

in the following classes of investments, up to the limits stated, and in the case of insurers that are subject to special restrictions under s. 620.03, Stats., in accordance with any other rules made applicable to them:

(a) Mortgage bonds of farm loan banks authorized under the federal farm loan act, and debentures issued by the banks for cooperatives established pursuant to the farm credit act of 1933, as amended;

(b) Equipment securities or certificates of any equipment trust evidencing rights to receive partial payments agreed to be made upon any contract of leasing or conditional sale;

(c) The purchase and ownership of machinery or equipment, which is or will become subject to contracts for sale or use under which contractual payments may reasonably be expected to return the principal of and provide earnings on the investment within the anticipated useful life of the property which shall be not less than 5 years but the aggregate of such investments shall not exceed 3% of the insurer's assets;

(d) Loans upon the collateral security of any securities that the insurer could lawfully purchase, but not exceeding 90% of the market value of the securities up to an amount which, together with like securities owned, does not exceed the limits on the purchase of such securities;

(e) Evidences of indebtedness not otherwise authorized of the kind which if held by a bank would be eligible for discount, rediscount, purchase or sale by federal reserve banks or other government agencies having similar powers and functions but the aggregate of such investments shall not exceed 1% of the insurer's assets;

(g) The cash surrender values of life insurance policies of companies authorized to do business in Wisconsin;

(h) For a company authorized to transact a credit insurance business, the claims and demands that it has guaranteed;

(i) For a company authorized to transact a title insurance business, materials and plant necessary for the convenient transaction of business—not exceeding 50% of minimum capital or 5% of assets, whichever is greater;

(j) Direct obligations of foreign governments but the aggregate of such investments shall not exceed 1% of the insurer's assets;

(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 insurer's assets;

(l) Direct obligations of the international bank for reconstruction and development, the inter-American development bank and the Asian development bank but the aggregate of such investments shall not exceed 2% of the insurer's 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 sub. (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 sub. (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. 1-1-75; emerg. am. (6) (a), eff. 6-22-76, am. (6) (a), Register, September, 1976, No. 249, eff. 10-1-76; am. (8) (intro.), (b), (c), (e), (j), (k) and (l), Register, August, 1981, No. 308, eff. 9-1-81.

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
5. Boards, Bureaus and Associations
6. Surveys and Underwriting Reports
7. Audit of Assureds' Records
8. Salaries
9. Employee Relations and Welfare
10. Insurance
11. Directors' Fees
12. Travel and Travel Items
13. Rent and Rent Items
14. Equipment
15. Printing and Stationery
16. Postage, Telephone and Telegraph, Exchange and Express
17. Legal and Auditing
18. Taxes, Licenses and Fees:
 - a. State and Local Insurance Taxes
 - b. Insurance Department Licenses and Fees

- c. Payroll Taxes
- d. All Other (excluding Federal and Foreign Income and Real Estate)
- 19. Real Estate Expenses
- 20. Real Estate Taxes
- 21. Miscellaneous

(b) INSTRUCTIONS RELATING TO OPERATING EXPENSE CLASSIFICATIONS.

1. Claim Adjustment Services

a. Direct

Include the following expenses when in connection with the investigation and adjustment of policy claims:

Independent Adjusters: Fees and expenses of independent adjusters or settling agents.

Legal: Fees and expenses of lawyers for legal services in the defense, trial, or appeal of suits, or for other legal services.

Bonds: Premium costs of bonds.

Appeal Costs and Expenses: Appeal bond premiums; charges for printing records; charges for printing briefs; court fees incidental to appeals.

General Court Costs and Fees: Entry fees and other court costs, and other fees not includable in Losses. Note: Interest and costs assessed as part of or subsequent to judgment are includable in Losses.

Medical Testimony: Fees and expenses of medical witnesses for attendance or testimony at trials or hearings ("Medical" includes physicians, surgeons, chiropractors, chiropodists, dentists, osteopaths, veterinarians, and hospital representatives).

Expert Witnesses: Fees and expenses of expert witnesses for attendance or testimony at trials or hearings.

Lay Witnesses: Fees and expenses of lay witnesses for attendance or testimony at trials or hearings.

Service of Process: Constables', sheriffs' and other fees and expenses for service of process, including subpoenas.

Transcripts of Testimony: Stenographers' fees and fees for transcripts of testimony.

Medical Examinations: Fees for medical examinations, fees for performing autopsies, fees for impartial examination, x-rays, etc., for the purpose of trial and determining questions of liability. This does not include fees for medical examinations, x-rays, etc., made to determine necessary treatment, or made solely to determine the extent or continuation of disability, or first aid charges, as such fees and charges are includable in Losses.

Miscellaneous: Costs of appraisals, expert examinations, surveys, plans, estimates, photographs, maps, weather reports, detective reports, audits, credit or character reports, watchman. Charges for hospital records and records of other kinds, notary fees, certified copies of certificates and legal documents. Charges for Claim Adjustment Services by underwriting syndicates, pools and associations.

Exclude: