

## Chapter Ins 4

## FIRE AND ALLIED LINES INSURANCE

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**Ins 4.01 Mutual insurance companies operating on a post mortem assessment plan cannot limit assessments to a specific amount.** Mutual insurance companies operating on the post mortem assessment plan cannot limit the liability of members. Section 201.02 (5) (c), Wis. Stats., is applicable only to companies operating on the advance premium basis.

**Ins 4.02 Nonassessable policies of mutual companies.** (1) A mutual insurance company having a sufficient amount of earned surplus to comply with the provisions of section 201.07, Wis. Stats., must set aside, as a distinct guarantee fund, the amount required by statute to issue nonassessable policies, by resolution of the board of directors, certified copy of which resolution must be filed in the office of the commissioner of insurance, and, subsequent thereto and while the company continues to issue nonassessable policies in this state, must show the amount of such guarantee fund in every annual statement to this department.

(2) The conditions of nonassessability shall be plainly stated in policies issued in this state. Wherever the "Mutual Policy Conditions" are printed, there shall be printed in type not smaller than the body of the policy "This policy is nonassessable."

(3) All policy forms used in issuing nonassessable policies shall be submitted for approval by the commissioner of insurance.

(4) No company shall be permitted to issue nonassessable policies and assessable policies at the same time.

(5) No joint policy may be issued in this state which includes a company operating on the nonassessable plan and a company operating on the assessable plan.

**History:** 1-2-56; r. (2)(b) and renum. (2)(c) to be (2)(b), Register, July, 1958, No. 31, eff. 8-1-58; am. (2)(a) and (2)(b), Register, October, 1958, No. 34, eff. 11-1-58; am. (2) Register, February, 1959, No. 38, eff. 3-1-59.

**Ins 4.03 Policy, inspection and similar fees.** The total advance consideration including policy, inspection, and other fees charged an insured must be stated in the policy. Such fees are a part of the premium and are subject to all statutory provisions relating to premiums except as to policy fees otherwise provided for under section 201.18 (3), Wis. Stats.

**Ins 4.04 History:** 1-2-56; am. (3), Register, July, 1958, No. 31, eff. 8-1-58; r. Register, November, 1960, No. 59, eff. 12-1-60.

**Ins 4.05 "Merit rating plan"—Farm property.** (1) The term "merit rating plan", as used in section 203.32 (6) (f), Wis. Stats., is hereby defined to be a plan of rating of farm property whereby each individual risk is rated under a filed rating schedule or rating plan which produces rates by the use of a basis rate and a system of charges and credits which are applied after inspection to establish a rate on each individual risk which properly reflects the hazards and fire protection features existing in such risk.

(2) A copy of a survey or rate make-up sheet, bearing the name of a representative of the insurer or rating organization who has inspected the risk, must be kept on file in the office of such insurer or rating organization.

**Ins 4.06 Handling of cash and the recording of cash transactions by town mutual insurance companies.** (1) **CASH RECEIVED.** The cash received record shall be a multicolumnar form which shall contain column headings for the date, identification, amount received, a separate column for each of the principal types of income of the company, and a column for miscellaneous receipts. All cash received by the company must be recorded on such form. (a) The cash receipts and cash funds of the company shall at all times be kept separate and distinct from any personal or agency funds.

(b) All cash received must be deposited in the bank intact, in the company's name, and at no time may the cash on hand consist of any cash items such as small bills or NSF checks held for future deposits. A duplicate deposit ticket must be retained in the company's office for each deposit.

(2) **CASH DISBURSED.** The cash disbursed record shall be a multicolumnar form which shall contain column headings for the date, payee, check number, amount of check, a separate column for each of the principal types of expenses of the company, and a column for miscellaneous disbursements. All disbursements except those from a petty cash fund must be made by check. All checks issued by the company shall be recorded in chronological and numerical order and no warrants or drafts on the treasurer shall be recorded in this record. Each disbursement shall be completely supported and explained in the records of the company. The cash received and disbursed record may be combined into a single form. A check stub must be filled out for each expenditure showing the payee, purpose of the disbursement, amount of check, date issued, deposits made, and the balance in the bank after deducting the check issued.

(a) Where a petty cash fund is maintained for the payment of small bills or for making change, each disbursement must be supported by a signed voucher or receipted invoice and at any time the total of the cash, checks, and paid vouchers in the fund shall exactly equal the total of the fund as originally set up. The petty cash fund should be reimbursed at regular intervals and always on the last business day of each year.

(3) Bank statements should be obtained from each of the banks in which the company maintains checking accounts at the end of each calendar month and the balance appearing on the bank statement shall be reconciled with the cash balance appearing on the check stubs at the end of each month.

(4) This order is issued for the purpose of prescribing minimum standards and practices and such order is not intended and shall not be construed to preclude any company from adopting or installing other or more detailed records suitable for its purpose as long as they satisfy such minimum requirements.

**Ins 4.07 Inland marine definition.** The purpose of this rule is to define the kinds of risks and coverages which may be classified or identified as inland marine insurance under section 203.32 (2) (a), Wis. Stats., but does not include all of the kinds of risks and coverages which may be written, classified or identified under inland marine insuring powers, nor shall it be construed to mean that the kinds of risks and coverages are solely inland marine insurance in all instances. This rule shall not be construed to restrict or limit in any way the exercise of any insuring powers granted under charters and license whether used separately, in combination or otherwise. Inland marine policies may cover under the following conditions:

(1) **IMPORTS.** (a) Imports on consignment may be covered wherever the property may be and without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation. A shipment "on consignment" shall mean property consigned and intrusted to a factor or agent to be held in his care, or under his control for sale for account of another or for exhibit or trial or approval or auction, and if not disposed of, to be returned.

(b) Imports not on consignment in such places of storage as are usually employed by importers, provided the coverage of the issuing companies includes hazards of transportation. Such policies may also include the same coverage in respect to property purchased on C.I.F. terms or "spot" purchases for inclusion with or in substitution for bona fide importations.

(c) An import, as a proper subject of inland marine insurance, shall be deemed to maintain its character as such so long as the property remains segregated in the original form or package in such a way that it can be identified and has not become incorporated and mixed with the general mass of property in the United States, and shall be deemed to have been completed when such property has been sold and delivered by the importer, factor or consignee; or removed from place of storage as desired in paragraph (b) above and placed on sale as part of importer's stock in trade at a point of sale-distribution; or delivered for manufacture, processing or change in form to premises of the importer or of another used for any such purposes.

(2) **EXPORTS.** (a) Exports may be covered wherever the property may be without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

(b) An export, as a proper subject of inland marine insurance, shall be deemed to acquire its character as such when designated or while being prepared for export and retain that character unless diverted for domestic trade, and when so diverted, the provisions of this rule respecting domestic shipments shall apply, provided, however, that this provision shall not apply to long established methods of insuring certain commodities, e.g. cotton.

(3) **DOMESTIC SHIPMENTS.** (a) Domestic shipments on consignment, provided the coverage of the issuing companies includes hazards of transportation.

(b) Property shipped on consignment for sale or distribution, while in transit and not exceeding 120 days after arrival at consignee's premises or other place of storage or deposit.

(c) Property shipped on consignment for exhibit, or trial, or approval or auction, while in transit, while in the custody of others and while being returned.

(d) Domestic shipments not on consignment, provided the coverage of the issuing companies includes hazards of transportation, beginning and ending within the United States, provided that such shipments shall not be covered at manufacturing premises nor after arrival at premises owned, leased or operated by assured or purchaser, nor for more than 90 days at other place of storage or deposit, except in premises of transportation companies or freight forwarders, when such storage is incident to transportation.

(4) **BRIDGES, TUNNELS, ETC.** Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion are the only hazards to be covered. Piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion. Other aids to navigation and transportation, including dry docks and marine railways, against all risks. The foregoing includes: (a) Bridges, tunnels, other similar instrumentalities, unless fire, lightning, windstorm, sprinkler leakage, hail, explosion, earthquake, riot or civil commotion are the only perils to be covered.

(b) Piers, wharves, docks and slips, but excluding the risks of fire, lightning, windstorm, sprinkler leakage, hail, explosion, earthquake, riot or civil commotion.

(c) Pipelines, including on-line propulsion, regulating and other equipment appurtenant to such pipelines, but excluding all property at manufacturing, producing, refining, converting, treating or conditioning plants.

(d) Power transmission and telephone and telegraph lines, excluding all property at generating, converting or transforming stations, sub-stations and exchanges.

(e) Radio and television communication equipment in commercial use as such including towers and antennae with auxiliary equipment, and appurtenant electrical operating and control apparatus but excluding buildings, their improvements and betterments, furniture and furnishings and supplies held in storage therein.

(f) Outdoor cranes, loading bridges and similar equipment used to load, unload and transport.

(g) Television picture tubes installed and in use as such.

(5) **PERSONAL PROPERTY FLOATER RISKS COVERING INDIVIDUALS.**

(a) Tourists floater, personal effects floater policies.

(b) The personal property floater.

(c) Government service floaters.

(d) Personal fur floaters.

(e) Personal jewelry floaters.

(f) Wedding present floaters for not exceeding 90 days after the date of the wedding.

(g) Silverware floaters.

(6) **PERSONAL PROPERTY FLOATER RISKS COVERING INDIVIDUALS AND/OR GENERALLY.** (a) Fine arts floaters, stamp and coin floaters. To cover objects of art such as pictures, statuary, bronzes and antiques, rare manuscripts and books, articles of vertu, etc.

(b) Musical instrument floaters.

(c) Radium floaters.

(d) Physicians' and surgeons' instrument floaters. Such policies may include coverage of such furniture, fixtures and tenant assured's interest in such improvements and betterments of buildings as are located in that portion of the premises occupied by the assured in the practice of his profession.

(e) Pattern and die floaters, excluding coverage on the owner's premises.

(f) Theatrical floaters, excluding buildings and their improvements and betterments, and furniture and fixtures that do not travel about with theatrical troupes.

(g) Film floaters, including builders' risk during the production and coverage on completed negatives and positives and sound records.

(h) Salesmen's samples floaters, excluding coverage on assured's premises.

(i) Jewelers' block policies, including tenant assured's interest in improvements and betterments of buildings, furniture, fixtures, tools, machinery, patterns, molds and dies.

(j) Exhibition policies on property while on exhibition and in transit to or from such exhibitions.

(k) Live animal floaters, covering wherever animals, wagons and mobile equipment may be.

(l) Installation risks, covering machinery and equipment including plumbing, heating, cooling and electrical systems (as distinguished from building materials) while in transit to place of installation and during the period of installation and testing. Coverage must cease where such property is insured for the account of the seller or installer, when the interest of such insured ceases; or, in no case later than when such property has been accepted as satisfactory; whichever first occurs. Building materials (e.g., structural steel, lumber, bricks and mortar), while in transit to place of installation and after arrival thereat but such coverage must terminate when the materials are installed and have become a physical part of the realty or when the seller's interest ceases, whichever first occurs.

(m) Mobile articles, machinery and equipment floaters, (excluding motor vehicles designed for highway use and auto homes, trailers and semi-trailers except when hauled by tractors not designed for highway use and snow plows constructed exclusively for highway use) covering identified property of a mobile or floating nature, not on sale or consignment, or in course of manufacture, which has come into the custody or control of parties who intend to use such property for the purpose for which it was manufactured or created. Such policies shall not cover furniture and fixtures not customarily used away from premises where such property is usually kept.

(n) Property in transit to or from and in the custody of bleacheries, throwsters, fumigatories, dyers, cleaners, laundries and similar bailees; needleworkers; and other bailees (not owned, controlled or operated by the bailor) for the purpose of performing work thereon

(as distinguished from the making of a complete article) including the treatment of, or assemblage of property on the premises of bailees. Such policies shall not cover bailee's property at his premises.

(o) Installment sales and leased property. Policies covering property sold under conditional contract of sale, partial payment contract, installment sales contract, or leased but excluding motor vehicles designed for highway use. Such policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest.

(p) Garment contractors floaters.

(q) Furriers or fur storer's customer's policies (i.e., policies under which certificates or receipts are issued by furriers or fur storers) covering specified articles the property of customers.

(r) Accounts receivable policies, valuable papers and records policies.

(s) Cold storage locker plant policies covering merchandise of customers consisting principally of meats, game, fish, poultry, fruit, vegetables and property of a similar nature.

(t) Floor plan policies, covering property for sale while in possession of dealers under a floor plan or any similar plan under which the dealer borrows money from a bank or lending institution with which to pay the manufacturer, provided: Such merchandise is specifically identifiable as encumbered to the bank or lending institution; the dealer's right to sell or otherwise dispose of such merchandise is conditioned upon its being released from encumbrance by the bank or lending institution; that such policies cover in transit and do not extend beyond the termination of the dealer's interest. Provided that such policies shall not cover automobiles or motor vehicles; merchandise for which the dealer's collateral is the stock or inventory as distinguished from merchandise specifically identifiable as encumbered to the lending institution.

(u) Sign and street clock policies, covering neon signs, automatic or mechanical signs, street clocks, while in use as such.

(v) Wool growers floaters.

(w) Domestic bulk liquids policies, covering domestic bulk liquids stored in tanks provided the risks of fire and inherent explosion, windstorm, sprinkler leakage, earthquake, hail, explosion, riot or civil commotion are excluded therefrom.

(x) Furniture shipment policies, covering furniture, fixtures and equipment in bona fide course of shipment from one location to another location of the owner including in place of deposit incident to such transportation while awaiting determination or availability of final destination, in which event they must cover at time of issuance transportation to or from such place of deposit but may not cover after delivery at destination.

(y) Outboard motors and boats.

(7) PROPERTY WHICH MAY BE COVERED SPECIFICALLY. The following policies covering property which, when sold to the ultimate purchaser, may be covered specifically, by the owner, under inland marine policies: (a) Musical instrument dealers policies covering property consisting principally of musical instruments and their accessories, excluding coverage of monies and securities. Policies may include coverage of tenant assured's interest in improvements and betterments of building; also furniture, fixtures, tools, machinery, patterns, molds and dies.

(b) Camera dealers policies, covering property consisting principally of cameras and their accessories, excluding coverage of monies and securities. Policies may include coverage of tenant assured's interest in improvements and betterments of building; also furniture, fixtures, tools, machinery, patterns, molds and dies.

(c) Furrier's dealers policies, covering property consisting principally of furs and fur garments, excluding coverage of monies and securities.

(d) Equipment dealers policies covering mobile equipment consisting of binders, reapers, tractors, harvesters, harrows, tedders and other similar agricultural equipment and accessories therefor; construction equipment consisting of bulldozers, road scrapers, tractors, compressors, pneumatic tools and similar equipment and accessories therefor; but excluding motor vehicles designed for highway use. Such policies shall exclude coverage of monies and securities. Policies may include coverage of tenant assured's interest in improvements and betterments of building; also furniture, fixtures, tools, machinery, patterns, molds and dies.

(8) **COVERAGE EXCLUDED.** Unless otherwise permitted, nothing in the foregoing shall be construed to permit inland marine policies to cover: (a) Storage of assured's merchandise, except as hereinbefore provided.

(b) Merchandise in course of manufacture, the property of and on the premises of the manufacturer.

(c) Furniture and fixtures and improvements and betterments to buildings.

(d) Merchandise in permanent location, sold under partial payment, contract of sale, or installment sales contract, which involves protection of the purchaser's interest after seller's interest ceases.

(e) Monies and/or securities in safes, vaults, safety deposit vaults, bank or assured's premises, except while in course of transportation.

(f) Risks of fire, windstorm, sprinkler leakage, earthquake, hail, explosion, riot, and/or civil commotion on buildings, structures, wharves, piers, docks, bulkheads and sheds and other fixed real property on land and/or over water, except as hereinbefore provided.

(9) **INTERPRETATIONS.** (a) The following interpretations, indicating whether or not the subjects qualify as inland marine, are made a part of this rule. 1. Tuxedos held by their owners solely for the purpose of renting them, not for sale or in course of manufacture. Affirmative.

2. Insurance of loud speakers, heaters, and projectors installed and used in drive-in theatres. Negative.

3. Personal property floater policies, including actual loss of or damage to improvements, alterations or additions made by the assured to buildings occupied as residences by but not owned by the assured caused by fire, lightning, windstorm, cyclone, tornado, hail, explosion, riot, riot attending a strike, smoke, damage by vehicles or aircraft. Affirmative.

4. Property eligible under subsection (7) (d) does not include "any article having a mechanical contrivance as an essential part, such as refrigerators, freezers, and similar appliances having mechanical contrivances."

5. Physicians' and surgeons' equipment floaters, including furniture and fixtures in that portion of the premises occupied by the assured in the practice of his profession. Affirmative.

6. Policy forms which cover assured's property in transit and while stored for a period of not exceeding 30 days at the assured's warehouse. Negative.

7. Subsections (7) (a), (b) and (c)—The words "consisting principally of" are intended to mean "predominantly" and not to signify an amount barely in excess of 50%.

8. Personal property floater policies written on a specified peril basis. Affirmative.

9. Exterior ornamental iron work and fences in use as such. Negative.

10. Sun-dials unless they possess the quality of fine arts. Negative.

11. Mausoleums. Negative.

12. Gasoline pumps erected at service stations. Negative.

13. Intercoastal shipments beginning and ending within the United States may also be construed as domestic shipments under subsection (3).

14. Motor vehicles excluded under subsection (6) (m) is not intended to apply to automobiles being hauled for others by public or contract carriers or being driven for others by drive-away contractors.

15. Liability of warehouseman, bailee, or other custodian. Affirmative.

16. Street lamps being used as such. Negative.

17. Subsection (6) (o) is not intended to include machinery and equipment under certain "lease-back" contracts.

18. Physicians' and surgeons' instrument dealers. Negative.

19. Hop-picking machines permanently affixed to assured's property. Negative.

20. Additional living expense endorsement for use with personal property floater. Negative.

21. Subsections (7) (a), (b) and (c) inclusive—The words "consisting principally of" are construed to mean that the average values of dealer's stock unrelated to the principal stock should not exceed more than 25% of the annual average values of his entire stock.

22. Pattern and die floater including coverage on owners' premises. Negative.

23. Radio or television tower policies insuring against the risk of collapse including physical damage to transmitter buildings caused by or resulting from such collapse. Affirmative.

24. Insurance on dams to check or control the flow of water otherwise complying with subsection (4). Affirmative.

25. Stop and go signals otherwise complying with subsection (4). Affirmative.

26. Projectors and projection room equipment installed for use in theatres, auditoriums, or other structures. Negative.

27. Boardwalks at seashore points, excluding risks of fire, wind-storm, sprinkler leakage, hail, explosion, earthquake, riots, and/or civil commotion. Affirmative.



28. Morticians' liability policies. Affirmative.
29. Marine supply dealers. Negative.
30. Property loaded on motor trucks for shipment. Affirmative.
31. Physicians' and surgeons' instrument floaters insuring furniture and fixtures of hospitals, clinics, medical schools, and the like. Negative.
32. Irrigation pump equipment excluding fixed or immobile units. Affirmative.
33. Office machines in use as such on assured's premises. Negative.
34. Office machines, the property of the assured or the property of others in his care or custody. Negative.
35. Dial telephone exchange equipment, including radio equipment for voice transmission. Negative.
36. Shipping containers, including those in process of making, and materials therefor, property of the grower while on premises of the grower. Negative.
37. Cotton-insured warehouse receipts (bailee liability). Negative.
38. Newsprint stored at the newspaper's office and warehouse, pending use by the assured. Negative.
39. Physicians' and surgeons' equipment floaters designed to include all kinds of personal property except realty. Negative.
40. Subsection (6) (o)—insurance on the interest of a bank or other lender in personal property pledged as security for a loan only if and while insurance of such personal property itself is within this classification. Affirmative.
41. Ancient or historic residences on the premises of the assured. Negative.
42. Contact halftone screens. Affirmative.
43. Drilling rigs on chassis. Affirmative.
44. Cut hay wherever located, including while on the assured's premises. Negative.
45. Fish insured as such from the time they are brailed from the company's traps until delivery to the assured's warehouse. Negative.
46. Outboard motors the property of customers picked up by the assured for servicing and returned to the owners after "off-season" storage. Affirmative.
47. a. Water storage tanks. Negative.  
b. Elevated steel water tanks being an integral part of a pipeline. Affirmative.
48. Armed services post exchanges policies insuring contents thereof. Negative.
49. Dealers' policies covering property consisting principally of the classes hereunder. Negative.
  - a. Household appliances.
  - b. Office machinery and supplies.
  - c. Heating and air conditioning equipment.
  - d. Industrial machinery and tools.
  - e. Sporting goods.
  - f. Professional or scientific instruments.
  - g. Marine supplies.

50. Checkroom policies and legal liability of a bus company or other carrier for hire for property in coin-operated lockers. Affirmative.

51. Motor graders and road patrols. Affirmative.

52. Auto homes sold on an installment plan. Negative.

53. Non-recording insurance policies. Negative.

54. Flood lights and lighting systems installed and used as such in recreation fields or stadia. Negative.

55. Contents of home freezers policies issued to householders insuring against spoilage caused by power failure or mechanical breakdown unless covered under the personal property floater policy. Negative.

56. Ski-Tow policies including transportation and storage during "off-season." Affirmative.

57. Water intake cribs policies insuring against all risks of loss except fire and extended coverage and excluding coverage on buildings, furniture and fixtures, fixed contents, and supplies in storage. Affirmative.

58a. Dealers' chicks and supplies in possession of growers. Affirmative.

b. Chicks, feed, vaccines and medicines of a transitory nature, the property of the grower but excluding such property held in storage. Affirmative.

59. Antique automobiles. Affirmative.

60. Oil tanks and pumps mounted on leased trucks. Affirmative.

61. Telescopes in college observatories. Affirmative.

62. Aerial tramways excluding insurance on buildings associated therewith. Affirmative.

63. Carillon towers. Negative.

64. Roofing and siding materials sold under a conditional sales contract during installation and until the seller's interest ceases. Negative.

65. Awning repair service policies covering awnings in transit and while at the premises of the bailee. Affirmative.

66. Dental laboratory equipment in a dental laboratory. Negative.

67. Bailees' policy—Extra expense coverage resulting from loss or damage to buildings, machinery, or equipment. Negative.

68. Leased telephones. Affirmative.

69. Merchandise "floater" coverage. Negative.

70. Specialized automotive equipment constituting a single mechanical entity with the chassis to which it is attached, designed to perform work at a situs except for incidental highway use. Affirmative.

71. Fire alarm systems excluding operating and control apparatus within the fire house. Affirmative.

72. Miscellaneous floaters covering stocks of merchandise without limit as to time at premises not owned, leased, or operated by the assured. Negative.

73. Portable asphalt mixing plants. Affirmative.

74. Transmission poles, transformers, regulators, switches, wire, and hardware stored at the assured's premises. Negative.

75. Life raft materials in course of manufacture at assured's premises. Negative.

76. Library books, magazines and periodicals at main library and at branches under subsection (6) (r). Affirmative.

77. Equipment and installation floater covering tools, materials and personal property of the assured or others for installation or used in the conduct of the assured's business. Negative.

78. Shoo-fly, a temporary construction used as a by-pass on main line railroads. Affirmative.

79. Plumbing, heating and building supplies while in transit and in storage without limit as to time. Negative.

80. Rented truck motors installed in trucks on a rental basis and while on assured's premises incidental to such use. Affirmative.

81. Flax processing machinery not mobile by nature. Negative.

82. Felled, bucked and cold decked logs in forests. Affirmative.

83. Air carriers covering equipment used in the servicing, maintenance and repair of aircraft at field stations, excluding parts, supplies, and shop and hangar equipment at the main base of operations. Affirmative.

84. Smoking, curing hams on owner-assured's premises. Negative.

85. Mobile electric generators for emergency use at other than the storage location. Affirmative.

86. Linen supply floater covering property rented or leased to customers, including coverage at assured's premises incidental to use of such property elsewhere. Affirmative.

87. Small pleasure boat carrier designed for use in connection with a particular boat. Affirmative.

88. Golfers' on course conveyance not designed or licensed for highway use. Affirmative.

89. Dealer's policies—Construction, industrial and material handling equipment distributors combination "all-risk" personal property insurance floater covering property owned by the assured incidental to the business of the assured which may include property not eligible under subsection (7). Negative.

90. Not applicable in Wisconsin.

91. Milking machines, covering equipment not mobile in nature. Negative.

92. Household appliance dealers covering wholesale stocks consisting entirely of radios and television. Negative.

93. Household furniture, leased, in transit, stored in connection with assured's business. Negative.

94. Supplementary policy excluding fire, extended coverage, burglary covering all kinds of property of the assured including legal or assumed liability for property of others. Negative.

95. Oil tanks, petroleum and by-products located on "oil leases" covering tank structures, fittings and fixtures including petroleum products contained in such tanks. Negative.

96. Personal property floater—Additional living expense caused by loss of or damage to personal property covered by the policy. Affirmative.

97. Portable television—set owned by an individual and used by him on or off his premises. Affirmative.

98. Sequential digital recording system covering equipment and parts during course of manufacture of the machine. Negative.

99. Telephone transmission equipment including dial systems and electronic equipment necessary for or incidental to the operation thereof. Negative.

100. Hay floaters—covering cut or baled hay, the property of the assured while in fields and while in transit against named perils. Negative.

101. Food—food freezer covering food freezers sold under an installment sales agreement and also insures foodstuffs while contained in the food freezer unit located on the resident premises of the assured purchaser. Negative.

102. Incubators in hatcheries owned by and on the premises of the hatchery. Negative.

103. Additional coverages under personal property floater including consequential loss (food spoilage), coverage on securities and related property, forgery of personal checks, and acceptance of counterfeit money. Affirmative.

104. Organs and pews in churches covering organs installed and used in churches and ordinary pews with or without carving. Affirmative as to organs. Negative as to pews except insurance of a rare antique pew possessing the qualities of a fine art.

105. School books covering text books issued to students. Affirmative.

106. Dealers' chicks and chicken growers—"impairment" insurance.  
a. Extension of policies to cover "impairment" occurring from any cause including loss of market. Negative.

b. Extension of policies to cover "impairment" as a result of disease or death affecting the individual flock and to pay on a specified basis. Affirmative.

107. Mobile beehives in use as such. Affirmative.

108. Insurance of a "diner" which is no longer subject to installment, conditional sales contract or chattel mortgage. Negative.

109. Wind machines on stationary foundations in use to prevent freezing of trees. Negative.

110. Agricultural or construction equipment. Spare parts—installment, conditional sale. A policy written under subsection (6) (o) may cover property sold under conditional contract of sale, partial payment contract or installment sales contract. The policy must cover in transit and not extend beyond the termination of the seller's or lessor's interest. The section does not include within the inland marine classification insurance on spare parts not subject to conditional sales contract, partial payment contract or installment sales contract even though such parts are to be used in connection with property which is subject to such contracts.

111. Intercom units installed and used as such in the yard of a drive-in restaurant by means of which customers place their orders. Affirmative.

112. Oil properties—physical equipment normally used for oil and gas production (not drilling). Negative.

113. Church chimes under a musical instrument policy. Affirmative.

114. Filling station gasoline pumps, aboveground tanks and lifts, all sold under conditional sales contracts provided property involved remains personal property, covers in transit and does not extend beyond seller's or lessor's interest. Affirmative.

115. Pipes, valves, and burner units which remain personal property and are installed subject to rental or lease agreement or to a bona fide installment sales agreement provided coverage applies in transit and does not extend beyond seller's or lessor's interest. Affirmative.

116. Physicians' and surgeons' instrument floater insuring furniture, fixtures and equipment commonly used in the practice of 12 doctors principally conducted from a single building functioning in the nature of a small hospital or clinic. Negative.

117. Radio and television towers—buildings—A policy which includes coverage of loss of earnings sustained by reason of damage to, or destruction of, the buildings housing radio or television equipment. Negative.

118. Contractor's multiple peril form. Completed value basis covering materials, equipment and fixtures, etc., used in constructing a building at a specified location against all risks of loss until accepted by owner or until termination of policy. Negative.

119. Utility trailer rental covering rental trailers and their cargo while in possession of the renter. Negative.

120. Boat and outboard motor dealers insuring stock consisting principally of boats and marine motors for sale including such property at premises of others while being worked on. Affirmative.

121. Hop picking machines permanently affixed while purchased over long term installment payment plan. Negative.

122. Van and storage endorsement affording coverage on all kinds of stock including storage for an indefinite time. Negative.

123. Field crates of heavy construction used in the transportation of picked fruits thereby not conflicting with subsection (9) (a) 36. Affirmative.

124. Air carrier floater policy covering personal property of every kind and description against all risks of loss in connection with the airplane assembly or repair business. Negative.

125. Rental of banquet and hospital equipment including storage incidental to use of such property elsewhere. Affirmative.

126. Storage of foodstuffs without limit as to time including liability of the warehouseman not in the nature of a bailee. Negative.

127. Household goods and automobile protection policy covering interest of creditor in automobile against perils of fire, theft and collision and in household goods against named perils. Negative.

128. Insurance or guaranty of automobile parts in normal use against loss through mechanical breakdown for a period of one year from date of purchase. Negative.

129. Physicians' and surgeons' extra expense endorsement covering extra expense as a result of damage from a peril insured against to the building or contents at the address in the policy. Negative.

130. Installment sales covering the interest of distributor, finance institution, and purchaser in eligible heavy mobile equipment including loss of use thereof. Affirmative.

131. Autoburger—installment sales covering prefabricated building parts in transit and during erection as a structure under a contract to purchase. Negative.

132. Low-bed trailers sold as an item of equipment and used for transporting other heavy equipment having been sold on installment sales plan. Negative.

133. Christmas lights used during Christmas season and on other occasions covered while in use and while being stored. Affirmative.

134. Service phones at drive-in restaurants consisting of outside equipment for placing of orders and fixed inside equipment. Negative as to inside equipment. Affirmative as to outside equipment.

135. Groceries on rolling store for house to house sales. Affirmative.

136. Agricultural, construction and other equipment—Does such property including attachments and repair parts therefor in possession of a dealer whether or not paid for qualify under subsection (6) (o)? Negative.

137. "Ham" radio equipment, mobile equipment used in automobiles and equipment permanently installed in the home. Affirmative as to mobile equipment in the automobile. Negative as to equipment permanently installed in the home.

138. Trailer homes covering in due course of transit being delivered by the manufacturer to the dealer. Affirmative.

139. Installation risk floater—transportation coverage. To conform to subsection (6) (1), an installation floater policy must provide coverage of property in due course of transit.

140. Garage keepers' legal liability policy issued to a garage keeper to insure automobiles of others accepted for storage or repair by the garage keeper. Negative.

141. Transit mix units.

a. Insurance of motor trucks equipped to transport ready-mixed concrete. Negative.

b. Insurance of a readily movable and detachable concrete mixer carried on an automobile and movable in nature so as to be used by itself not in connection with any truck. Affirmative.

c. Insurance of the truck chassis. Negative.

142. Coverage of money on physician's premises under usual or normal circumstances. Negative.

143. Oil lease property form including property without restriction as to location or use. Negative.

144. Installment, conditional sales policies covering sales transactions other than those between seller and ultimate consumer. Negative.

145. Property subject to installment sales contract—self-service laundry equipment in use as such being purchased through a bona fide installment sales contract. Affirmative.

146. Physicians' and surgeons' instrument floater—hospitals and clinics—Subsection (6) (o) describes the persons to be insured under the floaters. The subsection does not apply to hospitals, clinics, medical schools and the like as evidenced by permitting furniture and fixtures to be covered if situated in that portion of the premises occupied by a physician or surgeon in the practice of his profession. However, physicians' and surgeons' instruments in use as such, the property of and on the premises of hospitals, clinics and the like may qualify under subsection (6) (m) as property of a mobile or floating nature.

147. Instrumentalities of transportation and communication—Builders' risk, covering property about to become or which has become part of a specified road, overpass, underpass, bridge, tunnel or dam in course of construction and otherwise subject to the terms, conditions and limitations of subsection (4). Affirmative.

148. City-owned gas and water meters in use as such on the premises of customers. Affirmative.

149. Radar unit in a trailer consisting of a complete ground radar tracking unit contained in a van-type semi-trailer on a college campus and used for instruction laboratory. Affirmative except as to the trailer.

150. Intercom systems under lease. Affirmative as to systems on lease. Negative as to property of the insured on premises of assured.

151. Dump beds readily detachable in use on vehicle and in storage incidental to such use. Affirmative.

152. Bailees' customers policy endorsement covering furniture, fixtures, machinery, tools, improvements and betterments. Negative.

153. Seed cotton and baled cotton on vehicles, in seed cotton houses, and on gin premises. Negative.

154. Personal property floater coverage extended under standard form to include liability for forged credentials. Negative.

155. Trampolines in use as a commercial amusement enterprise. Negative.

156. Multiple use trailer unit designed for attachment to auto and used as boat trailer, utility trailer, or tent trailer. Negative.

157. Coverage under conditional sales policy on equipment repossessed. Equipment subject to a conditional sales contract is classifiable as inland marine. Upon termination by repossession, insurance on property repossessed is classifiable as inland marine under "domestic shipments".

158. Builders risk insurance covering differences in conditions by insuring any and all kinds of property at site of installation during construction until accepted or until interest of assured ceases against all risks of loss except loss by fire, extended coverage perils and vandalism and malicious mischief. Negative.

159. Installment sales contracts which provide for election by purchaser to continue insurance in force after interest of seller ceases and includes property pledged for payment of a debt or to secure payment for a loan. Negative.

160. Public property floater covering personal property belonging to states, counties, townships and municipalities, including property of others in the custody or control of assured. Negative.

161. Camper's unit detachable from motor truck. Affirmative.

162. Stone crusher bins and conveyors at a specific situs but designed to be moved when rock supply is depleted. Affirmative.

163. School property floater covering "all personal property of the named assured, except as excluded, and similar property of others in the custody or control of the assured and for which the assured is legally liable or has prior to loss assumed liability." Negative.

164. Medical profession floater policy which covers personal property of every kind and description usual and incidental to the assured's profession while at a specified location, while situated at other locations, and while in transit, all subject to exclusion of specified property. Negative.

165. Material handling equipment, transportation and floater policy covering the interest of the assured in all personal property owned by the assured, incidental to the business of the assured; personal property of others in custody and control of the assured, incidental to the business of the assured; personal property sold by the assured under conditional sales plans; and improvements and betterments to buildings occupied but not owned by the assured; all subject to stated exclusions. Negative.

166. Moving sidewalk which affords means of transportation from one building to another separate and distinct building in a shopping center. Affirmative.

167. Traffic control system covering traffic signals and auxiliary equipment. Affirmative as to outside signals, lamps and wiring. Negative as to operating and control apparatus in buildings.

168. Agents' catastrophe insurance policy which indemnifies the assured for loss of commission resulting from a reduction of a client's insurable interest by risks insured. Negative.

169. Professional golfers' all risk policy which, in part, insures golfing property of the insured and other golfing equipment held for sale incidental to insured's operations as a professional golfer. Negative.

170. Storage and drying bins installation floater consisting of bins constructed of galvanized steel walls bolted together, property being in the nature of "equipment" rather than "building materials". Coverage as inland marine applies during transit and during period of installation until interest of installer ceases or property is accepted as satisfactory whichever first occurs. Affirmative.

171. Debarker and chipper equipment having the quality of mobility in its nature and use. Affirmative.

172. Greenhouse installation risks consisting of property in the nature of "equipment", as distinguished from "building materials", while in transit and during installation until the interest of the installer ceases or the property is accepted as satisfactory, whichever first occurs. Affirmative.

173. Personal property floater insuring household furnishings under an installment sales loan plan which covers the interest of the insured and the interest of the purchaser in property offered as collateral to



secure a loan under a policy which would continue in force after the seller's interest ceases. Negative since the form of policy is not the well established type of policy known as "The Personal Property Floater" nor does the policy comply with subsection (6) (o).

174. Telephone answering service insurance including business interruption or extra expense coverage covering physical damage to leased telephone or radio telephone equipment against all risks of loss. Affirmative.

175. Trailer truck theatre consisting of portable theatre equipment including trailer trucks used in transporting such equipment. Negative as to insurance of the trailer trucks.

176. Ice vending machines, mobile in nature, in use for the purpose for which they were manufactured. Affirmative.

177. Coin changers permanently located in parking lots. Negative.

178. Trailer-kitchen, restaurant covering trailer unit and its contents wherever located and operating as restaurant. Negative as to the unit; affirmative as to mobile articles used in connection therewith.

179. Chicks and supplies in possession of growers also engaged in business as a dealer. Affirmative.

180. Theatrical floaters affording coverage to eligible property on an all-risk basis. Affirmative.

**History:** 1-2-56; am. (6) (d); am. (7) (a), (b), (c) and (d); r. (7) (e), (f), (g), (h), (i), (j) and (k); am. (9) (a) 18, 21, 29 and 49; cr. (9) (a) 76 through 152, both inclusive, Register, November, 1960, No. 59, eff. 12-1-60; cr. (9) (a) 153 through 180, both inclusive, Register, April, 1964, No. 100, eff. 5-1-64.

**Ins 4.08 Inland marine classes exempt from filing requirements. (1) PURPOSE.** In accordance with section 625.04, Wis. Stats., the purpose of this rule is to exempt from the filing requirements of section 625.13, Wis. Stats., those classes of inland marine risks which by general custom of the business have not been written according to manual rates or rating plans promulgated by a rate service organization. This exemption is to apply to insurers even though certain of the classes listed are written by the insurer in accordance with manual rates or rating plans.

(2) **SCOPE.** This rule shall apply to inland marine insurance transacted under the authorization of section 201.04 (1), Wis. Stats.

(3) **EXEMPT CLASSES.** (a) Insurers and rate service organizations are exempt from section 625.13, Wis. Stats., in respect to the filing of rates and supplementary rate information for the following classes of inland marine insurance:

1. Armored car and messenger.
2. Bailees customers.
3. Bills of lading—railroad.
4. Boats and motors used for business, hire or other commercial use and boats exceeding 16 feet in overall length, measured on the center line, including motors, equipment and appurtenances, including boat carriers and trailers used in conjunction therewith.
5. Cold storage locker operators policies.
6. Commercial radio and TV towers.
7. Contact lenses.
8. Contractors equipment.

9. Dealers policies—miscellaneous.
10. Deferred payment merchandise.
11. Department store floaters.
12. Exhibition risks.
13. Fine art dealers, museums, etc.
14. Government service policies.
15. Gun floaters.
16. Installation floaters.
17. Leased property.
18. Live animals and pelts.
19. Logging equipment.
20. Machinery and mechanical equipment.
21. Mine equipment and rolling stock.
22. Morticians equipment floaters.
23. Morticians liability.
24. Motor truck cargo.
25. Paraphernalia floaters.
26. Parcel post, other than coupon policies.
27. Pattern floaters.
28. Poultry floaters.
29. Processing risks.
30. Salesmen's samples.
31. Scientific instrument floaters.
32. Trailer contents (mobile homes).
33. Transmission and pipe lines.
34. Transportation—open and annual forms.
35. Transportation—all other.
36. Warehousemen's legal liability.
37. Well drilling equipment.
38. Miscellaneous individual risk floaters.

**History:** Cr. Register, December, 1969, No. 168, eff. 1-1-70.

**Ins 4.10 Wisconsin insurance plan.** (1) **PURPOSE.** This rule is intended to implement and interpret chapter 619, Wis. Stats., for the purpose of establishing procedures and requirements for a mandatory risk sharing facility for basic property insurance coverage. The implementation of the plan shall be in accordance with the urban property protection and reinsurance act of 1968, P.L. 90-448, 82 Stat. 476. This rule is also intended to encourage improvement and reasonable loss prevention measures of properties located in Wisconsin and further orderly community development.

(2) **SCOPE.** This rule shall apply to all insurers included in subsection (3) (b) of this rule, except those organized under chapter 202, Wis. Stats., and farm assessment mutual insurance companies which insure farm property on an assessment basis. This rule shall apply to the state insurance fund established under sections 210.01 through 210.04, Wis. Stats., insofar as necessary to qualify for reinsurance under P.L. 90-448.

(3) **DEFINITIONS.** (a) The *Wisconsin Insurance Plan*, hereinafter referred to as the Plan, means the nonprofit, unincorporated facility established by this rule to provide for the issuance of basic property insurance, for risk sharing, and to assist applicants in securing basic property insurance.

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(b) *Insurer* means any insurance company authorized to transact in this state on a direct basis basic property insurance, including the property insurance components of multi-peril policies.

(c) *Basic property insurance* means the insurance coverages described below in subparagraphs 1, 2 and 3 of this paragraph against direct loss to real and tangible personal property at a fixed location. The Plan may use customary forms and endorsements to effect coverage contemplated by this paragraph. Other insurance endorsements may be added to the Plan upon approval by the commissioner.

1. Coverage provided in the standard fire policy under section 203.01, Wis. Stats., and in the customary extended coverage and builder's risk endorsements.

2. Coverage against loss or damage by burglary or theft, or both, as authorized by section 201.04 (10), Wis. Stats.

3. Coverage against the breakage of glass, except in transit, as authorized by section 201.04 (11), Wis. Stats.

(d) *Location* means a single building and its contents or contiguous buildings and their contents under one ownership.

(e) *Motor vehicles* means vehicles which are self-propelled, including trackless trolley busses.

(f) *Farm risks* are those risks eligible to be written under the customary rates, premiums, and policy forms approved by the commissioner for farm property.

(g) *Manufacturing risks* are those risks eligible to be written under the customary manufacturing business interruption policy forms approved by the commissioner. The following are not considered as being manufacturing risks:

1. Dry cleaning and laundering—Carpet, rug, furniture, or upholstery cleaning; diaper service or infants' apparel laundries; dry cleaning; laundries; linen supply.

2. Installation, servicing and repair—Electrical equipment; electronic equipment; glazing; household furnishings and appliances; office machines; plumbing, heating and air conditioning; protective systems for premises, vaults and safes.

3. Laboratories—Blood banks; dental laboratories; medical or X-ray laboratories.

4. Duplicating and similar services—Blueprinting and photocopying services; bookbinding; electrotyping; engraving; letter service (mailing or addressing companies); linotype or hand composition; lithographing; photo engraving; photo finishing; photographers (commercial).

5. Warehousing—Cold storage (locker establishments); warehouse, cold storage; warehouse, furniture or general merchandise.

6. Miscellaneous—Barber shops; beauty parlors; cemeteries; dog kennels; electroplating; equipment rental (not contractors' equipment); film and tape rental; funeral directors; galvanizing, tinning, and detinning; radio broadcasting, commercial wireless and television broadcasting; taxidermists; telephone or telegraph companies; textiles (bleaching, dyeing, mercerizing or finishing of property of others); veterinarians and veterinary hospitals.

(h) *Weighted premiums written* shall be computed by the Plan as follows:

1. Gross direct premiums less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits, with respect to property in this state (excluding premiums on risks insured under the Plan), shall be computed for basic property insurance, for homeowners multiple peril policies, and for the basic property insurance premium components of all other multiple peril policies.

2. To 50% of the figures obtained for homeowners multiple peril policies shall be added 100% of the figures obtained for the other 2 classes. The basic year for the computation shall be the second preceding calendar year.

(i) *Habitational risks* mean:

1. Dwellings, permanent or seasonal, designed for occupancy by not more than 4 families or containing not more than 4 apartments.

2. Private boarding and rooming houses and tourist homes, permanent or seasonal, with not more than 20 rooms for lodging and (or) with not more than 20 boarders.

3. Nurses' and sisters' homes with not over 10 sleeping rooms.

4. Private outbuildings used in connection with any of the foregoing.

5. Trailer homes at a fixed location.

6. Household and personal property in risks described in subparagraphs 1 through 5.

7. Tenants' contents in apartment houses.

(j) *Servicing company* means an insurer which issues and services policies referred to it by the Plan.

(k) *Non-servicing company* means an insurer which does not issue policies under the Plan.

(4) **ELIGIBLE RISKS.** (a) All risks at a fixed location shall be eligible for inspection and insurance under this Plan except motor vehicles, farm risks, and manufacturing risks as defined in subsection (3) (e), (f), and (g).

(b) The maximum limits of coverage for the type of basic property insurance defined in subsection (3) (c) 1. which may be placed under this Plan are \$100,000 on any habitational risk at one location and \$500,000 on any other eligible property at one location. If the full insurable value at one location is in excess of applicable limits, the Plan, upon specific application, will seek to place the additional amounts of coverage.

(c) The maximum limits of coverage for the type of basic property insurance defined in subsection (3) (c) 2. which may be placed under this plan are \$5,000 on any habitational risk at one location and \$15,000 on any other eligible property at one location. If the full insurable value at one location is in excess of applicable limits, the Plan, upon specific application, will seek to place the additional amounts of coverage.

(5) **MEMBERSHIP.** (a) Every insurer, as defined in subsection (3) (b), licensed to write one or more components of basic property insurance, as defined in subsection (3) (c), shall be considered a member of this Plan. Any other insurer may, upon application to and approval by the governing committee, become a member.

(b) An insurer's membership terminates when the insurer is no longer authorized to write basic property insurance in Wisconsin, but the effective date of termination shall be the last day of the fiscal year of the Plan in which termination occurs. Any insurer so terminated shall continue to be governed by the provisions of this rule until it completes all of its obligations under the Plan.

(c) Any voluntary insurer member may terminate its membership only as of the last day of the fiscal year of the Plan by giving written notice to the Plan 30 days prior to the last day of the fiscal year of the Plan. The governing committee upon a majority vote may terminate the membership of a voluntary insurer. Any such terminated member shall continue to be governed by the provisions of this rule until it completes all of its obligations under the Plan.

(d) Subject to the approval of the commissioner, the governing committee may charge a reasonable annual membership fee.

(6) ADMINISTRATION. (a) This Plan shall be administered by a governing committee, subject to the supervision of the commissioner, and operated by a manager appointed by the governing committee.

(b) The governing committee shall consist of 9 members, each of whom shall serve for a period of one year or until a successor is elected or designated. Each shall have one vote.

1. The following associations shall appoint or elect:

American Insurance Association—one member

American Mutual Insurance Alliance—one member

National Association of Independent Insurers—one member

Wisconsin Insurance Alliance—three members

2. All other insurers not members of the associations in subparagraph 1 shall elect one member by weighted votes based on each insurer's weighted premiums written.

3. The commissioner shall appoint members to represent:

Stock agents—one member

Mutual agents—one member

4. Not more than one insurer in a group under the same management or ownership shall serve on the governing committee at the same time.

(7) DUTIES OF THE GOVERNING COMMITTEE. (a) The governing committee shall meet as often as may be required to perform the general duties of the administration of the Plan or on the call of the commissioner. Five insurers of the committee shall constitute a quorum.

(b) The governing committee shall be empowered to appoint a manager, who shall serve at the pleasure of the committee, to budget expenses, levy assessments, disburse funds, and perform all other duties provided herein as necessary or incidental to the proper administration of the Plan. The adoption of or substantive changes in pension plans or employee benefit programs shall be subject to approval of insurers.

(c) The governing committee may designate, with the approval of the commissioner, a rate service organization as defined in section 625.02 (2), Wis. Stats., to make inspections as required under this Plan and to perform such other duties as may be authorized by the governing committee.

(d) The manager shall annually prepare an operating budget which shall be subject to approval of the governing committee. Such budget

shall be furnished to the insurers after approval. Any contemplated expenditure in excess of or not included in the annual budget shall require prior approval by the governing committee.

(e) The governing committee shall submit to the commissioner and to the secretary of the U. S. Department of Housing and Urban Development periodic reports setting forth the number of requests for inspection, the number of risks inspected, accepted, declined and conditionally declined, the number of reinspections made, and such other information as the commissioner or the secretary may request.

(f) The governing committee shall cause all policies written pursuant to this Plan to be separately coded so that appropriate records may be compiled for purposes of performing loss prevention and other studies of the operation of the Plan.

(g) The governing committee shall determine, subject to the approval of the commissioner, the eligibility of an insurer to act as a servicing company. No insurer which elects to be a non-servicing company shall be required to be one, but if not enough insurers elect to be servicing companies, the governing committee may authorize the manager to perform directly the duties of a servicing company.

(h) The governing committee shall prepare such agreements and contracts as may be necessary for the execution of this rule consistent with its provisions.

(8) ANNUAL AND SPECIAL MEETINGS. (a) There shall be an annual meeting of the insurers on a date fixed by the governing committee at which time members may be chosen under subsection (6) (b).

(b) A special meeting may be called at any time by the governing committee and shall be called within 40 days by the governing committee after receipt of a written request from any 10 insurers, not more than one of which may be in a group under the same management or ownership.

(c) The time and place of all meetings shall be reasonable. Twenty days' notice of such annual or special meeting shall be given in writing by the governing committee to all insurers under subsection (3) (b). A majority of the insurers present in person or by proxy shall constitute a quorum. Voting by proxy shall be permitted.

(d) Any matter not inconsistent with the law or this rule may be proposed and voted upon by mail by unanimous action of the members of the governing committee present and voting at any meeting of the committee. Notice of any such proposal shall be mailed to each insurer not less than 20 days prior to the final date fixed by the committee for voting thereon.

(e) Any vote of insurers shall be counted on a weighted basis in proportion to each insurer's weighted premiums written. A proposal shall become effective when approved by at least two-thirds of the weighted votes cast.

(9) APPLICATION FOR INSPECTION OR INSURANCE. (a) Any person having an insurable interest in an eligible risk under paragraphs (a) or (b) of subsection (4), may apply for inspection of the property or for insurance by the Plan. The application for inspection need not be in writing.

(b) With regard to property insurance defined in subsection (3) (c) 2. and 3., inspection need not be made if the governing committee determines that insurance can be provided for specified

classes of risks on the basis of representations of the applicant or the insurance agent.

(c) The Plan may bind coverage.

(10) INSPECTION PROCEDURE. (a) The inspection by the Plan shall be without cost for the applicant.

(b) The manner and scope of the inspection shall be prescribed by the Plan with the approval of the commissioner.

(c) An inspection report shall be made for each property inspected covering pertinent structural and occupancy features as well as the general condition of the building and surrounding structures. Representative photographs may be taken during the inspection to indicate the pertinent features of building, construction, maintenance, occupancy, and surrounding property.

(d) During the inspection, the inspector shall point out features of structure and occupancy to the applicant or his representative and shall indicate those features which may result in additional charges for deficient physical conditions if the risk is accepted. The inspector shall have no authority to advise whether any insurer will provide the coverage.

(e) After the inspection, a copy of the completed inspection report and any relevant photographs shall be sent to the Plan within 5 business days or, if requested by the applicant, to an insurer of his choice. The report shall include a rate make-up statement, including any deficient physical condition charges proposed by the inspector. A copy of the inspection report shall be made available to the applicant or his agent upon request.

(11) PROCEDURE AFTER INSPECTION. (a) The Plan shall, within 3 business days after receipt of the inspection report and application, complete and send to the applicant an action report advising him of one of the following:

1. That the risk is acceptable. If the inspection reveals substandard conditions, appropriate charges may be imposed but the report shall specify the improvements necessary for removal of each such charge.

2. That the risk will be acceptable if reasonable improvements noted in the action report are made by the applicant and confirmed by reinspection.

3. That the risk is not acceptable because it fails to meet reasonable underwriting standards specified in the action report. Reasonable underwriting standards shall not include neighborhood or area location or any environmental hazard beyond the control of the property owner. They may include but are not limited to the following:

a. Serious defects in the physical condition of the property, such as its construction, heating, wiring, evidence of previous losses, general deterioration or lack of protective measures;

b. Serious hazards resulting from its present use or housekeeping, such as vacancy, overcrowding, storage of rubbish or flammable materials;

c. Violation of law which results in increased exposure to loss;

d. Previous loss history or matters of public record concerning the applicant.

(b) If the risk is accepted by the Plan, the servicing company shall deliver the policy to the applicant upon payment of the premium to the servicing company. The servicing company shall remit the com-

missions to the licensed agent designated by the applicant; if no licensed agent is so designated, the commissions shall be remitted to the Plan.

(c) If the risk is conditionally declined under paragraph (a) 2. or declined under paragraph (a) 3. but can be improved to meet reasonable standards, the Plan shall promptly advise the applicant what improvements noted in the action report should be made to the property. Upon completion of the improvements by the applicant or property owner, the Plan, when so notified, will have the property promptly reinspected under subsection (10) and shall send a new action report to the applicant.

(d) If a risk is conditionally declined under paragraph (a) 2. or declined under paragraph (a) 3., the Plan shall, within 3 business days, send copies of the inspection and action reports to the property owner and to the commissioner and shall advise the property owner of his right to appeal and the procedure therefor.

(12) DISTRIBUTION OF PLAN INSURANCE. (a) The Plan shall equitably distribute risks under subsection (11) (a) 1 to servicing companies with consideration of the servicing company experience in servicing such risks in the areas where the risks are located.

(b) Any risk which has been accepted by the Plan and a policy issued by a servicing company may be renewed by the same servicing company and credit will be given to said servicing company against its share of servicing company assignments.

(13) ASSESSMENTS. (a) Participation and assessments by and upon each insurer in the Plan for losses and expenses in connection with Plan business shall be levied and assessed by the governing committee of the Plan on the basis of participation factors determined annually, giving effect to the proportion which such insurer's weighted premiums written bears to the aggregate weighted premiums written by all insurers in the Plan.

(b) All servicing expenses, losses, and loss adjustment expenses of a servicing company will be recoverable from the Plan upon approval of the governing committee.

(c) If any member fails to pay an assessment within 30 days after it is due, the unpaid assessment may be collected from the remaining members. The Plan may then collect the delinquent assessment on behalf of the remaining members in any liquidation proceeding or by the use of any other available remedy and shall have full authority to act in their behalf in any action or proceeding.

(14) RATES. (a) The rate and surcharge schedules shall be subject to approval by the commissioner prior to use.

(b) The rates to be charged for coverage shall be determined after an actual inspection of the premises by the Plan.

(c) The renewal rates shall be the rates in effect on the renewal date unless an inspection reveals an indicated increase or decrease in rates.

(15) VOLUNTARY BUSINESS—CANCELLATION AND NONRENEWAL. (a) Any insurer cancelling or not renewing voluntarily written basic property insurance covering any risk eligible under this Plan shall inform the policyholder of the availability of insurance under the



Plan. Any such notice of cancellation or nonrenewal shall allow ample time for application to the Plan and for the issuance of coverage.

(b) No servicing company shall cancel or refuse to renew a policy issued under this Plan except for:

1. Facts as confirmed by inspection which would have been grounds for nonacceptance of the risk under the Plan had they been known to the Plan at the time of acceptance; or

2. Changes in the physical condition of the property or other changed conditions as confirmed by inspection or investigation that make the risk uninsurable under the Plan rules; or

3. Nonpayment of premiums; or

4. Conviction of the policyholder of arson or fraudulent claim.

(c) Notice of cancellation or nonrenewal under paragraph (b), containing a statement of the reasons therefor, shall be sent to the insured with a copy to the Plan. Any cancellation or nonrenewal notice to the insured shall be accompanied by a conspicuous statement that the insured has a right of appeal as provided in subsection (19).

(16) COMMISSION. (a) Commission to the licensed agent designated by the applicant shall be 10% of the policy premium. The agent need not be licensed by the servicing company.

(b) In the event of cancellation of a policy, or if an endorsement is issued which requires premium to be returned to the insured, the agent shall refund ratably to the insurer commissions on the return premium at the same rate at which such commissions were originally paid.

(17) PUBLIC EDUCATION. The Plan shall undertake a continuing public education program to assure that the Plan receives adequate public attention. All insurers and agents shall cooperate fully in the public education program.

(18) COOPERATION OF AGENTS. Each insurer shall require its licensed insurance agents to cooperate fully in the accomplishment of the intents and purposes of the Plan.

(19) RIGHT OF APPEAL. Any affected person may appeal to the governing committee within 30 days after any final ruling, action, or decision of the Plan. The governing committee must consider the appeal and render a decision promptly after receipt of any such appeal. Any decision of the governing committee may be further appealed to the commissioner within 30 days. Orders of the commissioner shall be subject to judicial review.

(20) REVIEW BY COMMISSIONER. The governing committee shall report to the commissioner the name of any insurer or agent which fails to comply with the provisions of the Plan or with any rules prescribed thereunder by the governing committee or to pay within 30 days any assessment levied.

(21) INDEMNIFICATION. Each person serving on the governing committee or any subcommittee thereof, each member of the Plan, and the manager and each officer and employee of the Plan shall be indemnified by the Plan against all cost, settlement, judgment, and expense actually and necessarily incurred by him or it in connection with the defense of any action, suit, or proceeding in which he or it is made a party by reason of his or its being or having been a member

of the governing committee, or a member or manager or officer or employee of the Plan except in relation to matters as to which he or it has been judged in such action, suit, or proceeding to be liable by reason of willful misconduct in the performance of his or its duties as a member of such governing committee, or a member or manager or officer or employee of the Plan. This indemnification shall not apply to any loss, cost, or expense on insurance policy claims under the Plan. Indemnification hereunder shall not be exclusive of other rights to which the member, manager, officer, or employee may be entitled as a matter of law.

(22) **TRANSITION.** The voluntary Wisconsin Insurance Plan shall terminate as of January 1, 1970, and the assets and liabilities of such plan shall be assumed by the Plan established by this rule effective January 1, 1970, in accordance with the procedures established by the governing committee of the respective plans.

(23) **EFFECTIVE DATE.** This rule shall become effective January 1, 1970.

**History:** Cr. Register, December, 1969, No. 168, eff. 1-1-70; am. (3) (c) and (4) (b), cr. (4) (c), am. (5) (a) and (9) (a), renum. (9) (b) to be (c), and cr. (9) (b), am. (11) (a) 3. a. and c. and cr. 3. d, am. (15) (b) 2. and 4., Register, June, 1971, No. 186, 7-1-71; am. (3) (c) 3., Register, August, 1971, No. 188, eff. 9-1-71.

*d.s.*  
*eff*

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