



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2011 Wisconsin Act 224
[2011 Senate Bill 378]

**Surplus Lines Insurance; Motor
Vehicle Liability Insurance; and the
Insurance Security Fund**

2011 Wisconsin Act 224 relates to surplus lines insurance, the insurance security fund, and motor vehicle liability insurance.

The Act allows an intermediary to procure surplus lines insurance from an insurer not licensed in Wisconsin if the insurer is licensed in its home state and meets certain financial criteria; revises the tax formula on the premium for surplus lines insurance to apply only if Wisconsin is the home state of the insured, and to apply to the entire gross premium charged; eliminates the lower tax rate that was applicable only to surplus lines ocean marine insurance; exempts surplus lines insurance (except for rustproofing warranty insurance) from filing forms with the Office of Commissioner of Insurance (OCI); and exempts an intermediary from being licensed if the person procures only direct insurance from an insurer not licensed in Wisconsin and the insurance is not surplus lines insurance.

The Act revises the mandatory motor vehicle liability insurance provisions to distinguish between a *commercial liability* policy, for non-owned vehicles, that is exempt from mandatory coverage and a *commercial automobile* liability policy that is subject to mandatory coverage. The Act also specifies that only one named insured is needed to reject medical payments coverage.

Lastly, the Act revises the insurance security fund to allow a claim arising from a retained asset account; revises the maximum payout on a claim arising from property, liability, and disability insurance to \$500,000 and maintains the limit of \$300,000 for other types of insurance; and specifies that the maximum payout on a single loss applies regardless of the number of policies. For purposes of the insurance security fund, disability insurance includes a comprehensive health insurance policy and major medical policy, but does not include hospital indemnity, loss of time, accidental benefits, limited or specified benefit or other ancillary coverages, disability income insurance coverage, long-term care insurance coverage, or any supplemental insurance policy or program.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

Effective date: 2011 Wisconsin Act 224 is effective April 20, 2012. The revised tax formula on the premium for surplus lines insurance applies to a policy issued or renewed on or after July 21, 2011, except the tax formula applies to a surplus lines ocean marine insurance policy issued or renewed on or after April 20, 2012. The exemption from filing surplus lines insurance forms with OCI applies retroactively to forms issued before or after April 20, 2012. The motor vehicle liability insurance provisions are effective April 20, 2012.

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