

Chapter Ins 3

CASUALTY INSURANCE

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Ins 3.01 Accumulation benefit riders attached to health and accident policies</p> <p>Ins 3.02 Automobile fleets, vehicles not included in</p> <p>Ins 3.04 Dividends not deducted from premiums in computing loss reserves</p> <p>Ins 3.07 Rules in Chapter 4, FIRE AND ALLIED LINES INSURANCE, applicable to casualty insurance</p> <p>Ins 3.09 Mortgage guaranty insurance</p> <p>Ins 3.11 Multiple peril insurance contracts</p> <p>Ins 3.12 Membership fees and policy fees</p> <p>Ins 3.13 Individual accident and sickness insurance</p> <p>Ins 3.14 Group accident and sickness insurance</p> <p>Ins 3.15 Blanket accident and sickness insurance</p> <p>Ins 3.17 Reserves for accident and sickness policies</p> <p>Ins 3.18 Total consideration for accident and sickness insurance policies</p> | <p>Ins 3.19 Group accident and sickness insurance insuring debtors of a creditor</p> <p>Ins 3.20 Substandard risk automobile physical damage insurance for financed vehicles</p> <p>Ins 3.21 "In the same industry", definition of</p> <p>Ins 3.22 Bail bond insurance</p> <p>Ins 3.23 Franchise accident and sickness insurance</p> <p>Ins 3.25 Credit life insurance and credit accident and sickness insurance</p> <p>Ins 3.26 Unfair trade practices in credit life and credit accident and sickness insurance</p> <p>Ins 3.27 Advertisements of and deceptive practices in accident and sickness insurance</p> <p>Ins 3.28 Solicitation, underwriting and claims practices in individual accident and sickness insurance</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Ins 3.01 Accumulation benefit riders attached to health and accident policies. Except where such rider is used only on a policy replacing the company's own policy, and so recites, no rider providing for accumulations of benefits will be approved for use upon any policy of health and accident insurance, whether it is proposed to issue such rider with or without an additional premium. Such rider operates as an aid to twisting the policies of another company in such manner as to make its use a direct encouragement of this practice.

Ins 3.02 Automobile fleets, vehicles not included in. Individually owned motor vehicles cannot be included or covered by fleet rates. The determining factor for inclusion under fleet coverage must be ownership and not management or use.

Ins 3.03 History: 1-2-56; r. Register, October, 1958, No. 34, eff. 11-1-58.

Ins 3.04 Dividends not deducted from premiums in computing loss reserves. Premiums returned to policyholders as dividends may not be deducted from the earned premiums in computing loss reserves under section 204.28, Wis. Stats.

Ins 3.05 History: 1-2-56; r. Register, October, 1958, No. 34, eff. 11-1-58.

Ins 3.06 History: 1-2-56; r. Register, October, 1958, No. 34, eff. 11-1-58.

Ins 3.07 Rules in chapter 4, fire and allied lines insurance, applicable to casualty insurance. The following captioned rules under chapter 4, FIRE AND ALLIED LINES INSURANCE, are applicable to casualty insurance:

Ins 4.01 Mutual insurance companies operating on a post mortem assessment plan cannot limit assessments to a specified amount.

Ins 4.02 Nonassessable policies of mutual companies.

Ins 4.03 Policy, inspection and similar fees.

Ins 3.08 History: Cr. Register, October, 1956, No. 10, eff. 11-1-56; (19) is renum. to be (20); cr. (19), Register, June, 1960, No. 54, eff. 7-1-60; am. (19), Register, April, 1964, No. 100, eff. 5-164; r. Register, May, 1973, No. 209, eff. 6-1-73.

Ins 3.09 Mortgage guaranty insurance. (1) **PURPOSE.** This rule is intended to implement and interpret applicable statutes for the purpose of establishing minimum requirements for the transaction of mortgage guaranty insurance.

(2) **DEFINITION.** Mortgage guaranty insurance is that kind of insurance authorized by section 201.04 (19), Wis. Stats., and includes the guarantee of the payment of rentals under leases of real estate in which the lease extends for 3 years or longer.

(3) **ACCOUNTING AND REPORTING.** (a) The financial position of an insurer shall be reported annually on the Fire and Casualty annual statement form specified by Wis. Adm. Code section Ins 7.01 (5) (a).

(b) Expenses shall be recorded and reported in accordance with Wis. Adm. Code sections Ins 6.30 and Ins 6.31.

(c) The unearned premium reserve shall be computed in accordance with section 201.18 (1), Wis. Stats., except that in the case of premiums paid in advance for ten-year policies the annual pro rata factors specified below or comparable monthly pro rata factors shall apply.

Year	Unearned Factor to be Applied to Premiums in Force	Year	Unearned Factor to be Applied to Premiums in Force
1	90.0%	6	19.0%
2	70.0%	7	12.0%
3	52.5%	8	7.0%
4	39.0%	9	3.5%
5	28.0%	10	1.0%

(d) From the premium remaining after establishment of the premium reserve specified in paragraph (c) of this subsection, a portion equal to the contingency factor prescribed in paragraph (c) of subsection (4) shall be maintained as a special contingency reservation of premium and reported in the financial statement as a liability.

(e) The case basis method shall be used to determine the loss reserve, which shall include a reserve for claims reported and unpaid and a reserve for claims incurred but not reported.

(4) **CONTINGENCY RESERVE.** (a) The reserve established in paragraph (d) of subsection (3) shall be maintained for 120 months for the purpose of protecting against the effect of adverse economic cycles and to permit mortgage guaranty insurance companies to comply with section 832 (e) of the federal internal revenue code. That portion of the special premium reserve established more than 120 months prior shall be released and shall no longer constitute part of the special reserve and may be used for usual corporate purposes.

(b) Subject to the approval of the commissioner, the reserve shall be available only for loss payments when the incurred losses in any one year exceed 35% of the corresponding earned premiums.

twelve months from the effective date of coverage, unless the disease or physical condition causing the loss is excluded from coverage by name or specific description effective on the date of loss.

(c) An insurer shall not void coverage or deny a claim on the ground that the application for such coverage did not disclose certain information considered material to the risk if the application did not clearly require the disclosure of such information.

(d) A claim shall not be reduced or denied on the grounds that the disease or physical condition resulting in the loss had existed prior to the effective date of coverage, under coverage providing such a defense, unless the insurer has evidence that such disease or physical condition, as distinguished from the cause of such disease or physical condition, had manifested itself prior to such date. Such manifestation may be established by evidence of 1. medical diagnosis or treatment of such disease or physical condition prior to the effective date, or 2. the existence of symptoms of such disease or physical condition prior to the effective date which would cause an ordinarily prudent person to seek diagnosis, care, or treatment.

(e) Coverage which contains wording which requires the cause of the disease or physical condition, as distinguished from the disease or physical condition itself, to originate after the effective date of coverage shall be administered in accordance with paragraph (d) of this subsection.

(f) An insurer shall not exclude or limit benefits, using the pre-existence defense, a waiting period, a benefit maximum or other policy limitation, where the claimant's medical records indicate a reasonable basis for distinguishing between the condition or conditions which necessitated the hospital confinement or the medical or surgical treatment for which claim is made or which resulted in the disability for which claim is made and a concurrently existing condition or conditions which did not contribute to the need for the confinement or treatment or did not contribute to the disability.

(7) EFFECTIVE DATE. (a) Subsections (4), (5) (a), (b), (c), and (e) and (6) shall apply to all solicitation, underwriting, and claims activities relating to Wisconsin residents after March 1, 1974.

(b) Subsections (3) and (5) (d) and (e) shall apply to all solicitation, underwriting and claims activities relating to Wisconsin residents after May 1, 1974.

History: Cr. Register, February, 1974, No. 218, eff. 3-1-74.

*381
or 3,30 May Reg
Noted*

Next page is numbered 83