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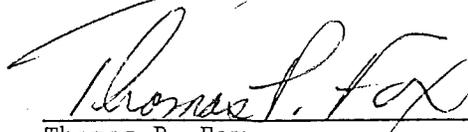
STATE OF WISCONSIN )  
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Thomas P. Fox, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order renumbering and creating a rule relating to acceptance of town mutual insurance policies by lenders and mortgagee clauses was issued by this office April 17, 1986.

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 17th day of April, 1986.



Thomas P. Fox  
Commissioner of Insurance

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DOUGLAS LA FOLLETTE  
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

An Order to renumber Ins 6.09 (5) and create Ins 6.09 (5) and Ins 13.04 (7) relating to acceptance of town mutual insurance policies by lenders and mortgagee clauses.

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ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

This rule prohibits a lender from refusing to accept an insurance policy issued by a town mutual insurer based on the fact that:

- (1) The insurer does not have an acceptable rating with a rating service or publication.
- (2) The policy of insurance is assessable.
- (3) The financial condition of the insurer is unacceptable, unless the insurer is violating the financial standards of the Office of the Commissioner of Insurance.

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The rule also permits a town mutual insurer to use an approved mortgagee clause form which waives policy defenses as to the mortgagee and eliminates liability by the mortgagee for payment of any premium or assessment due and payable from the insured. Lenders may require such a mortgagee clause as a condition to accepting the policy.

The rule interprets ss. 612.10 (2), 612.51, 612.52, 612.54 and 628.34.

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Pursuant to the authority vested in the Commissioner of Insurance by ss. 227.014 (2) (a), 601.41 (3), 612.51 (2) and 628.34 (12) Stats., the Commissioner hereby proposes to renumber Ins 6.09 (5) and create Ins 6.09 (5) and 13.04 (7) interpreting ss. 612.10 (2), 612.51, 612.52, 612.54 and 628.34 (5) and (12) Stats., as follows:

SECTION 1. Ins 6.09 (5) is renumbered 6.09 (6).

SECTION 2. Ins 6.09 (5) is created to read:

Ins 6.09 (5) FREE CHOICE OF INSURANCE; TOWN MUTUAL INSURERS. (a) A person may not disapprove, under s. 628.34 (5), Stats., a policy of insurance issued by a town mutual insurer licensed in this state based wholly or partially on the ground that:

1. The insurer does not have an acceptable rating with a rating service or publication;
2. The policy of insurance is assessable; or
3. The financial condition of the insurer is unacceptable, unless the condition constitutes a violation of s. Ins 13.06 or 13.09.

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(b) A person may disapprove a policy issued by a town mutual insurer based wholly or partially on the ground that it does not have a mortgagee clause in the form permitted under s. Ins 13.04 (7) (b).

SECTION 3. Ins 13.04 (7) is created to read:

Ins 13.04 (7) MORTGAGEE CLAUSE. If a loss under a policy issued by a town mutual insurer is payable to a mortgagee who is not an insured, the mortgagee clause may provide:

(a) For payment by the insurer despite policy defenses; or

(b) That the mortgagee is not liable for any premium or assessment, regardless of whether coverage has been extended after payment of a premium or assessment by the mortgagee.

SECTION 4. This rule is effective on the first day of the month following its publication in the administrative register as provided by s. 227.026 (1) (intro.), Stats.

Date: April 17, 1986



Thomas P. Fox  
Commissioner of Insurance

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02/25/86



The State of Wisconsin  
Office of the Commissioner of Insurance

Thomas P. Fox  
Commissioner  
(608) 266-3585

DATE: April 17, 1986  
TO: Gary Poulson  
FROM: M. E. Van Cleave *MEV*  
Assistant Deputy Commissioner of Insurance  
SUBJECT: Ins 6.09 and Ins 13.04, Clearinghouse No. 85-158

Enclosed are two copies of an Order of the Commissioner of Insurance renumbering and creating Ins 6.09 and Ins 13.04, Clearinghouse No. 85-158 relating to the acceptance of town mutual insurance policies by lenders and mortgagee clauses.

MEV:LH:imk  
Enclosure  
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