



Clearinghouse Rule 00-006

State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

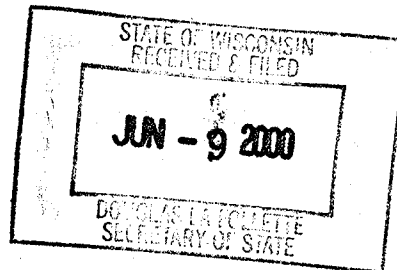
Tommy G. Thompson
Governor

Connie L. O'Connell
Commissioner

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STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE

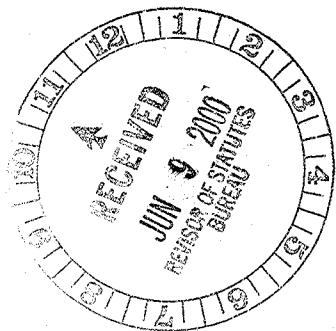
SS



I, Connie L. O'Connell, Commissioner of Insurance and custodian of the official records, certify that the annexed rule affecting Section Ins 3.09, Wis. Adm. Code, relating to mortgage guaranty insurance, is duly approved and adopted by this Office on June 5, 2000.

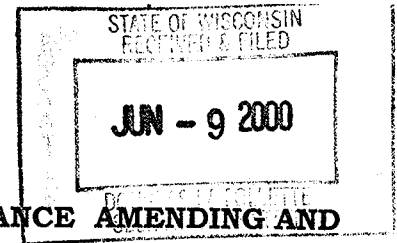
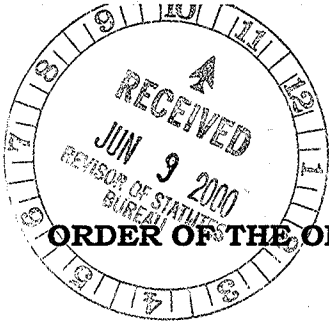
I further certify that I have compared this copy with the original on file in this Office and that it is a true copy of the original, and the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand at 121 East Wilson Street, Madison, Wisconsin, on June 5, 2000.



Connie L. O'Connell
Commissioner of Insurance

8/1/00
00-006



**ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE AMENDING AND
CREATING A RULE**

To amend s. Ins 3.09 (19) (a), and to create s. Ins 3.09 (19) (c) Wis. Adm. Code, relating to mortgage guaranty insurance.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3), 627.05, and 628.34 (12), Stats., and ch. 617, Stats.

Statutes interpreted: ss. 600.01 and 628.34 (12), Stats., and ch. 617, Stats.

An insurance holding company system is 2 or more persons who are affiliates, at least one of which is an insurer. An affiliate is any person who controls, is controlled by, or is under common control with another. This proposed rule change establishes standards for the transaction of mortgage guaranty business related to an affiliate when that affiliate insurer is at least 50% owned by another party. Existing rules prohibit such transactions.

SECTION 1. Section Ins 3.09 (19) (a) is amended to read:

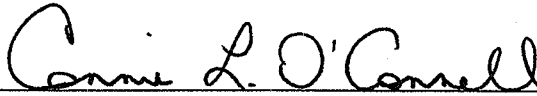
(a) Except as described in par. (c), if a member of a holding company system as defined in s. Ins 40.01 (6), a mortgage guaranty insurer licensed to transact insurance in this state shall not, as a condition of its certificate of authority, knowingly underwrite mortgage guaranty insurance on mortgages originated by the holding company system or an affiliate or on mortgages originated by any mortgage lender to which credit is extended, directly or indirectly by the holding company system or affiliate.

SECTION 2. Section Ins 3.09 (19) (c) is created to read:

(c) A mortgage guaranty insurer that is no more than 50% owned by or controlled by the holding company system or affiliate may underwrite mortgage guaranty insurance on mortgages originated by the holding company system or affiliate or on mortgages originated by any mortgage lender to which credit is extended, directly or indirectly, by the holding company system or affiliate only if the insurance is underwritten on the same basis, for the same consideration and subject to the same insurability requirements as insurance provided to nonaffiliated lenders. Mortgage guaranty insurance underwritten on mortgages originated by the holding company system or affiliate or on mortgages originated by any mortgage lender to which credit is extended, directly or indirectly by the holding company system or affiliate shall be limited to 50% of the insurer's direct premium written in any calendar year.

SECTION 3. This rule shall take effect on the first day of the first month after publication, as provided in s. 227.22 (2) (intro.), Stats.

Dated at Madison, Wisconsin, this 8 day of June, 2000.



Connie L. O'Connell
Commissioner of Insurance