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CHAPTER 266

AN ACT to amend 201.02 (5), 201.25 (1) (n) and (4), 201.53 (4), 204.42 (1) and 208.28 (2) of the statutes, relating to assessment liability, domestic company investments, division of commissions, rating organization licensing and valuation of fraternal policies.

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

SECTION 1. 201.02 (5) of the statutes is amended to read:

201.02 (5) The articles of a mutual insurance company may limit (but to be effective the limitation must be expressed in every policy):
(a) The insurance to specified kinds or classes of property, lives, individuals or liabilities; (b) the territory within which insurance shall be

granted; or (e) the liability of members, which liability shall be a specified number of times the * * * aggregate premium for a 12-month period, whether such premium is paid in one sum or in periodic instalments.

SECTION 2. 201.25 (1) (n) and (4) of the statutes are amended to read:

201.25 (1) (n) In loans, securities or investments *except stock in its own corporation* in addition to those permitted in this section, whether or not such loans, securities or investments qualify or are permitted as legal investments under its charter, or under other provisions of this * * * or other sections of the statutes. The portion of loans, securities and investments which is in excess of the limitations established by sub. (4) and s. 201.24 (2) shall not be deemed a permitted investment under this paragraph. The portion of the loan secured by a mortgage upon real property, permitted by par. (c), which does not exceed two-thirds of the then fair market value of said property, shall be deemed to be a permitted investment under par. (c) and the remainder of said loan may be deemed to be made under this paragraph. Any investment originally made under this paragraph which would subsequently, if it were then being made, qualify as a permitted investment under another paragraph of this subsection shall thenceforth be deemed to be a permitted investment under such other paragraph. The aggregate of such company's loans, securities and investments under this paragraph shall not exceed 10 per cent of such company's admitted assets.

(4) No such corporation shall invest more than 10 per cent of its admitted assets in the stock or securities or evidences of indebtedness of any one person or of any one private or municipal corporation.

SECTION 3. 201.53 (4) of the statutes is amended to read:

201.53 (4) It is not unlawful to pay the whole or any part of any commission to a * * * corporation or partnership principally engaged in the insurance business, or to a bank organized under ch. 221, a permittee under s. 115.07 (4), a licensee under s. 115.09 or 218.01, or a national bank of which the agent writing the insurance shall be an officer or salaried employe, but no commission shall be so paid where any officer or stockholder of such corporation * * * or partner of a partnership is interested in the property or risk insured, otherwise than as an agent authorized under s. 209.04, nor is it unlawful for the corporation or partnership of which such agent is an officer, partner or salaried employe to collect and remit premiums and keep account thereof * * * .

SECTION 4. 204.42 (1) of the statutes is amended to read:

204.42 (1) * * * Any person may make application to the commissioner for license as a rating organization for such kinds of insurance or subdivisions thereof as are specified in its application and shall file therewith (a) a copy of its articles of agreement or association or its certificates of incorporation, and of its bylaws, rules and regulations governing the conduct of its business, (b) a list of its members and subscribers, (c) the name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting such rating organization may be served and (d) a statement of its qualifications as a rating organization. The fee for filing these documents shall be that required by s. 200.13 (1) (e). If the commissioner finds that the applicant is competent, trustworthy and otherwise qualified to act as a rating organization and that its constitution, articles of agreement or association or certificate of incorporation, and its bylaws, rules and regulations governing the conduct of its business conform to the requirements of law, he shall issue a license specifying the kinds of insurance or subdivisions thereof for which the applicant is authorized to act as a rating organization. Every such ap-

plication shall be granted or denied in whole or in part by the commissioner within 60 days of the date of its filing with him. * * * *Licenses* issued pursuant to this section shall remain in effect * * * *during a license year from February 1 to January 31 succeeding unless sooner suspended or revoked by the commissioner. * * * Licenses in force on the effective date of this amendment (1963) shall remain in force until the expiration dates indicated thereon. When such licenses are renewed to expire on the following January 31 as required herein, the fees for such licenses shall be prorated. Licenses* issued pursuant to this section may be suspended or revoked by the commissioner, after hearing upon notice, * * * *if the rating organization ceases to meet the requirements of this subsection. Every rating organization shall notify the commissioner promptly of every change in (a) its constitution, its articles of agreement or association or its certificate of incorporation, and its bylaws, rules and regulations governing the conduct of its business, (b) its list of members and subscribers and (c) the name and address of the resident of this state designated by it upon whom notices or orders of the commissioner or process affecting such rating organization may be served. Every rating organization shall pay the fees as required by s. 200.13.*

SECTION 5. 208.28 (2) of the statutes is amended to read:

208.28 (2) The legal minimum standard of valuation for all certificates * * * *of life or endowment insurance* shall be the national fraternal congress table of mortality, or at the option of the society, any higher table or any table authorized by s. 206.20 or 206.201 *for such benefits*, or a table based upon the society's own experience of at least 20 years and covering not less than 100,000 lives. * * * *Contracts for annuity or pure endowment benefits, for total and permanent disability benefits in or supplementary to ordinary contracts, or for accidental death benefits in or supplementary to ordinary contracts shall be valued in accordance with s. 206.201 (2) (c), (e) and (f).* Interest * * * *assumptions* shall not be more than * * * *3-1/2 per cent per annum.* Each report shall set forth fully the mortality and interest basis and the method of valuation.

Approved August 17, 1963.
