CHAPTER 604

STATE INSURANCE FUNDS; GENERAL PRINCIPLES

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Cross-reference: See definitions in ss. 600.03 and 628.02.

NOTE: Chapter 117, laws of 1973, which created this chapter, contains explanatory notes.

604.01 Scope. This chapter applies to all insurance funds operated by this state under chs. 605 to 607.

History: 1973 c. 117; 1981 c. 20 s. 2202 (26) (c).

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

(a) The "local government property insurance fund" or "property fund".

(b) The "state life insurance fund" or "life fund".

History: 1973 c. 117; 1979 c. 221; 1981 c. 20, 314; 1987 a. 27.

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 607 shall be administered by a manager who shall be the commissioner. In chs. 604 to 607, "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, except that periodic annual audits may not be required. 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 employee may receive additional compensation for services under chs. 604 to 607. 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 pay to the commissioner amounts charged for organizational support services, which shall be credited to the appropriation account under s. 20.145 (1) (g) 2. 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 secretary of administration 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.

(8) NONDISCLOSURE OF PERSONAL INFORMATION. The manager may refuse to disclose, and may prevent any other person from disclosing, any personally identifiable information, as defined in s. 19.62 (5), that is obtained by the manager in the course of administering a fund under chs. 605 to 607.

History: 1973 c. 117; 1979 c. 102 ss. 84, 236 (5), (13); 1981 c. 20 ss. 1759m, 2202 (26) (c); 2001 a. 65; 2003 a. 33; 2007 a. 20.

604.05 Investments. Assets of all funds under chs. 605 to 607 shall be invested by the state investment board under s. 25.17. Each January 1 the secretary of administration 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 deposits in public depositories during the period of indebtedness and that sum shall be credited to the general fund.

History: 1973 c. 117; 1981 c. 20 s. 2202 (26) (c); 1983 a. 368; 2003 a. 33.

604.06 Custody of assets and liability. (1) CUSTODY. The secretary of administration has sole custody of all assets of funds under chs. 605 to 607.

(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 607.

History: 1973 c. 117; 1977 c. 203; 1981 c. 20 s. 2202 (26) (c); 2003 a. 33.

604.07 Bonds. The commissioner as manager of the funds and the secretary of administration shall file surety bonds, specifically conditioned on the performance of their duties under chs. 605 to 607, in amounts required by, and with sureties approved by, the governor.

History: 1973 c. 117; 1981 c. 20 s. 2202 (26) (c); 2003 a. 33.