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STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)

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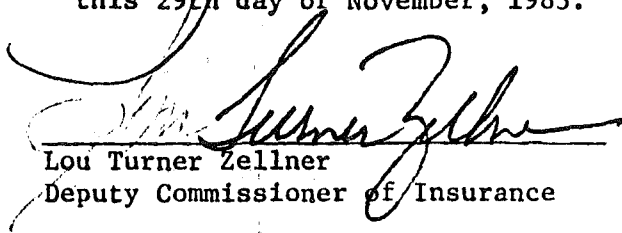
DOUGLAS LA FOLLETTE
SECRETARY OF STATE

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Lou Turner Zellner, Deputy Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order amending a rule relating to prohibitions, regulations and disclosure requirements of special policies and provisions for life insurance was issued by this office November 29, 1983.

I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 29th day of November, 1983.


Lou Turner Zellner
Deputy Commissioner of Insurance

2-1-84

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DOUGLAS LA FOLLETTE
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

AMENDING A RULE

To amend Ins 2.08 (4) (b) (intro.) relating to prohibitions, regulations and disclosure requirements of special policies and provisions for life insurance.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The purpose of the proposed amendment of Section Ins 2.08 (4) (b) (intro.) is to provide an exception to that portion of the rule relating to any policy containing a series of one-year pure endowments which establishes prohibitions, regulations and disclosure requirements for those policies.

Wisconsin Administrative Code section Ins 2.08 was adopted after careful study and evaluation of the transcript of a hearing on January 16 and 17, 1962, relating to certain life insurance policies which had been developed and which were being presented to the public in such a manner as to misrepresent their benefits. One of the features of many of these policies was a series of one-year endowments sometimes designated as coupons. Unless the gross premium cost to the policyholder for the pure endowment benefits are shown and the other requirements of sub. (4) (b)

are met, such policies when offered for general sale may be misrepresented to the purchaser. Sections 628.34, 631.20, 632.44 (1), and 632.62, Stats., are interpreted by this rule.

A policy form recently submitted to the office for review and approval has been developed for sale to a limited market as a funding mechanism for gifts to corporations without profit. One-year pure endowment benefits are included in the form, but the separate premium and other disclosure requirements of sub. (4) (b) have not been met. The insurer has requested that Ins 2.08 (4) (b) be modified to permit approval of the form. The limited and controlled marketing of such policies suggests that they can be exempted from the provisions of Ins 2.08 (4) (b) because they are consistent with the public interest and do not interfere with a fair and honest life insurance market and such is the intent of the amendment.

Pursuant to the authority vested in the Commissioner of Insurance by s. 601.41 (3), Stats., the Commissioner hereby proposes to amend a rule interpreting ss. 628.34, 631.20, 632.44 (1) and 632.62, Stats., as follows:

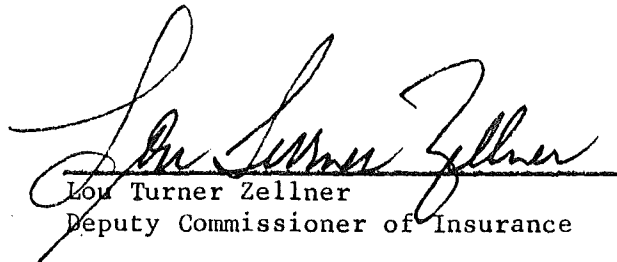
SECTION 1. Ins 2.08 (4) (b) (intro.) is amended to read:

Ins 2.08 (4) (b) (intro.) Any policy, except a policy which is only used as a funding medium to provide gifts to a corporation without profit, as provided in s. 615.04, Stats, containing a series of one-year pure endowments or a series of guaranteed periodic benefits maturing during the premium paying period of the policy in which the amount of any pure endowment or periodic benefit or benefits payable during any policy

year is less than the total annual policy premium for such year has special characteristics making such policy peculiarly susceptible to misrepresentation and misunderstanding. Such policies are founded on the utmost good faith of the company, and the public interest requires that the premium charged for such benefits shall be fully and fairly disclosed to the policyholder without deception or misrepresentation. Therefore, on or after April 1, 1965, no such policy herein described shall be approved for use and no such policy heretofore approved shall be issued or delivered in this state unless:

The changes in this rule shall become effective on the first day of the month following publication as provided in s. 227.026 (1) (intro.), Stats.

Dated at Madison, Wisconsin, this 29th day of November, 1983.


Lou Turner Zellner
Deputy Commissioner of Insurance

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