

COMMISSIONER OF INSURANCE

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Chapter Ins 11

INSURANCE SECURITY FUND BOARD

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Ins 11.01 Insurance security fund board. (1) **PURPOSE.** The purpose of this rule is to establish a procedure for selecting members of the board of the insurance security fund pursuant to s. 646.12 (1), Stats.

(2) **MEMBERSHIP OF THE BOARD.** The board shall consist of:

(a) The commissioner, the attorney general and the treasurer of the state of Wisconsin;

(b) Seven insurer representatives of domestic and foreign and alien insurers subject to ch. 646, Stats., to be appointed by the commissioner upon consideration of the recommendations of the following insurance organizations including:

1. American Insurance Association;
2. American Council of Life Insurance;
3. Alliance of American Insurers;
4. Health Insurance Association of America;
5. National Association of Independent Insurers;
6. Wisconsin Insurance Alliance;
7. Wisconsin Association of Life Insurers; and

(c) One additional member, as may be from time to time designated by the commissioner representing insurers not associated with any organization listed in par. (b).

(3) **TERM.** Members of the board appointed under sub. (2) (b) and (c) shall serve for a term of 3 years, except that members appointed before 1980 shall serve for the terms for which they were originally appointed and 1980 appointments shall be 2 members for 2-year terms and 3 members for 3-year terms.

(4) **CHAIRPERSON.** Annually, at its first meeting after June 1, the board of directors shall elect a chairperson.

History: Emerg. rule eff. 1-17-72; r. emerg. rule and cr. Register, March, 1972, No. 195, eff. 4-1-72; and recr., Register, July, 1973, No. 211, eff. 8-1-73; am. (2) (b) 3., Register, February, 1979, No. 278, eff. 3-1-79; am. Register, August, 1980, No. 296, eff. 9-1-80.

Ins 11.02 Rules for administration of ch. 646, Stats., insurance security fund. (1) **PURPOSE.** The purpose of this rule is to establish rules for administration of the insurance security fund.

(2) **BOARD MEMBERSHIP.** (a) The insurance security fund shall be managed by a board in accordance with the provisions of s. 646.03, Stats.

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(b) The composition of the board shall be as prescribed in s. 646.03 (1), Stats., and Ins 11.01.

(3) **POWERS AND DUTIES OF THE BOARD.** (a) A majority of the board shall constitute a quorum for the transaction of business, and the acts of a majority of the board members present at a meeting at which a quorum is present shall be the acts of the board.

(b) The board shall hold an annual meeting at the office of the commissioner of insurance on the second Wednesday in March in each year, unless the chairman of the board upon proper notice shall designate some other date or place. At each annual meeting the board shall:

1. Review these rules for the administration of the insurance security fund and consider proposed amendments thereto submitted, if any, for approval or rejection.

2. Review operating expenses and covered claim costs, and determine if an assessment or a refund of a prior assessment (and the amount of either) is necessary for the proper administration of any account of the fund, after considering the recommendations of the administrator. If such assessment or refund is determined to be necessary, the board shall levy such assessment or make such refund in accordance with ss. 646.21 and 646.22, Stats.

3. Review, consider and act on any other matters deemed by it to be necessary and proper for the administration of the fund.

(c) There shall be a committee consisting of 3 members of the board for each of the 3 separate accounts of the fund and for the temporary workmen's compensation security fund. In appointing these committees, the board shall, to the extent practicable, appoint board members representing insurers writing a substantial amount of insurance in the classes of insurance included in such separate accounts and the temporary workmen's compensation security fund. The members of each committee shall elect one of their number as chairman. Each such committee shall make recommendations to the board with respect to the matters included within s. 646.03 (2) (c), (d), (e) and (f), Stats.

(d) The board shall hold a meeting on call of the chairman promptly after notice by the administrator that he is prepared to submit an estimate of the amount that will be necessary to make the payments provided by ch. 646, separately for each of the accounts of s. 646.02 (2), and his recommendations for assessment under s. 646.21 (3), Stats., with respect to the liquidation of an authorized insurer. The administrator shall send to each member of the board within a reasonable time prior to said meeting a copy of such estimate and recommendations and his reasons therefor. At such meeting or a subsequent meeting the board shall:

1. Consider and advise the administrator what persons, if any, shall be hired by the fund to implement and carry out directives of the administrator and of the board made pursuant to their statutorily imposed duties. Such persons may include a managing secretary, attorneys at law, actuaries, accountants, claimsmen and others deemed necessary to assist the administrator and the board in carrying out their duties. Such persons shall have such authority as might properly be delegated to them by all the administrator or the board.

2. Consider the estimates and recommendations of the administrator and decide what assessment, if any, should be fixed. If assessment for any account of the fund is determined to be necessary, the board shall fix any such assessment in accordance with s. 646.21, Stats.

3. Advise the administrator with respect to all steps permitted by law and deemed necessary to protect the rights of the fund in the estate of the insolvent insurer.

4. Advise the administrator regarding any other matter deemed by it to be relevant and necessary for the proper administration of the fund.

(d) The board may determine a schedule of such other meetings as it may deem appropriate. Special meetings of the board may be called by the chairman, and shall be called by the chairman at the request of any 2 members. Not less than 5 days' written notice shall be given to each member of the time and place and the purpose or purposes of any special meeting. At any special meeting the board may take any action which it could take at any regularly scheduled meeting or the annual meeting and may take action within the powers with respect to any other matter deemed by it to be necessary for the proper administration of the fund.

(4) RECORDS AND REPORTS. (a) The official address of the board shall be the address of the office of the commissioner of insurance.

(b) A written record of the proceedings of each board and board committee meeting shall be made. The original record shall be retained by the chairman, who shall furnish a copy thereof to each member.

(c) The board from time to time at the direction of the chairman shall make a report of its activities and of the income and disbursements of each account of the fund to all authorized insurers subject to assessment.

History: Cr. Register, July, 1973, No. 211, eff. 8-1-73.