

CHAPTER 203.

FIRE INSURANCE.

203.01 Standard fire policy.	203.16 Guarantee surplus and special reserve.
203.02 Fire policies, other conditions.	203.21 Total loss measured by amount written in policy.
203.03 Interest of the insured.	203.22 Coinsurance clauses.
203.04 Insurance appraisals.	203.23 Combinations to establish rates.
203.05 Part of fire premiums held as trust fund.	203.24 Adjusters of insurance.
203.06 Standard policy compulsory; permissible variations.	203.28 Fire companies, domestic; risks.
203.07 Unauthorized insurance voidable.	203.29 Classification of directors.
203.08 Penalties; company bound by voidable contract.	203.30 Liability of directors of mutual companies.
203.09 Board of underwriters; fire patrol.	203.31 Assessment by foreign company.
203.11 Effect of other policies on same risk.	203.32 Insurance rates and practices.
203.13 Notice to agent, notice to company; beneficiary misnamed, immaterial when.	203.52 Report reinsurance; penalty.
203.15 Licensed company not to reinsure unlicensed one; reinsurance by re-tiring company.	203.53 Penalties; nonpayment of judgment.
	203.54 Unauthorized risks; duty of commissioner.

203.01 Standard fire policy. (1) The commissioner of insurance shall keep on file printed forms in blank of the standard policy of fire insurance, containing the provisions, agreements and conditions specified in this section. The following policy form is declared to be and shall be known as the "Standard Policy."

[First page of policy]

..... Company
 Insert "stock" or "mutual"

[Space for insertion of name of company or companies issuing the policy and other matter permitted to be stated at the head of the policy.]

[Space for listing amount of insurance, rates and premiums for the basic coverages insured under the standard form of policy and for additional coverages or perils insured under endorsement attached.]

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS
 HEREIN OR ADDED HERETO

and of the premium above specified this Company, for the term of

 from } at noon, Standard Time, at
 to } location of property involved,
 to an amount not exceeding the amount(s) above specified does insure

.....
 and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described hereinafter while located or contained as described in this policy, or pro rata for 5 days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

Countersignature date Agency at
 Agent.

[Second page of policy]

1 **Concealment,** This entire policy shall be void if, whether
 2 **fraud.** before or after a loss, the insured has wil-
 3 fully concealed or misrepresented any ma-
 4 terial fact or circumstance concerning this insurance or the
 5 subject thereof, or the interest of the insured therein, or in case
 6 of any fraud or false swearing by the insured relating thereto.
 7 **Uninsurable** This policy shall not cover accounts, bills,
 8 **and** currency, deeds, evidences of debt, money or
 9 **excepted property.** securities; nor, unless specifically named
 10 hereon in writing, bullion or manuscripts.
 11 **Perils not** This Company shall not be liable for loss by
 12 **included.** fire or other perils insured against in this
 13 policy caused, directly or indirectly, by: (a)
 14 enemy attack by armed forces, including action taken by mili-
 15 tary, naval or air forces in resisting an actual or an immediately
 16 impending enemy attack; (b) invasion; (c) insurrection; (d)
 17 rebellion; (e) revolution; (f) civil war; (g) usurped power; (h)
 18 order of any civil authority except acts of destruction at the time
 19 of and for the purpose of preventing the spread of fire, provided
 20 that such fire did not originate from any of the perils excluded
 21 by this policy; (i) neglect of the insured to use all reasonable
 22 means to save and preserve the property at and after a loss, or
 23 when the property is endangered by fire in neighboring prem-
 24 ises; (j) nor shall this Company be liable for loss by theft.
 25 **Other Insurance.** Other insurance may be prohibited or the
 26 amount of insurance may be limited by en-
 27 dorsement attached hereto.
 28 **Conditions suspending or restricting insurance.** Unless other-
 29 wise provided in writing added hereto this Company shall not
 30 be liable for loss occurring
 31 (a) while the hazard is increased by any means within the con-
 32 trol or knowledge of the insured; or
 33 (b) while a described building, whether intended for occupancy
 34 by owner or tenant, is vacant or unoccupied beyond a period of
 35 sixty consecutive days; or
 36 (c) as a result of explosion or riot, unless fire ensue, and in
 37 that event for loss by fire only.
 38 **Other perils** Any other peril to be insured against or sub-
 39 **or subjects.** ject of insurance to be covered in this policy
 40 shall be by endorsement in writing hereon or
 41 added hereto.
 42 **Added provisions.** The extent of the application of insurance
 43 under this policy and of the contribution to
 44 be made by this Company in case of loss, and any other pro-
 45 vision or agreement not inconsistent with the provisions of this
 46 policy, may be provided for in writing added hereto, but no pro-
 47 vision may be waived except such as by the terms of this policy
 48 is subject to change.
 49 **Waiver** No permission affecting this insurance shall
 50 **provisions.** exist, or waiver of any provision be valid,
 51 unless granted herein or expressed in writing
 52 added hereto. No provision, stipulation or forfeiture shall be
 53 held to be waived by any requirement or proceeding on the part
 54 of this Company relating to appraisal or to any examination
 55 provided for herein.
 56 **Cancellation** This policy shall be cancelled at any time
 57 **of policy.** at the request of the insured, in which case
 58 this Company shall, upon demand and sur-
 59 render of this policy, refund the excess of paid premium above
 60 the customary short rates for the expired time. This pol-
 61 icy may be cancelled at any time by this Company by giving
 62 to the insured a five days' written notice of cancellation with
 63 or without tender of the excess of paid premium above the pro-
 64 rata premium for the expired time, which excess, if not ten-
 65 dered, shall be refunded on demand. Notice of cancellation shall

66 state that said excess premium (if not tendered) will be re-
67 funded on demand.

68 **Mortgagee** If loss hereunder is made payable, in whole
69 **interests and** or in part, to a designated mortgagee not
70 **obligations,** named herein as the insured, such interest in
71 this policy may be cancelled by giving to such
72 mortgagee a ten days' written notice of can-
73 cellation.

74 If the insured fails to render proof of loss such mortgagee, upon
75 notice, shall render proof of loss in the form herein specified
76 within sixty (60) days thereafter and shall be subject to the pro-
77 visions hereof relating to appraisal and time of payment and of
78 bringing suit. If this Company shall claim that no liability ex-
79 isted as to the mortgagor or owner, it shall, to the extent of pay-
80 ment of loss to the mortgagee, be subrogated to all the mort-
81 gagee's rights of recovery, but without impairing mortgagee's
82 right to sue; or it may pay off the mortgage debt and require
83 an assignment thereof and of the mortgage. Other provisions
84 relating to the interests and obligations of such mortgagee may
85 be added hereto by agreement in writing.

86 **Pro rata liability.** This Company shall not be liable for a greater
87 proportion of any loss than the amount
88 hereby insured shall bear to the whole insurance covering the
89 property against the peril involved, whether collectible or not.
90 **Requirements in** The insured shall give immediate written
91 **case loss occurs.** notice to this Company of any loss, protect
92 the property from further damage, forthwith
93 separate the damaged and undamaged personal property, put
94 it in the best possible order, furnish a complete inventory of
95 the destroyed, damaged and undamaged property, showing in
96 detail quantities, costs, actual cash value and amount of loss
97 claimed; and within sixty days after the loss, unless such time
98 is extended in writing by this Company, the insured shall render
99 to this Company a proof of loss, signed and sworn to by the
100 insured, stating the knowledge and belief of the insured as to
101 the following: the time and origin of the loss, the interest of the
102 insured and of all others in the property, the actual cash value of
103 each item thereof and the amount of loss thereto, all enum-
104 brances thereon, all other contracts of insurance, whether valid
105 or not, covering any of said property, any changes in the title,
106 use, occupation, location, possession or exposures of said prop-
107 erty since the issuing of this policy, by whom and for what
108 purpose any building herein described and the several parts
109 thereof were occupied at the time of loss and whether or not it
110 then stood on leased ground, and shall furnish a copy of all the
111 descriptions and schedules in all policies and, if required, verified
112 plans and specifications of any building, fixtures or machinery
113 destroyed or damaged. The insured, as often as may be reason-
114 ably required, shall exhibit to any person designated by this
115 Company all that remains of any property herein described, and
116 submit to examinations under oath by any person named by this
117 Company, and subscribe the same; and, as often as may be
118 reasonably required, shall produce for examination all books of
119 account, bills, invoices and other vouchers, or certified copies
120 thereof if originals be lost, at such reasonable time and place as
121 may be designated by this Company or its representative, and
122 shall permit extracts and copies thereof to be made.

123 **Appraisal.** In case the insured and this Company shall
124 fail to agree as to the actual cash value or
125 the amount of loss, then, on the written demand of either, each
126 shall select a competent and disinterested appraiser and notify
127 the other of the appraiser selected within twenty days of such
128 demand. The appraisers shall first select a competent and dis-
129 interested umpire; and failing for fifteen days to agree upon
130 such umpire, then, on request of the insured or this Company,
131 such umpire shall be selected by a judge of a court of record in

132 the state in which the property covered is located. The ap-
 133 praisers shall then appraise the loss, stating separately actual
 134 cash value and loss to each item; and, failing to agree, shall
 135 submit their differences, only, to the umpire. An award in writ-
 136 ing, so itemized, of any two when filed with this Company shall
 137 determine the amount of actual cash value and loss. Each
 138 appraiser shall be paid by the party selecting him and the ex-
 139 penses of appraisal and umpire shall be paid by the parties
 140 equally.

141 **Company's** It shall be optional with this Company to
 142 **options.** take all, or any part, of the property at the
 143 agreed or appraised value, and also to re-
 144 pair, rebuild or replace the property destroyed or damaged with
 145 other of like kind and quality within a reasonable time, on giv-
 146 ing notice of its intention so to do within thirty days after the
 147 receipt of the proof of loss herein required.

148 **Abandonment.** There can be no abandonment to this Com-
 149 pany of any property.

150 **When loss** The amount of loss for which this Company
 151 **payable.** may be liable shall be payable sixty days
 152 after proof of loss, as herein provided, is
 153 received by this Company and ascertainment of the loss is made
 154 either by agreement between the insured and this Company ex-
 155 pressed in writing or by the filing with this Company of an
 156 award as herein provided.

157 **Suit.** No suit or action on this policy for the recov-
 158 ery of any claim shall be sustainable in any
 159 court of law or equity unless all the requirements of this policy
 160 shall have been complied with, and unless commenced within
 161 twelve months next after inception of the loss.

162 **Subrogation.** This Company may require from the insured
 163 an assignment of all right of recovery against
 164 any party for loss to the extent that payment therefor is made
 165 by this Company.

IN WITNESS WHEREOF, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.

Secretary.

President.

[Third page of policy]

ATTACH FORM BELOW THIS LINE

[Fourth page of policy]

No.
 Expires
 Basic Amount \$..... Premium \$.....
 Property
 Insured's name and mailing address

SEE INSIDE OF POLICY FOR AMOUNT(S) OF INSURANCE AND
 PERIL(S) INSURED AGAINST.

It is important that the written portions of all policies covering the same property read exactly alike. If they do not, they should be made uniform at once.

(2) The position of the number of the policy may be modified by the insurer to suit its convenience. It shall be optional for the insurer to insert the words "renewal of number" on the first page of the policy followed by a blank line on which an appropriate number may be placed. The fourth page of the policy may be rearranged or amended and additions made thereto to suit the convenience of the company. In lieu of the signatures on such policy by the president and secretary of an insurer having no such officer or officers in this country, the same may be executed by such other officer or officers as have authority so to do.

A general agent, with authority to write policies for several insurance companies, was instructed on behalf of an insured that he should maintain insurance on the insured's mill in a stated amount and that, if the C. company would not take such amount of coverage, he should place it in other companies. The agent, on writing a policy for such amount in the C. company and then being instructed by it to cancel the same before it had received any premium, had authority to waive the 5 days' notice of cancellation for the insured, to cancel such policy effective immediately, and to write new covering policies in other companies effective immediately, so that only the other companies were liable for a loss thereafter occurring. The requirement that 5 days' notice of cancellation be given to the insured, is for the protection of the insured. *Homeland Ins. Co. v. Carolina Ins. Co.* 261 W 378, 52 NW (2d) 782.

The general rule is that the construction of words and clauses used in an insurance policy, where such construction does not depend on extrinsic facts, presents a question of law for the court to decide, and is not for the jury. The rule that an insurance policy is construed most strongly against the insurer applies only to the language of the contract and not to the facts of the case. *Bauman v. Midland Union Ins. Co.* 261 W 449, 53 NW (2d) 529.

In an action to recover damages for the destruction of a silo and contents on the ground that such damages were caused by an explosion under the provisions of the extended coverage clauses of fire policies issued by the defendant insurers, it was the function of the trial court to interpret the meaning of the word "explosion" in the policies and to instruct the jury as to the proper meaning of such word in that part of the charge dealing with a question of the special verdict asking whether an explosion had occurred, and it was error to give an in-

struction which left to the jury the determination of the proper interpretation of such word in the policies. *Bauman v. Midland Union Ins. Co.* 261 W 449, 53 NW (2d) 529.

A provision in a comprehensive insurance policy on an automobile, that the terms of the policy shall not be waived or changed except by indorsement issued to form a part of the policy, which is part of the standard policy provision, is construed as having reference to a waiver after the policy has become effective, and as not relating to prior acts of the agent in negotiating or writing the policy. *Emmco Ins. Co. v. Palatine Ins. Co.* 263 W 558, 58 NW (2d) 525.

Cancellation notices mailed to the insured, although effective to terminate the rights of the insured under the standard fire policy, did not affect the rights of a mortgagee named in a loss-payable clause, to whom such notices were not mailed; and under a later letter to the mortgagee, which effectively informed the mortgagee that the policy had been terminated, the policy continued in force and effect for 5 additional days so far as the mortgagee was concerned, since the mortgagee, under the cancellation clause of the policy, was also entitled to 5 days' advance notice of cancellation. *Seeburger v. Citizens Mut. Fire Ins. Co.* 267 W 213, 64 NW (2d) 879.

Under the cancellation clause of a standard fire policy, written notices mailed by the insurer to the insured on January 9, and January 30, 1950, stating that the insured's 5-year policy issued on February 7, 1949, would be automatically suspended from noon of February 7, 1950, until reinstated by payment of the annual premium, were effective to terminate the rights of the insured under the policy, so that, the insured not having reinstated the policy, the insurer was not liable for a loss which occurred on March 18, 1951. *Seeburger v. Citizens Mut. Fire Ins. Co.* 267 W 213, 64 NW (2d) 879.

203.02 Fire policies, other conditions. (1) If the policy be made by a company having special regulations lawfully applicable to its organization, membership or policies, such regulations shall apply to and form a part of the policy if the same are written or printed upon or appended to the policy.

(2) Every mutual fire insurance company shall contain in its name, which shall be upon the first page in every policy, the word mutual, and every stock corporation shall, upon the face of its policies, express that it is a stock corporation. If necessary any company may also express its manner of operating in this state, and any company organized under special charter may so indicate and may state on filing side and front page whether the policy is nonassessable.

203.03 Interest of the insured. The term "interest of the insured" as used in such standard fire insurance policy shall be deemed to include the interest of the named insured and of his or her spouse, when the insured property is owned by them in joint tenancy or is so transferred.

203.04 Insurance appraisals. (1) Whenever an appraisal is demanded and an appraiser appointed under the standard fire insurance policy, the other party shall designate an appraiser within 20 days after receipt of notice of such demand and appointment. If no appraiser is appointed by such other party, the party demanding the appraisal may make application for the appointment of an umpire, in the manner provided in subsection (2). Such umpire together with the appraiser named by the one party shall thereupon act as a board of appraisers and their award shall be as binding as though both parties had chosen appraisers.

(2) Application for the selection of an umpire pursuant to the provisions relating to appraisals shall be made to a judge of a court of record in the state in which the property insured was located at the time of the fire, on 5 days' notice in writing, to be given by either party to the other. Such notice when served by the insured must be served as provided in section 262.09 (4) or (8); and the judge shall, on proof by affidavit of the failure or neglect of said appraisers to select an umpire within the time provided in said policy, and of the service of notice aforesaid, forthwith appoint a competent and disinterested person to act as umpire in the ascertainment of the amount of said loss or damage.

203.05 Part of fire premiums held as trust fund. Unless otherwise specified in an indorsement on the policy, which is hereby authorized, the company shall hold as a de-

posit in trust for the insured, for which he shall have a preferred claim, a pro rata part of the premiums paid on every standard fire insurance policy.

203.06 Standard policy compulsory; permissible variations. (1) No person or company, except town mutual insurance companies, shall issue, use or deliver for use any fire insurance policy on property in this state, unless it shall conform as to all provisions, agreements and conditions of the standard policy as set forth in section 203.01. Appropriate forms of other contracts or indorsements, whereby the interest in the property described in such policy shall be insured against one or more of the perils which one or more of the insurers issuing the policy is empowered to assume, may be used in connection with the standard policy. Such forms of other contracts or indorsements attached or printed thereon may contain provisions and stipulations inconsistent with the standard policy, provided that the fire and lightning portions thereof shall be in accord substantially with such standard policy. Subject to the approval of the commissioner, the first page of the standard policy may be rearranged as to all provisions thereof and to provide space for the listing of rates and premiums for coverages insured thereunder or under indorsements attached or printed thereon. Blank spaces may be changed or altered, spaces may be provided for the listing of rates and premiums for coverages insured under the policy or by riders or indorsements attached to or printed thereon and spaces may be utilized for reference to forms and for listing the amount of insurance, provisions as to coinsurance, provisions as to mortgage clause, descriptions and locations of the insured property and other matters advisable and necessary to indicate a delineation of the insurance effective under the contract, and other data as may be included for duplication on daily reports for office records. The name of the company, its location or place of business, the date of its incorporation or organization and the state or country under which the same is organized, or the location of its United States office, the states wherein such policy is in use, the amount of paid-up capital, whether it is a stock or mutual company, or the manner in which it operates in this state, and the name of its officers may, at the option of the company, be printed on the policies. Subject to the approval of the commissioner there may be placed on the policy an emblem, picture or medallion commonly used by such company and an appropriate title may be printed at the top of page 1 and on page 4.

(2) (a) There may be inserted in the space indicated therefor or added to the policy by agreement in writing thereon or by indorsement thereto, the following:

1. Descriptions and specifications by schedule or otherwise of the property covered by the policy.

2. Any matter stating the extent of the application of the insurance under the policy.

3. Any matter stating the extent of the contribution to be made under the policy in case of loss or damage.

4. Any matter necessary to express all the facts and conditions relating to insurance on any particular risk.

5. In case of a mortgage or other person holding an interest in property by way of security, who is not named in the policy as an assured, a rider or indorsement, relating to the interest of such mortgagee or other person may be added to such policy. Provided, however, if the insurance covers real property, any loss not exceeding \$100 shall be paid solely to the assured mortgagor.

(b) Every agreement or indorsement shall be plainly printed and in a type not smaller than 8-point and the facts or conditions of such agreement or indorsement shall not defeat or diminish the rights of the insured under the provisions of the standard fire insurance policy.

(d) Riders and endorsements may be added to the standard fire insurance policy insuring property, whereby the insurer agrees to reimburse and indemnify the insured for the difference between the actual value of the insured property at the time any loss or damage occurs and the amount that would be required to repair, rebuild or replace with new materials of like size, kind and quality, but not to exceed the amount of insurance covering such property as has been damaged or destroyed by fire or other perils insured against. The attachment of such riders and endorsements to the standard fire insurance policy with respect to dwelling risks shall in no event result in the payment of a lesser amount than would otherwise have been paid had such riders and endorsements not been attached.

(3) A company may, with the approval of the commissioner, if the same is not already included in the standard form, print on its policies any provision, which it is required by law to insert therein, if such provision be not in conflict with the laws of this state or of the United States, or of the provisions of the standard fire insurance policy, but any such provision shall be printed apart from the other provisions of the policy, and in type not smaller than 8 point, and under this title: "Provisions required by law to be stated in this policy," and be a part of said policy.

(4) The name, with the word "agent" and place of business of any insurance agent may be indorsed on the policy.

(5) Where companies issue a joint policy there may be expressed in the heading of such policy the fact of the severalty of the contract; the proportion of premium to be paid to each company; the proportion of liability which each company agrees to assume; and in the printed conditions of such policy the necessary change may be made from the singular to the plural number, when reference is had to the companies issuing such policy.

(6) The standard policy shall not be mandatory for motor vehicle insurance or for marine, or for inland marine insurance, as the same is defined in s. 203.32 (2), or for insurance on growing crops.

(7) Subject to the approval of the commissioner, the insuring clause in the standard policy may be modified to include perils in addition to fire and lightning when such perils are included under the policy conditions.

History: 1951 c. 410, 452; 1955 c. 524, 605.

203.07 Unauthorized insurance voidable. (1) All insurance against loss or damage to property or in the use of or income from property in this state shall be held to be made within this state.

(2) No unauthorized insurer shall issue, directly or indirectly, any policy on property in this state, except as specifically authorized by law. All policies issued in violation of this section are unenforceable by the insurer.

203.08 Penalties; company bound by voidable contract. Any insurance company, or officer or agent violating any provision of sections 203.01 to 203.07, by issuing, delivering or offering to deliver any policy of fire insurance on property in this state, shall be fined not less than fifty dollars nor more than one hundred dollars for the first offense, and not less than one hundred dollars nor more than two hundred and fifty dollars for each subsequent offense; but any policy so issued and delivered shall be binding upon the company, and such act shall be cause for revoking the company's authority to do business in this state.

203.09 Board of underwriters; fire patrol. (1) **INCORPORATION.** Three or more fire insured agents or companies in any city may incorporate as a board of underwriters in such city under the provisions of ch. 180 or 181.

(2) **FIRE PATROL; DUTIES.** The board may establish a fire patrol in such city, and may appoint and remove at pleasure a superintendent and such number of patrols as it shall deem proper and provide suitable accommodations and apparatus for such patrol, and make needful regulations for the government and direction thereof; the duty of such patrol shall be to discover and prevent fires and to save life and property at and after fires, and for that purpose such superintendent and patrol may enter any building on fire or which may be in danger of taking fire, subject to the control of the chief of the city fire department, and to remove property therefrom at or immediately after a fire and to guard and protect the same.

(3) **ANNUAL MEETING, BUSINESS.** The board shall meet in January in each year; prior notice of such meeting, specifying the time and place, shall be inserted at least ten days prior thereto in a local daily newspaper; at such meeting each insurance company or agent doing a fire insurance business in such city and who has become a member of such corporation shall have the right to be present and each company shall be entitled to one vote. Membership in any such corporation or board shall be optional. Such meeting may determine whether a fire patrol shall be established, or continued if established, and fix the maximum expenses which shall be incurred therefor during the ensuing year; but not exceeding two per cent of the premiums for fire insurance received in such city during such year.

(4) **EXPENSES OF FIRE PATROL.** On the first day of each February each insurance company or agent doing fire insurance business in such city who has become a member of such corporation or board shall furnish said board a sworn statement of the amount of premiums received for insuring property in such city during the preceding calendar year. The board shall assess the amount fixed for said expenses for the current year upon the several member companies or agents, in proportion to the amount of the premiums received by each, and such assessments may be recovered by such board. If statements shall not be made as above required, the board shall serve a written demand therefor on the delinquent member company or agent personally or by leaving the same during business hours at its or his office with the person in charge thereof; and every such member company or agent who shall wilfully make a false statement, or who shall, for fifteen days after such demand, neglect to render such statement, shall forfeit fifty dollars and an

additional fifty dollars for each day's neglect after the expiration of said fifteen days, one-half to the use of said board, when it shall prosecute therefor.

History: 1955 c. 661.

203.11 Effect of other policies on same risk. Whether or not a condition is included in any fire insurance policy issued in this state that unless provided by agreement in writing added thereto the insuring company shall not be liable for loss or damage occurring while the insured shall have any other contract of insurance, whether valid or not, on property covered in whole or in part by such policy, such other or additional insurance, whether with or without knowledge or permission of the insuring company, shall nevertheless not operate to relieve the insuring company from liability for loss or damage occurring while the insured shall have such other contract of insurance, whether valid or not. Subject to all other terms and conditions of its policy, each insuring company shall be liable for its proportionate share of any such loss or damage, but in no event shall the insured be entitled to recover from any or all of such insuring companies a sum greater than his actual loss or damage.

203.13 Notice to agent, notice to company; beneficiary misnamed, immaterial when. (1) Knowledge of an agent of a fire, casualty or marine insurance company at the time a policy is issued or an application made shall be knowledge of the company, and any fact which breaches a condition of the policy and is known to the agent when the policy is issued or the application made shall not void the policy or defeat a recovery thereon in the event of loss.

(2) Error or mistake in designating the person to whom the insurance is payable in a policy of fire insurance shall not void the policy notwithstanding its terms, unless it shall be found as a fact that such error or mistake was due to fraud, misrepresentation or concealment on the part of the owner of the property, or the person representing him, in procuring the issue of the policy, or that the company would not have issued or continued the policy if it had known the facts.

(3) If an agent of any fire, casualty or marine insurer by any act, statement or representation, after a loss and made in reference to notice of loss, or care of property or proofs of loss in connection with such loss, although such act, statement or representation may not have been authorized by the company, shall cause or induce an assured to refrain from doing an act required to be done under the policy of insurance or to delay such act or do it in a manner different from that required by the policy, then such failure to act or delay or doing of such act in a manner different than that prescribed by the policy shall not be a defense to the company or other insurer notwithstanding any provision in the policy unless such failure to act or delay or the doing of such act in a manner different from that prescribed in the policy shall actually have substantially misled or prejudiced the insurer, or unless such act, statement or representation shall have been made in collusion with assured to deceive or defraud the insurer. Nothing herein contained shall in any case be construed to limit or restrict any existing rule of law as to the insurer being bound by the knowledge, statements, acts or representations of an agent but shall apply only to cases where the company would not, under the rules of law heretofore existing, be bound by the acts, statements or representations of the agent.

203.15 Licensed company not to reinsure unlicensed one; reinsurance by retiring company. (1) No fire insurance company shall reinsure or assume in any manner or form, the whole or any part of any risk or liability covering property in this state, of any unlicensed insurance company.

(2) Any licensed fire insurance company or reinsurance company shall, on retiring from business before the expiration of its policies, file with the commissioner a written notice of such intention, together with a sworn statement of its outstanding liabilities or obligations under such policies, and shall reinsure such liabilities or obligations in a company authorized to do business in this state.

203.16 Guarantee surplus and special reserve. (1) **HOW CREATED; COMMISSIONER'S DUTY.** The board of directors of any fire insurance corporation may by resolution create a guaranty surplus fund and a special reserve fund. Upon filing a copy of the resolution with the commissioner he shall make an examination of such corporation and record a certificate, which shall particularly set forth the amount of its surplus funds at that time which may be equally divided between and set apart to constitute such funds. Thereafter all policies and renewals issued shall have printed thereon a notice that they are issued subject to the provisions of this section.

(2) **DIVIDENDS; SURPLUS; HOW ESTIMATED.** Thereafter such corporation shall not declare or pay any dividend exceeding seven per cent per annum upon its capital stock until after its guaranty surplus fund and its special reserve fund shall together equal its

capital stock. The surplus profits of such corporation above such annual dividend shall be equally divided between and be set apart to said funds, which shall be held and used as hereinafter provided and not otherwise. Any corporation which shall declare or pay any dividend contrary to the provisions of this section shall be liable to dissolution. In estimating such surplus profits there shall be deducted from the gross assets of the corporation the sum of the following items: All outstanding claims; an amount sufficient to meet its liability for the unearned premiums received on policies having a one-year term or less and a pro rata proportion of the premiums received on the policies having more than a one-year term; its guaranty surplus fund and its special reserve fund; the capital of the corporation; and seven per cent per annum upon the capital for whatever time shall have elapsed since the last cash dividend. The balance shall constitute such surplus profits.

(3) INVESTMENT OF SURPLUS AND SPECIAL FUND. Said guaranty surplus fund shall be invested in the securities specified in section 209.01 (3), and shall be held liable and applicable in the same manner as the capital to the payment of the losses; and such special reserve fund shall be invested only in securities specified in section 209.01 (3), and shall be deposited from time to time as the same shall be invested with the state treasurer, who shall permit said corporation to collect and receive the interest or dividends upon such securities as the same may accrue; but no such securities so deposited shall be withdrawn unless others of equal value are substituted therefor; and such special reserve fund shall be deemed a fund contributed by the stockholders to protect such corporation and its policyholders in case of extraordinary conflagrations; and said fund shall not be liable for any claims for losses except as hereinafter provided.

(4) CONFLAGRATION, APPLICATION OF RESERVE; DISCHARGE OF COMPANY; NEW CAPITAL. In the event of an extensive conflagration, whereby the claims upon any corporation shall exceed the amount of the capital and of its guaranty surplus fund, the corporation shall notify the commissioner, who shall then make an examination of the corporation, and shall certify the result in duplicate showing the amounts of capital, of guaranty surplus fund, of special reserve fund, of reinsurance liability and of other assets, one copy to be given to the corporation and one to be recorded in the insurance department; thereupon the special reserve fund shall be held to protect all policyholders other than such as are claimants at the time or such as become claimants in consequence of such conflagration. Such special reserve fund and an amount equal to the unearned premiums of such corporation, to be ascertained as provided in subsection (2), shall constitute the capital and assets of such corporation for the protection of policyholders, other than such claimants, and for the further conduct of its business. Such certificate of the commissioner shall be binding and conclusive upon all parties interested, and upon pro rata payment of claims existing at the time of or caused by such conflagration, of the full sum of the capital of such corporation, its guaranty surplus fund and its assets, excepting only such special reserve fund and assets equal to its liability for unearned premiums as so certified, such corporation shall be forever discharged from all liability to such claimants and to each of them. The state treasurer shall thereupon and upon demand of such corporation, transfer to it all securities it shall have deposited with him as such special reserve fund; and if the amount of such special reserve fund be less than fifty per cent of the full amount of the capital of the corporation, a requisition shall be issued by the commissioner upon the stockholders to make up such capital to that proportion of its full amount; and up to at least two hundred thousand dollars; and in case such corporation shall fail to make up its capital to said amount of two hundred thousand dollars, said special reserve fund shall still be held as security and liable for any and all losses occurring upon its policies after such conflagration.

(5) CONFLAGRATION, RESTORATION OF CAPITAL. If at any time it shall appear upon examination by the commissioner that the capital of such corporation has, without the occurrence of any such extensive conflagration, become impaired, and he shall order a call upon the stockholders to make up such impairment, the board of directors may either require the necessary payment by the stockholders or transfer to capital so much of said special reserve fund as will make such impairment good.

203.21 Total loss measured by amount written in policy. Whenever any policy insures real property and the property is wholly destroyed, without criminal fault on the part of the insured or his assigns, the amount of the policy shall be taken conclusively to be the value of the property when insured and the amount of loss when destroyed.

203.22 Coinsurance clauses. Except as otherwise provided by law, no fire insurance company shall issue any policy in this state containing any provision limiting the amount to be paid in case of loss below the actual cash value of the property, if within the amount for which the premium is paid, unless, at the option of the insured, a reduced

rate shall be given for the use of a coinsurance clause made a part of the policy. Any company may, by so providing in the policy, distribute the total insurance in the manner and upon as many items as specified therein, or limit the amount recoverable upon any single item, article or animal to an amount not exceeding the cost thereof, or to an amount specified in the policy. Any company, officer or agent violating any provision of this section shall upon conviction thereof, be punished by a fine of not less than \$100 nor more than \$500 and the license of such agent and company may be suspended for a period not exceeding one year.

203.23 Combinations to establish rates. No fire, fire and marine, or marine and inland insurance company or its agent shall enter into any agreement, combination or compact for the purpose of establishing and maintaining rates; except such agreements as are authorized by statutes, or such as may be filed with and approved by the commissioner. Such approval may be withdrawn at any time.

203.24 Adjusters of insurance. (1) No person, except an agent holding a certificate of authority under section 209.04, shall make any adjustment of loss under an insurance policy covering hazards described in subsections (1), (2), (11), (12), (14) and (15) of section 201.04, unless he shall hold a certificate under this section.

(2) A certificate of authority as a fire insurance adjuster, expiring January thirty-first, following, may be issued by the commissioner to any person filing an application on a prescribed form and upon the payment of a license fee of one dollar.

(3) Such certificate shall be revoked by the commissioner, if after due investigation and hearing, he determines that the holder has violated the insurance law. No person whose certificate is revoked shall be granted another certificate within one year thereafter, nor shall he, until again so authorized, act as employe or participate in the pay of any fire insurance adjuster.

(4) A person does not violate this section by making his first adjustment during a license year prior to obtaining such certificate; provided, that he shall, within two days after entering upon such adjustment, make application therefor, and shall in all other respects comply with this section.

(5) Upon the completion of each adjustment, a report thereof shall be made and signed by each adjuster participating therein and by the insured or someone authorized thereto by him, and shall be filed with the state fire marshal and a duplicate thereof shall be filed with the chief of the fire department, if any, provided that reports of adjustment under subsection (15) of section 201.04 need not be filed unless the adjustment involves a fire loss, and then only as to such fire loss.

(6) No loss shall be paid unless the report of the adjustment signed by the adjuster shall show that the report and duplicates required by this section have been filed.

(7) The deposit of such report in the mails, properly sealed, addressed and postpaid, shall be a sufficient filing.

(8) This section shall apply to all persons who act in the capacity specified in subsection (1) for any insurance company or insured and to all persons who act as advisors to or adjusters for the insured for compensation in case of loss by fire, excepting attorneys acting in the ordinary relation of attorney and client.

(9) No compensation which shall be based on the excess of recovery over a stipulated sum, or on a percentage upon the amount of recovery in excess of five per cent of the amount of such recovery, plus actual transportation charges and hotel bills, shall be paid for the services of any fire insurance adjuster, and any contract for compensation in violation of this subsection shall be void.

(10) Subsection (1) shall not apply to adjusters for town mutual companies. The reports of adjustments may be made in such form and at such times as are prescribed by the commissioner.

(11) Any person violating this section shall be fined not more than five hundred dollars or imprisoned not exceeding six months.

203.28 Fire companies, domestic; risks. Any corporation organized under the laws of this state for the insurance of property against loss or damage by fire may also insure the interest of the insured in the same classes of property, real or personal, subject to the limitations prescribed by the law under which it was organized or is governed as to the amount of any single risk, against loss or damage:

(1) By lightning, hail, wind or rainstorm, earthquake, bombardment, invasion, insurrection, riot, civil war, military or usurped power;

(2) By breakage or leakage of sprinklers or sprinkler systems, pumps, waterpipes or plumbing;

(3) By explosions, whether fire ensues or not, including explosion of steam boilers, pipes, engines, motors and machinery connected therewith;

- (4) By burglary or theft;
- (5) By breakage of glass;
- (6) By any other hazard which may lawfully be the subject of insurance except hazards which may be insured against under section 201.04 (7), (8) and (9); and
- (7) May insure against loss or damage to live stock and may also insure automobiles and other vehicles including accessories and other property transported upon and used in connection therewith against loss by collision, burglary or theft and may also insure against loss by legal liability for damage to property resulting from the maintenance and use of automobiles or other vehicles and against any risk mentioned in section 201.04 (1), (2), (5) or (10) which the company may assume under its license.

History: 1951 c. 573.

203.29 Classification of directors. Any fire insurance company organized under any special law of this state may classify its directors so that a proportionate number of them shall hold for one, two and three years respectively.

203.30 Liability of directors of mutual companies. The directors of every mutual fire insurance corporation shall be personally liable for all dues owing and assessments made on policies written upon property in any other state, territory or foreign country in which the corporation has not been duly admitted to do business and wherein such policies have been issued in violation of the law of such state, territory or foreign country; provided, this section shall not apply to church mutual insurance companies.

203.31 Assessment by foreign company. Every foreign mutual fire insurance company licensed in this state shall, immediately after making an assessment upon any of its members herein, notify the commissioner thereof and accompany such notice with a statement of the condition of the company, setting forth in particular the facts showing the necessity for each assessment. No company shall make or increase any such assessment because of its inability to collect assessments from its members in states or territories in which its policies were written in violation of the laws thereof. This section shall not apply to church mutual insurance companies.

203.32 Insurance rates and practices. (1) **PURPOSE OF SECTION.** The purpose of this section is to promote the public welfare by regulating insurance rates to the end that they shall not be excessive, inadequate or unfairly discriminatory, and to authorize and regulate co-operative action among insurers in rate making and in other matters within the scope of this section. Nothing in this section is intended (1) to prohibit or discourage reasonable competition, or (2) to prohibit, or encourage except to the extent necessary to accomplish the aforementioned purpose, uniformity in insurance rates, rating systems, rating plans or practices. This section shall be liberally interpreted to carry into effect the provisions of this subsection. Section 201.60 shall not apply in respect to the subject matter of this section.

(2) **SCOPE OF SECTION.** (a) This section applies to fire and allied lines, marine and inland marine insurance as authorized under the provisions of 201.04 (1), (2) and (12) and 203.28 as written on risks located in this state by any company, association, or other carrier including interinsurers. Inland marine insurance shall be deemed to include insurance now or hereafter defined by statute, or by interpretation thereof, or if not so defined or interpreted, by ruling of the commissioner of insurance, hereinafter referred to as commissioner, or as established by general custom of the business, as inland marine insurance.

(b) This section shall not apply:

1. To reinsurance, other than joint reinsurance to the extent stated in subsection (11);
2. To insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies;
3. To insurance of hulls of aircraft, including their accessories and equipment, or against liability arising out of the ownership, maintenance or use of aircraft;
4. To motor vehicle insurance, nor to insurance against liability arising out of the ownership, maintenance or use of motor vehicles;
5. To town mutual companies;
6. To windstorm, tornado and cyclone insurance and supplemental coverage written by domestic mutual companies on the assessment plan.

(c) If any kind of insurance, subdivision or combination thereof, or type of coverage, subject to this section, is also subject to regulation by another rate regulatory act of this state, an insurer to which both acts are otherwise applicable shall file with the commissioner a designation as to which rate regulatory act shall be applicable to it with respect to such kind of insurance, subdivision or combination thereof, or type of coverage.

(3) MAKING OF RATES. (a) Rates shall be made in accordance with the following provisions:

1. Manual, minimum, class rates, rating schedules or rating plans, including short rate tables, shall be made and adopted, except in the case of specific inland marine rates on risks specially rated.

2. Rates shall not be excessive, inadequate or unfairly discriminatory.

3. Due consideration shall be given to past and prospective loss experience within and outside this state, to the conflagration and catastrophe hazards, to a reasonable margin for underwriting profit and contingencies, to dividends, savings or unabsorbed premium deposits allowed or returned by insurer to their policyholders, members or subscribers, to past and prospective expenses both countrywide and those specially applicable to this state, and to all other relevant factors within and outside this state; and in the case of fire insurance rates consideration shall be given to the experience of the fire insurance business during a period of not less than the most recent 5-year period for which such experience is available. In the case of classes of risks which do not develop an adequate amount of experience in this state, the experience in states with similar conditions prevailing on such risks may be taken into consideration if available.

(b) Except to the extent necessary to meet the provisions of paragraph (a) 2, uniformity among insurers in any matters within the scope of this subsection is neither required nor prohibited.

(c) Rates made in accordance with this subsection may be used subject to the provisions of this section and shall be considered in connection with rating schedules and underwriting rules as applied to the coverage afforded by the policy provisions, including forms.

(4) RATE FILINGS. (a) Every insurer shall file with the commissioner, except as to inland marine risks which by general custom of the business are not written according to manual rates or rating plans, every manual, schedule, minimum, class rate, rating schedule or rating plan and every underwriting rule, and every modification of any of the foregoing which it proposes to use, including short rate tables. Every such filing shall state the proposed effective date thereof, and shall indicate the character and extent of the coverage contemplated. Such short rate tables shall specify the percentages of the premium to be charged or retained by the insurer, and shall cover all policies of insurance the term of which is less than the term prescribed for such insurance by the rate and rating schedules as filed by such insurer or by a rating bureau or organization in behalf of such insurer.

(b) When a filing is not accompanied by the information upon which the insurer supports such a filing, and the commissioner does not have sufficient information to determine whether such filing meets the requirements of the section, he shall require such insurer to furnish the information upon which it supports such filing and in such event the waiting period shall commence as of the date such information is furnished. The information furnished in support of a filing may include (1) the experience or judgment of the insurer or rating organization making the filing, (2) its interpretation of any statistical data it relies upon, (3) the experience of other insurers or rating organizations, or (4) any other relevant factors. A filing and any supporting information shall be open to public inspection after the filing becomes effective. Specific inland marine rates on risks specially rated, made by a rating organization, shall be filed with the commissioner.

(c) An insurer may satisfy its obligation to make such filings by becoming a member of, or a subscriber to, a licensed rating organization which makes such filings, and by authorizing the commissioner to accept such filings on its behalf; provided, that nothing contained in this section shall be construed as requiring any insurer to become a member of or a subscriber to any rating organization.

(d) The commissioner shall review filings as soon as reasonably possible after they have been made in order to determine whether they meet the requirements of this section.

(e) Subject to the exception specified in paragraph (f), each filing shall be on file for a waiting period of 15 days before it becomes effective, which period may be extended by the commissioner for an additional period not to exceed 15 days if he gives written notice within such waiting period to the insurer or rating organization which made the filing that he needs such additional time for the consideration of such filing. Upon written application by such insurer or rating organization, the commissioner may authorize a filing which he has reviewed to become effective before the expiration of the waiting period or any extension thereof. A filing shall be deemed to meet the requirements of this section unless disapproved by the commissioner within the waiting period or any extension thereof.

(f) Specific inland marine rates on risks specially rated by a rating organization shall become effective when filed and shall be deemed to meet the requirements of this section until such time as the commissioner reviews the filing and so long thereafter as the filing remains in effect.

(g) Under such rules and regulations as he shall adopt the commissioner may, by written order, suspend or modify the requirement of filing as to any kind of insurance, subdivision or combination thereof, or as to classes of risks, the rates for which cannot practicably be filed before they are used. Such orders, rules and regulations shall be made known to insurers and rating organizations affected thereby. The commissioner may make such examination as he may deem advisable to ascertain whether any rates affected by such order meet the standards set forth in subsection (3) (a) 2.

(h) Upon the written application of the insured, stating his reasons therefor, filed with and approved by the commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk.

(i) On or after January 1, 1948, no insurer shall make or issue a contract or policy except in accordance with the filings which are in effect for said insurer as provided in this section or in accordance with par. (g) or (h). This subsection shall not apply to contracts or policies for inland marine risks as to which filings are not required.

(5) DISAPPROVAL OF FILINGS. (a) If within the waiting period or any extension thereof as provided in subsection (4) (e), the commissioner finds that a filing does not meet the requirements of this section, he shall, except as provided in subsection (7) hereof, send to the insurer or rating organization which made such filing, written notice of disapproval of such filing specifying therein in what respects he finds such filing fails to meet the requirements of this section and stating that such filing shall not become effective.

(b) If within 30 days after a specific inland marine rate on a risk specially rated by a rating organization, subject to subsection (4) (f) has become effective, the commissioner finds that such filing does not meet the requirements of this section, he shall send to the rating organization which made such filing written notice of disapproval of such filing specifying therein in what respects he finds that such filing fails to meet the requirements of this section and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Said disapproval shall not affect any contract made or issued prior to the expiration of the period set forth in said notice.

(c) If at any time subsequent to the applicable review period provided for in paragraph (a) or (b), the commissioner finds that a filing does not meet the requirements of this section, he shall, after a hearing held upon not less than 10 days' written notice, specifying the matters to be considered at such hearing, to every insurer and rating organization which made such filing, issue an order specifying in what respects he finds that such filing fails to meet the requirements of this section, and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.

(d) Any person or organization aggrieved with respect to any filing which is in effect may make written application to the commissioner for a hearing thereon, provided, however, that the insurer or rating organization that made the filing shall not be authorized to proceed under this subsection. Such application shall specify the grounds to be relied upon by the applicant. If the commissioner shall find that the application is made in good faith, that the applicant would be so aggrieved if his grounds are established, and that such grounds otherwise justify holding such a hearing, he shall, within 30 days after receipt of such application, hold a hearing upon not less than 10 days' written notice to the applicant and to every insurer and rating organization which made such filing.

(e) If, after such hearing, the commissioner finds that the filing does not meet the requirements of this section, he shall issue an order specifying in what respects he finds that such filing fails to meet the requirements of this section, and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to the applicant and to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.

(f) No manual, minimum, class rate, rating schedule, rating plan, rating rule, or any modification of any of the foregoing which has been filed pursuant to the requirements of subsection (4) shall be disapproved if the rates thereby produced meet the requirements of this section.

(6) RATING ORGANIZATIONS. (a) A corporation, an unincorporated association, a partnership or an individual, whether located within or outside this state, may make application to the commissioner for license as a rating organization for such kinds of insurance, or subdivision or class of risk or a part or combination thereof as are specified in its application and shall file therewith (1) a copy of its constitution, its articles of agreement or association or its certificate of incorporation, and of its by-laws, rules and regulations governing the conduct of its business, (2) a list of its members and subscribers,

(3) the name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting such rating organization may be served and (4) a statement of its qualifications as a rating organization. There shall be paid to the commissioner the sum of \$25 for such original filing. If the commissioner finds that the applicant is competent, trustworthy and otherwise qualified to act as a rating organization and that its constitution, articles of agreement or association or certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business conform to the requirements of law, he shall issue a license specifying the kinds of insurance, or subdivision or class of risk or part or combination thereof for which the applicant is authorized to act as a rating organization. Every such application shall be granted or denied in whole or in part by the commissioner within 60 days of the date of its filing with him. Licenses issued pursuant to this subsection shall remain in effect during a license year from February 1 to January 31 succeeding unless sooner suspended or revoked by the commissioner. The fee for said license shall be \$100. Licenses issued pursuant to this subsection may be suspended or revoked by the commissioner, after hearing upon notice, in the event the rating organization ceases to meet the requirements of this subsection. Every rating organization shall notify the commissioner promptly of every change in (1) its constitution, its articles of agreement or association, or its certificate of incorporation, and its bylaws, rules and regulations governing the conduct of its business, (2) its list of members and subscribers and (3) the name and address of the resident of this state designated by it upon whom notices or orders of the commissioner or process affecting such rating organization may be served.

(b) If there are both stock and nonstock insurers in any fire insurance rating organization located in this state and consisting of 5 or more insurers, such nonstock insurer shall be entitled to at least 2 members on the managing committee. The managing committee shall hold a meeting at least once a year in the city where such resident rating organization has its principal office.

(c) Subject to rules and regulations which have been approved by the commissioner as reasonable, each rating organization shall permit any insurer, not a member, to be a subscriber to its rating services for any kind of insurance, subdivision, or class of risk or a part or combination thereof for which it is authorized to act as a rating organization. Notice of proposed changes in such rules and regulations shall be given to subscribers. Each rating organization shall furnish its rating services without discrimination to its members and subscribers. The reasonableness of any rule or regulation in its application to subscribers, or the refusal of any rating organization to admit an insurer as a subscriber, shall, at the request of any subscriber or any such insurer, be reviewed by the commissioner at a hearing held upon at least 10 days' written notice to such rating organization and to such subscriber or insurer. If the commissioner finds that such rule or regulation is unreasonable in its application to subscribers, he shall order that such rule or regulation shall not be applicable to subscribers. If the rating organization fails to grant or reject an insurer's application for subscribership within 30 days after it was made, the insurer may request a review by the commissioner as if the application had been rejected. If the commissioner finds that the insurer has been refused admittance to the rating organization as a subscriber without justification, he shall order the rating organization to admit the insurer as a subscriber. If he finds that the action of the rating organization was justified, he shall make an order affirming its action.

(d) No rating organization shall adopt any rule the effect of which would be to prohibit or regulate the payment of dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers.

(e) Co-operation among rating organizations or among rating organizations and insurers in rate making or in other matters within the scope of this section is hereby authorized, provided the filings resulting from such co-operation are subject to all the provisions of this section which are applicable to filings generally. The commissioner may review such co-operative activities and practices and if, after a hearing, he finds that any such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this section, he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this section, and requiring the discontinuance of such activity or practice.

(f) Any rating organization or insurer may, and on order of the commissioner shall, provide for the examination of policies, daily reports, binders, renewal certificates, indorsements or other evidences of insurance, or the cancellation thereof, and such rating organization shall make reasonable rules, subject to the approval of the commissioner, governing their submission. Such rules shall contain a provision that in the event any insurer does not within 30 days furnish satisfactory evidence to the rating organizations of the correction of any error or omission previously called to its attention by the rating organization, it shall be the duty of the rating organization to notify the commissioner

thereof. All information so submitted for examination shall be confidential. This paragraph shall not apply to policies and contracts as to which rates are not required by this section to be filed, nor to policies or contracts on farm property written under a merit rating plan nor to farm windstorm insurance written by domestic mutual insurance companies.

(g) Any rating organization may subscribe for or purchase actuarial, technical or other services, and such services shall be available to all members and subscribers without discrimination.

(7) DEVIATIONS. (a) Every member of or subscriber to a rating organization shall adhere to the filings made on its behalf by such organization except that any insurer may file with the commissioner and with the rating organization of which it is a member or to which it is a subscriber, a deviation upon any class of risk from the rates or any underwriting rule filed by such rating organization. Any such deviation of a rate shall be by a percentage increase or decrease, shall be uniform in its application to all risks in the same class and in the same regional classification, if any, and shall not be such as to result in a rate which is excessive, inadequate or unfairly discriminatory. Any such deviation shall not take effect for a period of 15 days after filing which waiting period may be extended for an additional period of 15 days by the commissioner if he gives written notice to the insurer and rating organization in accordance with the provisions of subsection (4) (e). Co-operation among insurers in the preparation, filing and use of deviations is hereby authorized. The commissioner may review such co-operative activities and practices and if, after hearing, held after notice to the insurer and rating organization involved in accordance with subsection (5), he finds that any such activity or practice is unfair or unreasonable, or otherwise inconsistent with the provisions of this section, he may issue a written order specifying in what respects he finds that such activity or practice fails to meet the requirements of this section and requiring the discontinuance of such activity or practice within such reasonable period thereafter as shall be fixed by said order. Any such deviation shall be subject to disapproval by the commissioner if after notice to said insurer and rating organization and hearing in accordance with the provisions of subsection (5) (c) the commissioner shall find that such deviation does not meet the requirements of this section. Any such order of disapproval shall specify in what respects he finds that such deviation fails to meet the requirements of this section. If such order is made after the expiration of the waiting period herein provided and any extension thereof made in accordance herewith, the order shall state when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Until an order of disapproval has become effective in accordance with the provisions of this subsection, such deviation shall be deemed to meet the requirements of this section. When said order of disapproval is made after the expiration of said waiting period or any extension thereof, as hereinbefore provided, said disapproval shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order. Such deviation shall be subject to the provisions of subsection (5) (d) and (e). In the event of an application for rehearing before the commissioner, he shall suspend his action in question pending the rehearing on such reasonable terms and conditions as he may impose. The action of the commissioner shall not become effective for a period of 10 days provided review proceedings are commenced within said period.

(b) The pendency of a review of any disapproval or other order of the commissioner made under the provisions of this subsection shall suspend such disapproval or order on such reasonable terms and conditions as may be imposed by the court. The aggrieved party shall make application to the court for an order fixing such terms and conditions within 10 days after commencement of such proceedings.

(8) APPEAL BY MINORITY. Any member of or subscriber to a rating organization may appeal to the commissioner from the action or decision of such rating organization in approving or rejecting any proposed change in or addition to the filings of such rating organization and the commissioner shall, after a hearing held upon not less than 10 days' written notice to the appellant and to such rating organization, issue an order approving the action or decision of such rating organization or directing it to give further consideration to such proposal, or, if such appeal is from the action or decision of the rating organization in rejecting a proposed addition to its filings, he may, in the event he finds that such action or decision was unreasonable, issue an order directing the rating organization to make an addition to its filings, on behalf of its members and subscribers, in a manner consistent with his findings, within a reasonable time after the issuance of such order.

(9) INFORMATION TO BE FURNISHED INSURED; HEARINGS AND APPEALS OF INSURED. Every rating organization and every insurer which makes its own rates shall, within a reasonable time after receiving written request therefor and upon payment of such rea-

sonable charge as it may make, furnish to any insured affected by a rate made by it, or to the authorized representative of such insured, all pertinent information as to such rate. Every rating organization and every insurer which makes its own rates shall provide within this state reasonable means whereby any person aggrieved by the application of its rating system may be heard, in person or by his authorized representative, on his written request to review the manner in which such rating system has been applied in connection with the insurance afforded him. If the rating organization or insurer fails to grant or reject such request within 30 days after it is made, the applicant may proceed in the same manner as if his application had been rejected. Any party affected by the action of such rating organization or such insurer on such request may, within 30 days after written notice of such action, appeal to the commissioner, who, after a hearing held upon not less than 10 days' written notice to the appellant and to such rating organization or insurer, may affirm or reverse such action.

(10) **ADVISORY ORGANIZATIONS.** (a) Every group, association or other organization of insurers, whether located within or outside this state, which assists insurers which make their own filings or rating organizations in rate making, by the collection and furnishing of loss or expense statistics, or by the submission of recommendations, but which does not make filings under this section, shall be known as an advisory organization.

(b) Every advisory organization shall file with the commissioner (1) a copy of its constitution, its articles of agreement or association or its certificate of incorporation and of its by-laws, rules and regulations governing its activities, (2) a list of its members, (3) the name and address of a resident of this state upon whom notices or orders of the commissioner or process issued at his direction may be served, and (4) an agreement that the commissioner may examine such advisory organization in accordance with the provisions of subsection (12).

(c) If, after a hearing, the commissioner finds that the furnishing of such information or assistance involves any act or practice which is unfair or unreasonable or otherwise inconsistent with the provisions of this section, he may issue a written order specifying in what respects such act or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this section, and requiring the discontinuance of such act or practice.

(d) No insurer which makes its own filings, nor any rating organization shall support its filings by statistics or adopt rate making recommendations, furnished to it by an advisory organization which has not complied with this subsection or with an order of the commissioner involving such statistics or recommendations issued under paragraph (c). If the commissioner finds such insurer or rating organization to be in violation of this subsection he may issue an order requiring the discontinuance of such violation.

(11) **JOINT UNDERWRITING OR JOINT REINSURANCE.** (a) Every group, association or other organization of insurers which engages in joint underwriting or reinsurance, shall be subject to regulation with respect thereto as herein provided, subject, however, with respect to joint underwriting, to all other provisions of this section and, with respect to joint reinsurance, to subs. (12), (15) and (16). Nothing herein shall limit the regulation provided in this section of the original contracts which may be the subject of such reinsurance.

(b) If, after a hearing, the commissioner finds that any activity or practice of any such group, association or other organization is unfair or unreasonable or otherwise inconsistent with the provisions of this section, he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this section, and requiring the discontinuance of such activity or practice.

(12) **EXAMINATIONS.** The commissioner shall, at least once in 5 years, make or cause to be made an examination of each rating organization licensed in this state as provided in subsection (6), and he may, as often as he may deem it expedient, make or cause to be made an examination of each advisory organization referred to in subsection (10) and of each group, association or other organization referred to in subsection (11). The reasonable costs of any such examination shall be paid by the rating organization, advisory organization, or group, association or other organization examined upon presentation to it of a detailed account of such costs. The officers, manager, agents and employees of such rating organization, advisory organization, or group, association or other organization may be examined at any time under oath and shall exhibit all books, records, accounts, documents, or agreements governing its method of operation. The commissioner shall furnish 2 copies of the examination report to the organization, group or association examined and shall notify such organization, group or association that it may, within 20 days thereafter, request a hearing on said report or any facts or recommendations therein. Before filing any such report for public inspection the commissioner shall

grant a hearing to the organization, group or association examined. The report of any such examination when filed for public inspection shall be admissible in evidence in any action or proceeding brought by the commissioner against the organization, group or association examined, or its officers or agents, and shall be prima facie evidence of the facts stated therein. The commissioner may withhold the report of any such examination from public inspection for such time as he may deem proper. In lieu of any such examination the commissioner may accept the report of an examination made by the insurance supervisory official of another state, pursuant to the laws of such state.

(13) **RATE ADMINISTRATION.** (a) *Recording and reporting of loss and expense experience.* The commissioner shall promulgate reasonable rules and statistical plans, reasonably adapted to each of the rating systems on file with him, which may be modified from time to time and which shall be used thereafter by each insurer in the recording and reporting of its loss and countrywide expense experience, in order that the experience of all insurers may be made available at least annually in such form and detail as may be necessary to aid him in determining whether rating systems comply with the standards set forth in subsection (3). Such rules and plans may also provide for the recording and reporting of expense experience items which are specially applicable to this state and are not susceptible of determination by a prorating of countrywide expense experience. In promulgating such rules and plans, the commissioner shall give due consideration to the rating systems on file with him and, in order that such rules and plans may be as uniform as is practicable among the several states, to the rules and to the form of the plans used for such rating systems in other states. No insurer shall be required to record or report its loss experience on a classification basis that is inconsistent with the rating system filed by it. The commissioner may designate one or more rating organizations or other agencies to assist him in gathering such experience and making compilations thereof, and such compilations shall be made available, subject to reasonable rules promulgated by the commissioner, to insurers and rating organizations. There shall be paid to the commissioner the sum of \$10 for filing of each Wisconsin underwriting experience report.

(b) *Interchange of rating plan data.* Reasonable rules and plans may be promulgated by the commissioner for the interchange of data necessary for the application of rating plans.

(c) *Consultation with other states.* In order to further uniform administration of rate regulatory laws, the commissioner and every insurer and every rating organization may exchange information and experience data with insurance supervisory officials, insurers and rating organizations in other states and may consult with them with respect to rate making and the application of rating systems.

(d) *Rules and regulations.* The commissioner may make reasonable rules and regulations in conformity with and necessary to enforce the provisions of this section. The commissioner shall require the filing of all basic policies and all standard forms used in this state for the kinds of insurance as to which rates are required to be filed by this section and may require the filing of other policies and forms when necessary to a review of a rate, rate schedule and rules or other review as provided in this section.

(14) **FALSE OR MISLEADING INFORMATION.** No person or organization shall wilfully withhold information from, or knowingly give false or misleading information to, the commissioner, any statistical agency designated by the commissioner, any rating organization or any insurer, which will affect the rates or premiums chargeable under this section. A violation of this subsection shall subject the one guilty of such violation to the penalties provided in subsection (15).

(15) **PENALTIES.** (a) Any person who violates any provision of this section shall be fined not more than \$50 for each such violation, but if such violation is held to be wilful, such person shall be fined not less than \$50 nor more than \$500.

(b) The commissioner may suspend the license of any rating organization or insurer which fails to comply with an order of the commissioner within the time limited by such order, or any extension thereof which the commissioner may grant. The commissioner shall not suspend the license of any rating organization or insurer for failure to comply with an order pending any application for rehearing, nor until the time prescribed for an appeal therefrom has expired nor, if an appeal has been taken, until such order has been affirmed. The commissioner may determine when a suspension of license shall become effective and it shall remain in effect for the period fixed by him, unless he modifies or rescinds such suspension, or until the order upon which such suspension is based is modified, rescinded or reversed.

(c) No penalty shall be imposed and no license shall be suspended or revoked except upon a written order of the commissioner, stating his findings, made after a hearing held upon not less than 10 days' written notice to such person or organization specifying the alleged violation.

(16) **HEARING PROCEDURE AND JUDICIAL REVIEW.** (a) Any insurer or rating organization aggrieved by any order or decision of the commissioner made without a hearing, may, within 30 days after notice of the order or decision to the insurer organization, make written request to the commissioner for a hearing thereon. The commissioner shall hear such party or parties within 20 days after receipt of such request and shall give not less than 10 days' written notice of the time and place of the hearing. Within 10 days after such hearing the commissioner shall affirm, reverse or modify his previous action, specifying his reasons therefor. Pending such a hearing and decision thereon the commissioner may suspend or postpone the effective date of his previous action. Any approval, disapproval, order or decision of the commissioner under this section made after a hearing shall be subject to review at the instance of any party in interest in the manner provided in chapter 227.

(b) The procedure in the conduct of hearings and making of approvals, disapprovals and any other orders by the commissioner under the provisions of this section and the review thereof in court shall be governed by the provisions of chapter 227 of the statutes, except so far as they may be inconsistent with specific provisions of said section. No application for rehearing or any rehearing shall be a condition precedent to review in court of any approval, disapproval or other order of the commissioner made under the provisions of said section. In the event of an application for rehearing before the commissioner, he shall stay his action in question pending the rehearing upon such reasonable terms and conditions as he may impose. The action of the commissioner shall not become effective for a period of 10 days provided review proceedings are commenced within said period. The pendency of a review of any disapproval or other order of the commissioner made under the provisions of subsection (5) shall suspend such disapproval or order on such reasonable terms and conditions as may be imposed by the court. The aggrieved party shall make application to the court for an order fixing such terms and conditions within 10 days after the commencement of such proceedings.

History: 1951 c. 261 s. 10; 1955 c. 10.

203.52 Report reinsurance; penalty. Every fire insurance company shall annually and at such other times as the commissioner may require report to him in such form and detail as he may prescribe all reinsurance contracted by it upon property in this state, or covering any risk or liability upon property so located, such report to be verified by the oath of its president and secretary, if a company of one of the United States, and, if of a foreign country, by the oath of its managers in the United States, as to such reinsurance effected through its office in the United States, and by the oath of its president and secretary or by officers corresponding thereto at its home office, as to reinsurance effected through the foreign office.

203.53 Penalties; nonpayment of judgment. Any insurance company wilfully violating or failing to comply with any of the provisions of sections 203.52 to 203.54, shall forfeit five hundred dollars for each violation. Any insurance company which shall fail for thirty days after judgment in any action for such forfeiture to pay such judgment shall have its license revoked, and such company shall not be relicensed for at least one year from the date thereof, nor until it shall have paid such judgment.

203.54 Unauthorized risks; duty of commissioner. Any person who shall solicit or place insurance in an unlicensed fire insurance company shall, in the event of the failure of such company to pay any claim or loss within the policy issued, be liable to the insured for the amount thereof pursuant to the policy; and his license shall be revoked for a period of not less than ninety days, and shall not be permitted to do business here until all liability for such violation shall be discharged and the provisions for the admission of foreign fire insurance companies be complied with. Whenever said commissioner shall receive notice of the violation of this section he shall forthwith make an inspection of the books and records of such agent, and his refusing to permit such inspection shall be a violation of this section, and such commissioner shall revoke his license.