

Ins 3

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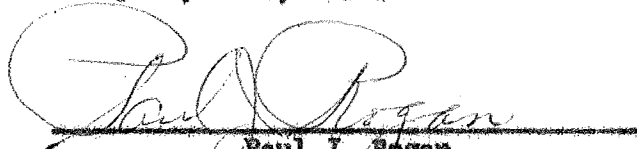
STATE OF WISCONSIN        )  
                                  ) ss.  
DEPARTMENT OF INSURANCE )

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Paul J. Rogan, Commissioner of Insurance and custodian of the official records of said department, do hereby certify that the annexed rule relating to reserves for accident and sickness policies was duly approved and adopted by this department on April 21, 1959.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have here-  
unto set my hand and affixed the  
official seal of the Department  
at the Capitol, in the city of  
Madison, this 21st day of  
April, A.D., 1959.

  
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Paul J. Rogan  
Commissioner of Insurance

ORDER OF THE DEPARTMENT OF INSURANCE

Adopting Rules

Pursuant to authority vested in the Commissioner of Insurance ~~by~~ section 200.03 (2), Wis. Stats., the Commissioner of Insurance hereby ~~adopts~~ a rule as follows:

Section Ins 3.17 of the Wisconsin Administrative Code is ~~adopted~~ to read as in the printed copy attached.

Ins 3.17 Reserves for accident and sickness policies. (1) In accordance with section 201.18 (4), Wis. Stats., the following requirements are adopted for the valuation of individual accident and sickness insurance policies.

(2) For purposes of this rule, individual accident and sickness insurance policies will be classified as follows:

(a) Policies which are guaranteed renewable for life or to a specified age, such as 60 or 65, at guaranteed premium rates.

(b) Policies which are guaranteed renewable for life or to a specified age, such as 60 or 65, but under which the insurer reserves the right to change the scale of premiums.

(c) Policies, other than those in paragraph (d) of this subsection, in which the insurer has reserved the right to cancel or refuse renewal for one or more reasons, but has agreed implicitly or explicitly that, prior to a specified time or age, it will not cancel or decline renewal solely because of deterioration of health after issue.

(d) Franchise policies, as defined in section 204.32 (1), Wis. Stats., issued under or subject to an agreement that, except for stated reasons, the insurer will not cancel or refuse to renew the coverage of individual insureds prior to a specified age unless all coverage under the same franchise group is terminated.

(e) Commercial policies and other policies not falling within paragraphs (a) to (d), inclusive, of this subsection.

(3) During the period within which the renewability of the policy is guaranteed or the insurer's right to refuse renewal is limited, the minimum reserves for policies described in paragraphs (a), (b), and (c) of subsection (2) of this rule, issued on or after January 1, 1955, shall be an amount computed on the basis of two-year preliminary term tabular mean reserves employing the following assumptions:

(a) Mortality: 1941 Commissioners Standard Ordinary Mortality Table or American Men Ultimate Mortality Table. (See Table I at the end of this rule.)

(b) Maximum Interest Rate: 3½% compounded annually.

(c) Morbidity or Other Contingency:

1. Disability due to accident and sickness—The Conference Modification of Class III Disability Table for Calculation of Reserves on Non-Cancellable Accident and Health Insurance adopted by the National Association of Insurance Commissioners on June 11, 1941. Pamphlet reprints of this table are on file in the offices of the commissioner of insurance, secretary of state, and revisor of statutes. Pamphlet reprints of said Conference Modification of Class III Disability Table for Calculation of Reserves on Non-Cancellable Accident and Health Insurance are obtainable from the Health Insurance Association of America, 168 North Michigan Avenue, Chicago 1, Illinois.

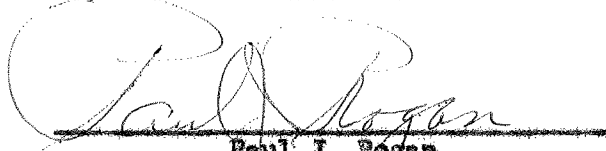
2. Hospital Expense Benefits—1956 Inter-company Hospital Table. (See Tables II and III at the end of this rule.)

3. Surgical Expense Benefits—1956 Inter-company Surgical Table. (See Tables IV and V at the end of this rule.)

4. Accident only, major medical expense, and other benefits not specified above—each company to establish reserves that place a sound value on the liabilities under such benefit.

The rule contained herein shall take effect on May 1, 1959,  
as provided in section 227.026 (1), Wisconsin Statutes.

Department of Insurance



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Paul J. Rogan  
Commissioner of Insurance

Dated: April 21, 1959