

No. 641, A.

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CHAPTER 502

AN ACT to renumber 201.11 (2); to renumber and amend 201.05 (1); to amend 201.04 (9) and 201.11 (3); and to create 201.04 (19), 201.05 (1) (b) and 201.11 (2) (b) and (c) of the statutes, relating to capital and surplus requirements of insurance companies.

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

SECTION 1. 201.04 (9) of the statutes is amended to read:

201.04 (9) Against loss from the failure of persons indebted to the assured to meet their liabilities, including the insurance or guarantee of depositors or deposits in banks or trust companies and including also, without limitation by reason of enumeration, the insurance against financial loss by reason of nonpayment of principal, interest or other sums agreed to be paid under the terms of any note or bond secured by a *chattel* mortgage.

SECTION 2. 201.04 (19) of the statutes is created to read:

201.04 (19) MORTGAGE GUARANTY INSURANCE.—Against financial loss by reason of nonpayment of principal, interest and other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness secured by a mortgage, deed of trust or other instrument constituting a lien or charge on real estate.

SECTION 3. 201.05 (1) of the statutes is renumbered 201.05 (1) (a) and amended to read:

201.05 (1) (a) Companies may be formed upon the stock or the mutual plan to transact by direct insurance or reinsurance any or all of the kinds of insurance authorized by s. 201.04, *except the kind of insurance authorized by s. 201.04 (19)*, and be licensed to transact such kinds of insurance upon compliance with all the provisions of law.

SECTION 4. 201.05 (1) (b) of the statutes is created to read:

201.05 (1) (b) A company may be formed upon the stock plan to transact by direct insurance or reinsurance the kind of insurance authorized by s. 201.04 (19) and be licensed to transact such kind of insurance, but such company shall not be eligible for the issuance of a renewal license if it transacts any class of insurance other than mortgage guaranty insurance.

SECTION 5. 201.11 (2) of the statutes is renumbered 201.11 (2) (a).

SECTION 6. 201.11 (2) (b) and (c) of the statutes are created to read:

201.11 (2) (b) A company transacting the business specified in s. 201.04 (15) shall have a capital of at least \$300,000 in addition to the capital stock and surplus requirements for other classes of insurance being transacted by such corporation, provided that no such company shall be subject to higher capital requirements than those in effect when it began to transact the business of insurance in this state.

(c) A company transacting the business specified in s. 201.04 (19) shall have a capital of at least \$800,000 and a surplus of at least \$400,000.

SECTION 7. 201.11 (3) of the statutes is amended to read:

201.11 (3) No stock insurance company shall begin business unless it has a surplus equal to * * * 37 per cent of its capital stock.

Approved April 29, 1964.
