

# State of Wisconsin



1997 Assembly Bill 918

Date of enactment: April 27, 1998  
Date of publication\*: May 11, 1998

## 1997 WISCONSIN ACT 177

AN ACT to renumber 614.10 (2) (c); to renumber and amend 614.19 (3) (a) and 632.91; to amend 614.19 (3) (b), 623.15 (1) (b), 632.93 (1), 632.93 (2), 632.93 (5), 632.93 (6) and 632.96 (1); to repeal and recreate 623.15 (1) (a); and to create 614.10 (2) (c) 1., 614.10 (2) (c) 3., 614.19 (3) (a) 2. and 632.91 (2) of the statutes; relating to: defining employes of fraternal to include retired employes and providing insurance for the spouses and minor children of employes of fraternal.

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

**SECTION 1.** 614.10 (2) (c) of the statutes is renumbered 614.10 (2) (c) 2.

**SECTION 2.** 614.10 (2) (c) 1. of the statutes is created to read:

614.10 (2) (c) 1. In this paragraph, "employe" includes a former employe who is classified as a retired employe under a retirement plan or other written policy of a fraternal or of a subsidiary or other affiliate of a fraternal.

**SECTION 3.** 614.10 (2) (c) 3. of the statutes is created to read:

614.10 (2) (c) 3. Notwithstanding s. 614.01 (1) (a) 2., on the application of an employe specified in subd. 2., provide insurance benefits to the employe's spouse or a child of the employe who receives financial services or support from the employe.

**SECTION 4.** 614.19 (3) (a) of the statutes is renumbered 614.19 (3) (a) (intro.) and amended to read:

614.19 (3) (a) (intro.) In this subsection, "insured":  
1. "Insured employe" means an employe of a fraternal or of a subsidiary or other affiliate of a fraternal who

is provided insurance benefits by the fraternal under s. 614.10 (2) (c) 2., but is not a member of the fraternal.

**SECTION 5.** 614.19 (3) (a) 2. of the statutes is created to read:

614.19 (3) (a) 2. "Owner" means the owner of a policy or certificate issued by a fraternal in accordance with s. 614.10.

**SECTION 6.** 614.19 (3) (b) of the statutes is amended to read:

614.19 (3) (b) Except as provided in s. 614.24 (1m), every fraternal shall contain in its laws and in each certificate of insurance it issues, a provision, to which every certificate of insurance issued by the fraternal shall be subject, that if the financial position of the fraternal becomes impaired, the board of directors or the supreme governing body may determine, on an equitable basis the proportionate share of, apportion the deficiency of each member among the members of the fraternal and each insured employe. The, the insured employes or the owners, or any combination thereof. A member or insured employe or owner may then either pay the member's or insured employe's or owner's share of the deficiency, or accept the imposition of a lien on the certificate of insurance, to bear interest at the rate charged on policy loans under the certificate, compounded annually until

\* Section 991.11, WISCONSIN STATUTES 1995-96: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].

paid, or may accept a proportionate reduction in benefits under the certificate. The fraternal may specify the manner of the election and which alternative is to be presumed if no election is made.

**SECTION 7.** 623.15 (1) (a) of the statutes is repealed and recreated to read:

623.15 (1) (a) In this subsection, "owner" means the owner of a policy or certificate issued by a fraternal in accordance with s. 614.10.

**SECTION 8.** 623.15 (1) (b) of the statutes is amended to read:

623.15 (1) (b) A fraternal may be organized for the transaction of business on a plan set forth in the contract which provides for sufficient contributions by each ~~member and insured-employee~~ owner in each year to pay the ~~member's or insured-employee's~~ owner's share of the actual death claims of the year through advance payments graded according to any mortality table approved by the commissioner, without any reserve, or with such reserve as may accumulate from overpayments of individual ~~members and insured-employees~~ owners, in which case each ~~member and insured-employee~~ owner shall each year be informed of the ~~member's or insured-employee's~~ owner's credit and of the cost of the ~~member's or insured-employee's~~ owner's insurance.

**SECTION 9.** 632.91 of the statutes is renumbered 632.91 (intro.) and amended to read:

**632.91 Definition.** (intro.) In this subchapter, "~~insured~~:"

(1) "Insured employee" means an employee of a fraternal or of a subsidiary or other affiliate of a fraternal who is provided insurance benefits by the fraternal under s. 614.10 (2) (c) 2, but is not a member of the fraternal.

**SECTION 10.** 632.91 (2) of the statutes is created to read:

632.91 (2) "Owner" means the owner of a policy or certificate issued by a fraternal in accordance with s. 614.10.

**SECTION 11.** 632.93 (1) of the statutes is amended to read:

632.93 (1) **ISSUANCE OF CERTIFICATE.** A fraternal shall issue to each ~~benefit member and insured-employee~~ owner a policy or certificate specifying the benefits provided and containing at least in substance all sections of the laws of the fraternal which might result in the termination of coverage or the reduction of benefits. The policy or certificate, any riders or endorsements attached thereto,

the laws of the fraternal, and the application and declarations made in connection therewith and signed by the applicant, constitute the agreement between the fraternal and the ~~member or insured-employee~~ owner, and the policy or certificate shall so state.

**SECTION 12.** 632.93 (2) of the statutes is amended to read:

632.93 (2) **CHANGES IN LAWS OF FRATERNALS.** Except as provided in s. 614.24 (1m), any changes in the laws of a fraternal made subsequent to the issuance of a policy or certificate bind the ~~member, beneficiary and insured-employee~~ owner and any beneficiary under the policy or certificate as if they had been in force at the time of the application, so long as they do not destroy or diminish benefits promised in the policy or certificate.

**SECTION 13.** 632.93 (5) of the statutes is amended to read:

632.93 (5) **GRACE PERIOD.** Every fraternal certificate shall contain a provision entitling the ~~member or insured-employee~~ owner to a grace period of not less than one month, or 30 days at the fraternal's option, for the payment of any premium due except the first, during which the death benefit shall continue in force. A fraternal may specify in the grace period provision that the overdue premium will be deducted from the death benefit in the event of death before it is paid.

**SECTION 14.** 632.93 (6) of the statutes is amended to read:

632.93 (6) **COMPLIANCE WITH OTHER PROVISIONS.** If a fraternal's laws provide for expulsion or suspension of a member for any reason other than nonpayment of premium or under s. 632.46, the fraternal's insurance certificate shall contain a provision that if a member is expelled or suspended for any reason other than nonpayment of premium or under s. 632.46, the expelled member, ~~or other owner who was provided insurance benefits under s. 614.10 on the application of the expelled member,~~ has the right to maintain the policy in force by continuing payment of the required premium.

**SECTION 15.** 632.96 (1) of the statutes is amended to read:

632.96 (1) Any ~~member or insured-employee~~ owner may designate as beneficiary any person permitted by the laws of the fraternal. Those laws shall authorize the designation of the ~~member's or insured-employee's~~ estate of a member or insured employee as beneficiary.