



1997 SENATE BILL 510

March 19, 1998 - Introduced by Senators ELLIS, COWLES, ROESSLER, WELCH and DRZEWIECKI, cosponsored by Representatives WIECKERT, LORGE and KAUFERT. Referred to Committee on Insurance, Tourism and Rural Affairs.

1 **AN ACT** *to renumber* 614.10 (2) (c); *to renumber and amend* 614.19 (3) (a) and
2 632.91; *to amend* 614.19 (3) (b), 623.15 (1) (b), 632.93 (1), 632.93 (2), 632.93 (5),
3 632.93 (6) and 632.96 (1); *to repeal and recreate* 623.15 (1) (a); and *to create*
4 614.10 (2) (c) 1., 614.10 (2) (c) 3., 614.19 (3) (a) 2. and 632.91 (2) of the statutes;
5 **relating to:** defining employes of fraternal to include retired employes and
6 providing insurance for the spouses and minor children of employes of
7 fraternals.

Analysis by the Legislative Reference Bureau

Under current law, a fraternal is defined as a corporation with a lodge system that operates for social, intellectual, educational, charitable, benevolent, patriotic or religious purposes for the benefits of its members or the public. A fraternal may provide insurance benefits to its members, to others on the application of a member, to children who would be eligible for membership except that they are too young on the application of an adult and to employes of the fraternal. This bill authorizes a fraternal to provide insurance benefits, on the application of an employe, to the employe's spouse or to a child of the employe who receives financial services or support from the employe. The bill specifies that, for purposes of receiving insurance

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benefits or making application to the fraternal to provide a spouse or child with insurance benefits, an employe includes a former employe.

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

1 **SECTION 1.** 614.10 (2) (c) of the statutes is renumbered 614.10 (2) (c) 2.

2 **SECTION 2.** 614.10 (2) (c) 1. of the statutes is created to read:

3 614.10 (2) (c) 1. In this paragraph, “employe” includes a former employe who
4 is classified as a retired employe under a retirement plan or other written policy of
5 a fraternal or of a subsidiary or other affiliate of a fraternal.

6 **SECTION 3.** 614.10 (2) (c) 3. of the statutes is created to read:

7 614.10 (2) (c) 3. Notwithstanding s. 614.01 (1) (a) 2., on the application of an
8 employe specified in subd. 2., provide insurance benefits to the employe’s spouse or
9 a child of the employe who receives financial services or support from the employe.

10 **SECTION 4.** 614.19 (3) (a) of the statutes is renumbered 614.19 (3) (a) (intro.)
11 and amended to read:

12 614.19 (3) (a) (intro.) In this subsection, ~~“insured;~~

13 1. “Insured employe” means an employe of a fraternal or of a subsidiary or other
14 affiliate of a fraternal who is provided insurance benefits by the fraternal under s.
15 614.10 (2) (c) 2. but is not a member of the fraternal.

16 **SECTION 5.** 614.19 (3) (a) 2. of the statutes is created to read:

17 614.19 (3) (a) 2. “Owner” means the owner of a policy or certificate issued by
18 a fraternal in accordance with s. 614.10.

19 **SECTION 6.** 614.19 (3) (b) of the statutes is amended to read:

20 614.19 (3) (b) Except as provided in s. 614.24 (1m), every fraternal shall contain
21 in its laws and in each certificate of insurance it issues, a provision, to which every

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1 certificate of insurance issued by the fraternal shall be subject, that if the financial
2 position of the fraternal becomes impaired, the board of directors or the supreme
3 governing body may ~~determine~~, on an equitable basis ~~the proportionate share of,~~
4 apportion the deficiency of each member among the members of the fraternal and
5 each insured employe. ~~The, the insured employes or the owners, or any combination~~
6 thereof. A member ~~or,~~ insured employe or owner may then either pay the member's
7 ~~or,~~ insured employe's or owner's share of the deficiency, or accept the imposition of
8 a lien on the certificate of insurance, to bear interest at the rate charged on policy
9 loans under the certificate, compounded annually until paid, or may accept a
10 proportionate reduction in benefits under the certificate. The fraternal may specify
11 the manner of the election and which alternative is to be presumed if no election is
12 made.

13 **SECTION 7.** 623.15 (1) (a) of the statutes is repealed and recreated to read:

14 623.15 (1) (a) In this subsection, "owner" means the owner of a policy or
15 certificate issued by a fraternal in accordance with s. 614.10.

16 **SECTION 8.** 623.15 (1) (b) of the statutes is amended to read:

17 623.15 (1) (b) A fraternal may be organized for the transaction of business on
18 a plan set forth in the contract which provides for sufficient contributions by each
19 ~~member and insured employe~~ owner in each year to pay the ~~member's or insured~~
20 ~~employe's~~ owner's share of the actual death claims of the year through advance
21 payments graded according to any mortality table approved by the commissioner,
22 without any reserve, or with such reserve as may accumulate from overpayments of
23 individual ~~members and insured employes~~ owners, in which case each ~~member and~~
24 ~~insured employe~~ owner shall each year be informed of the ~~member's or insured~~

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1 employe's owner's credit and of the cost of the ~~member's or insured employe's~~ owner's
2 insurance.

3 **SECTION 9.** 632.91 of the statutes is renumbered 632.91 (intro.) and amended
4 to read:

5 **632.91 Definition.** (intro.) In this subchapter, ~~“insured;~~

6 **(1) “Insured employe”** means an employe of a fraternal or of a subsidiary or
7 other affiliate of a fraternal who is provided insurance benefits by the fraternal
8 under s. 614.10 (2) (c) 2. but is not a member of the fraternal.

9 **SECTION 10.** 632.91 (2) of the statutes is created to read:

10 632.91 (2) “Owner” means the owner of a policy or certificate issued by a
11 fraternal in accordance with s. 614.10.

12 **SECTION 11.** 632.93 (1) of the statutes is amended to read:

13 632.93 (1) ISSUANCE OF CERTIFICATE. A fraternal shall issue to each ~~benefit~~
14 ~~member and insured employe~~ owner a policy or certificate specifying the benefits
15 provided and containing at least in substance all sections of the laws of the fraternal
16 which might result in the termination of coverage or the reduction of benefits. The
17 policy or certificate, any riders or endorsements attached thereto, the laws of the
18 fraternal, and the application and declarations made in connection therewith and
19 signed by the applicant, constitute the agreement between the fraternal and the
20 ~~member or insured employe~~ owner, and the policy or certificate shall so state.

21 **SECTION 12.** 632.93 (2) of the statutes is amended to read:

22 632.93 (2) CHANGES IN LAWS OF FRATERNALS. Except as provided in s. 614.24
23 (1m), any changes in the laws of a fraternal made subsequent to the issuance of a
24 policy or certificate bind the ~~member, beneficiary and insured employe~~ owner and
25 any beneficiary under the policy or certificate as if they had been in force at the time

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1 of the application, so long as they do not destroy or diminish benefits promised in the
2 policy or certificate.

3 **SECTION 13.** 632.93 (5) of the statutes is amended to read:

4 632.93 (5) GRACE PERIOD. Every fraternal certificate shall contain a provision
5 entitling the ~~member or insured employe~~ owner to a grace period of not less than one
6 month, or 30 days at the fraternal's option, for the payment of any premium due
7 except the first, during which the death benefit shall continue in force. A fraternal
8 may specify in the grace period provision that the overdue premium will be deducted
9 from the death benefit in the event of death before it is paid.

10 **SECTION 14.** 632.93 (6) of the statutes is amended to read:

11 632.93 (6) COMPLIANCE WITH OTHER PROVISIONS. If a fraternal's laws provide for
12 expulsion or suspension of a member for any reason other than nonpayment of
13 premium or under s. 632.46, the fraternal's insurance certificate shall contain a
14 provision that if a member is expelled or suspended for any reason other than
15 nonpayment of premium or under s. 632.46, the expelled member, or other owner
16 who was provided insurance benefits under s. 614.10 on the application of the
17 expelled member, has the right to maintain the policy in force by continuing payment
18 of the required premium.

19 **SECTION 15.** 632.96 (1) of the statutes is amended to read:

20 632.96 (1) Any ~~member or insured employe~~ owner may designate as beneficiary
21 any person permitted by the laws of the fraternal. Those laws shall authorize the
22 designation of the ~~member's or insured employe's estate~~ of a member or insured
23 employe as beneficiary.

24

(END)