

**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 subsection 201.04 of Ins 6.70 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 subsection 201.04 (1) of Ins 6.70.

(b) Life insurance includes the kinds in subsection 201.04 (3) of Ins 6.70 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 subsection 201.04 (4) through (11), and (13) through (18) of Ins 6.70.

(2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in subsection 201.04 (4), of Ins 6.70 if the applicant company has transacted any of the kinds of insurance in subsections 201.04 (3), (5), (13), (15), (16) and (18) of Ins 6.70 continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in subsection 201.04 (4) of Ins 6.70.

History: 1-2-56; emerg. am. eff. 6-22-76; am. Register, September, 1976, No. 249, eff. 10-1-76.

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.

(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.

(6) 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.

(7) 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.

History: 1-2-56; r. (6) and renum. (7) and (8) to be (6) and (7), Register, February, 1976, No. 242, eff. 3-1-76; emerg. r. (2), (3) and (4); r. (2), (3) and (5), Register, September, 1976, No. 249, eff. 10-1-76.

History: **Ins 6.04 Countersignature requirements.** 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; emerg. r. eff. 6-22-76; r. Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.05 Filing of property and casualty insurance forms. (1) PURPOSE. This rule is intended to implement and interpret section 631.20, Wis. Stats., for the purpose of establishing filing procedures for certain property and casualty insurance policy forms.

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(2) **SCOPE.** The requirements of this rule shall apply to insurance forms as defined in section 600.03 (21) to be used to provide any of the lines or classes of insurance listed in Ins 6.75 (2) (a), (d), (e), (f), (g), (h), (i), (j), (l), (m) and (n).

(3) **DEFINITIONS.** In this rule, unless the context otherwise requires, the following words and terms shall have the following meanings:

(a) "Filing" shall mean:

1. Any matter submitted under this rule.
2. The act of filing such matter.

(b) "Basic policy forms" shall mean the basic insurance contracts used by any insurer including coverage parts or forms necessary to complete the contracts, amendatory endorsements needed to effect statutory compliance, and applications which become a part of an insurance contract.

(c) "Standard basic policy forms" shall mean any basic policy forms filed by a rate service organization licensed under section 625.32, Wis. Stats.

(d) "Endorsement" shall mean any form or rider attached to a basic policy form which is not necessary to complete the basic contract nor effect statutory compliance, but is attached to either define, extend, limit, exclude, condition or otherwise alter coverage under the form.

(e) "Standard endorsements" shall mean any endorsements filed by a rate service organization licensed under section 625.32, Wis. Stats.

(f) "Affiliated insurer" means an insurer who is a member or subscriber to a rate service organization licensed under section 625.32, Wis. Stats., and who has authorized a rate service organization to make form filings on its behalf.

(4) **FILINGS REQUIRED.** (a) From a licensed rate service organization - A licensed rate service organization shall file all basic policy forms and endorsements intended for use in Wisconsin by any affiliated insurers for the commissioner's prior approval. In the absence of any other filing made under paragraph (b), such filings will automatically apply to all affiliated insurers. Such filing shall be accomplished by a *duplicate* transmittal letter which sets forth the following:

1. A listing, by form number and title and edition date, of each basic policy form and/or endorsement included in the filing.
2. A listing, by form number, title, edition date and effective date, of each basic policy form and/or endorsement to be superseded by the filing.
3. The proposed effective date of the filing. Such effective date shall be not less than 30 days following the date of receipt of the filing by the commissioner.
4. With respect to basic policy forms, a summary of all changes resulting from the filing by paragraph and clause.

5. With respect to each endorsement, a listing of the basic policy forms with which the endorsement may be used unless such information is specified on the endorsement itself.

(b) From an affiliated insurer - All standard basic policy forms and standard endorsements, as defined in subsections (2) (d) and (2) (f), that have been filed by a licensed rate service organization with which an insurer is affiliated, automatically apply to such affiliated insurer. For information purposes, each affiliated insurer shall submit a listing of such standard basic policy forms and standard endorsements that it intends to use in Wisconsin and shall update such lists, as needed, but in no event, less than once per year. Such filing is required from each individual insurer and filings by "insurer groups" are not permitted. Each affiliated insurer shall also file all basic policy forms and endorsements that it intends to use in lieu of or in addition to standard basic policy forms and standard endorsements for the commissioner's prior approval. Such filings shall take precedent over any standard basic policy forms and standard endorsements filed on behalf of the affiliated insurer, and shall be submitted in accordance with the requirements in paragraph (c).

(c) From an individual insurer not an affiliated insurer - Each insurer not an affiliated insurer shall file all basic policy forms, standard basic policy forms, endorsements and standard endorsements, as defined in this rule, for the commissioner's prior approval. Upon receipt of written notification to and acceptance by the commissioner, such insurer may, in lieu of filing, adopt by reference, the standard basic policy forms and standard endorsements filed by any licensed rate service organization and approved by the commissioner, but such adoption shall not relieve the insurer of its obligation to file other basic policy forms and endorsements as defined in this rule. Each filing shall be accompanied by a *duplicate* transmittal letter which sets forth the same information as that required of rate service organizations in paragraph (a).

(5) **EFFECTIVE DATE.** The effective date of all form filings made by a rate service organization shall automatically apply to all affiliated insurers or non-affiliated insurers who have elected to adopt form filings of such organization.

(6) **PENALTY.** Any insurer violating the provisions of this rule by using a form which has not been approved by the commissioner shall be subject to the penalties set forth in section 601.64, Wis. Stats. Each form issued to each policyholder contrary to the provisions of this rule shall constitute a separate violation of this rule.

History: Cr. Register, July, 1958, No. 31, eff. 8-1-58; am. (3), Register, May, 1975, No. 233, eff. 6-1-75; emerg. am. (1), eff. 6-22-76; am. (1), Register, September, 1976, No. 249, eff. 10-1-76; r. and recr. Register, November, 1977, No. 263, eff. 12-1-77.

History: Ins 6.06 Termination of insurance contracts. Cr. Register, December, 1969, No. 168, eff. 1-1-70; emerg. r. eff. 6-22-76; r. Register, September, 1976, No. 249, eff. 10-1-76.

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 chapter 628, 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.

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(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 subsection 201.04 (1), (2), (5a), (10), (11), (12), (13), (14), (15), (17), and (18) of Ins 6.70.

(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 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.

(a) Be well-informed on the kinds of insurance they are qualified to write.

(b) Thoroughly analyze the insurance needs of their clients and recommend the forms of coverage best suited to their needs.

(c) Make no intentional false statements nor any material misrepresentations by omission of facts, inference or subterfuge in their relations with their clients, insurance companies, or other insurance agents.

(d) Take all reasonable steps so clients are informed on the extent and limitation of coverage provided by their contracts.

(e) Manage agency financial affairs in accordance with the high standards applicable to a fiduciary.

(f) Conform to all applicable insurance statutes and regulations.

(2) Standards of competence and trustworthiness established by (1) shall be applied to all applicants for individual intermediary-agent licenses.

(3) The following screening standards and procedures for determination of competence and trustworthiness of individual intermediary-agents submitting applications under the provisions of Ins 6.58 and 6.59 are adopted:

(a) *Accuracy of application.* Material misrepresentation in completing an application form (e.g. Insurance Form 11-40, 11-41 or 11-42) shall be considered evidence of untrustworthiness and cause for not issuing a permanent license.

(b) *Complaint review.* Information developed through consumer complaints involving an intermediary's activities during the prior three years (where applicable) shall be reviewed to determine whether the allegation, if proven, concerns a violation of the standards of competence and trustworthiness in subsection (1).

(c) *Application data.* Information reported in the application form (e.g. Insurance Form 11-40, sections 16, 22-25) shall be reviewed and investigated through correspondence with insurance companies, affected consumers, appropriate regulatory and law enforcement agencies, and, where necessary, follow-up investigation in the field to determine if the standards of competence and trustworthiness have been met.

(d) *Competence.* Where two or more verifiable instances of incompetence of an applicant making application under Ins 6.58 are developed through the procedures in (b) and (c), a license shall not be issued until the person makes application for and passes the written examination prescribed by Ins 6.59 for the kind or kinds of authority involved. Review under this paragraph will be in accordance with the standards for competence in subsection (1).

(e) *Trustworthiness.* Where information developed through the procedures in paragraphs (b) and (c) indicates that there has been substantial violation of the standards in paragraphs (b) through (f) of subsection (1) sufficient for the commissioner to institute proceedings to revoke a license, an intermediary-agent license shall not be issued.

(f) *Notice.* Applicants under Ins 6.58 shall be notified by May 1, 1977 where a determination has been made not to issue a permanent license.

1. Applicants shall have the right to request a review of such determination by a review committee designated by the Insurance Agent's Advisory Council established by Ins 6.10. Such request shall be made to the commissioner of insurance who shall proceed in a timely manner to arrange for a review by the council designated committee. The committee conclusion shall be transmitted to the applicant by the commissioner.

2. Applicants shall also have the right to a hearing to appeal a decision not to license. Such hearing and appeal shall be in accordance with procedures set forth in Chapter 227, Wis. Stats., and rules of the commissioner.

Note: The standards of competence and trustworthiness listed are not meant to be exclusive, nor are they intended to suggest that insurance intermediaries will never make mistakes. Professionals exercising broad discretion are always subject to second-guessing, in circumstances where there is no single "right" answer. The primary concern here is with substantial or persistent violations, or with a pattern of behavior which may endanger the legitimate interests of customers or the public.

History: Cr. Register, March, 1977, No. 255, eff. 4-1-77.

Ins 6.70 Combinations of lines and classes of insurance. This rule defines and delimits the permissible combinations of the lines and classes of insurance defined and delimited by Ins 6.75 which may be written in the same policy. Except as provided in this rule, lines and classes of insurance may not be combined in the same policy.

(1) **COMBINATION WITH SEPARATE PREMIUM CHARGES.** Subject to Ins 2.05, any combination of the lines and classes of insurance defined and delimited by Ins 6.75, except for those described in Ins 6.75 (2) (h), (i) and (k), may be written in the same policy if a statement of separate premium charge is shown on the declarations page or on the face of the policy or in a separate written statement furnished to the policyholder. The requirement for a statement of separate premium charge does not prohibit such charges equitably reflecting differences in expected losses or expenses as contemplated by section 625.11 (4), Wis. Stats.

(2) **COMBINATION WITH OR WITHOUT SEPARATE PREMIUM CHARGES.** Any combination of the lines and classes of insurance defined and delimited by Ins 6.75 (2) (a), (b), (d), (e), (f) and (j) may be written in the same policy with or without showing separate premium charges.

History: Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76; r. and recr. Register, August, 1977, No. 260, eff. 9-1-77.

Ins 6.71 Fire insurance. *History:* Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76; r. Register, November, 1977, No. 263, eff. 12-1-77.

Ins 6.72 Risk limitations. The provisions of section 201.16, 1973 Wis. Stats., are incorporated herein by reference in their entirety, all statutory references therein being to 1973 Wisconsin Statutes.

History: Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76. Register, November, 1977, No. 263

Ins 6.73 Reinsurance. The provisions of sections 201.27 and 201.31, 1973 Wis. Stats., are incorporated hereby by reference in their entirety.

History: Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.74 Suretyship and risk limitations of surety obligations.

(1) **PURPOSE.** The purpose of this rule is to establish minimum requirements for the transaction of surety obligations.

(2) **SCOPE.** This rule shall apply to the limitations on bond penal amounts imposed on insurers engaged in the business of suretyship.

(3) **DEFINITIONS.** (a) For purposes of this rule suretyship shall be construed to be insurance.

(b) An insurance corporation authorized to write fidelity insurance may guarantee the fidelity of, or become the surety for: 1. persons holding positions of public or private trust; 2. the performance of any act, duty or obligation or the refraining from any act; 3. the performance of any contract; 4. bonds of insurance companies required by law as a condition of transacting business; 5. indemnifying banks, brokers and other financial or moneyed associations or corporations, against the loss of documents and money, except against loss caused by marine risks or risks of transportation or navigation; 6. indemnifying any federal land bank against loss by reason of defective title to or incumbrances on real property on which such bank may have a mortgage.

(c) As used in this rule any one surety risk shall be equivalent to the penal amount established on the surety bond.

(4) **RISK LIMITATIONS ON SURETYSHIP OBLIGATIONS.** (a) No corporation shall execute any suretyship obligation or expose itself to any loss on any one surety bond in an amount in excess of one-tenth of its capital and surplus as reported in its most recent filed annual statement, unless it shall be protected in the excess of that amount: 1. by reinsurance in a corporation licensed to transact surety business where the risk is located; or 2. by the cosuretyship of a surety corporation likewise licensed.

(b) A surety corporation may execute transportation or warehousing bonds for United States internal revenue taxes to an amount equal to 5 times the underwriting limitation specified in subsection (4) (a) of this rule.

(c) No corporation writing surety shall guarantee the deposits of any single financial institution in an aggregate amount in excess of the underwriting limitation set forth in subsection (4) (a) unless it shall be protected in excess of that amount by reinsurance or cosuretyship as specified in subsection (4) (a).

(d) A surety corporation shall not issue multiple bonds on a single contract (splitting bonds) and a surety corporation's liability on a single contract shall not be in excess of the limitations established in subsection (4) (a).

(e) No domestic corporation writing surety business shall execute, reinsure or be cosurety on a suretyship obligation in favor of the United States government, or any other obligee, whereby a surety issues a bond to an obligee for a penal amount which is 10%, or an

amount substantially less than, the total contract amount, unless the surety reinsures or obtains a cosurety for at least 50% of the bond penal amount with a corporation licensed to transact surety business where the risk is located. This is tantamount to a maximum exposure for any single loss on any one surety bond of this type of not more than one-twentieth of a domestic surety corporation's capital and surplus.

History: Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.75 Classifications of insurance. This rule defines and delimits lines and classes of insurance for any purposes within the commissioner's regulatory power unless the language or context of a statute or rule otherwise provides.

(1) **LIFE AND DISABILITY INSURANCE.** Life and disability insurance includes the following:

(a) **Life insurance and annuities**—insurance or annuities upon the lives of persons, except insurance or annuities included in paragraph (b);

1. **Credit life insurance**—insurance on the lives of borrowers or purchasers of goods in connection with specific loans or credit transactions when all or a portion of the insurance is payable to the creditor to reduce or extinguish the debt;

(b) **Variable life insurance and variable annuities**—insurance or annuities which provide for immediate or future benefits, the cost of which is funded and the payment of which is computed on the basis of experience factors derived from one or more segregated investment accounts established and managed as provided in section 611.24, section 611.25, and section 620.02, Wis. Stats.;

(c) **Disability insurance**—insurance covering injury or death of persons caused by accident, or insurance covering health of persons;

1. **Credit accident and sickness insurance**—insurance in connection with specific loans or credit transactions against loss of time of debtors resulting from accident or sickness when all or a portion of the insurance is payable to the creditor to reduce or extinguish the debt;

(2) **PROPERTY AND CASUALTY INSURANCE.** Property and casualty insurance includes all lines or classes of insurance which may lawfully be the subject of insurance other than those classes defined in subsections (1) (a) or (1) (b), including but not limited to the following:

(a) **Fire, inland marine and other property insurance**—insurance against loss or damage to real and personal property, while stationary or in transit, arising out of fire or any other peril but not including any insurance defined in any other paragraph of this rule;

(b) **Ocean marine insurance**—insurance against the perils of seas and other related perils usually insured against by ocean marine insurance;

(c) **Disability insurance**—insurance covering injury or death of persons caused by accident, or insurance covering health of persons;

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1. Credit accident and sickness insurance—insurance in connection with specific loans or credit transactions against loss of time of debtors resulting from accident or sickness when all or a portion of the insurance is payable to the creditor to reduce or extinguish the debt;

(d) Liability and incidental medical expense (other than automobile) insurance—insurance against liability for damages to persons or property, and incidental insurance for medical expenses when written in the same policy, but not including any liability insurance defined in other paragraphs of this rule;

(e) Automobile and aircraft insurance—insurance against loss, medical or other expense, and liability for damages arising out of the ownership, maintenance or use of any automobile, aircraft or other vehicle;

(f) Fidelity insurance—insurance against loss arising out of the acts or defaults of persons in positions of trust;

(g) Surety insurance—payment for loss arising out of failure to perform contracts or obligations;

(h) Title insurance—insurance against loss by reason of defects in titles to property;

(i) Mortgage guaranty insurance—insurance against loss arising from failure of debtors to meet financial obligations to creditors under evidences of indebtedness secured by a lien or charge on real estate;

(j) Credit insurance—insurance against loss arising from failure of debtors to meet financial obligations to creditors, except as defined in paragraph (i) of this rule;

(k) Worker's compensation insurance—insurance against obligations under chapter 102, Wis. Stats., or any similar law, and including employers' liability insurance when written in the same policy;

(l) Legal expense insurance—insurance against expense for the professional services of licensed lawyers;

(m) Credit unemployment insurance—insurance against loss of income of debtors resulting from either labor disputes or involuntary unemployment;

(n) Miscellaneous—insurance against any other property or casualty insurance risk which lawfully may be the subject of insurance not specifically defined in any other paragraph of this rule.

History: Cr. Register, August, 1977, No. 260, eff. 9-1-77.

Ins 6.76 Grounds for disapproval of and authorized clauses for fire, inland marine and other property insurance forms. (1) PURPOSE. The purpose of this rule is to set out characteristics and provisions of fire, inland marine and other property insurance forms, as defined by Wis. Adm. Code section Ins 6.75(2) (a), which may constitute grounds for disapproval of such forms under the provisions of section 631.20(2), Wis. Stats., and to promulgate authorized clauses for such forms under section 631.23 because it has been found that: (a) price or coverage competition is ineffective because diversity in language or content makes comparison difficult; (b) provision of

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language, content or form of these specific clauses is necessary to provide certainty of meaning of them; (c) regulation of contract forms will be more effective and litigation will be substantially reduced if there is increased standardization of certain clauses; and (d) reasonable minimum standards of insurance protection are needed for policies to serve a useful purpose.

(2) **GROUND FOR DISAPPROVAL.** A fire, inland marine or other property insurance form may be considered misleading, deceptive or obscure within the meaning of section 631.20(2), Wis. Stats., if it does not clearly state the perils covered, the limitations, and the conditions, or if it contains provisions contrary to the law, or if it does not include clauses covering the following provisions where appropriate:

- (a) Location and description of the property covered;
- (b) Effect of other insurance on the coverage provided;
- (c) Conditions suspending, restricting or voiding the coverage provided;
- (e) Termination of the contract;
- (f) Mortgagee interests and obligations;
- (g) Obligations in case loss occurs.

(3) **AUTHORIZED CLAUSES.** The following clauses, or any of them, shall be considered authorized clauses pursuant to section 631.23, Wis. Stats. Appropriate liberalization of the prescribed language shall also be permitted.

- (a) *Insuring clause.*

**IN CONSIDERATION OF THE PROVISIONS AND
STIPULATIONS HEREIN OR ADDED HERETO**

and of the premium above specified this Company, for the term of

from _____ at noon (12:01 a.m.) Standard Time, at
to _____ location of property involved,
to an amount not exceeding the amount(s) above specified does
insure

and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured against all **DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED**, to the property described herein while located or contained as described in this policy, or pro rata for 5 days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

(b) *Uninsurable and excepted property.* This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

(c) *Perils not included.* This company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: 1. enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; 2. invasion; 3. insurrection; 4. rebellion; 5. revolution; 6. civil war; 7. usurped power; 8. order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy; 9. neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; 10. nor shall this company be liable for loss by theft.

(d) *Other insurance.* Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

(e) *Conditions suspending or restricting insurance.* Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring 1. while the hazard is increased by any means within the control or knowledge of the insured; or

2. while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or

3. as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

(f) *Other perils or subjects.* Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

(g) *Added provisions.* The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

(h) *Waiver provisions.* No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

(i) *Mortgagee interests and obligations.* If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a ten days' written notice of cancellation. If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

(j) *Pro rata liability.* This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

(k) *Requirements in case loss occurs.* The insured shall give written notice as soon as reasonably possible to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed; and within sixty days after the loss, unless such time is extended in writing by this Company, the insured shall render to this Company a proof of loss signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this property, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by this Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made.

(l) *Appraisal.* In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a

competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected by a judge of a court of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

(m) *Company's options.* It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

(n) *Abandonment.* There can be no abandonment to this Company of any property.

(o) *When loss payable.* The amount of loss for which this Company may be liable shall be payable sixty days after proof of loss, as herein provided, is received by this Company and ascertainment of the loss is made either by agreement between the insured and this Company expressed in writing or by the filing with this Company of an award as herein provided.

(p) *Suit.* No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within twelve months next after inception of the loss.

(q) *Subrogation.* This Company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company.

History: Cr. Register, November, 1977, No. 263, eff. 12-1-77.

Ins. 6.77 Exemption from midterm cancellation requirements.

(1) **PURPOSE.** This rule is intended to exempt certain classes of insurance contracts from section 631.36 (2) (a), Wis. Stats., in accordance with the provisions of section 631.36 (1) (c), Wis. Stats.

(2) **SCOPE.** This rule shall apply to all insurers authorized to write umbrella or excess liability insurance policies in Wisconsin.

(3) **DEFINITIONS.** (a) *Umbrella liability policy* means an insurance contract providing at least \$1,000,000 of liability coverage per person or per occurrence in excess of certain required underlying liability insurance coverage or a specified amount of self-insured retention.

(b) *Excess Liability policy* means an insurance contract providing at least \$1,000,000 of liability coverage per person or per occurrence in excess of certain required underlying liability insurance coverage.

(4) **EXEMPTION.** Any umbrella or excess liability insurance policy as defined in subsection (3) is exempt from the requirements of section 631.36 (2) (a), Wis. Stats.

(5) **NOTICE.** An insurer cancelling any umbrella liability policy or excess liability policy shall notify the commissioner of the grounds for such cancellation not later than the time at which the insurer notifies the policyholder of such cancellation.

History: Emerg. cr. eff. 7-1-77; cr. Register, November, 1977, No. 263, eff. 12-1-77.