

Chapter Ins 6

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Ins 6.01 Foreign company to operate 2 years before admission. Experience has demonstrated that until a company has engaged in the business of insurance for at least 2 years there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact business in Wisconsin will be considered until it has continuously transacted the business of insurance for at least 2 years immediately prior to the making of such application for license.

Ins 6.02 Company to transact a kind of insurance 2 years before admission. (1) Experience has demonstrated that until a company has engaged in a kind of insurance or in another kind of insurance of the same class for at least 2 years, there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business in such kind of insurance or another kind in the same class of insurance, are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact a kind of insurance business in Wisconsin will be considered until it has continuously transacted that kind of insurance, or another kind of insurance in the same class of insurance as that for which it makes such application; for at least 2 years immediately prior to making such application. For the purposes hereof, insurance is divided into kinds of insurance according to the provisions of s. Ins 6.75 each subsection setting forth a separate kind, and into classes of insurance upon the basis of and including the said kinds as follows:

(a) Fire insurance includes the kinds in s. Ins 6.75 (2) (a).

(b) Life insurance includes the kinds in s. Ins 6.75 (1) (a) and (b) but excluding all insurance on the health of persons other than that authorized in s. 627.06, Stats., and s. Ins 6.70.

(c) Casualty insurance includes the kinds in s. Ins 6.75 (2) (c) through (n).

(2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in Ins 6.75 (1) (e) or (2) (c) if the applicant company has transacted any of the kinds of insurance in Ins 6.75 (1) (a) and (b) or (2) (d), (e), (k) and (n) continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in Ins 6.75 (1) (e) or (2) (c).

History: 1-2-56; emerg. am. eff. 6-22-76; am. Register, September, 1976, No. 249, eff. 10-1-76; am. Register, March, 1979, No. 279, eff. 4-1-79.

Ins 6.05 Filing of property and casualty insurance forms. (1) **PURPOSE.** This rule is intended to implement and interpret s. 631.20, Stats., for the purpose of establishing filing procedures for certain property and casualty insurance policy forms.

(2) **SCOPE.** The requirements of this rule shall apply to insurance forms as defined in s. 600.03 (21), Stats., to be used to provide any of the lines or classes of insurance listed in Ins 6.75 (2) (a), (d), (e), (f), (g), (h), (i), (j), (l), (m) and (n).

(3) **DEFINITIONS.** In this rule, unless the context otherwise requires, the following words and terms shall have the following meanings:

(a) "Filing" shall mean:

1. Any matter submitted under this rule.
2. The act of filing such matter.

(b) "Basic policy forms" shall mean the basic insurance contracts used by any insurer including coverage parts or forms necessary to complete the contracts, amendatory endorsements needed to effect statu-

Ins 6.10 Insurance agents advisory council. History: Cr. Register, July, 1970, No. 175, eff. 8-1-70; emerg. am. (1) and (4) (a) and (b), eff. 6-26-76; am. (1) and (4) (a) and (b), Register, September, 1976, No. 249, eff. 10-1-78; am. (1), Register, March, 1979, No. 279, eff. 4-1-79; r. Register, October, 1982, No. 322, eff. 11-1-82.

Ins 6.11 Insurance claim settlement practices. (1) PURPOSE. This rule is to promote the fair and equitable treatment of policyholders, claimants and insurers by defining certain claim adjustment practices which are considered to be unfair methods and practices in the business of insurance. The rule implements and interprets applicable statutes including but not limited to ss. 601.04, 601.01 (3) (b), and 645.41 (3), Stats.

(2) SCOPE. This rule applies to the kinds of insurance identified in Ins 6.75, transacted by insurers as defined in s. 600.03 (27), Stats., and non-profit service plans subject to ch. 613, Stats.

(3) UNFAIR CLAIM SETTLEMENT PRACTICES. (a) Any of the following acts, if committed by any person without just cause and performed with such frequency as to indicate general business practice, shall constitute unfair methods and practices in the business of insurance:

1. Failure to promptly acknowledge pertinent communications with respect to claims arising under insurance policies.

2. Failure to initiate and conclude a claims investigation with all reasonable dispatch.

3. Failure to promptly provide necessary claims forms, instructions and reasonable assistance to insureds and claimants under its insurance policies.

4. Failure to attempt in good faith to effectuate fair and equitable settlement of claims submitted in which liability has become reasonably clear.

5. Failure upon request of a claimant, to promptly provide a reasonable explanation of the basis in the policy contract or applicable law for denial of a claim or for the offer of a compromise settlement.

6. Knowingly misrepresenting to claimants pertinent facts or policy provisions relating to coverages involved.

7. Failure to affirm or deny coverage of claims within a reasonable time after proof of loss has been completed.

8. Failure to settle a claim under one portion of the policy coverage in order to influence a settlement under another portion of the policy coverage.

9. Except as may be otherwise provided in the policy contract, the failure to offer settlement under applicable first party coverage on the basis that responsibility for payment should be assumed by other persons or insurers.

10. Compelling insureds and claimants to institute suits to recover amounts due under its policies by offering substantially less than the amounts ultimately recovered in suits brought by them.

11. Refusing payment of claims solely on the basis of the insured's request to do so without making an independent evaluation of the insured's liability based upon all available information.

12. Failure, where appropriate, to make use of arbitration procedures authorized or permitted under any insurance policy.

13. Adopting or making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration.

(b) Any of the following acts committed by any person shall constitute unfair methods and practices in the business of insurance:

1. Knowingly misrepresenting to claimants pertinent facts or policy provisions relating to coverages involved.

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4. Other criteria which the commissioner considers evidence of untrustworthiness or incompetence.

(5) FEES. (a) Biennially, on or before January 1 of even numbered years, a regulation fee of \$10.00 for resident and \$30.00 for non-resident intermediaries will be billed as authorized by s. 601.31 (1) (p) [(m)], Stats.

(b) If payment of the biennial regulation fee is not made within 30 days after the date of billing, the license will be suspended. If payment is made during the suspension, the license will be reinstated.

(c) The license will be revoked if payment is not made within 60 days after suspension.

(6) NOTIFICATION OF CHANGES. Each intermediary corporation or partnership shall, within 30 days, notify the commissioner of insurance in writing of any change in its business mailing address, location of the business records, or a change in the name and address of the designated representative.

Note: Intermediary corporations and partnerships are subject to the recordkeeping requirements as set forth in Ins 6.61 (1).

Application for the licensing of corporations and partnerships is made on form 11-50. Copies can be obtained at the Office of the Commissioner of Insurance.

History: Cr. Register, August, 1980, No. 296, eff. 9-1-80; am. (5) (a), Register, September, 1981, No. 309, eff. 10-1-81; cr. (6), Register, September, 1981, No. 309, eff. 1-1-82; r. and recr. (2), r. (3) and (8), renum. (4) to (7) to be (3) to (6), Register, April, 1982, No. 316, eff. 5-1-82; r. form 11-50, Register, October, 1982, No. 322, eff. 11-1-82.

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(e) Automobile and aircraft insurance—insurance against loss, medical or other expense, and liability for damages arising out of the ownership, maintenance or use of any automobile, aircraft or other vehicle;

(f) Fidelity insurance—insurance against loss arising out of the acts or defaults of persons in positions of trust, excluding commercial bail bond insurance except as a surety under s. 345.61, Stats.

(g) Surety insurance—payment for loss arising out of failure to perform contracts or obligations, excluding commercial bail bond insurance except as a surety under s. 345.61, Stats.

(h) Title insurance—insurance against loss by reason of defects in titles to property;

(i) Mortgage guaranty insurance—insurance against loss arising from failure of:

1. Debtors to meet financial obligations to creditors under evidences of indebtedness which are secured by either:

a. A first lien or charge on residential real estate designed for occupancy by not more than four families; or

b. i. A first lien or charge on residential real estate designed for occupancy by 5 or more families; or

ii. A first lien or charge on real estate designed for industrial or commercial purposes; or

c. A stock or membership certificate issued to the tenant stockholders or resident members of a completed fee simple cooperative housing corporation as defined in 26 U.S.C. s. 216 (b) (1); or

d. A junior lien or charge on residential real estate.

2. Lessees to make payment of rentals under leases of real estate in which the lease extends for 3 years or longer.

(j) Credit insurance—insurance against loss arising from failure of debtors to meet financial obligations to creditors, except as defined in par. (i) 1 a, b, c, and 2 of this rule section;

(k) Worker's compensation insurance—insurance against obligations under ch. 102, Stats., or any similar law, and including employers' liability insurance when written in the same policy;

(l) Legal expense insurance—insurance against expense for the professional services of licensed lawyers;

(m) Credit unemployment insurance—insurance against loss of income of debtors resulting from either labor disputes or involuntary unemployment;

(n) Miscellaneous—insurance against any other property or casualty insurance risk which lawfully may be the subject of insurance not specifically defined in any other paragraph of this rule.

History: Cr. Register, August, 1977, No. 260, eff. 9-1-77; am. (2) (f) and (g), Register, March, 1980, No. 291, eff. 4-1-80; am. (2) (i) and (j), Register, October, 1982, No. 322, eff. 11-1-82.

Ins 6.76 Grounds for disapproval of and authorized clauses for fire, inland marine and other property insurance forms. (1) **PURPOSE.** The purpose of this rule is to set out characteristics and provision of fire, inland marine and other property insurance forms, as defined by Ins 6.75 (2) (a), which may constitute grounds for disapproval of such forms under the provisions of s. 631.20 (2), Stats., and to promulgate authorized clauses for such forms under s. 631.23 because it has been found that: (a) price or coverage competition is ineffective because diversity in language or content makes comparison difficult; (b) provision of language, content or form of these specific clauses is necessary to provide certainty of meaning of them; (c) regulation of contract forms will be more effective and litigation will be substantially reduced if there is increased standardization of certain clauses; and (d) reasonable minimum standards of insurance protection are needed for policies to serve a useful purpose.

(2) **GROUNDS FOR DISAPPROVAL.** A fire, inland marine or other property insurance form may be considered misleading, deceptive or obscure within the meaning of s. 631.20 (2), Stats., if it does not clearly state the perils covered, the limitations, and the conditions, or if it contains provisions contrary to the law, or if it does not include clauses covering the following provisions where appropriate:

- (a) Location and description of the property covered;
- (b) Effect of other insurance on the coverage provided;
- (c) Conditions suspending, restricting or voiding the coverage provided;
- (e) Termination of the contract;
- (f) Mortgage interests and obligations;
- (g) Obligations in case loss occurs.

(3) **AUTHORIZED CLAUSES.** The following clauses, or any of them, shall be considered authorized clauses pursuant to s. 631.23, Stats. Appropriate liberalization of the prescribed language shall also be permitted.

- (a) *Insuring clause.*

**IN CONSIDERATION OF THE PROVISIONS AND
STIPULATIONS HEREIN OR ADDED HERETO**

and of the premium above specified this Company, for the term of

from _____ at [noon (12:01 a.m.) (choose one)] Standard Time to _____ at location of property involved, to an amount not exceeding the amount (s) above specified does insure

and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM

PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described herein while located or contained as described in this policy, or pro rata for 5 days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

(b) *Uninsurable and excepted property.* This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

(c) *Perils not included.* This company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: 1. enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; 2. invasion; 3. insurrection; 4. rebellion; 5. revolution; 6. civil war; 7. usurped power; 8. order of any civil authority except

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