SENATE BILL 572 (LRB -4281)

An Act to repeal 628.347 (2) (b) 1., 628.347 (2) (b) 2., 628.347 (2) (b) 3., 628.347 (2) (b) 4. and 628.347 (6) (b); to renumber 628.347 (7); to renumber and amend 628.347 (2) (a), 628.347 (2) (b) (intro.), 628.347 (2) (d) and 628.347 (4); to amend 628.347 (title), 628.347 (1) (a), 628.347 (1) (b), 628.347 (2) (title), 628.347 (5) (intro.), 628.347 (6) (c) and 628.347 (8) (intro.); to repeal and recreate 628.347 (2) (c), 628.347 (3) and 628.347 (4) (title); and to create 628.347 (1) (am), 628.347 (1) (d), 628.347 (1) (e), 628.347 (2) (a) 1., 628.347 (2) (a) 2., 628.347 (2) (a) 3., 628.347 (2) (a) 4., 628.347 (2) (bm), 628.347 (2) (dm), 628.347 (3m), 628.347 (4) (b), 628.347 (4) (c), 628.347 (4m), 628.347 (5) (d) and 628.347 (7) (b) of the statutes; relating to: suitability of annuity contracts and granting rule-making authority.

2010

02-26.	S.	Introduced by Senator **Wirch**; cosponsored by Representatives **Cullen**, **Molepske Jr.**, **Turner** and **A. Williams**.	
02-26.	S.	Read first time and referred to committee on Small Business, Emergency Preparedness, Technical Colleges, and Consumer Protection	597
03-09.	S.	Public hearing held.	
03-16.	S.	Executive action taken.	
03-16.	S.	Report passage recommended by committee on Small Business, Emergency Preparedness, Technical Colleges, and Consumer Protection, Ayes 5, Noes 0	640
03-16.	S.	Available for scheduling.	
04-08.	S.	Placed on calendar 4-13-2010 pursuant to Senate Rule 18(1)	681
04-12.	S.	Senate amendment 1 offered by Senator Wirch **(LRB a2093)**	692
04-13.	S.	Read a second time	705
04-13.	S.	Senate amendment 1 **adopted**	705
04-13.	S.	Ordered to a third reading	705
04-13.	S.	Rules suspended	705
04-13.	S.	Read a third time and **passed**	705
04-13.	S.	Ordered immediately messaged	708
04-14.	A.	Received from Senate	830
04-14.	A.	Read first time and referred to committee on Rules	832
04-20.	A.	Made a special order of business at 11:49 A.M. on 4-22-2010 pursuant to Assembly Resolution 26.	
04-22.	A.	Read a second time.	
04-22.	A.	Ordered to a third reading.	
04-22.	A.	Rules suspended.	
04-22.	A.	Read a third time and **concurred in**.	
04-22.	A.	Ordered immediately messaged.	
04-23.	S.	Received from Assembly concurred in.	

MB

2009
ENROLLED BILL

09en S B- 572

ADOPTED DOCUMENTS:

☒ Orig ☐ Engr ___ SubAmdt ___ 09 -4281/1

Amendments to above (if none, write "NONE"): SA1 — a 2093/1

Corrections - show date (if none, write "NONE"): None

Topic Rel

4-24-10
Date

Enrolling Drafter

[rev: 1/6/09 2009enroll(fm)]

State of Wisconsin
2009 – 2010 LEGISLATURE

LRB–4281/1
PJK:cjs:ph

2009 SENATE BILL 572

February 26, 2010 – Introduced by Senator WIRCH, cosponsored by Representatives CULLEN, MOLEPSKE JR., TURNER and A. WILLIAMS. Referred to Committee on Small Business, Emergency Preparedness, Technical Colleges, and Consumer Protection.

AN ACT ***to repeal*** 628.347 (2) (b) 1., 628.347 (2) (b) 2., 628.347 (2) (b) 3., 628.347 (2) (b) 4. and 628.347 (6) (b); ***to renumber*** 628.347 (7); ***to renumber and amend*** 628.347 (2) (a), 628.347 (2) (b) (intro.), 628.347 (2) (d) and 628.347 (4); ***to amend*** 628.347 (title), 628.347 (1) (a), 628.347 (1) (b), 628.347 (2) (title), 628.347 (5) (intro.), 628.347 (6) (c) and 628.347 (8) (intro.); ***to repeal and recreate*** 628.347 (2) (c), 628.347 (3) and 628.347 (4) (title); and ***to create*** 628.347 (1) (am), 628.347 (1) (d), 628.347 (1) (e), 628.347 (2) (a) 1., 628.347 (2) (a) 2., 628.347 (2) (a) 3., 628.347 (2) (a) 4., 628.347 (2) (bm), 628.347 (2) (dm), 628.347 (3m), 628.347 (4) (b), 628.347 (4) (c), 628.347 (4m), 628.347 (5) (d) and 628.347 (7) (b) of the statutes; **relating to:** suitability of annuity contracts and granting rule–making authority.

Analysis by the Legislative Reference Bureau

Under current law, an insurance intermediary (intermediary), or insurer if no intermediary is involved, may not recommend to a consumer the purchase of an annuity, or recommend to a consumer the exchange of an annuity that results in an insurance transaction, unless the intermediary or insurer has reasonable grounds

to believe that the recommendation is suitable for the consumer based on facts disclosed by the consumer as to his or her investments, other insurance products, and financial situation and needs. Before making a recommendation, the intermediary or insurer must make reasonable efforts to obtain information from the consumer about his or her financial status, tax status, and investment objectives. Current law requires insurers to have a system for supervising annuity transaction recommendations and provides certain requirements with which the supervisory system must comply. The commissioner of insurance (commissioner) may order an insurer or intermediary to take corrective action if a consumer is harmed by a violation of the provisions regulating annuity transaction recommendations, and the commissioner may promulgate rules to reduce or eliminate penalties for violations of the provisions if, after a violation is discovered, corrective action is promptly taken for the consumer.

This bill makes various changes to the annuity transaction provisions. The bill adds types of information that an insurer or insurance intermediary must consider when determining whether a recommendation to a consumer for the purchase, exchange, or replacement of an annuity is suitable (suitability information), such as the consumer's risk tolerance, liquidity needs, intended use of the annuity, and financial time horizon. In addition, the bill requires that the consumer have been reasonably informed of various specified features of the annuity; that the consumer would benefit from certain features of the annuity, such as tax–deferred growth; that the annuity as a whole is suitable; and that, in the case of an exchange or replacement, the transaction as a whole is suitable for the particular consumer, including taking into account such things as whether the consumer will incur a surrender charge or be subject to increased fees. While the intermediary or insurer must still make reasonable efforts to obtain the consumer's suitability information before making a recommendation, an insurer is prohibited from issuing an annuity that is recommended unless it is reasonable to believe that the annuity is suitable, based on the consumer's suitability information. The bill requires an intermediary or insurer, at the time of a sale, to make a record of any recommendation that was made; to obtain the consumer's signature that he or she refused to provide suitability information, if that is the case; and to obtain a signed statement from the consumer that the consumer is entering into an annuity transaction that was not recommended by the insurer or intermediary, if that is the case. The bill prohibits an intermediary from dissuading, or attempting to dissuade, a consumer from truthfully responding to a request for confirmation of suitability information or from filing a complaint or from cooperating with the investigation of a complaint.

The bill expands on what is required for an insurer's system for supervising annuity transaction recommendations. Under the bill, an insurer must maintain reasonable procedures to inform intermediaries of the statutory requirements for annuity transactions, including incorporating the requirements into training manuals; establish standards for requiring intermediaries to comply with training requirements; provide intermediaries with product–specific training; maintain procedures for reviewing each recommendation before the issuance of an annuity to ensure that there is a reasonable basis to determine that a recommendation is

suitable; and maintain reasonable procedures to detect recommendations that are not suitable.

The bill prohibits an intermediary from soliciting the sale of an annuity product unless the intermediary has adequate knowledge of the product to recommend it and establishes intermediary training requirements related to selling annuities. An intermediary who sells annuity products must complete a one–time training course that qualifies for at least four continuing education credits and that includes information on such topics as the types and classifications of annuities; how fixed, variable, and indexed annuity contract provisions affect consumers; taxation of annuities; appropriate sales practices; and disclosure requirements. Both the course and course provider, which must be registered as a continuing education provider in this state, must be approved by the commissioner. An insurer must verify that an intermediary has completed the course before allowing the intermediary to sell an annuity product for the insurer.

Under the bill, the commissioner retains the authority to promulgate rules to reduce or eliminate penalties for violations of the provisions if corrective action is promptly taken for the consumer. In addition, the commissioner may reduce or eliminate a penalty if the violation is not a part of a pattern or practice.

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

1 **SECTION 1.** 628.347 (title) of the statutes is amended to read:

2 **628.347** (title) **Suitability ~~of~~ <u>in</u> annuity ~~sales to consumers~~**
3 **<u>transactions</u>.**

4 **SECTION 2.** 628.347 (1) (a) of the statutes is amended to read:

5 628.347 **(1)** (a) "Annuity" means a fixed or variable annuity that is <u>an insurance</u>
6 <u>product that is</u> individually solicited, whether the product is classified as <u>an</u>
7 individual or group <u>annuity</u>.

8 **SECTION 3.** 628.347 (1) (am) of the statutes is created to read:

9 628.347 **(1)** (am) "FINRA" means the Financial Industry Regulatory Authority
10 or a succeeding agency.

11 **SECTION 4.** 628.347 (1) (b) of the statutes is amended to read:

1 628.347 **(1)** (b) "Recommendation" means advice provided by an insurance
2 intermediary, or an insurer if no intermediary is involved, to an individual consumer
3 that results in the purchase ~~or~~, exchange, or replacement of an annuity in accordance
4 with that advice.

5 **SECTION 5.** 628.347 (1) (d) of the statutes is created to read:

6 628.347 **(1)** (d) "Replacement" means a transaction in which a new annuity is
7 to be purchased and it is known, or should be known to the proposing insurance
8 intermediary, or to the proposing insurer if no intermediary is involved, that by
9 reason of the transaction an existing policy or contract has been or is to be any of the
10 following:

11 1. Lapsed, forfeited, surrendered or partially surrendered, assigned to the
12 replacing insurer, or otherwise terminated.

13 2. Converted to reduced paid–up insurance, continued as extended term
14 insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other
15 policy values.

16 3. Amended so as to effect either a reduction in benefits or a reduction in the
17 term for which coverage would otherwise remain in force or for which benefits would
18 otherwise be paid.

19 4. Reissued with a reduction in cash value.

20 5. Used in a financed purchase.

21 **SECTION 6.** 628.347 (1) (e) of the statutes is created to read:

22 628.347 **(1)** (e) "Suitability information" means information that is reasonably
23 appropriate to determine the suitability of a recommendation, including all of the
24 following:

25 1. Age.

1 2. Annual income.

2 3. Financial situation and needs, including the financial resources used for the
3 funding of the annuity.

4 4. Financial experience.

5 5. Financial objectives.

6 6. Intended use of the annuity.

7 7. Financial time horizon.

8 8. Existing assets, including investment and life insurance holdings.

9 9. Liquidity needs.

10 10. Liquid net worth.

11 11. Risk tolerance.

12 12. Tax status.

13 **SECTION 7.** 628.347 (2) (title) of the statutes is amended to read:

14 628.347 **(2)** (title) DUTIES OF INSURERS AND INSURANCE INTERMEDIARIES WITH
15 REGARD TO RECOMMENDATIONS AND ISSUANCE OF ANNUITIES.

16 **SECTION 8.** 628.347 (2) (a) of the statutes is renumbered 628.347 (2) (a) (intro.)
17 and amended to read:

18 628.347 **(2)** (a) (intro.) ~~Except as provided in par. (c), an insurance~~
19 ~~intermediary, or insurer if no intermediary is involved, may not recommend~~ In
20 recommending to a consumer the purchase of an annuity, or the exchange of an
21 annuity ~~if the recommendation~~ that results in an insurance transaction or series of
22 insurance transactions ~~unless the~~, an insurance intermediary, or insurer ~~has~~ if no
23 intermediary is involved, shall have reasonable grounds to believe that the
24 recommendation is suitable for the consumer on the basis of facts disclosed by the
25 consumer as to his or her investments, other insurance products, and financial

1 situation and needs~~.~~, including the consumer's suitability information, and that all
2 of the following are true:

3 **SECTION 9.** 628.347 (2) (a) 1. of the statutes is created to read:

4 628.347 **(2)** (a) 1. The consumer has been reasonably informed of various
5 features of the annuity, such as the potential surrender period and surrender charge,
6 potential tax penalty if the consumer sells, exchanges, surrenders, or annuitizes the
7 annuity, mortality and expense fees, investment advisory fees, potential charges for
8 and features of riders, limitations on interest returns, insurance and investment
9 components, and market risk.

10 **SECTION 10.** 628.347 (2) (a) 2. of the statutes is created to read:

11 628.347 **(2)** (a) 2. The consumer would benefit from certain features of the
12 annuity, such as tax–deferred growth, annuitization, or death or living benefit.

13 **SECTION 11.** 628.347 (2) (a) 3. of the statutes is created to read:

14 628.347 **(2)** (a) 3. The particular annuity as a whole, the underlying
15 subaccounts to which funds are allocated at the time of purchase or exchange of the
16 annuity, and riders and similar product enhancements, if any, are suitable, and in
17 the case of an exchange or replacement, the transaction as a whole is suitable, for the
18 particular consumer based on his or her suitability information.

19 **SECTION 12.** 628.347 (2) (a) 4. of the statutes is created to read:

20 628.347 **(2)** (a) 4. In the case of an exchange or replacement of an annuity, the
21 exchange or replacement is suitable, including taking into consideration all of the
22 following:

23 a. Whether the consumer will incur a surrender charge, be subject to the
24 commencement of a new surrender period, lose existing benefits, such as death,

1 living, or other contractual benefits, or be subject to increased fees, investment
2 advisory fees, or charges for riders and similar product enhancements.
3 b. Whether the consumer would benefit from product enhancements and
4 improvements.
5 c. Whether the consumer has had another annuity exchange or replacement
6 and, in particular, an exchange or replacement within the preceding 36 months.
7 **SECTION 13.** 628.347 (2) (b) (intro.) of the statutes is renumbered 628.347 (2)
8 (b) and amended to read:
9 628.347 **(2)** (b) Before making a recommendation described in par. (a), an
10 insurance intermediary, or insurer if no intermediary is involved, shall make
11 reasonable efforts to obtain the consumer's suitability information ~~concerning all of~~
12 ~~the following:~~.
13 **SECTION 14.** 628.347 (2) (b) 1. of the statutes is repealed.
14 **SECTION 15.** 628.347 (2) (b) 2. of the statutes is repealed.
15 **SECTION 16.** 628.347 (2) (b) 3. of the statutes is repealed.
16 **SECTION 17.** 628.347 (2) (b) 4. of the statutes is repealed.
17 **SECTION 18.** 628.347 (2) (bm) of the statutes is created to read:
18 628.347 **(2)** (bm) Except as permitted under par. (c), an insurer may not issue
19 an annuity that is recommended by the insurer or its insurance intermediary to a
20 consumer unless it is reasonable to believe that the annuity is suitable based on the
21 consumer's suitability information.
22 **SECTION 19.** 628.347 (2) (c) of the statutes is repealed and recreated to read:
23 628.347 **(2)** (c) 1. Subject to subd. 2., neither an insurance intermediary nor an
24 insurer has any obligation to a consumer under par. (a) or (bm) related to any annuity
25 transaction if any of the following applies:

a. Neither the insurance intermediary nor the insurer made a recommendation.

b. The insurance intermediary or insurer made a recommendation but the recommendation was later found to have been prepared based on inaccurate material information provided by the consumer.

c. The consumer refuses to provide relevant suitability information and the annuity transaction is not recommended.

d. The consumer decides to enter into an annuity transaction that is not based on a recommendation of the insurer or the insurance intermediary.

SECTION 20. 628.347 (2) (d) of the statutes is renumbered 628.347 (2) (c) 2. and amended to read:

628.347 **(2)** (c) 2. ~~Any recommendation of an insurer or insurance intermediary that, under par. (c), is not subject to the obligation under par. (a)~~ An insurer's issuance of an annuity under circumstances specified in subd. 1. a. to d. shall be reasonable under all circumstances actually known to the insurer ~~or insurance intermediary~~ at the time the ~~recommendation is made~~ annuity is issued.

SECTION 21. 628.347 (2) (dm) of the statutes is created to read:

628.347 **(2)** (dm) An insurance intermediary, or insurer if no intermediary is involved, shall at the time of sale do all of the following:

1. Make a record of any recommendation subject to par. (a).

2. Obtain a customer–signed statement documenting a customer's refusal, if any, to provide suitability information.

3. If a customer decides to enter into an annuity transaction that is not based on the insurance intermediary's or insurer's recommendation, obtain a

customer–signed statement acknowledging that the annuity transaction is not recommended by the intermediary or insurer.

SECTION 22. 628.347 (3) of the statutes is repealed and recreated to read:

628.347 **(3)** INSURER'S SUPERVISORY RESPONSIBILITY. (a) An insurer shall establish a supervision system that is reasonably designed to achieve the insurer's and its insurance intermediaries' compliance with this section. Under the system, the insurer shall do at least all of the following:

1. Maintain reasonable procedures to inform its insurance intermediaries of the requirements of this section and incorporate the requirements of this section into relevant insurance intermediary training manuals.

2. Establish standards for insurance intermediary product training and maintain reasonable procedures to require its insurance intermediaries to comply with the requirements of sub. (4m).

3. Provide product–specific training and training materials that explain all material features of its annuity products to its insurance intermediaries.

4. Maintain procedures for review of each recommendation before issuance of an annuity that are designed to ensure that there is a reasonable basis to determine that a recommendation is suitable. An insurer's procedures may apply a screening system for the purpose of identifying selected transactions for additional review. An insurer's procedures may be accomplished electronically or through other means, including physical review. An electronic or other system may be designed to require additional review only of those transactions identified for additional review by the selection criteria.

5. Maintain reasonable procedures to detect recommendations that are not suitable, which may include confirmation of consumer suitability information,

1 systematic customer surveys, interviews, confirmation letters, and programs of
2 internal monitoring. Nothing in this subdivision prevents an insurer from
3 complying with this subdivision by applying sampling procedures or by confirming
4 suitability information after issuance or delivery of the annuity, or both.

5 6. Annually provide a report to senior management, including to the senior
6 manager responsible for audit functions, that details a review, with appropriate
7 testing, that is reasonably designed to determine the effectiveness of the supervision
8 system, the exceptions found, and corrective action taken or recommended, if any.

9 (b) 1. Nothing in this subsection restricts an insurer from contracting for the
10 performance of a function required par. (a), including maintenance of procedures.
11 An insurer is responsible for taking appropriate corrective action and may be subject
12 to, sanctions and penalties under subs. (5) and (6), regardless of whether the insurer
13 contracts for the performance of a function and regardless of the insurer's compliance
14 with subd. 2.

15 2. An insurer's supervision system under par. (a) shall include supervision of
16 any contractual performance under this subsection, including all of the following:

17 a. Monitoring and, as appropriate, conducting audits to ensure that the
18 contracted function is properly performed.

19 b. Annually obtaining a certification from a senior manager who has
20 responsibility for the contracted function that the manager has a reasonable basis
21 to represent, and does represent, that the function is properly performed.

22 (c) An insurer is not required to include in its system of supervision an
23 insurance intermediary's recommendations to consumers of products other than the
24 annuities offered by the insurer.

25 **SECTION 23.** 628.347 (3m) of the statutes is created to read:

628.347 **(3m)** PROHIBITED ACTS OF INTERMEDIARY. An insurance intermediary may not dissuade, or attempt to dissuade, a consumer from doing any of the following:

(a) Truthfully responding to an insurer's request for confirmation of suitability information.

(b) Filing a complaint.

(c) Cooperating with the investigation of a complaint.

SECTION 24. 628.347 (4) (title) of the statutes is repealed and recreated to read:

628.347 **(4)** (title) FINANCIAL INDUSTRY REGULATORY AUTHORITY RULES.

SECTION 25. 628.347 (4) of the statutes is renumbered 628.347 (4) (a) and amended to read:

628.347 **(4)** (a) ~~Compliance~~ Subject to pars. (b) and (c), sales made in compliance with ~~the National Association of Securities Dealers Conduct Rules~~ FINRA requirements pertaining to suitability ~~satisfies~~ and supervision of annuity transactions satisfy the requirements under ~~sub. (2) for the recommendation of variable annuities~~ this section. Nothing in this subsection, however, limits the commissioner's ability to enforce this section, including conducting any investigation necessary for that enforcement.

SECTION 26. 628.347 (4) (b) of the statutes is created to read:

628.347 **(4)** (b) For par. (a) to apply, an insurer must do all of the following:

1. Monitor the FINRA member broker–dealer using information collected in the normal course of an insurer's business.

2. Provide to the FINRA member broker–dealer information and reports that are reasonably appropriate to assist the FINRA member broker–dealer to maintain its supervision system.

1 **SECTION 27.** 628.347 (4) (c) of the statutes is created to read:

2 628.347 **(4)** (c) This subsection applies to FINRA broker–dealer sales of
3 variable annuities and fixed annuities if the suitability and supervision are similar
4 to those applied to variable annuity sales.

5 **SECTION 28.** 628.347 (4m) of the statutes is created to read:

6 628.347 **(4m)** INSURANCE INTERMEDIARY TRAINING. (a) An insurance
7 intermediary may not solicit the sale of an annuity product unless the insurance
8 intermediary has adequate knowledge of the product to recommend the annuity and
9 the insurance intermediary is in compliance with the insurer's standards for product
10 training. An insurance intermediary may rely on insurer–provided product–specific
11 training standards and materials to comply with this paragraph.

12 (b) 1. a. An insurance intermediary who engages in the sale of annuity products
13 shall complete a one–time training course approved by the commissioner and
14 provided by an education provider approved by the commissioner.

15 b. Insurance intermediaries who hold a life insurance line of authority on the
16 effective date of this subd. 1. b. .... [LRB inserts date], and who desire to sell annuities
17 must complete the requirements of this paragraph within 6 months after the
18 effective date of this subd. 1. b. .... [LRB inserts date]. Individuals who obtain a life
19 insurance line of authority on or after the effective date of this subd. 1. b. .... [LRB
20 inserts date], may not engage in the sale of annuities until they have completed the
21 annuity training course required under this paragraph.

22 2. The minimum length of the training required under this paragraph shall be
23 sufficient to qualify for at least 4 continuing education credits, but may be longer.

24 3. The training required under this paragraph shall include information on all
25 of the following topics:

1 a. The types of annuities and various classifications of annuities.

2 b. Identification of the parties to an annuity.

3 c. How fixed, variable, and indexed annuity contract provisions affect
4 consumers.

5 d. The application of income taxation of qualified and non–qualified annuities.

6 e. The primary uses of annuities.

7 f. Appropriate sales practices and replacement and disclosure requirements.

8 4. Providers of annuity training courses intended to comply with this
9 paragraph shall cover all of the topics listed under subd. 3. and may not present any
10 marketing information or provide training on sales techniques or provide specific
11 information about a particular insurer's products. Additional topics may be offered
12 in conjunction with and in addition to those listed under subd. 3.

13 5. A provider of an annuity training course intended to comply with this
14 paragraph shall register as a continuing education provider in this state and comply
15 with the rules and guidelines applicable to insurance intermediary continuing
16 education courses as set forth in rules of the office governing intermediary
17 continuing education requirements.

18 6. Annuity training courses may be conducted and completed by classroom or
19 self–study methods in accordance with rules of the office governing intermediary
20 continuing education requirements.

21 7. Providers of annuity training shall comply with the reporting requirements
22 and shall issue certificates of completion in accordance with rules of the office
23 governing intermediary continuing education requirements.

8. Satisfaction of the training requirements of another state that are substantially similar to the requirements of this paragraph satisfies the training requirements of this paragraph in this state.

9. An insurer shall verify that an insurance intermediary has completed the annuity training course required under this paragraph before allowing the intermediary to sell an annuity product for that insurer. An insurer may satisfy its responsibility under this subdivision by obtaining certificates of completion of the training course or obtaining reports provided by commissioner–sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved insurance education providers.

SECTION 29. 628.347 (5) (intro.) of the statutes is amended to read:

628.347 **(5)** ~~REMEDIAL~~ COMPLIANCE; REMEDIAL MEASURES. (intro.) ~~The~~ An insurer is responsible for compliance with this section. If a violation occurs, either because of the action or inaction of the insurer or its insurance intermediary, the commissioner may do any of the following:

SECTION 30. 628.347 (5) (d) of the statutes is created to read:

628.347 **(5)** (d) Impose any appropriate penalties or sanctions.

SECTION 31. 628.347 (6) (b) of the statutes is repealed.

SECTION 32. 628.347 (6) (c) of the statutes is amended to read:

628.347 **(6)** (c) The commissioner may ~~promulgate rules related to~~ by rule provide for the reduction or elimination of ~~penalties for violations~~ a penalty under par. (a) for a violation of this section ~~on the basis of prompt~~ if corrective action is taken ~~to correct any harm caused to consumers by the violations~~ for the consumer promptly after the violation is discovered or the violation is not part of a pattern or practice.

SECTION 33. 628.347 (7) of the statutes is renumbered 628.347 (7) (a).

1 **SECTION 34.** 628.347 (7) (b) of the statutes is created to read:

2 628.347 **(7)** (b) Records that are required to be maintained under this section
3 may be maintained in paper, photographic, microprocess, magnetic, or electronic
4 media or by any process that accurately reproduces the actual document.

5 **SECTION 35.** 628.347 (8) (intro.) of the statutes is amended to read:

6 628.347 **(8)** EXEMPTIONS. (intro.) ~~This~~ Unless otherwise prescribed by rule, this
7 section does not apply to any of the following: SA 1-1

8 **SECTION 36. Effective dates.** This act takes effect on the first day of the 12th
9 month beginning after publication, except as follows:

10 (1) RULE REDUCING OR ELIMINATING PENALTY. The treatment of section 628.347
11 (6) (b) and (c) of the statutes takes effect on the day after publication.

12 **(END)**

State of Wisconsin
2009 – 2010 LEGISLATURE

LRBa2093/1
PJK:kjf:ph

SENATE AMENDMENT 1,

TO 2009 SENATE BILL 572

April 12, 2010 – Offered by Senator WIRCH.

At the locations indicated, amend the bill as follows:

1. Page 15, line 5: delete lines 5 to 7.

(END)