

1987 Assembly Bill 923

Date of enactment: April 22, 1988

Date of publication: May 2, 1988

1987 Wisconsin Act 361

AN ACT to amend 614.19 (3), 614.24 (title) and 632.93 (2); and to create 614.24 (1m) of the statutes, relating to variable life insurance and annuity benefits provided by fraternal.

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

SECTION 1. 614.19 (3) of the statutes is amended to read:

614.19 (3) MAINTENANCE OF SOLVENCY PROVISION. ~~Every~~ Except as provided in s. 614.24 (1m), every fraternal shall contain in its laws and in each certificate of insurance it issues, a provision, to which every certificate of insurance issued by the fraternal shall be subject, that if the financial position of the fraternal becomes impaired, the board of directors or the supreme governing body may determine on an equitable basis the proportionate share of the deficiency of each member of the fraternal. The member may then either pay the member's share of the deficiency, or accept the imposition of a lien on the certificate of insurance, to bear interest at the rate charged on policy loans under the certificate, compounded annually until paid, or may accept a proportionate reduction in benefits under the certificate. The fraternal may specify the manner of the election and which alternative is to be presumed if no election is made.

SECTION 2. 614.24 (title) of the statutes is amended to read:

614.24 (title) Segregated accounts, variable benefits and subsidiaries.

SECTION 3. 614.24 (1m) of the statutes is created to read:

614.24 (1m) VARIABLE BENEFITS. (a) *Exemption to obtain federal approval.* The commissioner shall issue a waiver exempting a policy, certificate of insurance or contract issued by a fraternal from ss. 614.19 (3) and

632.93 (2), as provided in par. (b), if all of the following conditions are satisfied:

1. The policy, certificate of insurance or contract provides life insurance or annuity benefits in variable amounts.

2. The fraternal submits to the commissioner written evidence that the federal securities and exchange commission will not approve the policy, certificate of insurance or contract unless it is exempt from all or part of the requirements of ss. 614.19 (3) and 632.93 (2).

(b) *Extent of exemption.* A waiver issued under par. (a) shall exempt a policy, certificate of insurance or contract from ss. 614.19 (3) and 632.93 (2) only to the extent necessary to obtain the federal security exchange commission's approval of the policy, certificate of insurance or contract.

SECTION 4. 632.93 (2) of the statutes is amended to read:

632.93 (2) CHANGES IN LAWS OF FRATERNALS. ~~Any~~ Except as provided in s. 614.24 (1m), any changes in the laws of a fraternal made subsequent to the issuance of a policy or certificate bind the member and beneficiary as if they had been in force at the time of the application, so long as they do not destroy or diminish benefits promised in the policy or certificate.

SECTION 5. **Initial applicability.** This act first applies to policies, certificates of insurance and contracts providing life insurance or annuity benefits in variable amounts which are issued by fraternal on the effective date of this SECTION.