

Chapter Ins 6

GENERAL

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Ins 6.01 Foreign company to operate 2 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 2 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 s. Ins 6.75 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 s. Ins 6.75 (2) (a).
 - (b) Life insurance includes the kinds in s. Ins 6.75 (1) (a) and (b) but excluding all insurance on the health of persons other than that authorized in s. 627.06, Stats., and s. Ins 6.70.
 - (c) Casualty insurance includes the kinds in s. Ins 6.75 (2) (c) through (n).
- (2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in Ins 6.75 (1) (e) or (2) (c) if the applicant company has transacted any of the kinds of insurance in Ins 6.75 (1) (a) and (b) or (2) (d), (e), (k) and (n) continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in Ins 6.75 (1) (e) or (2) (c).

History: 1-2-56; emerg. am. eff. 6-22-76; am. Register, September, 1976, No. 249, eff. 10-1-76; am. Register, March, 1979, No. 279, eff. 4-1-79.

Ins 6.05 Filing of insurance forms. (1) **PURPOSE.** This section interprets and implements ss. 601.42, 631.20, 631.22 and 631.61, Stats.

(2) **SCOPE.** The requirements of this section shall apply to forms subject to s. 631.01, Stats., for the lines of insurance listed in s. Ins 6.75, except sub. (2) (b) and (k).

(3) **DEFINITIONS.** (a) "Affiliated insurer" means an insurer which is a member or subscriber to a rate service organization licensed under s. 625.32, Stats., and which has authorized the rate service organization to file forms on its behalf.

(b) "Certificate of compliance" means a document in substantially identical format to Appendix A which is signed by an officer of the insurer.

(c) "Certificate of readability" means a written statement signed by an officer of the insurer stating that the form is subject to s. Ins 6.07 and that the form meets the minimum standards set forth in that section.

(d) "Insurance policy form transmittal" means a document substantially identical in format to the form included as Appendix B, on which an insurer shall list each form submitted for approval.

(e) "OCI" means the office of the commissioner of insurance.

(f) "Submission" means any request received by the office of the commissioner of insurance for approval of a single form or combination of forms.

(4) FILING PROCEDURE. (a) Each submission of forms shall include the following:

1. A properly completed insurance policy form transmittal;
2. A properly completed certificate of compliance in substantially identical format as in Appendix A;
3. A properly completed certificate of readability, if the forms are consumer insurance policies subject to s. Ins 6.07;
4. A filing letter in duplicate which contains the following information:
 - a. In the case of a form which alters a previously approved form, a description of the change;
 - b. The form number and approval date of any form superseded by the new form;
5. One copy of each form in final printed format or typed facsimile exactly as it will be offered for issuance or delivery in the state of Wisconsin except for hypothetical data and other appropriate variable material;
6. A second copy of each form, if the insurer requires an OCI stamped copy for its records;
7. A copy of the previously approved form clearly marked "for reference only" if the current form is to supercede the previously approved form; and
8. A self-addressed return envelope of sufficient size to return one copy of the materials in subd. 4. and 6. to the insurer.

(b) A submission filed by a rate service organization will be considered as filed on behalf of all affiliated insurers.

(5) ANNUAL LISTINGS — PROPERTY AND CASUALTY ONLY. (a) In 1988, each insurer shall submit a list of all forms approved in Wisconsin which provide coverage for any of the lines or classes of insurance listed in s. Ins 6.75 (2) (a), (d) to (j), and (1) to (n). In 1989 and subsequent years each insurer shall submit annually a list of all forms approved since the previous annual listing and a list of all forms superseded or withdrawn since the previous listing.

(b) Insurer groups must submit the annual listing for each insurer in the group.

(c) Annual filings of lists are due during the month shown opposite the first letter of the company name in the following schedule:

A	February	M	July
B-C	March	N-O	August
D-F	April	P-R	September
G-H	May	S-T	October
I-L	June	U-Z	November

(6) INSURER RECORDS. Each insurer shall maintain a file of all forms approved for use in Wisconsin until all exposure on the risks insured

against has terminated. The file is subject to examination and the commissioner may request that any portion of the file be available for review within ten days of a written request.

(7) **DISAPPROVAL.** The commissioner shall disapprove without further review any filing which does not include all of the items in sub. (4).

(8) **PENALTY.** Insurers violating the provisions of this rule by using unapproved forms shall be subject to the penalties in s. 601.64, Stats. Each form issued to an individual policyholder shall constitute a separate violation.

History: Cr. Register, July, 1958, No. 31, eff. 8-1-58; am. (3), Register, May, 1975, No. 233, eff. 6-1-75; emerg. am. (1), eff. 6-22-76; am. (1), Register, September, 1976, No. 249, eff. 10-1-76; r. and recr. Register, November, 1977, No. 263, eff. 12-1-77; r. and recr. (4), Register, January, 1980, No. 289, eff. 2-1-80; am. (4)(a), (b) (intro.) and 7, Register, February, 1982, No. 314, eff. 3-1-82; cr. (4) (c) and (d), Register, July, 1982, No. 319, eff. 8-1-82; r. and recr. December, 1987, No. 384, eff. 1-1-88.

APPENDIX A
 CERTIFICATE OF COMPLIANCE

I, _____ (name),
 an officer of _____ (company name),
 hereby certify that I have authority to bind and obligate the company
 by filing this (these) form(s). I further certify that, to the best of my
 information, knowledge and belief:

1. The accompanying form(s) as identified by the attached listing
 comply(ies) with all applicable provisions of the Wisconsin Statutes and
 with all applicable administrative rules of the Commissioner of Insur-
 ance;
2. The form(s) does (do) not contain any inconsistent, ambiguous, or
 misleading clauses;
3. The form(s) does (do) not contain specifications or conditions that
 unreasonably or deceptively limit the risk purported to be assumed in
 the general coverage of the policy form(s);
4. The only variations from a form currently on file with the commis-
 sioner of insurance and the only unconventional policy provisions are
 clearly marked or otherwise indicated on pages _____ of the at-
 tached form(s) or in an attachment; and
5. The attached form(s) is (are) in final printed format or typed fac-
 simile and is (are) as will be offered for issuance or delivery in Wisconsin
 after approval by the Commissioner of Insurance, except for hypothet-
 ical data and other appropriate variable material.

 (signature)

 (title)

 (date)

Individual responsible for this filing:

Name: _____ Title: _____
 Address: _____
 Phone Number: _____ Date: _____

Ins 6.07 Insurance policy language simplification. (1) **PURPOSE.** The purpose of this rule is to establish minimum standards for legibility, coherence and understandability in consumer insurance policies delivered or issued for delivery in the state of Wisconsin on or after the effective dates stipulated in sub. (8). Sections of statutes interpreted or implemented by this rule are ss. 631.20 (2) (a) and 631.22.

(2) **SCOPE.** This rule shall apply to "consumer insurance policies" as defined in sub. (3) and not exempted under sub. (5).

(3) **DEFINITIONS.** (a) In this section "consumer insurance policy" means a life, disability, property or casualty insurance policy, or a certificate or a substitute for a certificate for group life, disability, property or casualty insurance coverage, which is issued to a person for personal, family or household purpose and a copy of which is customarily, in the insurance industry, delivered or is required by law, rule or agreement to be delivered to the person obtaining insurance coverage.

(b) The term "text" as used in this section shall include all printed matter except the following:

1. The name and address of the insurer; the name, number or title of the consumer insurance policy; the table of contents or index; captions and subcaptions; specification pages, schedules or tables; and

2. Any such form language which is drafted to conform to the requirements of any federal law, regulation or agency interpretation; any form language required by any collectively bargained agreement; any medical terminology; any words which are defined in the form; and any form language required by state law or regulation; provided, however, the insurer identifies the language or terminology excepted by this subdivision and certifies, in writing to the commissioner, that the language or terminology is entitled to be excepted by this subdivision.

(4) **MINIMUM STANDARDS.** (a) In addition to any other requirements of law, no consumer insurance policy, unless excepted under sub. (5), shall be delivered or issued for delivery in this state on or after the dates such forms must be approved under this section, unless:

1. The text achieves a minimum score of 50 for those policies labeled as Medicare supplement policies as defined by s. Ins 3.39, and a minimum score of 40 for all other policies included under this rule, on the Flesch reading ease test as described in par. (b), or an equivalent score on any other comparable test as provided in par. (c) of this subsection unless a lower score is authorized under sub. (7);

2. It is printed, except for specification pages, schedules and tables, in not less than 10 point type, one point leaded;

3. It is appropriately divided and captioned, presented in a meaningful sequence, and the style, arrangement and overall appearance of the policy enhance its understandability;

4. It contains a table of contents or an index of the principal sections of the policy if the policy contains more than 3,000 words or if the policy has more than 3 pages;

5. It contains a single section listing exclusions, or the exclusions are given at least equal prominence;

6. It defines words and expressions which are not commonly understood, or whose commonly understood meaning is not intended;

7. Cross-referencing between sections of the policy is maintained at a minimum.

(b) For the purpose of this section, a Flesch reading ease test score shall be measured by the following method:

1. For consumer insurance policies containing 10,000 words or less of text, the entire form shall be analyzed. For such forms containing more than 10,000 words, the readability of two 200-word samples per page may be analyzed instead of the entire form. The samples shall be separated by at least 20 printed lines.

2. The number of words and sentences in the text shall be counted and the total number of words divided by the total number of sentences. The figure obtained shall be multiplied by a factor of 1.015.

3. The total number of syllables shall be counted and divided by the total number of words. The figure obtained shall be multiplied by a factor of 84.6.

4. The sum of the figures computed under subds. 2. and 3. subtracted from 206.835 equals the Flesch reading ease score for the consumer insurance policy.

5. For purposes of subds. 2., 3., and 4., the following procedures shall be used:

a. A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be counted as one word;

b. A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence; and

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(8) **CHANGE IN RESIDENCY STATUS.** (a) A licensed nonresident agent, after becoming a Wisconsin resident, may retain authority under the nonresident agent license for a maximum of 60 days, at which time all authority granted under the nonresident license shall cease.

(b) A licensed resident agent, after becoming a resident of another state, may retain authority under the resident agent license for a maximum of 60 days, at which time all authority granted under the resident license shall cease.

(c) If an agent changes residency status and becomes licensed under the new status, all authority granted by the license issued under the former status shall terminate on the date the new license is issued.

(d) Criteria used by the insurance commissioner to establish residency shall include, but not be limited to:

1. Jurisdiction for payment of state taxes.
2. Jurisdiction for automobile driver's license and motor vehicle registration.
3. Location of voter registration.
4. Location of principal residence, such as owned or rented dwelling, condominium or apartment.

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; am. (4), cr. (8), Register, December, 1984, No. 348, eff. 1-1-85; am. (2), (3), (4) (a) and (b) and (6), Register, May, 1987, No. 377, eff. 7-1-87.

Ins 6.61 Intermediary records. (1) **PURPOSE.** This section protects insurance policyholders by prescribing minimum standards and techniques of accounting and data handling of intermediaries to ensure that timely and reliable information will exist and be available to the commissioner. This section implements and interprets ss. 601.42 and 628.34, Stats., by establishing minimum records to be maintained by intermediaries.

(2) **SCOPE.** This section applies to all intermediaries transacting insurance business in this state and to Wisconsin insurance transactions of nonresident intermediaries unless the nonresident is required to maintain records in a similar specified manner by the intermediary's state of domicile.

(3) **DEFINITIONS.** As used in this section:

(a) "Business checking account" means any account utilized by an intermediary for insurance-related transactions.

(b) "Cash disbursed record" means a record showing all monies paid out by the intermediary in connection with insurance.

(c) "Cash receipts record" means a record showing all monies received by the intermediary in connection with insurance.

(d) "Commission statements" means records or statements which show the commissions and fees allocated to the intermediary for insurance transactions.

(e) "Formal disciplinary action" means consent decrees, cease and desist orders, stipulations, suspensions, revocations, license denials, fines, forfeitures or actions limiting the intermediary's method of conducting an insurance business.

(f) "Intermediary" means any person, partnership or corporation requiring a license under the provisions of ch. 628, Stats.

(g) "Personnel records" means those records pertaining to anyone who is directly retained or employed by an intermediary in connection with insurance including subagents, secretaries, phone solicitors, and independent contractors.

(h) "Policyholder records" means all records, applications, request for changes, claims, and complaints associated with a policy generated by or through the intermediary.

(4) CASH DISBURSED RECORD. The cash disbursed record shall show the name of the party to whom the payment was made, date of payment, and reason for payment.

(5) CASH RECEIPTS RECORD. The cash receipts record shall show the name of the party who remitted the money, date of receipt, and reason for payment.

(6) COMMISSION STATEMENTS. The commission statements shall show the insured name, policy number, premium, amount of commission, and date allocated or paid or both.

(7) PERSONNEL RECORDS. Personnel records shall include dates of employment, position, description of principal duties, name of employe, and last known address and phone number of employe.

(8) RECORDKEEPING REQUIREMENTS. Beginning on January 1, 1988, each intermediary shall maintain, for a 3-year period, unless a specific period is provided elsewhere, the following records:

- (a) Cash receipts record.
- (b) Cash disbursed record.
- (c) Commission statements.
- (d) Policyholder records.
- (e) Business checking account.
- (f) Personnel records.

(9) SPECIAL REQUIREMENTS FOR NEWLY ISSUED CONTRACTS. Each intermediary shall maintain records for a 3-year period giving the effective date of the coverage on all newly issued contracts.

(10) SPECIAL REQUIREMENTS FOR INDIVIDUALLY-ISSUED LIFE AND ACCIDENT AND HEALTH CONTRACTS. Each intermediary shall maintain records for a 3-year period indicating that the necessary suitability inquiry and replacement procedures required by ss. Ins 2.07, 2.14 (5) (f), 2.15 (9) (f), 3.27 (7), and 3.29 were followed for each individually-issued life and accident and health contract written or replaced or both.

(11) **SPECIAL REQUIREMENTS FOR TITLE INSURANCE.** Each intermediary who is employed by, or is, an affiliate of a producer of title insurance shall maintain records for three years for each application or order for title insurance accepted in this state. The records shall state whether the application or order was directly or indirectly referred as provided by s. Ins 3.32 (5) by a producer of title insurance which is an affiliate as defined by s. Ins 3.32 (3) (a), (bm) and (c) and the name of each producer of title insurance who is an affiliate and acts as broker, agent, lender, representative or attorney in the transaction which resulted in the application or order. Each intermediary who is an affiliate of a producer of title insurance shall maintain a record of gross revenue from operations in this state from title insurance by quarter calendar year which shall separately show gross revenue from operations in this state derived from applications or orders for title insurance directly or indirectly referred by the affiliate.

(12) **PLACE OF MAINTAINING RECORDS.** The intermediary shall maintain records required by subs. (8), (9), (10) and (11) at the business address of the intermediary or the insurer recorded with the commissioner of insurance, or at another location only if the intermediary provides written notice of the other location to the commissioner of insurance.

(13) **UPDATING RECORDS.** The intermediary shall update all intermediary records at reasonable intervals or as necessary and shall maintain all financial intermediary records according to accepted accounting principles.

(14) **MAINTAINING POLICYHOLDER RECORDS.** The intermediary shall retain policyholder records for a period of at least three years after termination or lapse of the policy.

(15) **CHANGE OF ADDRESS.** Each 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.

(16) **NOTIFICATION OF CONVICTION OR DISCIPLINARY ACTION.** Except for action taken by the Wisconsin office of the commissioner of insurance, each intermediary shall notify the commissioner in writing within 30 days of any felony conviction or any formal disciplinary action against the intermediary taken by any state's insurance regulatory agency, commission or board. The notification shall give a description of the conviction or disciplinary action.

(17) **RECORDS MAINTAINED BY INSURERS.** An insurer shall inform its intermediaries in writing of the requirements of this section and may, by written agreement, assume the responsibility to maintain these records for an individual intermediary if the records can be made immediately available to the commissioner of insurance on demand.

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; cr. (2m), Register, November, 1986, No. 371, eff. 12-1-86; r. and recr. Register, December, 1987, No. 384, eff. 1-1-88.

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:

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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.

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