

No. 268, S.]

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CHAPTER 190.

AN ACT in relation to re-insurance and the transaction of business by fire insurance companies or associations otherwise than through resident agents and fixing liability for insurance in unauthorized companies in certain cases.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

No policy to be written unless risk is approved by local agent.

SECTION 1. No fire insurance company or association not incorporated under the laws of this state, authorized to transact business herein, shall make, write, place, or cause to be made, written or placed, any policy, duplicate policy or contract of insurance of any kind or character, or any general or floating policy upon property situated or located in this state except after the said risk has been approved in writing, by an agent who is a resident of this state, regularly commissioned and licensed to transact fire insurance business herein, who shall countersign all policies so issued and receive the commission thereon when the premium is paid, and enter such policy, duplicate policy or contract and payment of premium upon his records, to the end that the state may receive the taxes required by law to be paid on the premiums collected for insurance on all property located in this state. Nothing in this act shall be construed to prevent any such insurance company or association, authorized to transact business in this state, from issuing policies at its principal or department offices, covering property in this state, provided that such policies are issued upon applications procured and submitted to such company by agents who are residents of this state, and licensed to transact the business

of insurance herein, and who shall countersign all policies so issued and receive the commission thereon when paid, and make the entries thereof hereinbefore provided. No provision of this section is intended to or shall apply to direct insurance covering the rolling stock of railroad corporations or property in transit while in the possession and custody of railroad corporations or other common carriers, nor to the property of such common carriers used or employed by them in their business as common carriers of freight, merchandise or passengers.

Rolling stock and property in transit exempt.

SECTION 2. No fire insurance company or association, shall reinsure in any manner whatsoever, the whole or any part of a risk taken by it on property situated or located in this state in any other company or association not authorized to transact business in this state. No fire insurance company or association shall transfer or cede, in any manner whatsoever, to any company or association not authorized to do business in this state, any risk or liability or any part thereof assumed by it, under any form of contract of insurance, covering property located in this state including any risk or liability under any general or floating policy, or any agreement, general, floating or specific, to reinsure excess loss by one or more fires. No fire insurance company or association shall reinsure, or assume as a reinsuring company, or otherwise, in any manner or form whatsoever, the whole or any part of any risk or liability, covering property located in this state, of any insurance company or association not authorized to transact business in this state.

Re-insurance in unauthorized companies prohibited.

SECTION 3. Whenever the commissioner of insurance shall have or receive information that any fire insurance company or association, not incorporated under the laws of this state, has violated any of the provisions of section 1 of this act, he is authorized, at the expense of such company or association, to examine, by himself or his accredited representative, at the principal

Commissioner of insurance authorized to investigate violations of section one.

office or offices of such company or association, located in the United States of America, or in any foreign country, and also at such other offices or agencies of such company or association as he may deem proper, all books, records and papers of such company or association, and may examine under oath the officers, managers and agents of such company or association as to such violation or violations. The refusal of any such company or association to submit to such examination or to exhibit its books and records for inspection shall be presumptive evidence that it has violated the provisions of the first section of this act, and shall be subject to the penalties prescribed and imposed by this act.

Companies to
make annual
report of re-
insurance or
cession of risk.

SECTION 4. Every fire insurance company or association shall annually and at such other times as the commissioner of insurance may require, in addition to all returns now by law required of it or its agents or managers, make a return to the commissioner of insurance in such form and detail as may be prescribed by him, of all reinsurance or cessions of risk or liability contracted for or effected by it, whether by issue of policy, entry on bordereau, or general participation agreement, or by excess loss reinsurance or in any other manner whatsoever, upon property located in this state, or covering, whether specified or otherwise, any risk or liability upon property so located, such return to be certified by the oath of its president and secretary, if a company or association of one of the United States, and, if a company or association of a foreign country, by the oath of its managers in the United States as to such reinsurance or cessions effected through its branch office in the United States, and by the oath of its president and secretary, or by officers corresponding thereto, at its home office wherever located, as to reinsurance as aforesaid contracted for or effected through the foreign office. The refusal of any such company or association to make the returns herein required shall be presumptive

evidence that it is guilty of violating the provisions of the second section of this act, and shall subject it to the penalties prescribed and imposed by this act.

SECTION 5. Any insurance company or association wilfully violating or failing to observe and comply with any of the provisions of this act, applicable thereto, shall be subject to and liable to pay a penalty of five hundred dollars for each violation thereof and for each failure to observe and comply with any of the provisions of this act; such penalty may be collected and recovered in an action brought in the name of the state in any court having jurisdiction thereof. Any insurance company or association which shall neglect and refuse for thirty days after judgment in any such action to pay and discharge the amount of such judgment shall have its authority to transact business in this state revoked by the commissioner of insurance and such revocation shall continue for at least one year from the date thereof, nor shall any insurance company or association whose authority to transact business in this state shall have been so revoked, be again authorized or permitted to transact business herein until it shall have paid the amount of any such judgment and shall have filed in the office of the commissioner of insurance a certificate signed by its president or other chief officer to the effect that the terms and obligations of the provisions of this act are accepted by it as a part of the conditions of its right and authority to transact business in this state.

Penalty for violations of provisions of act.

SECTION 6. Any company or person who shall solicit or place insurance in a fire insurance company not authorized to do business in this state shall, in the event of the failure of such unauthorized company to pay any claim or loss within the policy issued, be liable to the insured for the amount thereof to the extent that such company would have been liable; and such company or agent shall, on satisfactory proof

Liability of persons placing insurance in unauthorized companies.

of violation of either of the foregoing provisions made to the commissioner of insurance, have its or his authority to transact business in this state revoked for a period of not less than ninety days, and shall not again be permitted to do business herein until all liability for such violation shall be discharged and the provisions of these statutes concerning the admission of foreign fire insurance companies to do business in this state be complied with. Whenever said commissioner shall receive notice of the violation of any provision of this section he shall forthwith in person or by his deputy, visit the office of the company or any insurance agent charged with such violation, and demand an inspection of the books and records thereof; and any company or such agent refusing to permit such inspection shall be deemed guilty of violating this section, and such commissioner shall enforce the penalties herein provided against the same.

SECTION 7. All acts and parts of acts, whether general or special inconsistent with the provisions of this act, are hereby repealed.

SECTION 8. This act shall take effect and be in force from and after its passage and publication.

Approved April 14, 1899.