

**Chapter Ins 6  
GENERAL**

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**Ins 6.01 Foreign company to operate two years before admission.** Experience has demonstrated that until a company has engaged in the business of insurance for at least 2 years there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact business in Wisconsin will be considered until it has continuously transacted the business of insurance for at least 2 years immediately prior to the making of such application for license.

**Ins 6.02 Company to transact a kind of insurance two years before admission.** (1) Experience has demonstrated that until a company has engaged in a kind of insurance or in another kind of insurance of the same class for at least 2 years, there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business in such kind of insurance or another kind in the same class of insurance, are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact a kind of insurance business in Wisconsin will be considered until it has continuously

transacted that kind of insurance, or another kind of insurance in the same class of insurance as that for which it makes such application; for at least 2 years immediately prior to making such application. For the purposes hereof, insurance is divided into kinds of insurance according to the provisions of subsection 201.04 of Ins 6.70 each subsection setting forth a separate kind, and into classes of insurance upon the basis of and including the said kinds as follows:

(a) Fire insurance includes the kinds in subsection 201.04 (1) of Ins 6.70.

(b) Life insurance includes the kinds in subsection 201.04 (3) of Ins 6.70 but excluding all insurance on the health of persons other than that authorized in section 206.03, Wis. Stats.

(c) Casualty insurance includes the kinds in subsection 201.04 (4) through (11), and (13) through (18) of Ins 6.70.

(2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in subsection 201.04 (4), of Ins 6.70 if the applicant company has transacted any of the kinds of insurance in subsections 201.04 (3), (5), (13), (15), (16) and (18) of Ins 6.70 continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in subsection 201.04 (4) of Ins 6.70.

**History:** 1-2-56; emerg. am. eff. 6-22-76; am. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.03 Nonresident casualty and fire insurance agents.** (1) Separate licenses are required for the solicitation of casualty insurance business and of fire insurance business.

(4) The company which a nonresident wishes to represent as an agent must furnish a statement showing that the applicant is appointed to solicit insurance in Wisconsin as its agent and agree that it will be bound by his knowledge and acts to the same extent as it is in connection with authorized resident agents in Wisconsin.

(6) The applicant will be required to make full disclosure regarding any connection which he may have as an employe or member of any agency partnership, association or corporation, including the full names and residences of all members, officers, directors and stockholders.

(7) Licenses issued on or after November 1, 1949, shall expire on the next succeeding November 1st. The fee for each nonresident agent's license shall be \$10.00.

**History:** 1-2-56; r. (6) and renum. (7) and (8) to be (6) and (7), Register, February, 1976, No. 242, eff. 3-1-76; emerg. r. (2), (3) and (4); r. (2), (3) and (5), Register, September, 1976, No. 249, eff. 10-1-76.

**History:** Ins 6.04 Countersignature requirements. Cr. Register, April, 1958, No. 28, eff. 5-1-58; am. (2) (a), Register, April, 1963, No. 88, eff. 5-1-63; am. (2), Register, May, 1975, No. 233, eff. 6-1-75; emerg. r. eff. 6-22-76; r. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.05 Filing of insurance forms.** (1) **DEFINITIONS.** In this rule, unless the context otherwise requires, the following words and terms shall have the following meanings:

(a) "Insurance" shall mean any fire, liability, steam boiler, fidelity, title, credit, burglary, plate glass, sprinkler leakage, elevator, livestock,

**Ins 6.50 Examination and licensing of insurance agents.** (1) **PURPOSE.** This rule sets forth the kinds of insurance agents' licenses to be issued and establishes the procedures to be followed in conducting examinations of applicants for agents' licenses.

(2) **KINDS OF LICENSES.** The following insurance agents' licenses shall be issued, each authorizing the solicitation of the kind or kinds of insurance as classified in subsection 201.04 of Ins 6.70 and indicated respectively:

(a) *Fire and allied lines insurance*—as described in section 201.04 (1), (2), (12) and (14) of Ins 6.70. (Includes the lines of insurance listed in subsection (2) (b) and (c) of this rule.)

(b) *Hail insurance*—one of the insurances described in subsection 201.04 (1) of Ins 6.70.

(c) *Windstorm insurance*—one of the insurances described in subsection 201.04 (1) of Ins 6.70.

(d) *Life insurance*—as described in subsection 201.04 (3), (3a), (3b) and (3c) of Ins 6.70.

(e) *Credit life insurance*—as described in subsection 201.04 (3c) and 206.63 of Ins 6.70.

(f) *Disability insurance*—as described in subsection 201.04 (4) and (4a) of Ins 6.70.

(g) *Credit accident and sickness insurance*—as described in subsection 201.04 (4a) of Ins 6.70.

(h) *Casualty insurance*—as described in subsection 201.04 (5), (6) and (7), except bail bond insurance, and 201.04 (8), (9), (10), (11), (13), (15), (16), (17), (18), (19) and (20) of Ins 6.70 (includes the lines of insurance listed in subsection (2) (i), (j), (l), (m) and (n) of this rule.

(i) *Steam boiler insurance*—as described in subsection 201.04 (6) of Ins 6.70, and such insurance described in subsection 201.04 (18) of Ins 6.70 as shall be written in connection therewith.

(j) *Fidelity and surety insurance*—as described in subsection 201.04 (7) of Ins 6.70 except bail bond insurance.

(k) *Bail bond insurance*—one of the insurances described in subsection 201.04 (7) of Ins 6.70.

(l) *Title insurance*—as described in subsection 201.04 (8) of Ins 6.70.

(m) *Automobile insurance*—as described in subsection 201.04 (15) of Ins 6.70, and such insurance described in subsection 201.04 (18) of Ins 6.70 as shall be written in connection therewith.

(n) *Mortgage guaranty insurance*—as described in subsection 201.04 (19) of Ins 6.70.

(o) *Town mutual non-property insurance*—as described in subsection 612.31 (3) of Ins 6.70.

3. EXAMINATION PROCEDURES. The following shall apply to the qualification examinations for insurance agents' licenses:

(a) *Kinds of examinations.* A written examination shall be required for each kind of license listed in subsection (2), except that no examination shall be required for credit life insurance or for wind-storm insurance.

(b) *Grades.* The passing grade on all examinations is 70. When an applicant passes an examination, a grade of "pass" is to be indicated on the application. When an applicant fails an examination, the numerical grade is to be indicated on the application. Results will be mailed to the applicant.

(c) *Frequency.* If the applicant fails the first examination, he must wait at least 5 days from the date of the first examination before taking a second examination of the same kind. For all lines except life, upon failure to pass the same kind of examination a second time, the applicant must wait at least 30 days from the date of the second examination before repeating the examination procedure. For life insurance, the applicant must wait at least 6 months from the date of the second examination.

(d) *Time and place of examinations.* 1. Examination for life insurance agents' licenses may be taken in the office of the commissioner of insurance any work day. Applicants must report between 7:45 and 10:30 a.m. or between 12:30 and 3:15 p.m.

2. Examinations for all kinds of insurance agents' licenses will be administered at 9:30 a.m. on the second Saturday of each month at the following examination centers: Eau Claire, Green Bay, Madison, Milwaukee, Oshkosh, Platteville, Racine, Rhinelander, Superior.

3. Examinations for all kinds of insurance agents' licenses will be administered at 9:30 a.m. on the fourth Saturday of each month at the following examination centers: La Crosse, Madison, Milwaukee, Rice Lake, Stevens Point.

4. The center in each city shall be indicated on the "Notice to Report for Examination" (Form 11-4B) (Wis. Adm. Code section Ins 7.01 (4) (m)) sent each applicant.

Applicants who do not live in Wisconsin will be examined through arrangement with the insurance regulatory authority of their state of residence.

**History:** Cr. Register, December, 1967, No. 144, eff. 1-1-68; r. and recr. (3) (d), Register, November, 1971, No. 191, eff. 12-1-71; am. (2) (e), Register, February, 1973, No. 206, eff. 3-1-73; am. (2) (h), Register, September, 1973, No. 213, eff. 10-1-73; cr. (2) (o), Register, May, 1975, No. 233, eff. 6-1-75; emerg. am. (1), (2), (3) (a) and (c), eff. 6-22-76; am. (1), (2), (3) (a) and (c), Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.51 Group coverage discontinuance and replacement.** (1) **PURPOSE.** The purpose of this rule is to promote the fair and equitable treatment of group policyholders, insurance companies, nonprofit service plans, protected persons, claimants and the general public by setting forth principals and procedures applicable in providing coverage when a group or group type insurance contract is discontinued or replaced. This rule interprets and implements, including but not

(a) Be well-informed on the kinds of insurance they are qualified to write.

(b) Thoroughly analyze the insurance needs of their clients and recommend the forms of coverage best suited to their needs.

(c) Make no intentional false statements nor any material misrepresentations by omission of facts, inference or subterfuge in their relations with their clients, insurance companies, or other insurance agents.

(d) Take all reasonable steps so clients are informed on the extent and limitation of coverage provided by their contracts.

(e) Manage agency financial affairs in accordance with the high standards applicable to a fiduciary.

(f) Conform to all applicable insurance statutes and regulations.

(2) Standards of competence and trustworthiness established by (1) shall be applied to all applicants for individual intermediary-agent licenses.

(3) The following screening standards and procedures for determination of competence and trustworthiness of individual intermediary-agents submitting applications under the provisions of Ins 6.58 and 6.59 are adopted:

(a) Accuracy of application. Material misrepresentation in completing an application form (e.g. Insurance Form 11-40, 11-41 or 11-42) shall be considered evidence of untrustworthiness and cause for not issuing a permanent license.

(b) Complaint review. Information developed through consumer complaints involving an intermediary's activities during the prior three years (where applicable) shall be reviewed to determine whether the allegation, if proven, concerns a violation of the standards of competence and trustworthiness in subsection (1).

(c) Application data. Information reported in the application form (e.g. Insurance Form 11-40, sections 16, 22-25) shall be reviewed and investigated through correspondence with insurance companies, affected consumers, appropriate regulatory and law enforcement agencies, and, where necessary, follow-up investigation in the field to determine if the standards of competence and trustworthiness have been met.

(d) Competence. Where two or more verifiable instances of incompetence of an applicant making application under Ins 6.58 are developed through the procedures in (b) and (c), a license shall not be issued until the person makes application for and passes the written examination prescribed by Ins 6.59 for the kind or kinds of authority involved. Review under this paragraph will be in accordance with the standards for competence in subsection (1).

(e) Trustworthiness. Where information developed through the procedures in paragraphs (b) and (c) indicates that there has been substantial violation of the standards in paragraphs (b) through (f) of subsection (1) sufficient for the commissioner to institute proceedings to revoke a license, an intermediary-agent license shall not be issued.



(f) Notice. Applicants under Ins 6.58 shall be notified by May 1, 1977 where a determination has been made not to issue a permanent license.

1. Applicants shall have the right to request a review of such determination by a review committee designated by the Insurance Agent's Advisory Council established by Ins 6.10. Such request shall be made to the commissioner of insurance who shall proceed in a timely manner to arrange for a review by the council designated committee. The committee conclusion shall be transmitted to the applicant by the commissioner.

2. Applicants shall also have the right to a hearing to appeal a decision not to license. Such hearing and appeal shall be in accordance with procedures set forth in Chapter 227, Wis. Stats., and rules of the commissioner.

**Note:** The standards of competence and trustworthiness listed are not meant to be exclusive, nor are they intended to suggest that insurance intermediaries will never make mistakes. Professionals exercising broad discretion are always subject to second-guessing, in circumstances where there is no single "right" answer. The primary concern here is with substantial or persistent violations, or with a pattern of behavior which may endanger the legitimate interests of customers or the public.

**History:** Cr. Register, March, 1977, No. 255, eff. 4-1-77.

**Ins 6.70 Classification and combinations of insurance.** The texts of sections 201.04, 201.05 and 201.06, 1973 Wis. Stats., as amended by chapter 362, Laws of 1975, are incorporated herein by reference in their entirety, all statutory references therein being to 1973 Wis. Stats. as amended by chapter 362, Laws of 1975.

**Note:** References in the administrative code to parts of sections 201.04, 201.05, or 201.06 may be made as follows, for example, ". . . subsection 201.04 (19) of Ins 6.70" or ". . . paragraph (19) of subsection 201.04 of Ins 6.70".

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.71 Fire insurance.** The provisions of sections 203.01, 203.02, 203.06 [Excepting therefrom subsections (2) (a) 5., (2) (d), and (5)], and 203.28, 1973 Wis. Stats., are incorporated herein by reference, all statutory references therein being to 1973 Wisconsin Statutes.

**Note:** Subsections (2) (a) 5., (2) (d) and (5) of section 203.06, 1973 Wis. Stats., are replaced by sections 632.08, 632.05 and 631.41, 1975 Wis. Stats., respectively.

**Ins 6.72 Risk limitations.** The provisions of section 201.16, 1973 Wis. Stats., are incorporated herein by reference in their entirety, all statutory references therein being to 1973 Wisconsin Statutes.

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.73 Reinsurance.** The provisions of sections 201.27 and 201.31, 1973 Wis. Stats., are incorporated hereby by reference in their entirety.

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.74 Suretyship and risk limitations of surety obligations.**  
(1) **PURPOSE.** The purpose of this rule is to establish minimum requirements for the transaction of surety obligations.

(2) **SCOPE.** This rule shall apply to the limitations on bond penal amounts imposed on insurers engaged in the business of suretyship.

Register, March, 1977, No. 255

(3) **DEFINITIONS.** (a) For purposes of this rule suretyship shall be construed to be insurance.

(b) An insurance corporation authorized to write fidelity insurance may guarantee the fidelity of, or become the surety for: 1. persons holding positions of public or private trust; 2. the performance of any act, duty or obligation or the refraining from any act; 3. the performance of any contract; 4. bonds of insurance companies required by law as a condition of transacting business; 5. indemnifying banks, brokers and other financial or moneyed associations or corporations, against the loss of documents and money, except against loss caused by marine risks or risks of transportation or navigation; 6. indemnifying any federal land bank against loss by reason of defective title to or incumbrances on real property on which such bank may have a mortgage.

(c) As used in this rule any one surety risk shall be equivalent to the penal amount established on the surety bond.

(4) **RISK LIMITATIONS ON SURETYSHIP OBLIGATIONS.** (a) No corporation shall execute any suretyship obligation or expose itself to any loss on any one surety bond in an amount in excess of one-tenth of its capital and surplus as reported in its most recent filed annual statement, unless it shall be protected in the excess of that amount: 1. by reinsurance in a corporation licensed to transact surety business where the risk is located; or 2. by the cosuretyship of a surety corporation likewise licensed.

(b) A surety corporation may execute transportation or warehousing bonds for United States internal revenue taxes to an amount equal to 5 times the underwriting limitation specified in subsection (4) (a) of this rule.

(c) No corporation writing surety shall guarantee the deposits of any single financial institution in an aggregate amount in excess of the underwriting limitation set forth in subsection (4) (a) unless it shall be protected in excess of that amount by reinsurance or cosuretyship as specified in subsection (4) (a).

(d) A surety corporation shall not issue multiple bonds on a single contract (splitting bonds) and a surety corporation's liability on a single contract shall not be in excess of the limitations established in subsection (4) (a).

(e) No domestic corporation writing surety business shall execute, reinsure or be cosurety on a suretyship obligation in favor of the United States government, or any other obligee, whereby a surety issues a bond to an obligee for a penal amount which is 10%, or an amount substantially less than, the total contract amount, unless the surety reinsures or obtains a cosurety for at least 50% of the bond penal amount with a corporation licensed to transact surety business where the risk is located. This is tantamount to a maximum exposure for any single loss on any one surety bond of this type of not more than one-twentieth of a domestic surety corporation's capital and surplus.