

CHAPTER 615

INSURANCE — GIFT ANNUITIES

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Cross-reference: See definitions in ss. 600.03, 610.01 and 628.02.

NOTE: Chapter 374, laws of 1975, which created this chapter of the statutes, contained notes explaining the act. See the 1975 session law volume.

615.03 Applicability of chapters 600 to 646 to gift annuities. (1) **GENERAL REQUIREMENT OF LICENSE.** No person may issue an annuity to another person unless the issuer is:

- (a) An insurer authorized to do so under ch. 611 or 618;
- (b) A licensee under this chapter; or
- (c) A natural person who issues such an annuity to a relative by blood, marriage or adoption within the 3rd degree of kinship as computed according to s. 990.001 (16).

(2) **GENERAL REGULATORY POWERS.** All licensees under this chapter are subject to ch. 601.

(3) **DELINQUENCY PROCEEDINGS.** A segregated account under s. 615.10 is deemed an insurer within the meaning of s. 645.03 (1) (f), claims of annuitants are discharged under s. 645.68 (4) by purchase of an equivalent life annuity from an insurer authorized to do such business in this state. If claims of annuitants remain undischarged after completion of a liquidation under ch. 645, the liquidator has a claim against the other assets of the corporation for that deficit.

(4) **GUARANTY FUNDS.** Chapter 646 is not applicable to licensees under this chapter.

(5) **APPLICATION OF CHAPTERS 600 TO 646.** The commissioner may by rule or order impose on licensees under this chapter any other provisions of chs. 600 to 646 applicable to ch. 611 corporations, if necessary to protect the interests of annuitants or the public.

History: 1975 c. 374; 1979 c. 89; 1981 c. 314 s. 146; 1997 a. 188; 1999 a. 32, 162; 2001 a. 38.

615.04 Application for certificate of authority to issue gift annuities. A domestic or foreign corporation conducted without profit and engaged solely in bona fide charitable, religious, missionary, educational or philanthropic activities, which has been in active operation for at least 10 years, may apply to the commissioner for a certificate of authority to receive gifts of money or other property conditioned upon, or in return for, its agreement to pay an annuity to the donor or nominee or both. It shall include with its application any documents or information the commissioner reasonably requires.

History: 1975 c. 374, 421.

615.05 Issuance of certificate of authority to issue gift annuities. The commissioner shall issue a certificate applied for under s. 615.04 if:

- (1) All requirements of the law have been met; and

(2) The commissioner is satisfied that the corporation is in a position properly to negotiate, execute and safeguard such annuity contracts.

History: 1975 c. 374, 421.

615.06 Alteration or revocation of certificate of authority. If the commissioner issues a summary order under s. 645.21 against an issuer corporation, the commissioner may revoke its certificate of authority or issue a new one with such limits as deemed necessary.

History: 1975 c. 374, 421.

615.10 Segregated account. (1) **REQUIRED ACCOUNT.** Every licensee under s. 615.05 shall maintain a segregated account for its gift annuities. The assets of the account shall at least equal in amount the sum of the reserves on its outstanding annuities, calculated on the basis of actuarial tables and assumptions approved by the commissioner, plus a surplus of 10% of the reserves or \$100,000, whichever is greater. The required reserves may be reduced by an appropriate amount to reflect the reinsurance of risks by an insurer authorized to do such business in this state with direct liability of the reinsurer to the annuitant. The required surplus may also be reduced to the extent the commissioner considers appropriate, including to zero, if all risks are fully reinsured with direct liability of the reinsurer to the annuitant by an insurer authorized to issue annuities in this state.

(2) **IDENTIFIABLE ASSETS.** Section 611.24 (3) (b) and (f) applies to segregated accounts under this section.

(3) **LIABILITY.** The assets of the segregated account are not liable for any debts of the licensee other than those incurred under this chapter.

(4) **LIABILITY OF LICENSEE'S GENERAL ASSETS.** The general assets of the licensee are liable on annuities to the extent that the segregated fund is not adequate. If any provisions of the law prevent such assets from being thus liable or from being executed upon, the commissioner may require the licensee to increase its surplus under sub. (1) to an amount the commissioner considers adequate or may require that the segregated fund be incorporated as a life insurer under ch. 611.

(5) **INVESTMENTS.** Assets of a segregated account under this section shall be invested in accordance with ch. 620.

History: 1975 c. 374, 421.

615.15 Transactions with affiliates and in which directors and others are interested. Sections 611.60 and 611.61 apply to gift annuities.

History: 1979 c. 102.