

Chapter Ins 6

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**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 s. 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 s. Ins 6.75 (2) (a).

(b) Life insurance includes the kinds in s. 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 s. Ins 6.70.

(c) Casualty insurance includes the kinds in s. 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 s. Ins 6.75 (1) (e) or (2) (c) if the applicant company has transacted any of the kinds of insurance in s. 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 s. 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 6.03 Domestication of nondomestic insurer.** (1) **PURPOSE.** Under s. 611.223 (1) (a), Stats., a nondomestic insurer may apply to the commissioner to become a domestic insurer. In accordance with s. 611.223 (1) (b), Stats., this section specifies the contents of the application needed from a nondomestic insurer to obtain a certificate of incorporation and certificate of authority to be a domestic insurer.

(2) **SCOPE.** This section applies to each nondomestic insurer which submits to the commissioner under s. 611.223 (1) (a), Stats., an application for a certificate of incorporation and a certificate of authority for domestic insurers.

(3) **REQUIRED CONTENTS OF THE APPLICATION.** The application for a certificate of incorporation and a certificate of authority shall be filed in accordance with s. 611.223 (1) (a), Stats., and shall include the following information:

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policyholder of such cancellation. Insurers shall provide notice to the insured as set forth in s. 631.36 (2) (b), Stats.

(b) No cancellation under s. 631.36 (2) (a), Stats., of any war risks coverage contained in an aircraft insurance policy is effective until at least 7 days after the 1st class mailing or delivery of a written notice to the policyholder.

History: Emerg. cr. eff. 7-1-77; cr. Register, November, 1977, No. 263, eff. 12-1-77; am. (1), (4) and (5), Register, May, 1987, No. 377, eff. 6-1-87; am. (1) and (2), renum. (3) (a), (4) and (5) to be (3) (c), (4) (a) and (5) (a), cr. (3) (a) and (d), (4) (b) and (5) (b), Register, July, 1990, No. 415, eff. 8-1-90.

**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 s. 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 a 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 ss. 227.017 and 601.20 (1), Stats.

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

(a) Life and Disability.

(b) Property and Casualty.

(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.

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(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; correction in (1) under s. 13.93 (2m) (b) 7, Stats., Register, September, 1984, No. 348; r. (2) (c), Register, November, 1991, No. 431, eff. 12-1-91.

**Ins 6.80 Retention of records.** (1) **PURPOSE.** The purpose of this section is to establish standards for record retention by insurers and other persons subject to the regulation of the commissioner.

(2) **SCOPE.** (a) This section shall apply to all insurers licensed under chs. 611, 612, 613, 614, 615 and 618, Stats., and including the Local Property Insurance Fund, the State Life Insurance Fund, and the State Indemnity Fund.

(b) The following sections also apply:

1. s. Ins 1.01 (3) applies to fraternal.
2. s. Ins 2.07 (5) (a) 2.d. and (b) 2.b. apply to life insurance.
3. s. Ins 3.25 (9) (d) applies to credit life and accident and sickness insurance.
4. s. Ins 3.27 (28) applies to disability insurance.
5. s. Ins 6.17 (3) (d) and (e) apply to surplus lines.
6. s. Ins 6.03 (2) (a) 1.e., 6.30 (3) (a) 3.e., (4) (a) 2.e. and (5) (a) 3. apply to property and casualty insurers.
7. s. Ins 6.55 (5) (b) applies to all insurers.
8. s. Ins 6.61 applies to intermediaries.
9. s. Ins 8.09 applies to employe welfare funds.

(3) **DEFINITIONS.** (a) "Domestic insurer" has the meaning set forth in s. 600.03 (27) (c), Stats.

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(b) "Insurer" has the meaning set forth in s. 600.03 (27) (a), Stats.

(c) "Nondomestic insurer" has the meaning set forth in s. 600.03 (27) (e), Stats.

(d) "Hard copy" means any information which is procured from an alternate storage facility such as microfilm, microfiche or electronic data processing and reproduced into proper form.

(4) DOMESTIC INSURERS. (a) Corporate records such as minute books, articles and by-laws, and stock and membership records shall be retained as permanent records.

1. General ledgers shall be retained as permanent records.

2. Rate books, agents' handbooks, underwriting manuals, specimen forms, and related actuarial material, as well as reinsurance contracts, shall be retained as long as the related insurance coverage remains in force.

(b) Records of insurance company operations and other financial records reasonably related to insurance operations for the preceding 3 years shall be maintained and be available to the commissioner.

(c) Records maintained under par. (b) may be in written form or in any other form capable of being converted to written form within a reasonable period of time.

1. Original documents, such as claim files, invoices, cancelled checks, underwriting information and other similar materials may be maintained on microfilm or microfiche so long as the records thus maintained are readily available to the commissioner and can be reproduced in hard copy.

2. Accounting records, policy master files, reserve inventories, and other similar records normally produced in hard copy may be maintained on electromagnetic tape provided such tapes are preserved and that the company can and will reproduce the appropriate hard copy within a reasonable period of time at the request of the commissioner.

(d) The statutes of limitations, escheat laws, and statutes regarding minors of the various jurisdictions in which the insurer does business shall control the retention of pertinent records, other than permanent records, beyond the period mentioned in par. (b). These records may include, but shall not be limited to, claims files, supplementary contract files, records of uncashed checks, and underwriting files.

(e) Subject to this rule and applicable statutes and rules or regulations of this and other jurisdictions in which the insurer is licensed to do business, the insurer may set its retention or records to conform to its storage facilities.

(5) NONDOMESTIC INSURERS. (a) Records with regard to insurance company operations in the state of Wisconsin for the preceding 3 years shall be maintained in the form specified under sub. (4) and be available to the commissioner, or the insurance regulatory agency of the insurer's state of domicile.

(b) The requirements of this rule pertaining to an insurer's operations in the state of Wisconsin may be met by compliance with the record re-

tention law of its state of domicile. If no such law or regulation exists, an insurer may comply with this rule by presenting a statement attesting to the fact that its record retention system is acceptable to its state of domicile.

(7) **PENALTY.** Violations of this rule by any person shall subject the person to the penalties set forth in s. 601.64, Stats.

(8) **EFFECTIVE DATE.** As provided in s. 227.22 (2) (intro), Stats., this rule shall take effect on the first day of the month following its publication.

**History:** Cr. Register, June, 1981, No. 306, eff. 7-1-81; r. (6) under s. 13.93 (2m) (b) 16, Stats., Register, December, 1984, No. 348; correction in (8) made under s. 13.93 (2m) (b) 7, Stats., Register, May, 1987, No. 377.