



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3459/1
PJK:jld:jf

2013 SENATE BILL 691

March 24, 2014 - Introduced by Senator RISSER. Referred to Committee on Insurance and Housing.

1 **AN ACT to create** 628.41 of the statutes; **relating to:** requiring an insurer to
2 continue group coverage on the basis of an agent's or representative's
3 representations.

Analysis by the Legislative Reference Bureau

Under current law, an insurer or an insurance agent may not make or cause to be made any communication relating to an insurance contract that contains false or misleading information. If an insurance agent distributes cards or documents, exhibits a sign, or publishes an advertisement relating to an insurance contract that contains false or misleading information, there is a rebuttable presumption that the insurer also committed the violation. Current law also provides that an insurer is bound by any act of its agent while the agent's contract remains in force.

This bill requires an insurer that provides coverage under a group health care policy or plan to allow an insured to continue coverage under the group health care policy or plan as part of the group for the next term if an agent or other representative of the insurer has represented in writing to the insured that he or she is eligible to continue coverage under the group health care policy or plan as part of the group for the next policy or plan term. The bill prohibits the insurer from charging the insured a higher premium for the coverage than the premium that is charged other insureds

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under the group health care policy or plan. The bill also prohibits an insurance policy from including a provision that is contrary to the requirements under the bill.

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

1 **SECTION 1.** 628.41 of the statutes is created to read:

2 **628.41 Insurer bound by agent's representations.** (1) (a) If an insurer's
3 agent or other representative, acting within the scope of the agent's or
4 representative's apparent authority, represents in writing to an insured under a
5 group health care policy or plan issued by the insurer that the insured is eligible to
6 continue coverage for the next policy or plan term as part of the group under the
7 group health care policy or plan and the insured relies on that representation, the
8 insurer is bound to allow the insured to continue coverage under that group health
9 care policy or plan as part of the group for the next policy or plan term, regardless
10 of whether the insured is eligible to continue coverage under the policy or plan as part
11 of the group and regardless of any provision in the policy or plan to the contrary.

12 (b) The insurer may not charge an insured whose group coverage is continued
13 under par. (a) a premium that is higher than the premium charged to other insureds
14 who are part of the group covered under the group health care policy or plan.

15 (2) A policy may not include a provision that is contrary to the requirements
16 under sub. (1).

17 **SECTION 2. Initial applicability.**

18 (1) Except as provided in subsection (2), this act first applies to a representation
19 made by an insurance agent or other insurer representative on the effective date of
20 this subsection.

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1 (2) If an insurance policy that is in effect on the effective date of this subsection
2 contains a provision that is inconsistent with this act, this act first applies to a
3 representation first made with respect to that insurance policy on the date on which
4 it is renewed.

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(END)