

Ins 3

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STATE OF WISCONSIN
DEPARTMENT OF STATE
RECEIVED AND FILED

MAR - 2 1960

ROBERT C. ZIMMERMAN
SECRETARY OF STATE

STATE OF WISCONSIN)
DEPARTMENT OF INSURANCE) ss.

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Charles Manson, Commissioner of Insurance and custodian of the official records of said department, do hereby certify that the annexed rule relating to substandard risk automobile physical damage insurance for financed vehicles was duly approved and adopted by this department on March 2, 1960.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have here-
unto set my hand and affixed the
official seal of the Department
at the Capitol, in the city of
Madison, this 2nd day of March,
A.D., 1960.



Charles Manson
Commissioner of Insurance

ORDER OF THE DEPARTMENT OF INSURANCE

Adopting a Rule

Pursuant to authority vested in the Commissioner of Insurance by section 200.03 (2), Wis. Stats., the Commissioner of Insurance hereby adopts a rule as follows:

Section Ins 3.20 of the Wisconsin Administrative Code is adopted to read:

Ins 3.20 Substandard risk automobile physical damage insurance for financed vehicles. (1) PURPOSE. In accordance with section 204.49 (4), Wis. Stats., this rule is to accomplish the purpose and enforce the provisions of sections 204.37 to 204.54, Wis. Stats., in relation to automobile physical damage insurance for substandard risks.

(2) SCOPE. This rule applies to any automobile physical damage insurance policy procured or delivered by a finance company.

(3) DEFINITIONS. (a) Substandard risk means an applicant for insurance who presents a greater exposure to loss than that contemplated by commonly used rate classifications as evidenced by one or more of the following conditions:

1. Record of traffic accidents.
2. Record of traffic law violations.
3. Undesirable occupational circumstances.
4. Undesirable moral characteristics.

(b) Substandard risk rate means a rate or premium charge that reflects the greater than normal exposure to loss which is assumed by an insurer writing insurance for a substandard risk.

(4) RATES FOR SUBSTANDARD RISKS. (a) Any increased rate charged for substandard risks shall not be excessive, inadequate, or unfairly discriminatory.

(b) It shall be unfairly discriminatory to charge a rate or premium that does not reasonably measure the variation between risks and each risk's exposure to loss.

(c) Classification rates filed for substandard risks may not exceed 150% of the rate level generally in use for normal risks unless the filing also provides for the modification of classification rates in accordance with a schedule which establishes standards for measuring variation in hazards or expense provisions or both.

(5) INSURANCE COVERAGE. (a) The automobile physical damage insurance afforded shall be substantially that customarily in use for normal business.

(b) The applicant shall not be required to purchase more coverage than is customarily necessary to protect the interests of the mortgagee. The issuance of a policy shall not be made contingent on the acceptance by the applicant of unwanted or excessively broad coverages.

(c) Single interest coverages may be issued only when double interest coverage is not obtainable. The applicant must be given the opportunity to procure his own insurance, and if he can procure same within 25 days there shall be no charge for the single interest coverage.

(6) POLICY FORMS. The purchaser must be furnished with a complete policy form clearly setting forth the nature and extent of all coverages and premiums charged therefor.

(7) **RATING STATEMENT.** No policy written on the basis of a substandard risk rate schedule shall be issued unless it contains a statement printed in bold-faced type, preferably in a contrasting color, reading substantially as follows: This policy has been rated in accordance with a special rating schedule filed with the commissioner of insurance providing for higher premium charges than those generally applicable for average risks. If the coverage or premium is not satisfactory, you may secure your own insurance.

The rule contained herein shall take effect on April 1, 1960, as provided in section 227.026 (1), Wisconsin Statutes.

Department of Insurance



Charles Manson
Commissioner of Insurance

Dated: March 2, 1960