

CHAPTER 463

AN ACT to repeal; to amend 76.30 (1) and (3), 200.03 (2), 200.04 (2), 201.03 (1) (a) and (2), 201.04 (16), 201.05 (1), (2m) and (3), 201.07, 201.17 (2), 201.39 (2), 203.32 (4) (b), 206.60 (6), and 207.04 (3) (a); to repeal and recreate 201.05 (2); and to create 200.04 (5) and 201.075 of the statutes, relating to premium tax on marine insurance, designation of persons to conduct examinations, examination reports by certified public accountants, reporting of fires, incorporation of mutual insurance companies, workmen's compensation to include employers' liability insurance, formation of insurance companies, combinations of kinds of insurance, nonassessable policies by mutuals, assessable policies by mutuals, mutual insurance company surplus notes, nonassessable policy by interinsurers, disclosure of filings prior to effective date, and insurance service charges by lending institutions.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 76.30 (1) and (3) of the statutes are amended to read:

76.30 (1) Every company transacting the business of insurance against fire, marine or sprinkler leakage loss, other than companies excepted under subs. (2) and (3) * * *, shall pay to the state on or before March 1 in each year, *in respect to marine insurance a tax of one-half of one per cent and in respect to fire or sprinkler leakage insurance a tax of 2 $\frac{3}{8}$ per cent* on the amount of the gross premiums received for direct insurance, less return premiums and cancellations on direct insurance, by such company during the preceding year, in this state. Direct insurance * * * *includes* all insurance other than reinsurance. In case any company * * * *discontinues* business in this state and * * * *reinsures* the whole or a part of its risks without making payment of this tax, the company accepting such reinsurance shall pay the tax; and if several companies * * * make such reinsurance the tax shall be apportioned between such companies in proportion to the original premiums upon the business, in this state, so reinsured by each such company. Upon the payment of the tax herein provided, such company may be licensed to transact its business until May 1 in the ensuing year, unless sooner revoked or forfeited according to law.

(3) Every domestic stock fire insurance company transacting the business of insurance against fire, marine or sprinkler leakage loss, shall pay to the state on or before March 1 in each year *in respect to marine insurance a tax of one-half of one per cent and in respect to fire or sprinkler leakage insurance a tax of 1 $\frac{1}{4}$ per cent* upon the gross premiums received for direct insurance, less return premiums and cancellations on direct insurance by such company during the preceding year in this state.

SECTION 2. 200.03 (2) of the statutes is amended to read:

200.03 (2) He shall enforce the laws relating to insurance and shall exercise such supervision and control over insurance companies *and insurance agents* doing business in this state as the law requires; and to that end * * * he may make reasonable rules * * * for their enforcement; and he may, by himself * * * *or by designation of his subordinates and other persons,* conduct investigations, examinations and hearings, *and administer oaths* and take testimony.

SECTION 3. 200.04 (2) of the statutes is amended to read:

200.04 (2) He may require any licensed insurance company *or insurance agent* from time to time to report to him in such form as he requires, in relation to its condition and any matter connected with its transactions. When written charges are filed against any company *or insurance agent* alleging that any return or statement filed by it with the commissioner is false, or that its affairs are in an unsound condition, *or that it has violated the insurance laws of this state*, he shall, and he may at any time on his own motion, examine into its affairs and conditions, and for that purpose may, *without regard to the classified service*, appoint * * * *as examiners, one or more competent persons* who shall not be an officer or the agent of or in any manner interested, except as a policyholder, in any insurance company, and it shall be the duty of the company *or insurance agent* examined, its officers and agents, to open its books for inspection.

SECTION 4. 200.04 (5) of the statutes is created to read:

200.04 (5) In lieu of the procedures for examining insurers, mutual benefit societies, companies and insurance agents, the commissioner may accept a report of an examination made by a certified public accountant provided such examination and its report is in a form acceptable to the commissioner.

SECTION 6. 201.03 (1) (a) and (2) of the statutes are amended to read:

201.03 (1) (a) It shall have not less than 400 bona fide applications for insurance on property or risks located in this state *for each of the kinds of insurance specified in s. 201.04 for which the company is organized* from not less than 400 persons and upon not less than 400 separate risks in this state *for each of the kinds of insurance specified in s. 201.04 for which the company is organized* on which the cash premiums, which shall be paid in full by each of the * * * applicants with their applications, plus cash contributions * * * *in amounts not less than \$500 of at least * * * \$100,000*, which shall have been actually paid in, in cash, by the applicants and contributors, provided that such minimum amount shall be * * * \$50,000 in the case of a company organized to write only the coverage authorized by s. 201.04 (1). *Cash contributions shall not exceed the minimum fund required in this subsection, except with prior approval of the commissioner. After a company has commenced issuing policies of insurance, no further cash contributions shall be made, except under s. 201.17.*

(2) Contributions to the said minimum fund by some or all of the first applicants in excess of the actual premium on the first policy to any applicant shall be returnable 5 years from date of organization or * * * *as soon thereafter when the earned surplus of the company remaining after the payment of such contributions* is equal to or in excess of said minimum fund. Such refund * * * *may* be made only with the approval of the commissioner and must be returned *on a prorata basis* to every applicant or his legal representative entitled thereto.

SECTION 7. 201.04 (16) of the statutes is amended to read:

201.04 (16) Workmen's Compensation Insurance.—Against loss, damage or liability for or under workmen's compensation *and including employers' liability insurance when written in the same policy in connection with workmen's compensation insurance.*

SECTION 8. 201.05 (1) of the statutes is amended to read:

201.05 FORMATION OF COMPANIES; COMBINATION OF KINDS OF INSURANCE. (1) Companies may be formed upon the stock or the

mutual plan to transact *by direct insurance or reinsurance* any * * * or all of the kinds of insurance authorized by s. 201.04 and be licensed to transact such kinds of insurance upon compliance with all the provisions of law.

SECTION 9. 201.05 (2) of the statutes is repealed and recreated to read:

201.05 (2) Any company formed for the purpose of and licensed to transact the kind of insurance specified in s. 201.04 (3) and one or more of the kinds of insurance specified elsewhere in s. 201.04 shall maintain separate accounts and reserves in trust for the kind of insurance specified in s. 201.04 (3).

SECTION 10. 201.05 (2m) and (3) of the statutes are amended to read:

201.05 (2m) * * * Subject to the requirements of s. 201.39 (1) in respect to reciprocal or interinsurance, s. 204.041 as to insurance mentioned in s. 201.04 (7) and s. 206.02 (3) (a) as to insurance mentioned in s. 201.04 (3), every mutual company or reciprocal authorized to transact insurance, * * * of any kind specified in s. 201.04 * * * may, by and with the approval of the commissioner * * *, write any and all other kinds of insurance specified in s. 201.04 * * * if it * * * maintains a surplus of at least \$100,000, provided that in no case shall any surplus in addition to that required for a kind or kinds of insurance already being written, be required to qualify to write any insurance mentioned in s. 201.04 (11), (12), (14), (17) and (18). * * *

(3) (a) The insurance specified in * * * one or more subsections of s. 201.04 * * * may be written in * * * the same policy with separate premium charges except that * * * the insurance specified in s. 201.04 (3), (4) or (16) must be written in separate and distinct policies.

(b) The insurance specified in subs. * * * (4) and (5); * * * (5) and (15); (5), (15) and (18); * * * (15) and (18); * * * or (1), (5), (6), (7), (10), (11), (12), (13), (14), (17) and (18) or any combination thereof may be written in the same policy with or without separate premium * * * charges.

(c) * * * Policies under sub. (3) may contain any provision operating to safeguard the insurance against lapse, or giving a special surrender value or annuity providing for payments not exceeding one per cent per month of the face amount of the policy during the lifetime of the insured, with or without reduction of the sum insured in the event that the insured * * * becomes totally and permanently disabled from any cause.

SECTION 11. 201.07 of the statutes is amended to read:

201.07 Subject to the requirements of s. 204.041 as to insurance specified in s. 201.04 (7) any domestic mutual insurance company transacting the business of fire, marine, or casualty insurance, having accumulated a net surplus equal to the sum of 50 per cent of the capital and surplus required of a stock company to begin to transact the same kind of business and while such surplus is so maintained as a distinct guarantee fund and so shown in its annual statement may issue a nonassessable policy; provided, that such company shall cease the issue of such policies when such guarantee funds falls below such sum, and during such period of impairment shall cease to make apportionment and declare refunds of overpayments or savings resulting from premium contributions until such guarantee fund deficiency has been made good, except where the company at a regular or called meeting of its policyholders has voted to discontinue the issuance of nonassessable policies. The conditions of such nonassessability

shall be plainly stated in the policies so issued. No company shall issue a nonassessable policy until its policy form is submitted to and approved by the commissioner of insurance.

SECTION 12. 201.075 of the statutes is created to read:

201.075 ASSESSABLE POLICIES BY MUTUALS. Every insurer issuing assessable policies shall have printed on every such policy issued, separately from any other provision of the policy and in type not smaller than that used in the body of the policy, "This policy is assessable". This section shall not apply to companies organized under ch. 202.

SECTION 13. 201.17 (2) of the statutes is amended to read:

201.17 (2) *In addition to contribution notes issued for the purpose of establishing the minimum fund referred to in s. 201.03 (1) (a) any mutual insurance company may borrow money from any officer, member or other person, for the purposes of its business or to enable it to comply with any requirement of law. No discount, commissions or promotion expenses shall be allowed or paid on such loan. Upon receiving the full amount of the principal to be used solely for such purposes, the company may issue its surplus notes, which shall fully recite the conditions of the loan; provided that no such notes shall be issued by any such company or be paid, discharged or retired in whole or in part without prior approval of the commissioner of insurance, and no surplus note or notes shall be issued by any mutual insurance company unless it accepts the requirements imposed by this subsection. Except as herein provided, such notes and indebtedness shall not be a liability or claim against any of the assets of the company. The principal and interest shall be payable only from the surplus over all other liabilities. The amount of principal and interest unpaid shall be reported in each annual statement. Surplus notes issued pursuant to * * * this section shall not be deemed a security within the meaning of the term as defined in ch. 189 and the provisions of said chapter shall not apply to such surplus notes. No mutual insurance company shall hereafter loan money to another mutual insurance company on surplus notes, while said loaning company is indebted upon surplus notes to any mutual insurance company. No mutual insurance company shall borrow money from another mutual insurance company on surplus notes, while said borrowing company has a loan outstanding to a different mutual insurance company on surplus notes. No mutual insurance company shall issue surplus notes in denominations of less than \$1,000.*

SECTION 14. 201.39 (2) of the statutes is amended to read:

201.39 (2) Such contracts may be executed by an attorney, agent or other representative herein designated attorney duly authorized and acting for such subscribers. A corporation duly authorized by its charter so to do may act as such attorney. *Any such attorney may issue a nonassessable policy upon compliance and in accordance with s. 201.07.*

SECTION 15. 203.32 (4) (b) of the statutes is amended to read:

203.32 (4) (b) When a filing is not accompanied by the information upon which the insurer supports such a filing, and the commissioner does not have sufficient information to determine whether such filing meets the requirements of the section, he shall require such insurer to furnish the information upon which it supports such filing and in such event the waiting period shall commence as of the date such information is furnished. The information furnished in support of a filing may include * * * 1. the experience or judgment of the insurer or rating organization making the filing, * * * 2. its interpretation of any statistical data it relies upon, * * * 3. the experience of other insurers or rating organizations, or * * * 4. any other relevant factors. A filing and any supporting information

shall be open to public inspection after the filing becomes effective. Specific inland marine rates on risks specially rated, made by a rating organization, shall be filed with the commissioner.

SECTION 17. 206.60 (6) of the statutes is amended to read:

206.60 (6) Life insurance covering the lives of members of a group of persons who become borrowers from one credit union under agreement to repay the sum borrowed in instalments over a period of not more than 20 years, to the extent of their indebtedness to said credit union but not to exceed \$10,000 on any one life, written under a policy which may be issued upon the application of and made payable to the credit union as beneficiary, the premium on such policy to be payable by the credit union, the borrower, or jointly by the credit union and borrower, except that such limitation as to amount shall not apply to any group policy existing on July 15, 1949 nor to any amount thereafter written pursuant to such policy. Section 206.61 (6) to (11) shall not be required as to policies issued under this subsection. *The insurance specified in s. 201.04 (4) may be written in any such policy with or without separate premium charge notwithstanding s. 201.05 (3).*

SECTION 19. 207.04 (3) (a) of the statutes is amended to read:

207.04 (3) (a) No person * * * engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property and no trustee, director, officer, agent or other employe of any such person * * *, shall require, as a condition precedent to financing the purchase of such property or to loaning money upon the security of a mortgage thereon, or, as a condition prerequisite for the renewal or extension of any such loan or mortgage or for the performance of any other act in connection therewith, that the person * * * for whom such purchase is to be financed or to whom the money is to be loaned or for whom such extension, renewal or other act is to be granted or performed, negotiate any policy of insurance or renewal thereof covering such property through a particular insurance agent or broker *nor shall such person make a charge other than the premiums and any cost of financing thereof in connection with the issuance, cancellation or substitution of insurance for the protection of property on which a loan has been made or a mortgage has been obtained, or for the protection of a loan or a mortgage.*

Approved September 15, 1961.
