

Chapter Ins 6

GENERAL

Ins 6.01	Foreign company to operate 2 years before admission (p. 183)	Ins 6.43	Statement of changes in beneficial ownership of securities (p. 283)
Ins 6.02	Company to transact a kind of insurance 2 years before admission (p. 184)	Ins 6.50	Kinds of individual intermediary-agent licenses (p. 285)
Ins 6.03	Domestication of nondomestic insurer (p. 184)	Ins 6.51	Group coverage discontinuance and replacement (p. 286)
Ins 6.05	Filing of insurance forms (p.184-2)	Ins 6.52	Biographical data relating to company officers and directors (p. 291)
Ins 6.06	Minimum documentation in support of rate filings (p. 188-1)	Ins 6.54	Prohibited classification of risks for rating purposes (p. 294)
Ins 6.07	Insurance policy language simplification (p. 188-4)	Ins 6.55	Discrimination based on sex; unfair trade practice (p. 295)
Ins 6.08	Claimant representatives (p. 190)	Ins 6.57	Listing of insurance agents by insurers (p. 297)
Ins 6.09	Prohibited acts by captive agents of lending institutions and others (p.190-1)	Ins 6.58	Licensing of corporations and partnerships as insurance intermediaries (p. 298)
Ins 6.10	Property and casualty premium restrictions (p. 192-1)	Ins 6.59	Licensing of individuals as agents (p. 299)
Ins 6.11	Insurance claim settlement practices (p. 192-1)	Ins 6.61	Intermediary records (p. 301)
Ins 6.12	Qualification of actuaries (p. 194)	Ins 6.63	Regulation charge (p. 302)
Ins 6.13	Public inspection of records and reports (p. 194)	Ins 6.66	Proper exchange of business (p. 303)
Ins 6.17	Regulation of surplus lines insurance (p. 196)	Ins 6.67	Unfair discrimination in life and disability insurance (p. 304)
Ins 6.18	Reporting and payment of tax by unauthorized insurers transacting business in violation of law (p. 200)	Ins 6.68	Unfair discrimination based on geographic location or age of risk (p. 304-1)
Ins 6.19	Reporting and taxation of directly placed unauthorized insurance (p. 200)	Ins 6.70	Combinations of lines and classes of insurance (p. 305)
Ins 6.20	Investments of insurance companies (p. 204)	Ins 6.72	Risk limitations (p. 306)
Ins 6.25	Joint underwriting and joint reinsurance associations (p. 209)	Ins 6.73	Reinsurance (p. 306)
Ins 6.30	Instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers (p. 210)	Ins 6.74	Suretyship and risk limitations of surety obligations (p. 307)
Ins 6.31	Interpretations of the instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers (p. 252)	Ins 6.75	Classifications of insurance (p. 308)
Ins 6.40	Proxies, consents and authorizations of domestic stock insurers (p. 257)	Ins 6.76	Grounds for disapproval of and authorized clauses for fire, inland marine and other property insurance forms. (p. 310)
Ins 6.41	Insider trading of equity securities of domestic stock insurers (p. 268)	Ins 6.77	Exemption from mid-term cancellation requirements and required uninsured motorist and medical payment coverages (p. 314)
Ins 6.42	Initial statement of beneficial ownership of securities (p. 279)	Ins 6.78	Exemption from filing of rates (p. 315)
		Ins 6.79	Advisory councils (p. 315)
		Ins 6.80	Retention of records (p. 316)

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 trans-

acted 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 6.03 Domestication of nondomestic insurer. (1) **PURPOSE.** Under s. 611.223 (1) (a), Stats., a nondomestic insurer may apply to the commissioner to become a domestic insurer. In accordance with s. 611.223 (1) (b), Stats., this section specifies the contents of the application needed from a nondomestic insurer to obtain a certificate of incorporation and certificate of authority to be a domestic insurer.

(2) **SCOPE** This section applies to each nondomestic insurer which submits to the commissioner under s. 611.223 (1) (a), Stats., an application for a certificate of incorporation and a certificate of authority for domestic insurers.

(3) **REQUIRED CONTENTS OF THE APPLICATION.** The application for a certificate of incorporation and a certificate of authority shall be filed in accordance with s. 611.223 (1) (a), Stats., and shall include the following information:

(a) Information on the corporation and officers and directors, including all of the following:

1. The names, and for the preceding 10 years all addresses and all occupations of all existing and proposed directors and officers;
2. Certified copies of the articles and bylaws of the corporation and of any proposed amendments thereto in conjunction with the change of domicile;
3. All agreements relating to the corporation to which any existing or proposed director or officer is a party;
4. The present and proposed compensation of existing and proposed directors and officers; and
5. The holding company information required in s. Ins 12.01 (5) if the insurer must report this information under s. 617.11 (1), Stats.

(b) The applicant's plan for conducting the insurance business, including any proposed changes to the applicant's current manner of conducting the insurance business, containing all of the following information:

1. A description of the geographical area in which the applicant conducts business;
2. The types of insurance the applicant writes;
3. The applicant's marketing methods;
4. A summary of the applicant's policies on reinsurance business ceded, including information regarding retentions, maximum risks, types of contracts such as pro rata, excess of loss, and any other information which may be material to this part of the applicant's operation;
5. A summary of the applicant's policies on assumed reinsurance including information regarding retentions, maximum risks, types of business, types of contracts to be issued, and other factors which may be material to this part of the applicant's operations;
6. A brief summary of the applicant's investment policy;
7. The applicant's annual statements for the three most recent years and a projection of the anticipated operating results of the corporation at the end of the next five years of operation, based on reasonable assumptions of loss experience, premium and other income, operating expenses and acquisition costs; and
8. To the extent requested by the commissioner, the applicant's method of establishing premium rates.

(c) A certificate from the authority which regulates the insurance industry in the applicant's state of domicile, stating that the authority has given all requisite approvals and that the applicant's corporation is in good standing with the authority and in compliance with the laws of the state of domicile; and

(d) Any other relevant information required by the commissioner from an applicant.

(4) APPLICATION MATERIAL; FEES. (a) An insurer may obtain materials for application for a certificate of incorporation and certificate of author-

ity by requesting them from the commissioner of insurance, P.O. Box 7873, Madison, Wisconsin 53707-7873.

(b) In accordance with s. 601.31 (1) (a), Stats., an insurer shall submit a \$100 fee to the commissioner at the same time that the insurer submits the application for the certificates of incorporation and authority.

(5) **ISSUANCE OF CERTIFICATE.** (a) The commissioner shall issue within 180 days of receiving a completed application submitted in accordance with s. 611.223 (1) (a), Stats., a certificate of incorporation and a certificate of authority to the insurer submitting the application if the commissioner determines that the insurer satisfies the requirements of s. 611.223 (1) (a) 1 to 3, Stats. A failure by the commissioner to issue the certificate of incorporation and a certificate of authority within 180 days does not constitute acceptance of the application.

(b) In accordance with s. 601.31 (1) (b), Stats., an insurer shall submit a \$100 fee to the commissioner upon issuance of the certificate of incorporation and certificate of authority.

History: Cr. Register, May, 1989, No. 401, eff. 6-1-89.

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.

Next page is numbered 185

Ins 6.10 Property and casualty premium restrictions. (1) **PURPOSE.** This section requires insurers who may return a premium that is less than the pro rata unearned premium to disclose this to the insured. This section also establishes prohibitions concerning specified practices relating to premiums. This section implements and interprets ss. 227.10 (1), 601.01 (2), 625.13 (1), 628.34 (1), (3), (11), and (12), 631.20 and 631.36 (2), Stats.

(2) **SCOPE.** This section applies to all lines or classes of insurance classified as property and casualty insurance in s. Ins 6.75 (2), except lines or classes of insurance providing disability insurance under s. Ins 6.75 (2) (c).

(3) **DEFINITIONS.** In this section:

(a) "Pro rata unearned premium" means the pro rata portion of the written premium covering the unexpired portion of the policy term for which the written premium has been charged by the insurer to the policyholder.

(b) "Written premium" means the entire amount of premium charged a policyholder for the term of the policy.

(4) **PREMIUM IN EXCESS OF PRO RATA EARNED PREMIUM; FILING, RESTRICTIONS, DISCLOSURES.** (a) An insurer shall file with the Commissioner in accordance with s. 625.13, Stats., and s. Ins 6.06 any schedule of return premium applicable in the event of policy cancellation wherein the return of premium is less than the pro rata unearned premium for that policy form. The rate filing shall include the basis of the premium calculation in the event of a policy cancellation.

(b) Subject to par. (c), in any policy under which an insurer may return a premium that is less than the pro rata unearned premium, the insurer shall provide the policyholder with a separate written notice that the policyholder may pay a substantial penalty if the policyholder cancels the policy prior to its expiration date. No insurer may return a premium that is less than the pro rata unearned premium until at least 10 days after the insurer mails or delivers this written notice to the policyholder.

(c) Notwithstanding pars. (a) and (b), no insurer may return to the policyholder a premium that is less than the pro rata unearned premium if the insurer initiates cancellation or for a cancellation due to the non-payment of premium.

(5) **MISCELLANEOUS PREMIUM PROHIBITION.** No insurer may initiate cancellation of one policy solely to apply the pro rata unearned premium of that policy to the balance due on another policy.

History: Cr. Register, August, 1989, No. 404, eff. 10-1-89.

Ins 6.11 Insurance claim settlement practices. (1) **PURPOSE.** This rule is to promote the fair and equitable treatment of policyholders, claimants and insurers by defining certain claim adjustment practices which are considered to be unfair methods and practices in the business of insurance. The rule implements and interprets applicable statutes including but not limited to ss. 601.04, 601.01 (3) (b), and 645.41 (3), Stats.

Register, August, 1989, No. 404

(2) **SCOPE.** This rule applies to the kinds of insurance identified in Ins 6.75, transacted by insurers as defined in s. 600.03 (27), Stats., and non-profit service plans subject to ch. 613, Stats.

(3) **UNFAIR CLAIM SETTLEMENT PRACTICES.** (a) Any of the following acts, if committed by any person without just cause and performed with such frequency as to indicate general business practice, shall constitute unfair methods and practices in the business of insurance:

1. Failure to promptly acknowledge pertinent communications with respect to claims arising under insurance policies.