

1973 Assembly Bill 432

Date published:
February 28, 1973

CHAPTER 3, Laws of 1973

AN ACT to repeal 214.01 to 214.07, 214.13 to 214.27, 422.418 (5) and 424.102 (2); to renumber 214.08 to 214.12, 422.403 (2) and (3) and 422.404 (2); to renumber and amend 422.305 (5) and 424.102 (1); to amend 15.551 (intro.), 15.555 (2), 15.731, 201.04 (4a), 204.321 (4) (b), 206.60 (2) (a) and (d), 206.63 (2) (a) and (5), 217.09 (1) (intro.), 217.13, 217.18 (2), as renumbered, 217.19 (2), as renumbered, 218.02 (6) (intro.) and (9), 218.04 (8), 220.02 (2), 220.037 (2), 220.285 (1) and (2), 409.203 (3), 421.301 (38) (c), 422.202 (1) (b) (intro.) and (c) and (2) (b) (intro.), 422.204 (5) and (6), 422.303 (5), 422.403 (3), as renumbered, 422.407 (2) (intro.) and (3), 422.409 (2), 422.411 (2) (intro.), 422.417 (3) (a), subchapter II (title) of chapter 423, 423.202 (1) and (2), 423.203 (1) (intro.), 423.205 (1) and (2), 424.201 (1), 424.203 (4), 424.208 (1) (intro.), 424.301 (1) (a), 424.401, 425.103 (2) (a), 425.106 (1) (a) 2 and 425.209 (5); to repeal and recreate 206.41 (5) (c), 423.203 (1) (c) and 424.209; and to create 217.21 (3), 218.02 (9) (b) and (c), 422.305 (5), 422.403 (2), (4) and (4m), 422.404 (2), 422.407 (2m), 422.420, 423.202 (2m), 423.203 (3m), 424.103, 424.303 (3) and 625.03 (7) of the statutes, relating to making various changes in the Wisconsin consumer act and related laws and granting rule-making authority.

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

SECTION 1. 15.551 (intro.) of the statutes is amended to read:

15.551 Same; program responsibilities. (intro.) The office of the commissioner of banking shall have the program responsibilities specified for the office under chs. 214, 216, 217, 220, 221, 222 and ss. 34.03, 34.04, 34.05 (1) and (4), 34.08, 34.09, 34.10, 35.86, 43.62 (3), 138.09, 218.01, 218.02, 218.04, 218.05, 223.02, 223.03 (10), 223.12, 224.06 and 224.10. In addition:

SECTION 2. 15.555 (2) of the statutes is amended to read:

15.555 (2) CONSUMER CREDIT REVIEW BOARD. There is created in the office of the commissioner of banking a consumer credit review board consisting of 5 persons, appointed for staggered 5-year terms. One member ~~each~~ shall be an individual holding a license, ~~certificate of authority or permit~~ issued under ~~ch. 138, ch. 214~~ and s. 218.01 and 2 members shall be individuals holding a license under s. 138.09 and with 5 years' practical experience in that field or as executive of a similarly qualified corporation. The commissioner of banking may call special meetings of the review board.

SECTION 3. 15.731 of the statutes is amended to read:

15.731 Same; program responsibilities. The office of the commissioner of insurance shall have the program responsibilities specified for the office under chs. 199 to 212 and 600 to 649, subch. 11 of ch. 41 and ss. 41.17, 66.412, 72.28 (1) (c) 1. b, 148.03, 182.032, 185.983, 185.992, 345.61, 424.209, 424.401, 447.13, 450.13, 551.27 (13) and 879.65.

SECTION 4. 201.04 (4a) of the statutes is amended to read:

201.04 (4a) Credit Accident and Sickness 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~~ 60 months, whichever is less.

SECTION 5. 204.321 (4) (b) of the statutes is amended to read:

204.321 (4) (b) Group credit accident and sickness policies shall also be subject to the requirements of s. ~~204.31 (3) (g)~~ 424.209.

SECTION 6. 206.41 (5) (c) (including subdivision 4, effective March 1, 1973) of the statutes is repealed and recreated to read:

206.41 (5) (c) *Limited credit insurance license.* The commissioner may issue licenses permitting the sale of only credit life insurance as defined in ss. 201.04 (3c) and 206.63, and credit accident and sickness insurance as defined in s. 201.04 (4a).

SECTION 7. 206.60 (2) (a) and (d) of the statutes are amended to read:

206.60 (2) (a) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor whose indebtedness is repayable either ~~4-~~ in instalments or ~~2-~~ except for a consumer credit transaction primarily for an agricultural purpose (s. 421.301 (4)), in one sum at the end of a period not in excess of 18 months from the initial date of the debt, or all of any class or classes thereof determined by conditions pertaining to the indebtedness or to the purchase giving rise to the indebtedness. The policy may provide that the term "debtors" shall include the debtors of one or more subsidiary corporations, and the debtors of one or more affiliated corporations, proprietors or partnerships if the business of the policyholder and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract or otherwise. No debtor ~~shall be~~ is eligible unless the indebtedness constitutes an irrevocable obligation to repay which is binding upon him during his lifetime, at and from the date the insurance becomes effective upon his life.

(d) 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~~ Except for a consumer credit transaction primarily for an agricultural purpose (s. 421.301 (4)), ~~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 recasting 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.

SECTION 8. 206.63 (2) (a) and (5) of the statutes are amended to read:

206.63 (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~~ Except for a consumer credit transaction primarily for an agricultural purpose (s. 421.301 (4)), 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 recasting 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.

(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) (g)~~ s. 424.209 shall apply to all policies of credit life insurance.

SECTION 9. 214.01 to 214.07 of the statutes are repealed.

SECTION 10. 214.08 of the statutes is renumbered 217.17.

SECTION 11. 214.09 of the statutes is renumbered 217.18, and 217.18 (2), as renumbered, is amended to read:

217.18 (2) The office or any official, employe, or agent authorized by it may, for purposes within the office's powers, have access during business hours to the offices and places of business, books, accounts, papers, records, files, safes and vaults of persons engaged in ~~the small loans business~~ as a seller of checks, whether licensees or not.

SECTION 12. 214.10 of the statutes is renumbered 217.19, and 217.19 (2), as renumbered, is amended to read:

217.19 (2) The office, prior to the issuance of any special order ~~under s. 214.06 or 214.07~~, shall serve a complaint, prepared in the name of the office, upon the person against whom the complaint is made and shall accompany such complaint by notice of a public hearing to be held in the matter not sooner than 10 days after such service. The person against whom the complaint is made shall be entitled to be heard in person, or by agent or attorney, and shall have the benefit of subpoena process to compel the attendance of witnesses.

SECTION 13. 214.11 and 214.12 of the statutes are renumbered 217.20 and 217.21.

SECTION 14. 214.13 to 214.27 (including s. 214.14 (5) amended effective March 1, 1973) of the statutes are repealed.

SECTION 15. 217.09 (1) (intro.) of the statutes is amended to read:

217.09 (1) (intro.) The office shall, after complaint, notice and hearing, following the procedure in s. ~~214.10~~ 217.19 so far as applicable, revoke any license in the following cases:

SECTION 16. 217.13 of the statutes is amended to read:

217.13 Other statutes applicable. ~~Sections 214.08 to 214.12 and Section 220.037 shall apply to this chapter so far as applicable, except that the records and reports referred to in s. 214.12 shall be maintained by each licensee for a period of not less than 6 years.~~

SECTION 17. 217.21 (3) of the statutes is created to read:

217.21 (3) Reports and records referred to in this section shall be maintained for not less than 6 years by each licensee.

SECTION 18. 218.02 (6) (intro.) of the statutes is amended to read:

218.02 (6) (intro.) REVOCATION; SUSPENSION; REINSTATEMENT AND TERM OF LICENSES. ~~It shall be the duty of the~~ The commissioner and he shall have power, jurisdiction and authority, after complaint, notice and hearings as provided in ~~section 214.10 s. 217.19,~~ to shall revoke any license in the following cases:

SECTION 19. 218.02 (9) of the statutes is amended to read:

218.02 (9) (title) RULES AND REPORTS; FEES; ENFORCEMENT. (a) The commissioner may make such rules and require such reports as he deems necessary for the enforcement of this section. Sections ~~214.08, 214.09, 214.12, 214.26~~ 217.17, 217.18 and 214.27 217.21 (1) and (2) apply to and are available for the purposes of this section. Orders of the commissioner under this section are subject to review by the consumer credit review board under s. 220.037.

SECTION 20. 218.02 (9) (b) and (c) of the statutes are created to read:

218.02 (9) (b) All fees and moneys received by the commissioner under authority of this chapter shall be paid by him into the state treasury within one week after the receipt thereof.

(c) The commissioner shall investigate, ascertain and determine whether this chapter or the lawful orders issued hereunder are being violated and for such purposes he shall have all of the powers conferred by ss. 217.17 and 217.18. The commissioner shall report all violations to the district attorney of the proper county for prosecution.

SECTION 21. 218.04 (8) of the statutes is amended to read:

218.04 (8) HEARINGS AND ORDERS. The commissioner shall have the same power to conduct hearings, take testimony and secure evidence as is provided in ~~sections 214.08, 214.09 and 214.10~~ ss. 217.17, 217.18 and 217.19.

SECTION 22. 220.02 (2) of the statutes (as amended effective March 1, 1973) is amended to read:

220.02 (2) The commissioner of banking shall enforce all laws relating to banks and banking in this state, including those relating to state banks in chs. 220 and 221, mutual savings banks in ch. 222 and trust company banks in ch. 223; and all laws ~~relating to small loan companies in ch. 214 or other laws~~ relating to the lending of money in ~~ss. 138.07 and s. 138.09~~ or those relating to finance companies, motor vehicle dealers, adjustment service companies, community currency exchanges and collection agencies in ch. 218; and those relating to sellers of checks in ch. 217; and he shall enforce and cause to be enforced every law relating to the supervision or control thereof.

SECTION 23. 220.037 (2) of the statutes is amended to read:

220.037 (2) The consumer credit review board shall counsel, advise with and review the acts and decisions of the commissioner of banking under ~~ch. chs.~~ chs. 138, 214, 217 and 218. In performing such review functions, the board shall have all the powers granted to the banking review board under s. 220.035 (1) and its final orders and determinations shall be subject to judicial review under ch. 227. The board may establish rules of procedure in accordance with ch. 227.

SECTION 24. 220.285 (1) and (2) of the statutes (as amended effective March 1, 1973) are amended to read:

220.285 (1) Any state bank, mutual savings bank, trust company bank, licensees under ss. ~~138.07 (3)~~, 138.09, and 218.01 ~~and ch. 214~~ or credit union may cause any or all records kept by such bank, licensees under ss. ~~138.07 (3)~~, 138.09, and 218.01 ~~and ch. 214~~ or credit union to be recorded, copied or reproduced by any photostatic, photographic or miniature photographic process which correctly, accurately and permanently copies, reproduces or forms a medium for copying or reproducing the original record on a film or other durable material, and such bank, licensees under ss. ~~138.07 (3)~~, 138.09, and 218.01 ~~and ch. 214~~ or credit union may thereafter dispose of the original record after first obtaining the written consent of the commissioner of banking. This section, excepting that part of it which requires written consent of the commissioner of banking, is applicable to national banking associations insofar as it does not contravene federal law.

(2) Any photographic, photostatic or miniature photographic copy or reproduction or copy reproduced from a film record made from a bank record, record of a licensee under ss. ~~138.07 (3)~~, 138.09, and 218.01 ~~and ch. 214~~ or credit union record is deemed to be an original record for all purposes and shall be treated as an original record in all courts or administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification or certified copy of any such photographic copy or reproduction or copy reproduced from a film record shall, for all purposes, be deemed a facsimile, exemplification or certified copy of the original record.

SECTION 25. 409.203 (3) of the statutes (as amended effective March 1, 1973) is amended to read:

409.203 (3) A transaction, although subject to this chapter, is also subject to chs. 138, ~~214~~, 421 to 427, s. 182.025, or any other similar statute which may be applicable to the particular transaction, and in the case of conflict between ~~the provisions of this chapter and any such statute, the provisions of such statute control controls.~~ Failure to comply with any applicable statute has only the effect which is specified therein.

SECTION 26. 421.301 (38) (c) of the statutes is amended to read:

421.301 (38) (c) A deposit balance or investment which was in existence ~~at least 6 months~~ prior to the extension of credit and which is offered by the customer as security for that extension of credit; and

SECTION 27. 422.202 (1) (b) (intro.) of the statutes is amended to read:

422.202 (1) (b) (intro.) Charges or premiums for credit life, insurance, as defined in ss. 201.04 (3c) and 206.63, or credit accident or health and sickness insurance, written in connection with any consumer credit transaction as defined in s. 201.04 (4a), if:

SECTION 28. 422.202 (1) (c) of the statutes is amended to read:

422.202 (1) (c) Charges or premiums for life insurance, written in connection with any consumer credit transaction, other than credit life insurance, and accident and sickness insurance other than credit accident and sickness insurance, if the amount of such insurance does not exceed the amount of the outstanding indebtedness and the term of such insurance does not exceed the term of the indebtedness, and for insurance against loss of or damage to property or against liability arising out of the ownership or use of property, if a clear, conspicuous and specific statement in writing is furnished by the creditor to the customer setting forth the cost of the insurance if obtained from or through the merchant and stating that the customer may choose the person through which the insurance is to be obtained; and

SECTION 29. 422.202 (2) (b) (intro.) of the statutes is amended to read:

422.202 (2) (b) (intro.) If the security interest in the real property creates a first lien or equivalent security interest on the property ~~and~~ or the credit extended is for the purpose of acquisition ~~or~~, refinancing an obligation secured by an existing first mortgage or equivalent security interest or substantial improvement of the real property by the customer:

SECTION 30. 422.204 (5) and (6) of the statutes are amended to read:

422.204 (5) No instalment on which a delinquency charge has been collected, ~~or on account of which any partial payment has been made~~, shall be deferred or included in the computation of the deferral unless such delinquency charge ~~or partial payment~~ is refunded to the customer or credited to the deferral charge.

(6) In addition to the deferral charge, the merchant may make appropriate additional charges as provided in s. 422.202. The amount of such charges which is not paid in cash may be added to the amount deferred for the purpose of calculating the deferral.

SECTION 31. 422.303 (5) of the statutes is amended to read:

422.303 (5) The creditor shall retain a copy of such writing evidencing a consumer credit transaction, other than one pursuant to an open-end credit plan, and of any proposal for a consumer credit transaction which the merchant has required or requested the customer to sign and which the customer has signed during contract negotiations, for a period of one year after the last payment scheduled under the transaction, or one year after the transaction has been repaid in full, whichever is sooner. The creditor shall supply the customer with copies of such documents upon any demand of the customer made within such period; one copy shall be furnished at no charge; and subsequent copies shall be furnished on the condition that the customer pay the creditor's reasonable costs of preparing and forwarding the copy. Copies supplied under this subsection are in addition to those copies required by s. 422.302.

SECTION 32. 422.305 (5) of the statutes is renumbered 422.305 (6) and amended to read:

422.305 (6) Taking or arranging for a ~~customer~~ person to sign an instrument in violation of this section is a violation subject to s. 425.304.

SECTION 33. 422.305 (5) of the statutes is created to read:

422.305 (5) The notice required by this section shall not act to increase or decrease the liability of the cosigner.

SECTION 34. 422.403 (2) and (3) of the statutes are renumbered 422.403 (3) and (5), respectively, and 422.403 (3), as renumbered, is amended to read:

422.403 (3) The ~~period~~ periods specified in ~~sub. (1)~~ subs. (1) and (2) shall commence with the date of first payment or when the finance charge begins to accrue, whichever is earlier.

SECTION 35. 422.403 (2) of the statutes is created to read:

422.403 (2) With respect to a consumer credit transaction other than one pursuant to an open-end credit plan or one pursuant to s. 138.09, which is for the purpose of an improvement to real property and in which the annual percentage rate disclosed under subch. III is 15% or less, no merchant may initially schedule payments to be paid in full:

(a) Over a period of more than 25 months if the total of payments is \$300 or less;

(b) Over a period of more than 48 months if the total of payments is more than \$300, but does not exceed \$1,000; or

(c) Over a period of more than 60 months if the total of payments is more than \$1,000, but does not exceed \$2,000.

SECTION 36. 422.403 (4) of the statutes is created to read:

422.403 (4) This section shall not apply to loans made, guaranteed or funded by federal or state agencies and loans made, guaranteed or funded by nonprofit educational institutions or foundations qualifying under section 501 (c) (3) of the internal revenue code, for purposes of post-high school education.

SECTION 36m. 422.403 (4m) of the statutes is created to read:

422.403 (4m) This section shall not apply to loans made by the department of veterans affairs under ch. 45.

SECTION 37. 422.404 (2) of the statutes is renumbered 422.404 (3).

SECTION 38. 422.404 (2) of the statutes is created to read:

422.404 (2) A revocable assignment of earnings made as payment or as security for payment of an obligation arising out of a consumer credit transaction, which would otherwise expire under s. 241.09, shall be deemed to be renewed for a term not to exceed 6 months if:

(a) The original authorization contained a conspicuous notice of the customer's right to revoke;

(b) Prior to expiration, the merchant mails a notice to the customer which conspicuously states that the assignment of earnings is revocable, and that it shall continue to run for not more than 6 additional months, unless the merchant receives notice of revocation; and

(c) The customer does not revoke the assignment.

SECTION 39. 422.407 (2) (intro.) of the statutes is amended to read:

422.407 (2) (intro.) An agreement by the customer not to assert against an assignee a claim or defense arising from a consumer credit transaction is enforceable only by an assignee not related to the assignor who acquires the customer's contract in good faith and for value, who gives the customer notice of the assignment as provided in s. 422.409 and who, within 12 months after the mailing of the notice of assignment, has not received notice of the customer's claim or defense. In the event that such assignee further assigns the customer's obligation to another party not related to the original assignor, in good faith and for value, such party may enforce an agreement by the customer not to assert claims or defenses, only to the extent that ~~the original assignee~~ his assignor could do so under this section, and any notice by the customer to the original ~~assignee or subsequent assignees~~ is effective as to such party. Such good faith assignee's liability under this section is limited to:

SECTION 40. 422.407 (2m) of the statutes is created to read:

422.407 (2m) (a) In the event that an assignee, who is related to the assignor or who takes the assignment not in good faith or not for value, further assigns the customer's obligation to a subsequent assignee not related to any prior assignor and who takes the assignment in good faith and for value, such subsequent assignee's liability is limited to that provided for in sub. (2) if his assignor at the time of the assignment to him gives the notice required in s. 422.409 (2), subject to par. (b).

(b) The notice given under s. 422.409 (2) need not name the subsequent assignee. In such cases it shall state that payments may be made to the assignor, and shall otherwise comply with the requirements of s. 422.409 (2).

SECTION 41. 422.407 (3) of the statutes is amended to read:

422.407 (3) Any assignee does not acquire a customer's contract in good faith within the meaning of ~~sub.~~ subs. (2) and (2m) if the assignee has knowledge, including knowledge from his course of dealing with other customers of the assignor or from the assignor or the assignee's records, or written notice of violations of the act, of conduct of the kind described in s. 426.108, or of substantial complaints by such other customers that such assignor fails or refuses to perform his contracts with such customers and fails to remedy ~~such~~ their complaints.

SECTION 42. 422.409 (2) of the statutes is amended to read:

422.409 (2) The notification of assignment shall be in writing and addressed to the customer at his address as stated in the contract, shall be accompanied by a copy of the contract or shall identify the contract, describe the goods or services, state the names of the assignor and the customer, the name and address of the assignee, the number, amount and due dates or periods of payments scheduled to repay the indebtedness and, except in the case of a transaction secured by a first lien mortgage or equivalent security interest for the purpose of the acquisition of a dwelling, the total of payments. A provision in the assigned contract that the customer waives or will not assert claims or defenses against the assignee ~~pursuant to~~ under s. 422.407 (2) shall not be effective unless the notification of assignment also contains a clear and conspicuous statement that the customer has 12 months within which to notify the assignee in writing of any complaints, claims or defenses he may have against the assignor and that if the customer does not give such notice, the assignee or subsequent assignees will have the right to enforce the contract free of such claims or defenses subject to ~~the Wisconsin consumer act chs. 421 to 427.~~

SECTION 43. 422.411 (2) (intro.) of the statutes is amended to read:

422.411 (2) (intro.) With respect to a consumer transaction in which credit is extended for the purpose of acquiring or refinancing the acquisition of residential real property, which is secured by a first lien or purchase money mortgage or equivalent security interest on such property, and on which the annual percentage rate disclosed pursuant to subch. III is 12% or less, the creditor may contract for the customer's payment of reasonable attorney's fees actually incurred by the creditor, but the customer shall be liable for such fees only to the extent:

SECTION 44. 422.417 (3) (a) of the statutes is amended to read:

422.417 (3) (a) Clothing of the customer and his dependents and the following, if they are not fixtures: dining table and chairs, refrigerator, heating stove, cooking stove, radio, beds and bedding, couch and chairs, cooking utensils and kitchenware; or

SECTION 45. 422.418 (5) of the statutes is repealed.

SECTION 46. 422.420 of the statutes is created to read:

422.420 Cosigner charges. No term of a writing signed by a cosigner and made pursuant to a consumer credit transaction may:

(1) Provide for payment by the cosigner of any fees or charges which could not be imposed upon the customer as part of the transaction; or

(2) Operate to remove from the cosigner any rights or protections given the customer under chs. 421 to 427.

SECTION 47. Subchapter II (title) of chapter 423 is amended to read:

SUBCHAPTER II
RIGHT TO CANCEL

SECTION 48. 423.202 (1) of the statutes is amended to read:

423.202 (1) Except as provided in sub. (4), in addition to any right otherwise to revoke an offer, to rescind the transaction or to exercise any remedy for the merchant's breach, a customer has the right to cancel a consumer approval transaction until midnight of the 3rd business day after the merchant has given the notice to the customer in accordance with s. 423.203.

SECTION 49. 423.202 (2) of the statutes is amended to read:

423.202 (2) ~~Notice~~ Except as provided in sub. (2m), notice of cancellation shall be by mail addressed to the merchant and shall be considered given at the time mailed.

SECTION 50. 423.202 (2m) of the statutes is created to read:

423.202 (2m) If the property which is the subject of the transaction must be custom made in the ordinary course of business, and is unique to that transaction, the merchant may require that the notice of cancellation, if given, be made by certified or registered mail.

SECTION 51. 423.203 (1) (intro.) of the statutes is amended to read:

423.203 (1) (intro.) Whenever a customer has the right to cancel a consumer approval transaction, the merchant shall give 2 copies of a ~~separate~~ typed or printed notice of that fact to the customer. The notice must:

SECTION 52. 423.203 (1) (c) of the statutes is repealed and recreated to read:

423.203 (1) (c) Read as follows: You may cancel this agreement by mailing a written notice to (Insert name and mailing address of seller) before midnight of the third business day after you signed this agreement. If you wish, you may use this page as that notice by writing "I hereby cancel" and adding your name and address. A duplicate of this page is provided by the seller for your records.

SECTION 53. 423.203 (3m) of the statutes is created to read:

423.203 (3m) Compliance with requirements of federal statutes, rules or regulations governing form of notice of right of cancellation, in consumer approval transactions otherwise subject to this chapter, shall be deemed to satisfy the notice requirements of this chapter.

SECTION 54. 423.205 (1) and (2) of the statutes are amended to read:

423.205 (1) The customer has the duty to take reasonable care of the ~~goods delivered property~~ in his possession ~~before cancellation and for~~ from the time of delivery until the expiration of a reasonable time after tender, not to exceed 20 days.

(2) Upon the performance of the merchant's obligations under s. 423.204, the customer shall tender the property to the merchant, ~~except that if the return of the property to the merchant is inequitable the customer shall tender its reasonable value.~~

SECTION 55. 424.102 (1) of the statutes is renumbered 424.102 and amended to read:

424.102 ~~Except as provided in sub. (2), this~~ This chapter applies to agreements between a creditor and a debtor under which insurance is provided or is to be provided in relation to consumer credit transactions.

SECTION 56. 424.102 (2) of the statutes is repealed.

SECTION 57. 424.103 of the statutes is created to read:

424.103 Application of general definitions. The definitions in s. 421.301 shall apply to ch. 424.

SECTION 58. 424.201 (1) of the statutes is amended to read:

424.201 (1) Insurance provided in relation to a consumer credit transaction in which a payment is scheduled more than ~~10 years~~ 60 months after the extension of credit;

SECTION 59. 424.203 (4) of the statutes is amended to read:

424.203 (4) Within 10 days from the date the indebtedness is incurred, the customer shall be permitted to return the policy, certificate of insurance or the notice of proposed insurance to the creditor and to receive a refund of any premium paid for the insurance if he is not satisfied with the insurance for any reason. Such insurance shall then be void and the parties will be in the same position as if no certificate, policy or notice of proposed insurance had been issued. Conspicuous notice of the right to return the policy, certificate of insurance or notice of proposed insurance shall be furnished with or in the policy, certificate or notice of proposed insurance.

SECTION 60. 424.208 (1) (intro.) of the statutes is amended to read:

424.208 (1) (intro.) The initial amount of credit life insurance shall not exceed the ~~initial~~ total amount repayable under the contract of indebtedness however the indebtedness may be repayable, but:

SECTION 61. 424.209 of the statutes is repealed and recreated to read:

424.209 Filing and approval of rates and forms. (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 his written approval thereto. 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 the insurance laws of this state 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 for credit accident and sickness insurance 60% or such lower loss ratio 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 of 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.

(2) Not later than 6 months after the effective date of this section (1973), the commissioner of insurance, by rule, shall adopt premium rates for credit life and credit accident and sickness insurance based upon the loss ratio standards set forth in sub. (1), which rates shall be acceptable without further justification. No charge may be made for credit life or credit accident and sickness insurance which exceeds such premium rates except as provided in this subsection. The commissioner of insurance from time to time shall raise or lower the acceptable premium charges permitted for such insurance for any particular creditor, class of creditor or class of transaction whenever he determines that the actual loss experience for that particular creditor, class of creditor or class of transactions produces a ratio of losses to premiums which differs substantially, based on credible data for a relevant period of time, from the loss ratio standards established by sub. (1).

(3) No individual policy of credit accident and sickness insurance or group policy of credit accident and sickness insurance may be delivered or issued for delivery in this state if the benefits are payable after a waiting period of less than 14 days, regardless of whether the payment of benefits is retroactive to the first day of disability.

(4) If a group credit life insurance policy or group credit accident and sickness insurance policy is delivered to a policyholder which is not a Wisconsin corporation or other resident and does not have its principal office in Wisconsin, the forms to be filed by the insurer with the commissioner of insurance are the group certificates and notices of proposed insurance. He shall approve them if:

(a) They provide the information that would be required if the group policy were delivered in this state;

(b) The applicable premium rates or charges do not exceed those established by chs. 421 to 427 or by rules adopted thereunder; and

(c) They do not contain provisions which are unjust, unfair, inequitable or deceptive, or encourage misrepresentation of the coverages, or are contrary to the insurance laws of this state, or of any rule adopted thereunder.

SECTION 62. 424.301 (1) (a) of the statutes is amended to read:

424.301 (1) (a) The insurance covers a substantial risk of loss or damage to property, ~~other than household furnishings,~~ which is allowable collateral under s. 422.417 for the credit transaction;

SECTION 63. 424.303 (3) of the statutes is created to read:

424.303 (3) This section shall not apply to a contract issued by an insurance premium finance company licensed under s. 138.12.

SECTION 64. 424.401 of the statutes is amended to read:

424.401 Cooperation between administrator and commissioner of insurance. The administrator and the commissioner of insurance ~~are authorized and directed to shall~~ consult and assist one another in maintaining compliance with this chapter. They may jointly or severally pursue investigations, prosecute suits and take other official action, as may seem to them appropriate, if either of them is otherwise empowered to take the

action. If the administrator is informed of a violation or suspected violation by an insurer of this chapter, or of the insurance laws, rules and regulations of this state, he shall advise the commissioner of insurance of the circumstances, and the commissioner of insurance may act under the laws of this state.

SECTION 65. 425.103 (2) (a) of the statutes is amended to read:

425.103 (2) (a) With respect to a transaction other than one pursuant to an open-end plan, 1) if the interval between scheduled payments is 2 months or less, to have outstanding 2 or more scheduled payments which have remained unpaid for more than 10 days after their original or deferred due dates, or the failure to pay the first payment or the last payment, or in the case of a transaction for an agricultural purpose, the failure to pay any instalment within 40 days of its original or deferred due date, ~~or 2) if the interval between scheduled payments is more than 2 months, to have outstanding one scheduled payment which has remained unpaid for more than 60 days after its original or deferred due date, or 3) if the transaction is scheduled to be repaid in a single instalment, to have the instalment unpaid for more than 40 days after its scheduled or deferred due date;~~

SECTION 66. 425.106 (1) (a) 2 of the statutes is amended to read:

425.106 (1) (a) 2. Fifteen dollars per dependent per week, other than the customer, as claimed by the customer for federal income tax withholding purposes, plus 40 times the federal minimum hourly wage prescribed by the fair labor standards act, 29 U.S.C. s. 206 (a) (1), as amended, at the time the earnings are payable.

SECTION 67. 425.209 (5) of the statutes is amended to read:

425.209 (5) The customer may be liable in damages to the merchant if the customer has wrongfully damaged the collateral or if, after ~~default and demand~~, judgment for the creditor has been entered in a proceeding for recovery of collateral under s. 425.205, the customer has wrongfully failed to make the collateral available to the merchant.

SECTION 68. 625.03 (7) of the statutes is created to read:

625.03 (7) To the extent that ch. 424 is inconsistent with this chapter, ch. 424 shall apply.

SECTION 69. **Terms.** Wherever the terms "credit accident or health insurance" or "credit accident and health insurance" appear in chapters 421 to 427 of the statutes, the term "credit accident and sickness insurance" is substituted.

SECTION 70. **Transitional provision.** All transactions entered into by a licensee under chapter 214 of the statutes, which are outstanding on the effective date of this act, shall be completed under that chapter. All licenses issued under section 214.03 of the statutes prior to the effective date of this act, shall continue in force until expiration. The office of the commissioner of banking is authorized to enforce chapter 214, 1971 Stats., from the effective date of this act until such time as all licenses issued under chapter 214 have expired and all proceedings against licensees under chapter 214 are terminated.

SECTION 71. **Effective date.** This act shall take effect March 1, 1973, or the day after publication, whichever is later.
