

Ins 6.06 Termination of insurance contracts. (1) **PURPOSE.** This rule is intended to implement and interpret section 631.36, Wis. Stats., for the purpose of exempting certain classes of insurance contracts from section 631.36 (2), Wis. Stats., in accordance with section 631.36 (1) (c), Wis. Stats.

(2) **EXEMPT CLASSES.** The following classes of insurance contracts shall be exempt from the provisions of section 631.36 (2), Wis. Stats.:

(a) All classes of insurance contracts affording the kinds of insurance under section 201.04 (2), (3), (4), (8), (16), and (19), Wis. Stats.

(b) All classes of insurance contracts other than those specified in subsection (3) of this rule which afford the kinds of insurance under section 201.04 (1), (5), (6), (7), (9), (10), (11), (12), (13), (14), (15), (17), and (18), Wis. Stats.

(c) All classes of insurance contracts issued by companies organized or operating under chapter 202, Wis. Stats.

(3) **APPLICATION OF STATUTE.** The provisions of section 631.36 (2), Wis. Stats., shall apply to contracts of insurance which are issued and take effect on or after January 1, 1970, and which insure any of the following:

(a) Loss of or damage to real property used for residential purposes for not more than 4 families.

(b) Loss of or damage to personal property owned by natural persons except personal property used in the conduct and operation of any commercial, industrial, or professional enterprise.

(c) Legal liability for loss of, damage to, or injury to persons or property not arising from the conduct and operation of a commercial, industrial, or professional enterprise.

(d) Any other risk under a multiple peril, fire and extended coverage, or bodily injury and property damage liability contract which develops estimated premium per policy per year of less than \$200.

History: Cr. Register, December, 1969, No. 168, eff. 1-1-70.

Ins 6.07 History: Cr. Register, May, 1960, No. 53, eff. 6-1-60; r. Register, April, 1964, No. 100, eff. 5-1-64.

Ins 6.08 Fictitious groups. (1) This rule is intended to implement and interpret sections 203.32 (3) (a) 2 and 204.39 (1) (d), Wis. Stats.

(2) No insurer shall make, offer to make, or permit any preference or distinction in kinds of insurance specified in section 201.04 (1), (2), and (5) to (18) inclusive, Wis. Stats., as to form of policy, certificate, premium, rate, dividend, or condition of insurance based upon employment of, or membership or nonmembership of any person or persons by or in any particular employer, group, association, partnership, corporation, or organization. Any grouping of risks which have no preferred characteristics over similar risks written on an individual basis for the purpose of insuring at a preferred rate or premium or for the purpose of paying dividends or distributing profits is a fictitious group, and the grouping of such risks for said purposes is a violation of the statutes referred to in subsection (1) of this rule. This rule shall not apply to groups having common ownership, to groups specifically authorized by law, or to kinds of insurance specified in section 201.04 (3), (3a), (3b), (3c), (4), and (4a), Wis. Stats.

History: Cr. Register, June, 1960, No. 54, eff. 7-1-60.

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Ins 6.09 Prohibited acts by captive agents of lending institutions and others. (1) **PURPOSE.** This rule implements and interprets applicable statutes, including but not limited to sections 207.03, 207.04 (1) (d) 1., and 207.05, Wis. Stats., prohibiting concerted acts of boycott, coercion, or intimidation resulting in or tending to result in unreasonable restraint of the business of insurance as unfair methods of competition and as unfair or deceptive acts or practices in the business of insurance.

(2) **DEFINITIONS.** (a) *Agent.* A natural person, other than a captive agent, holding a valid and current certificate of registration as an insurance agent and one or more valid and current licenses to represent one or more admitted insurers in the solicitation and sale of policies of insurance in this state.

(b) *Borrower.* Any person, firm, association, or corporation which obtains, other than in the regular course of its trade or business, a loan of money or credit from a lending institution on the security of real or personal property in return for a promise to repay the consideration at a time subsequent.

(c) *Captive agent.* An agent who is a director, officer, or employe of the lending institution which, in connection with a loan transaction, holds or acquires a security interest in real or personal property of a borrower.

(d) *Lending institution.* Any person, firm, association, or corporation, whether or not licensed or chartered by any agency of government, which in the regular course of business lends money or credit to a borrower on the security of real or personal property in return for the borrower's promise to repay the consideration at a time subsequent.

(e) *Policy of insurance.* Any policy, certificate or memorandum of insurance affording in whole or in part any one or more of the kinds of insurance described, respectively, in section 201.04 (1), (2), (5a), (10), (11), (12), (13), (14), (15), (17), and (18), Wis. Stats.

(3) **DECLARATION OF POLICY.** (a) Every borrower in this state should be afforded a reasonable opportunity to purchase any policy of insurance, the form, content, and provisions of which have previously been approved by the office of the commissioner of insurance for use in this state, for the purpose of providing insurance coverage on real or personal property required by a lending institution to be placed in force by the borrower at the borrower's expense to protect its security interest in such real or personal property.

(b) Every borrower in this state should be afforded a reasonable opportunity to purchase a policy of insurance, from any insurer and through any agent currently licensed by the office of the commissioner of insurance to issue or sell in this state, which is designed to protect and which affords protection for security interests in real or personal property and which is required by a lending institution to be placed in force by the borrower at the borrower's expense for such purpose.

(c) At the minimum, every borrower in this state should be afforded the opportunity at any time within 30 days following initial inception of coverage and at any time within 30 days prior to any annual anniversary date of any existing policy to substitute for an existing policy insuring real or personal property of the borrower in which the lending institution has a security interest any other