

(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 governments but the aggregate of such investments shall not exceed 1% of the insurer's 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 ch. 620, Stats., and supplementary rules, but the aggregate of such investments shall not exceed 2% of the insurer's assets;

(l) Direct obligations of the international bank for reconstruction and development, the inter-American development bank, the African development bank and the Asian development bank but the aggregate of such investments shall not exceed 2% of the insurer's 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, 15 U.S.C. s. 80a-1 et seq., as amended — regarded as part of the common stock portfolio of the insurer; and

(o) Financial futures contracts and financial options contracts, provided that:

1. Such contracts shall be entered into to protect the investment portfolio of an insurer against the risk of changing asset values or interest rates, to enhance its liquidity, to aid in cash flow management, as a substitute for cash market transactions, and for any other purpose consistent with the investment objectives for the assets of insurers stated in s. 620.01, Stats.;

2. The aggregate market value of all financial futures contracts outstanding may not exceed 10% of the insurer's admitted assets;

3. An insurer may purchase put options or sell call options only with regard to financial futures contracts or financial instruments owned by, or which may be obtained through exercise of warrants or conversion rights held by the insurer;

4. An insurer may purchase call options or sell put options on financial futures contracts or financial instruments only if the amount of the instrument which may be acquired upon exercise of the option, when ag-

gregated with current holdings, would be an authorized investment under s. 620.22 (1) to (7), Stats., or this subsection, and would not exceed the limitations specified in s. 620.23, Stats., or this section;

5. The board of directors or its authorized committee shall first approve the insurer's plan relating to such investments, which plan must contain specific policy objectives and strategies, establish aggregate maximum limits in such investments and internal control procedures, and identify the duties, expertise and limits of authority of personnel authorized by the board of directors to engage in such transactions on behalf of the insurer; and

6. A copy of the insurer's plan shall be filed with the commissioner 30 days prior to its effective date. The commissioner may disapprove the plan within the 30-day period.

(9) **CHANGES IN QUALIFICATION OF INVESTMENTS.** Any investment originally made under s. 620.22 (9), 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 sub. (8) (g) 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 sub. (8) (h), 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. (6) (a) 1., Register, October, 1974, No. 226, eff. 11-1-74; r. and recr. (6) (g), cr. (6) (c), Register, December, 1974, No. 228, eff. 1-1-75; emerg. am. (6) (a), eff. 6-22-76, am. (6) (a), Register, September, 1976, No. 249, eff. 10-1-76; am. (8) (intro.), (b), (c), (e), (j), (k) and (l), Register, August, 1981, No. 308, eff. 9-1-81; reprinted to correct printing error in (8) (f), Register, March, 1983, No. 327; correction in (9) made under s. 13.93 (2m) (b) 7, Stats., Register, December, 1984, No. 348; renum. (3) (a) to (e) to be (3) (e) to (h) and (j), cr. (3) (a) to (d), (i), (4) (c) and (8) (o), am. (4) (a) and (b) and (8) (n), Register, April, 1987, No. 376, eff. 5-1-87; am. (8) (l), Register, October, 1990, No. 418, eff. 11-1-90.

**Ins 6.25 Joint underwriting and joint reinsurance associations.** (1) **PURPOSE.** This section, pursuant to s. 625.04, 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 s. 625.83, Stats., with respect to joint underwriting or joint reinsurance.

(2) **SCOPE.** Subsection (3) applies to joint underwriting and joint reinsurance involving the insurance of risks associated with:

- (a) Nuclear energy.
- (b) Commercial aircraft.
- (c) Aircraft products liability.
- (d) Crude oil production and processing.