

Assembly Bill 1088

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CHAPTER 347, LAWS OF 1967

AN ACT to renumber 201.27 (1) (intro.), (a) and (b), as affected by chapter 246, laws of 1967 (Senate Bill 377); to amend 201.27 (2), as renumbered; and to create 20.460 (5) and 210.20 of the statutes, relating to establishing a Wisconsin indemnity fund granting rule-making power and making appropriations.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. At the appropriate place in the schedule of section 20.005 of the statutes, insert the following amounts for the purposes indicated:

20.460 Insurance department	1967-68	1968-69
(5) Wisconsin indemnity fund		
(a) General program opns.	S	
(g) Premiums and loss recoveries	C	

SECTION 2. 20.460 (5) of the statutes is created to read:

20.460 (5) WISCONSIN INDEMNITY FUND. (a) *General program operations.* A sum sufficient to carry out the purposes of s. 210.20.

(g) *Premiums and loss recoveries.* As a continuing appropriation, all moneys received from the operation of the indemnity fund under s. 210.20 (3).

SECTION 3. 201.27 (1) (intro.), (a) and (b) of the statutes, as affected by chapter 246, laws of 1967 (Senate Bill 377), are renumbered 201.27 (intro.), (1) and (2) and 201.27 (2), as renumbered, is amended to read:

201.27 (2) With the United States government or any agency of the United States government *or with the Wisconsin indemnity fund.*

SECTION 4. 210.20 of the statutes is created to read:

210.20 WISCONSIN INDEMNITY FUND. (1) PURPOSE. The legislature declares that it is a subject of concern that many residents of this state are living in congested urban areas in substandard housing and quite often in areas of deteriorating neighborhoods. The legislature recognizes that adequate multiple unit and other housing can and should be provided by private capital under our free enterprise system and in accordance with sound investment practices. The legislature finds that the flow of private investment capital into such housing can be stimulated by a system wherein qualified lending institutions may be indemnified for losses incurred as a result of nonpayment of principal, interest, or other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness. In furtherance of such state interest, there is established a Wisconsin indemnity fund.

(2) AUTHORITY. The Wisconsin indemnity fund may reinsure licensed insurance companies in respect to insurance policies guaranteeing loans made to finance the construction of multiple unit housing in congested urban areas and other areas designated for construction intended to replace substandard and deteriorated housing.

(3) ADMINISTRATION. The commissioner of insurance shall manage and supervise the Wisconsin indemnity fund except that the state treasurer shall be ex officio treasurer and custodian of the fund. The state of Wisconsin investment board shall, in consultation with the commissioner of insurance, invest the moneys of such fund in a manner generally consistent

with s. 201.25 and may sell and dispose of such securities as may be necessary in the management of the fund. The department of administration shall audit in accordance with s. 16.53 and, upon the certification of the commissioner of insurance, the state treasurer shall pay such losses or other payments required to be made under the reinsurance authorized, the compensation of all personnel employed by the commissioner of insurance to administer the fund and such other expenses as are necessary and incidental to the operation of the fund. All premiums, loss recoveries and any other amounts received in the operation of the fund shall be paid into the state treasury for the account of the Wisconsin indemnity fund.

(4) UNDERWRITING. It is the intent of the legislature that the insurance company issuing the insurance policy shall be primarily responsible for the underwriting selection of qualified lenders and borrowers, the servicing of such insurance policies and for the adjustment of losses and operations in connection therewith. The commissioner of insurance may reject the reinsurance of any insurance risk if, in his judgment, the lender, the borrower, adequacy of community zoning and planning ordinances or other underwriting factors are such as to create an insurance risk not reasonably reinsurable by the Wisconsin indemnity fund.

(5) LIMITATION OF COVERAGE. The insurance company shall assume the risk of loss for not less than the first 20% of each insured loan and the reinsurance to be afforded by the Wisconsin indemnity fund shall not exceed the amount of loss remaining.

(6) PREMIUM BASIS. The reinsurance premium to be charged shall be determined by the commissioner of insurance in accordance with the best available rate making and actuarial information and shall be adequate to provide for the insurance risk assumed.

(7) ACCOUNTS, AUDIT, REPORTS. The accounts and records of the Wisconsin indemnity fund shall be kept by the commissioner of insurance and shall be audited in the same manner as the accounts of state officers. Reports shall be made annually conforming to the reports required of other similar insurance companies but, except as specifically provided, no other law relating to insurance shall apply to the Wisconsin indemnity fund.

(8) RULES. The commissioner of insurance shall make such reasonable rules as are necessary to carry out the purpose of the Wisconsin indemnity fund.

Approved January 22, 1968.