.026 (1), Wis. Stats.

I hereby certify that notice of the adoption of this rule without public hearing was delivered to the revisor of statutes and published in the Wisconsin administrative register, November, 1957, edition - No. 23 - and I further certify that no petition for a public hearing on the adoption of this rule was received by the Commissioner of Insurance.

Department of Insurance



Paul J. Rogan
Commissioner of Insurance

Dated January 6, 1958



Wisconsin Insurance Department

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AMERICA'S DAIRYLAND

January 6, 1958

Hon. James J. Burke
Revisor of Statutes
321 N.E. - CAPITOL

Dear Sir:

I am enclosing for filing a certified copy of Wis. Adm. Code section Ins 3.12.

Very truly yours,



Paul J. Rogan
Commissioner of Insurance

PJR:ECM
Enc.