



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBs0247/2
PJK:kmg:km

**SENATE SUBSTITUTE AMENDMENT 1,
TO 1999 SENATE BILL 257**

February 23, 2000 - Offered by INSURANCE, TOURISM, TRANSPORTATION AND
CORRECTIONS.

1 **AN ACT** *to renumber* 632.41 (2) (b) 1.; *to renumber and amend* 632.41 (2) (a),
2 632.41 (2) (b) 2. and 632.41 (2) (b) 3.; and *to create* 632.415 of the statutes;
3 **relating to:** minimum benefit requirements for certain life insurance policies
4 in which the proceeds are assigned to funeral directors or funeral
5 establishment operators.

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

6 **SECTION 1.** 632.41 (2) (a) of the statutes is renumbered 632.41 (2) and amended
7 to read:
8 632.41 (2) BURIAL INSURANCE. Except as provided in par. ~~(b)~~ s. 632.415, no
9 contract in which the insurer agrees to provide benefits to pay for any of the incidents
10 of burial or other disposition of the body of a deceased may provide that the benefits
11 are payable to a funeral director or any other person doing business related to
12 burials.

1 **SECTION 2.** 632.41 (2) (b) 1. of the statutes is renumbered 632.415 (2).

2 **SECTION 3.** 632.41 (2) (b) 2. of the statutes is renumbered 632.415 (5) and
3 amended to read:

4 632.415 (5) Subject to ~~subd. 3.~~ subs. (3) and (4), the commissioner shall by rule
5 establish minimum standards for benefits, claims payments, marketing practices,
6 ~~compensation arrangements~~ and reporting practices for life insurance policies sold
7 under ~~subd. 1.~~ sub. (2).

8 **SECTION 4.** 632.41 (2) (b) 3. of the statutes is renumbered 632.415 (3) and
9 amended to read:

10 632.415 (3) A life insurance policy sold under ~~subd. 1.~~ sub. (2) shall permit the
11 policyholder to designate a different beneficiary, ~~after~~ upon written notice to the
12 ~~current beneficiary insurer~~, and a different funeral director or operator of a funeral
13 establishment that is to receive the assignment of proceeds, after written notice to
14 the current funeral director or operator of the funeral establishment.

15 **SECTION 5.** 632.415 of the statutes is created to read:

16 **632.415 Funeral policies. (1)** In this section, “multipremium funeral policy”
17 means a life insurance policy sold under sub. (2) for which premiums to fund the
18 policy are paid over time.

19 **(4)** (a) An insurer may issue a multipremium funeral policy only if, at the time
20 that the policy is issued, the face amount of the policy is not less than the value of
21 funeral merchandise and services to be provided under a burial agreement under s.
22 445.125 (3m).

23 (b) The death benefit under a multipremium funeral policy may not be less than
24 the face amount of the policy unless all of the following apply:

1 1. The policy contains a detailed explanation of the lower death benefit, as well
2 as full disclosure of the lower death benefit on the first page of the policy.

3 2. The applicant does not apply for, or qualify for, any full face amount
4 multipremium funeral policy that the insurer offers.

5 3. The death benefit is not less than at least one of the following:

6 a. Twenty-five percent of the face amount of the policy during the first year that
7 the policy is in effect, 50% of the face amount of the policy during the 2nd year that
8 the policy is in effect and the full face amount of the policy after the end of the 2nd
9 year that the policy is in effect, but in no event less than the total of the premiums
10 actually paid.

11 b. During the first 2 years that the policy is in effect, an amount equal to the
12 actual premiums paid plus simple interest at the rate of 3% per year, and, after the
13 end of the 2nd year that the policy is in effect, the full face amount of the policy.

14 (c) The period over which premiums may be payable under a multipremium
15 funeral policy may not exceed the following applicable period:

16 1. Twenty years, if the insured is less 60 years of age when the policy is issued.

17 2. Ten years, if the insured is at least 60 years of age but less than 80 years of
18 age when the policy is issued.

19 3. Five years, if the insured is at least 80 years of age when the policy is issued.

20 (d) At the time that an applicant applies for coverage under a multipremium
21 funeral policy, the insurance intermediary or other person selling or soliciting the
22 sale of the policy shall disclose the maximum number of premium payments to be
23 made over the life of the policy, the frequency of the premium payments and the
24 amount of each premium payment.

25 **SECTION 6. Initial applicability.**

