

1993 Assembly Bill 960

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1993 WISCONSIN ACT 325

AN ACT to amend 424.209 (1) of the statutes, relating to: premium rates for credit life insurance and credit accident and sickness insurance.

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

SECTION 1. 424.209 (1) of the statutes is amended to read:

424.209 (1) ~~No~~ Notwithstanding s. 625.13 (1), no individual or group policy, certificate of insurance, notice of proposed insurance, application for insurance, endorsement or rider relating to credit life insurance or credit accident and sickness insurance delivered or issued for delivery in this state, or the schedule of premium rates or charges pertaining thereto, may be issued, delivered or used in this state until a copy of the form thereof has been filed with the commissioner of insurance, nor until the expiration of 30 days after it has been so filed unless the commissioner shall sooner give written approval thereto. ~~The~~ Notwithstanding s. 625.22 (1), the commissioner, within 30 days after the filing of any such form, may disapprove such form or rate schedule if the benefits provided are unreasonable in relation to the premiums to be charged, or if the form contains a provision which is unjust, unfair, inequitable, misleading, deceptive or encourages misrepresentation of the policy, or is contrary to chs. 600 to 646 or any rule adopted thereunder. The benefits provided by any such policy shall be presumed

reasonable in relation to the premium to be charged if the ratio of losses incurred to premiums earned is, or may reasonably be expected to be, 50% for credit life insurance and 60% for credit accident and sickness insurance ~~60%~~, or such lower loss ratio ratios as designated by the commissioner to afford reasonable allowance for expenses for a particular plan of coverage. If the ratio of losses incurred to premiums earned is less than or can reasonably be expected to be less than the prescribed standards, the benefits provided shall be presumed unreasonable in relation to the premiums charged. Determination of the reasonable relation of benefits to premiums shall be made by the commissioner for each policy form filed for such approval. Premium rate standards for other benefit plans shall be actuarially consistent with the prescribed rate standards. The commissioner may limit the use of any such form for those creditors or customers whose experience was the basis for approval and such other creditors or customers likely to experience similar mortality or morbidity.

SECTION 2. **Initial applicability.** This act first applies to credit life insurance policy forms filed with the commissioner of insurance on the effective date of this SECTION.