

1987 Senate Bill 149

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## 1987 Wisconsin Act 247

AN ACT to repeal 72.28 (1) (c) 1. b, 601.415 (6), 631.15 (2) and (3) and 632.49; to renumber 601.42 (1); to renumber and amend 601.43 (1) (b) and 628.32; to amend 69.24 (1) (a), 600.03 (27), 601.42 (2) and (4), 601.427 (2) (a), 601.64 (3) (d), 601.72 (1) (intro.), (c) and (d) and (2), 607.07 (1), 607.22, 618.41 (6) (c) (intro.) and 3, 618.43 (2), 620.31, 623.03, 623.04, 628.02 (1) (b) 1 and 2, 631.01 (1) (intro.), 631.15 (4), 631.20 (1), 632.74, 646.01 (1) (a) 2. h and (b) 8 and 655.27 (5) (b) and (c); to repeal and recreate 618.41 (8), 618.43 (1) and 631.83 (1) (c); and to create 600.03 (41c) and (41e), 601.41 (6), 601.42 (1) and (1r), 601.43 (1) (b) 4, 601.72 (2m), 610.50, 611.223, 618.41 (7m), 618.415, 628.03 (1m), 628.32 (2), 628.48, 631.15 (3m), 631.20 (6) and 632.66 of the statutes; and to affect 1987 Wisconsin Act 27, section 3203 (47) (zf) 1; and 1987 Wisconsin Act 27, section 3204 (47) (i), relating to insurance intermediaries, policies and group certificates, approval of forms, effect of policies and forms which violate a statute or rule, regulation of risk retention groups, risk purchasing groups and individual practice associations, the state life insurance fund, issuance of certain annuities, reinstatement of disability policies, transfer of an insurer's place of domicile, recovery of forfeitures under the insurance laws, other miscellaneous insurance regulations and granting rule-making authority.

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

SECTION 1. 69.24 (1) (a) of the statutes is amended to read:

69.24 (1) (a) Prepares or issues any paper or film which purports to be, or carries the appearance of, an original or a copy of a vital record, certified or uncertified, except as provided under this subchapter or s. 610.50 and except for any hospital which issues any written announcement of the birth of a person to the parents of the person if the announcement contains plain notice that the announcement is not for official use.

SECTION 2. 72.28 (1) (c) 1. b of the statutes is repealed.

SECTION 3. 600.03 (27) of the statutes is amended to read:

600.03 (27) "Insurer" means any person or association of persons doing an insurance business as a principal, and includes, but is not limited to, fraternal, issuers of gift annuities, cooperative associations organized under s. 185.981 ~~and~~, insurers operating under subch. I of ch. 616 and risk retention groups. It also includes any person purporting or intending to do an insurance business as a principal on his or her own account.

SECTION 4. 600.03 (41c) and (41e) of the statutes are created to read:

600.03 (41c) "Risk purchasing group" means a purchasing group as defined in 15 USC 3901 (a) (5).

(41e) "Risk retention group" has the meaning given under 15 USC 3901 (a) (4).

SECTION 5. 601.41 (6) of the statutes is created to read:

601.41 (6) REGULATION OF RISK RETENTION GROUPS AND RISK PURCHASING GROUPS. (a) The commissioner may by rule regulate the condition and conduct of risk retention groups and risk purchasing groups doing business in this state. The commissioner may by order prohibit a risk retention group or risk purchasing group from doing business in this state.

(b) The regulation of risk retention groups and risk purchasing groups under ss. 601.72, 618.41, 618.415, 618.43, 628.02, 628.03 and 628.48 is in addition to any other provisions of chs. 600 to 655 which apply to risk retention groups or risk purchasing groups and does not authorize a risk retention group or risk purchasing group to do an insurance business except as permitted under chs. 600 to 655.

SECTION 6. 601.415 (6) of the statutes, as affected by 1987 Wisconsin Act 27, is repealed.

SECTION 7. 601.42 (1) of the statutes is renumbered 601.42 (1g).

SECTION 8. 601.42 (1) and (1r) of the statutes are created to read:

601.42 (1) DEFINITION. In this section, "individual practice association" means a person, other than a hospital, clinic or an individual physician or other individual health care provider, which does all of the following:

(a) Contracts with a health maintenance organization, limited service health organization or preferred provider plan, as defined in s. 609.01, to provide health care services.

(b) Provides health care services primarily through health care providers who are independent contractors or who are obligated to provide the services because of membership in the entity.

(1r) REPORTS BY INDIVIDUAL PRACTICE ASSOCIATIONS. The commissioner may by rule require that an individual practice association submit to the commissioner information reasonably necessary to determine the financial condition of the individual practice association. The information required under this subsection may include, but is not limited to, financial statements of the individual practice association, except the commissioner may not require members of the individual practice association or other health care providers who contract with the individual practice association to submit individual financial statements.

SECTION 9. 601.42 (2) and (4) of the statutes are amended to read:

601.42 (2) FORMS. The commissioner may prescribe forms for the reports under ~~sub. (4)~~ subs. (1g)

and (1r) and specify who shall execute or certify such reports. The forms for the reports required under sub. (1g) shall be consistent, so far as practicable, with those prescribed by other jurisdictions.

(4) REPLIES. Any officer, manager or general agent of any insurer authorized to do or doing an insurance business in this state, any person controlling or having a contract under which the person has a right to control such an insurer, whether exclusively or otherwise, any person with executive authority over or in charge of any segment of such an insurer's affairs, any individual practice association or officer, director or manager of an individual practice association, and any insurance agent or other person licensed under chs. 600 to 646 or any provider of services under a continuing care contract, as defined in s. 647.01 (2), shall reply promptly in writing or in other designated form, to any written inquiry from the commissioner requesting a reply.

SECTION 10. 601.427 (2) (a) of the statutes is amended to read:

601.427 (2) (a) The total dollar amount of premiums ~~collected~~ earned for medical malpractice insurance coverage both for primary coverage and for excess coverage.

SECTION 11. 601.43 (1) (b) of the statutes is renumbered 601.43 (1) (b) (intro.) and amended to read:

601.43 (1) (b) *Collateral examinations.* (intro.) So far as reasonably necessary for an examination under par. (a), the commissioner may examine the accounts, records, documents or evidences of transactions, so far as they relate to the examinee, of any of the following:

1. An officer, manager, general agent, employe, or person who has executive authority over or is in charge of any segment of the examinee's affairs.

2. A person controlling or having a contract under which the person has the right to control the examinee whether exclusively or with others.

3. A person who is under the control of the examinee, or a person who is under the control of a person who controls or has a right to control the examinee whether exclusively or with others.

SECTION 12. 601.43 (1) (b) 4 of the statutes is created to read:

601.43 (1) (b) 4. An individual practice association, as defined in s. 601.42 (1), which contracts with the examinee to provide health care services.

SECTION 12m. 601.64 (3) (d) of the statutes is amended to read:

601.64 (3) (d) *Procedure.* The commissioner may ~~demand and accept any order any person to pay a forfeiture imposed under this subsection or s. 601.65, which shall be paid into the common school fund.~~ The affected person may demand a hearing under s. 601.62 (3) (a). If the person fails to request a hearing, the order is conclusive as to the person's liability. The

scope of review for forfeitures ordered is that specified under s. 227.57. The commissioner may cause action to be commenced to recover the forfeiture in an amount to be determined by the court. Before an action is commenced, the commissioner may compromise the forfeiture; after the action is commenced, the attorney general may compromise the forfeiture.

SECTION 13. 601.72 (1) (intro.), (c) and (d) and (2) of the statutes are amended to read:

601.72 (1) GENERAL. (intro.) Under procedures specified in s. 601.73, the commissioner is by law constituted attorney, except in cases in which the proceeding is to be brought by the state against an insurer or intermediary other than a risk retention group or risk purchasing group, in which event the secretary of state is by law constituted attorney, to receive service of summons, notices, orders, pleadings and all other legal process relating to any court or administrative agency in this state:

(c) *Unauthorized insurers.* For all insurers or other persons doing an unauthorized insurance business in this state, including but not limited to risk purchasing groups, as to any proceeding arising out of the unauthorized transaction; and

(d) (title) *Risk purchasing groups and nonresident intermediaries.* For all risk purchasing groups or nonresident intermediaries as to any proceeding arising out of insurance activities within this state or out of insurance activities related to policies on risks within this state.

(2) APPOINTMENT OF ATTORNEY. ~~Every~~ Except as provided in sub. (2m), every licensed insurer by applying for and receiving a certificate of authority, every surplus lines insurer by entering into a contract subject to the surplus lines law, and every unauthorized insurer by doing an insurance business in this state, shall be deemed to have irrevocably appointed the commissioner and secretary of state as the insurer's attorneys in accordance with sub. (1).

SECTION 14. 601.72 (2m) of the statutes is created to read:

601.72 (2m) RISK RETENTION GROUPS AND RISK PURCHASING GROUPS. A risk retention group or risk purchasing group may not do an insurance business or engage in any insurance activity in this state until it registers with the commissioner and designates the commissioner as its agent for the purposes described in sub. (1). The commissioner may prescribe the form of registration under this subsection. If a risk retention group or risk purchasing group fails to designate the commissioner as required by this subsection, the commissioner is appointed agent for the risk retention group or risk purchasing group as provided in sub. (2).

SECTION 15. 607.07 (1) of the statutes is amended to read:

607.07 (1) MEDICAL EXAMINATIONS. No medical examination need be required on an application for an annuity a policy. The manager may provide for the

~~issuance of small life insurance policies without require a medical examination or other medical information in accordance with usual practices in the life insurance business. Otherwise life insurance shall be granted only after a medical examination made at the direction of the department of health and social services. An application for a policy shall be reviewed after all required medical information is provided to the manager.~~

SECTION 16. 607.22 of the statutes is amended to read:

607.22 Policy loans. (1) GENERAL. Loans may be made on a policy to an aggregate amount which, together with accumulated interest at rates to be fixed from time to time by the commissioner, and applicable to all policies then in force, does not exceed the reserve cash surrender value on the next policy anniversary on the basis of the premiums then paid. Any premium not paid when due shall be charged as a policy loan. When the unpaid loan and interest equals the reserve cash surrender value, the policy shall terminate, but before that time the whole or any part of a loan may be repaid.

(2) EXISTING POLICIES. The interest on loans on policies in effect on September 26, 1973 issued before April 1, 1977, shall be set under sub. (1) but may not exceed 6%. The interest on loans on policies issued on or after April 1, 1977, shall be set under sub. (1) but may not exceed 8%.

SECTION 17. 610.50 of the statutes is created to read:

610.50 Vital records. An insurer or an employe, agent or attorney of an insurer is not subject to s. 69.24 (1) (a) for copying a certified copy of a vital record for the insurer's own internal administrative use in connection with the payment of insurance claims or benefits if the copy is marked "FOR ADMINISTRATIVE USE" and is retained in the files of the insurer or attorney.

SECTION 18. 611.223 of the statutes is created to read:

611.223 Transfer of an insurer's place of domicile.

(1) FOREIGN INSURER BECOMES A DOMESTIC INSURER.

(a) A foreign insurer which desires to become a domestic insurer may submit to the commissioner an application for a certificate of incorporation and a certificate of authority. The application shall comply with par. (b) and shall include or have attached any other relevant documents or information that the commissioner reasonably requires. Upon review of the application, the commissioner may issue a certificate of incorporation and certificate of authority if the commissioner determines that all of the following are satisfied:

1. The applicant is in compliance with the provisions of chs. 600 to 655 that apply to domestic insurers.

2. The directors and officers of the applicant are trustworthy and competent and collectively have the

competence and experience to engage in the particular insurance business proposed.

3. The proposed business is consistent with the interests of insureds and the public.

(b) The commissioner shall by rule specify the required contents and form of an application submitted under par. (a). In determining the required contents, the commissioner shall consider the information and documents which will permit the commissioner to determine whether the requirements of par. (a) 1 to 3 are satisfied.

(c) The commissioner may by order relax one or more of the requirements of this subsection for a foreign insurer which desires to become a domestic insurer if, after a hearing conducted in accordance with ch. 227, the commissioner determines that the requirements are unnecessary to protect policyholders and the public because of the developed status of the foreign insurer.

(2) DOMESTIC INSURER BECOMES A FOREIGN INSURER. Upon approval by the commissioner, a domestic insurer may transfer its place of domicile to any other state in which it is admitted. As a condition of approving the transfer of domicile, the commissioner may require a special deposit, reinsurance or other protective measures by the insurer. After or simultaneous with the transfer of domicile, the insurer may apply under ch. 618 for authority to do business in this state as a foreign insurer.

(3) EFFECT ON EXISTING CONTRACTS. The transfer of an insurer's place of domicile under sub. (1) or (2) does not affect the obligations of the insurer under its existing insurance contracts or any other existing contracts.

SECTION 19. 618.41 (6) (c) (intro.) and 3 of the statutes are amended to read:

618.41 (6) (c) *Exclusion of individual insurers.* (intro.) The commissioner may prohibit an individual insurer or group policyholder, including but not limited to a risk purchasing group, from making any contracts under sub. (1) or issuing evidence of coverage and may prohibit all insurance agents and brokers from dealing with the insurer or group policyholder, if:

3. The commissioner has reason to believe that the insurer, or the insurer which issued the policy to a group policyholder, is in an unsound condition or the insurer or group policyholder is operated in a fraudulent, dishonest or incompetent manner or in violation of the law of its domicile.

SECTION 20. 618.41 (7m) of the statutes is created to read:

618.41 (7m) RISK PURCHASING GROUPS; LICENSED AGENTS. A natural person may not solicit, negotiate or obtain liability insurance for a risk purchasing group from an unauthorized insurer unless the natural person is licensed as a surplus lines agent under sub. (7).

SECTION 21. 618.41 (8) of the statutes is repealed and recreated to read:

618.41 (8) SURPLUS LINES AGENTS, BROKERS AND GROUP POLICYHOLDERS. (a) *Responsibility.* An agent or broker, or any other person who offers liability insurance coverage under a group policy, may not place insurance under this section with, or solicit the purchase of coverage under a group policy issued by, an unauthorized insurer if all of the following exist:

1. The insurer is financially unsound, engaging in unfair practices or otherwise substandard.

2. The agent, broker or other person fails to give the applicant written notice of the insurer's deficiencies.

3. The agent, broker or other person either knows of, or fails to adequately investigate, the insurer's financial condition and general reputation.

(b) *Retention of notice.* An agent, broker or group policyholder shall keep in its office for at least 5 years any notice provided under par. (a) 2.

(c) *Financially sound.* To be financially sound for purposes of par. (a) 1, an insurer must be able to satisfy standards comparable to those applied under the laws of this state to authorized insurers.

SECTION 22. 618.415 of the statutes is created to read:

**618.415 Group liability insurance issued by an unauthorized insurer.** (1) NOTICE BEFORE TAKING APPLICATION. A person may not take an application for liability insurance coverage under a group liability insurance policy which is issued by an unauthorized insurer and which is for a risk that resides or is otherwise located in this state, unless before taking the application the person gives the applicant clear and prominent written notice of all of the following:

(a) The insurer's deficiencies, if any, under s. 618.41 (8) (a) 1.

(b) That the insurer has not obtained a certificate of authority in this state and is not regulated in this state.

(c) That the risk is not protected by the Wisconsin insurance security fund.

(d) Any other information required by the commissioner by rule.

(2) NOTICE IN THE EVIDENCE OF INSURANCE. A person may not provide liability insurance coverage under a group insurance policy which is issued by an unauthorized insurer to a member for a risk that resides or is otherwise located in this state, unless the evidence of insurance clearly and prominently includes all of the following:

(a) The information and notice required under s. 618.41 (9).

(b) That the risk is not protected by the Wisconsin insurance security fund.

(c) Any other information required by the commissioner by rule.

SECTION 23. 618.43 (1) of the statutes is repealed and recreated to read:

618.43 (1) BUSINESS SUBJECT TO TAXATION. (a) Except as provided in par. (b), insurers, agents, bro-

kers and policyholders are liable, as provided in sub. (2), for a premium tax of 3% of gross premiums charged for insurance, excluding annuities, if any of the following are satisfied:

1. The insurance is transacted under s. 618.41 (1) or 618.42.

2. The insurance is transacted by an unauthorized insurer which is a risk retention group.

3. The insurance is transacted by an unauthorized insurer for a risk purchasing group for coverage of risks which reside or are otherwise located in this state.

(b) For ocean marine insurance, the tax required under this subsection is 0.5% of gross premiums charged for the insurance.

(c) If the tax required under this subsection is not paid within the time prescribed under sub. (3), the commissioner shall impose a penalty of 25%, plus one percent per month from default until payment.

(d) Any insurance business transacted in violation of the law is subject to a premium tax of 5% of gross premiums charged for the insurance, except that for ocean marine insurance the tax is 2% of gross premiums charged for the insurance.

SECTION 24. 618.43 (2) of the statutes is amended to read:

618.43 (2) PAYMENT OF TAX. The insurance agent or broker and the policyholder are jointly and severally liable for the payment of the tax required under sub. (1) on business written under s. 618.41 (1), and the insurer, insurance agent or broker and policyholder are jointly and severally liable for the payment of ~~the any other tax required under sub. (1) on business written illegally.~~ The tax shall ultimately be paid by the policyholder. Absorption of the tax by either the agent or broker or the insurer is an unfair method of competition under s. 628.34 (2) (b).

SECTION 25. 620.31 of the statutes is amended to read:

**620.31 Valuation of assets.** For the purposes of this chapter, except as otherwise provided by chs. 600 to 646, all assets shall be valued as they are valued for purposes of the financial statements submitted under s. 601.42 (4) (1g) (a), less the amount of any investment fluctuation reserves explicitly attributable to them.

SECTION 26. 623.03 of the statutes is amended to read:

**623.03 Valuation of assets.** The commissioner shall promulgate rules for the valuation of assets to be reported on the statements submitted under s. 601.42 (4) (1g) (a) as well as for other purposes. The commissioner may specify that certain classes of assets shall be valued at zero or given a nominal value, and when necessary to achieve the purposes of this section, may specify different bases of valuation for different purposes.

SECTION 27. 623.04 of the statutes is amended to read:

**623.04 Valuation of liabilities.** The commissioner shall promulgate rules specifying the liabilities required to be reported by insurers in the financial statements submitted under s. 601.42 (4) (1g) (a) and the methods of valuing them. In the case of life insurance such methods shall be consistent with s. 623.06.

SECTION 28. 628.02 (1) (b) 1 and 2 of the statutes are amended to read:

628.02 (1) (b) 1. A regular salaried officer, employee or other representative of an insurer or licensed intermediary, other than a risk retention group or risk purchasing group, who devotes substantially all working time to activities other than those in par. (a), and who receives no compensation that is directly dependent upon the amount of insurance business obtained;

2. A regular salaried officer or employe of a person seeking to procure insurance, other than for members of a risk purchasing group, who receives no compensation that is directly dependent upon the amount of insurance coverage procured, with respect to such insurance;

SECTION 29. 628.03 (1m) of the statutes is created to read:

628.03 (1m) RISK PURCHASING GROUPS. No natural person may solicit, negotiate or obtain insurance on behalf of a risk purchasing group which does business in this state unless the natural person obtains a license under s. 628.04 or 628.09. A risk purchasing group may not allow a natural person to solicit, negotiate or obtain insurance on its behalf if the risk purchasing group knows that the natural person is not licensed as required by this subsection.

SECTION 30. 628.32 of the statutes is renumbered 628.32 (1) and amended to read:

628.32 (1) An intermediary may not accept compensation from an insured or from both an insured ~~and another source due to an the insured's purchase of insurance from the insured and another source~~ or for advice regarding the insured's insurance needs or coverage unless the intermediary, before the insured incurs an obligation to pay compensation, clearly and conspicuously and in writing discloses to the insured all of the following:

(a) The amount of compensation to be paid by the insured, excluding commissions paid by the insurer to the intermediary.

(b) If compensation will be paid by another source, the fact that the intermediary will also receive compensation from the other source. The commissioner may adopt rules prescribing the form for disclosure under this section.

SECTION 31. 628.32 (2) of the statutes is created to read:

628.32 (2) The commissioner may promulgate rules prescribing the form for disclosure under sub. (1).

SECTION 32. 628.48 of the statutes is created to read:

**628.48 Risk retention groups.** (1) PROHIBITED MARKETING. A risk retention group may not do any of the following:

(a) Solicit or sell insurance to any person who is not eligible for membership in the risk retention group.

(b) Solicit or sell insurance or otherwise operate if the risk retention group is in a hazardous financial condition or is financially impaired.

(2) NOTICE IN POLICIES. A risk retention group may not issue an insurance policy unless the following notice, in 10-point type, is included on the front page and declarations page of the policy:

NOTICE

This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

SECTION 33. 631.01 (1) (intro.) of the statutes is amended to read:

631.01 (1) GENERAL. (intro.) This chapter and ch. 632 apply to all insurance policies and group certificates delivered or issued for delivery in this state, on property ordinarily located in this state, on persons residing in this state when the policy or group certificate is issued, or on business operations in this state, except:

SECTION 34. 631.15 (2) and (3) of the statutes are repealed.

SECTION 35. 631.15 (3m) of the statutes is created to read:

631.15 (3m) ENFORCEMENT OF STATUTE AND RULE REQUIREMENTS. A policy that violates a statute or rule is enforceable against the insurer as if it conformed to the statute or rule.

SECTION 36. 631.15 (4) of the statutes is amended to read:

631.15 (4) REFORMATION OF CONTRACT. Upon written request of the policyholder or an insured whose rights under the policy are continuing and not transitory, an insurer shall reform and reissue its written policy to comply with the requirements of the law existing at the date of issue or last renewal of the policy.

SECTION 37. 631.20 (1) of the statutes is amended to read:

631.20 (1) FILING. No form subject to s. 631.01 (1), except as exempted under s. 631.01 (2) to (5), may be used unless it has been filed with and approved by the commissioner and unless the insurer certifies that the form complies with chs. 600 to 655 and rules promulgated under chs. 600 to 655. It is deemed approved if it is not disapproved within 30 days after filing, or within a 30-day extension of that period ordered by the commissioner prior to the expiration of the first 30 days.

SECTION 38. 631.20 (6) of the statutes is created to read:

631.20 (6) APPROVED FORM WHICH VIOLATES STATUTE OR RULE. (a) The penalties under s. 601.64 (3) to (5) may not be imposed against an insurer for using a form that does not comply with a statute or rule if the statute or rule was in effect on the date the form was approved or deemed to be approved under sub. (1).

(b) Use of a form that does not comply with a statute or rule which takes effect after the date the form was approved or deemed to be approved under sub. (1) is a violation of the statute or rule, and the penalties under s. 601.64 may be imposed against the insurer using the form.

SECTION 39. 631.83 (1) (c) of the statutes is repealed and recreated to read:

631.83 (1) (c) *Life claims based on absence of insured.* Sections 813.22 to 813.34 apply to life insurance actions based on death in which absence is relied upon as evidence of death.

SECTION 40. 632.49 of the statutes is repealed.

SECTION 41. 632.66 of the statutes is created to read:

**632.66 Annuity contracts without life contingencies.** The commissioner may by rule authorize insurers to issue annuity contracts which are without life contingencies. If the commissioner authorizes insurers to issue annuity contracts without life contingencies, the commissioner shall promulgate rules regulating those contracts.

SECTION 42. 632.74 of the statutes is amended to read:

**632.74 Reinstatement of individual or franchise disability insurance policies.** (1) CONDITIONS OF REINSTATEMENT. If an insurer, after termination of an individual or franchise disability insurance policy for nonpayment of premium, within one year after the termination accepts without reservation a premium payment, the policy is reinstated as of the date of the acceptance. There is no acceptance without reservation if the insurer delivers or mails a written statement of reservations within ~~30~~ 45 days after receipt of the payment.

(2) CONSEQUENCES OF REINSTATEMENT. If a policy is reinstated under sub. (1) or if the insurer within one year after the termination issues to the policyholder a reinstatement policy, any losses resulting from accidents occurring or sickness beginning between the termination and the effective date of the reinstatement or the new policy are not covered, and no premium is payable for that period, except to the extent that the premium is applied to a reserve for future losses. The insurer may also charge a reinstatement fee in accordance with a schedule that has been filed with and expressly approved by the commissioner as not excessive and not unreasonably discriminatory. In all other respects, the reinstated or renewed contract shall be treated as an uninterrupted contract subject to any provisions which are endorsed on or attached to the

contract in connection with the reinstatement and which are fully and prominently disclosed to the policyholder.

SECTION 43. 646.01 (1) (a) 2. h and (b) 8 of the statutes are amended to read:

646.01 (1) (a) 2. h. Risk retention groups ~~operating under 15 USC 3901 to 3904.~~

(b) 8. Product liability or completed operations liability insurance, and comprehensive general liability including either of these coverages, provided to a risk purchasing group or a member of a risk purchasing group operating under 15 USC 3901 to 3904.

SECTION 44. 655.27 (5) (b) and (c) of the statutes are amended to read:

655.27 (5) (b) It shall be the responsibility of the insurer or self-insurer providing insurance or self-insurance for a health care provider who is also covered by the fund to provide an adequate defense of the fund on any claim filed that may potentially affect the fund with respect to such insurance contract or self-insurance contract. The insurer shall act in good faith and in a fiduciary relationship with respect to any claim affecting the fund. No settlement exceeding an amount which could require payment by the fund may be agreed to unless approved by the board of governors.

(c) It shall be the responsibility of any health care provider choosing to post bond or establish an escrow account under this chapter to provide an adequate defense of the fund on any malpractice claim filed or any claim filed under sub. (1m) that may potentially affect the fund. The health care provider shall act in good faith and in a fiduciary relationship with respect to any claim affecting the fund. No settlement exceeding an amount which could require payment by the fund may be agreed to unless approved by the board of governors.

SECTION 45. 1987 Wisconsin Act 27, section 3203 (47) (zf) 1 is amended to read:

(1987 Wisconsin Act 27) Section 3203 (47) (zf) 1. The treatment of sections 16.007 (6) (b) 2, 66.30 (2m) (e), 72.01 (3), (10), (11), (12), (14), (15) and (15m), 72.02, 72.05, 72.06, 72.07, 72.21 (3), 72.22 (1) and (3), 72.23 (title), (1) and (2), 72.25, 72.26, 72.28, 72.29, 72.30 (1) (title), (a) and (b), (2), (3) (a), (b), (bm), (c), (d) and (e), (4), (5), (6) and (7), 72.31 (title), (1) and (2) (title), (a), (b) and (c), 72.33 (1), (2) (intro.) and (4), 72.34 (1) to (6), 72.60 to 72.64, 73.03 (20), 75.521 (3) (am) 2, 112.06 (9), 182.24, ~~601.415 (6)~~, 613.81 (by SECTION 2099ga), 701.09 (3) and (4), 701.20 (12) (d) 5, 705.06 (1) (intro.) and (d), 851.17, 851.70, 859.01 (3), 863.27, 865.16 (1) (b), 865.20 (2), 867.01 (3) (a) 2, (e) and (f), 867.02 (2) (e) and (g), 867.045 (4) and 893.33 (5), chapter 72 (title) and subchapters I (title), II (title) and III (title) of chapter 72 of the statutes, the repeal of sections 72.01 (17), 72.12 to 72.20 and 72.22 (4) and subchapter IV of chapter 72 of the statutes, the repeal and recreation of section 71.05 (1g) of the statutes and SECTIONS 3047 (3), 3200 (47) (a), 3201 (31) (a), (36) (a)

and (b) and (53) (a) and 3202 (47) (a) of this act first apply to transfers because of deaths occurring on January 1, 1992, and to gifts made on January 1, 1992.

SECTION 46. 1987 Wisconsin Act 27, section 3204 (47) (i) is amended to read:

(1987 Wisconsin Act 27) Section 3204 (47) (i) *Inheritance tax and gift tax repeal.* The treatment of sections 16.007 (6) (b) 2, 66.30 (2m) (e), 72.01 (3), (10), (11), (12), (14), (15) and (15m), 72.02, 72.05, 72.06, 72.07, 72.21 (3), 72.22 (1) and (3), 72.23 (title), (1) and (2), 72.25, 72.26, 72.28, 72.29, 72.30 (1) (title), (a) and (b), (2), (3) (a), (b), (bm), (c), (d) and (e), (4), (5), (6) and (7), 72.31 (title), (1) and (2) (title), (a), (b) and (c), 72.33 (1), (2) (intro.) and (4), 72.34 (1) to (6), 72.60 to 72.64, 73.03 (20), 75.521 (3) (am) 2, 112.06 (9), 182.24, ~~601.415 (6)~~, 613.81 (by SECTION 2099ga), 701.09 (3) and (4), 701.20 (12) (d) 5, 705.06 (1) (intro.) and (d), 851.17, 851.70, 859.01 (3), 863.27, 865.16 (1) (b), 865.20 (2), 867.01 (3) (a) 2, (e) and (f), 867.02 (2) (e) and (g), 867.045 (4) and 893.33 (5), chapter 72 (title) and subchapters I (title), II (title) and III (title) of chapter 72 of the statutes, the repeal of sections 72.01 (17), 72.12 to 72.20 and 72.22 (4) and subchapter IV of chapter 72 of the statutes, the repeal and recreation of section 71.05 (1) (g) of the statutes, and SECTIONS 3047 (3), 3200 (47) (a), 3201 (31) (a), (36) (a) and (b) and (53) (a) and 3202 (47) (a) of this act take effect on January 1, 1992.

SECTION 47. **Nonstatutory provisions.** (1) The commissioner of insurance shall submit the proposed rules required under section 611.223 (1) (b) of the statutes, as created by this act, to the legislative council under section 227.15 (1) of the statutes no later than the first day of the 9th month beginning after the effective date of this subsection.

(2) The commissioner of insurance shall promulgate rules regulating life insurance which is issued by insurers that guarantee acceptance of any person who applies and which provides no death benefits or reduced death benefits for a specified period after the policy is issued. The rules shall regulate this type of life insurance to the extent necessary to protect consumers from life insurance policies that may pay no death benefits or death benefits that are less than the premiums paid. The commissioner of insurance shall submit the rules in proposed form to the legislative council under section 227.15 (1) of the statutes no later than the first day of the 7th month beginning after the effective date of this subsection.

SECTION 48. **Initial applicability.** The treatment of sections 618.415 and 628.48 of the statutes first applies to applications which are taken and policies which are issued or renewed on the effective date of this SECTION.

SECTION 49. **Effective dates.** This act takes effect on the day after publication, except as follows:

(1) The treatment of section 611.223 (1) (a) and (c), (2) and (3) of the statutes takes effect on the first day of the 11th month beginning after publication.