

Chapter Ins 6

GENERAL

- Ins 6.01 Foreign company to operate two years before admission (p. 163)
- Ins 6.02 Company to transact a kind of insurance two years before admission (p. 164)
- Ins 6.03 Nonresident casualty and fire insurance agents (p. 164)
- Ins 6.05 Filing of property and casualty insurance forms (p. 164)
- Ins 6.09 Prohibited acts by captive agents of lending institutions and others (p. 168)
- Ins 6.10 Insurance agents advisory council (p. 169)
- Ins 6.11 Insurance claim settlement practices (p. 170)
- Ins 6.12 Qualification of actuaries (p. 171)
- Ins 6.13 Public inspection of records and reports (p. 172)
- Ins 6.17 Regulation of surplus lines insurance (p. 173)
- Ins 6.18 Reporting and payment of tax by unauthorized insurers transacting business in violation of law (p. 178)
- Ins 6.19 Reporting and taxation of directly placed unauthorized insurance (p. 178)
- Ins 6.20 Investments of insurance companies (p. 182)
- Ins 6.25 Joint underwriting and joint reinsurance associations (p. 187)
- Ins 6.30 Instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers (p. 188)
- Ins 6.31 Interpretations of the instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers (p. 230)
- Ins 6.40 Proxies, consents and authorizations of domestic stock insurers (p. 235)
- Ins 6.41 Insider trading of equity securities of domestic stock insurers (p. 246)
- Ins 6.42 Initial statement of beneficial ownership of securities (p. 258)
- Ins 6.43 Statement of changes in beneficial ownership of securities (p. 282)
- Ins 6.50 Kinds of individual intermediary-agent licenses (p. 265)
- Ins 6.51 Group coverage discontinuance and replacement (p. 265)
- Ins 6.52 Biographical data relating to company officers and directors (p. 270)
- Ins 6.53 Insurance consumers advisory council (p. 273)
- Ins 6.54 Prohibited classification of risks for rating purposes (p. 274)
- Ins 6.55 Discrimination based on sex; unfair trade practice (p. 276)
- Ins 6.57 Listing of insurance agents by insurers (p. 276)
- Ins 6.58 Insurance marketing individual intermediary - agent examination and licensing (p. 277)
- Ins 6.59 Licensing procedures - individual intermediary - agent (p. 279)
- Ins 6.60 Apprentice permit procedures - individual intermediary - agent apprentice (p. 281)
- Ins 6.61 Individual intermediary - agent records (p. 282)
- Ins 6.62 Competence and trustworthiness standards (p. 282)
- Ins 6.63 Annual regulation charge (p. 282-2)
- Ins 6.70 Combinations of lines and classes of insurance (p. 282-3)
- Ins 6.72 Risk limitations (p. 282-3)
- Ins 6.73 Reinsurance (p. 282-3)
- Ins 6.74 Suretyship and risk limitations of surety obligations (p. 282-3)
- Ins 6.75 Classifications of insurance (p. 282-4)
- Ins 6.76 Grounds for disapproval of and authorized clauses for fire, inland marine and other property insurance forms. (p. 282-6)
- Ins 6.77 Exemption from midterm cancellation requirements (p. 282-10)

Ins 6.01 Foreign company to operate two years before admission. Experience has demonstrated that until a company has engaged in the business of insurance for at least 2 years there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact business in Wisconsin will be considered until it has continuously transacted the business of insurance for at least 2 years immediately prior to the making of such application for license.

Ins 6.02 Company to transact a kind of insurance two years before admission. (1) Experience has demonstrated that until a company has engaged in a kind of insurance or in another kind of insurance of the same class for at least 2 years, there is not a sufficient basis upon which to form a judgment as to whether its methods and practices in the conduct of its business in such kind of insurance or another kind in the same class of insurance, are such as to safeguard the interests of its policyholders and the people of this state. Therefore, no application of a foreign insurance company or mutual benefit society for a license to transact a kind of insurance business in Wisconsin will be considered until it has continuously transacted that kind of insurance, or another kind of insurance in the same class of insurance as that for which it makes such application; for at least 2 years immediately prior to making such application. For the purposes hereof, insurance is divided into kinds of insurance according to the provisions of sub. 201.04 of Ins 6.70 each subsection setting forth a separate kind, and into classes of insurance upon the basis of and including the said kinds as follows:

(a) Fire insurance includes the kinds in sub. 201.04 (1) of Ins 6.70.

(b) Life insurance includes the kinds in sub. 201.04 (3) of Ins 6.70 but excluding all insurance on the health of persons other than that authorized in s. 206.03, Stats.

(c) Casualty insurance includes the kinds in sub. 201.04 (4) through (11), and (13) through (18) of Ins 6.70.

(2) Provided, however, that nothing herein shall preclude consideration of an application to transact the kind of insurance in sub. 201.04 (4), of Ins 6.70 if the applicant company has transacted any of the kinds of insurance in sub. 201.04 (3), (5), (13), (15), (16) and (18) of Ins 6.70 continuously for 2 years immediately prior to the making of application for license to transact the kind of insurance in sub. 201.04 (4) of Ins 6.70.

History: 1-2-56; emerg. am. eff. 6-22-76; am. Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.03 Nonresident casualty and fire insurance agents. (1) Separate licenses are required for the solicitation of casualty insurance business and of fire insurance business.

(4) The company which a nonresident wishes to represent as an agent must furnish a statement showing that the applicant is appointed to solicit insurance in Wisconsin as its agent and agree that it will be bound by his knowledge and acts to the same extent as it is in connection with authorized resident agents in Wisconsin.

(6) The applicant will be required to make full disclosure regarding any connection which he may have as an employe or member of any agency partnership, association or corporation, including the full names and residences of all members, officers, directors and stockholders.

(7) Licenses issued on or after November 1, 1949, shall expire on the next succeeding November 1st. The fee for each nonresident agent's license shall be \$10.00.

History: 1-2-56; r. (6) and renum. (7) and (8) to be (6) and (7), Register, February, 1976, No. 242, eff. 3-1-76; emerg. r. (2), (3) and (4); r. (2), (3) and (5), Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.05 Filing of property and casualty insurance forms. (1) **PURPOSE.** This rule is intended to implement and interpret s. 631.20, Stats., for the purpose of establishing filing procedures for certain property and casualty insurance policy forms.

(k) Loans, securities or investments in countries other than the United States and Canada which are of substantially the same kinds, classes and investment grades as those eligible for investment under ch. 620, Stats., and supplementary rules, but the aggregate of such investments shall not exceed 2% of the company's assets;

(l) Direct obligations of the international bank for reconstruction and development, the inter-American development bank and the Asian development bank—not exceeding 2% of assets;

(m) For an insurer doing business in a foreign country, the assets needed to meet its obligations in the foreign country in the kinds of securities within the foreign country that would be permissible investments if made in this state; and

(n) Shares of investment companies or investment trusts registered under the Federal Investment Company Act of 1940, as amended—regarded as part of the common stock portfolio of the insurer.

(9) **CHANGES IN QUALIFICATION OF INVESTMENTS.** Any investment originally made under s. 620.22 (8), Stats., may thereafter be considered as falling within any other class of investment for which it subsequently qualifies.

(10) **VALUATION.** (a) *General.* Security valuations contained in "Valuations of Securities", issued by the Committee on Valuation of Securities of the National Association of Insurance Commissioners, will be followed in implementing this chapter.

(b) *Insurance policies.* Insurance policies purchased under subsection (8) (g) of this rule will be valued at their cash surrender value.

(c) *Claims and demands guaranteed by insurer.* When an insurer authorized to sell credit insurance purchases, under subsection (8) (h) of this rule, claims and demands it has guaranteed, it shall value them at face value or at cost, whichever is less, and shall set up a separate and adequate "loss reserve for guaranteed claims purchased" in an amount satisfactory to the commissioner.

History: Cr. emerg. eff. 5-2-72; cr. Register, July, 1972, No. 199, eff. 8-1-72; am. (5) (a) 1., Register, October, 1974, No. 226, eff. 11-1-74; r. and recr. (5) (g), cr. (6) (c), Register, December, 1974, No. 228, eff. 1-1-76; emerg. am. (6) (a), eff. 6-22-76, am. (6) (a), Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.25 Joint underwriting and joint reinsurance associations.

(1) **PURPOSE.** This rule, pursuant to s. 625.04, Stats., is intended to encourage an active, economical and efficient insurance market; to provide for the regulation of marketing practices; and to exempt certain insurers and organizations from the provisions of s. 625.33, Stats., with respect to joint underwriting or joint reinsurance.

(2) **SCOPE.** This rule shall apply to joint underwriting and joint reinsurance involving the insurance of risks associated with:

- (a) Nuclear energy
- (b) Commercial aircraft
- (c) Aircraft products liability
- (d) Crude oil production and processing
- (e) Municipal bonds

(3) **PERSONS EXEMPTED.** If any of the following joint underwriting associations and joint reinsurance associations is licensed as a rate service organization under s. 625.32, Stats., each insurer-member thereof shall be exempted from the provisions of s. 625.33, Stats., with respect to agreements between or among insurer-members to adhere to certain rates and rules in providing insurance or reinsurance as members of such association:

- (a) Aircraft Products Insurance Association
- (b) Industrial Risk Insurers
- (c) Mutual Atomic Energy Liability Underwriters
- (d) Mutual Atomic Energy Reinsurance Pool
- (e) American Nuclear Insurers
- (f) Nuclear Energy Property Insurance Association
- (g) Municipal Bond Insurance Association

(4) **LIMITATION ON MEMBERSHIP DISCIPLINARY ACTION.** No person shall impose any penalty or other adverse consequence for failure of any insurer to adhere to the rates or rules of any joint underwriting association or joint reinsurance association of which such insurer is a member, except termination of or expulsion of such insurer from membership in such association.

(5) **PENALTY.** Violations of this rule shall be subject to s. 601.64, Stats.

History: Cr. Register, September, 1973, No. 213, eff. 10-1-73; am. (2) and (3), Register, August, 1974, No. 224, eff. 9-1-74; am. (3) (e), Register, May, 1975, No. 233, eff. 6-1-75; am. (3), Register, February, 1976, No. 242, eff. 3-1-76; am. (3) (e), Register, November, 1978, No. 275, eff. 12-1-78.

Ins 6.30 Instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers. For the purpose of establishing uniformity in classifications of expenses of fire and marine and casualty and surety insurers recorded in statements and reports filed with and statistics reported to the commissioner of insurance, all such insurers shall observe the instructions set forth below. These instructions shall not apply to single line accident and health insurance companies, assessment accident and health associations, hospital and medical service or indemnity organizations, single line title insurance companies, or town mutual insurance companies.

(1) **PART I.** (a) *List of operating expense classifications for annual statement purposes for fire and marine and casualty and surety insurers:*

1. Claim Adjustment Services:
 - a. Direct
 - b. Reinsurance Assumed
 - c. Reinsurance Ceded
2. Commission and Brokerage:
 - a. Direct
 - b. Reinsurance Assumed
 - c. Reinsurance Ceded
 - d. Contingent-Net
 - e. Policy and Membership Fees
3. Allowances to Managers and Agents
4. Advertising

4. Establishing a rate based on the record of all drivers of an insured automobile;

5. Establishing a rate based on the number of people residing in a household.

(c) Nothing in paragraph (a) or (b) shall be interpreted in any way as limiting the prohibitions contained in ss. 632.35 and 942.04 (1) (c), Stats.

(4) **PENALTY.** Violation of this rule may subject the insurer to the penalties set forth in s. 601.64, Stats.

History: Cr. Register, March, 1976, No. 243, eff. 4-1-76; emerg. am. (1) and (3) (c), eff. 6-22-76; am. (1) and (3) (c), Register, September, 1976, No. 249, eff. 10-1-76; am. (3) (a) 2, Register, April, 1977, No. 256, eff. 5-1-77.

Ins 6.55 Discrimination based on sex — unfair trade practice. (1) PURPOSE. The purpose of this rule is to eliminate the act of denying benefits or refusing coverage on the basis of sex, to eliminate unfair discrimination in underwriting criteria based on sex, and to eliminate any differences in rates based on sex which cannot be justified by credible supporting information. This rule interprets and implements s. 601.01 (3) and ch. 628, Stats.

(2) **DEFINITIONS.** (a) Insurer has the meaning defined in s. 600.03 (27), Stats., and in addition includes nonprofit service plans or service insurance corporations.

(b) Contract means any insurance policy, plan, certificate, subscriber agreement, statement of coverage, binder, rider or endorsement offered by an insurer subject to Wisconsin insurance law.

(3) **APPLICABILITY AND SCOPE.** (a) This rule shall apply to all contracts delivered in Wisconsin, or issued for delivery in Wisconsin on or after the effective date of this rule and to all existing group contracts subject to Wisconsin insurance law which are amended or renewed on or after the effective date of this rule.

(b) This rule shall not affect the right of fraternal benefit societies to determine eligibility requirements for membership.

(4) **AVAILABILITY REQUIREMENTS.** (a) It is an unfair trade practice for an insurer to:

1. Refuse or cancel coverage or deny benefits on the basis of the sex of the applicant or insured;

2. Restrict, modify, or reduce the benefits, term, or coverage on the basis of the sex of the applicant or insured.

(b) Examples of unfair trade practices defined by paragraph (a) and prohibited by this rule are:

1. Denying coverage to females gainfully employed at home, employed part-time, or employed by relatives when coverage is offered to males similarly employed;

2. Denying benefits offered by policy riders to females when the riders are available to males;

3. Denying, under group contracts, dependent coverage to husbands of female employees, when dependent coverage is available to wives of male employees;

4. Denying disability income coverage to employed women when coverage is offered to men similarly employed;

5. Treating complications of pregnancy differently from any other illness or sickness under a contract;

6. Restricting, reducing, modifying, or excluding benefits payable for treatment of the genital organs of only one sex;

7. Offering lower maximum monthly benefits to women than to men who are in the same underwriting, earnings or occupational classification under a disability income contract;

8. Offering more restrictive benefit periods and more restrictive definitions of disability to women than to men in the same underwriting, earnings or occupational classification under a disability income contract;

9. Establishing different conditions by sex under which the policyholder may exercise benefit options contained in the contract.

(5) **RATES.** When rates are differentiated on the basis of sex, the insurer must:

(a) File a brief letter of explanation along with a rate filing.

(b) Maintain written substantiation of such rate differentials in its home office.

(c) Justify in writing to the satisfaction of the commissioner the rate differential upon request.

(d) Base all such rates on sound actuarial principles or a valid classification system and actual experience statistics.

(6) **PENALTY.** Violation of this rule shall subject the insurer to the penalties set forth in s. 601.64, Stats.

History: Cr. Register, May, 1976, No. 245, eff. 6-1-76; emerg. am. (1), eff. 6-22-76; am. (1), Register, September, 1976, No. 249, eff. 10-1-76.

Ins 6.56 Interim continuance of authority to transact insurance business as an insurance agent. **History:** Emerg. cr. eff. 6-22-76; cr. Register, September, 1976, No. 249, eff. 10-1-76; r. Register, November, 1978, No. 276, eff. 12-1-78.

Ins 6.57 Listing of insurance agents by insurers. (1) Submission of an application for an intermediary-agent appointment shall constitute the initial listing of such agent in accordance with s. 628.11, Stats., and such application shall be submitted to the office of the commissioner of insurance on or before the date of appointment on forms 11-1 and 11-9 for resident individual intermediary-agents and on form 11-17 for non-resident individual intermediary-agents.

(2) Notice of termination of appointment of individual intermediary-agent in accordance with s. 628.11, Stats., shall be filed prior to or within 15 calendar days of the termination date with the office of the commissioner of insurance on form 11-11. Prior to or within 7 days of filing this termination notice, the insurer must provide the agent written notice that the agent is no longer to be listed as a representative of the company

Register, November, 1978, No. 276

and that he or she may not act as its representative. This notice shall also include a formal demand for the return of all indicia of agency. "Termination date" means the date on which the insurer effectively severs the agency relationship with its intermediary-agent and withdraws the agent's authority to represent the company in any capacity.

(3) In addition, each insurer shall pay once each year, in accordance with an assigned billing schedule, the annual listing fee defined in s. 601.31 (16), Stats., within 30 days after the mailing of a payment notice to such insurer showing the amount due for all individual intermediary-agents serving as agents for such insurer, according to the commissioner's records as of the end of the month prior to the notice date. A billing schedule shall be adopted by the commissioner under which listing notices will be sent to insurers. This schedule will also designate the calendar month of billing for the various insurers and/or insurer groups.

(4) Fees applicable for listing of insurance agents under s. 628.11, Stats., are hereby established to be:

Resident individual intermediary-agents	\$ 5.00
Nonresident individual intermediary-agents	15.00

History: Cr. Register, December, 1976, No. 252, eff. 1-1-77; r. and recr. Register, March, 1978, No. 267, eff. 4-1-78.

Ins 6.58 Insurance marketing individual intermediary-agent examination and licensing. (1) The purpose of this rule is to establish procedures for a currently authorized insurance agent to be examined and to become licensed as an individual intermediary-agent under subchapter II, Licensing of Intermediaries, ch. 628, Insurance Marketing, Stats.

(2) Any resident or non-resident insurance agent holding a valid certification of registration or valid non-resident insurance agent's license issued in conformance with section Ins 6.56 can make application that his or her experience and performance to date should be considered as primary evidence that he or she is competent and trustworthy to qualify to be licensed as an individual intermediary-agent under the conditions and qualifications of s. 628.04, Stats.

(3) Such application by a currently authorized agent must be received by the commissioner of insurance by January 31, 1977, if that agent wants his or her experience and performance to date to be considered as primary evidence to be utilized for issuance of an individual intermediary-agent license on or before May 31, 1977.

...the ... of ...
...the ... of ...
...the ... of ...

...the ... of ...
...the ... of ...
...the ... of ...

...the ... of ...
...the ... of ...
...the ... of ...

...the ... of ...
...the ... of ...
...the ... of ...

...the ... of ...
...the ... of ...
...the ... of ...

...the ... of ...
...the ... of ...
...the ... of ...

()

()

(g) Obligations in case loss occurs.

(3) **AUTHORIZED CLAUSES.** The following clauses, or any of them, shall be considered authorized clauses pursuant to section 631.23, Wis. Stats. Appropriate liberalization of the prescribed language shall also be permitted.

(a) *Insuring clause.*

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO

and of the premium above specified this Company, for the term of

from _____ at [noon (12:01 a.m.) (choose one)] Standard Time to _____ at location of property involved, to an amount not exceeding the amount(s) above specified does insure

and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured against all **DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED**, to the property described herein while located or contained as described in this policy, or pro rata for 5 days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

(b) *Uninsurable and excepted property.* This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

(c) *Perils not included.* This company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: 1. enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; 2. invasion; 3. insurrection; 4. rebellion; 5. revolution; 6. civil war; 7. usurped power; 8. order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy; 9. neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; 10. nor shall this company be liable for loss by theft.

(d) *Other insurance.* Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

(e) *Conditions suspending or restricting insurance.* Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring 1. while the hazard is increased by any means within the control or knowledge of the insured; or

2. while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or

3. as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

(f) *Other perils or subjects.* Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

(g) *Added provisions.* The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

(h) *Waiver provisions.* No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

(i) *Mortgagee interests and obligations.* If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a ten days' written notice of cancellation. If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

(j) *Pro rata liability.* This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

(k) *Requirements in case loss occurs.* The insured shall give written notice as soon as reasonably possible to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed; and within sixty days after the loss, unless such

time is extended in writing by this Company, the insured shall render to this Company a proof of loss signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this property, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by this Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made.

(1) *Appraisal.* In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected by a judge of a court of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

(m) *Company's options.* It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

(n) *Abandonment.* There can be no abandonment to this Company of any property.

(o) *When loss payable.* The amount of loss for which this Company may be liable shall be payable sixty days after proof of loss, as herein provided, is received by this Company and ascertainment of the loss is made either by agreement between the insured and this Company expressed in writing or by the filing with this Company of an award as herein provided.

(p) *Suit*. No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within twelve months next after inception of the loss.

(q) *Subrogation*. This Company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company.

History: Cr. Register, November, 1977, No. 263, eff. 12-1-77; am. (3) (a), Register, November, 1978, No. 276, eff. 12-1-78.

Ins. 6.77 Exemption from midterm cancellation requirements.

(1) **PURPOSE.** This rule is intended to exempt certain classes of insurance contracts from s. 631.36 (2) (a), Stats., in accordance with the provisions of s. 631.36 (1) (c), Stats.

(2) **SCOPE.** This rule shall apply to all insurers authorized to write umbrella or excess liability insurance policies in Wisconsin.

(3) **DEFINITIONS.** (a) *Umbrella liability policy* means an insurance contract providing at least \$1,000,000 of liability coverage per person or per occurrence in excess of certain required underlying liability insurance coverage or a specified amount of self-insured retention.

(b) *Excess Liability policy* means an insurance contract providing at least \$1,000,000 of liability coverage per person or per occurrence in excess of certain required underlying liability insurance coverage.

(4) **EXEMPTION.** Any umbrella or excess liability insurance policy as defined in subsection (3) is exempt from the requirements of s. 631.36 (2) (a), Stats.

(5) **NOTICE.** An insurer cancelling any umbrella liability policy or excess liability policy shall notify the commissioner of the grounds for such cancellation not later than the time at which the insurer notifies the policyholder of such cancellation.

History: Emerg. cr. eff. 7-1-77; cr. Register, November, 1977, No. 263, eff. 12-1-77.