

Senate Bill 299

Published
September 18, 1965.

CHAPTER 260

AN ACT to renumber 206.39; and to create 206.385, 206.39 (2) and 206.59 of the statutes, relating to group annuities, deposit administration contracts, separate accounts and variable benefit contracts, and granting rule-making authority.

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

SECTION 1. 206.385 of the statutes is created to read:

206.385 SEPARATE ACCOUNTS. (1) Any domestic life insurance company may establish one or more separate accounts, and allocate to such separate accounts, in accordance with the terms of a written agreement, any amounts paid or remitted to the company in connection with a pension, retirement or profit-sharing plan which are to be applied to provide income benefits payable in fixed and guaranteed or variable dollar amounts, and other benefits incidental to such income benefits. Such separate accounts may also be established in connection with amounts received under s. 206.39 (2).

(2) The amounts allocated to each such account and accumulations thereon may be invested and reinvested in any class of investments which are authorized in the written agreement without regard to any requirements or limitations prescribed by s. 206.34; but to the extent that the company's reserve liability, with regard to benefits guaranteed as to principal amount and duration and funds guaranteed as to principal amount or stated rate of interest, is maintained in any separate account, a portion of the assets of such separate account at least equal to such reserve liability shall be invested in accordance with s. 206.34. The investments in such separate accounts shall not be taken into account in applying the investment limitations set forth in s. 206.34 which are applicable to other investments of the company.

(3) All income, gains and losses, realized or unrealized, on each account shall be credited to or charged against the amounts allocated to the account in accordance with the written agreement, without regard to other income, gains or losses of the company.

(4) Assets allocated to a separate account shall be valued at their market value on the date of valuation, or if there is no readily available market, then in accordance with the terms of the applicable written agreement; but the portion of the assets of such separate account at least equal

to the company's reserve liability with regard to the guaranteed benefits and funds referred to in sub. (2), if any, shall be valued in accordance with the rules otherwise applicable to the company's assets.

(5) Amounts allocated to a separate account in the exercise of the power granted by this section shall be owned by the company, and the company shall not be, or hold itself out to be, a trustee with respect to such amounts.

(6) The company shall not, in connection with the allocation of investments or expenses, or in any other respect, discriminate unfairly between separate accounts or between separate and other accounts, but this provision shall not require the company to follow uniform investment policies for its accounts.

(7) Investments may be transferred between separate accounts or between separate and other accounts only in accordance with rules adopted by the commissioner.

(8) If the agreement provides for payment of benefits in variable amounts, any contract delivered in this state providing for such variable benefits shall be on a group basis. Any such group contract shall contain a statement of the essential features of the procedure to be followed by the company in determining the dollar amount of such variable benefits. Any such group contract and any group certificate issued thereunder shall state that such dollar amount may decrease or increase and shall contain on its first page, in a prominent position, a statement that the benefits thereunder are on a variable basis.

(9) No domestic life insurance company, and no foreign or Canadian life insurance company admitted to transact business in this state, shall be authorized to deliver within this state any contract providing benefits in variable amounts until the company has satisfied the commissioner that its condition or methods of operation in connection with the issuance of such contracts will not be such as would render its operation hazardous to the public or its policyholders in this state. In determining the qualification of a company requesting authority to deliver such contracts within this state, the commissioner shall consider, among other things:

(a) The history and financial condition of the company;

(b) The character, responsibility and general fitness of the officers and directors of the company; and

(c) In the case of a foreign or Canadian company, whether the regulation provided by the state of its domicile or that province in which its head office is located provides a degree of protection to policyholders and the public which is substantially equal to that provided by this section and the rules issued thereunder.

(10) The commissioner shall have authority to issue such reasonable rules as may be necessary to carry out the purposes of this section. The filing and approval of such contracts shall be subject to s. 206.17.

SECTION 2. 206.39 of the statutes is renumbered to be 206.39 (1).

SECTION 3. 206.39 (2) of the statutes is created to read:

206.39 (2) Any such company may, in connection with insurance or annuity contracts, accept funds remitted to it under an agreement for an accumulation of such funds for the purpose of providing annuities or other benefits, under such reasonable rules as are prescribed by the commissioner.

SECTION 4. 206.59 of the statutes is created to read:

206.59 GROUP ANNUITIES. Any insurance company authorized to write life insurance in this state may issue all forms of group annuities, including all forms of deposit administration group annuities. The filing

and approval of such annuities shall be subject to s. 206.17. The commissioner shall have authority to issue such reasonable rules as may be necessary to carry out the purposes of this section.

SECTION 5. This bill is declared to be an emergency bill recommended by the joint committee on finance, in accordance with the requirements of section 16.47 (2) of the statutes.

Approved September 2, 1965.
