CHAPTER 605

LOCAL GOVERNMENT PROPERTY INSURANCE FUND

605.01 Definitions.
605.02 Kinds of property insured.
605.03 Coverage to be provided.
605.09 Restrictions on private insurance.
605.21 Manner of participation in property fund.
605.22 Property fund rates and assets.
605.23 Adjustment of losses.
605.24 Recovery of losses from other parties.
605.30 Inadequacy of fund.

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

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

605.01 Definitions. In this chapter, unless the context requires otherwise:

(1) “Local governmental unit” means any local governmental association, authority, board, commission, department, independent agency, institution, office, society or other body, including any city, county, town or village board or common council, school or library board, or board of control of a cooperative educational service agency.

(2) “Property fund” means the local government property insurance fund.

History: 1973 c. 117, 333; 1979 c. 221; 1985 a. 335.

605.02 Kinds of property insured. (1) PROPERTY OF LOCAL GOVERNMENTAL UNITS. Any local governmental unit may insure in the property fund its property or, subject to sub. (2), property for which it may be liable in the event of damage or destruction. Property insured under this section by a local governmental unit may not also be insured in any other manner unless the manager certifies that additional insurance is necessary, or unless the local governmental unit by resolution, a certified copy of which is filed with the manager, decides to insure specified personal property with insurers authorized to do business in this state.

(2) REQUIREMENTS FOR NONOWNED PROPERTY. The property fund may cover a building or structure specified in sub. (1) that is not owned by a local governmental unit only if all of the following conditions are met:

(a) The building or structure is listed and described as a non-owned building or structure in the local governmental unit’s statement of values.

(b) The local governmental unit is contractually liable in the event that the building or structure is damaged or destroyed.

(c) The building or structure is in the local governmental unit’s care, custody, or control.

(d) The building or structure is used for a legitimate governmental purpose.


605.03 Coverage to be provided. (1) GENERAL. (a) Mandatory coverage. Subject to par. (f), the property fund shall provide protection against fire and extended coverage perils. The coverage shall be at least as favorable as that customarily provided by policies filed with the commissioner for the use of private insurers in insuring comparable property.

(b) Optional coverage. The fund may also provide additional protection against other named perils or may provide protection on an all-risk basis, on such terms as the manager prescribes.

(c) Valuation basis. The fund may provide coverage on any appropriate valuation basis including actual cash value and replacement cost, and may cover loss from the lack of use of or reduction in the income from property caused by perils insured against.

(d) Term of policy. Subject to par. (f) 1., the manager may prescribe the time periods for which coverage is to be provided.

(e) Documents. The manager shall prepare policies and supplementary documents for the use of the fund in providing the coverage under pars. (a) and (b), but no such documents may be used by the fund if the commissioner would not approve them for the use of private insurers.

(f) Limits on issuance, renewal, and filing claims; final distribution. 1. No coverage under the property fund may be issued on or after July 1, 2017. No coverage may be renewed after December 31, 2017. No coverage may terminate later than December 31, 2018.

2. All claims must be filed with the property fund by no later than July 1, 2019. No claim filed after July 1, 2019, will be covered by the fund.

3. Upon the cessation of all operations of the property fund, the manager shall distribute any moneys remaining in the fund among the local governmental units that were insured under the fund on July 1, 2017.

(2) COINSURANCE. The manager may prescribe by rule the percentages of value or cost for which coverage may be provided.

(3) DEDUCTIBLES. The manager may prescribe by rule that small losses in any one occurrence shall not be paid.


605.09 Restrictions on private insurance. After a lawful vote of the local governmental unit to insure under this chapter, no such unit may pay out any money to any private insurer nor incur any indebtedness against the unit to a private insurer for any insurance on any property of the unit or for which the unit may be legally liable if such insurance is available under this chapter, unless it is approved by the commissioner as necessary or unless it is insurance on personal property which the unit by resolution filed with the commissioner has decided to insure in insurance companies authorized to do business in this state.

History: 1973 c. 117; 1975 c. 41; 1979 c. 221.

605.21 Manner of participation in property fund.

(1) PLACING INSURANCE. Subject to s. 605.03 (1) (f), the property fund shall insure property described in s. 605.02 after receipt from the clerk of the local governmental unit of a certified copy of the resolution authorizing insurance in the property fund. The clerk shall report to the manager each policy then in force upon such property, stating the property covered by the policy and the dates of issue and of expiration, the amounts and rates of insurance and the premiums. Property already insured shall become insured by the property fund as existing policies expire or are canceled. Thereafter the insurance on all property described in s. 605.02 shall be provided. Premiums shall be certified by the manager to the clerk of the appropriate unit.

(2) PREMIUM PAYMENT. Upon receipt of certification of premium due, the premium shall be paid into the state treasury for the benefit of the property fund, within 30 days after the date of certification or the effective date of the policy, whichever is the later. Premiums for property insured effective at a later date shall be paid within 30 days after the effective date of each addition. The amount of a premium in default shall be a special charge against the local governing unit, and be included in the next certification of state taxes and charged and collected as other special charges.

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605.21 LOCAL GOVERNMENT PROPERTY FUND

are collected, with interest from the due date at a rate set by the
commissioner by rule or, in the absence of a rule, at twice the most
current prime rate charged by major banks in this state.

(3) WITHDRAWAL FROM THE PROPERTY FUND. Any local gov-
ernmental unit may terminate its insurance in the property fund by
a majority vote, and upon certifying such action to the manager the
insurance in force in the fund shall terminate upon expiration of
the policy unless the unit specifies an earlier date for termination.
In case of removal or sale of property, the board may terminate the
insurance on that property without terminating its entire insurance
in the property fund.

(4) INSURANCE OF PERSONAL PROPERTY. All personal property
of the local governing unit is insured and premiums therefor must
be paid under this section except to the extent that coverage is
excluded by resolution under s. 605.02 (1).


605.22 Property fund rates and assets. (1) RATE DETER-
MINATION. The property fund’s annual premium rates shall be actu-
arily determined to be sufficient to maintain a ratio of net 
premiums written to surplus of no less than 200 percent. The rate
standards under s. 625.11 shall apply to property fund rates.

(2) ASSESSMENTS. The property fund shall levy an assessment
on local governmental units participating in the fund whenever the
ratio of net premiums written to surplus is greater than 225 per-
cent. Assessments shall be levied on all insured local governmen-
tal units participating in the fund in the fiscal year ending immedi-
ately prior to the date of the notice of assessment. All assessments
shall be levied at the same rate according to each insured local
governmental unit’s proportionate share of direct premiums writ-
ten in the fund’s fiscal year that ended immediately prior to the
date of the notice of assessment. The date on which the assess-
ment is due shall be specified in the notice of assessment and may
not be less than 60 days after the date of the notice of assessment.
The property fund shall collect unpaid assessments in the manner
provided for collection of unpaid premiums under s. 605.21 (2). If
an insured local governmental unit does not pay an assessment
within 60 days after the assessment is due, the fund shall terminate
coverage for that local governmental unit. If a local governmental
unit cancels its coverage and a refund of premiums is due to the
property fund, the amount shall be determined by appraisal, upon the
request of the local governmental unit for the amount of the loss less any appli-
cable amounts under s. 605.03 (2) or (3).

History: 1973 c. 117; 1979 c. 102, 221; 2017 a. 59.

605.23 Adjustment of losses. (1) PAYMENT FOR LOSSES.
Subject to s. 605.03 (1) (f) 2., the manager shall determine within a
reasonable time any loss on insured property owned by a local
governmental unit or for which the unit is liable and promptly cer-
tify the amount to the department of administration, which shall
issue a warrant on the property fund payable to the treasurer of the
local governmental unit for the amount of the loss less any applic-
able amounts under s. 605.03 (2) or (3).

History: 2015 a. 325.

605.24 Recovery of losses from other parties. (1) SUIT
BY ATTORNEY GENERAL. Upon the request of the manager,
the attorney general may proceed in the courts of any jurisdiction to
recover from any responsible party other than an insured or any
person using or dealing with the property in the course of the per-
son’s employment for the insured, for any loss or damage to any
property covered by insurance under this chapter. Any recovery
less expenses shall be paid into the property fund, but if the
amount recovered less expenses exceeds that paid out by the fund,
the difference shall be paid to the insured.

(2) COLLECTION OF REINSURANCE. The manager shall collect
reinsurance due and pay the amount collected into the property
fund.

(3) RIGHT OVER AGAINST 3RD PERSONS. The property fund may
name other persons as additional persons protected under s.
605.02, but unless it does so the fund shall have no right of recov-
y by subrogation or otherwise against such persons that a private
insurer would have and shall not lose such right because the gov-
ernmental unit protected has after commencement of the coverage
waived any right of recovery it would otherwise have had, or has
thereafter contracted to assume the risk that general law would
have placed elsewhere.

History: 1973 c. 117; 1979 c. 102 s. 236 (15); 2005 a. 253.

605.30 Inadequacy of fund. If the property fund does not
have sufficient assets to pay claims that are due, the secretary of
administration shall transfer from the general fund to the property
fund a sufficient amount to pay the losses and shall pay the
losses. The property fund shall thereafter repay the general fund
this amount and the secretary of administration shall transfer the
amount as soon as there are assets in the property fund.

History: 1973 c. 117; 2003 a. 33.