

## Chapter Ins 6

## GENERAL

- |          |  |          |  |
|----------|--|----------|--|
| Ins 6.01 | Foreign company to operate 2 years before admission (p. 181)   | Ins 6.50 | Kinds of individual intermediary-agent licenses (p. 278)   |
| Ins 6.02 | Company to transact a kind of insurance 2 years before admission (p. 182)  | Ins 6.51 | Group coverage discontinuance and replacement (p. 279)   |
| Ins 6.05 | Filing of property and casualty insurance forms (p. 182)   | Ins 6.52 | Biographical data relating to company officers and directors (p. 282)  |
| Ins 6.09 | Prohibited acts by captive agents of lending institutions and others (p. 184)  | Ins 6.53 | Insurance consumers advisory council (p. 285)  |
| Ins 6.10 | Insurance agents advisory council (p. 187)   | Ins 6.54 | Prohibited classification of risks for rating purposes (p. 286)  |
| Ins 6.11 | Insurance claim settlement practices (p. 187)  | Ins 6.55 | Discrimination based on sex; unfair trade practice (p. 287)  |
| Ins 6.12 | Qualification of actuaries (p. 189)  | Ins 6.57 | Listing of insurance agents by insurers (p. 289)   |
| Ins 6.13 | Public inspection of records and reports (p. 190)  | Ins 6.59 | Licensing procedures - individual intermediary - agent (p. 290)  |
| Ins 6.17 | Regulation of surplus lines insurance (p. 191)   | Ins 6.60 | Apprentice permit procedures - individual intermediary - agent apprentice (p. 291)                                     |
| Ins 6.18 | Reporting and payment of tax by unauthorized insurers transacting business in violation of law (p. 195)                                  | Ins 6.61 | Intermediary records (p. 292)  |
| Ins 6.19 | Reporting and taxation of directly placed unauthorized insurance (p. 195)  | Ins 6.62 | Competence and trustworthiness standards (p. 293)  |
| Ins 6.20 | Investments of insurance companies (p. 199)  | Ins 6.63 | Annual regulation charge (p. 294)  |
| Ins 6.25 | Joint underwriting and joint reinsurance associations (p. 204)   | Ins 6.64 | Insurance marketing intermediary-broker (p. 294)   |
| Ins 6.30 | Instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers (p. 205)                        | Ins 6.65 | Licensing and examination of intermediary-broker (p. 300)  |
| Ins 6.31 | Interpretations of the instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers (p. 246) | Ins 6.66 | Proper exchange of business (p. 301)   |
| Ins 6.40 | Proxies, consents and authorizations of domestic stock insurers (p. 251)   | Ins 6.68 | Unfair discrimination based on geographic location or age of risk (p. 304)   |
| Ins 6.41 | Insider trading of equity securities of domestic stock insurers (p. 262)   | Ins 6.70 | Combinations of lines and classes of insurance (p. 304-1)  |
| Ins 6.42 | Initial statement of beneficial ownership of securities (p. 273)   | Ins 6.72 | Risk limitations (p. 304-1)  |
| Ins 6.43 | Statement of changes in beneficial ownership of securities (p. 276)  | Ins 6.73 | Reinsurance (p. 304-2)   |
|          |  | Ins 6.74 | Suretyship and risk limitations of surety obligations (p. 305)   |
|          |  | Ins 6.75 | Classifications of insurance (p. 306)  |
|          |  | Ins 6.76 | Grounds for disapproval of and authorized clauses for fire, inland marine and other property insurance forms. (p. 307) |
|          |  | Ins 6.77 | Exemption from midterm cancellation requirements (p. 311)  |
|          |  | Ins 6.78 | Exemption from filing of rates (p. 311)  |
|          |  | Ins 6.79 | Advisory councils (p. 312)   |

**Ins 6.01 Foreign company to operate 2 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 2 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 Ins 6.75 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 Ins 6.75 (2) (a).

(b) Life insurance includes the kinds in section Ins 6.75 (1) (a) and (b) but excluding all insurance on the health of persons other than that authorized in s. 627.06, Stats., and section Ins 6.70, Wis. Adm. Code.

(c) Casualty insurance includes the kinds in section Ins 6.75 (2) (c) through (n).

(2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in Ins 6.75 (1) (e) or (2) (c) if the applicant company has transacted any of the kinds of insurance in Ins 6.75 (1) (a) and (b) or (2) (d), (e), (k) and (n) continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in Ins 6.75 (1) (e) or (2) (c).

**History:** 1-2-56; emerg. am. eff. 6-22-76; am. Register, September, 1976, No. 249, eff. 10-1-76; am. Register, March, 1979, No. 279, eff. 4-1-79.

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

(2) **SCOPE.** The requirements of this rule shall apply to insurance forms as defined in s. 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.

Register, January, 1980, No. 289

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

(f) "Affiliated insurer" means an insurer who is a member or subscriber to a rate service organization licensed under s. 625.32, 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 for the commissioner's prior approval. Such filing shall be accompanied by a duplicate transmittal letter which sets forth the same information as that required of individual insurers in paragraph (b). Upon approval, such filings will automatically apply to affiliated insurers.

(b) From an individual insurer - Each insurer shall file all basic policy forms, standard basic policy forms, endorsements and standard endorsements, as defined in the rule, for the commissioner's prior approval. Each filing shall be accompanied by a duplicate transmittal letter which sets forth the following:

1. A listing, by form number, 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.

6. Each insurer shall maintain a file of basic policy forms and endorsements upon approval by the commissioner. The company's file shall be subject to examination by the commissioner's office and the commissioner may request any portion of the file to be submitted to the office within 10 days from the date of a written request; the file requested may be in original form or a copy of the original form. Such forms and endorsements shall be retained until all exposure on the risks insured against have terminated.

7. For information purposes, each insurer shall submit a listing of all basic policy forms and endorsements by form number, title and edition date that it intends to use in Wisconsin and shall update such list, as needed, but in no event less than once per year. A schedule shall be

adopted by the commissioner which will designate the calendar month for filing the listing by the various insurers and/or insurer groups. Such filing is required from each individual insurer and filings by "insurer groups" are not permitted. The listing of forms and endorsements submitted annually will become the permanent record of basic forms and endorsements for each insurer.

(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 s. 601.64, 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; r. and recr. (4), Register, January, 1980, No. 289, eff. 2-1-80.

**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 ch. 628, 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

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; am. (3) (a), Register, November, 1978, No. 276, eff. 12-1-78.

**Ins. 6.77 Exemption from midterm cancellation requirements.**

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

**Ins 6.78 Exemption from filing of rates.** (1) **PURPOSE.** The purpose of this rule is to exempt from the filing requirements of s. 625.13, Stats., those rates for risks which have been customarily written on a consent-to-rate basis, it having been determined that such filing is not necessary to protect policyholders and the public. This rule implements and interprets ss. 625.04, 625.13 and 625.15, Stats.

(2) **SCOPE.** This rule shall apply to 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) **EXEMPT FILINGS.** If a specific risk in a line or class of insurance set forth in (2) above is of a type which is customarily written on a consent-to-rate basis wherein the insured agrees to accept a rate that is different from the insurer's filed rates, the consent-to-rate shall not be filed with the commissioner, provided:

(a) The insurer keeps for at least 1 year after the expiration date of the policy:

1. Record of the rate development; and
2. The written application signed by the insured stating the insured's reason for requesting the rate.

(b) Prior to entering into such insurance agreements in Wisconsin the insurer has notified the commissioner of insurance of its intention so to do, identifying the contemplated lines and classes of insurance.

**History:** Cr. Register, January, 1980, No. 289, eff. 2-1-80.

**Ins 6.79 Advisory councils.** (1) **PURPOSE.** The purpose of this rule is to create advisory councils under s. 15.04 (1) (c) to assist in dealing with regulatory problems pursuant to s. 227.018, and s. 601.20 (1), Stats.

(2) **COUNCILS.** This rule creates the following councils:

- (a) Life and Disability.
- (b) Property and Casualty.
- (c) Financial.

(3) **MEMBERSHIP.** Each council shall consist of 9 members and the commissioner of insurance or a designated member of the staff of the office of the commissioner of insurance. Members shall include representatives of licensed insurers, licensed insurance marketing intermediaries and members of the public not affiliated with licensed insurers or licensed intermediaries. The membership of each council shall include 4 representatives of licensed insurers, 3 public representatives and 2 insurance marketing intermediaries.

(4) **TERM.** Members of each 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, 3 members for a 2-year term, and 3 members for a 3-year term.

(5) **DUTIES.** It shall be the duty of each council to advise the commissioner on matters relating to subjects presented to members for study and review by the commissioner of insurance.

(6) **OFFICERS.** The commissioner shall annually select a chairperson and a vice-chairperson from among the council members. The commissioner or a designee shall act as secretary and keep a record of all proceedings, transactions, communications, and other official acts of the councils. The files and records of the councils shall be maintained at the office of the commissioner of insurance.

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

(8) **EXPENSE REIMBURSEMENT.** Members of the councils 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, January, 1980, No. 289, eff. 2-1-80.