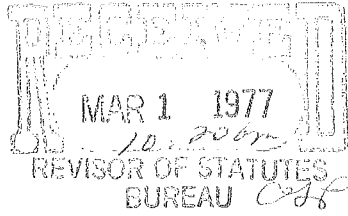


Ins 6



STATE OF WISCONSIN
DEPARTMENT OF REVENUE
RECEIVED AND FILED

MAR 1 1977

ROBERTAS LAPOINTE
SECRETARY OF STATE

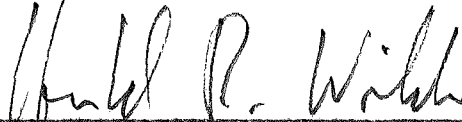
STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE) ss.

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Harold R. Wilde, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order adopting rules regarding licensing procedures - individual intermediary-agent, apprentice permit procedures - individual intermediary-agent, individual intermediary-agent records, and competence and trustworthiness standards for insurance intermediaries was issued by this office on March 1, 1977.

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 1st day of March, 1977.



Harold R. Wilde
Commissioner of Insurance

MAR 1 1977

DOUGLAS LAPOLETTE
SECRETARY OF STATE

ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

Adopting Rules

Pursuant to authority vested in the Commissioner of Insurance by section 601.41 (3), Wis. Stats., the Commissioner of Insurance hereby adopts rules as follows:

Section Ins 6.59 of the Wisconsin Administrative Code is adopted to read:

Ins 6.59 Licensing procedures - individual intermediary-agent.

(1) Application for individual intermediary-agent license shall be made on Insurance Forms 11-41 (resident) or 11-42 (non-resident) and filed with the Commissioner of Insurance, Madison, Wisconsin. The determination by the commissioner as to the trustworthiness of the applicant shall be based, in part, on data contained on the application form. Determination on the competence of the applicant shall be based on results of an examination process, which shall include a written examination, as well as a review of the application form in accordance with Ins 6.62.

(2) Applications shall be filed with the Commissioner of Insurance, Madison, Wisconsin, at least 30 days prior to the scheduled date of the written examination. Written examinations can be scheduled for one or more kinds of individual intermediary-agent license authority on the same date.

(3) The following fee schedule is established, in accordance with section 601.31 (17), Wis. Stats., for investigation and examination of an individual intermediary-agent:

(a) Individual not holding any kind of individual intermediary-agent authority as part of a license listed in Ins 6.50(2):

Examination for one kind of authority	\$25.00
Examinations for two kinds of authority	29.00
Examinations for three kinds of authority	33.00
Examinations for four kinds of authority	37.00

(b) Individual holding one or more kinds of individual intermediary-agent authority as part of a license listed in Ins 6.50 (2), or individual seeking re-examination within four months of failure to attain a passing grade for the same kind or kinds of authority.

Examination for one additional kind of authority	\$16.00
Examinations for two additional kinds of authority	20.00
Examinations for three additional kinds of authority	24.00
Examinations for four additional kinds of authority	28.00

(4) The fee schedule in (3) shall be applicable to applications by non-residents seeking to become individual intermediary-agents. Where the commissioner determines that a non-resident has passed an examination as stringent as that of Wisconsin, the written examination requirement may be waived.

(5) A written examination shall be required for each kind of individual intermediary-agent license authority listed in Ins 6.50 which the applicant must personally take and pass to the satisfaction of the commissioner. Each such written examination shall be designed to effectively test the applicant's basic knowledge of the kinds of insurance for which he or she intends to solicit coverage, and the applicant's basic understanding of the applicable laws and regulations, necessary for service as a competent individual intermediary-agent.

(6) If the applicant fails an examination twice in a six months' period, a third application will not be accepted from that applicant prior to six months after the second examination date.

(7) An applicant obtaining a passing grade on the written examination who submits a satisfactory application and meets all requirements of Ins 6.62 (3) shall be issued an individual intermediary-agent license for those kinds of authority for which he or she is qualified upon timely payment of a license issuing fee of \$10.00 as authorized by section 601.31 (15), Wis. Stats. The same fee and procedure shall apply to an enlargement of authority for which an individual intermediary-agent qualified by the current examination.

(8) Written examinations for each kind of individual intermediary-agent authority will be administered at least once a month in accordance with a schedule adopted by the commissioner at the following examination centers: Eau Claire, Green Bay, LaCrosse, Platteville, Madison, Rhineland, Racine, Rice Lake, Superior, and Stevens Point. Written examinations will be administered twice a month in Milwaukee and at least one other center.

(9) Any applicant who otherwise satisfies the standards for intermediary competence and trustworthiness who receives a grade on the written examination of at least 70% of the passing grade, can within 20 days of receiving the examination result notice, make application for an apprentice permit. An apprentice permit shall be issued when such applicant complies with the requirements established by Ins 6.60 (1), (2) and (3) and a permanent intermediary-agent license shall be issued when such applicant meets the requirement of Ins 6.60 (7).

Section Ins 6.60 of the Wisconsin Administrative Code is adopted to read:

Ins 6.60 Apprentices permit procedures - Individual intermediary-agent apprentice. (1) Application for an individual intermediary-agent apprentice permit shall be made on Insurance Form 11-43 signed by the applicant and his or her sponsor and filed with the Commissioner of Insurance, Madison, Wisconsin.

No individual may apply for an apprentice permit unless he or she has obtained a grade of at least 70% of the passing grade on the written test administered in accord with Ins 6.59.

(2) A licensing fee of \$10.00 shall be payable with the application for an apprentice permit.

(3) An apprentice permit shall be issued for a three-month period if the application and other information provided the commissioner establishes that the applicant:

(a) Is embarked on a recognized study program acceptable to the commissioner for each kind of authority for which the permit is requested, and

(b) Is sponsored by:

1. an individual intermediary-agent who has been licensed in Wisconsin for two or more years, or

2. a licensed insurer conducting an apprentice training program approved by the commissioner. In such a program a supervisory employe must serve as the individual sponsor of the apprentice.

(4) The sponsor of an apprentice shall supervise his or her study and work activities and assumes full legal responsibility for all insurance intermediary acts and omissions of the apprentice.

(5) An individual intermediary-agent sponsor or supervisory employe of an insurer sponsor shall have no more than two apprentices during each supervision period.

(6) The requirement of insurer filing of listing and termination of appointment notices for individual intermediary-agents, established by Ins 6.57, shall be applicable to individual intermediary-agent apprentices. Each insurer listing an apprentice in accordance with Ins 6.57 shall also be responsible for the insurance intermediary acts and omissions of the apprentice.

(7) An individual intermediary-agent license shall be issued to an individual intermediary-agent apprentice upon conclusion of the three-month apprentice period upon receipt in the Office of the Commissioner of Insurance of completed Insurance Form 11-44 which shall include certification by the sponsor as to the competence and trustworthiness of the applicant, and certification that 40 hours of study in a recognized study course for each kind of individual intermediary-agent license authority have been completed.

Section Ins 6.61 of the Wisconsin Administrative Code is adopted to read:

Ins 6.61 Individual intermediary - agent records. (1) Each individual intermediary-agent shall maintain or have maintained, for a three-year period, records of his or her policyholder financial transactions, in accordance with accepted accounting principles. Such records shall include an accounting of such billings to and receipts from purchasers of insurance and payments to insurance companies or others for coverage provided, as have passed through the hands of the individual intermediary-agent, or comparable records on an agency or partnership-wide basis. An insurer may by written agreement assume the responsibility to maintain these records for an individual intermediary-agent if the records can be made immediately available to the commissioner of insurance on demand.

(2) Each individual intermediary-agent shall maintain records for a 3-year period giving the effective date of the coverage on all newly issued contracts, and indicating that the necessary suitability inquiry and replacement procedures required by Ins 2.07, Ins 2.14 (4) (g), Ins 3.27 (7), and Ins 3.29 were followed for each individual life and accident and health contract written and/or replaced.

(3) Records required by subsection (1) and (2) are to be maintained at the business address recorded with the commissioner of insurance, or at another location only if notice has been provided the commissioner of insurance of such alternate location.

(4) Each agent shall, within thirty days, notify the commissioner of insurance in writing of any change in his or her business or residence address or any change of address of location of his or her business records.

[NOTE: Individual intermediary-agent records, which are to be maintained and subject to examination by the commissioner of insurance, are limited to transactions where the individual intermediary-agent serves in a fiduciary capacity (i.e. collects or handles premiums from his clients and remits that amount of the premium due the carrier providing the coverage). This record maintenance requirement is not intended to apply to individual intermediary-agent office expense accounts, general office management records, income tax returns, or any other individual intermediary-agent financial transactions other than financial and other records directly pertaining to the individual intermediary-agent insurance transactions between clients and providers of coverage.]

Section Ins 6.62 of the Wisconsin Administrative Code is adopted to read:

Ins 6.62 Competence and trustworthiness standards. (1) The standards of competence and trustworthiness as applied to an insurance intermediary in section 628.04 (1) (b) 2., Wis. Stats., are determined to provide that intermediaries shall:

(a) Be well-informed on the kinds of insurance they are qualified to write.

(b) Thoroughly analyze the insurance needs of their clients and recommend the forms of coverage best suited to their needs.

(c) Make no intentional false statements nor any material misrepresentations by omission of facts, inference or subterfuge in their relations with their clients, insurance companies, or other insurance agents.

(d) Take all reasonable steps so clients are informed on the extent and limitation of coverage provided by their contracts.

(e) Manage agency financial affairs in accordance with the high standards applicable to a fiduciary.

(f) Conform to all applicable insurance statutes and regulations.

(2) Standards of competence and trustworthiness established by (1) shall be applied to all applicants for individual intermediary-agent licenses.

(3) The following screening standards and procedures for determination of competence and trustworthiness of individual intermediary-agents submitting applications under the provisions of Ins. 6.56 and 6.59 are adopted:

(a) Accuracy of application. Material misrepresentation in completing an application form (e.g. Insurance Form 11-40, 11-41 or 11-42) shall be considered evidence of untrustworthiness and cause for not issuing a permanent license.

(b) Complaint review. Information developed through consumer complaints involving an intermediary's activities during the prior three years (where applicable) shall be reviewed to determine whether the allegation, if proven, concerns a violation of the standards of competence and trustworthiness in subsection (1).

(c) Application data. Information reported in the application form (e.g. Insurance Form 11-40, sections 16, 22-25) shall be reviewed and investigated through correspondence with insurance companies, affected consumers, appropriate regulatory and law enforcement agencies, and, where necessary, follow-up investigation in the field to determine if the standards of competence and trustworthiness have been met.

(d) Competence. Where two or more verifiable instances of incompetence of an applicant making application under Ins 6.58 are developed through the procedures in (b) and (c), a license shall not be issued until the person makes application for and passes the written examination prescribed by Ins 6.59 for the kind or kinds of authority involved. Review under this paragraph will be in accordance with the standards for competence in subsection (1).

(e) Trustworthiness. Where information developed through the procedures in paragraphs (b) and (c) indicates that there has been substantial violation of the standards in paragraphs (b) through (f) of subsection (1) sufficient for the commissioner to institute proceedings to revoke a license, an intermediary-agent license shall not be issued.

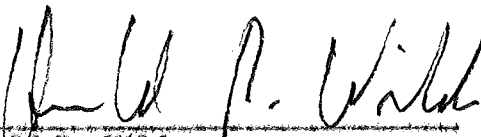
(f) Notice. Applicants under Ins 6.58 shall be notified by May 1, 1977 where a determination has been made not to issue a permanent license.

1. Applicants shall have the right to request a review of such determination by a review committee designated by the Insurance Agent's Advisory Council established by Ins 6.10. Such request shall be made to the commissioner of insurance who shall proceed in a timely manner to arrange for a review by the council designated committee. The committee conclusion shall be transmitted to the applicant by the commissioner.

2. Applicants shall also have the right to a hearing to appeal a decision not to license. Such hearing and appeal shall be in accordance with procedures set forth in Chapter 227, Wis. Stats., and rules of the commissioner.

[NOTE: The standards of competence and trustworthiness listed are not meant to be exclusive, nor are they intended to suggest that insurance intermediaries will never make mistakes. Professionals exercising broad discretion are always subject to second-guessing, in circumstances where there is no single "right" answer. The primary concern here is with substantial or persistent violations, or with a pattern of behavior which may endanger the legitimate interests of customers or the public.]

Dated at Madison, Wisconsin this 1st day of March, 1977.



Harold E. Wilde
Commissioner of Insurance