

## Chapter Ins 4

### FIRE AND ALLIED LINES INSURANCE

Ins 4.01 Interpretation and implementation of s. 632.05 (2), Stats.  
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**Ins 4.01 Interpretation and Implementation of s. 632.05 (2), Stats.** (1) **SCOPE.** Section 632.05, Stats., and this section apply to policies issued or renewed on or after November 29, 1979, which insure real property owned and occupied by the insured as a dwelling.

(2) **INTERPRETATIONS.** (a) *Seasonal dwellings.* A dwelling used seasonally shall be considered as owned and occupied by the insured if it is not rented to a non-owner for any period of time.

(b) *Outbuildings.* Outbuildings insured under the same policy as an owner-occupied dwelling are not subject to s. 632.05 (2), Stats.

(c) *Mobile homes.* Mobile homes as defined in s. 66.058 (1) (d), Stats., shall not be considered real property and shall not be subject to the requirements of s. 632.05 (2), Stats.

(d) *Multifamily units.* A policy insuring multiple unit residential property, with at least one unit occupied by the owner shall be subject to s. 632.05 (2), Stats., if there are no more than 4 dwelling units on the property.

(e) *Combined commercial and residential properties.* A policy insuring real property any part of which is used for commercial (non-dwelling) purposes other than on an incidental basis is not subject to s. 632.05 (2), Stats.

*Note:* In *Seider v. Musser*, 222 Wis. 2d 80, the court of appeals ruled that sub. (2) (e) is invalid because it conflicts with s. 623.05 (2), Stats. On June 30, 2000 the Wisconsin supreme court upheld the court of appeals ruling that sub. (2) (a) is invalid.

(g) *Property under construction.* Section 632.05 (2), Stats., shall not apply to a policy which insures real property under construction unless the property is completed and is occupied by the owner as a dwelling.

(h) *Operation of building laws.* Real property owned and occupied by the insured which is partially destroyed but ordered destroyed under a fire ordinance or similar law shall be considered wholly destroyed for purposes of s. 632.05 (2), Stats.

*History:* Cr. Register, April, 1981, No. 304, eff. 5-1-81; r. (2) (f), Register, March, 1983, No. 327, eff. 4-1-83; correction in (2) (c) made under s. 13.93 (2m) (b) 7., Stats., Register, April, 1992, No. 436.

**Ins 4.08 Inland marine insurance exempt from filing requirements.** (1) **PURPOSE.** In accordance with s. 625.04, Stats., the purpose of this section is to exempt from the filing requirements of s. 625.13, Stats., all classes of inland marine risks.

(2) **SCOPE.** This section shall apply to inland marine insurance transacted under the authorization of s. Ins 6.75 (2) (a).

(3) **EXEMPT CLASSES.** Insurers and rate service organizations are exempt from s. 625.13, Stats., in respect to the filing of rates and supplementary rate information for all classes of inland marine insurance.

*History:* Cr. Register, December, 1969, No. 168, eff. 1-1-70; emerg. am. (2), eff. 6-22-76; am. (2), Register, September, 1976, No. 249, eff. 10-1-76; am. (2), Register, March, 1979, No. 279, eff. 4-1-79; r. (3) (a) 1. to 38., Register, August, 1981, No. 308, eff. 9-1-81; am. (1), (2), and (3) (a) (intro.), Register, June, 1986, No. 366, eff. 7-1-86.

**Ins 4.10 Wisconsin insurance plan.** (1) **PURPOSE.** This section is intended to implement and interpret s. 619.01, Stats., for the purpose of establishing procedures and requirements for a mandatory risk sharing facility for basic property insurance coverage. This section is also intended to encourage improvement of and reasonable loss prevention measures for

properties located in Wisconsin and to further orderly community development.

(2) **SCOPE.** This section shall apply to all insurers included in sub. (3) (d) except those organized under ch. 612, Stats., assessment mutual insurance companies and insurers who write reinsurance only.

(3) **DEFINITIONS.** (a) "Basic property insurance" means the insurance coverages described in subs. 1., 2., and 3. against direct loss to real and tangible property at a fixed location. The Plan may use customary policy forms and endorsements to effect coverage contemplated by this paragraph. Other coverage may be added to the Plan by endorsement or policy provision upon approval by the commissioner.

1. Coverage provided in the customary fire policy and in the customary extended coverage and builders risk endorsements as authorized by s. Ins 6.75 (2) (a).

2. Coverage against loss or damage by burglary or theft, or both, as authorized by s. Ins 6.75 (2) (a).

3. Coverage at least equivalent to that provided in a modified coverage form homeowners policy.

(b) "Farm risks" means all buildings and their contents whether occupied by the owner or by an employee or by a tenant, located on or used in connection with land devoted to any one or more of the following purposes and where gross annual receipts from those purposes are in excess of \$5,000:

1. Cultivation of the soil
2. Rearing or keeping of livestock or poultry
3. Producing fruit, grain, vegetables, hay or other produce

(c) "Habitational risks" means:

1. Dwellings, permanent or seasonal, designed for occupancy by not more than 4 families or containing not more than 4 apartments.

4. Private outbuildings used in connection with any of the foregoing.

5. Trailer homes at a fixed location.

6. Household and personal property in risks described in subs. 1 through 5.

7. Tenants' contents in apartment houses.

(d) "Insurer" means any insurance company authorized to transact in this state on a direct basis basic property insurance, including the property insurance components of multi-peril policies.

(e) "Location" means a single building and its contents or contiguous buildings and their contents under one ownership.

(f) "Manufacturing risks" means those risks eligible to be written under the customary manufacturing business interruption policy forms approved by the commissioner. The following are not considered manufacturing risks:

1. Dry cleaning and laundering—Carpet, rug, furniture, or upholstery cleaning; diaper service or infants' apparel laundries; dry cleaning; laundries; linen supply.

2. Installation, servicing and repair—Electrical equipment; electronic equipment; glazing; household furnishings and appliances; office machines; plumbing, heating and air conditioning; protective systems for premises, vaults and safes.

3. Laboratories—Blood banks; dental laboratories; medical or x-ray laboratories.

4. Duplicating and similar services—Blue printing and photocopying services; bookbinding; electrotyping; engraving; letter service (mailing or addressing companies); linotype or hand composition; lithographing; photo engraving; photo finishing; photographers (commercial).

5. Warehousing—Cold storage (locker establishments); warehouse, cold storage; warehouse, furniture or general merchandise.

6. Miscellaneous—Barber shops; beauty parlors; cemeteries; dog kennels; electroplating; equipment rental (not contractors' equipment); film and tape rental; funeral directors; galvanizing, tinning, and detinning; radio broadcasting, commercial wireless and television broadcasting; taxidermists; telephone or telegraph companies; textiles (bleaching, dyeing, mercerizing or finishing of property of others); veterinarians and veterinary hospitals.

(g) "Motor vehicles" means vehicles which are self-propelled.

(h) "Weighted premiums written" means:

1. Gross direct premiums less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits, with respect to property in this state excluding premiums on risks insured under the Plan, for basic property insurance, for homeowners multiple peril policies, and for the basic property insurance premium components of all other multiple peril policies.

2. In addition, 100% of the premiums obtained for homeowners multiple peril policies shall be added to 100% of the premiums obtained for basic property insurance and the basic property insurance premium components of all other multiple peril policies. The basic year for the computation shall be the second preceding calendar year.

(i) "The Wisconsin Insurance Plan," in this section referred to as the Plan, means the nonprofit, unincorporated mandatory risk-sharing facility established by this section to provide for basic property insurance and to assist applicants in securing basic property insurance.

(4) **ELIGIBLE RISKS.** (a) All risks at a fixed location shall be eligible for inspection and considered for insurance under the Plan except motor vehicles, farm risks, and manufacturing risks as defined in sub. (3) (b), (f), and (g).

(b) The maximum limits of coverage for the type of basic property insurance defined in sub. (3) (a) 1. which may be placed under the Plan are \$200,000 on the dwelling and \$100,000 on personal property for any habitational risk at one location and \$500,000 on any other eligible property at one location.

(c) The maximum limits of coverage for the type of basic property insurance defined in sub. (3) (a) 2. which may be placed under the Plan are \$5,000 on any habitational risk at one location and \$15,000 on any other eligible property at one location.

(d) The maximum limits of coverage for the type of basic property insurance defined in sub. (3) (a) 3. which may be placed under the Plan are \$200,000 on the dwelling with the customary percentage limits for other structures, personal property and loss of use and \$100,000 on personal liability and \$1,000 medical payments to others for any risk at one location.

(5) **MEMBERSHIP.** (a) Every insurer, as defined in sub (3) (d), licensed to write one or more components of basic property insurance, as defined in sub. (3) (a), shall be considered a member of the Plan. Any other insurer may, upon application to and approval by the governing committee, become a member.

(b) An insurer's membership terminates when the insurer is no longer authorized to write basic property insurance in Wisconsin, but the effective date of termination shall be the last day of the fiscal year of the Plan in which termination occurs. Any insurer so

terminated shall continue to be governed by the provisions of this section until it completes all of its obligations under the Plan.

(c) Any voluntary insurer member may terminate its membership only as of the last day of the fiscal year of the Plan by giving written notice to the Plan 30 days prior to the last day of the fiscal year of the Plan. The governing committee upon a majority vote may terminate the membership of a voluntary insurer. Any such terminated member shall continue to be governed by the provisions of this section until it completes all of its obligations under the Plan.

(d) Subject to the approval of the commissioner, the governing committee may charge a reasonable annual membership fee.

(6) **ADMINISTRATION.** (a) The Plan shall be administered by the governing committee, subject to the supervision of the commissioner, and operated by a manager appointed by the governing committee.

(b) The governing committee shall consist of 15 members, each of whom shall serve for a period of one year or until a successor is elected or designated. Each shall have one vote.

1. The following associations shall appoint or elect members as follows:

American Insurance Association—one member  
Alliance of American Insurers—one member  
National Association of Independent Insurers—one member  
Wisconsin Insurance Alliance—4 members

2. All other insurers not members of the associations in subd. 1 shall elect one member by weighted votes based on each insurer's weighted premiums written.

3. The commissioner shall appoint members to represent:  
stock agents—one member  
mutual agents—one member  
consumers and other persons not affiliated in any way with the insurance industry—5 members

4. Not more than one insurer in a group under the same management or ownership shall serve on the governing committee at the same time. Nominees for individuals to serve as consumer members and as representatives of other persons not affiliated in any way with the insurance industry shall be sought from community groups, local agencies, and from other members of the governing committee.

(7) **DUTIES OF THE GOVERNING COMMITTEE.** (a) The governing committee shall meet as often as may be required to perform the general duties of the administration of the Plan or on the call of the commissioner. Eight members of the committee present or by proxy shall constitute a quorum. Members of the committee who choose to appoint a proxy shall give a written proxy to the person elected to act as proxy. The written proxy shall then be filed with the governing committee, thus ensuring the validity of the proxy's actions as the governing committee performs its duties.

(b) The governing committee shall be empowered to appoint a manager, who shall serve at the pleasure of the committee, to budget expenses, levy assessments, disburse funds, and perform all other duties of the Plan. The adoption of or substantive changes in pension plans or employee benefit programs for the manager and staff shall be subject to approval of the governing committee.

(c) The governing committee may designate, with the approval of the commissioner, a rate service organization as defined in s. 625.02 (2), Stats., to make inspections as required under the Plan and to perform such other duties as may be authorized by the governing committee.

(d) The manager shall annually prepare an operating budget which shall be subject to approval of the governing committee.

(e) The governing committee shall submit to the commissioner periodic reports setting forth information as the commissioner may request.

(f) The governing committee shall separately code all policies written by the Plan so that appropriate records may be compiled for purposes of performing loss prevention and other studies of the operation of the Plan.

(g) The governing committee shall authorize the manager to file rates, surcharge schedules and forms for prior approval by the commissioner.

(h) The governing committee shall prepare such agreements and contracts as may be necessary for the execution of this section consistent with its provisions.

**(8) ANNUAL AND SPECIAL MEETINGS.** (a) There shall be an annual meeting of the insurers on a date fixed by the governing committee at which time members may be chosen under sub. (6) (b) 1., 2. and 4.

(b) A special meeting shall be called within 40 days by the governing committee after receipt of a written request from any 10 insurers, not more than one of which may be in a group under the same management or ownership.

(c) The time and place of all meetings shall be reasonable. Twenty days' notice of an annual or special meeting shall be given in writing by the governing committee to all insurers as defined by sub. (3) (d). Eight members present in person or by proxy shall constitute a quorum. Voting by proxy shall be permitted.

(d) Any matter not inconsistent with the law or this section may be proposed and voted upon at any special meeting of the committee. Notice of any such proposal shall be mailed to each insurer not less than 20 days prior to the final date fixed by the committee for voting thereon.

**(9) APPLICATION FOR INSURANCE.** (a) Any person having an insurable interest in an eligible risk under sub. (4) (a), and who has received within the last 6 months a notice of rejection or cancellation from an insurer, may apply for insurance by the Plan. The notice of rejection or cancellation shall accompany the application.

(b) An inspection need not be made if the governing committee determines that insurance can be provided for specified classes of risks on the basis of representations of the applicant or the insurance agent.

(c) The Plan may bind coverage. The Plan may wait until receipt of the inspection report or receipt of additional underwriting information before determining whether to bind coverage.

**(10) INSPECTION PROCEDURE.** (a) The inspection by the Plan shall be without cost for the applicant.

(b) The manner and scope of the inspection shall be prescribed by the Plan with the approval of the commissioner.

(c) An inspection report shall be made for each property inspected covering pertinent structural and occupancy features as well as the general condition of the building and surrounding structures. Representative photographs may be taken during the inspection to indicate the pertinent features of building, construction, maintenance, occupancy, and surrounding property.

(e) After the inspection, a copy of the completed inspection report and any relevant photographs shall be kept on file by the Plan. The report shall include a description of any deficient physical condition charges proposed by the inspector. A copy of the inspection report shall be made available to the applicant or agent upon request.

**(11) PROCEDURE AFTER INSPECTION AND RECEIPT OF APPLICATION.** (a) After receipt of the application, the inspection report, and any additional additional underwriting information requested from the applicant, and the application, the Plan shall within 5 business days complete and send to the applicant an action report advising him or her of one of the following:

1. That the risk is acceptable. If the inspection reveals substandard conditions, appropriate charges may be imposed but the

report shall specify the improvements necessary for removal of each such charge.

2. That the risk is declined unless reasonable improvements noted in the action report are made by the applicant and confirmed by reinspection.

3. That the risk is declined because it fails to meet reasonable underwriting standards as set forth in sub. (12) or (13). Reasonable underwriting standards as set forth in sub. (12) or (13) shall not include neighborhood or area location or any environment hazard beyond the control of the property owner.

(b) If the risk is accepted, the action report shall advise the applicant of:

1. The amount of coverage the Plan agrees to write.

2. The amount of coverage the Plan agrees to write, if specified improvements are made.

3. The amount of coverage the Plan agrees to write only if a large or special deductible is agreed to by the applicant.

(c) If the risk is accepted, the Plan, upon receipt of the premium, shall deliver the policy to the applicant or to the licensed agent designated by the applicant for delivery to the applicant. The Plan shall remit the commissions to the licensed agent designated by the applicant. If no licensed agent is so designated, the policy shall be delivered to the applicant and the commission shall be retained by the Plan.

(d) If the risk is conditionally declined under par. (a) 2. but can be improved to meet reasonable standards the Plan shall promptly advise the applicant what improvements noted in the action report should be made to the property. Upon completion of the improvements by the applicant or property owner, the Plan when so notified, shall have the property promptly reinspected under sub. (10) and shall send a new action report to the applicant.

(e) If a risk is declined under par. (a) 3., the Plan shall promptly send copies of the inspection and action reports to the applicant and shall advise the applicant of the right to a hearing set forth in sub. (16) (a).

**(12) REASONABLE UNDERWRITING STANDARDS FOR PROPERTY COVERAGE.** The following characteristics may be used in determining whether a risk is acceptable for property coverage. Where there is more than one cause for declination, all shall be listed and complied with before the property may be accepted for insurance purposes.

(a) Physical condition of property; however, the mere fact that a property does not satisfy all current building code specifications will not, of itself, suffice as a reason for declination.

(b) The property's present use such as extended vacancy or extended unoccupancy of the property for 60 consecutive days. Properties that are vacant or unoccupied for more than 60 days may be insured while rehabilitation or reconstruction work is actively in process meaning that the insured or owner should make monthly progress in order to complete the rehabilitation or reconstruction within a one year time frame.

(c) Other specific characteristics of ownership, condition, occupancy or maintenance, that violate the law and that result in substantial increased exposure to a loss. Any circumstance considered under this paragraph must relate to the peril insured against.

(d) Characteristics of ownership or maintenance of building including any 2 of the following conditions:

1. Failure to pay real estate taxes on the property after the taxes have been delinquent for one year or more. Real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien so long as a grace period remains under local law during which such taxes may be paid without penalty.

2. Failure, within the insured's control, to furnish water for 30 consecutive days or more.

3. Failure, within the insured's control, to furnish heat for 30 consecutive days or more during the heating season.

4. Failure, within the insured's control, to furnish public lighting for 30 consecutive days or more.

(e) Physical condition of buildings which results in an outstanding order to vacate, an outstanding demolition order or in being declared unsafe in accordance with the applicable law.

(f) One or more of the conditions for nonrenewal as listed in sub. (14) currently exist. The Plan shall, upon notice that conditions at the buildings have changed, consider new application for coverage.

(g) Vandalism and malicious mischief coverage shall not be provided for a dwelling or commercial property where the property has been subject to 2 vandalism and malicious mischief losses, each loss amounting to at least \$500.00 in the immediately preceding 12-month period or 3 or more such losses in the immediately preceding 24-month period.

(h) Previous loss history or matters of public record concerning the applicant or any person defined as an insured under the policy.

(i) Any other guidelines which have been approved by the commissioner.

**(13) REASONABLE UNDERWRITING STANDARDS FOR LIABILITY COVERAGE.** The following characteristics may be used in determining whether a risk is acceptable for liability insurance on homeowner policies:

(a) Liability insurance shall only be provided as contained in the Wisconsin Insurance Plan homeowners policy.

(c) Liability insurance shall not be provided for risks with any of the following deficiencies, as disclosed by the application or inspection, until they have been corrected.

1. Broken, cracked, uneven or otherwise faulty steps, porches, decks, sidewalks, patios and similar areas.

2. Downspouts or drains which discharge onto sidewalks or driveways.

3. Unsafe conditions including inadequate lighting of stairways.

4. Animals known to be vicious or animals which have caused a liability claim.

5. Swimming pools or private ponds not fenced in accordance with local regulations.

6. Unsafe, or the absence of, handrails.

7. Junk cars, empty refrigerators or other potentially dangerous objects in the yard which are an attraction to children.

(d) Previous loss history or matters of public record concerning the applicant or any person defined as an insured under the policy.

(e) Any other guidelines which have been approved by the commissioner.

(f) Liability insurance may not be provided where there is a business operating at the insured location, unless the applicant has in force a business liability policy with limits of at least \$100,000 per occurrence providing premises liability coverage.

(g) Liability insurance shall not be provided where the applicant owns three or more horses or other riding animals, unless the applicant has in force a liability policy with limits of at least \$100,000 per occurrence providing coverage for the ownership and use of these horses or these other riding animals.

**(14) CANCELLATION; NONRENEWAL AND LIMITATIONS; REVIEW OF ELIGIBILITY.** (a) The Plan shall not cancel or refuse to renew a policy issued by the Plan except for the following:

1. Facts as confirmed by inspection or investigation which would have been grounds for nonacceptance of the risk by the Plan had they been known to the Plan at the time of acceptance.

2. Changes in the physical condition of the property or other changed conditions as confirmed by inspection or investigation that make the risk uninsurable under sub. (12) or (13).

3. Nonpayment of premiums.

4. At least 65% of the rental units in the building are unoccupied, and the insured has not received prior approval from the Plan of a rehabilitation program which necessitates a high degree of unoccupancy.

5. Unrepaired damage exists and the insured has stated that repairs will not be made or such time has elapsed as clearly indicates that the damage will not be repaired. The elapsed time under this subdivision is a length of time over 60 days where the damage remains unrepaired, unless there are known to be extenuating circumstances.

6. After a loss, permanent repairs following payment of the claim have not been commenced within 60 days, unless there are known to be extenuating circumstances. The 60-day period starts upon acceptance of payment of the claim.

7. Property has been abandoned for 90 days or more.

8. Utilities such as electric, gas or water services have been disconnected or the insured has failed to pay an account for such services within 120 days;

9. Real estate taxes have not been paid for a 2-year period after the taxes have become delinquent. Real estate taxes shall not be deemed to be delinquent for this purpose if they are due and constitute a lien, so long as a grace period remains under local law under which taxes may be paid without penalty.

10. There is good cause to believe based on reliable information that the building will be burned for the purpose of collecting the insurance on the property. The removal of damaged salvageable items, such as normally permanent fixtures, from the building shall be considered under this item when the insured can give no reasonable explanation of such removal.

11. A named insured or loss payee or other person having a financial interest in the property being convicted of the crime of arson or a crime involving a purpose to defraud an insurance company. The fact that an appeal has been entered shall not negate the use of this subdivision.

12. The property has been subject to more than 2 losses, each loss amounting to at least \$500 or 1% of the insurance in force, whichever is greater, in the immediately preceding 12-month period, or more than 3 such losses in the immediately preceding 24-month period, provided that the cause of such losses is due to the conditions which are the responsibility of the owner named insured or due to the actions of any person defined as an insured under the policy.

13. Theft frequency in which there have been more than 2 thefts, each loss amounting to at least \$500 in a 12-month period.

14. Material misrepresentation in any statement to the Plan.

15. On homeowners policies, excessive theft or liability losses. If on a given property there have been 2 or more losses within a 2-year period or 3 or more losses within a 5-year period, with theft and liability evaluated separately, the Plan may convert the homeowners policy to a dwelling policy.

16. On homeowner policies, excessive vandalism and malicious mischief losses. In the event that a given property has been subject to 2 vandalism and malicious mischief losses, each loss amounting to at least \$500.00, in the immediately preceding 12-month period or 3 or more such losses in the immediately preceding 24-month period, the Plan may convert the homeowners policy to a dwelling policy without vandalism and malicious mischief coverage.

(d) The Plan shall terminate all insurance contracts in accordance with s. 631.36, Stats.

(e) At the completion of 36 months of coverage and prior to 48 months, each risk shall be reviewed for its eligibility for cover-

age in the voluntary market. The risk shall be submitted by the Plan to the agent of record, if any, for a search of the voluntary market. If the agent resubmits the risk to the Plan, it must be resubmitted by a new application and accompanied by a current rejection notice. The Plan shall reinspect the risk before coverage is provided.

**(15) ASSESSMENTS.** (a) Participation and assessments by and upon each insurer in the Plan for losses and expenses in connection with Plan business shall be levied and assessed by the governing committee of the Plan on the basis of participation factors determined annually, giving effect to the proportion which such insurer's weighted premiums written bears to the aggregate weighted premiums written by all insurers in the Plan.

(b) If any member fails to pay an assessment within 30 days after it is due, the unpaid assessment may be collected from the remaining members.

**(16) RIGHT TO HEARING.** (a) Each notice by the plan to an insured or applicant of cancellation, nonrenewal, reduction in coverage or declination shall include notice of the right to a hearing under ch. Ins 5, if the person files a petition for a hearing with the commissioner of insurance not later than 30 days after the notice is mailed. The notice shall describe the requirements of s. Ins 5.11 (1).

(b) The office of the commissioner of insurance shall hold a hearing within 30 days after receipt of a complete petition under par. (a), except under either of the following circumstances:

1. The issue is the plan's intent to cancel, nonrenew or reduce the petitioner's coverage, and the plan waives the right to a hearing within 30 days.

2. The issue is the plan's declination of the petitioner's application for coverage and the petitioner waives the right to a hearing within 30 days.

(c) At the hearing the petitioner has the burden of proving by a preponderance of the evidence that the plan's decision is erroneous under this chapter or the policy terms.

(d) Filing a petition under par. (a) stays the action of the plan with respect to cancellation, nonrenewal or reduction in coverage. The petitioner's coverage shall remain in effect during the pendency of the proceedings as long as the petitioner continues to pay the plan premium.

(e) The plan shall comply with the final decision and order in the contested case proceeding. A final decision and order affirming the plan's decision to cancel, nonrenew or reduce the petitioner's coverage shall take effect 30 days after the date of the final decision and order. Upon receipt of the final decision and order, the plan shall notify the petitioner of the action it intends to take to implement the order.

*Note:* A petition under sub. (16) shall be filed as provided in s. Ins 5.17.

**(17) COMMISSION.** (a) Commission to the licensed agent designated by the applicant shall be 10% of all policy premiums. The Plan shall not license agents.

(b) In the event of cancellation of a policy, or if an endorsement is issued which requires the premium to be returned to the insured, the agent shall refund ratably to the Plan commissions on the return premium at the same rate at which such commissions were originally paid.

**(18) PUBLIC EDUCATION.** In cooperation with the insurance commissioner, the Plan shall undertake a continuing education

program with insurers, agents and consumers about the Plan's insurance program and its availability. All insurers and agents shall cooperate fully in the continuing education program.

**(19) COOPERATION AND AUTHORITY OF AGENTS.** (a) Each insurer shall require its licensed agents to cooperate fully in the accomplishment of the intents and purposes of the plan.

(b) Licensed insurance agents may not act as agents for the Plan.

(c) Licensed insurance agents may not do any of the following:

1. Bind coverage for the Plan.
2. Alter or change policies issued by the Plan.
3. Settle losses of the Plan.

4. Act on behalf of the Plan or commit the Plan to any course of action.

(d) Insurance agents shall assist applicants who need to apply for coverage under the plan and shall submit applications that meet the requirements of sub. (9). Agents shall follow the rules and procedures of the Plan.

**(20) REVIEW BY COMMISSIONER.** The governing committee shall report to the commissioner the name of any insurer or agent which fails to comply with the provisions of the Plan or with any rules prescribed thereunder by the governing committee or to pay within 30 days any assessment levied.

**(21) INDEMNIFICATION.** Each person serving on the governing committee or any of its subcommittees, each member of the Plan, and the manager and each officer and employe of the Plan shall be indemnified by the Plan against all cost, settlement, judgment, and expense actually and necessarily incurred by that person in connection with the defense of any action, suit, or proceeding in which that person is made a party by reason of that person being or having been a member of the governing committee, or a member or manager or officer or employe of the Plan except in relation to matters as to which that person has been judged in an action, suit, or proceeding to be liable by reason of willful misconduct in the performance of that person's duties as a member of the governing committee, as a member, manager, officer or employe of the Plan. This indemnification shall not apply to any loss, cost or expense on insurance policy claims under the Plan. Indemnification under this section shall not be exclusive of other rights to which the member, manager, officer, or employe may be entitled as a matter of law.

**(22) EFFECTIVE DATE.** This rule shall take effect as provided by s. 227.22, Stats., on the first day of the month following its publication in the register.

*History:* Cr. Register, December, 1969, No. 168, eff. 1-1-70; am. (3) (c) and (4) (b), cr. (4) (c), am. (5) (a) and (9) (a), renum. (9) (b) to be (c), and cr. (9) (b), am. (11) (a) 3. a. and c. and cr. 3. d, am. (15) (b) 2. and 4., Register, June, 1971, No. 186, 7-1-71; am. (3) (c) 3., Register, August, 1971, No. 188, eff. 9-1-71; emerg. am. (2), (3) (c) 1., 2., and 3., eff. 6-22-76; am. (2), (3) (c) 1., 2., and 3., Register, September, 1976, No. 249, eff. 10-1-76; am. (3) (c), (4) (b) and (23), Register, April, 1977, No. 256, eff. 5-1-77; am. (3) (h) 2., Register, May, 1978, No. 269, eff. 6-1-78; am. (6) and (23), Register, December, 1978, No. 276, eff. 1-1-79; am. (3) (c) 1., 2. and 3. and (6) (b) 1., Register, March, 1979, No. 279, eff. 4-1-79; am. (6) (b) 1., (7) (a) and (b), Register, May, 1979, No. 281, eff. 6-1-79; am. (6) (b) (intro.), Register, December, 1979, No. 288, eff. 1-1-80; am. (1), (2), (7) (e) and (g) and (19), r. (22) and (23), Register, April, 1981, No. 304, eff. 5-1-81; r. and recr., Register, August, 1983, No. 332, eff. 9-1-83; corrections in (10), (11) (14) and (22) made under 13.93 (2m) (b) 5. and 7., Stats., Register, April, 1992, No. 436; r. and recr. (16) (a) to (c), renum. (16) (d) to be (14) (c), Register, March, 1996, No. 483, eff. 4-1-96; am. (3) (a) 3., (b), (g), (4) (b), (c), (7) (a), (d), (e), (8) (b), (d), (9) (b), (c), (10) (e), (11) (a) (intro.), 3., (c), (e), (12) (b), (h), (13) (d), (14) (a) 2., 5., 6. 12., r. (3) (c) 2., 3., (8) (e), (10) (d), (13) (b), (14) (b) and (c), cr. (4) (d), (13) (f), (g), r. and recr. (18) and (19), Register, December, 1998, No. 516, eff. 1-1-99; correction in (19) made under s. 13.93 (2m) (b) 1., Stats., Register, February, 1999, No. 518.

