

Chapter Ins 6

GENERAL

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**Ins 6.01 Foreign company to operate two years before admission.** Experience has demonstrated that until a company has engaged in the business of insurance for at least 2 years there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact business in Wisconsin will be considered until it has continuously transacted the business of insurance for at least 2 years immediately prior to the making of such application for license.

**Ins 6.02 Company to transact a kind of insurance two years before admission.** (1) Experience has demonstrated that until a company has engaged in a kind of insurance or in another kind of insurance of the same class for at least 2 years, there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business in such kind of insurance or another kind in the same class of insurance, are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact a kind of insurance business in Wisconsin will be considered until it has continuously transacted that kind of insurance, or another kind of insurance in the

same class of insurance as that for which it makes such application; for at least 2 years immediately prior to making such application. For the purposes hereof, insurance is divided into kinds of insurance according to the provisions of subsection 201.04 of Ins 6.70 each subsection setting forth a separate kind, and into classes of insurance upon the basis of and including the said kinds as follows:

(a) Fire insurance includes the kinds in subsection 201.04 (1) of Ins 6.70.

(b) Life insurance includes the kinds in subsection 201.04 (3) of Ins 6.70 but excluding all insurance on the health of persons other than that authorized in section 206.03, Wis. Stats.

(c) Casualty insurance includes the kinds in subsection 201.04 (4) through (11), and (13) through (18) of Ins 6.70.

(2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in subsection 201.04 (4), of Ins 6.70 if the applicant company has transacted any of the kinds of insurance in subsections 201.04 (3), (5), (13), (15), (16) and (18) of Ins 6.70 continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in subsection 201.04 (4) of Ins 6.70.

**History:** 1-2-56; emerg. am. eff. 6-22-76; am. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.03 Nonresident casualty and fire insurance agents.** (1) Separate licenses are required for the solicitation of casualty insurance business and of fire insurance business.

(4) The company which a nonresident wishes to represent as an agent must furnish a statement showing that the applicant is appointed to solicit insurance in Wisconsin as its agent and agree that it will be bound by his knowledge and acts to the same extent as it is in connection with authorized resident agents in Wisconsin.

(6) The applicant will be required to make full disclosure regarding any connection which he may have as an employe or member of any agency partnership, association or corporation, including the full names and residences of all members, officers, directors and stockholders.

(7) Licenses issued on or after November 1, 1949, shall expire on the next succeeding November 1st. The fee for each nonresident agent's license shall be \$10.00.

**History:** 1-2-56; r. (6) and renum. (7) and (8) to be (6) and (7), Register, February, 1976, No. 242, eff. 3-1-76; emerg. r. (2), (3) and (4); r. (2), (3) and (5), Register, September, 1976, No. 249, eff. 10-1-76.

**History: Ins 6.04 Countersignature requirements.** Cr. Register, April, 1958, No. 28, eff. 5-1-58; am. (2) (a), Register, April, 1963, No. 88, eff. 5-1-63; am. (2), Register, May, 1975, No. 233, eff. 6-1-75; emerg. r. eff. 6-22-76; r. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.05 Filing of insurance forms.** (1) DEFINITIONS. In this rule, unless the context otherwise requires, the following words and terms shall have the following meanings:

(a) "Insurance" shall mean any fire, liability, steam boiler, fidelity, title, credit, burglary, plate glass, sprinkler leakage, elevator, livestock, Register, September, 1976, No. 249

(2), 1973 Wis. Stats., and having an appropriate licensing or contractual relationship with an insurer in accordance with procedures established pursuant to sections 206.41 (5) (b) or 209.04 (3) (b), 1973 Wis. Stats., and Wis. Adm. Code section Ins 6.50 or section 628.11, Wis. Stats., shall be authorized on an interim basis to transact those kinds of insurance for which he or she has been qualified and for which this qualification is recorded in the office of the commissioner of insurance. A Wisconsin resident seeking such interim authorization may obtain it by satisfying these requirements in accordance with the procedures established pursuant to sections 209.04 (2) and 206.41 (5) (b) or 209.04 (3) (b), 1973 Wis. Stats., and Wis. Adm. Code section Ins 6.50, or section 628.11, Wis. Stats. This authorization shall remain in effect until an individual qualifies for an intermediary license issued in accordance with section 628.04, Wis. Stats., or until it is revoked by the commissioner of insurance in accordance with Wisconsin Statutes, whichever occurs first, but in no case shall it extend beyond May 31, 1977.

(3) NON-RESIDENT INSURANCE AGENT AUTHORITY. (a) Any non-resident insurance agent holding a valid Wisconsin non-resident insurance agent's license issued in accordance with the procedures established pursuant to sections 206.41 (5) (d) or 209.04 (3) (c), 1973 Wis. Stats., and Wis. Adm. Code sections Ins 6.03 and Ins 6.50 shall be authorized on an interim basis to transact those kinds of insurance for which he or she has been qualified and for which this qualification is recorded in the office of the commissioner of insurance, until October 31, 1976, or until the authorization is revoked by the commissioner of insurance in accordance with Wisconsin Statutes, whichever occurs first. Subject to the payment of a renewal fee by October 31, 1976 the authorization shall remain in effect until an individual qualifies for an intermediary license issued in accordance with section 628.04, Wis. Stats., or until it is revoked by the commissioner of insurance in accordance with Wisconsin Statutes, whichever occurs first, but in no case shall it extend beyond May 31, 1977.

(b) Any non-resident applying for a Wisconsin non-resident insurance agent's license shall instead apply for a certificate of registration from the office of the commissioner of insurance issued in accordance with procedures established pursuant to section 209.04 (2), 1973 Wis. Stats. Such certificates when issued shall authorize an agent who has an appropriate licensing or contractual relationship with an insurer and who is qualified in accordance with the procedures established pursuant to sections 206.41 (5) (d) or 209.04 (3) (c), 1973 Wis. Stats., and Wis. Adm. Code sections Ins 6.03 and Ins 6.50 or section 628.11, Wis. Stats., to transact on an interim basis those kinds of insurance for which he or she has been qualified and for which this qualification is recorded in the office of the commissioner of insurance. This authorization shall remain in effect until an individual qualifies for an intermediary license issued in accordance with section 628.04, Wis. Stats., or until it is revoked by the commissioner of insurance in accordance with Wisconsin Statutes, whichever occurs first, but in no case shall it extend beyond May 31, 1977.

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.70 Classification and combinations of insurance.** The texts of sections 201.04, 201.05 and 201.06, 1973 Wis. Stats., as amended by chapter 362, Laws of 1975, are incorporated herein by reference in

their entirety, all statutory references therein being to 1973 Wis. Stats. as amended by chapter 362, Laws of 1975.

**Note:** References in the administrative code to parts of sections 201.04, 201.05, or 201.06 may be made as follows, for example, ". . . subsection 201.04 (19) of Ins 6.70" or ". . . paragraph (19) of subsection 201.04 of Ins 6.70".

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.71 Fire insurance.** The provisions of sections 203.01, 203.02, 203.06 [Excepting therefrom subsections (2) (a) 5., (2) (d), and (5)], and 203.28, 1973 Wis. Stats., are incorporated herein by reference, all statutory references therein being to 1973 Wisconsin Statutes.

**Note:** Subsections (2) (a) 5., (2) (d) and (5) of section 203.06, 1973 Wis. Stats., are replaced by sections 632.08, 632.05 and 631.41, 1975 Wis. Stats., respectively.

**Ins 6.72 Risk limitations.** The provisions of section 201.16, 1973 Wis. Stats., are incorporated herein by reference in their entirety, all statutory references therein being to 1973 Wisconsin Statutes.

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.73 Reinsurance.** The provisions of sections 201.27 and 201.31, 1973 Wis. Stats., are incorporated hereby by reference in their entirety.

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

**Ins 6.74 Suretyship and risk limitations of surety obligations.**

(1) **PURPOSE.** The purpose of this rule is to establish minimum requirements for the transaction of surety obligations.

(2) **SCOPE.** This rule shall apply to the limitations on bond penal amounts imposed on insurers engaged in the business of suretyship.

(3) **DEFINITIONS.** (a) For purposes of this rule suretyship shall be construed to be insurance.

(b) An insurance corporation authorized to write fidelity insurance may guarantee the fidelity of, or become the surety for: 1. persons holding positions of public or private trust; 2. the performance of any act, duty or obligation or the refraining from any act; 3. the performance of any contract; 4. bonds of insurance companies required by law as a condition of transacting business; 5. indemnifying banks, brokers and other financial or moneyed associations or corporations, against the loss of documents and money, except against loss caused by marine risks or risks of transportation or navigation; 6. indemnifying any federal land bank against loss by reason of defective title to or incumbrances on real property on which such bank may have a mortgage.

(c) As used in this rule any one surety risk shall be equivalent to the penal amount established on the surety bond.

(4) **RISK LIMITATIONS ON SURETYSHIP OBLIGATIONS.** (a) No corporation shall execute any suretyship obligation or expose itself to any loss on any one surety bond in an amount in excess of one-tenth of its capital and surplus as reported in its most recent filed annual statement, unless it shall be protected in the excess of that amount: 1. by reinsurance in a corporation licensed to transact surety business

where the risk is located; or 2. by the cosuretyship of a surety corporation likewise licensed.

(b) A surety corporation may execute transportation or warehousing bonds for United States internal revenue taxes to an amount equal to 5 times the underwriting limitation specified in subsection (4) (a) of this rule.

(c) No corporation writing surety shall guarantee the deposits of any single financial institution in an aggregate amount in excess of the underwriting limitation set forth in subsection (4) (a) unless it shall be protected in excess of that amount by reinsurance or cosuretyship as specified in subsection (4) (a).

(d) A surety corporation shall not issue multiple bonds on a single contract (splitting bonds) and a surety corporation's liability on a single contract shall not be in excess of the limitations established in subsection (4) (a).

(e) No domestic corporation writing surety business shall execute, reinsure or be cosurety on a suretyship obligation in favor of the United States government, or any other obligee, whereby a surety issues a bond to an obligee for a penal amount which is 10%, or an amount substantially less than, the total contract amount, unless the surety reinsures or obtains a cosurety for at least 50% of the bond penal amount with a corporation licensed to transact surety business where the risk is located. This is tantamount to a maximum exposure for any single loss on any one surety bond of this type of not more than one-twentieth of a domestic surety corporation's capital and surplus.

**History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.