

Ins 6

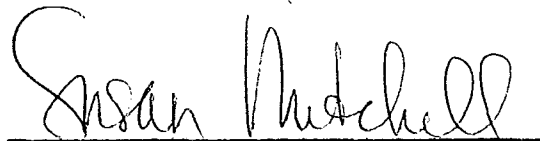
STATE OF WISCONSIN)
) ss.
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Susan Mitchell, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order adopting a rule regarding unfair discrimination based on geographic location or age of risk was issued by this office August 20, 1979.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 20th day of August, 1979.

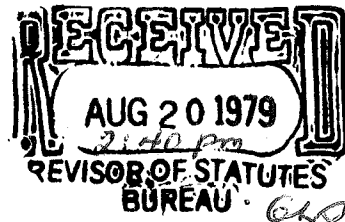


Susan Mitchell
Commissioner of Insurance

STATE OF WISCONSIN
RECEIVED AND FILED

AUG 20 1979

VEL PHILLIPS
SECRETARY OF STATE



AUG 20 1979

ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE

Adopting a Rule

VEL PHILLIPS
SECRETARY OF STATE

Pursuant to authority vested in the Commissioner of Insurance by section 601.41 (3) and 628.34 (11), Wis. Stats., the Commissioner of Insurance hereby adopts a rule as follows:

Section Ins 6.68 is adopted to read:

Ins 6.68 Unfair Discrimination Based on Geographic Location or Age of Risk (s. 628.34, Stats.) (1) PURPOSE. The purpose of this rule is to identify specific acts or practices found to be unfair trade practices that are unfairly discriminatory under s. 628.34, Stats.

(2) APPLICABILITY AND SCOPE. This rule shall apply to property and casualty insurance contracts delivered or issued for delivery in Wisconsin on or after the effective date of the rule.

(3) SPECIFIC EXAMPLES OF UNFAIR TRADE PRACTICES UNDER SECTION 628.34, STATS. The following are hereby identified as specific acts or practices which are unfairly discriminatory:

(a) Making or permitting any unfair discrimination between individuals or risks of the same class and of essentially the same hazards by refusing to issue, refusing to renew, cancelling or limiting the amount of insurance coverage on a property or casualty risk because of the geographic location of the risk, unless:

1. The refusal, cancellation or limitation is for a business purpose which is not a mere pretext for unfair discrimination, or
2. The refusal, cancellation or limitation is required by law or regulatory mandate.

NOTE: This paragraph of the rules is intended to prohibit insurance underwriting shortcuts which unfairly label risks as poor risks because of their geographic location. A refusal, nonrenewal, cancellation or limitation of insurance coverage is prohibited if the reason for such refusal, nonrenewal, cancellation or limitation is the geographic location of the risk. An exception to this general rule is provided, however, in situations where the refusal, nonrenewal, cancellation or limitation is based upon a legitimate business need and the refusal, nonrenewal, cancellation or limitation is not a mere pretext for unfair discrimination. Examples of such situations include refusals to insure when the risk is located in areas prone to natural catastrophes, i.e., earthquakes, floods, hurricanes, and refusals to insure because the insurer already has a very high concentration of risks in a particular geographic area. It is intended that the person charged with a violation of this regulation be given the burden of proof in establishing any "business purpose" exception. The burden of proving that a refusal, nonrenewal, cancellation or limitation of insurance coverage is not a subterfuge for unfair discrimination should likewise fall upon the person charged with a violation of this regulation.

(b) Making or permitting any unfair discrimination between individuals or risks of the same class and of essentially the same hazards by refusing to issue, refusing to renew, cancelling or limiting the amount of insurance coverage on a residential property risk of four units or less, or the personal property contained therein, because of the age of the residential property, unless:


1. The refusal, cancellation or limitation is for a business purpose which is not a mere pretext for unfair discrimination, or

2. The refusal, cancellation or limitation is required by law or regulatory mandate.

(c) Refusing to insure a risk solely because the applicant was previously denied coverage, terminated by another insurer or had obtained coverage in a residual market.

(4) SEVERABILITY. If any part of this rule or its application to any person or circumstance is held invalid, the invalidity does not affect other parts or applications of the rule which can be given effect without the invalid part or application, and to this end the parts of the rule are declared to be severable.

Dated at Madison, Wisconsin this 20th day of August, 1979.



Susan Mitchell
Commissioner of Insurance