

Chapter Ins 10

INSURANCE PREMIUM FINANCE COMPANIES

Ins 10.01 Premium finance agreements entered into by insurers or agents

Ins 10.01 Premium finance agreements entered into by insurers or agents. (1) **PURPOSE.** This rule is intended to implement and interpret sections 200.50, 201.53 (8), 601.43, 601.44, and 601.45, Wis. Stats., for the purpose of establishing requirements for the transaction of insurance premium finance business by an insurer or agent.

(2) **SCOPE.** This rule applies to all insurers and insurance agents engaged as principals in the business of entering into premium finance agreements except as follows:

(a) To premium finance transactions where no insurance policy or right thereunder is made the security or collateral for repayment of the debt.

(b) When insurance is included in the financing of an installment sale of a motor vehicle or other goods and services.

(c) When insurance premiums are financed in this state under section 138.04 or section 138.05, Wis. Stats.

(d) To the kinds of insurance defined under section 201.04 (3), Wis. Stats.

(e) To the extension of credit as authorized by section 201.53 (7), Wis. Stats.

(3) **DEFINITIONS.** (a) *Agent* means an agent as defined in sections 209.04 and 209.047, Wis. Stats.

(b) *Insurer* means the same as in section 601.02 (8), Wis. Stats.

(c) *Premium finance agreement* means an agreement by which an insured or prospective insured promises to pay to an agent or an insurer the amount advanced or to be advanced under the agreement to an insurer or to an insurance agent or broker in payment of premiums on an insurance contract together with a service charge as authorized and limited by section 200.50 (9), Wis. Stats.

(d) *Premium finance transactions* means transactions involving premium finance agreements.

(4) **REGISTRATION.** No agent or insurer shall engage in the business of financing insurance premiums in this state without first registering with the commissioner.

(5) **EXEMPT AGREEMENTS.** Agreements for payment of premiums on an insurance contract in installments by an insured to an insurer are not subject to this rule if the agreement is a part of a rate filing made under section 625.13 or section 625.15, Wis. Stats.

(6) **RECORDS.** (a) Every agent or insurer entering into a premium finance agreement shall maintain records of its premium finance transactions and the records shall be open to examination and investigation by the commissioner.

(b) Every such agent or insurer shall preserve all records of premium finance transactions for at least 3 years after making the final entry in respect to any premium finance agreement. The preservation of records in photographic form shall constitute compliance with this requirement.

(7) PREMIUM FINANCE AGREEMENTS. (a) A premium finance agreement shall:

1. Be dated, signed by or on behalf of the insured, and the printed portion thereof shall be in at least 8-point type;

2. Contain the name and place of business of the insurance agent or insurance broker negotiating the related insurance contract, the name and residence or the place of business of the insured as specified by him, the name and place of business of the agent or insurer to which installment or other payments are to be made, a description of the insurance contracts—including term and type of policy the premiums for which are advanced or to be advanced under the agreement and the amount of the premiums therefor; and

3. Set forth the following items where applicable:

- a. The total amount of the premiums,
- b. The amount of the down payment,
- c. The principal balance (the difference between items a. and b.),
- d. The amount of service charge,
- e. The balance payable by the insured (sum of items c. and d.),
- f. The number of installments required, the amount of each installment expressed in dollars, and the due date or period thereof.

(b) The items set forth in paragraph (a) 3 of this subsection need not be stated in the sequence or order in which they appear, and additional items may be included to explain the computations made in determining the amount to be paid by the insured.

(c) Additional items may be included in the premium finance agreement if necessary for clarity or for compliance with any other statute or regulation.

(d) If a premium finance agreement is used in connection with an open-end credit plan, the information required under paragraph (a) 3 of this subsection, as it relates to transactions entered into subsequent to the original financing transaction, may be set forth on the periodic statements furnished to the policyholder.

(e) Premium finance agreement forms that do not conform with all of the requirements of paragraph (a) of this subsection may be approved by the commissioner for use in this state if in his judgment the deviation is not essential to full disclosure or clarity of the transaction.

(8) OTHER STATUTES APPLICABLE. Premium finance agreements entered into by agents or insurers are subject, without limitation because of enumeration, to section 200.50 (9), (10), and (11), Wis. Stats.

(9) REBATING. Rebating part of the service charge allowed by section 200.50 (9), Wis. Stats., to any insurance agent or insurance broker or any employee of an insurance agent or insurance broker or to any other person as an inducement to the financing of any insurance policy with the agent or insurer entering into the premium finance agreement is prohibited.

(10) VIOLATION. Violation by an agent or insurer of any part of this rule in connection with insurance premium finance transactions will subject the agent or insurer to any applicable penalty including revocation of license.

History: Cr. Register, June, 1970, No. 174, eff. 7-1-70.