

## 1985 Wisconsin Act 189

AN ACT to amend 612.01 (1) (e), 612.02 (2) (c), 612.02 (5) (a), 612.21 (1), 612.32 (1) and 612.33 (2) (d) 1 of the statutes, relating to changes in the laws governing town mutuals.

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

SECTION 1. 612.01 (1) (e) of the statutes is amended to read:

612.01 (1) (e) To provide financial guaranties sufficient to ensure the solidity of town mutuals, and to encourage them to ~~develop~~ maintain adequate surpluses.

SECTION 2. 612.02 (2) (c) of the statutes is amended to read:

612.02 (2) (c) The territory within which the corporation plans to operate which may not exceed ~~4~~ 8 contiguous counties, except that the commissioner may authorize a broader territory aggregating no more than 8 ~~16~~ contiguous counties ~~if he or she finds there is a significant unsatisfied need in the added counties for the insurance provided by the town mutual;~~

SECTION 3. 612.02 (5) (a) of the statutes is amended to read:

612.02 (5) (a) *Requirement.* The incorporating members shall pay in or procure an initial surplus in an amount at least as large as that specified by the commissioner. The amount specified by the commissioner shall be sufficient to permit the town mutual to commence business and to protect the members in case initial losses are unexpectedly high, but may not ~~exceed~~ be less than \$100,000 nor more than \$200,000. The surplus may be provided by gifts or by contribution notes bearing interest at a rate approved by the commissioner and repayable under par. (c).

SECTION 4. 612.21 (1) of the statutes is amended to read:

612.21 (1) CONDITIONS FOR MERGER OR CONSOLIDATION. Two or more town mutuals authorized to oper-

ate in all or part of the same or in contiguous territories not exceeding 8 ~~16~~ counties altogether may merge into one of the constituent town mutuals, or may consolidate into a new town mutual, under the procedure provided in this section.

SECTION 5. 612.32 (1) of the statutes is amended to read:

612.32 (1) REAL PROPERTY OUTSIDE TERRITORY. Town mutuals may insure real property and contents in villages and cities partially located in the specified territory, real property and contents owned by a member immediately adjoining and contiguous to land owned by the same member which is within the specified territory, and real property and contents used exclusively by the member and his or her family for recreational purposes. ~~Recreational property may not be insured for a greater amount than 50% of the amount for which the member's dwelling and related buildings are insured.~~

SECTION 6. 612.33 (2) (d) 1 of the statutes is amended to read:

612.33 (2) (d) 1. That any claimant who could ~~maintain an action against~~ recover from the town mutual may ~~maintain an action against,~~ if the town mutual would be unable to fully satisfy its financial obligations to the claimant, recover from the town mutual, the reinsurer, or both, and that the claimant may recover from the reinsurer in the same way that he or she could recover from the town mutual but only in the amount for which the reinsurer is liable according to the terms of the reinsurance contract; and