

(6) CONTENTS OF PROPOSAL. Any proposal referred to in this rule must:

(a) Be dated and signed by the insurance agent or by the insurer if no agent is involved;

(b) State the name of the company in which the life insurance is to be written;

(c) Be accurate and complete;

(d) Contain no misrepresentations or false, deceptive or misleading statements;

(e) Show the premium charge for life insurance separately from any other charge;

(f) If values which may accrue prior to the death of the insured are involved in the presentation, show the value of the life insurance separately from any other values;

(g) Show, if it is involved in the presentation, the amount of the death benefit for the life insurance separately from any other benefit which may accrue upon the death of the insured;

(h) Set forth all matters pertaining to life insurance separately from any matter not pertaining to life insurance;

(i) Contain only such representations as will accurately reflect the actual conditions applicable to the proposed insured.

(7) STATEMENTS TO BE SEPARATE. Any bill, statement, or representation sent or delivered to any prospect or policyholder must show the premium charge for the life insurance and any other information mentioned concerning life insurance separately from any other charges or values shown in the same billing.

(8) VIOLATION. Any violation of this rule shall be deemed to be a misrepresentation of the nature of the life insurance involved.

(9) SEPARABILITY. If any provision of this rule shall be held invalid, the remainder of the rule shall not be affected thereby.

*History:* Cr. Register, October, 1963, No. 94, eff. 11-1-63.

**Ins 2.10 "In the same industry", definition of.** (1) The phrase "in the same industry", as used in section 206.60 (4), Wis. Stats., may be construed so that establishments engaged in one of the following activities may be considered as being in the same industry: (a) retail trade, (b) wholesale trade, (c) service, (d) mining, (e) contract construction, (f) finance, insurance and real estate, (g) transportation, communication and other public utilities, and (h) manufacturing

(2) The principal activity of an establishment shall control its classification.

(3) An insurer may submit other classifications of establishments subject to the approval of the commissioner, which it believes may properly be considered as engaging in activities which are "in the same industry".

*Note:* The above rule is an outgrowth of the hearings held by the department on December 17, 1963, to consider the formulation of rules and guidelines which insurance companies could use to determine what groupings of employers might be permitted by the

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phrase "in the same industry" in sections 206.60 (4) and 204.321 (1) (c), Wis. Stats., to obtain group insurance coverage for their employees through the establishment of a trust. As a result of the hearing, the department has reviewed the background and history of the "in the same industry" provision which was adopted as a part of the "Group Life Insurance Definition" and "Group Life Insurance Standard Provisions", revised at New York on December 15, 1948, by the National Association of Insurance Commissioners and enacted as a part of the Wisconsin Statutes in 1949. The department has concluded that the phrase "in the same industry" should be liberally construed. It provides a means whereby a small employer, not having a sufficient number of employees to qualify for a group plan of his own, may join with others and provide the benefits of group insurance to his employees and thereby compete in the labor market with the large employer. It has been emphasized to the department that the statutes involved are insurance statutes and that there is no underwriting reason which dictates greater detail or narrower classifications under the law. To require a more detailed breakdown only has the effect of adding to the administrative detail and expense of setting up such a plan, and such does not appear to be required nor in the public interest.

The rule was amended April 1, 1975 so that it would apply to organizations engaged in manufacturing. This was accomplished by adding reference to manufacturing in subsection (1). This in effect removes the application of the advisory opinions of the Attorney General dated January 16, 1958 and December 30, 1958 on this subject.

For a general guide as to the types of organizations which fall within each of the groupings listed in subsection (1) of this rule, the department suggests that insurers refer to the division headings found in the "Standard Industrial Classification Manual" prepared by the United States Bureau of the Budget, Technical Committee on Industrial Classification, Office of Statistical Standards, 1957, and to other similar material such as the industrial classification starting on page XI of the "U.S. Census of Population 1960—Classified Index of Occupations and Industries," published by the United States Department of Commerce, Bureau of the Census, 1960; and Volume V, No. 1, "Wisconsin Commerce Reports," Bureau of Business Research and Service, Madison, Wisconsin, April 1, 1957.

**History:** Cr. Register, February, 1964, No. 98, eff. 3-1-64; am. (1), Register March, 1975, No. 231, eff. 4-1-75.

**Ins 2.11 Franchise life insurance.** (1) **DEFINITION-EXCEPTION.** Franchise life insurance, as used in section 206.64, Wis. Stats., shall not include policies issued in connection with:

(a) Employee benefit trusts or plans conforming to the requirements of subsection 272.18 (31) (a), Wis. Stats.;

(b) Employee trusts and plans established under the Federal Self-Employed Individuals Tax Retirement Act of 1962;

(c) Tax sheltered annuity programs for certain organizations exempt from federal income tax and for public schools;

(d) Salary savings, salary allotment, payroll deduction, or similar premium payment plans.

(2) **FRANCHISE UNIT HEADQUARTERS.** A franchise unit as defined in subsection 206.64 (1) (b), Wis. Stats., need not have its headquarters or other executive offices domiciled in Wisconsin.

(3) **ACCOUNTING.** All premiums paid in connection with franchise life insurance on Wisconsin residents shall be reported for annual statement purposes as Wisconsin business and shall be subject to the applicable Wisconsin premium tax.

**History:** Cr. Register, May, 1964, No. 101, eff. 6-1-64.

**Ins. 2.12 Exceptions to unfair discrimination.** The following practices, without being all-inclusive, shall not be considered unfairly discriminatory as considered by sections 206.33 (1) and 207.04 (1) (g), Wis. Stats.:

(1) Issuing life insurance policies or life annuity contracts on a salary savings, salary allotment, bank draft, pre-authorized check, or payroll deduction plan or other similar plan at a reduced rate or with

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special underwriting considerations reasonably related to the plan made by use of such plan.

(2) Issuing life insurance policies or annuity contracts with rates determined by rating plans which provide for modification of rates.

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