

No. 654, S.

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CHAPTER 464

AN ACT to amend 206.33 (1), 206.41 (1) (b) and 206.60 (4) (c); to repeal and recreate 206.28 (1) and 206.32; and to create 206.64 of the statutes, relating to issuance of group and franchise life insurance, compensation and licensing of life insurance agents, and calculation of life insurance rates.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 206.28 (1) of the statutes is repealed and recreated to read:

206.28 (1) Subsection (2) and ss. 206.29 to 206.32 shall not apply to nonparticipating insurance operations of stock life insurance corporations nor to industrial insurance business.

SECTION 2. 206.32 of the statutes is repealed and recreated to read:

206.32 BONUSES AND ADDITIONAL COMPENSATION PROHIBITED; EXCEPTIONS. (1) With respect to life insurance business transacted in this state, no domestic, foreign or alien life insurance company shall pay or give any bonus, prize or award or like kind of additional compensation as a result of a contest or competition among its agents, except:

(a) Awards may be given in competition among agents, not primarily as compensation but as recognition of merit, if no such award has a cost in excess of \$150. The aggregate cost of all such awards given in any calendar year shall not exceed one and one-half per cent of the total first year life insurance premium income, excluding single premium income, of such company during such calendar year.

(b) Payment may be made to cover expenses in connection with any convention or meeting of such company or at any other training course held for bona fide business or educational purposes.

(2) All expenses incurred under sub. (1) (a) and (b) shall be included within the expenses specified in s. 206.27.

SECTION 3. 206.33 (1) of the statutes is amended to read:

206.33 (1) No life insurance company shall make or permit any * * * *unfair* discrimination between * * * *individuals* of the same class and equal expectation of life in the * * * *rates charged for any contract of life insurance or of life annuity or in the dividends or other benefits payable thereon, or in any other of the terms or conditions of such contract.*

SECTION 4. 206.41 (1) (b) of the statutes is amended to read:

206.41 (1) (b) Any person having attained the age of 21 years or more * * * may be licensed as a life insurance agent upon compliance with * * * this section.

SECTION 5. 206.60 (4) (c) of the statutes is amended to read:

206.60 (4) (c) The policy must cover at date of issue at least * * * 25 persons and not less than an average of 3 persons per employer unit; and if the fund is established by the members of an association of employers the policy may be issued only if 1. either * * * a. the participating employers constitute at date of issue at least 60 per cent of those employer

members whose employees are not already covered for group life insurance or * * * b, the total number of persons covered at date of issue exceeds 150; and 2. the policy shall not require that, if a participating employer discontinues membership in the association, the insurance of his employees shall cease solely by reason of such discontinuance.

SECTION 6. 206.64 of the statutes is created to read:

206.64 FRANCHISE LIFE INSURANCE. (1) DEFINITIONS. As used in this section:

(a) "Franchise life insurance" is that form of life insurance described in s. 201.04 (3) covering 3 or more members of any franchise unit where such members are covered under individual policies of insurance, under an arrangement whereby the premiums on such policies are to be paid to the insurer periodically by the franchise unit, with or without payroll deductions, or by some designated person acting on behalf of such franchise unit or of such members.

(b) "Franchise unit" means any of the following:

1. Any governmental corporation, unit, agency or department thereof.
2. Any employer, whether a corporation, partnership or individual.
3. Any association, including a labor union, having a constitution or bylaws, having existed for at least 2 years and having been formed in good faith for purposes other than of obtaining insurance.
4. A processing plant to which raw materials are supplied by individuals.

(c) "Member" means an employe of a franchise unit specified in par.

(b) 1, an employe, officer, manager, partner or proprietor of a franchise unit specified in par. (b) 2, a member of a franchise unit specified in par. (b) 3, or a supplier to a franchise unit specified in par. (b) 4.

(2) No policy of franchise life insurance shall be delivered in this state after the effective date of this section (1963), unless it conforms to this section.

(3) Any insurance company authorized to write life insurance in this state may issue franchise life insurance policies, but no such policy issued in connection with a franchise unit shall, together with any other franchise life insurance issued to a member in connection with such franchise unit, exceed \$20,000, unless 150 per cent of the annual compensation of such member from a franchise unit specified in sub. (1) (b) 1 or 2 exceeds \$20,000, in which event all such franchise life insurance shall not exceed \$40,000, or 150 per cent of such annual compensation, whichever is the lesser.

(4) Insurers may be permitted to file, for use in connection with franchise life insurance, rate schedules which reflect a differential from the rates charged for identical policies issued on the individual basis, provided the rates charged under such rate schedules do not unfairly discriminate between franchise groups.

(5) If a policy used to provide franchise life insurance provides term life insurance renewable only while the individual continues to be a member of the franchise unit, then it shall also provide for conversion to a level premium life policy substantially in accordance with s. 206.61 (8), (9) and (10).

Approved December 30, 1963.