

2003 Senate Bill 116

Date of enactment: **August 11, 2003**
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2003 WISCONSIN ACT 44

AN ACT *to renumber and amend* 645.58 (1); and *to create* 645.58 (1) (a) and 645.58 (1) (b) of the statutes; **relating to**: reduction in amount recoverable by a liquidator from a reinsurer.

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

SECTION 1. 645.58 (1) of the statutes is renumbered 645.58 (1) (intro.) and amended to read:

645.58 (1) LIABILITY. (intro.) The Except as provided in this subsection, the amount recoverable by the liquidator from a reinsurer shall not be reduced as a result of delinquency proceedings, regardless of any provision in the reinsurance contract or other agreement. Payment made directly to an insured or other creditor shall not diminish the reinsurer's obligation to the insurer's estate except when the reinsurance contract provided for direct coverage of an individual named insured and the payment was made in discharge of that obligation. any of the following applies:

SECTION 2. 645.58 (1) (a) of the statutes is created to read:

645.58 (1) (a) The reinsurance contract or other agreement specifically provides for another payee of the reinsurance in the event of delinquency proceedings, payment is made to the other payee, and the payment operates to extinguish the liability of the ceding insurer to the extent of the payment made by the reinsurer.

SECTION 3. 645.58 (1) (b) of the statutes is created to read:

645.58 (1) (b) The reinsurer has assumed policy obligations of the ceding insurer as direct obligations of the reinsurer, payment is made to the payees under the policies, and the assumption operates to extinguish the liability of the ceding insurer to the extent assumed.

SECTION 4. Initial applicability.

(1) This act first applies with respect to reinsurance contracts or other agreements entered into on the effective date of this subsection.

* Section 991.11, WISCONSIN STATUTES 2001-02 : Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].