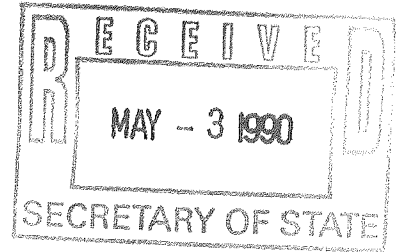


CR 89-190



STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)

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MAY 3 1990
10:05 am
Revisor of Statutes
Bureau

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, S. C. DuRose, Deputy Commissioner of Insurance and custodian of the official records of said Office, do hereby certify that the annexed order creating a rule relating to multiple employer trusts and association health care benefit plans was issued by this Office on May 3, 1990.

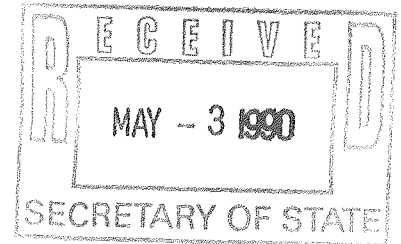
I further certify that said copy has been compared by me with the original on file in this Office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 3rd day of May, 1990.

S. C. DuRose
Deputy Commissioner of Insurance

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ORDER OF THE COMMISSIONER OF INSURANCE

To create s. Ins 6.62 relating to multiple employer trust and association health care benefit plans.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory Authority: ss. 227.11, 600.01, 601.41 (3), 601.42 (1g), 628.11, and 628.34 (12), Wis. Stats.

Statutes Interpreted: ss. 618.39, 628.10 (2), and 628.34 (12), Wis. Stats.

This rule requires multiple employer trusts and associations which offer group health coverage to employers and their employees, and their agents, to file a report with OCI prior to soliciting residents of this State.

Organizations which offer coverage to two or more employers and which are, or purport to be, subject to the ERISA and exempt from State insurance regulation are required to file information establishing their status with OCI. Associations or trusts which are established outside this State and which provide health care benefits and coverage are also required to file information with OCI. An agent of a multiple employer trust or association is required to file information with OCI unless the trust or association has filed. The information required to be filed includes the documents which establish the trust or organization, insurance policies providing coverage of

benefits offered by the trust or association, and a description of the extent to which the benefits are fully insured by an insurer.

Trusts, associations, and agents which are required to file information under this rule are also required to amend the filing if a change occurs which makes the original filing inaccurate within 15 days after the date the change takes effect.

Failure to file is declared by the rule to be an unfair and deceptive trade practice, a business practice which endangers consumers, and the public and to constitute illegally assisting an unauthorized insurer if the trust or association is not fully insured.

Multiple employer trusts or associations providing coverage pursuant to a collective bargaining agreement, which are fully insured by an insurer licensed to do business in this State or which are exempted by the Commissioner of Insurance, are not subject to this rule.

This rule may affect insurance agencies, multiple employer trusts, organizations, or employers seeking health care coverage which are small businesses. However, none of the alternatives listed in s. 227.114 (2), Wis. Stat., are consistent with the statutory objectives which are the basis for this rule.

SECTION 1. Ins. 6.62 is created to read:

Ins. 6.62 FILING REQUIREMENTS FOR MULTIPLE EMPLOYER TRUSTS AND

ASSOCIATIONS. (1) In this section:

(a) "Intermediary" has the meaning provided under s. 628.02 (1), Stats.

(b) 1. "Multiple employer trust or association," except as provided by subd. 2, means a trust, association or other person which provides or

offers to provide health care benefits or coverage to employes of two or more employers and which is:

a. A multiple employer welfare arrangement as defined by 29 U.S.C. 1002 (40);

b. Represented as an employe welfare benefit plan which is subject to the Employee Retirement Income Security Act, 29 U.S.C. 1001 to 1461; or

c. Located outside this state and is not organized and regulated as an insurer domiciled in the United States.

2. "Multiple employer trust or association" does not include a person which:

a. Provides benefits or coverage under or pursuant to a collective bargaining agreement;

b. Is, or which provides benefits or coverage which are fully insured by, an insurer licensed to do business in this state;

c. Provides health care benefits or coverage solely to employes of governmental units;

d. Is an individual; or

e. The commissioner exempts in writing.

(2) No intermediary may solicit, advertise, or market in this state or accept an application or place coverage for a person who resides in this state with a multiple employer trust or association unless prior to solicitation, advertising, marketing, acceptance of the application, or placing the coverage:

(a) The multiple employer trust or association files with the office the information required under sub. (5); or

(b) The intermediary files the information required under sub. (5).

(3) No multiple employer trust or association may solicit, advertise, or market in this state or accept an application for coverage from a person who is a resident, or who has employees who are residents, of this state unless prior to soliciting, advertising, marketing, or accepting an application it files with the office the information required under sub. (5).

(4) If subsequent to a filing under sub. (2) or (3) changes occur so that the information contained in the filing is no longer accurate, the multiple employer trust or association or intermediary which made the filing shall within 15 days of the date the change is effective make a filing under sub. (5) with the correct information.

(5) A multiple employer trust or association or intermediary required to file information under sub. (2), (3), or (4) shall file a properly completed form prescribed by the commissioner and shall attach:

(a) A copy of any insurance policy or contract covering benefits or coverage offered by the multiple employer trust or association;

(b) A copy of the organizational documents of the multiple employer trust or association, including the articles of incorporation, bylaws or trust instrument; and

(c) A statement that the benefits or coverage are fully insured or a description of the extent to which they are not fully insured.

(6) A violation of sub. (2), (3), or (4) is an unfair and deceptive trade practice under s. 628.34 (12), Stats., constitutes a method or practice in the conduct of business which endangers the legitimate interests of customers and the public under s. 628.10 (2), Stats., and, if the multiple employer trust or association is an unauthorized insurer, establishes that the person violating the rule should have known that the multiple employer trust

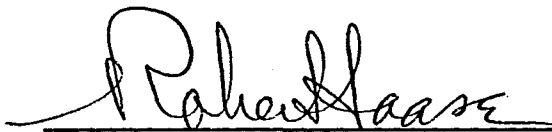
or association is an unauthorized insurer for the purpose of ss. 618.39 and 618.44, Stats.

(7) This section is in addition to any provision of chs. 600 to 646, Stats.

NOTE: This rule requires use of a reporting form "Multiple Employer Trust Filing" which may be obtained from the Office of the Commissioner of Insurance, 123 West Washington Avenue, P. O. Box 7873, Madison, Wisconsin 53707-7873.

SECTION 2. This rule takes effect on the first day of the month commencing after the date of publication under s. 227.22 (2) (intro.), Stats.

Dated at Madison, Wisconsin this 2nd day of May, 1990.



Robert D. Haase
Commissioner of Insurance