

No. 535, S.]

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CHAPTER 366.

AN ACT to repeal 204.27, and to amend 201.18 (1) of the statutes, relating to unearned premium or reinsurance reserves.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 201.18 (1) of the statutes is amended to read:

201.18 (1) The unearned premium or reinsurance reserve for every insurance company when no other statutory provision is made therefor, shall be computed * * * by setting up 50 per cent *or the monthly pro rata portion* of the premiums * * * *in force on unexpired risks running one year or less, and the annual pro rata or the monthly pro rata portion* of all premiums * * * *in force on unexpired risks running more than one year.* Where risks are written for * * * more than one year and the premium is paid on an annual basis, the reserve shall be computed at 50 per cent *or the monthly pro rata portion* of the premium received each year. *Any company may adopt either the 50 per cent or the monthly pro rata basis for risks running one year or less, and either the annual pro rata or the monthly pro rata basis for risks running for more than one year, provided that the basis used shall not be changed without the prior approval of the commissioner. In case the 50 per cent basis on unexpired risks of one year or less or the annual pro rata basis on unexpired risks of more than one year does not produce an adequate reserve, the commissioner may, in his discretion, require an insurer to calculate its unearned premium reserve upon the monthly pro rata basis, or if necessary, on each respective risk from the date of the issuance of the insurance, and, in the case of premiums covering indefinite terms, he may prescribe special regulations. In the case of perpetual risks or policies, not less than 90 per cent of the premium deposit shall be set up as a reserve. Every such company shall show its reserve, computed upon this basis, as a liability in the annual statement required by section 201.50.*

SECTION 2. 204.27 of the statutes is repealed.

Approved June 27, 1949.