

Chapter Ins 4

FIRE AND ALLIED LINES INSURANCE

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Ins 4.01 Mutual insurance companies operating on a post mortem assessment plan cannot limit assessments to a specific amount. Mutual insurance companies operating on the post mortem assessment plan cannot limit the liability of members. Section 201.02(5) (c), Wis. Stats., is applicable only to companies operating on the advance premium basis.

Ins 4.02 Nonassessable policies of mutual companies. (1) A mutual insurance company having a sufficient amount of earned surplus to comply with the provisions of section 201.07, Wis. Stats., must set aside, as a distinct guarantee fund, the amount required by statute to issue nonassessable policies, by resolution of the board of directors, certified copy of which resolution must be filed in the office of the commissioner of insurance, and, subsequent thereto and while the company continues to issue nonassessable policies in this state, must show the amount of such guarantee fund in every annual statement to this department.

(2) The conditions of nonassessability shall be shown in the following manner on each policy issued in this state on a nonassessable basis:

(a) The phrase "Nonassessable Policy" or other plain statement of conditions of nonassessability shall appear in heavy type on page one of the policy. If the pages of the policy are not numbered, for the purpose of this rule page one shall be considered as the page on which the company name first appears.

(b) Wherever the "Mutual Policy Conditions" are printed, there shall be printed in type not smaller than the body of the policy the words "This policy is nonassessable."

(3) All policy forms used in issuing nonassessable policies shall be submitted for approval by the commissioner of insurance.

(4) No company shall be permitted to issue nonassessable policies and assessable policies at the same time.

(5) No joint policy may be issued in this state which includes a company operating on the nonassessable plan and a company operating on the assessable plan.

History: 1-2-56; r. (2)(b) and renum. (2)(c) to be (2)(b), Register, July, 1958, No. 31, eff. 8-1-58; am. (2)(a) and (2)(b), Register, October, 1958, No. 34, eff. 11-1-58.

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Ins 4.03 Policy, inspection and similar fees. The total advance consideration including policy, inspection, and other fees charged an insured must be stated in the policy. Such fees are a part of the premium and are subject to all statutory provisions relating to premiums except as to policy fees otherwise provided for under section 201.18 (3), Wis. Stats.

Ins 4.04 Auditing of policies, daily reports, binders, renewal certificates, endorsements or other evidences of insurance or the cancellation thereof of insurance companies subject to the provisions of section 203.32, Wis. Stats. (1) All insurance companies subject to the provisions of section 203.32, Wis. Stats., are hereby ordered to submit for audit to the rating organizations of which they are a member or subscriber, such policies, daily reports, binders, renewal certificates, endorsements or other evidence of insurance as required by the rules of said rating organization.

(2) All rating organizations licensed under section 203.32, Wis. Stats., are hereby ordered to provide for the examination of policies, daily reports, binders, renewal certificates, endorsements or other evidence of insurance, or the cancellation thereof of companies which are subscribers to or members of such organization on all kinds of insurance for which such organization is licensed. Rules governing submission of the above for audit are to be filed with and approved by the commissioner of insurance.

(3) This order shall not apply to types or coverages or kinds of insurance which are not subject to the provisions of section 203.32, Wis. Stats., except that multiple peril contracts subject to the provisions of section Ins 3.11 (4) shall be subject to this order.

History: 1-2-56; am. (3), Register, July, 1958, No. 31, eff. 8-1-58.

Ins 4.05 "Merit rating plan"—Farm Property. (1) The term "merit rating plan", as used in section 203.32 (6) (f), Wis. Stats., is hereby defined to be a plan of rating of farm property whereby each individual risk is rated under a filed rating schedule or rating plan which produces rates by the use of a basis rate and a system of charges and credits which are applied after inspection to establish a rate on each individual risk which properly reflects the hazards and fire protection features existing in such risk.

(2) A copy of a survey or rate make-up sheet, bearing the name of a representative of the insurer or rating organization who has inspected the risk, must be kept on file in the office of such insurer or rating organization.

Ins 4.06 Handling of cash and the recording of cash transactions by town mutual insurance companies. (1) **CASH RECEIVED.** The cash received record shall be a multicolumnar form which shall contain column headings for the date, identification, amount received, a separate column for each of the principal types of income of the company, and a column for miscellaneous receipts. All cash received by the company must be recorded on such form. (a) The cash receipts and cash funds of the company shall at all times be kept separate and distinct from any personal or agency funds.

(b) All cash received must be deposited in the bank intact, in the company's name, and at no time may the cash on hand consist of any cash items such as small bills or NSF checks held for future deposits.