



2005 ASSEMBLY BILL 368

April 27, 2005 - Introduced by Representative SCHNEIDER. Referred to Committee on Insurance.

1 **AN ACT** *to amend* 40.03 (2) (ig) and subchapter IV (title) of chapter 40 [precedes
2 40.51]; and *to create* 40.02 (47m), 40.03 (6) (k), 40.05 (4r) and 40.56 of the
3 statutes; **relating to:** requiring the group insurance board to offer prepaid
4 legal services insurance benefits to state employees and granting rule-making
5 authority.

Analysis by the Legislative Reference Bureau

This bill requires the Group Insurance Board (GIB) to offer prepaid legal services insurance to participating employees in the Wisconsin Retirement System who are state employees. Usually, prepaid legal services insurance provides for full or partial payment of the costs of certain legal services, such as preventive legal services, motor vehicle legal defense services, trial defense services, and audit services. The services that are typically covered under a policy vary by plan design and contract.

Under the bill, for any prepaid legal services insurance policy offered through GIB, the insurer may impose underwriting considerations in determining the initial eligibility of persons to cover and what premiums to charge. In addition, the bill authorizes GIB to charge a fee to each insurer whose policy is offered, but the fee may not exceed the direct costs incurred by GIB in offering the policy. The bill requires the secretary of employee trust funds, with the approval of GIB, to promulgate rules for the administration of the prepaid legal services insurance program. Finally, the bill provides that the premiums for the prepaid legal services insurance are to be deducted directly from an employee's earnings and paid to the insurer.

ASSEMBLY BILL 368

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 40.02 (47m) of the statutes is created to read:

2 40.02 (**47m**) “Prepaid legal services insurance” means insurance that provides
3 coverage for full or partial payment of certain legal services costs.

4 **SECTION 2.** 40.03 (2) (ig) of the statutes is amended to read:

5 40.03 (**2**) (ig) Shall promulgate, with the approval of the group insurance board,
6 all rules required for the administration of the group health, long-term care, prepaid
7 legal services, income continuation, or life insurance plans established under
8 subchs. IV to VI.

9 **SECTION 3.** 40.03 (6) (k) of the statutes is created to read:

10 40.03 (**6**) (k) Shall, on behalf of the state, offer as provided in s. 40.56 prepaid
11 legal services insurance policies, subject to the following conditions:

12 1. For purposes of this paragraph only, pars. (a) 2., (b), (e), (f), and (g) do not
13 apply.

14 2. For purposes of this section, the offering by the state of prepaid legal services
15 insurance policies shall constitute a group insurance plan under par. (a) 1.

16 **SECTION 4.** 40.05 (4r) of the statutes is created to read:

17 40.05 (**4r**) **PREPAID LEGAL SERVICES INSURANCE PREMIUMS.** For any prepaid legal
18 services insurance policies provided under s. 40.56, the entire premium shall be paid
19 as a deduction under s. 40.06 (1) (a) from the state employee’s earnings, except that
20 if the employee receives earnings that are insufficient to cover premium payments
21 the employee shall make premium payments directly to the insurer.

