

CHAPTER 604

STATE INSURANCE FUNDS; GENERAL PRINCIPLES

604.01	Scope.	604.05	Investments.
604.02	Continuation of funds	604.06	Custody of assets and liability
604.03	Composition and integrity of funds	604.07	Bonds.
604.04	Administration		

604.01 Scope. This chapter applies to all insurance funds operated by this state under chs. 605 to 608.

History: 1973 c. 117.

Note: Chap. 117, laws of 1973, which created this chapter of the statutes, contained notes explaining the revision. See the 1973 session law volume.

604.02 Continuation of funds. (1) EXISTING FUNDS. The following funds are continued:

(a) The "local government property insurance fund" or "property fund", previously known as the "state insurance fund" or the "state property insurance fund".

(b) The "state life insurance fund" or "life fund"; and

(c) The "state indemnity fund" or "indemnity fund".

History: 1973 c. 117; 1979 c. 221.

604.03 Composition and integrity of funds. (1) COMPOSITION. Each fund consists of premium payments, earnings from investments, amounts recovered from reinsurers or under subrogation or contribution claims and any other income, less losses paid and expenses properly charged to the fund. Each fund shall be separately maintained and accounted for.

(2) INTEGRITY OF FUND. Each fund is held in trust for the benefit of insureds and other proper claimants. It may not be spent for any other purposes of the state and may be borrowed by the state only pursuant to normal and usual investment practices under s. 604.05.

History: 1973 c. 117.

604.04 Administration. (1) MANAGER. Each fund under chs. 605 to 608 shall be administered by a manager who shall be the commissioner. In chs. 604 to 608, "manager" means the commissioner in his or her capacity as manager.

(2) OTHER PERSONNEL. The manager of a fund may employ such personnel as are necessary for proper administration. To the extent practicable, the manager shall manage the funds, issue policies and prepare reports in the

same way that as commissioner he or she requires other insurers to do. The manager may make such reasonable rules for the administration of the funds as are necessary to implement the enabling statutes.

(3) EXPENSES. No full-time state officer or employe may receive additional compensation for services under chs. 604 to 608. Appropriate portions of the salaries of such persons who do work for the funds or supervise them, and other expenses including reasonable charges for state-owned or state-rented office space and the use of state-owned or state-rented office equipment shall be charged against each fund. Each fund shall also be charged a sum equivalent to the state premium tax that would be paid by a domestic mutual insurer organized or operating under ch. 611 and doing the same kind of insurance business, except that no such charge shall be made for the insurance of governmental units.

(4) PAYMENT PROCEDURE. Any charges against a fund under sub. (3) shall be certified by the commissioner, audited by the department of administration under s. 16.53 and paid by the treasurer out of the appropriate fund in accordance with procedures of the department of administration.

(5) ADVISORY ORGANIZATION MEMBERSHIP. The manager of a fund may have the fund join or subscribe to rate service organizations or other advisory organizations useful for the efficient operation of the fund.

(6) REINSURANCE. The manager may procure such reinsurance for the fund as he or she considers necessary for its sound operation.

(7) INSPECTIONS. The manager may obtain such inspections and reports on risks insured in the fund as sound insurance practice requires.

History: 1973 c. 117; 1979 c. 102 ss. 84, 236 (5), (13).

604.05 Investments. Assets of all funds under chs. 605 to 608 shall be invested by the state investment board under s. 25.17. Each January 1 the state treasurer shall credit each fund with earnings on the invested assets in each

fund for the preceding 12 months. If any fund is indebted to the general fund of the state the fund shall be charged, at the end of each calendar year, with interest on the indebtedness at the average rate earned by the state upon its bank deposits during the period of indebtedness and that sum shall be credited to the general fund.

History: 1973 c 117.

604.06 Custody of assets and liability.

(1) CUSTODY. The state treasurer has sole custody of all assets of funds under chs. 605 to 608.

(2) LIABILITY. Neither the state nor any person is liable for any obligations of the funds,

and the rights of creditors are solely against the assets of the funds, except as otherwise provided in chs. 605 to 608.

History: 1973 c 117; 1977 c 203

604.07 Bonds. The commissioner as manager of the funds and the treasurer shall file surety bonds, specifically conditioned on the performance of their duties under chs. 605 to 608, in amounts required by, and with sureties approved by, the governor.

History: 1973 c 117.