

No. 472, S.]

[Published July 11, 1957.]

**CHAPTER 321**

AN ACT to repeal 206.41 (5) (e) 1, 2 and 3; to amend 201.53 (5), 204.31 (7), 204.32 (4), 206.41 (3) (b), (5) (e) (intro. par.) and (11) (a) 9 and 206.61 (intro. par.); and to create 201.04 (3c) and (4a), 204.32 (5) and 206.62 of the statutes, relating to credit life and credit accident and health insurance.

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

SECTION 1. 201.04 (3c) and (4a) of the statutes are created to read:

201.04 (3c) CREDIT LIFE INSURANCE. On the lives of borrowers or purchasers of goods in connection with specific loans or credit transactions as defined in s. 206.62.

(4a) CREDIT ACCIDENT AND HEALTH INSURANCE. Against loss of time of debtors resulting from accident or sickness. One debtor only may be covered in connection with any one indebtedness; the total indemnity shall not exceed the initial amount of such indebtedness or \$10,000, whichever is less; and coverage shall not extend beyond the term of indebtedness or 48 months, whichever is less.

SECTION 2. 201.53 (5) of the statutes is amended to read:

201.53 (5) Any agent may pay the whole or any part of his commission to an insurance agent for writing the kind of insurance for which such commissions are paid \* \* \*, a nonresident insurance agent licensed to transact business in this state, a bank organized under ch. 221, a permittee under s. 115.07 (4), a licensee under s. 115.09 or 218.01, or a national bank, if the agent is an officer, member or employe of any of the aforesaid agencies and his commission is earned from the sale of credit life insurance or credit accident and health insurance. Except as aforesaid, no agent shall pay any part of his commission to any person.

SECTION 3. 204.31 (7) of the statutes is amended to read:

204.31 (7) *Except for the filing requirements of s. 204.32 (4) applicable to credit group policies*, nothing in this section shall apply to or affect (a) any policy of workmen's compensation insurance or any policy of liability insurance with or without supplementary expense coverage therein; or (b) any policy or contract of reinsurance; or (c) any blanket

or group policy of insurance; or (d) life insurance, endowment or annuity contracts, or contracts supplemental thereto, which contain only such provisions relating to accident and sickness insurance as provide additional benefits in case of death or dismemberment or loss of sight by accident, or operate to safeguard such contracts against lapse, or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant shall become totally and permanently disabled, as defined by the contract or supplemental contract.

SECTION 4. 204.32 (4) of the statutes is amended to read:

204.32 (4) No policy authorized in this section may be issued or delivered in this state until a copy of the form thereof \* \* \* *has* been filed with the commissioner, nor until 30 days thereafter unless he approves the form sooner. If he notifies the company that the form does not comply with the requirements of law, specifying the defect, it is unlawful to issue any policy in such form. No such policy shall be issued or delivered in this state unless a schedule of the premium rates pertaining to such form also has been filed with the commissioner. *Credit accident and health policies shall also be subject to the requirements of s. 204.31 (3) (g).*

SECTION 5. 204.32 (5) of the statutes is created to read:

204.32 (5) Subject to the requirements of subs. (2) (b), (d) and (4), a master policy for credit accident and health insurance may be issued to a creditor to cover a class or classes of debtors who become indebted to said creditor. References to an employer or association shall apply to a creditor; and references to an employe or member shall apply to a debtor.

SECTION 6. 206.41 (3) (b) of the statutes is amended to read:

206.41 (3) (b) No commission or other valuable consideration for services as a life insurance agent shall be paid directly or indirectly by an insurer or licensed life insurance agent to any person \* \* \* other than a person holding a currently valid license to act as a life insurance agent as required by the laws of this state. Nor shall any person \* \* \* other than a duly licensed life insurance agent accept any such commission or other valuable consideration, except that any duly licensed agent may direct that his commissions be paid to any partnership of which he is a member, employe or agent, or to any corporation of which he is an officer, employe or agent, if such corporation or partnership is engaged primarily in the insurance business *or to a bank organized under ch. 221, a permittee under s. 115.07 (4), a licensee under s. 115.09 or 218.01, or a national bank, if such duly licensed agent is an officer, member, employe, or agent of any of the aforesaid agencies and the commissions are for the sale of credit life insurance*; and except that \* \* \* this section shall not prevent the payment or receipt of renewal or other deferred commissions to or by any person solely because such person has ceased to hold a license to act as a life insurance agent.

SECTION 7. 206.41 (5) (e) 1, 2 and 3 of the statutes is repealed.

SECTION 8. 206.41 (5) (e) (intro. par.) of the statutes is amended to read:

206.41 (5) (e) (intro. par.) This subsection shall not apply to officers, employes or agents of credit unions organized under ch. 186, \* \* \* *nor to officers, members, employes, or agents of banks organized under ch. 221, of permittees under s. 115.07 (4), of licensees under s. 115.09 or 218.01, or*

*of national banks when such individuals apply for licenses for the sole purpose of soliciting credit life insurance.*

SECTION 9. 206.41 (11) (a) 9 of the statutes is amended to read:

206.41 (11) (a) 9. Has obtained or attempted to obtain such license, not for the purpose of holding himself out to the general public as a life insurance agent, but primarily for the purpose of soliciting, negotiating or procuring life insurance or annuity contracts covering himself or members of his family, or the officers, directors, stockholders, partners, employees or debtors of a partnership, association or corporation of which he or a member of his family is an officer, director, stockholder, partner or employe *except that the soliciting of credit life insurance by an officer or employe of a bank organized under ch. 221, a permittee under s. 115.07 (4), a licensee under s. 115.09 or 218.01, or a national bank shall not constitute grounds under this section for refusal of such license.*

SECTION 10. 206.61 (intro. par.) of the statutes is amended to read:

206.61 (intro. par.) No policy of group life insurance shall be delivered in this state unless it contains in substance the following provisions, or provisions which in the opinion of the commissioner are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholder, provided (a) that provisions of subs. (6) \* \* \*, (8), (9) and (10) shall not apply to policies issued to a creditor to insure debtors of such \* \* \* creditors and subs. (7) and (11) *also shall not apply to such policies issued under s. 206.60 (6);* (b) that the standard provisions required for individual life insurance policies shall not apply to group life insurance policies; and (c) that if the group life insurance policy is on a plan of insurance other than the term plan, it shall contain \* \* \* nonforfeiture \* \* \* provisions which in the opinion of the commissioner is or are equitable to the insured persons and to the policyholder, but nothing herein shall be construed to require that group life insurance policies contain the same nonforfeiture provisions as are required for individual life insurance policies:

SECTION 11. 206.62 of the statutes is created to read:

206.62 CREDIT LIFE INSURANCE REQUIREMENTS. Credit life insurance may be written as follows:

(1) (a) Except as required by this section and except as provided in s. 206.60 (6), group credit life insurance shall be subject to the conditions and restrictions of s. 206.60 (2).

(b) Individual credit life insurance policies shall be for non-renewable, nonconvertible, term insurance.

(2) (a) The amount of insurance on the life of any debtor shall at no time exceed the amount owed by him which is repayable in instalments to the creditor, or \$10,000, whichever is less. Where the indebtedness is repayable in one sum to the creditor, the insurance on the life of any debtor shall in no instance be in effect for a period in excess of 18 months except that such insurance may be continued for an additional period not exceeding 6 months in the case of default, extension or re-casting of the loan. The amount of the insurance on the life of any debtor shall at no time exceed the amount of the unpaid indebtedness, or \$10,000, whichever is less.

(b) The conditions and restrictions imposed upon individual credit life insurance policies shall not apply to policies issued by a life insurance company in connection with specific loans or credit transactions when evidence of insurability is required in connection therewith.

(c) The provisions of this section shall not be construed to authorize licensees under s. 115.09 to require or accept insurance not permitted under s. 115.09 (7) (f).

(3) (a) A certificate or policy showing the amount and term of insurance shall be delivered to the insured debtor within 30 days of the date upon which indebtedness is incurred.

(b) When the insured debtor has paid or has obligated himself to pay all or any part of the premium, the total premium shall be shown in the certificate or policy which shall contain in addition to all other requirements a provision for cancellation of insurance upon termination of indebtedness through prepayment by refinancing or otherwise and shall provide for a refund of any unearned premium which shall be computed on a formula which shall have been filed with the commissioner of insurance.

(4) The insurer shall fully control and be responsible for the settlement or adjustment of all claims.

(5) In addition to all other requirements applicable to the filing of life insurance policy forms and rates, the provisions of s. 204.31 (3) shall apply to all policies of credit life insurance.

Approved July 5, 1957.

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