

Assembly Bill 689

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CHAPTER 308

AN ACT to create 201.025 of the statutes, relating to continuity of management of domestic insurance companies in case of national emergency.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

201. 025 of the statutes is created to read:

201.025 CONTINUITY OF MANAGEMENT. (1) The legislature declares it desirable for the general welfare and in particular for the welfare of insurance beneficiaries, policyholders, claimants and others that the business of domestic insurance companies be continued notwithstanding the event of a national emergency. The specific purpose of this section is to facilitate the continued operation of domestic insurance companies in the event that a national emergency is caused by an attack on the United

States or by a nuclear, atomic or other disaster which makes it impossible or impracticable for a company to conduct its business in strict accord with applicable provisions of law, its bylaws, its articles or its charter.

(2) The board of directors of any domestic insurance company may at any time adopt emergency bylaws, subject to repeal or change by action of those having power to adopt regular bylaws for the company, which shall be operative during such a national emergency and which may, notwithstanding any different provisions of the regular bylaws, or of the applicable statutes, or of the company's articles or charter, make any provision that may be reasonably necessary for the operation of the company during the period of such emergency.

(3) If the board of directors of a domestic insurance company has not adopted emergency bylaws, the following provisions shall become effective upon the occurrence of such a national emergency:

(a) Three directors shall constitute a quorum for the transaction of business at all meetings of the board.

(b) Any vacancy in the board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director.

(c) If there are no surviving directors, but at least 3 vice presidents of the company survive, the 3 vice presidents with the longest term of service shall be the directors and shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted legislation. By majority vote such emergency board of directors may elect other directors. If there are not at least 3 surviving vice presidents, the commissioner of insurance or duly designated person exercising the powers of the commissioner of insurance shall appoint 3 persons as directors who shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted legislation, and these persons by majority vote may elect other directors.

(4) At any time the board of directors of a domestic insurance company may, by resolution, provide that in the event of such a national emergency and in the event of the death or incapacity of the president, the secretary or the treasurer of the company, such officers or any of them shall be succeeded in the office by the person named or described in a succession list adopted by the board of directors. Such list may be on the basis of named persons or position titles, shall establish the order of priority and may prescribe the conditions under which the powers of the office shall be exercised.

(5) At any time the board of directors of a domestic insurance company may, by resolution, provide that in the event of such a national emergency the home office or principal place of business of the company shall be at such location as is named or described in the resolution. Such resolution may provide for alternate locations and establish an order of preference.

(6) As used in this section the term "director" means either director or trustee; and the term "domestic insurance company" includes fraternal benefit societies organized under ch. 208 except those referred to in s. 208.03 (1) and (2).

Approved October 26, 1965.