

**Chapter Ins 6**

**GENERAL**

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**Ins 6.01 Foreign company to operate two 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 transacted 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 two 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 section 201.04, Wis. Stats., 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 section 201.04 (1), Wis. Stats., (as extended by section 203.28, (2) and (12)).

(b) Life insurance includes the kinds in section 201.04 (3), Wis. Stats., but excluding all insurance on the health of persons other than that authorized in section 206.03, Wis. Stats.

(c) Casualty insurance includes the kinds in section 201.04 (4) through (11), and (13) through (18), Wis. Stats.

(2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in section 201.04 (4), Wis. Stats., if the applicant company has transacted any of the kinds of insurance in sections 201.04 (3), (5), (13), (15), (16) and (18), Wis. Stats., continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in section 201.04 (4), Wis. Stats.

**Ins 6.03 Nonresident casualty and fire insurance agents.** (1) Separate licenses are required for the solicitation of casualty insurance business and of fire insurance business.

(2) A separate license is required for each company for which the nonresident agent solicits business in Wisconsin but the provisions of subsections 201.53 (5) and 209.04 (5), Wis. Stats., permit a licensed nonresident agent to interchange business and receive the whole or any part of the commission from a resident agent on business obtained under such nonresident license and exchanged with the resident agent.

(3) A license will be revoked if the nonresident agent brokers insurance, either in Wisconsin, his state of residence, or elsewhere, of the class (casualty or fire) of insurance covered by the license, unless the placing of such business constitutes an exchange between agents as authorized by subsection 209.04 (5), Wis. Stats. One who solicits brokerage business is not eligible to have a nonresident agent's license for the same class (casualty or fire) of business.

(4) The company which a nonresident wishes to represent as an agent must furnish a statement showing that the applicant is appointed to solicit insurance in Wisconsin as its agent and agree that it will be bound by his knowledge and acts to the same extent as it is in connection with authorized resident agents in Wisconsin.

(5) The applicant for a nonresident agent's license must agree that each policy written by him covering property or risks in Wisconsin will be countersigned by a duly licensed resident agent of the company issuing the policy.

(6) A statement by the supervisory head of the insurance department of the state of residence showing that the applicant is a licensed agent in his state of residence for the company which he desires to represent in Wisconsin must be furnished when application is made for a nonresident agent's license.

(7) The applicant will be required to make full disclosure regarding any connection which he may have as an employe or member of any

agency partnership, association or corporation, including the full names and residences of all members, officers, directors and stockholders.

(8) Licenses issued on or after November 1, 1949, shall expire on the next succeeding November 1st. The fee for each nonresident agent's license shall be \$10.00.

**Ins 6.04 Countersignature requirements.** (1) Every policy of insurance issued or delivered in this state shall be countersigned by a licensed resident agent. Except in the case of the standard fire policy, an agent's signature on a copy of an application attached to and forming a part of a policy will be considered as satisfying this requirement.

(2) This rule shall not apply to:

(a) Policies issued in accordance with sections 201.44 (6), 201.44 (8), 209.04 (10) (c), (d), (e) and (f), or 612.51, Wis. Stats.

**History:** Cr. Register, April, 1958, No. 28, eff. 5-1-58; am. (2) (a), Register, April, 1963, No. 88, eff. 5-1-63; am. (2), Register, May, 1975, No. 233, eff. 6-1-75.

**Ins 6.05 Filing of insurance forms.** (1) **DEFINITIONS.** In this rule, unless the context otherwise requires, the following words and terms shall have the following meanings:

(a) "Insurance" shall mean any fire, liability, steam boiler, fidelity, title, credit, burglary, plate glass, sprinkler leakage, elevator, livestock, automobile, other casualty, or medical payments and other supplemental insurance provided under subsections (1), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), (17), or (18) of section 201.04, Wis. Stats.

(b) "Filing" shall mean: 1. Any matter submitted under this rule. 2. The act of filing such matter.

(c) "Form" shall mean any matter intended to be used by any insurer as any part of an insurance contract including any application which becomes a part of an insurance contract and any policy, endorsement, or rider.

(d) "Reinsurance contract" shall mean a contract wherein a primary insurer cedes all or part of a risk to another insurer.

(2) **GENERAL PROVISIONS.** (a) The date of filing by an insurer shall be the date on which any filing is stamped received by the commissioner of insurance.

(b) Notice of disapproval by the commissioner shall state therein the effective date of disapproval, but any statutory period for contesting such disapproval shall begin upon receipt of such notice of disapproval.

(c) Each filing shall be on file for a period of 15 days before it becomes effective, which period may be extended by the commissioner for an additional period not to exceed 15 days if he gives written notice within such waiting period to the insurer or rating organization which made the filing that he needs such additional time for consideration of such filing. A filing shall be deemed effective unless disapproved by the commissioner within the waiting period or any extension thereof, provided that if the filing proposes a later effective

date such proposed date shall prevail. Upon written application by such insurer or rating organization the commissioner may authorize a filing to become effective before the expiration of the waiting period or any extension thereof.

(3) **INSURANCE FORMS TO BE FILED.** No form shall be used or issued in the state of Wisconsin as part of any contract of insurance unless such form has been filed by the insurer with the commissioner in accordance with (2) (c) above. Forms not now on file shall be filed as herein required. Forms now on file may continue to be used until such time as they may be disapproved. An insurer may satisfy its obligation to make form filings by becoming a member of or a subscriber to a licensed rating organization as considered in section 203.32 or sections 204.37 to 204.54, inclusive, Wis. Stats., which makes such filings, provided that basic policy forms must be filed by the insurer named thereon. Nothing in this rule shall be construed as requiring any insurer to become a member of or subscriber to any rating organization. An insurer may satisfy its obligations to make form filings by becoming a member of or a subscriber to a rate service organization licensed under section 625.32, Wis. Stats., which makes such filings, provided that basic policy forms must be filed by the insurer named thereon. No filing need be made hereunder of any form prepared to meet special, unusual, peculiar or extraordinary conditions applying to individual risks; nor to the completion of uniform forms to indicate the application of the contract to individual risks.

(4) **FORM OF FILING.** (a) *Letter of transmittal.* The filing shall be in duplicate and accompanied by a letter of transmittal in duplicate. Such letter of transmittal shall set forth:

1. Title and reasonable identification of filing.
2. The proposed effective date.
3. The descriptive title, form number and form edition date, date of approval, if known, of any filing superseded thereby, and shall identify and explain all changes by paragraph and clause.
4. If an endorsement or rider, reference to the policy or forms with which it is to be used.
5. If the nature of the information to be inserted in any blank space of any form cannot be determined from the wording of the form, such blank space shall be filled in with hypothetical data to the extent required to indicate the proposed use or uses of the form. As an alternative, such purpose and use may be explained in the transmittal letter.

(b) *Filing size to be uniform.* All forms, for the purpose of filing under this rule only, shall be printed or superimposed on or attached to a sheet 8½" by 11" in size or folded to 8½" by 11" folded size.

(c) *Form, requirements of.* 1. Every form shall carry a descriptive title and reasonable identification and must show a form number and edition date, or other differentiation to identify the revision of a form and its previous edition or editions.

2. Forms may be submitted in typed or printer's proof format for an advisory opinion prior to filing in accordance with this rule.

3. The style, arrangement, and over-all appearance of any policy form shall give no undue prominence to any portion of the text, and every portion of the text of any form, endorsements or attached

papers must be clearly set out in letters of a style in general use, the type of which shall be no smaller than 8-point. The text includes all matter except name and address of the insurer, name or title of the policy, any brief description, and captions and subcaptions. Approval of any filing is upon the condition that all forms issued to an insured will be clearly legible. The face of any policy form shall set forth the name of the insurer assuming the risk more conspicuously than that of any department, underwriters' agency, general agency, or group or fleet of insurers; provided that policy forms in use in this state on the effective date of this rule with the name of company set forth less conspicuously may be continued in use until July 1, 1959.

(5) **DISAPPROVAL OF FILINGS.** (a) A form shall be disapproved if it contains a provision which is unfairly discriminatory, inequitable, misleading, deceptive, or encourages misrepresentation of the coverage.

(b) If the commissioner finds that a filing does not comply with the applicable insurance laws of this state or with rules of this department, he shall give written notice of disapproval of such filing, specifying therein in what respects he finds such filing fails to meet the requirements of such laws or rules and state that such filing shall not become effective.

(c) The disapproval of a filing shall be subject to review as provided by law.

**History:** Cr. Register, July, 1958, No. 31, eff. 8-1-58; am. (3), Register, May, 1975, No. 233, eff. 6-1-75.

**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 History:** Cr. Register, June, 1960, No. 54, eff. 7-1-60; r. Register, February, 1970, No. 170, eff. 3-1-70.

**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., 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

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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 policy affording adequate limits of insurance with respect to such property provided that such replacement policy has been approved for use in this state, and the insurer currently licensed by the office of the commissioner of insurance.

(4) PROHIBITED ACTS. Each of the following acts is declared to constitute the commission, by concerted action, of an act of boycott, coercion, or intimidation resulting in or tending to result in unreasonable restraint of the business of insurance and is prohibited:

(a) *Refusal to accept policy.* 1. The solicitation or sale by a captive agent of any policy of insurance to a borrower or to a lending institution for the account of any borrower under which coverage is afforded for the security interest of such captive agent's lending institution in real or personal property of the borrower if such lending institution has refused or then refuses to accept for such purpose the policy of any insurer licensed in this state, the form, content, and provisions of which have previously been approved as appropriate for the insurance of such security interest on the property of such borrower by the office of the commissioner of insurance for use in this state.

2. The solicitation or sale by an agent of any policy of insurance to a borrower or to a lending institution for the account of any borrower under which coverage is afforded for the security interest of any lending institution in real or personal property of such borrower if such agent knows or in the exercise of reasonable care should have known that such lending institution has refused or then refuses to accept for such purpose the policy of any insurer licensed in this state, the form, content, and provisions of which have previously been approved as appropriate for the insurance of such security interest on the property of such borrower by the office of the commissioner of insurance for use in this state.

(b) *Restriction on replacement of existing policy.* 1. The solicitation or sale by a captive agent of any policy of insurance to a borrower or to a lending institution for the account of any borrower under which coverage is afforded for the security interest of such captive agent's lending institution in real or personal property of the

borrower if such lending institution then imposes or enforces any requirement or condition, whether or not assented thereto by a borrower, which abrogates or otherwise penalizes or restricts the right of any borrower, exercisable 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 effectively 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 policy approved by the office of the commissioner of insurance which affords adequate limits of insurance with respect to such property.

2. The solicitation or sale by an agent of any policy of insurance to a borrower or to a lending institution for the account of any borrower under which coverage is afforded for the security interest of any lending institution in real or personal property of such borrower if such agent knows or in the exercise of reasonable care should have known that such lending institution then imposes or enforces any requirement or condition, whether or not assented to by a borrower, which abrogates or otherwise penalizes or restricts the right of any borrower, exercisable 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 effectively 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 policy approved by the office of the commissioner of insurance which affords adequate limits of insurance with respect to such property.

(5) **NONAPPLICATION.** The provisions of this rule shall not apply to renewal of any policy of insurance where the obligation of the borrower to procure insurance for the security interest of the lending institution accrued prior to the effective date of this rule.

**History:** Cr. Register, December, 1968, No. 156, eff. 1-1-69; am. (1), Register, May, 1975, No. 233, eff. 6-1-75.

**Ins 6.10 Insurance agents advisory council.** (1) **PURPOSE.** The purpose of this rule is to create an insurance agents advisory council to be appointed by the commissioner of insurance pursuant to sections 15.04 (3) and 601.20, Wis. Stats.

(2) **MEMBERSHIP.** The council shall consist of the commissioner or a member of his staff designated by him and 11 other members, at least 6 of whom are experienced and licensed as resident insurance agents.

(3) **TERM.** Members of the council shall be appointed to serve for a term of 3 years except that the initial appointments under this rule shall be 3 members for a one-year term, 4 members for a 2-year term, and 4 members for a 3-year term.

(4) **DUTIES.** It shall be the duty of the council to:

(a) Advise the commissioner with respect to the carrying out of his functions under sections 206.41, 208.21, and 209.04, Wis. Stats.,

(b) Make recommendations to the commissioner for the preparation and conduct of examinations pursuant to sections 206.41 (4), 208.21, and 209.04 (2) (b), Wis. Stats.,

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(c) Advise the commissioner concerning the relevancy of the content of agents' examinations to the types of licenses being sought by applicants, and

(d) Advise the commissioner with respect to developing, in cooperation with various educational institutions in the state, courses of instruction in various fields of insurance for the education of agents and applicants for agents' licenses.

(5) OFFICERS. The council shall annually elect a chairman and a vice-chairman. The commissioner or his designee shall act as secretary and keep a record of all proceedings, transactions, communications, and other official acts of the council. The files and records of the council shall be maintained at the office of the commissioner.

(6) MEETINGS. The council shall meet at least twice a year when called by the commissioner and at such other times when requested by the commissioner or 3 or more members.

(7) EXPENSE REIMBURSEMENT. Members of the council shall receive no salary or compensation for service on the council but shall be reimbursed for their actual and necessary expenses in attending meetings or while performing other duties as directed by the commissioner.

History: Cr. Register, July, 1970, No. 175, eff. 8-1-70.

**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 section 201.045 (1), 601.01 (3) (b), and 645.41 (3), Wis. Stats.

(2) SCOPE. This rule applies to the kinds of insurance identified in section 201.04, Wis. Stats., transacted by insurers as defined in section 600.03 (27), Wis. Stats., and nonprofit service plans subject to section 200.26, Wis. 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.

2. Failure to initiate and conclude a claims investigation with all reasonable dispatch.

3. Failure to promptly provide necessary claims forms, instructions and reasonable assistance to insureds and claimants under its insurance policies.

4. Failure to attempt in good faith to effectuate fair and equitable settlement of claims submitted in which liability has become reasonably clear.

5. Failure upon request of a claimant, to promptly provide a reasonable explanation of the basis in the policy contract or

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applicable law for denial of a claim or for the offer of a compromise settlement.

6. Knowingly misrepresenting to claimants pertinent facts or policy provisions relating to coverages involved.

7. Failure to affirm or deny coverage of claims within a reasonable time after proof of loss has been completed.

8. Failure to settle a claim under one portion of the policy coverage in order to influence a settlement under another portion of the policy coverage.

9. Except as may be otherwise provided in the policy contract, the failure to offer settlement under applicable first party coverage on the basis that responsibility for payment should be assumed by other persons or insurers.

10. Compelling insureds and claimants to institute suits to recover amounts due under its policies by offering substantially less than the amounts ultimately recovered in suits brought by them.

11. Refusing payment of claims solely on the basis of the insured's request to do so without making an independent evaluation of the insured's liability based upon all available information.

12. Failure, where appropriate, to make use of arbitration procedures authorized or permitted under any insurance policy.

13. Adopting or making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration.

(b) Any of the following acts committed by any person shall constitute unfair methods and practices in the business of insurance:

1. Knowingly misrepresenting to claimants pertinent facts or policy provisions relating to coverages involved.

2. Failure to make provision for adequate claims handling personnel, systems and procedures to effectively service claims in this state incurred under insurance coverage issued or delivered in this state.

3. Failure to adopt reasonable standards for investigation of claims arising under its insurance policies.

(4) **PROMPT DEFINED.** Except where a different period is specified by statute or rule and except for good cause shown, the terms "prompt" and "promptly" as used in this rule shall mean responsive action within 10 consecutive days from receipt of a communication concerning a claim.

(5) **PENALTY.** The commission of any of the acts listed in subsections (3) (a) or (3) (b) 2., or 3. shall subject the person to revocation of license to transact insurance in this state. Violations of this rule or any order issued thereunder shall subject the person violating the same to section 601.64, Wis. Stats.

**History:** Cr. Register, October, 1971, No. 190, eff. 11-1-71; am. (1), Register, September, 1973, No. 213, eff. 10-1-73; am. (2), Register, February, 1974, No. 218, eff. 3-1-74.

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**Ins 6.12 Qualification of actuaries.** (1) **PURPOSE.** (a) The purpose of this rule is to protect the interests of insurers, insureds, insurance beneficiaries, insurance claimants, insurance company stockholders, and trustees, employers, covered employes, retired employes and terminated employes of employe welfare funds by establishing requirements for use of the terms actuary or actuarial. This rule interprets and implements sections 207.04, 211.04, 211.08, 211.09, 601.41, 601.42 and 601.43, Wis. Stats.

(b) It is not the purpose of this rule to require any insurer or rate service organization to employ an actuary except as may be otherwise required by statute or other administrative rule, nor does this rule require that filings under chapter 625, Wis. Stats., be prepared or submitted by a qualified actuary. Further, this rule is not intended to prohibit the strictly internal use by insurers of job titles containing the term actuary.

(2) **SCOPE.** This rule shall apply to all reports or representations subject to supervision by the commissioner of insurance.

(3) **SIGNATURE AS AN ACTUARY.** No document filed with this office which requires the signature of an actuary will be accepted unless the person signing as an actuary is a member of the American Academy of Actuaries or has otherwise demonstrated his actuarial competence to the commissioner.

(4) **ACTUARIAL REPRESENTATION.** No person in any representation made to the public or to this office in respect to any matter subject to this rule shall use the word actuary or actuarial to indicate a degree of professional competence unless that person is a member of the American Academy of Actuaries or has otherwise demonstrated his actuarial competence to the commissioner.

(5) **LEVEL OF COMPETENCY.** No member of the American Academy of Actuaries or a person who has otherwise demonstrated his actuarial competence to the commissioner shall use the word actuary or actuarial in any presentation subject to this rule unless he is qualified to give the actuarial advice required or requested.

(6) **PENALTY.** Violations of this rule or any order issued thereunder shall subject the person to section 601.64, Wis. Stats., or other applicable statute.

**History:** Cr. Register, October, 1971, No. 190, eff. 11-1-71.

**Ins 6.13 Public Inspection of Records and Reports.** (1) **PURPOSE.** The purpose of this rule is to specify which records of the office of the commissioner of insurance are not open to public inspection under section 601.46 (4), Wis. Stats.

(2) **DEFINITIONS.** As used in this rule:

(a) "Records" includes all reports and writings required or authorized by law to be filed, deposited, or kept at the office of the commissioner of insurance or which are in his lawful possession or control.

(b) "Reports" includes all reports made, issued, or submitted by the commissioner of insurance under section 601.46 (3), Wis. Stats.

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(c) "Writing" means handwriting, typewriting, printing, photostating, photographing, electronic recording, and every other means of recording any form of communication or representation.

(3) **LIMITATIONS ON PUBLIC INSPECTION.** (a) *Procedure.* Records shall be open to public inspection during usual business hours and in such a manner as not to interfere with the efficient and orderly operation of the office of the commissioner of insurance.

(b) *Statutory limitations.* Public inspection shall be denied or limited with respect to records within the purview of section 66.77 (3), Wis. Stats., and any other statute limiting inspection.

(c) *Other limitations.* Except as provided in paragraph (b), all records shall be open to public inspection except:

1. A record which is the work product of an employe in the office of the commissioner of insurance or a person contracting with the commissioner or insurance to provide such record, unless and until such record becomes a public record by operation of other statute or rule.

2. A record whose disclosure would reveal the identity of an informant who furnished information pursuant to a pledge of confidentiality.

3. A record received on a confidential basis from another governmental agency.

4. A record which is a part of a current investigation which may result in administrative, legal or criminal action or which relates to any such pending action, if the disclosure of such record would impede or frustrate such investigation or action.

5. A record whose disclosure would unduly damage a person's reputation so as to outweigh the public interest in disclosure.

6. A record whose disclosure would result in such harm to the public interest as to outweigh the public benefit to be gained by granting inspection.

(4) **JUSTIFICATION FOR REFUSING INSPECTION.** Whenever the commissioner is requested in writing to provide the reasons for his refusing a demand to inspect a particular record, he shall specifically state the reasons for such refusal.

(5) **EXCEPTIONS.** Nothing contained herein shall prevent the commissioner from furnishing a record when required to do so by a proper court order or when requested to do so by a public officer in the official discharge of his duties, under such safeguards as may be appropriate.

*History:* Cr. Register, June, 1973, No. 210, eff. 7-1-73.

**Ins 6.17 Regulation of surplus lines insurance.** (1) **PURPOSE.** This rule implements and interprets sections 601.42, 601.72, 601.73, 618.41 and 618.43, Wis. Stats., for the purpose of facilitating the regulation of surplus lines insurance business in this state.

(2) **PROHIBITED PLACEMENT.** No licensed surplus lines agent may place contracts of insurance with any unauthorized insurer:

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(a) For the classes of insurance specified by subsections (8), (16), and (19) of section 201.04, Wis. Stats., and

(b) For any kind of insurance not specifically authorized by any of the other subsections of section 201.04, Wis. Stats.

(3) RESPONSIBILITIES OF SURPLUS LINES AGENT. Every licensed surplus lines agent who procures surplus lines insurance shall:

(a) Forward promptly to the policyholder a completed copy of a Surplus Lines Insurance Proposal in a form substantially as in Appendix 1 to this rule.

(b) When applicable, forward promptly to the policyholder a notice that the unauthorized insurer with which the insurance is to be placed is not on the list of unauthorized nondomestic insurers which the commissioner believes to be reliable and solid, along with notice of any other deficiencies of the insurer of which the agent has knowledge.

(c) File with the commissioner:

1. A copy of the policy, certificate, cover note, or other evidence of insurance issued to the policyholder;

2. A copy of the Surplus Lines Insurance Proposal (Appendix 1) which was furnished to the policyholder.

3. A copy of any Notice required by paragraph (b).

4. The name of the person to whom the commissioner shall mail legal process.

(d) Keep in his office in this state a full and true record of each surplus lines insurance contract procured by him, evidenced by a copy of the daily report or other documents to show at least the following information:

1. Amount of the insurance and perils insured against;

2. Brief general description of property insured and where located;

3. Gross premium charged;

4. Return premium paid, if any;

5. Rate of premium charged upon the several items of property;

6. Effective date of the contract, and the terms thereof;

7. Name and post-office address of the insured;

8. Name and home office address of the insurer;

9. Amount collected from the insured; and

10. A copy of the Notice required by paragraph (b).

(e) The record required by paragraph (d) shall be open at all times to examination by the commissioner without notice, and shall be so kept available and open to the commissioner for 3 years (5 years for notice required by paragraph (b)) next following the expiration or cancellation of the contract.

(4) **ADVERTISING BY SURPLUS LINES AGENT.** A surplus lines agent may advertise the availability of his services in procuring, on behalf of persons seeking insurance, contracts with insurers not holding a certificate of authority in Wisconsin, but such advertisements shall not refer to any particular unauthorized insurer or insurers.

(5) **REPORT AND PAYMENT OF TAX-SURPLUS LINES INSURANCE.** All premium tax collected by the surplus lines agent shall be reported and forwarded to the commissioner on or before March 1, for all insurance procured, renewed or continued during the preceding calendar year with unauthorized insurers. The report shall be made on a form substantially the same as Appendix 2 to this rule.

(6) **PENALTY.** Any violation of this rule shall subject the agent to immediate revocation of his surplus lines agent's license and to other forfeitures and penalties provided by section 601.64, Wis. Stats.

**History:** Cr. Register, December, 1973, No. 216, eff. 1-1-74; am. (1), Register, May, 1975, No. 233, eff. 6-1-75.

Appendix 1

Ins 6.17

**SURPLUS LINES INSURANCE PROPOSAL**

Name and address of applicant Date

Dear \_\_\_\_\_ : Proposal No.

You have asked that I procure the following insurance coverage on your behalf:

<i>Type of Insurance</i>	<i>Limits of Coverage</i>
--------------------------	---------------------------

I can procure the coverage desired from the following insurer(s) at the premium listed:

*Insurer(s)—Name and Address    % of Total Risk    Premium Quoted*

This insurance is with an insurer which has not obtained a certificate of authority to transact a regular insurance business in the state of Wisconsin, and will be issued and delivered as a surplus lines coverage pursuant to section 618.41, Wis. Stats. The insurance is regulated by the Commissioner of Insurance only as provided in sections 618.41 and 618.43, Wis. Stats. Section 618.43 (1), Wis. Stats., requires payment by the policyholder of a 3% tax on gross premium (except for Ocean Marine Insurance on which the tax is one-half of 1%). The tax in this instance amounts to \$ \_\_\_\_\_. If the above transaction is not satisfactory, please advise immediately.

Sincerely yours,

\_\_\_\_\_  
Name and address of licensed surplus lines agent

cc: Commissioner of Insurance  
State of Wisconsin



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Appendix 2

Ins 6.17

REPORT OF SURPLUS LINES INSURANCE

Year Ending December 31, 19\_\_\_\_\_

This report is to be filed with the Commissioner of Insurance, State of Wisconsin, Madison, Wisconsin 53702, on or before March 1, 19\_\_\_\_\_

Agent		Business address, including zip code			Date	
Proposal No. and Date* (1)	Name of Insured (2)	Name of Insurance Company (3)	Contract Number (4)	Term and Effective Date (5)	Premium Charged (6)	3%** Premium Tax Collected (7)

\*Proposals are to be numbered consecutively.  
\*\* $\frac{1}{2}$  of 1% for Ocean Marine Insurance

Premium Collected During Year..... \$ \_\_\_\_\_

Tax Due @ 3%\*\*—Total Column (7)..... \$ \_\_\_\_\_

Amount Enclosed..... \$ \_\_\_\_\_



**Ins 6.18 Reporting and payment of tax by unauthorized insurers transacting business in violation of law.** (1) **PURPOSE.** This rule implements and interprets sections 601.42, 610.11 and 618.43, Wis. Stats., for the purpose of facilitating the reporting and collection of tax due the state of Wisconsin from unauthorized insurers transacting business in violation of Wisconsin law.

(2) **REPORTING AND PAYMENT OF TAX BY UNAUTHORIZED INSURERS TRANSACTING BUSINESS IN VIOLATION OF LAW.** All premium tax shall be reported and forwarded to the commissioner on or before March 1, for all insurance which applies to exposures located wholly or partially within this state written, renewed or continued during the preceding calendar year by an unauthorized insurer. The report shall be made on a form substantially the same as Appendix 1 to this rule.

(3) **PENALTY.** Any violation of this rule shall subject the person violating the same to section 601.64, Wis. Stats.

*History:* Cr. Register, December, 1973, No. 216, eff. 1-1-74.

**Ins 6.19 Reporting and taxation of directly placed unauthorized insurance.** (1) **PURPOSE.** This rule implements and interprets sections 601.42, 618.42 and 618.43, Wis. Stats., for the purpose of facilitating the reporting and collection of tax due the state of Wisconsin from persons who directly procure or renew insurance in an unauthorized insurer.

(2) **REPORTING DIRECTLY PLACED UNAUTHORIZED INSURANCE.** The procurement or renewal of insurance from any unauthorized insurer shall be reported within 60 days to the commissioner on a form substantially the same as Appendix 1 to this rule.

(3) **REPORTING AND PAYMENT OF TAX FOR DIRECTLY PLACED UNAUTHORIZED INSURANCE.** All premium tax shall be reported and forwarded to the commissioner on or before March 1, for all insurance which applies to exposures located wholly or partially within this state procured, renewed or continued during the preceding calendar year in an unauthorized insurer. The report shall be made on a form substantially the same as Appendix 2 to this rule.

(4) **PENALTY.** Any violation of this rule shall subject the person violating the same to section 601.64, Wis. Stats.

*History:* Cr. Register, December, 1973, No. 216, eff. 1-1-74.



## Appendix 1

## Ins 6.19

**NOTICE OF DIRECTLY PLACED UNAUTHORIZED  
INSURANCE**

To: Commissioner of Insurance  
State of Wisconsin  
201 East Washington Avenue  
Madison, WI 53702

1. Name of Person or Organization Insured
2. Address of Insured
3. Contract Number
4. Effective Date
5. Expiration Date
6. Name and Address of Insurance Company
7. Description or Type of Coverage
8. Premium Charged

The undersigned certifies that this report is true and correct according to the best of his information, knowledge, and belief.

\_\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_

*Note:* This report, pursuant to section 618.42 (2), Wis. Stats., must be filed with the Commissioner of Insurance within 60 days after effectuation of any new or renewal insurance contract independently procured from an unauthorized insurer. A separate report is required for each new or renewal insurance contract. A 3% Tax on the premiums charged for such contracts during the calendar year ending December 31 must be paid to the Commissioner on or before March 1 next succeeding.



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Appendix 2

Ins 6.19

PREMIUM TAX REPORT

Year Ending December 31, 19\_\_\_\_\_

Directly Placed Unauthorized Insurance—Sections 618.42 and 618.43, Wisconsin Statutes

This report is to be filed with the Commissioner of Insurance, State of Wisconsin, Madison, Wisconsin 53702, on or before March 1, 19\_\_\_\_\_

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Person or Organization Insured			Address, including zip code		Date	
Contract Number (1)	Effective Date (2)	Expiration Date (3)	Name and Address of Insurance Company (4)	Description or Type of Coverage (5)	Premium Charged (6)	3% Tax on Premium* (7)

\* $\frac{1}{2}$  of 1% for Ocean Marine Insurance

Premium Charged—Total Column (6)..... \$\_\_\_\_\_

Tax Due @ 3%\*—Total Column (7)..... \$\_\_\_\_\_

Amount Enclosed..... \$\_\_\_\_\_

The undersigned certifies that this report is true and correct according to the best of his information, knowledge, and belief.

\_\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_\_

**Ins 6.20 Investments of insurance companies.** (1) **PURPOSE.** The purpose of this rule is to implement and interpret chapter 620, Wis. Stats., for the purpose of establishing procedures and requirements for investments of insurance companies.

(2) **SCOPE.** This rule shall apply to all insurers subject to chapter 620, Wis. Stats.

(3) **DEFINITIONS.** As used in this rule:

(a) "Fixed charges" includes interest on all debt, and amortization of debt discount.

(b) "Net earnings available for fixed charges" means income after allowance for operating and maintenance expenses, depreciation and depletion, and taxes other than federal and state income taxes, but without allowance for extraordinary nonrecurring items of income or expense appearing in the regular financial statements of the issuing company. If the issuing company has acquired, prior to the date of investment, substantially all the assets of another company by purchase, merger, consolidation or otherwise, the net earnings available for fixed charges of the other company for the portion of the test period that preceded acquisition may be included in accordance with a consolidated earnings statement covering the period.

(c) "Net earnings available for fixed charges and dividends" shall be determined in the same manner as "net earnings available for fixed charges" but after allowance for federal and state income taxes.

(d) "Preferred dividend requirements" include dividends at the maximum prescribed rate on all stock ranking as to dividends on parity with or prior to that being acquired, whether or not the dividends are cumulative.

(e) "Real estate" or "real property" includes leaseholds.

(4) **GENERAL LIMITATIONS ON RESTRICTED INSURERS.** No insurer restricted under section 620.03, Wis. Stats., may invest thereafter in any of the following classes of assets except by permission of the commissioner:

(a) Any securities of an issuer who has defaulted on any payment on any debt security within the previous 5 years; or

(b) Any asset under section 620.22 (8), Wis. Stats.

(5) **SPECIAL LIMITATIONS ON RESTRICTED INSURERS.** No insurer restricted under section 620.03, Wis. Stats., shall invest:

(a) *Evidences of indebtedness.* In evidences of indebtedness under section 620.22 (1), Wis. Stats., unless they are lawfully authorized and:

1. They are rated AAA, AA or A by Fitch Investors Service, Inc. or by Standard & Poor's Corporation, or Aaa, Aa or A by Moody's Investors Service, Inc.; or

2. They are evidences of indebtedness of a municipally owned public utility of this state created pursuant to section 3 of article XI of the constitution, and the net book value of the property pledged as security for the bonds has been established or approved by the public

service commission and the total issue of the bonds does not exceed 50% of the net book value of such property; or

3. They are payable from revenues of a public utility or railroad owned by or held for the benefit of any governmental unit in the United States or Canada, if they are adequately secured by mortgage or lien on property or by specific pledge or revenues, and lawful authorizing resolutions or ordinance of the governing body of the unit require that during the life of the evidence of indebtedness the rates, fees, tolls or charges together with any other revenues pledged shall at all times produce revenues sufficient to pay all expenses of operation and maintenance, interest as promised and the principal sum when due; or

4. They are evidences of indebtedness of public utilities in the United States or Canada and are either adequately secured by mortgage, pledge or other collateral, or have had net earnings available for fixed charges that for the previous 3 fiscal years have averaged per year not less than 1 1/2 times the average annual fixed charges; or

5. They are evidences of indebtedness of a United States or Canadian private corporation, and they are either adequately secured by mortgage, pledge or other collateral, or are issued by a corporation which has had net earnings available for fixed charges that have averaged for the previous 5 years and equalled for each of the previous 2 years an annual amount which exceeded average annual fixed charges by at least 50%, or 25% in the case of corporations engaged primarily in wholesale or retail merchandising, installment, commercial and consumer financing, factoring or small loan business.

(b) *Equipment securities.* In equipment securities or in certificates of an equipment trust under subsection (8) (b) of this rule unless the obligor's net earnings have averaged at least 2 times its average annual fixed charges for the previous 3 years.

(c) *Real estate loans.* In real estate loans:

1. On the security of encumbered property, but property shall not be deemed encumbered because of unpaid but not delinquent assessments and taxes, mineral, oil or timber rights, easements for public highways, private roads, railroads, telegraph, telephone, electric light and power lines, drains, sewers or other similar easements, liens for service and maintenance of water rights when not delinquent, party wall agreements, building restrictions, or other restrictive covenants or conditions, with or without a reversionary clause, or leases under which rents or profits are reserved to the owner;

2. In excess of 2/3 of the fair market value, including buildings covered by the mortgage. If the value of buildings constitute part of the security, the buildings must be insured adequately to protect the insurer's security interest. The 2/3 limitation shall not apply to any loan fully insured by a federal insurance corporation; nor

3. On the security of a leasehold interest in real property unless it is unencumbered except by rentals owed to the owner of the fee, has at least 25 years yet to run, and then for no more than 50% of the fair market value of the leasehold less the present value of all rentals due upon it to the owner of the fee.

(d) *Preferred shares.* In preferred shares unless the issuing company has had, disregarding fixed charges on indebtedness and dividend requirements on preferred stock for the retirement of which provision has been made at the date of the investment, net earnings:

1. Available for fixed charges and dividends that during the previous 5 fiscal years have averaged not less than twice the sum of the fixed charges, maximum contingent interest and preferred dividend requirements of the issuing company; or

2. Available for fixed charges and dividends that for each of the previous 3 fiscal years have been not less than 1 1/2 times the sum of the fixed charges, maximum contingent interest and preferred dividend requirements of the issuing company; or

3. Available to meet preferred dividend requirements of the previous 5 years, after allowance for fixed charges and federal and state income taxes, that have averaged not less than 3 times the preferred dividend requirements.

(e) *Common stock.* In common stock except:

1. In accordance with a plan of acquisition proposed by the insurer and approved by the commissioner; and

2. In common stocks which are authorized securities for NASDAQ, the automated quotation system of the National Association of Securities Dealers.

(f) *Real property.* In any investment under section 620.22 (4) or (5), Wis. Stats., except with prior written approval of the commissioner.

(g) *Limitations on amount of investment.* More than 3% of assets in any single issue of a security to which this rule is applicable unless it obtains the prior approval of the commissioner except that such limitations shall not be applicable to securities of the government of the United States or its instrumentalities or securities guaranteed by the full faith and credit of the United States (and except that such limitation shall be 10% as to the securities of any state, governmental unit therein, or instrumentality thereof).

(6) TOWN MUTUAL INSURANCE COMPANIES. (a) Town mutual insurance companies authorized to operate under the provisions of chapter 202, Wis. Stats., shall be considered restricted insurers and shall be subject to the restrictions of section 620.03 (1), Wis. Stats., except as provided in section 620.03 (2), Wis. Stats., or in subsection (6) (b) of this rule.

(b) A town mutual insurance company may invest up to 50% of its assets in shares in mutual funds provided the assets of such mutual funds are invested only in accordance with subsection (4) and subsection (5) (a) through (f) of this rule and provided that such mutual fund shall:

1. Invest no more than 5% of its aggregate assets and securities in any one issuer, excepting securities of the United States government,

2. Own no more than 10% of the securities of any one issuer,

3. Submit quarterly statements to the commissioner in such detail as he requests,

4. Be audited annually by a certified public accountant acceptable to the commissioner.

(c) A town mutual insurance company may invest up to 75% of its assets in any common trust fund of which a Wisconsin state bank or trust company serves as trustees but only so long as such bank, in the administration of said common trust fund complies with the following conditions:

1. The fund shall be administered in compliance with applicable Wisconsin banking statutes and any rules and regulations promulgated by the commissioner of banking.

2. The bank shall furnish to the commissioner of insurance a copy of the plan establishing the common trust fund and shall promptly furnish the commissioner with copies of all amendments to such plan,

3. Notwithstanding the scope of any investment powers granted to the bank as trustees of such fund, the bank as trustee shall invest the assets of the fund only in:

a. Commercial paper rated "prime 1" by Moody's Investors Service, Inc., or "A-1" by Standard & Poor's Corporation or "F-1" by Fitch Investor Service, Inc.;

b. Prime banker's acceptances;

c. Certificates of deposits issued by banks;

d. Obligations of the United States government or any of its instrumentalities;

e. Bank repurchase agreements, if fully collateralized by obligations of the United States government or any of its instrumentalities.

4. The maturity date of each of the investments listed in subdivision 3 of this paragraph shall not exceed 91 days,

5. All income received by the fund shall be distributed monthly by the banks as trustee and there shall be no accumulation or re-investment of such income by the bank,

6. The bank shall furnish monthly reports to each insurer-investor stating the value of such investor's participation in such common trust fund and the amount of income distributed to each insurer for such month,

7. The bank shall furnish annually to the commissioner an audited year-end financial statement of the common trust fund,

8. The common trust fund shall be subject to examination by the commissioner of banking.

(7) BONDS PERMISSIBLE. Bonds permissible under section 620.22 (1), Wis. Stats., include:

(a) Direct obligations of the United States or Canada, or of other governmental units therein;



(b) Obligations payable from and adequately secured by specifically pledged revenues of such governmental units or their instrumentalities, including corporations owned by or operated for such units; and

(c) Evidences of indebtedness of any solvent corporation of the United States or Canada.

(8) **ADDITIONAL AUTHORIZED INVESTMENTS.** An insurer may, in addition to investments authorized by section 620.22 (1) to (6), Wis. Stats., invest its assets in the following classes of investments, up to the limits stated, and in the case of insurers that are subject to special restrictions under section 620.03, Wis. Stats., in accordance with any other rules made applicable to them:

(a) Mortgage bonds of farm loan banks authorized under the federal farm loan act, and debentures issued by the banks for cooperatives established pursuant to the farm credit act of 1933, as amended;

(b) Equipment securities or certificates of any equipment trust evidencing rights to receive partial payments agreed to be made upon any contract of leasing or conditional sale—not exceeding 10% of assets;

(c) The purchase and ownership of machinery or equipment, which is or will become subject to contracts for sale or use under which contractual payments may reasonably be expected to return the principal of and provide earnings on the investment within the anticipated useful life of the property which shall be not less than 5 years—not exceeding 3% of assets;

(d) Loans upon the collateral security of any securities that the insurer could lawfully purchase, but not exceeding 90% of the market value of the securities up to an amount which, together with like securities owned, does not exceed the limits on the purchase of such securities;

(e) Evidences of indebtedness not otherwise authorized of the kind which if held by a bank would be eligible for discount, rediscount, purchase or sale by federal reserve banks or other government agencies having similar powers and functions—not exceeding 1% of assets;

(f) Shares of savings and loan associations to the extent that they are insured or guaranteed by the United States government or any agency thereof;

(g) The cash surrender values of life insurance policies of companies authorized to do business in Wisconsin;

(h) For a company authorized to transact a credit insurance business, the claims and demands that it has guaranteed;

(i) For a company authorized to transact a title insurance business, materials and plant necessary for the convenient transaction of business—not exceeding 50% of minimum capital or 5% of assets, whichever is greater;

(j) Direct obligations of foreign government—not exceeding 1% of assets;

(k) Loans, securities or investments in countries other than the United States and Canada which are of substantially the same kinds, classes and investment grades as those eligible for investment under chapter 620, Wis. Stats., and supplementary rules, but the aggregate of such investments shall not exceed 2% of the company's assets;

(l) Direct obligations of the international bank for reconstruction and development, the inter-American development bank and the Asian development bank—not exceeding 2% of assets;

(m) For an insurer doing business in a foreign country, the assets needed to meet its obligations in the foreign country in the kinds of securities within the foreign country that would be permissible investments if made in this state; and

(n) Shares of investment companies or investment trusts registered under the federal investment company act of 1940, as amended—regarded as part of the common stock portfolio of the insurer.

(9) CHANGES IN QUALIFICATION OF INVESTMENTS. Any investment originally made under section 620.22 (8), Wis. Stats., may thereafter be considered as falling within any other class of investment for which it subsequently qualifies.

(10) VALUATION. (a) *General.* Security valuations contained in "Valuations of Securities", issued by the Committee on Valuation of Securities of the National Association of Insurance Commissioners, will be followed in implementing this chapter.

(b) *Insurance policies.* Insurance policies purchased under subsection (8) (g) of this rule will be valued at their cash surrender value.

(c) *Claims and demands guaranteed by insurer.* When an insurer authorized to sell credit insurance purchases, under subsection (8) (h) of this rule, claims and demands it has guaranteed, it shall value them at face value or at cost, whichever is less, and shall set up a separate and adequate "loss reserve for guaranteed claims purchased" in an amount satisfactory to the commissioner.

History: Cr. emerg. eff. 5-2-72; cr. Register, July, 1972, No. 199, eff. 8-1-72; am. (5) (a) 1., Register, October, 1974, No. 226, eff. 11-1-74; r. and recr. (5) (g), cr. (6) (c), Register, December, 1974, No. 228, eff. 1-1-75.

**Ins 6.25 Joint underwriting and joint reinsurance associations.**

(1) PURPOSE. This rule, pursuant to section 625.04, Wis. Stats., is intended to encourage an active, economical and efficient insurance market; to provide for the regulation of marketing practices; and to exempt certain insurers and organizations from the provisions of section 625.33, Wis. Stats., with respect to joint underwriting or joint reinsurance.

(2) SCOPE. This rule shall apply to joint underwriting and joint reinsurance involving the insurance of risks associated with:

- (a) Nuclear energy
- (b) Commercial aircraft
- (c) Aircraft products liability

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- (d) Crude oil production and processing
- (e) Municipal bonds

(3) **PERSONS EXEMPTED.** If any of the following joint underwriting associations and joint reinsurance associations is licensed as a rate service organization under section 625.32, Wis. Stats., each insurer-member thereof shall be exempted from the provisions of section 625.33, Wis. Stats., with respect to agreements between or among insurer-members to adhere to certain rates and rules in providing insurance or reinsurance as members of such association:

- (a) Aircraft Products Insurance Association
- (b) Factory Insurance Association
- (c) Mutual Atomic Energy Liability Underwriters
- (d) Mutual Atomic Energy Reinsurance Pool
- (e) Nuclear Energy Liability—Property Insurance Association
- (f) Nuclear Energy Property Insurance Association
- (g) Oil Insurance Association
- (h) Municipal Bond Insurance Association

(4) **LIMITATION ON MEMBERSHIP DISCIPLINARY ACTION.** No person shall impose any penalty or other adverse consequence for failure of any insurer to adhere to the rates or rules of any joint underwriting association or joint reinsurance association of which such insurer is a member, except termination of or expulsion of such insurer from membership in such association.

(5) **PENALTY.** Violations of this rule shall be subject to section 601.64, Wis. Stats.

History: Cr. Register, September, 1973, No. 213, eff. 10-1-73; am. (2) and (3), Register, August, 1974, No. 224, eff. 9-1-74; am. (3) (e), Register, May, 1975, No. 233, eff. 6-1-75.

**Ins 6.30 Instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers.** For the purpose of establishing uniformity in classifications of expenses of fire and marine and casualty and surety insurers recorded in statements and reports filed with and statistics reported to the commissioner of insurance, all such insurers shall observe the instructions set forth below. These instructions shall not apply to single line accident and health insurance companies, assessment accident and health associations, hospital and medical service or indemnity organizations, single line title insurance companies, or town mutual insurance companies.

(1) **PART I. (a) LIST OF OPERATING EXPENSE CLASSIFICATIONS FOR ANNUAL STATEMENT PURPOSES FOR FIRE AND MARINE AND CASUALTY AND SURETY INSURERS.**

1. Claim Adjustment Services:
  - a. Direct
  - b. Reinsurance Assumed
  - c. Reinsurance Ceded
2. Commission and Brokerage:
  - a. Direct
  - b. Reinsurance Assumed
  - c. Reinsurance Ceded
  - d. Contingent-Net
  - e. Policy and Membership Fees
3. Allowances to Managers and Agents
4. Advertising

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5. Boards, Bureaus and Associations
6. Surveys and Underwriting Reports
7. Audit of Assureds' Records
8. Salaries
9. Employee Relations and Welfare
10. Insurance
11. Directors' Fees
12. Travel and Travel Items
13. Rent and Rent Items
14. Equipment
15. Printing and Stationery
16. Postage, Telephone and Telegraph, Exchange and Express
17. Legal and Auditing
18. Taxes, Licenses and Fees:
  - a. State and Local Insurance Taxes
  - b. Insurance Department Licenses and Fees
  - c. Payroll Taxes
  - d. All Other (excluding Federal and Foreign Income and Real Estate)
19. Real Estate Expenses
20. Real Estate Taxes
21. Miscellaneous

(b) INSTRUCTIONS RELATING TO OPERATING EXPENSE CLASSIFICATIONS.

1. Claim Adjustment Services

a. Direct

Include the following expenses when in connection with the investigation and adjustment of policy claims:

**Independent Adjusters:** Fees and expenses of independent adjusters or settling agents.

**Legal:** Fees and expenses of lawyers for legal services in the defense, trial, or appeal of suits, or for other legal services.

**Bonds:** Premium costs of bonds.

**Appeal Costs and Expenses:** Appeal bond premiums; charges for printing records; charges for printing briefs; court fees incidental to appeals.

**General Court Costs and Fees:** Entry fees and other court costs, and other fees not includable in Losses. Note: Interest and costs assessed as part of or subsequent to judgment are includable in Losses.

**Medical Testimony:** Fees and expenses of medical witnesses for attendance or testimony at trials or hearings ("Medical" includes physicians, surgeons, chiropractors, chiropodists, dentists, osteopaths, veterinarians, and hospital representatives).

**Expert Witnesses:** Fees and expenses of expert witnesses for attendance or testimony at trials or hearings.

**Lay Witnesses:** Fees and expenses of lay witnesses for attendance or testimony at trials or hearings.

**Service of Process:** Constables', sheriffs' and other fees and expenses for service of process, including subpoenas.

**Transcripts of Testimony:** Stenographers' fees and fees for transcripts of testimony.

Medical Examinations: Fees for medical examinations, fees for performing autopsies, fees for impartial examination, x-rays, etc., for the purpose of trial and determining questions of liability. This does not include fees for medical examinations, x-rays, etc., made to determine necessary treatment, or made solely to determine the extent or continuation of disability, or first aid charges, as such fees and charges are includable in Losses.

**Ins 6.50 Examination and licensing of insurance agents.** (1) **PURPOSE.** This rule sets forth the kinds of insurance agents' licenses to be issued as provided in section 209.04 (3) (d), Wis. Stats., and establishes the procedures to be followed in conducting examinations of applicants for agents' licenses as provided in sections 206.41 (4) (b) and 209.04 (2) (b), Wis. Stats.

(2) **KINDS OF LICENSES.** The following insurance agents' licenses shall be issued, each authorizing the solicitation of the kind or kinds of insurance as classified in section 201.04, Wis. Stats., and indicated respectively:

(a) *Fire and allied lines insurance*—as described in section 201.04 (1), (2), (12), and (14), Wis. Stats. (Includes the lines of insurance listed in subsection (2) (b) and (c) of this rule.)

(b) *Hail insurance*—one of the insurances described in section 201.04 (1), Wis. Stats.

(c) *Windstorm insurance*—one of the insurances described in section 201.04 (1), Wis. Stats.

(d) *Life insurance*—as described in section 201.04 (3), (3a), (3b) and (3c), Wis. Stats.

(e) *Credit life insurance*—as described in sections 201.04 (3c) and 206.63, Wis. Stats.

(f) *Disability insurance*—as described in section 201.04 (4) and (4a), Wis. Stats.

(g) *Credit accident and sickness insurance*—as described in section 201.04 (4a), Wis. Stats.

(h) *Casualty insurance*—as described in section 201.04 (5), (6) and (7), except bail bond insurance, and 201.04 (8), (9), (10), (11), (13), (15), (16), (17), (18), (19) and (20), Wis. Stats., (includes the lines of insurance listed in subsection (2) (i), (j), (l), (m) and (n) of this rule.

(i) *Steam boiler insurance*—as described in section 201.04 (6), Wis. Stats., and such insurance described in section 201.04 (18), Wis. Stats., as shall be written in connection therewith.

(j) *Fidelity and surety insurance*—as described in section 201.04 (7), Wis. Stats., except bail bond insurance.

(k) *Bail bond insurance*—one of the insurances described in section 201.04 (7), Wis. Stats.

(l) *Title insurance*—as described in section 201.04 (8), Wis. Stats.

(m) *Automobile insurance*—as described in section 201.04 (15), Wis. Stats., and such insurance described in section 201.04 (18), Wis. Stats., as shall be written in connection therewith.

(n) *Mortgage guaranty insurance*—as described in section 201.04 (19), Wis. Stats.

(o) *Town mutual non-property insurance*—as described in section 612.31 (3), Wis. Stats.

3. EXAMINATION PROCEDURES. The following shall apply to the qualification examinations for insurance agents' licenses:

(a) *Kinds of examinations.* A written examination shall be required for each kind of license listed in subsection (2), except that no examination shall be required for credit life insurance as provided in section 206.41 (4) (b) 3, Wis. Stats., or for windstorm insurance as provided in section 209.04 (2) (b), Wis. Stats.

(b) *Grades.* The passing grade on all examinations is 70. When an applicant passes an examination, a grade of "pass" is to be indicated on the application. When an applicant fails an examination, the numerical grade is to be indicated on the application. Results will be mailed to the applicant.

(c) *Frequency.* If the applicant fails the first examination, he must wait at least 5 days from the date of the first examination before taking a second examination of the same kind. For all lines except life, upon failure to pass the same kind of examination a second time, the applicant must wait at least 30 days from the date of the second examination before repeating the examination procedure. For life insurance, the applicant must wait at least 6 months from the date of the second examination, as required by section 206.41 (4) (b) 2, Wis. Stats.

(d) *Time and place of examinations.* 1. Examination for life insurance agents' licenses may be taken in the office of the commissioner of insurance any work day. Applicants must report between 7:45 and 10:30 a.m. or between 12:30 and 3:15 p.m.

2. Examinations for all kinds of insurance agents' licenses will be administered at 9:30 a.m. on the second Saturday of each month at the following examination centers: Eau Claire, Green Bay, Madison, Milwaukee, Oshkosh, Platteville, Racine, Rhinelander, Superior.

3. Examinations for all kinds of insurance agents' licenses will be administered at 9:30 a.m. on the fourth Saturday of each month at the following examination centers: La Crosse, Madison, Milwaukee, Rice Lake, Stevens Point.

4. The center in each city shall be indicated on the "Notice to Report for Examination" (Form 11-4B) (Wis. Adm. Code section Ins 7.01 (4) (m)) sent each applicant.

Applicants who do not live in Wisconsin will be examined through arrangement with the insurance regulatory authority of their state of residence.

**History:** Cr. Register, December, 1967, No. 144, eff. 1-1-68; r. and recr. (3) (d), Register, November, 1971, No. 191, eff. 12-1-71; am. (2) (e), Register, February, 1973, No. 206, eff. 3-1-73; am. (2) (h), Register, September, 1973, No. 213, eff. 10-1-73; cr. (2) (o), Register, May, 1975, No. 233, eff. 6-1-75.

**Ins 6.51 Group coverage discontinuance and replacement. (1)**  
**PURPOSE.** The purpose of this rule is to promote the fair and equitable treatment of group policyholders, insurance companies, nonprofit service plans, protected persons, claimants and the general public by setting forth principles and procedures applicable in providing coverage when a group or group type insurance contract is discontinued or replaced. This rule interprets and implements, including but not limited to the following Wisconsin statutes: sections

Register, May, 1975, No. 233

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200.26 (3) (c); 201.045; 204.32; 204.321; 206.60; 206.61; 206.64; and 601.01 (3) (b).

(2) **SCOPE.** This rule shall apply to all insurance policies issued or provided by an insurance company under authority of sections 201.04 (3) or 201.04 (4), Wis. Stats., on a group or group type basis covering persons as employees of employers or as members of unions or associations and to subscriber contracts issued or provided by an organization under authority of section 200.26, Wis. Stats., on a group or group type basis covering persons as employees of employers or as members of unions or associations.

(3) **DEFINITION.** The term "group type basis" means a benefit plan, other than "salary savings" or "salary budget" plans, utilizing indi-