

CHAPTER 608

STATE INDEMNITY FUND

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608.01 Authority. The indemnity fund may reinsure insurers authorized to do business in this state with respect to insurance policies guaranteeing loans made to purchase new or existing single or multiple family residential housing or to finance the construction, remodeling or renovating of such housing in congested urban and other areas, in order to replace or improve substandard and deteriorated housing.

History: 1973 c. 117.

Note: Chap. 117, laws of 1973, which created this chapter of the statutes, contained notes explaining the revision. See the 1973 session law volume.

608.02 Coverage limitation. The insurer shall assume the risk of loss for at least the first 20% of each insured loan and the reinsurance to be afforded by the indemnity fund shall not exceed the amount of loss remaining.

History: 1973 c. 117.

608.03 Underwriting. The insurer issuing the insurance policy shall be primarily responsible for the underwriting selection of qualified lenders and borrowers, the servicing of such insurance policies and the adjustment of losses resulting therefrom. The manager may reject reinsurance from any insurer that he considers to be engaging in unsound practices, and may reject the reinsurance of any particular insurance risk if, in his sole judgment, the lender, the borrower, the inadequacy of community zoning

and planning ordinances or any other underwriting factors are such as to create an insurance risk not reinsurable on a sound basis by the indemnity fund.

History: 1973 c. 117.

608.04 Premium basis. The reinsurance premium to be charged shall be determined by the manager in accordance with the best available rate making and actuarial information and shall be adequate to provide for the insurance risk assumed.

History: 1973 c. 117.

608.05 Payments from fund. (1) ADJUSTMENT OF LOSS. The manager shall determine the losses or other payments to be made under the reinsurance within a reasonable time and promptly certify the amount to the department of administration, which shall issue a warrant on the indemnity fund for the amount, payable to the primary insurer.

(2) RIGHT OF APPRAISAL. If any difference of opinion arises between the primary insurer and the manager as to the amount due under sub. (1), the amount shall be determined by appraisal, upon the demand of either party. The appraisal procedure shall be the same as under s. 605.23 (2).

History: 1973 c. 117; 1979 c. 221 s. 2202 (26)