

calculation of the yield. This section also places restrictions on the use of nonguaranteed amounts in life insurance advertisements.

(b) This section interprets and implements ss. 628.34 (12) and 628.38, Stats.

(3) DEFINITIONS. In this section:

(a) "Guaranteed interest rate" on a policy means the lowest rate of interest which may be paid on cash values during the lifetime of the contract.

(b) "Illustrated rate" means a rate shown in a solicitation, representation or advertisement, which may be guaranteed for a limited period of time, but is not guaranteed for the lifetime of the contract.

(4) SCOPE. (a) Except as provided in par. (b), this section applies to any solicitation, representation or advertisement in this state of any life insurance specified in s. Ins 6.75 (1) (a) or (b), made directly or indirectly by or on behalf of any insurer, fraternal benefit society, agent, or the state life insurance fund.

(b) This section shall not apply to:

1. Annuities

2. Credit life insurance

3. Group life insurance

4. Life insurance policies issued in connection with pension and welfare plans as defined by and which are subject to the federal employee retirement income security act of 1974 (ERISA).

5. Life insurance policies registered as securities.

(5) DISCLOSURE. (a) All life insurance solicitations, representations, and advertisements used in Wisconsin which show a specific rate of return on premiums or cash values shall also include:

1. A general statement describing the existence of first year and annual expense charges, mortality charges and surrender charges which will be deducted from the premium before the interest rate is applied;

2. The guaranteed rate of interest paid on the cash value;

3. The amounts of the cash value or premium to which the guaranteed and the illustrated rates are applied; for example, if interest on the first \$1,000 of cash value is limited to the guaranteed rate this shall be disclosed;

4. An indication that the interest rate credited on cash value amounts which have been borrowed is different from that for cash values which have not been borrowed, if that is the case;

5. An indication of any other significant factors which affect the manner in which cash values are computed.

(b) All information required to be disclosed shall be set out in such a manner as not to minimize or render any portion obscure.

(6) **NONGUARANTEED AMOUNTS.** Nonguaranteed features of a policy, if illustrated in a life insurance solicitation, representation or advertisement, may not be more favorable to the policyholder than those based on the current interest rates, dividend scales, and other variable components currently used by the insurer. For purposes of this paragraph, an interest rate, dividend scale, or other variable component which has been publicly declared by the insurer with an effective date not more than 3 months subsequent to the date of declaration shall be considered current.

(7) **SEVERABILITY.** If any provisions of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this section which can be given effect without the invalid provision or application, and to this end the parts of this section are declared to be severable.

Note: Section Ins 2.16 (5) (b) 1. and 2. and (6) (b) have been repealed to comply with the decision in Dane county circuit court, Case No. 82-CV5425, *Acacia National Life et al. vs. Ann J. Haney, Commissioner of Insurance, and Office of the Commissioner of Insurance.*

History: Cr. Register, October, 1982, No. 322, eff. 11-1-82; r. (5) (b) 1. and 2. and (6) (b), Register, May, 1984, No. 341, eff. 6-1-84.

**Ins 2.20 Unisex nonforfeiture values in certain life insurance policies. (1) PURPOSE.** The purpose of this section is to allow insurers who have elected an operative date under s. 632.43 (6m) (h), Stats., to provide for cash surrender and paid-up nonforfeiture benefits which do not vary with the sex of the life insured. Some life insurance policies are subject to the decision of the United States Supreme Court in *Arizona Governing Committee v. Norris*, 103 Supreme Court Reporter 3492, which makes it illegal for an employer to make contributions after August 1, 1983, to a defined contribution pension plan if the benefits derived from those contributions differ by sex. Separate provisions are set forth in this section for unisex policies that may be subject to that decision and for unisex policies in general.

(2) **SCOPE.** Except as provided for in sub. (4) (b) this section applies only to those policies issued in this state for which the insurer or employer has determined that the implications of *Norris* would prohibit the use of cash surrender and paid-up nonforfeiture benefits which vary with the sex of the insured.

(3) **DEFINITIONS.** (a) "Ix" means the number of lives surviving to age x.

(b) "1000 qx" means the yearly death rate per thousand at age x.

(c) "Table A" means the 1980 CSO Mortality Table and the 1980 CET Mortality Table for male lives, with or without 10-Year Select Mortality Factors. The yearly death rate per thousand, 1000 qx, for these tables is published in Appendix A and Appendix B, pages 618 and 619, Volume 33, Transactions of the Society of Actuaries.

(d) "Table G" means the 1980 CSO Mortality Table and the 1980 CET Mortality Table for female lives, with or without 10-Year Select Mortality Factors. The yearly death rate per thousand, 1000 qx, from these tables is published in Appendix A and Appendix B, pages 618 and 619, Volume 33, Transactions of the Society of Actuaries.

(e) "Tables B through F" means the blended 1980 CSO and 1980 CET Mortality Tables for policies issued on an age nearest birthday basis with Register, August, 1984, No. 344

varying proportions of male lives to total lives. The ratio of male lives to total lives is 80% for Table B, 60% for Table C, 50% for Table D, 40% for Table E and 20% for Table F. These tables are published in the proceedings of the National Association of Insurance Commissioners for the 1983 December meeting, pages 396 to 400. For policies issued on an age last birthday basis, the tables shall be modified by interpolation between values of  $lx$ .

(4) **CASH VALUE AND PAID-UP NONFORFEITURE BENEFITS.** (a) For any policy of life insurance which falls within subsection (2) of this section and is delivered or issued for delivery in this state before January 1, 1989, and after the operative date of s. 632.43 (6m) (h), Stats., applicable to the policy, the cash surrender and paid-up nonforfeiture benefits provided under the policy may be calculated using one of the sets of tables designated as Table A through Table G. Tables A and G may not be used for policies issued on or after January 1, 1985 except where the proportion of persons insured is anticipated to be 90% or more of one sex or the other or except for certain policies converted from group insurance. Such group conversions issued on or after January 1, 1986, shall use mortality tables based on the blend of lives by sex expected for such policies if such group conversions are considered extensions of the *Norris* decision.

(b) An insurer may elect one of the Tables B through F in lieu of the 1980 CSO and CET tables for all life insurance policies under which all contractual requirements and guarantees are independent of the sex of the life insured, without regard to any opinion as to the applicability of *Norris*; provided that the Table so elected may not be changed prior to January 1, 1989 unless the insurer can demonstrate to the satisfaction of the Commissioner that a different Blend is more appropriate.

(5) **RESERVES.** The minimum reserve standards for life insurance policies are set forth in s. 623.06, Stats., and are not affected by this section.

(6) **SEPARABILITY.** If any provision of this section shall be held invalid, the remainder shall not be affected thereby.

History: Emerg. cr. eff. 5-19-84; cr. Register, August, 1984, No. 344, eff. 9-1-84.