

(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 6.57 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 form OCI 11-01. Billing for initial listing shall be done annually at the same time and at the same rate as renewal listings.

(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 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. Ins 6.57 (4), within 30 days after the mailing of a payment notice to such insurer showing the amount due for all individuals serving as agents for such insurer, according to the commissioner's records as of the notice date. A billing schedule shall be adopted by the commissioner under which listing notices shall be sent to insurers. This schedule shall also designate the calendar month of billing for the various insurers and/or insurer groups.

**Note:** A copy of form OCI 11-01 can be obtained from the Office of the Commissioner of Insurance, P.O. Box 7872, Madison, WI 53707.

(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

(5) No insurer shall accept business directly from any intermediary unless that intermediary is a licensed intermediary-agent listed with that company or unless the intermediary holds a valid license as an intermediary-broker.

(6) No intermediary-agent shall submit an application for insurance directly to an insurer or solicit insurance on behalf of a particular insurer unless the agent is listed with that insurer.

**History:** Cr. Register, December, 1976, No. 252, eff. 1-1-77; r. and recr. Register, March, 1978, No. 267, eff. 4-1-78; cr., (6) and (6), Register, March, 1979, No. 279, eff. 4-1-79; am. (1) and (3), Register, September, 1981, No. 309, eff. 1-1-82.

**Ins 6.58 Licensing of corporations and partnerships as insurance intermediaries.** (s. 628.04, Stats.) (1) **PURPOSE.** The purpose of this rule is to establish procedures for licensure of corporations and partnerships as insurance intermediaries.

(2) **LICENSE.** Any corporation or partnership may obtain a license under this section.

(3) **PROCEDURE.** Application for a permanent intermediary license for a corporation or partnership shall be made on application form 11-50 and filed with the commissioner of insurance. The application must be accompanied by:

(a) A licensing fee of \$100.00 as authorized by s. 601.31 (1) (o) [(l)], Stats.;

(b) Certification that the articles of incorporation or association include the intent, in good faith, to do business as an intermediary;

(c) Certification that the corporation or partnership will transact business in such a way that all acts that may only be performed by a licensed intermediary are performed exclusively by natural persons who are licensed under s. 628.04, Stats., and functioning within the scope of the license, and a list of such persons;

(d) If the corporation or partnership is domiciled outside of Wisconsin, an agreement to be subject to the jurisdiction of the commissioner and the courts of this state on any matter related to the corporation's or partnership's insurance activities in this state, on the basis of service of process under ss. 601.72 and 601.73, Stats.; and

(e) A list of all partners, directors or principal officers or persons in fact having comparable power.

(f) In the case of a corporation the application must be signed by an officer. In the case of a partnership the application must be signed by a partner.

(4) **STANDARDS OF COMPETENCE AND TRUSTWORTHINESS.** (a) For partners, directors or principal officers who are licensed at the time of application under sub. (4) as insurance intermediaries, those standards as set forth in s. Ins 6.59 (5), shall apply in lieu of the standards set forth in this subsection.

(b) For partners, directors or principal officers who are not licensed at the time of application under sub. (4) as insurance intermediaries, the following criteria may be used in assessing trustworthiness and competence:

1. **Criminal record.** The conviction for crimes which are substantially related to insurance marketing.

2. **Accuracy of information.** Any material misrepresentation in the information submitted on form 11-50.

3. **Regulatory action.** Any regulatory action taken with regard to any license held, such as insurance licenses in other states, real estate licenses and security licenses.

4. Other criteria which the commissioner considers evidence of untrustworthiness or incompetence.

(5) FEES. (a) Biennially, on or before January 1 of even numbered years, a regulation fee of \$10.00 for resident and \$30.00 for non-resident intermediaries will be billed as authorized by s. 601.31 (1) (p) [(m)], Stats.

(b) If payment of the biennial regulation fee is not made within 30 days after the date of billing, the license will be suspended. If payment is made during the suspension, the license will be reinstated.

(c) The license will be revoked if payment is not made within 60 days after suspension.

(6) NOTIFICATION OF CHANGES. Each intermediary corporation or partnership shall, within 30 days, notify the commissioner of insurance in writing of any change in its business mailing address, location of the business records, or a change in the name and address of the designated representative.

**Note:** Intermediary corporations and partnerships are subject to the recordkeeping requirements as set forth in Ins 6.61 (1), Wis. Adm. Code.

Application for the licensing of corporations and partnerships is made on form 11-50. Copies can be obtained at the Office of the Commissioner of Insurance.

**History:** Cr. Register, August, 1980, No. 296, eff. 9-1-80; am. (5) (a), Register, September, 1981, No. 309, eff. 10-1-81; cr. (6), Register, September, 1981, No. 309, eff. 1-1-82; r. and recr. (2), r. (3) and (8), renun. (4) to (7) to be (3) to (6), Register, April, 1982, No. 316, eff. 5-1-82.

THIS IS THE FINAL COPY OF FORM 11-50 AS IT WILL BE PRINTED

APPLICATION FOR PERMANENT CORPORATION OR PARTNERSHIP INSURANCE INTERMEDIARY LICENSE Form 11-50

STATE OF WISCONSIN OFFICE OF THE COMMISSIONER OF INSURANCE 123 W. WASHINGTON AVENUE MADISON, WISCONSIN 53702

SECTION I PLEASE COMPLETE THE BLANKS AND CHECK THE APPROPRIATE BOXES BELOW.

1. LICENSE NUMBER \_\_\_\_\_ (For office use only.) CR # \_\_\_\_\_

2. BUSINESS NAME \_\_\_\_\_

3. BUSINESS MAILING ADDRESS \_\_\_\_\_ Number, Street, City, Zip

4. NAME OF CORPORATION OR PARTNERSHIP \_\_\_\_\_

5. ADDRESS OF DOMICILE \_\_\_\_\_ Number, Street, City, Zip

6. RESIDENT CODE Wisconsin \_\_\_\_\_ Other \_\_\_\_\_

7. TYPE Corporation \_\_\_\_\_ Partnership \_\_\_\_\_ 8. LICENSE FEE (Initial Application Only) \$100.00 \_\_\_\_\_ REGULATION FEE Resident \$ 5.00 \_\_\_\_\_ (Each year after initial application) Nonresident \$ 15.00 \_\_\_\_\_

9. DESIGNATED REPRESENTATIVE NAME \_\_\_\_\_ TITLE \_\_\_\_\_ ADDRESS \_\_\_\_\_ Number, Street, City, Zip PHONE \_\_\_\_\_

(CONTINUED)  
FINAL COPY OF FORM 11-50 AS IT WILL BE PRINTED

**SECTION II STANDARDS OF COMPETENCE AND TRUSTWORTHINESS**

- a. Have you been fined, reprimanded, or been the subject of a consent decree in any state for a violation of its insurance, real estate or securities statutes or administrative regulations?
- b. Have you had your license to solicit insurance, real estate or securities refused, suspended, denied or revoked in any state?
- c. Have you been convicted on a misdemeanor or felony offense, other than a traffic violation, in the past three years?
- d. If you have ever been employed by an insurance company, has your employment contract been terminated or non-renewed because of allegations of misconduct or wrongdoing by an insurance company?

A separate sheet of detailed explanation must be included for each principal officer, director or partner answering yes to any of the above questions in Section III.

**SECTION III**

PLEASE LIST ALL PARTNERS, DIRECTORS AND PRINCIPAL OFFICERS OR PERSONS HAVING COMPARABLE POWERS AND THEIR TITLES (PARTNER, DIRECTOR, PRESIDENT, VICE PRESIDENT, SECRETARY, TREASURER).

Name	Title	Wisconsin Ins. Intermediary License Number (if applicable)	Section II Answers*			
			a.	b.	c.	d.

\*Answer Y for "Yes" and N for "No" for all questions in Section II. If you answered "Yes" to any of the questions in Section II, attach a detailed explanation.

(CONTINUED)

FINAL COPY OF FORM 11-50 AS IT WILL BE PRINTED

PLEASE LIST ALL WISCONSIN LICENSED AGENTS AUTHORIZED TO DO BUSINESS IN THE CORPORATION'S OR PARTNERSHIP'S NAME. ATTACH A SEPARATE SHEET IF NECESSARY.

Name	Wisconsin Ins. Intermediary License Number
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

I, the undersigned, hereby testify that the corporation or partnership of which I am a partner, director or officer has included in its articles of incorporation or association, the intent, in good faith, to do business as an intermediary and will transact business in such a way that all acts that may be performed only by a licensed intermediary, are performed exclusively by natural persons who are licensed under s. 628.04, Stats., and functioning within the scope of the license. If the corporation or partnership is domiciled outside of Wisconsin, it agrees to be subject to the jurisdiction of the commissioner and the courts of this state on any matter related to the corporation's or partnership's insurance activities in this state, on the basis of service of process under ss. 601.72 and 601.73, Stats.

I also certify that the principal officers, directors or partners are competent and trustworthy according to the standards listed in Section II. I further state that I have read and knowingly made the foregoing statements and representations and that each and all statements and representation are true to the best of my knowledge. I understand that any misrepresentation, false statement, or fraud in connection with this application may be cause for revocation or suspension of a license issued thereon or may be cause for denial of application in addition to any other actions or penalties or both.

Signature of Applicant (Officer or Partner) \_\_\_\_\_ Date \_\_\_\_\_

Name (Please Print)	Title	Signature
_____	_____	_____

**Ins 6.59 Licensing of individuals as agents.** (s. 628.04, Stats.) (1) **PURPOSE.** The purpose of this rule is to establish procedures for original licensure and license enlargement of an individual as an insurance agent.

(2) **EXAMINATION.** A written examination is required of each resident applicant for each kind of agent license authority listed in s. Ins 6.50. Each written examination will test the applicant's basic knowledge of the kinds of insurance to be solicited and the applicant's basic understanding of the applicable laws and regulations.

(3) **FEES.** The following fee schedule is established for residents and non-residents:

Application for one or 2 lines of authority	\$40
Application for 3 or 4 lines of authority	\$60

(4) **PROCEDURE.** (a) *Application form.* Application for a permanent agent license or an enlargement of authority shall be made on form OCI 11-41 (rev.) and filed with the commissioner of insurance.

(b) *Time of filing.* Applications and appropriate fees shall be filed with the commissioner of insurance, at least 30 days prior to the scheduled date of the written examination.

(c) *Issuance of license.* An applicant for an original license or a license enlargement who passes the written examination, pays the fees, submits a satisfactory application and meets the standards of competence and trustworthiness as described in sub. (5) shall be issued an agent license for those kinds of authority for which the applicant is qualified.

(5) **COMPETENCE AND TRUSTWORTHINESS.** The following criteria may be used in assessing trustworthiness and competence:

(a) *Criminal record.* The conviction for crimes which are substantially related to insurance marketing.

(b) *Accuracy of information.* Any material misrepresentation in the information submitted on form 11-41.

(c) *Regulatory action.* Any regulatory action taken with regard to any license held, such as insurance licenses in other states, real estate licenses and security licenses.

(d) *Other criteria.* Other criteria which the commissioner considers evidence of untrustworthiness or incompetence.

(6) **FREQUENCY AND LOCATION.** Written examinations for each kind of agent authority will be administered at least once a month in accordance with a schedule adopted by the commissioner at the following examination centers: Eau Claire, Green Bay, LaCrosse, Oshkosh, Madison, Rhinelander, Racine, Superior, and Stevens Point. Written examinations will be administered twice a month in Milwaukee and at least one other center.

(7) **EXEMPTIONS.** A town mutual agent exempt from licensing under s. 628.03 (1), Stats., by s. 628.05 (1), Stats., includes an agent for a town mutual not authorized to insure members against loss to property by windstorm or hail insurance as provided in ss. 612.31 (2) (a) 3 and 612.33 (2) (a), Stats., who provides windstorm or hail insurance to the

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town mutual's members through an insurance policy issued by another authorized insurer operating on an assessment plan. The town mutual agent need not be licensed but the other insurer must list the agent and pay the listing fee in accordance with s. Ins 6.57.

**History:** Cr. Register, March, 1977, No. 255, eff. 4-1-77; am. (8), Register, June, 1978, No. 270, eff. 7-1-78; cr. (10), Register, September, 1978, No. 273, eff. 10-1-78; am. (9) and (7), Register, February, 1980, No. 290, eff. 3-1-80; r. (6) and (9), renum. (7), (8) and (10) to be (6), (7) and (8), Register, August, 1980, No. 296, eff. 9-1-80; r. and rec. Register, September, 1981, No. 309, eff. 10-1-81.

**Ins 6.61 Intermediary records.** (1) Each intermediary shall maintain or have maintained, for a 3 year period, unless a specific period is provided elsewhere, records of the intermediary's policyholder financial transactions and records of transactions with brokerage clientele which occur in the regular course of business or are prescribed by rule, in accordance with accepted accounting principles. Such records shall include an accounting of such billings to and receipts from purchasers of insurance and payments to insurers or others for coverage provided, as have passed through the hands of the intermediary, or comparable records on an agency or partnership-wide basis. An insurer may by written agreement assume the responsibility to maintain these records for an individual intermediary-agent if the records can be made immediately available to the commissioner of insurance on demand.

(2) Each individual intermediary-agent shall maintain records for a 3 year period giving the effective date of the coverage on all newly issued contracts and indicating that the necessary suitability inquiry and replacement procedures required by Ins 2.07, 2.14 (5) (f), 3.27 (7), and 3.29 were followed for each individually-issued life and accident and health contract written and/or replaced.

(3) Records required by subs. (1) and (2) are to be maintained at the business address of the intermediary or the insurer recorded with the commissioner of insurance, or at another location only if notice has been provided the commissioner of insurance of such alternate location.

(4) Each agent intermediary shall, within 30 days, notify the commissioner of insurance in writing of any change in the intermediary's business or residence address or any change of address of location of the intermediary's records.

(5) Each Wisconsin licensed agent must notify the commissioner within 30 days of any felony conviction or any formal disciplinary action against the agent taken by any state's insurance regulatory agency, commission or board, excepting action taken by the Wisconsin office of the commissioner of insurance. Formal disciplinary action means consent decrees, cease and desist orders, stipulations, suspensions, revocations, license denials, fines, forfeitures or actions limiting the agent's method of conducting an insurance business. The notification must be in writing and give a description of the conviction or disciplinary action.

**Note:** Individual intermediary-agent records which are to be maintained and subject to examination by the commissioner of insurance, are limited to transactions where the individual intermediary-agent serves in a fiduciary capacity (i.e., collects or handles premiums from clients and remits that amount of the premium due the carrier providing the coverage). This record maintenance requirement is not intended to apply to individual intermediary-agent office expense accounts, general office management records, income tax returns, or any other individual intermediary-agent financial transactions other than financial and other records directly pertaining to the individual intermediary-agent insurance transactions between clients and providers of coverage. Amendments to the rule comprehend the records of account

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and disclosure set forth in Ins 6.64 which are to be maintained by intermediary-brokers and do not alter the previous requirements for intermediary-agents. Some intermediary-broker records are required to be maintained for 5 years as opposed to 3 years for intermediary-agent.

**History:** Cr. Register, March, 1977, No. 255, eff. 4-1-77; am., Register, March, 1979, No. 279, eff. 4-1-79; cr. (5), Register, September, 1981, No. 309, eff. 10-1-81.

**Ins 6.63 Regulation charge.** (1) The regulation amount to be paid biennially, by each licensed individual intermediary-agent is established to be as follows:

Resident agent	\$ 10.00
Non-resident agent	\$ 30.00

(2) The commissioner shall mail notification on form OCI 11-51 of the biennial regulation charge due and payable to each agent to the resident address on file with the office of the commissioner of insurance.

(3) Biennially on or before January 1 of each even numbered year the regulation fee is billed, and shall be paid within 30 days after the mailing by the office of the commissioner of insurance of a notification that the charge is due.

**Note:** A copy of form OCI 11-51 can be obtained from the Office of the Commissioner of Insurance, P.O. Box 7872, Madison, WI 53707.

(4) If payment of the biennial regulation fee is not made within 30 days after the date of billing, the license will be suspended. If payment is made during the suspension, the license will be reinstated.

(5) The license will be revoked if payment is not made within 60 days after suspension.

(6) Any individual intermediary-agent whose license has been revoked shall, in order to be relicensed, satisfy the examination and licensing requirements established by Ins 6.59.

**History:** Cr. Register, December, 1977, No. 264, eff. 1-1-78; am. (1) to (3), Register, September, 1981, No. 309, eff. 1-1-82; r. and recr. (4) to (6), Register, October, 1981, No. 310, eff. 11-1-81.

**Ins 6.64 Insurance marketing intermediary-broker.** **History:** Cr. Register, March, 1979, No. 279, eff. 4-1-79; r. Register, April, 1982, No. 316, eff. 5-1-82.

**Ins 6.65 Licensing and examination of intermediary-broker.** **History:** Cr. Register, March, No. 279, eff. 4-1-79; r. Register, April, 1982, No. 316, eff. 5-1-82.

**Ins 6.66 Proper exchange of business.** (s. 628.61, Stats.) (1) Proper exchange of business means the forwarding of insurance business from one intermediary-agent who cannot, after due consideration, place the business with any of the insurers for which the agent is listed because of capacity problems, the refusal of the company to accept the risk or the onerous conditions it imposes on the insured, to an intermediary-broker or another intermediary-agent licensed for those lines of insurance whose insurers are able to accommodate the risk under conditions more favorable to the insured. The intermediary-agent forwarding the business is entitled to split the commission involved. Proper exchange of business is not the regular course of business and such forwarding of business is thereby distinguished from brokerage by its occasional and exceptional nature.

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(2) No intermediary-agent may properly exchange business with another intermediary-agent or an intermediary-broker, unless:

(a) The soliciting intermediary-agent completes and signs an Exchange of Business Form; leaves one copy of the form with the insured prior to binding coverage, or if not feasible, notifies the insured of the contents of the form and subsequently gives the form to the insured; and retains one copy for his or her files;

(b) The intermediary-agent forwarding the business to a listed intermediary-agent or an intermediary-broker is licensed for the lines of business that are being exchanged;

(c) The intermediary-agent who receives the business and agrees to place it is licensed in the line or lines of insurance involved in the exchange; and

(d) Both the intermediary-agent forwarding the business and the intermediary-agent or intermediary-broker who places the business with the insurer sign the insurance application, or if no application is completed, the names of the intermediaries involved in the transaction appear on the policy issued.

(3) No intermediary-agent shall accept business solicited by another intermediary-agent which he or she knows, or has reason to know, is not exchanged in compliance with the provisions of this rule.

(4) The Exchange of Business Form shall contain statements:

(a) That such exchange is occasional within the meaning of this section;

(b) That the exchanged business originated in the normal course of business which, in the case of personal solicitations, means during solicitation for a particular insurer or group of insurers with whom the intermediary-agent is listed; and

(c) That after investigation it was found or demonstrated that the insurer (s) with whom the agent is listed is not capable of providing the desired coverage for any of the reasons set forth in sub (1).

(d) The following format shall be followed:

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