

CR 87-5

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STATE OF WISCONSIN  
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APR 15 1987

DOUGLAS LA FOLLETTE  
SECRETARY OF STATE

STATE OF WISCONSIN )  
OFFICE OF THE COMMISSIONER OF INSURANCE )

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Randy Blumer, Deputy Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order creating and amending a rule relating to correcting drafting problems in the current rule and exempting a joint underwriting association which provides excess liability insurance above a \$25 million limit from statutory restrictions on agreements by insurers was issued by this office on April 15, 1987.

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 15th day of April, 1987.

*Randy Blumer*

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Randy Blumer  
Deputy Commissioner of Insurance

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DOUGLAS LA FOLLETTE  
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

AMENDING A RULE

To create Ins 6.25 (2) (g), Ins 6.25 (3) (h), and to amend Ins 6.25 (1) (2), (4) and (5) relating to correcting drafting problems in the current rule and exempting a joint underwriting association which provides excess liability insurance above a \$25 million limit from statutory restrictions on agreements by insurers.

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ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The purpose of this rule is to permit a joint underwriting association to write excess liability insurance above \$25 million liability limits. Large commercial accounts such as large manufacturers which need high limits of liability insurance cannot currently obtain this insurance because such high limits are not being provided by insurance companies admitted to do business in Wisconsin. This rule will provide a market by the American Excess Insurance Association to the large commercial accounts by allowing the Association, a joint underwriting association, to provide these accounts with excess liability insurance above \$25 million. In order to provide the insurance, the Association must be exempted from chapter 625, Stats., pursuant to section 625.04, Stats. Specifically, the rule creates an exemption

from s. 625.33, Stats., which prohibits insurers from assuming any obligation to any person other than a policyholder or other companies under common control to use or adhere to certain rates or rules.

Amendments to Ins 6.25 (1), (2), (4) and (5) correct drafting problems in the current rule. They do not make substantive changes to the rule.

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Pursuant to the authority vested in the Commissioner of Insurance by s. 625.04, Stats., the Office of the Commissioner of Insurance hereby amends and creates a rule interpreting s. 625.04, Stats., as follows:

SECTION 1. Ins 6.25 (2) (g) and Ins 6.25 (3) (h) are created to read:

Ins 6.25 (2) (g) Excess and umbrella liability with limits in excess of \$25 million to risks with underlying coverage or self-insured for a minimum of \$25 million.

(3) (h) American Excess Insurance Association.

SECTION 2. Ins 6.25 (1), (2), (4) and (5) are amended to read:

Ins 6.25 (1) PURPOSE. This ~~rule-section~~, pursuant to s. 625.04, Stats., is intended to encourage an active, economical and efficient insurance market; to provide for the regulation of marketing practices; and to exempt certain insurers and organizations from the provisions of s. 625.33, Stats., with respect to joint underwriting or joint reinsurance.

Ins 6.25 (2) SCOPE. ~~This rule shall apply~~ Subsection (3) applies to joint underwriting and joint reinsurance involving the insurance of risks associated with:

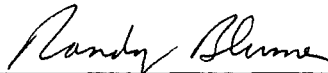
- (a) Nuclear energy.
- (b) Commercial aircraft.
- (c) Aircraft products liability.
- (d) Crude oil production and processing.
- (e) Municipal bonds.

Ins 6.25 (4) LIMITATION ON MEMBERSHIP DISCIPLINARY ACTION. No person ~~shall~~may impose any penalty or other adverse consequence for failure of any insurer to adhere to the rate or rules of any joint underwriting association or joint reinsurance association of which ~~such~~the insurer is a member, except termination of or expulsion of ~~such~~the insurer from membership in ~~such~~the association.

Ins 6.25 (5) PENALTY. Violations of this ~~rule~~section shall be subject to s. 601.64, Stats.

EFFECTIVE DATE. Pursuant to s. 227.22 (2) (intro.), Stats., this rule will become effective on the first day of the month commencing after the date of publication.

Dated at Madison, Wisconsin, this 15<sup>th</sup> day of April, 1987.

  
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Randy Blumer  
Deputy Commissioner of Insurance



The State of Wisconsin  
Office of the Commissioner of Insurance

Thomas P. Fox  
Commissioner  
(608) 266-3585

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DATE: April 15, 1987

APR 15 1987

TO: Gary Poulson

Revisor of Statutes  
Bureau

FROM: Mary Grossman, Director  
Office of Policy Analysis

SUBJECT: Ins 6.25, Clearinghouse Number 87-5

Enclosed are two copies of an Order of the Commissioner of Insurance creating and amending a rule relating to correcting drafting problems in the current rule and exempting a joint underwriting association which provides excess liability insurance above a \$25 million limit from statutory restrictions on agreements by insurers.

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Enclosure  
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