

Chapter Ins 3

CASUALTY INSURANCE

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Ins 3.01 Accumulation benefit riders attached to health and accident policies. Except where such rider is used only on a policy replacing the company's own policy, and so recites, no rider providing for accumulations of benefits will be approved for use upon any policy of health and accident insurance, whether it is proposed to issue such rider with or without an additional premium. Such rider operates as an aid to twisting the policies of another company in such manner as to make its use a direct encouragement of this practice.

Ins 3.02 Automobile fleets, vehicles not included in. Individually owned motor vehicles cannot be included or covered by fleet rates. The determining factor for inclusion under fleet coverage must be ownership and not management or use.

Ins 3.03 Automobile policies, coverage extended. In accordance with the opinion of the attorney-general dated June 17, 1930, [19 Atty. Gen. 309] it is held to be unlawful to issue an automobile liability and property damage policy, other than a policy covering a public automobile garage or an automobile repair shop, sales agency, service station and/or the agents or employes thereof, to which is attached a "Named Driver" or "Owner Driven Only" endorsement or any other form of endorsement which would limit the protection contrary to the provisions of section 204.30(3), Wis. Stats., which makes the omnibus coverage provision mandatory for all companies.

Ins 3.04 Dividends not deducted from premiums in computing loss reserves. Premiums returned to policyholders as dividends may not be deducted from the earned premiums in computing loss reserves under section 204.28, Wis. Stats.

Ins 3.05 Automobile policies, policy provisions. (1) All automobile liability policies issued or delivered in the state of Wisconsin are subject to provisions of sections 204.30, 204.34, 85.93, and 260.11, Wis. Stats.

(2) (a) Many policies now being issued in this state do not contain the provisions required by these statutes, or contain provisions which are inconsistent therewith, such as "no action" clauses postponing the right to bring an action directly against the insurer, or provisions denying coverage to an additional insured on account of injury to a fellow employe of the same employer.

Ins 3.09 Multiple quantity insurance
Ins 3.17 Membership fee and policy fees
Ins 3.13 Individual accident and sickness insurance
Ins 3.14 Group accident and sickness insurance
Ins 3.15 Blanket accident and sickness insurance

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(b) Expenses shall be recorded and reported in accordance with the Uniform Classification of Expenses for Fire and Marine and Casualty and Surety Insurance.

(c) The unearned premium reserve shall be computed in accordance with section 201.18 (1), Wis. Stats.

(d) The case basis method shall be used to determine the loss reserve, which shall include a reserve for claims reported and unpaid and a reserve for claims incurred but not reported.

(e) A contingency reserve composed of a contribution from earned premium equal to the contingency factor permitted in the rate formula shall be established and reported in the financial statement as a liability.

(4) CONTINGENCY RESERVE. (a) The reserve established in paragraph (e) of subsection (3) shall be maintained indefinitely for the purpose of protecting against the effect of adverse economic cycles.

(b) Subject to the approval of the commissioner, the reserve shall be available only for loss payments when the incurred losses in any one year exceed the rate formula expected losses by 10% of the corresponding earned premiums.

(c) The contingency factor in the rate formula shall be 30% of the premiums earned until the contingency reserve becomes equal to 5 times the current premiums in force. At such time the appropriate modification shall be made in the contingency factor and rate formula.

(5) RATE MAKING. (a) Mortgage guaranty insurance shall be subject to the provisions of sections 204.37 to 204.54 inclusive, Wis. Stats.

(b) The rate formula shall contemplate losses, expenses, contingency reserve, 2½% of premium for profit, and any other relevant factors.

(c) All policy forms and endorsements shall be filed with and be subject to the approval of the commissioner of insurance. The mortgage insurance policy shall provide that the borrower shall not be liable to the insurance company for any deficiency arising from a foreclosure sale.

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