

forms of town mutuals should be similar to like forms of insurers subject to chs. 631 and 632, Stats.

**History:** Cr. Register, August, 1974, No. 224, eff. 9-1-74; emerg. am. (4) (a) and (c), eff. 6-22-76; am. (4) (a) and (c), Register, September, 1976, No. 249, eff. 10-1-76; am. (3), r. and recr. (4) and (5), cr. (6), Register, April, 1982, No. 316, eff. 5-1-82.

**Ins 13.05 Accounting records, accounting controls and reports.** (1) **PURPOSE.** This rule is intended to implement and interpret s. 601.41, Stats., for the purpose of setting minimum standard and techniques for accounting and reporting of data relating to company financial transactions and other operations.

(2) **SCOPE.** This rule shall apply to all town mutual insurers organized or operating under ch. 612, Stats.

(3) **ACCOUNTING RECORDS.** The following journals, ledgers and subsidiary records or similar records from which the data indicated may be obtained shall be maintained:

(a) **Policy Register:** A columnar register or other records which shall contain the policy number, policyholder's name and address, location of risk (city, village, or township and section(s)), effective date of policy, term of policy, risk in force, amount of risk in force reinsured, premium amount, policy fee, reinsurance premium, and provision for miscellaneous data.

(b) **Cash Receipts Journal:** A multi-columnar form which shall contain columnar 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 a form.

(c) **Cash Disbursements Journal:** A multi-columnar 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.

(d) **General Journal:** A columnar form for recording entries for all transactions affecting ledger items, which are not recorded in the cash receipts journal or cash disbursements journal. There shall be provision for recording the date of the transaction, an explanation of the transaction, the ledger account affected by the transaction, and the amount of the transaction.

(e) **General Ledger:** A columnar form which shall have a sheet for each ledger asset and ledger liability as well as the income and expense items of the company. There shall be provision on each sheet for an account title and/or number, a date for each transaction, a description or identification, debit amounts, credit amounts and an account balance.

(f) **Loss Claim Register:** A columnar form for recording all claims filed with the company. It shall list all claims in claim number order and contain the claimant's and policyholder's name, policy number, date of loss, date that loss was reported to the company, cause of the loss, estimated amount of the loss, and the date the claim was settled and the amount of loss payments, if any. Claims closed without payment should be so noted.

(4) ACCOUNTING CONTROLS. The following minimum controls of records and data handling should be carried out:

(a) Cash Receipts: All cash receipts must be recorded on a cash received record. The cash receipts and cash funds of the company shall at all times be kept separate and distinct from any personal, agency funds or other funds. 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. All checks in payment of premiums or received by the company for other purposes shall be endorsed for deposit immediately upon receipt. All cash receipts shall be deposited at least weekly. All cash deposits shall be prepared and made, whenever possible, by some individual other than the one who records the receipts or reconciles the bank accounts.

(b) Cash Disbursements: All disbursements except those made from the petty cash fund must be made by check. All checks issued by the company shall be recorded in chronological and numerical order in a cash disbursements record. Each disbursement shall be supported and explained in the records of the company. All checks used for disbursements shall be pre-numbered and properly accounted for. All checks shall be mailed or delivered immediately after being signed. All disbursements over a specified amount shall be approved by more than one officer of the company. Whenever, possible, a person other than the person maintaining the company's cash disbursement record or reconciling the bank accounts, shall sign the checks.

(c) Petty Cash Fund: A petty cash fund may be 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 shall be reimbursed at regular intervals and always on the last business day of each year.

(d) Reconciliation of Bank Accounts: Bank statements shall be obtained from each of the banks in which the company maintains checking accounts at the end of each calendar month. The balance appearing on the bank statement shall be reconciled with the cash balance appearing on the company's records at the end of each month. Whenever possible, bank reconciliations should be made or reviewed by an individual other than the individuals preparing and making bank deposits, recording income and disbursements and individuals signing company checks.

(e) Loss Claims: All claims reported to the company shall be assigned a claim number when reported. Claims in excess of a specified amount shall be approved by more than one officer or director. All claims shall be adequately documented so that amounts for settlement and coverage can be verified. The claim file shall contain the reason for denial when the payment of the claim is denied.

General Internal Controls: Non-negotiable evidences of company investments such as registered bonds, certificates of deposits, notes, etc., shall be maintained in a safe or vault with adequate safety controls or in a safety deposit box in a bank. Negotiable evidences of company investments shall be maintained in a safety deposit box in a bank. Access to a