

(d) Base all such rates on sound actuarial principles or a valid classification system and actual experience statistics.

(6) PENALTY. Violation of this rule shall subject the insurer to the penalties set forth in s. 601.64, Stats.

History: Cr. Register, May, 1976, No. 245, eff. 6-1-76; emerg. am. (1), eff. 6-22-76; am. (1), Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.57 Listing of insurance agents by insurers. (1) Submission of an application for an intermediary-agent appointment shall constitute the initial listing of such agent in accordance with s. 628.11, Stats., and such application shall be submitted to the office of the commissioner of insurance on or before the date of appointment on form OCI 11-01. Billing for initial listing shall be done annually at the same time and at the same rate as renewal listings.

(2) Notice of termination of appointment of individual intermediary-agent in accordance with s. 628.11, Stats., shall be filed prior to or within 15 calendar days of the termination date with the office of the commissioner of insurance on form 11-11. Prior to or within 7 days of filing this termination notice, the insurer must provide the agent written notice that the agent is no longer to be listed as a representative of the company and that he or she may not act as its representative. This notice shall also include a formal demand for the return of all indicia of agency. "Termination date" means the date on which the insurer effectively severs the agency relationship with its intermediary-agent and withdraws the agent's authority to represent the company in any capacity.

(3) In addition each insurer shall pay once each year, in accordance with an assigned billing schedule, the annual listing fee defined in s. Ins 6.57 (4), within 30 days after the mailing of a payment notice to such insurer showing the amount due for all individuals serving as agents for such insurer, according to the commissioner's records as of the notice date. A billing schedule shall be adopted by the commissioner under which listing notices shall be sent to insurers. This schedule shall also designate the calendar month of billing for the various insurers and/or insurer groups.

Note: A copy of form OCI 11-01 can be obtained from the Office of the Commissioner of Insurance, P.O. Box 7872, Madison, WI 53707.

(4) Fees applicable for listing of insurance agents under s. 628.11, Stats., are hereby established to be:

| | |
|--|---------|
| Resident individual intermediary-agents | \$ 5.00 |
| Nonresident individual intermediary-agents | 15.00 |

(5) No insurer shall accept business directly from any intermediary unless that intermediary is a licensed intermediary-agent listed with that company or unless the intermediary holds a valid license as an intermediary-broker.

(6) No intermediary-agent shall submit an application for insurance directly to an insurer or solicit insurance on behalf of a particular insurer unless the agent is listed with that insurer.

History: Cr. Register, December, 1976, No. 252, eff. 1-1-77; r. and recr. Register, March, 1978, No. 267, eff. 4-1-78; cr., (5) and (6), Register, March, 1979, No. 279, eff. 4-1-79; am. (1) and (3), Register, September, 1981, No. 309, eff. 1-1-82.

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Ins 6.58 Licensing of corporations and partnerships as insurance intermediaries. (s. 628.04, Stats.) (1) **PURPOSE.** The purpose of this rule is to establish procedures for licensure of corporations and partnerships as insurance intermediaries.

(2) **LICENSE REQUIRED.** The following entities must obtain a license under this section:

(a) Any corporation or partnership for which or on whose behalf any person solicits, negotiates, places insurance or annuities, or advises of insurance needs and coverages;

(b) Any corporation or partnership that receives, shares or accepts assignment of commissions or compensation for services performed as an intermediary as provided in s. 628.61, except those assignments given as collateral; and

(c) Any insurance agency whose legal form is a corporation.

(3) **EXEMPTION.** A corporation or partnership shall be exempt from licensing under this section if:

(a) It conducts its insurance business principally in the name of a licensed individual intermediary and discloses the name of the licensed intermediary in substantially all of its advertising and communications with insureds and all of its officers, directors or partners are either licensed intermediaries or are members of the immediate family of a licensed intermediary;

(b) It is national or state bank, federal or state savings and loan association or a credit union; or

(c) It is an insurer licensed to do business in Wisconsin.

(4) **PROCEDURE.** Application for a permanent intermediary license for a corporation or partnership shall be made on application form 11-50 and filed with the commissioner of insurance. The application must be accompanied by:

(a) A licensing fee of \$100.00 as authorized by s. 601.31 (1) (o) [(1)], Stats.;

(b) Certification that the articles of incorporation or association include the intent, in good faith, to do business as an intermediary;

(c) Certification that the corporation or partnership will transact business in such a way that all acts that may only be performed by a licensed intermediary are performed exclusively by natural persons who are licensed under s. 628.04, Stats., and functioning within the scope of the license, and a list of such persons;

(d) If the corporation or partnership is domiciled outside of Wisconsin, an agreement to be subject to the jurisdiction of the commissioner and the courts of this state on any matter related to the corporation's or partnership's insurance activities in this state, on the basis of service of process under ss. 601.72 and 601.73, Stats.; and

(e) A list of all partners, directors or principal officers or persons in fact having comparable power.

(f) In the case of a corporation the application must be signed by an officer. In the case of a partnership the application must be signed by a partner.

(5) **STANDARDS OF COMPETENCE AND TRUSTWORTHINESS.** (a) For partners, directors or principal officers who are licensed at the time of application under sub. (4) as insurance intermediaries, those standards as set forth in s. Ins 6.59 (5), shall apply in lieu of the standards set forth in this subsection.

(b) For partners, directors or principal officers who are not licensed at the time of application under sub. (4) as insurance intermediaries, the following criteria may be used in assessing trustworthiness and competence:

1. Criminal record. The conviction for crimes which are substantially related to insurance marketing.

2. Accuracy of information. Any material misrepresentation in the information submitted on form 11-50.

3. Regulatory action. Any regulatory action taken with regard to any license held, such as insurance licenses in other states, real estate licenses and security licenses.

4. Other criteria which the commissioner considers evidence of untrustworthiness or incompetence.

(6) **FEEES.** (a) Biennially, on or before January 1 of even numbered years, a regulation fee of \$10.00 for resident and \$30.00 for non-resident intermediaries will be billed as authorized by s. 601.31 (1) (p) [(m)], Stats.

(b) If payment of the biennial regulation fee is not made within 30 days after the date of billing, the license will be suspended. If payment is made during the suspension, the license will be reinstated.

(c) The license will be revoked if payment is not made within 60 days after suspension.

(7) **NOTIFICATION OF CHANGES.** Each intermediary corporation or partnership shall, within 30 days, notify the commissioner of insurance in writing of any change in its business mailing address, location of the business records, or a change in the name and address of the designated representative.

(8) **EFFECTIVE DATE.** This rule shall take effect on the 1st day of the month following its adoption. The commissioner may grant extensions for compliance to those corporations and partnerships that exhibit unusual difficulty in meeting the effective date.

Note: Intermediary corporations and partnerships are subject to the recordkeeping requirements as set forth in Ins 6.61 (1), Wis. Adm. Code.

Application for the licensing of corporations and partnerships is made on form 11-50. Copies can be obtained at the Office of the Commissioner of Insurance.

History: Cr. Register, August, 1980, No. 296, eff. 9-1-80; am. (5) (a), Register, September, 1981, No. 309, eff. 10-1-81; cr. (6), Register, September, 1981, No. 309, eff. 1-1-82.

THIS IS THE FINAL COPY OF FORM 11-50 AS IT WILL BE PRINTED

APPLICATION FOR PERMANENT CORPORATION OR PARTNERSHIP INSURANCE INTERMEDIARY LICENSE Form 11-50

STATE OF WISCONSIN OFFICE OF THE COMMISSIONER OF INSURANCE 123 W. WASHINGTON AVENUE MADISON, WISCONSIN 53702

SECTION I PLEASE COMPLETE THE BLANKS AND CHECK THE APPROPRIATE BOXES BELOW.

1. LICENSE NUMBER _____ (For office use only.) CR # _____

2. BUSINESS NAME _____

3. BUSINESS MAILING ADDRESS _____ Number, Street, City, Zip

4. NAME OF CORPORATION OR PARTNERSHIP _____

5. ADDRESS OF DOMICILE _____ Number, Street, City, Zip

6. RESIDENT CODE Wisconsin _____ Other _____

7. TYPE Corporation _____ Partnership _____ 8. LICENSE FEE (Initial Application Only) \$100.00 _____ REGULATION FEE Resident \$ 5.00 _____ (Each year after initial application) Nonresident \$ 15.00 _____

9. DESIGNATED REPRESENTATIVE NAME _____ TITLE _____ ADDRESS _____ Number, Street, City, Zip PHONE _____

(CONTINUED)
 FINAL COPY OF FORM 11-50 AS IT WILL BE PRINTED

SECTION II STANDARDS OF COMPETENCE AND TRUSTWORTHINESS

- a. Have you been fined, reprimanded, or been the subject of a consent decree in any state for a violation of its insurance, real estate or securities statutes or administrative regulations?
- b. Have you had your license to solicit insurance, real estate or securities refused, suspended, denied or revoked in any state?
- c. Have you been convicted on a misdemeanor or felony offense, other than a traffic violation, in the past three years?
- d. If you have ever been employed by an insurance company, has your employment contract been terminated or non-renewed because of allegations of misconduct or wrongdoing by an insurance company?

A separate sheet of detailed explanation must be included for each principal officer, director or partner answering yes to any of the above questions in Section III.

SECTION III

PLEASE LIST ALL PARTNERS, DIRECTORS AND PRINCIPAL OFFICERS OR PERSONS HAVING COMPARABLE POWERS AND THEIR TITLES (PARTNER, DIRECTOR, PRESIDENT, VICE PRESIDENT, SECRETARY, TREASURER).

| Name | Title | Wisconsin Ins. Intermediary License Number (if applicable) | Section II Answers* | | | |
|-------|-------|--|------------------------|-------|-------|-------|
| | | | a. | b. | c. | d. |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ |

*Answer Y for "Yes" and N for "No" for all questions in Section II. If you answered "Yes" to any of the questions in Section II, attach a detailed explanation.

Ins 6.59 Licensing of individuals as agents. (s. 628.04, Stats.) (1) **PURPOSE.** The purpose of this rule is to establish procedures for original licensure and license enlargement of an individual as an insurance agent.

(2) **EXAMINATION.** A written examination is required of each resident applicant for each kind of agent license authority listed in s. Ins 6.50. Each written examination will test the applicant's basic knowledge of the kinds of insurance to be solicited and the applicant's basic understanding of the applicable laws and regulations.

(3) **FEES.** The following fee schedule is established for residents and non-residents:

| | |
|---|------|
| Application for one or 2 lines of authority | \$40 |
| Application for 3 or 4 lines of authority | \$60 |

(4) **PROCEDURE.** (a) *Application form.* Application for a permanent agent license or an enlargement of authority shall be made on form OCI 11-41 (rev.) and filed with the commissioner of insurance.

(b) *Time of filing.* Applications and appropriate fees shall be filed with the commissioner of insurance, at least 30 days prior to the scheduled date of the written examination.

(c) *Issuance of license.* An applicant for an original license or a license enlargement who passes the written examination, pays the fees, submits a satisfactory application and meets the standards of competence and trustworthiness as described in sub. (5) shall be issued an agent license for those kinds of authority for which the applicant is qualified.

(5) **COMPETENCE AND TRUSTWORTHINESS.** The following criteria may be used in assessing trustworthiness and competence:

(a) *Criminal record.* The conviction for crimes which are substantially related to insurance marketing.

(b) *Accuracy of information.* Any material misrepresentation in the information submitted on form 11-41.

(c) *Regulatory action.* Any regulatory action taken with regard to any license held, such as insurance licenses in other states, real estate licenses and security licenses.

(d) *Other criteria.* Other criteria which the commissioner considers evidence of untrustworthiness or incompetence.

(6) **FREQUENCY AND LOCATION.** Written examinations for each kind of 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, Oshkosh, Madison, Rhinelander, Racine, Superior, and Stevens Point. Written examinations will be administered twice a month in Milwaukee and at least one other center.

(7) **EXEMPTIONS.** A town mutual agent exempt from licensing under s. 628.03 (1), Stats., by s. 628.05 (1), Stats., includes an agent for a town mutual not authorized to insure members against loss to property by windstorm or hail insurance as provided in ss. 612.31 (2) (a) 3 and 612.33 (2) (a), Stats., who provides windstorm or hail insurance to the

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town mutual's members through an insurance policy issued by another authorized insurer operating on an assessment plan. The town mutual agent need not be licensed but the other insurer must list the agent and pay the listing fee in accordance with s. Ins 6.57.

History: Cr. Register, March, 1977, No. 255, eff. 4-1-77; am. (8), Register, June, 1978, No. 270, eff. 7-1-78; cr. (10), Register, September, 1978, No. 273, eff. 10-1-78; am. (3) and (7), Register, February, 1980, No. 290, eff. 3-1-80; r. (6) and (9), renum. (7), (8) and (10) to be (6), (7) and (8), Register, August, 1980, No. 296, eff. 9-1-80; r. and recr. Register, September, 1981, No. 309, eff. 10-1-81.

Ins 6.61 Intermediary records. (1) Each intermediary shall maintain or have maintained, for a 3 year period, unless a specific period is provided elsewhere, records of the intermediary's policyholder financial transactions and records of transactions with brokerage clientele which occur in the regular course of business or are prescribed by rule, 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 insurers or others for coverage provided, as have passed through the hands of the intermediary, 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, 2.14 (5) (f), 3.27 (7), and 3.29 were followed for each individually-issued life and accident and health contract written and/or replaced.

(3) Records required by subs. (1) and (2) are to be maintained at the business address of the intermediary or the insurer 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 intermediary shall, within 30 days, notify the commissioner of insurance in writing of any change in the intermediary's business or residence address or any change of address of location of the intermediary's records.

(5) Each Wisconsin licensed agent must notify the commissioner within 30 days of any felony conviction or any formal disciplinary action against the agent taken by any state's insurance regulatory agency, commission or board, excepting action taken by the Wisconsin office of the commissioner of insurance. Formal disciplinary action means consent decrees, cease and desist orders, stipulations, suspensions, revocations, license denials, fines, forfeitures or actions limiting the agent's method of conducting an insurance business. The notification must be in writing and give a description of the conviction or disciplinary action.

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 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. Amendments to the rule comprehend the records of account

and disclosure set forth in Ins 6.64 which are to be maintained by intermediary-brokers and do not alter the previous requirements for intermediary-agents. Some intermediary-broker records are required to be maintained for 5 years as opposed to 3 years for intermediary-agent.

History: Cr. Register, March, 1977, No. 255, eff. 4-1-77; am., Register, March, 1979, No. 279, eff. 4-1-79; cr. (5), Register, September, 1981, No. 309, eff. 10-1-81.

Ins 6.63 Regulation charge. (1) The regulation amount to be paid biennially, by each licensed individual intermediary-agent is established to be as follows:

| | |
|--------------------|----------|
| Resident agent | \$ 10.00 |
| Non-resident agent | \$ 30.00 |

(2) The commissioner shall mail notification on form OCI 11-51 of the biennial regulation charge due and payable to each agent to the resident address on file with the office of the commissioner of insurance.

(3) Biennially on or before January 1 of each even numbered year the regulation fee is billed, and shall be paid within 30 days after the mailing by the office of the commissioner of insurance of a notification that the charge is due.

Note: A copy of form OCI 11-51 can be obtained from the Office of the Commissioner of Insurance, P.O. Box 7872, Madison, WI 53707.

(4) If payment of the biennial regulation fee is not made within 30 days after the date of billing, the license will be suspended. If payment is made during the suspension, the license will be reinstated.

(5) The license will be revoked if payment is not made within 60 days after suspension.

(6) Any individual intermediary-agent whose license has been revoked shall, in order to be relicensed, satisfy the examination and licensing requirements established by Ins 6.59.

History: Cr. Register, December, 1977, No. 264, eff. 1-1-78; am. (1) to (3), Register, September, 1981, No. 309, eff. 1-1-82; r. and recr. (4) to (6), Register, October, 1981, No. 310, eff. 11-1-81.

Ins 6.64 Insurance marketing intermediary-broker. (ss. 628.01 to 628.04, 628.07, 628.32, 628.34, 628.40, 628.45, 628.51 and 628.61, Stats.)

(1) **PURPOSE.** The purpose of this rule is to define the powers and responsibilities of a licensed intermediary-broker, to describe acceptable practices in the conduct of a brokerage business and to ensure fulfillment of the fiduciary obligation of an intermediary-broker to the client through disclosure agreements, bonding, trust accounts, fee regulation and record keeping. An intermediary-broker not also licensed pursuant to ss. 618.41 and 628.04 (2), Stats., may not engage in direct placement of surplus lines insurance. This rule implements sections of ch. 628, Stats., entitled Insurance Marketing.

(2) **INTERMEDIARY-BROKER.** (a) An intermediary-broker is a person engaged in searching out, negotiating or procuring contracts of insurance with insurers with which the intermediary is not listed as an intermediary-agent, with the consent and on behalf of the insured.

(b) An intermediary-broker licensed in this state pursuant to s. Ins 6.65 shall be responsible in a fiduciary capacity to the insured or prospective insured for all representations and promises, all funds received

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or collected in the capacity of a broker, and all funds received or collected from the insurer on the policy.

(c) An intermediary-broker shall not be empowered to bind an insurer or an insured and shall disclose the lack of binding authority to the insured.

(d) An application for insurance that is brokered by an intermediary-broker directly to an insurer or through a listed intermediary-agent or that is brokered upon receipt from an intermediary-agent shall be signed by the intermediary-broker as well as by any other intermediaries involved.

(3) PROHIBITIONS. (a) An intermediary-broker acting as such shall not also act as an intermediary-agent in the placement of a particular piece of business with any insurer with which that intermediary is also listed as an intermediary-agent, nor shall the intermediary-broker utilize an affiliate to place business with an insurer with which the affiliate is listed or associated, if the business involved is the same brokered risk or group of risks. "Affiliate" is defined in s. 600.03 (1), Stats.

(b) An intermediary-broker shall not engage in any insurance transaction involving a particular risk which benefits the intermediary-broker or an affiliate financially, where that intermediary-broker has provided service or advice as another type of intermediary in a related transaction within the recent past.

(c) Examples of prohibited practices defined by paragraph (b) include but are not limited to the following:

1. An intermediary who is requested to review a complete life and health insurance program for a brokerage or a consultant's fee recommends the purchase of certain coverage and suggests that this coverage be obtained from another intermediary-agent working in the same agency.

2. An intermediary-broker places a risk with one insurer, and then two weeks later recommends that he rewrite the risk with one of his own companies as an intermediary-agent.

(4) CLIENT PRE-AGREEMENT. (a) Every licensed intermediary-broker shall maintain in his files for 5 years a copy of an agreement signed by the intermediary-broker and the prospective insured-client, certifying that the named intermediary is acting in the capacity of an intermediary-broker obligated to act in the client's best interest with regard to procuring insurance specified therein according to general type(s), quantity and the nature of the risk. A copy of the pre-agreement shall accompany each application for insurance to cover the risks described in that pre-agreement.

(b) The following format shall be followed:

WISCONSIN INSURANCE BROKER PRE-AGREEMENT

_____ hereby engages the services of _____
(Principal) (Broker)
of _____, an insurance broker licensed by the state of
(Firm)

Wisconsin, to seek, negotiate and/or procure the following insurance coverages:

A broker shall secure insurance which in his or her professional judgment is deemed to be most appropriate for the insured.

An individual acting in the capacity of an intermediary-broker shall not place insurance business with an insurer for which he or she is also listed as an intermediary-agent.

A broker is NOT EMPOWERED TO BIND an insurer. No valid contract of insurance exists until the risk is accepted by an insurer and a policy or written binder is issued.

THIS IS NOT AN INSURANCE POLICY.

If applicable, the parties hereby agree on the following brokerage fee: _____ payable (at this signing) (upon completion of brokerage services). Such brokerage fee is (waived) (refunded to the insured) (applied to premium) if the broker received any commission from an insurer.

Intermediary-Broker

License No.

Date

Principal-Client

Original - Client

Copies - Broker's file/Insurance application

(5) COMPENSATION. (a) An intermediary-broker shall not receive or collect from any insured or prospective insured in connection with the actual procurement of insurance from an authorized or unauthorized insurer any sum greater than the premium (s) and policy and inspection fees fixed by such insurer (s), except for brokerage fee (s) in par. (b).

(b) An intermediary-broker may charge the prospective insured a brokerage fee for the services of the intermediary-broker in searching for appropriate insurance coverage, provided that prior to the performance of the service the charged insured shall consent in writing to pay the fee pursuant to sub. (4).

(c) The contractual right to a brokerage fee shall be forfeited and any brokerage fee collected shall be returned to the insured or applied to the premium charged for the brokered insurance coverage, if:

1. The intermediary-broker originally entitled to the fee or an affiliate of the intermediary-broker receives a commission or portion of a commission from an insurer; or

2. The insured pays a premium which includes a commission charge not refundable to the insured. The intermediary-broker shall inform the insured that the premium includes a commission charge.

(d) Acceptance of a commission or portion of a commission by the intermediary-broker may include rights to any renewal commissions resulting from continuance of the brokered insurance by the insured, pursuant to the agreement of the insurer and the intermediary-broker.

(6) TRUST ACCOUNTS AND BOOKKEEPING. (a) Every intermediary-broker shall maintain one or more appropriately identified demand deposit trust accounts in a Wisconsin bank for the deposit and disbursement of all insurance premiums, commissions, brokerage fees and other funds entrusted by an insurer or insured to the intermediary-broker acting in

that capacity. Operating accounts shall be maintained separately from premium trust accounts.

(b) Certification by a bank official of the creation of a demand deposit trust account for purposes noted herein must accompany the intermediary-broker license application, unless it is otherwise certified by an employer-company that all funds submitted by the accounts of such intermediary-broker shall be maintained in a separate trust account administered by the employer company.

(c) Withdrawal of commissions, broker fees or any other portion of deposited trust funds rightfully belonging to the intermediary-broker shall be at regular weekly or monthly intervals and properly identified with receipts or collections in books of account.

(d) Every intermediary-broker shall maintain books of account according to accepted principles of accounting. Such books shall record all trust deposits and disbursements, the names of all parties from whom money is received or to whom it is paid, the insurance purpose for which the funds are to be used, and current balances of premiums and commissions remaining in trust account (s), if applicable. All regular bank statements are to be retained by the intermediary-broker for at least 5 years.

(7) Bonding. (a) Every individual intermediary-broker shall supply a license (and permit surety) bond in favor of the people of the state of Wisconsin executed by an authorized surety insurer and payable to any party injured under the terms of the bond. The bond shall be conditioned upon full accounting and due payment to the person or company entitled thereto of funds coming into the possession of the intermediary-broker as an incident to insurance transactions under the intermediary-broker license and compliance with Wisconsin laws regarding fair representation and fiduciary responsibility. Liability of the surety under the bond is limited, in the aggregate, to the penal sum and extends only to funds entrusted to the broker.

(b) The bond shall be continuous in form and shall remain in force and effect until the surety is released from the bond by the commissioner or until the bond is canceled by the surety. The surety may cancel the bond and be relieved of continued bond coverage upon 45 days' written notice to the commissioner prior to cancellation. Coverage under the bond continues until the 46th day after receipt of the notification of cancellation by the commissioner. The surety and the commissioner shall notify the licensee of the bond termination.

(c) All claims against the licensee for debt, default or miscarriage in violation of Wisconsin law or a fiduciary obligation shall be subject to administrative hearing by the commissioner at the request of the aggrieved party, the surety or the state. Judicial review is available under ss. 227.15 and 227.16, Stats. The surety shall have the privilege of participation in administration dispositions which affect its obligations under this section.

(d) Upon expiration or cancellation of the bond, the commissioner shall suspend the license of the intermediary-broker unless or until comparable bonding is secured by the intermediary-broker.

(e) Bonds shall be supplied in the following amounts:

- | | |
|--------------------------------------|--|
| 1. Resident Intermediary-Brokers | \$5,000 initially, or 20% of gross premium written annually as an intermediary-broker, whichever is greater, up to a \$50,000 bond limit. |
| 2. Non-resident Intermediary-Brokers | \$10,000 initially or 20% of gross premiums written annually as an intermediary-broker, whichever is greater up to a \$100,000 bond limit. |

(f) Every intermediary-broker shall submit an affidavit of gross premium written as an intermediary-broker for the previous calendar year by each February 1 and shall secure additional bonding if appropriate.

(g) Bond forms shall be supplied by the commissioner at the time of application. The original bond shall be retained during its life by the commissioner.

(h) Any intermediary-broker insured by errors and omissions or other form of professional liability insurance in the licensee's role as an intermediary-broker and in an amount at least commensurate with the bond amounts of this section may, upon approval by the commissioner supply a surety bond in an amount one-half (1/2) that required in par. (e).

History: Cr. Register, March, 1979, No. 279, eff. 4-1-79.

Ins 6.65 Licensing and examination of intermediary-broker (ss. 601.31 (17), 628.01 to 628.04, and 628.07, Stats.)

(1) Intermediary-broker licenses shall be issued for: property and casualty insurance broker; life and disability insurance broker; or both.

(2) No individual applicant shall be licensed as an intermediary-broker unless he or she:

(a) Has had at least 3 years experience as a licensed intermediary-agent in the same lines of insurance immediately prior to the application as a broker, or has an educational equivalent approved by the commissioner, including achievement of the designation Chartered Property and Casualty Underwriter (CPCU) or Chartered Life Underwriter (CLU), or a masters degree or its equivalent in insurance;

(b) Has passed the written examinations for property and casualty insurance authority; and/or life and disability insurance authority; subsequent to March 1, 1979;

(c) Supplies certification of a demand deposit trust account pursuant to Ins 6.64 (6);

(d) Supplies a surety bond or evidence of its equivalent pursuant to Ins 6.64 (7);

(e) Has been determined trustworthy and competent to the satisfaction of the commissioner pursuant to sub. (3).

(3) Application for the intermediary-broker licenses shall be made on insurance form 11-45 (Resident and Non-resident) and filed with the Commissioner of Insurance, Madison, Wisconsin. The determination by the commissioner as to the trustworthiness and competence of the applicant shall be based upon data contained on the application form; the