



**ASSEMBLY AMENDMENT 1,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1995 ASSEMBLY BILL 498**

September 20, 1995 – Offered by Representative PLOMBON.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 4, line 5: after “(3)” insert “, (3m)”.

3 **2.** Page 4, line 6: delete “sub. (3)” and substitute “subs. (3) and (3m)”.

4 **3.** Page 4, line 23: after that line insert:

5 “(3m) Subsection (2) does not affect the liability of a partner in a registered
6 limited liability partnership that is not in compliance with the requirements under
7 s. 178.435.”.

8 **4.** Page 12, line 11: after that line insert:

9 “SECTION 25m. 178.435 of the statutes is created to read:

10 **178.435 Liability insurance. (1) DEFINITIONS.** In this section:

11 (a) “Financial institution” means a bank, savings bank, savings and loan or
12 credit union organized under the laws of this state. “Financial institution” also
13 includes a bank, savings bank, savings and loan or credit union organized under

1 federal law, if the institution has its principal place of business in this state or a
2 branch office having authority to receive deposits in this state.

3 (b) "Minimum coverage amount" means, for any registered limited liability
4 partnership or foreign registered limited liability partnership, an amount
5 determined by multiplying \$100,000 by the number of partners in the partnership
6 in excess of one, except that the amount may not be less than \$200,000 nor greater
7 than \$3,000,000.

8 (2) COVERAGE REQUIREMENT. Except as provided in sub. (3), a registered limited
9 liability partnership and a foreign registered limited liability partnership shall
10 maintain liability insurance with coverage limits that are at least equal to the
11 minimum coverage amount. The liability insurance shall cover the errors,
12 omissions, negligence, malpractice or wrongful acts of any partner.

13 (3) SELF-INSURANCE. (a) *Segregated amounts*. A registered limited liability
14 partnership or foreign registered limited liability partnership need not obtain
15 liability insurance under sub. (2) if the registered limited liability partnership or
16 foreign registered limited liability partnership specifically designates and
17 segregates an amount of funds for the satisfaction of judgments against the
18 partnership. The amount must be at least equal to the minimum coverage amount.
19 The amount may be held only in the following forms:

- 20 1. Cash.
- 21 2. A deposit in a financial institution.
- 22 3. United States treasury obligations.

23 (b) *Irrevocable letters of credit*. A registered limited liability partnership or
24 foreign registered limited liability partnership need not obtain liability insurance
25 under sub. (2) if the partnership obtains an irrevocable letter of credit from a

1 financial institution in an amount at least equal to the minimum coverage amount
2 payable to the partnership, as beneficiary for payment to creditors under a final
3 judgment or settlement under which the partnership is liable. The letter of credit
4 shall be payable upon presentation of a final judgment or a settlement agreement
5 signed by all parties. The letter of credit must be irrevocable, nonassignable and
6 nontransferable, except that the letter of credit may be replaced by liability
7 insurance under sub. (2).

8 (4) EFFECT IN CIVIL ACTIONS. In a civil action against a registered limited
9 liability partnership or a foreign registered limited liability partnership for
10 damages, if the partnership proves to the court in a hearing without a jury that the
11 partnership has complied with the requirements of this section, those requirements
12 and the partnership's compliance are not admissible as evidence in the civil action.

13 (5) FILING REQUIREMENT. The registered limited liability partnership or foreign
14 registered limited liability partnership shall file proof of compliance with this section
15 with its registration statement under s. 178.40 and annually thereafter.”.

16 (END)