CHAPTER 605
LOCAL GOVERNMENT PROPERTY INSURANCE FUND

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605.02 Kinds of property insured.
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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.

605.05 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.


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. 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 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.
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 common prime rate charged by major banks in this state.

(3) WITHDRAWAL FROM THE PROPERTY FUND. Any local governmental 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 DETERMINATION. The property fund’s annual premium rates shall be actuarially 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 percent. Assessments shall be levied on all insured local governmental units participating in the fund in the fiscal year ending immediately prior to the date of the notice of assessment. Assessments shall be levied at the same rate according to each insured local governmental unit’s proportional share of direct premiums written in the fund’s fiscal year that ended immediately prior to the date of the notice of assessment. The date on which the assessment 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 unit, the refund due shall be reduced by the amount of any unpaid assessment. A local governmental unit that fails to pay an assessment when due may not participate in the property fund until the past due assessment is paid.

(3) DIVIDENDS. The property fund shall pay a dividend to its insured local governmental units whenever the ratio of net premiums written to surplus does not exceed 45 percent, provided that, following the payment of the dividend, the ratio of net premiums written to surplus does not exceed 100 percent and the amount of surplus is not less than $3,000,000. Dividends shall be paid to all insured local governmental units participating in the property fund in the fiscal year that ended immediately prior to the date of the notice of the dividend. Dividends shall be paid at the same rate according to each insured local governmental unit’s proportional share of premiums written in the fund’s fiscal year that ended immediately prior to the date of the notice of the dividend.

History: 2015 a. 325.

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 certify 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 applicable amounts under s. 605.03 (2) or (3).

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

There is nothing in either chs. 604 or 605, or anywhere else, that prohibits the Fund from voluntarily contracting away sub. (3) protection. Wisconsin State Local Government Property Insurance Fund v. Thomas A. Mason Company, 2008 WI App 49, 308 Wis. 2d 512, 748 N.W.2d 476, 05-1512.

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 an amount sufficient 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.