

INS 4,6,13

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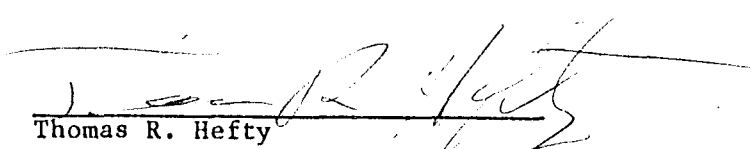
STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Thomas R. Hefty, Deputy Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order amending, repealing and recreating a rule relating to town mutual insurance was issued by this office March 15, 1982.

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 15th day of March, 1982.


Thomas R. Hefty
Deputy Commissioner of Insurance

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STATE OF WISCONSIN
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VEL PHILLIPS
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE
AMENDING, REPEALING AND RECREATING RULES

Relating to town mutual insurance.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

SECTION 1 repeals and recreates section Ins 13.01 listing other rules application to town mutual insurers. The reference to section Ins 4.03 is deleted since that section has been repealed. Reference is added to sections Ins 6.07 INSURANCE POLICY LANGUAGE SIMPLIFICATION, Ins 6.72 RISK LIMITATIONS and Ins 6.76 GROUNDS FOR DISAPPROVAL OF AND AUTHORIZED CLAUSES FOR FIRE, INLAND MARINE AND OTHER PROPERTY INSURANCE FORMS.

In SECTION 2 the title of Ins 13.04 and of Ins 13.04 (3) and the caption of the undertaking form specified have been changed to emphasize the agreement to pay premiums and assessments.

SECTION 3 repeals and recreates subsections (4) and (5) of Ins 13.04 and SECTION 4 creates subsection (6) of section Ins 13.04. Subsection (4) of Ins 13.04 specifies that town mutual policy forms shall conform to sections Ins 6.07 INSURANCE POLICY LANGUAGE SIMPLIFICATION and Ins 6.76 GROUNDS FOR DISAPPROVAL OF AND AUTHORIZED CLAUSES FOR FIRE,

INLAND MARINE AND OTHER PROPERTY INSURANCE FORMS and shall include provisions relating to articles of incorporation and bylaws and notice of annual meeting. These provisions are the same as are presently included in Ins 13.04 (4) (a) along with some other provisions which are not continued.

Subsection (5) authorizes variations in the arrangement of the provisions of town mutual policies to provide for convenience in preparation and issue. This compares with present Ins 13.04 (4) (b). Subsection (6) created by SECTION 4 authorizes attachment of riders, forms and endorsements to a town mutual policy to include perils in addition to fire and lightning and for other necessary purposes. The forms are to be similar to those of insurers subject to Chapters 631 and 632, Stats. Subsection (6) is similar to present Ins 13.04 (4) (c).

The amendment of Ins 13.05 (3) (e) in SECTION 5 removes the last sentence which makes maintaining a general ledger optional. This repeal would require town mutuals to maintain a general ledger.

Section Ins 13.08 (3) (intro.) is amended by SECTION 6 to require a liability for unearned premiums by town mutuals which charge advance premiums. The reference to policy or membership fee in the calculation of the reserve is deleted since s. 600.03 (38), Stats., includes them by the definition of "premiums." The unearned premium reserve is to be calculated on the original or full term premium basis.

Pursuant to the authority vested in the Commissioner of Insurance by sections 601.41 (3) and 612.51, Wisconsin Statutes, the Commissioner of Insurance hereby amends Wisconsin Administrative Code Chapter Ins 13 by amending, repealing, recreating and adopting the following sections which interpret sections 612.51, 601.41, 623.04, 612.33, 601.42 and 601.43, Stats.

SECTION 1. Section Ins 13.01 of the Wisconsin Administrative Code is repealed and recreated to read:

Ins 13.01. OTHER RULES APPLICABLE TO TOWN MUTUAL INSURERS. The following chapter and sections of the Wisconsin Administrative Code are applicable to town mutual insurers:

(1) Chapter Ins 5 RULES OF PROCEDURE FOR HEARINGS.

(2) Section Ins 6.07 INSURANCE POLICY LANGUAGE SIMPLIFICATION.

(3) Section Ins 6.11 INSURANCE CLAIMS SETTLEMENT PRACTICES.

(4) Section Ins 6.20 INVESTMENTS OF INSURANCE COMPANIES.

(5) Section Ins 6.52 BIOGRAPHICAL DATA RELATING TO COMPANY OFFICERS AND DIRECTORS.

(6) Section Ins 6.72 RISK LIMITATIONS.

(7) Section Ins 6.76 GROUNDS FOR DISAPPROVAL OF AND AUTHORIZED CLAUSES FOR FIRE, INLAND MARINE AND OTHER PROPERTY INSURANCE FORMS.

(8) Chapter Ins 7 FORMS.

SECTION 2. Section Ins 13.04 (Title) and (3) of the Wisconsin Administrative Code are amended to read:

Ins 13.04 UNDERTAKING TO PAY PREMIUMS AND ASSESSMENTS AND CONTRACT FORMS.

(3) UNDERTAKING TO PAY PREMIUMS AND ASSESSMENTS. The undertaking to pay premiums and assessments to be signed by all

prospective members shall be in form and substance substantially as follows, and may be a part of the application:

UNDERTAKING TO PAY PREMIUMS AND ASSESSMENTS

I, _____ of _____, in consideration of insurance on my buildings and personal property, insured to myself, my heirs and assigns by the _____ Insurance Company, bind myself, and to the extent of their interest in the property my heirs and assigns, to pay to the company the premiums for such insurance and, within the period of time stated in the notice of assessment, my share of all legal assessments, if any, levied by the company, together with all legal costs and charges incurred in legal proceedings to collect any assessment levied upon me and statutory penalties for nonpayment, according to the statutes and the terms and conditions in the policy and any renewals thereof or of the insurance thereunder. My property covered by the insurance, both personal and real, shall be liable for that share, waiving all exemptions.

Dated this _____ day of _____, 19__.

Witness _____
Agent

Applicants

SECTION 3. Section Ins 13.04 (4) and (5) of the Wisconsin Administrative Code are repealed and recreated to read:

Ins 13.04 (4) TOWN MUTUAL POLICY FORMS. Town mutual policy forms shall conform to ss. Ins 6.07 and Ins 6.76, Wis. Adm. Code, and shall include provisions substantially as follows relating to articles of incorporation and bylaws and notice of annual meeting:

(a)

ARTICLES OF INCORPORATION
AND
BYLAWS

It is hereby mutually understood and agreed by and between this company and the insured, that this policy is made and accepted with reference to the Articles of Incorporation and Bylaws, which are hereby declared to be part of this contract. This provision applies whether or not the Articles of Incorporation and Bylaws are included in this policy.

(b)

NOTICE

The insured is notified that by virtue of this Policy he is a member of the _____ Insurance Company, of _____, _____ County, Wisconsin, and that the annual meetings of said company are held in _____, _____ County, Wisconsin, on the _____ (date) in _____ (month) of each year at _____ o'clock _____ M.

(5) PERMISSIBLE VARIATIONS. Provisions of a town mutual policy may be so arranged in the policy as to provide for convenience in its preparation and issuance. Blank spaces may be changed or altered, spaces may be provided for the listing of rates and premiums for coverages insured under the policy or by riders or by endorsements attached to or printed thereon, and spaces may be utilized for reference to forms and for listing the amount of insurance, provisions as to coinsurance, provisions as to mortgage clause, descriptions and locations of the insured property and other matters advisable and necessary to indicate a delineation of the insurance effective under the contract, and other data as may be included for duplication of daily reports for office records.

SECTION 4. Section Ins 13.04 (6) is created to read:

Ins 13.04 (6) FORMS AND ENDORSEMENTS. Riders, forms and endorsements may be attached to the town mutual policy to include perils in addition to fire and lightning and for other necessary purposes. Except when in contradiction with Ch. 612, Stats., the contracts, endorsements, and other forms of town mutuals should be similar to like forms of insurers subject to Chs. 631 and 632, Stats.

SECTION 5. Section 13.05 (3) (e) is amended to read:

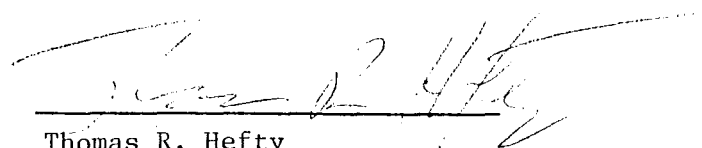
Ins 13.05 (3) (e) General Ledger. A columnar form which shall have a sheet for each ledger asset and ledger liability as well as the income and expense items of the company. There shall be provision on each sheet for and account title and/or number, a date for each transaction, a description or identification, debit amounts, credit amounts, and an account balance. ~~Maintaining-a-general-ledger-shall-be optional-unless-otherwise-order-by-the-commissioner.~~

SECTION 6. Section Ins 13.08 (3) (intro.) is amended to read:

Ins 13.08 (3) (intro.) UNEARNED PREMIUM RESERVE. ~~All~~ The financial statements of town mutuals which charge advance premiums shall show as a liability an unearned premium reserve. The unearned premium reserve must be calculated on all advance premiums ~~including-policy-or membership-fees-on-policies-issued-to-policyholders,~~ on the original or full-term premium basis, plus all advance premiums on reinsurance assumed from other town mutual insurers, less advance premiums on risks assumed by other insurers under reinsurance contract. The minimum unearned premium reserves shall be calculated on the premiums in force as follows:

The amendment of Chapter Ins 13, Wisconsin Administrative Code, contained in this order, shall take affect as provided in s. 227.026 (1) (intro), Stats.

Dated at Madison, Wisconsin, this 15th day of March, 1982.



Thomas R. Hefty
Deputy Commissioner of Insurance

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