

## CHAPTER 610

## INSURERS IN GENERAL

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**610.001 Purposes.** The purposes of chs. 611 to 614 are:

(1) To provide an orderly procedure by which insurers may be created, governed and dissolved;

(2) To provide for procedures to merge, consolidate or convert various kinds of insurers;

(3) To provide for structure and management that will maximize democratic participation in the operation of insurers; and

(4) To prevent or control self-dealing by management in order to protect the interests of shareholders, policyholders, members, subscribers and the public.

History: 1971 c. 260

Note: Chap. 260, laws of 1971, which created this chapter of the statutes, contained notes explaining the revision. See the 1971 session law volume.

**610.01 Definitions.** In chs. 610 to 620, unless the context requires otherwise:

(1) "Officer" does not include "director".

(2) "Director" includes "trustee".

(3) "Promoter stock" means shares issued by a domestic stock corporation under ss. 611.18 (2) (a) 2 and 611.32 (1), and shares issued within 5 years after the initial issuance of the certificate of authority, to incorporators, directors, principal officers, members of the families of any of these persons, and to any corporations controlled by, or any trustee acting in behalf of, any of these persons.

History: 1971 c. 260.

**610.11 Qualified insurers.** No person may do an insurance business as defined in s. 618.02 (2) on his own account in this state, either in person, or through agents or brokers, or through the mail or any other method of communication, except:

(1) An insurer authorized to do business in this state, within the limits of its certificate of authority; or

(2) An insurer doing business under s. 618.41.

History: 1971 c. 260.

**610.21 Other business.** (1) PROHIBITION FOR DOMESTIC INSURERS. No domestic insurer may engage, directly or indirectly, in any business other than insurance and business reasonably incidental to its insurance business, except as specifically authorized by s. 611.26 (4) or any other statute of this state.

(2) PROHIBITION FOR NONDOMESTIC INSURERS. No nondomestic insurer may engage in this state in any business forbidden to a domestic insurer, nor may the insurer engage in such business elsewhere if:

(a) The law of the insurer's domicile forbids an insurer to engage in such business; or

(b) The statutes of this state specifically prohibit a nondomestic insurer to engage in such business elsewhere; or

(c) The commissioner orders it to cease doing such business upon finding that doing such business is not consistent with the interests of its insureds, creditors or the public in this state; or that it gives the insurer a substantial competitive advantage in relation to domestic insurers.

(3) INCIDENTAL BUSINESS. "Incidental business" includes:

(a) The business of preparing and selling abstracts of title and related documents, if done by an insurer authorized to transact title insurance;

(b) Business that could be done through ancillary subsidiaries authorized under s. 611.26 (3), or, in the case of a nondomestic insurer, through corporations that would be so authorized if the insurer were domestic.

History: 1971 c. 260.

**610.41 Transition provisions for domestic insurance corporations under chapter 611.** (1) EFFECTIVE DATE OF CH. 611. Except as

otherwise provided in subs. (2) and (3), ch. 611

applies to domestic stock and mutual insurance corporations on April 30, 1972.

(2) **EXISTING STOCK AND MUTUAL INSURANCE CORPORATIONS.** (a) *Continuance of authorization.* A domestic stock or mutual insurance corporation holding a valid certificate of authority on April 30, 1972 continues to be authorized within the limits of its certificate of authority, subject to par. (c).

(b) *Inapplicable provisions.* Except under par. (c), ss. 611.11 to 611.22 and 611.32 do not apply to existing stock and mutual insurance corporations. Sections 611.31 (1) to (3) and 611.33 do not apply to securities already issued.

(c) *Delayed effect.* Sections 611.12 (1) (c), (2) (c) to (e), (3) and (4), 611.42, 611.51 to 611.53, 611.56 and 611.57 become applicable 2 years after April 30, 1972. Any existing stock or mutual insurance corporation may elect to comply with such provisions at an earlier date. The requirement of s. 611.51 (3) is not applicable until 4 years after April 30, 1972, if the corporation classifies directors. So far as such provisions are not yet applicable, the corresponding provisions of the law applicable to that corporation prior to April 30, 1972 continue to apply.

(d) *Date of issuance.* Whenever a provision refers to the date of the initial issuance of the certificate of authority, that date is the date of issuance of the original certificate of authority under prior law for any corporations holding a valid certificate of authority on April 30, 1972.

(e) *Extension of business.* If an existing stock or mutual insurance corporation wishes to extend its business beyond the limits of its certificate of authority in effect as of April 30, 1972, it shall apply for a new certificate of authority which shall be issued upon substantial compliance with the procedural and substantive requirements of s. 611.20.

(3) **EXTENSION OF ADJUSTMENT PERIOD.** If timely adjustment to the requirements of ch. 611 would cause an existing stock or mutual insurance corporation hardship, disproportionate expense or serious inconvenience, the commissioner may, upon the corporation's request, grant an additional delay for compliance with specified requirements if the interests of insureds and of the public are not endangered, but in no case for more than 2 years beyond the effective dates otherwise applicable.

History: 1971 c. 260.

**610.42 Transition provisions for corporations now in the process of organizing.** Corporations in the process of organization on April 30, 1972 that do not obtain a certificate of authority within one year after April 30, 1972,

shall make appropriate refunds and reimbursements to subscribers, incorporators and creditors in accordance with a plan approved by the insurance commissioner, which shall also specify the date upon which the legal existence of the corporation shall terminate.

History: 1971 c. 260

**610.43 Transition provision for town mutuals under chapter 612.** (1) **EFFECTIVE DATE OF CHAPTER 612.** Except as otherwise provided in subs. (2) and (3), ch. 612 applies to town mutuals one day after May 23, 1973.

(2) **EXISTING TOWN MUTUALS.** (a) *Continuance of authorization.* A town mutual holding a valid certificate of authority on May 24, 1973 shall continue to be authorized within the limits of its certificate of authority, subject to par. (c).

(b) *Inapplicable provisions.* Except under par. (d), s. 612.02 (1), (2) (a) and (4) to (7) do not apply to town mutuals under par. (a).

(c) *Delayed effect.* Sections 612.02 (2) (b) to (i), 612.33 (1), 612.36 and 612.51 do not apply to town mutuals under par. (a) until 2 years after May 24, 1973. However, any town mutual under par. (a) may elect to comply with any such provisions at an earlier date. So far as they are not yet applicable to a town mutual, corresponding provisions for the law applicable prior to May 24, 1973 continue to apply. The commissioner may extend the time for compliance with respect to any provision of ch. 612 for a reasonable period, either for all town mutuals by rule or for an individual town mutual by order.

(d) *Extension of business.* If a town mutual under par. (a) wishes to extend its business beyond the limits of its certificate of authority in effect as of May 24, 1973, it shall apply for a new certificate of authority which shall be issued upon substantial compliance with the applicable procedural and substantive requirements of s. 612.02 (4), (6) and (7) and any other applicable legal requirements.

(3) **EXTENSION OF ADJUSTMENT PERIOD.** If timely adjustment to the requirements of ch. 612 would cause an existing town mutual hardship, disproportionate expense or serious inconvenience, the commissioner may, upon the town mutual's request, grant an additional delay for compliance with specified requirements if the interests of insureds and the public are not endangered, but in no case for more than 2 years beyond the effective dates otherwise applicable.

History: 1973 c. 22, 25.

**610.44 Transition provisions for state funds.** Any coverage in effect through the

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various state funds on September 26, 1973 is continued in effect.

History: 1973 c 117.

**610.45 Transition provisions for nondomestic insurers.** Except as otherwise provided, ch. 618 applies on April 30, 1972.

History: 1971 c 260

**610.47 Transition provisions for miscellaneous unincorporated insurers.** Except for nonprofit service plans under s. 200.26 or associations under ss. 185.981 and 185.991, and except as otherwise provided in this code, all unincorporated domestic insurance associations, societies or organizations shall be reorganized as corporations under ch. 202, 208 or 611 before January 1, 1973, or the commissioner shall thereupon petition for and the court shall forthwith issue an order for liquidation under s.

645.42 on the ground of failure to incorporate as here required.

History: 1971 c. 260; 1971 c. 307 s. 108

**610.51 Special charter corporations.** Any insurance corporation organized under any special law is subject to all the provisions applicable to like corporations organized under the general law. Prior to January 1, 1973, the board, without approval by the shareholders or policyholders, may adopt articles of incorporation restating the charter, as amended, which conform to the general law. Such restated articles shall be filed with the commissioner promptly upon adoption and may be disapproved by him if changes are made from the charter that are not necessary or appropriate to make the articles conform to the general law.

History: 1971 c. 260.