

CHAPTER 82 , Laws of 1981

AN ACT to renumber 632.76 (2); to amend 632.73 (1); and to create 185.983 (1m), 600.03 (28m) and (35) (e), 625.16, 628.38, 632.73 (2m), 632.76 (2) (b) and 632.81 of the statutes, relating to regulation of medicare supplement policies, required disclosures to prospective life and disability insurance buyers and granting rule-making authority.

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

SECTION 1. 185.983 (1m) of the statutes is created to read:

185.983 (1m) In addition to ss. 601.04, 601.31, 632.79 and 632.91, the commissioner of insurance may by rule subject a medicare supplement policy as defined in s. 600.03 (35) (e) sold by a voluntary nonprofit sickness care plan to other provisions of chs. 600 to 646.

SECTION 2. 600.03 (28m) and (35) (e) of the statutes are created to read:

600.03 (28m) "Medicare" means 42 USC 1395 to 1395ss.

(35) (e) "Medicare supplement policy" means a disability insurance policy or certificate advertised, marketed or designed primarily to supplement benefits under medicare for the hospital, medical or surgical expenses of persons eligible for medicare by reason of age.

SECTION 3. 625.16 of the statutes is created to read:

625.16 Medicare supplement policy loss ratios. The commissioner may by rule establish reasonable minimum standards for loss ratios of medicare supplement policies. The standards shall be based on incurred claims experience and earned premiums and be in accord with accepted actuarial principles so that benefits will be reasonable in relation to the premiums charged.

SECTION 3m. 628.38 of the statutes is created to read:

628.38 Disclosure requirements. The commissioner may by rule require insurers to deliver to prospective buyers of life or disability insurance, at a time specified in the rule, information consistent with ss. 601.01 and 628.34 that will improve their ability to select appropriate coverage.

SECTION 4. 632.73 (1) of the statutes is amended to read:

632.73 (1) **RIGHT OF RETURN.** A policyholder may return any individual or franchise disability policy within 10 days after receipt. If the policyholder does so, the contract is void, and all payments made under it shall be refunded. This subsection does not apply to medicare supplement policies subject to s. 632.73 (2m).

SECTION 5. 632.73 (2m) of the statutes is created to read:

632.73 (2m) **MEDICARE SUPPLEMENT POLICIES.** Medicare supplement policies, other than those issued pursuant to direct response solicitation, shall have a notice prominently printed on the first page of the policy or attached thereto stating in substance that the applicant shall have the right to return the policy within 10 days of its delivery and to have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason. Medicare supplement policies issued pursuant to a direct response solicitation shall have a notice prominently printed on the first page or attached thereto stating in substance that the applicant shall have the right to return the policy or

certificate within 30 days of its delivery and to have the premium refunded if, after examination, the applicant is not satisfied for any reason. The commissioner may by rule exempt from this subsection certain classes of medicare supplement policies, if the commissioner finds the exemption is not adverse to the interest of applicants.

SECTION 6. 632.76 (2) of the statutes is renumbered 632.76 (2) (a).

SECTION 7. 632.76 (2) (b) of the statutes is created to read:

632.76 (2) (b) No claim for loss incurred or disability commencing after 6 months from the date of issue of a medicare supplement policy may be reduced or denied on the ground that a disease or physical condition existed prior to the effective date of coverage. A medicare supplement policy may not define a preexisting condition more restrictively than a condition for which medical advice was given or treatment was recommended by or received from a physician within 6 months before the effective date of coverage. The commissioner may by rule exempt from this paragraph certain classes of medicare supplement policies, if the commissioner finds the exemption is not adverse to the interest of policyholders.

SECTION 8. 632.81 of the statutes is created to read:

632.81 Minimum standards for medicare supplement policies. The commissioner may by rule establish minimum standards for benefits under medicare supplement policies to assure that coverage is reasonable in relation to benefits not provided by medicare. The commissioner may by rule exempt from the minimum standards certain types of coverage, if the commissioner finds the exemption is not adverse to the interest of policyholders.
