

Chapter Ins 4

FIRE AND ALLIED LINES INSURANCE

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Ins 4.01 Mutual insurance companies operating on a post mortem assessment plan cannot limit assessments to a specific amount. Mutual insurance companies operating on the post mortem assessment plan cannot limit the liability of members. Section 201.02 (5) (c), Wis. Stats., is applicable only to companies operating on the advance premium basis.

Ins 4.02 Nonassessable policies of mutual companies. (1) A mutual insurance company having a sufficient amount of earned surplus to comply with the provisions of section 201.07, Wis. Stats., must set aside, as a distinct guarantee fund, the amount required by statute to issue nonassessable policies, by resolution of the board of directors, certified copy of which resolution must be filed in the office of the commissioner of insurance, and, subsequent thereto and while the company continues to issue nonassessable policies in this state, must show the amount of such guarantee fund in every annual statement to this department.

(2) The conditions of nonassessability shall be plainly stated in policies issued in this state. Wherever the "Mutual Policy Conditions" are printed, there shall be printed in type not smaller than the body of the policy "This policy is nonassessable."

(3) All policy forms used in issuing nonassessable policies shall be submitted for approval by the commissioner of insurance.

(4) No company shall be permitted to issue nonassessable policies and assessable policies at the same time.

(5) No joint policy may be issued in this state which includes a company operating on the nonassessable plan and a company operating on the assessable plan.

History: 1-2-56; r. (2)(b) and renum. (2)(c) to be (2)(b), Register, July, 1958, No. 31, eff. 8-1-58; am. (2)(a) and (2)(b), Register, October, 1958, No. 34, eff. 11-1-58; am. (2) Register, February, 1959, No. 38, eff. 3-1-59.

Ins. 4.03 Policy, inspection and similar fees. The total advance consideration including policy, inspection, and other fees charged an insured must be stated in the policy. Such fees are a part of the premium and are subject to all statutory provisions relating to premiums except as to policy fees otherwise provided for under section 201.18 (3), Wis. Stats.

Ins 4.04 History: 1-2-56; am. (3), Register, July, 1958, No. 31, eff. 8-1-58; r. Register, November, 1960, No. 59, eff. 12-1-60.

Ins 4.05 "Merit rating plan"—Farm property. (1) The term "merit rating plan", as used in section 203.32 (6) (f), Wis. Stats., is hereby defined to be a plan of rating of farm property whereby each individual risk is rated under a filed rating schedule or rating plan which produces rates by the use of a basis rate and a system of charges and credits which are applied after inspection to establish a rate on each individual risk which properly reflects the hazards and fire protection features existing in such risk.

(2) A copy of a survey or rate make-up sheet, bearing the name of a representative of the insurer or rating organization who has inspected the risk, must be kept on file in the office of such insurer or rating organization.

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Ins 4.06 Handling of cash and the recording of cash transactions by town mutual insurance companies. (1) **CASH RECEIVED.** The cash received record shall be a multicolumnar form which shall contain column headings for the date, identification, amount received, a separate column for each of the principal types of income of the company, and a column for miscellaneous receipts. All cash received by the company must be recorded on such form. (a) The cash receipts and cash funds of the company shall at all times be kept separate and distinct from any personal or agency funds.

(b) All cash received must be deposited in the bank intact, in the company's name, and at no time may the cash on hand consist of any cash items such as small bills or NSF checks held for future deposits. A duplicate deposit ticket must be retained in the company's office for each deposit.

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(2) **CASH DISBURSED.** The cash disbursed record shall be a multicolumnar form which shall contain column headings for the date, payee, check number, amount of check, a separate column for each of the principal types of expenses of the company, and a column for miscellaneous disbursements. All disbursements except those from a petty cash fund must be made by check. All checks issued by the company shall be recorded in chronological and numerical order and no warrants or drafts on the treasurer shall be recorded in this record. Each disbursement shall be completely supported and explained in the records of the company. The cash received and disbursed record may be combined into a single form. A check stub must be filled out for each expenditure showing the payee, purpose of the disbursement, amount of check, date issued, deposits made, and the balance in the bank after deducting the check issued.

(a) Where a petty cash fund is maintained for the payment of small bills or for making change, each disbursement must be supported by a signed voucher or receipted invoice and at any time the total of the cash, checks, and paid vouchers in the fund shall exactly equal the total of the fund as originally set up. The petty cash fund should be reimbursed at regular intervals and always on the last business day of each year.

(3) Bank statements should be obtained from each of the banks in which the company maintains checking accounts at the end of each calendar month and the balance appearing on the bank statement shall be reconciled with the cash balance appearing on the check stubs at the end of each month.

(4) This order is issued for the purpose of prescribing minimum standards and practices and such order is not intended and shall not be construed to preclude any company from adopting or installing other or more detailed records suitable for its purpose as long as they satisfy such minimum requirements.

Ins 4.07 Inland marine definition. The purpose of this rule is to define the kinds of risks and coverages which may be classified or identified as inland marine insurance under section 203.32 (2) (a), Wis. Stats., but does not include all of the kinds of risks and coverages which may be written, classified or identified under inland marine insuring powers, nor shall it be construed to mean that the kinds of risks and coverages are solely inland marine insurance in all instances. This rule shall not be construed to restrict or limit in any way the exercise of any insuring powers granted under charters and license whether used separately, in combination or otherwise. Inland marine policies may cover under the following conditions:

(1) **IMPORTS.** (a) Imports on consignment may be covered wherever the property may be and without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation. A shipment "on consignment" shall mean property consigned and intrusted to a factor or agent to be held in his care, or under his control for sale for account of another or for exhibit or trial or approval or auction, and if not disposed of, to be returned.

(b) Imports not on consignment in such places of storage as are usually employed by importers, provided the coverage of the issuing companies includes hazards of transportation. Such policies may also include the same coverage in respect to property purchased on C.I.F. terms or "spot" purchases for inclusion with or in substitution for bona fide importations.

(c) An import, as a proper subject of inland marine insurance, shall be deemed to maintain its character as such so long as the property remains segregated in the original form or package in such a way that it can be identified and has not become incorporated and mixed with the general mass of property in the United States, and shall be deemed to have been completed when such property has been sold and delivered by the importer, factor or consignee; or removed from place of storage as desired in paragraph (b) above and placed on sale as part of importer's stock in trade at a point of sale-distribution; or delivered for manufacture, processing or change in form to premises of the importer or of another used for any such purposes.

(2) **EXPORTS.** (a) Exports may be covered wherever the property may be without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

(b) An export, as a proper subject of inland marine insurance, shall be deemed to acquire its character as such when designated or while being prepared for export and retain that character unless diverted for domestic trade, and when so diverted, the provisions of this rule respecting domestic shipments shall apply, provided, however, that this provision shall not apply to long established methods of insuring certain commodities, e.g. cotton.

(3) **DOMESTIC SHIPMENTS.** (a) Domestic shipments on consignment,

provided the coverage of the issuing companies includes hazards of transportation.

(b) Property shipped on consignment for sale or distribution, while in transit and not exceeding 120 days after arrival at consignee's premises or other place of storage or deposit.

(c) Property shipped on consignment for exhibit, or trial, or approval or auction, while in transit, while in the custody of others and while being returned.

(d) Domestic shipments not on consignment, provided the coverage of the issuing companies includes hazards of transportation, beginning and ending within the United States, provided that such shipments shall not be covered at manufacturing premises nor after arrival at premises owned, leased or operated by assured or purchaser, nor for more than 90 days at other place of storage or deposit, except in premises of transportation companies or freight forwarders, when such storage is incident to transportation.

(4) BRIDGES, TUNNELS, ETC. Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion are the only hazards to be covered. Piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion. Other aids to navigation and transportation, including dry docks and marine railways, against all risks. The foregoing includes: (a) Bridges, tunnels, other similar instrumentalities, unless fire, lightning, windstorm, sprinkler leakage, hail, explosion, earthquake, riot or civil commotion are the only perils to be covered.

(b) Piers, wharves, docks and slips, but excluding the risks of fire, lightning, windstorm, sprinkler leakage, hail, explosion, earthquake, riot or civil commotion.

(c) Pipelines, including on-line propulsion, regulating and other equipment appurtenant to such pipelines, but excluding all property at manufacturing, producing, refining, converting, treating or conditioning plants.

(d) Power transmission and telephone and telegraph lines, excluding all property at generating, converting or transforming stations, sub-stations and exchanges.

(e) Radio and television communication equipment in commercial use as such including towers and antennae with auxiliary equipment, and appurtenant electrical operating and control apparatus but excluding buildings, their improvements and betterments, furniture and furnishings and supplies held in storage therein.

(f) Outdoor cranes, loading bridges and similar equipment used to load, unload and transport.

(g) Television picture tubes installed and in use as such.

(5) PERSONAL PROPERTY FLOATER RISKS COVERING INDIVIDUALS.

(a) Tourists floater, personal effects floater policies.

(b) The personal property floater.

(c) Government service floaters.

(d) Personal fur floaters.

(e) Personal jewelry floaters.