

in using a testimonial makes as its own all of the statements contained therein, and the advertisement including such statements is subject to all of the provisions of these rules.

(8) USE OF STATISTICS. An advertisement relating to the dollar amounts of claims paid, the number of persons insured, or similar statistical information relating to any insurer or policy shall not be used unless it accurately reflects all of the relevant facts. Such an advertisement shall not imply that such statistics are derived from the policy advertised unless such is the fact.

(9) INSPECTION OF POLICY. An offer in an advertisement of free inspection of a policy or offer of a premium refund is not a cure for misleading or deceptive statements contained in such advertisement.

(10) IDENTIFICATION OF PLAN OR NUMBER OF POLICIES. (a) When a choice of the amount of benefits is referred to, an advertisement shall disclose that the amount of benefits provided depends upon the plan selected and that the premium will vary with the amount of the benefits.

(b) When an advertisement refers to various benefits which may be contained in two or more policies, other than group master policies, the advertisement shall disclose that such benefits are provided only through a combination of such policies.

(11) DISPARAGING COMPARISONS AND STATEMENTS. An advertisement shall not directly or indirectly make unfair or incomplete comparisons of policies or benefits or otherwise falsely disparage competitors, their policies, services, or business methods.

(12) JURISDICTIONAL LICENSING. (a) An advertisement which is intended to be seen or heard beyond the limits of the jurisdiction in which the insurer is licensed shall not imply licensing beyond those limits.

(b) Such advertisements by direct mail insurers shall indicate that the insurer is licensed in a specified state or states only, or is not licensed in a specified state or states, by use of some language such as "This Company is licensed only in State A" or "This Company is not licensed in State B".

(13) IDENTITY OF INSURER. The identity of the insurer shall be made clear in all of its advertisements. An advertisement shall not use a trade name, service mark, slogan, symbol or other device which has the capacity and tendency to mislead or deceive as to the true identity of the insurer.

(14) GROUP OR QUASI-GROUP IMPLICATIONS. An advertisement of a particular policy shall not state or imply that prospective policyholders become group or quasi-group members and as such enjoy special rates or underwriting privileges, unless such is the fact.

(15) INTRODUCTORY, INITIAL, OR SPECIAL OFFERS. An advertisement shall not state or imply that a particular policy or combination of policies is an introductory, initial, or special offer and that the applicant will receive advantages by accepting the offer, unless such is the fact.

(16) APPROVAL OR ENDORSEMENT BY THIRD PARTIES. (a) An advertisement shall not state or imply that an insurer or a policy has been approved or an insurer's financial condition has been examined and found to be satisfactory by a governmental agency, unless such is the fact.

(b) An advertisement shall not state or imply that an insurer or a policy has been approved or endorsed by any individual, group of individuals, society, association or other organization, unless such is the fact.

(17) SERVICE FACILITIES. An advertisement shall not contain untrue statements with respect to the time within which claims are paid or statements which imply that claim settlements will be liberal or generous beyond the terms of the policy.

(18) STATEMENTS ABOUT AN INSURER. An advertisement shall not contain statements which are untrue in fact or by implication misleading with respect to the insurer's assets, corporate structure, financial standing, age or relative position in the insurance business.

(19) SPECIAL ENFORCEMENT PROCEDURES FOR RULES GOVERNING THE ADVERTISEMENT OF ACCIDENT AND SICKNESS INSURANCE. (a) *Advertising file.* Each insurer shall maintain at its home or principal office a complete file containing every printed, published, or prepared advertisement of individual policies and typical printed, published, or prepared advertisements of blanket, franchise, and group policies hereafter disseminated in this or any other state whether or not licensed in such other state, with a notation attached to each such advertisement which shall indicate the manner and extent of distribution and the form number of any policy advertised. Such file shall be subject to regular and periodical inspection by this department. All such advertisements shall be maintained in said file for a period of not less than 3 years.

(b) *Certificate of compliance.* Each insurer required to file an annual statement which is now or which hereafter becomes subject to the provisions of this regulation must file with this department together with its annual statement, a certificate executed by an authorized officer of the insurer wherein it is stated that to the best of his knowledge, information, and belief the advertisements which were disseminated by the insurer during the preceding statement year complied or were made to comply in all respects with the provisions of the insurance laws of this state as implemented by this regulation.

History: Cr. Register, October, 1956, No. 10, eff. 11-1-56.

Ins 3.09 Mortgage guaranty insurance. (1) PURPOSE. This rule is intended to implement and interpret applicable statutes for the purpose of establishing minimum requirements for the transaction of Mortgage Guaranty insurance.

(2) DEFINITION. Mortgage guaranty insurance is defined as insurance of mortgage lenders against loss by reason of nonpayment of mortgage indebtedness by the borrower, and is authorized by section 201.04 (8), Wis. Stats.

(3) ACCOUNTING. (a) The financial statement required by section 201.50, Wis. Stats., shall be furnished on the Fire and Casualty annual statement form.

Register, March, 1957, No. 15.

(b) Expenses shall be recorded and reported in accordance with the Uniform Classification of Expenses for Fire and Marine and Casualty and Surety Insurance.

(c) The unearned premium reserve shall be computed in accordance with section 201.18 (1), Wis. Stats.

(d) The case basis method shall be used to determine the loss reserve, which shall include a reserve for claims reported and unpaid and a reserve for claims incurred but not reported.

(e) A contingency reserve composed of a contribution from earned premium equal to the contingency factor permitted in the rate formula shall be established and reported in the financial statement as a liability.

(4) CONTINGENCY RESERVE. (a) The reserve established in paragraph (e) of subsection (3) shall be maintained indefinitely for the purpose of protecting against the effect of adverse economic cycles.

(b) Subject to the approval of the commissioner, the reserve shall be available only for loss payments when the incurred losses in any one year exceed the rate formula expected losses by 10% of the corresponding earned premiums.

(c) The contingency factor in the rate formula shall be 30% of the premiums earned until the contingency reserve becomes equal to 5 times the current premiums in force. At such time the appropriate modification shall be made in the contingency factor and rate formula.

(5) RATE MAKING. (a) Mortgage guaranty insurance shall be subject to the provisions of sections 204.37 to 204.54 inclusive, Wis. Stats.

(b) The rate formula shall contemplate losses, expenses, contingency reserve, 2½% of premium for profit, and any other relevant factors.

(c) All policy forms and endorsements shall be filed with and be subject to the approval of the commissioner of insurance. The mortgage insurance policy shall provide that the borrower shall not be liable to the insurance company for any deficiency arising from a foreclosure sale.

History: Cr. Register, March, 1957, No. 15, eff. 4-1-57.