

**1999 DRAFTING REQUEST**

**Senate Substitute Amendment (SSA-SB257)**

Received: 01/14/2000

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Roger Breske (608) 266-2509

By/Representing: Vaughn Vance

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Alt. Drafters:

Subject: Insurance - other insurance

Extra Copies: MDK

**Pre Topic:**

No specific pre topic given

**Topic:**

Benefits under multi-premium funeral policies

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 01/14/2000	gilfokm 01/14/2000		_____			
/1			martykr 01/18/2000	_____	lrb_docadmin 01/18/2000	lrb_docadmin 01/18/2000	
/2	kahlepj 01/31/2000	gilfokm 01/31/2000	martykr 02/01/2000	_____	lrb_docadmin 02/01/2000	lrb_docadmin 02/01/2000	

FE Sent For:

<END>

1999 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB257)

Received: 01/14/2000

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Roger Breske (608) 266-2509

By/Representing: Vaughn Vance

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Alt. Drafters:

Subject: Insurance - other insurance

Extra Copies: MDK

Pre Topic:

No specific pre topic given

Topic:

Benefits under multi-premium funeral policies

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 01/14/2000	gilfokm 01/14/2000		_____			
/1		12-1-31-2000 Kmg	martykr 01/18/2000 Km 2/1	_____	lrb_docadmin 01/18/2000	lrb_docadmin 01/18/2000	
FE Sent For:				Km 2/1			
<END>							

**1999 DRAFTING REQUEST**

**Senate Substitute Amendment (SSA-SB257)**

Received: 01/14/2000

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Roger Breske (608) 266-2509

By/Representing: Vaughn Vance

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Alt. Drafters:

Subject: Insurance - other insurance

Extra Copies: MDK

**Pre Topic:**

No specific pre topic given

**Topic:**

Benefits under multi-premium funeral policies

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1/?	kahlepj	1-1-14-2000 bmg	pm/1/14	Dot km/14			

FE Sent For:

<END>

# ROGER BRESKE

STATE SENATOR

12th District

Capitol Address:  
State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
(608) 266-2509

Home Address:  
8800 Hwy. 29  
Eland, WI 54427  
(715) 454-6575



Legislative Hotline:  
1 (800) 362-9472

## MEMORANDUM

January 13, 2000

TO: Mark D. Kunkel, Attorney  
Legislative Reference Bureau  
FR: Vaughn L. Vance for  
Senator Roger Breske  
RE: Substitute Amendment – SB257

Roger is requesting that a substitute amendment be drafted for the above legislation. This substitute amendment is intended to incorporate the substantive agreement of a proposed rule revision promulgated by the Office of Commissioner of Insurance in the enclosed materials. Suggested statutory language is also enclosed for your reference.

***This bill has been noticed and is scheduled for a public hearing and Executive Session on Wednesday, January 19, 2000 at 10AM.*** I appreciate your efforts to have this amendment prepared for that date.

As always, please feel free to give me a call at 6-2509 with any questions or concerns that you may have regarding this request.

**Redraft of 01-03-00 OCI Proposal**

**Prepared by: Ron Kuehn on behalf of professional organizations and companies interested in pre-need insurance 01-05-00**

**SECTION 1. Ins 23.30 (1) (b) is amended to read:**

(No amendments shall be made to Ins 23.30 (1) (b). This administrative code provision concerns single premium pre-need insurance. SB 257 relates exclusively to multi-premium policies.)

**SECTION 2. Ins 23.30 (1) (i) is created to read:**

**Ins 23.30 (i) Premium rates for all funeral policies shall be filed at the time the policy form is filed with the commissioner under section 631.20, Stats. and within 30 days after they were revised. Premiums shall be based upon sound actuarial principles, but are not subject to the approval of the commissioner.**

**SECTION 3. Ins 23.10 (6m) is created to read:**

**Ins 23.10 (6m) "Multi-premium funeral policy" means a funeral policy where the premium to fund the policy is paid over time.**

**SECTION 4. Section Ins 23.35 is repealed and recreated to read:**

**Ins 23.35 Minimum benefit requirements for multi-premium funeral policies. (1) An insurer may issue a multi-premium funeral policy only if, at the time of issue, the face amount of the policy is not less than the amount of the precarranged funeral plan**

**(2) The Death benefit of a multi-premium funeral policy may not be less than its face amount unless all of the following conditions are met:**

**(a) The policy is guaranteed issue and does not require the applicant to meet medical underwriting criteria.**

(b) The front of the policy contains a full disclosure of the lower death benefit with a detailed explanation contained within the policy.

(c) The policy may only be sold to those applicants who do not qualify for the insurer's underwritten multi-premium funeral policy, or who do not apply for the underwritten policy.

(d) The lower death benefit in a guaranteed issue multi-premium funeral policy may not be less than be one of the following:

1. Twenty-five percent of the face amount during the first year, 50 percent of the face amount during the second year, and the full face amount after the beginning of the third year. However, in no event shall the lower death benefit be less than the premiums paid

2. During the first 2 years of the policy an amount equal to the premiums paid plus interest at the rate of not less than 5 3 percent simple interest per year compounded annually and the full face amount after the beginning of the third year.

(3). Multi-premium funeral policies shall disclose to applicants, at the time of application for coverage, the premiums to be paid over the life of the policy in a manner approved by the commissioner; the maximum number of premiums to be paid over the life of the policy, the amount of each premium payment, and the frequency of making the premium payments.

(4). The premium payment period for a multi-premium funeral policy shall be no more than 20 years for issue ages under 60 years, no more than 10 years for issue ages 60 to 80 years, and no more than 5 years for issue ages 80 years and higher.

(5). This section does not apply to single premium policies.

**SECTION 5.** These changes will take effect on the first day of the first month after publication, as provided in s, 227.22(2)(intro), Stats.



## State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

OCI - Pre Need.

Tommy G. Thompson  
Governor

Connie L. O'Connell  
Commissioner

121 East Wilson Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 266-3585 • Fax: (608) 266-9935  
E-Mail: [Information@oci.state.wi.us](mailto:Information@oci.state.wi.us)  
[http://badger.state.wi.us/agencies/oci/oci\\_home.htm](http://badger.state.wi.us/agencies/oci/oci_home.htm)

DATE: January 3, 2000  
TO: Interested Parties  
FROM: Guenther Ruch *GR*  
SUBJECT: Revision to Ins 23.35

On December 13, 1999, the interested parties group met with OCI staff to discuss the concept paper OCI distributed on December 9<sup>th</sup>. At that meeting several concerns were raised about our thinking in amending section Ins. 23.35, Wis. Adm. Code. Most notably was the concern raised over the 10% interest rate under the reduced benefit provision and the ability to deny coverage to terminally ill applicants under the guarantee issue policy. Finally, there was the concern raised about timing and the need to get this section of the code amended as soon as possible so that multi-pay preneed policies could be offered to Wisconsin consumers.

The interested parties indicated that they would discuss the draft with their individual constituents and get back to OCI with written comments. To date, we have not received any comments, either verbal or written, from the parties.

We understand that many of the interested parties are in general agreement with the provisions put forth by OCI. Therefore, in order to move the rulemaking process along, we reviewed the comments made at the December 13<sup>th</sup> meeting and have drafted language to repeal and recreate section Ins. 23.35, Wis. Adm. Code. Attached, is the proposed draft we plan on noticing for hearing.

As you can see, we responded to the concerns raised at the meeting. We replaced the 10% interest rate compounded annually with a 5% interest rate compounded annually under the reduced benefit provision in response to the concerns raised about the 10% rate. We could not come up with workable language to address the issue of denying coverage to terminally ill applicants in a guarantee issue policy. We changed the graded death benefit as noted during the meeting from one-third/two-third to one-quarter/one-half. We clarified that the rates being filed with the policy form are not being filed for approval. And finally, we clarified that the disclosure of premiums paid over the life of a multi-pay policy must be done in a manner approved by the Commissioner rather than in a form approved by the Commissioner.

Interested Parties - PreNeed

01/03/00

Page 2

We feel that OCI has been responsive to the concerns raised about the current Ins. 23.35, Wis. Adm. Code and has put forth a reasonable alternative to the current requirements. We trust that you will support these changes and look forward to your comments.

Should there be any questions, please feel free to contact me.

cc Commissioner O'Connell  
Deputy Commissioner Blumer  
Eileen Mallow

Attachment



**PROPOSED ORDER OF THE OFFICE OF THE COMMISSIONER OF INSURANCE  
AMENDING, REPEALING AND RECREATING A RULE**

To amend Ins 23.30 (1) (b), to create 23.30 (1) (i), to create Ins 23.10 (6m) and repeal and recreate Ins 23.35, Wis. Adm. Code, relating to adjusting minimum benefit requirements for prearranged funeral plans.

---

**ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE**

Statutory authority: ss. 601.41(3) & 632.41 (2) (b) 2., Stats.

Statutes interpreted: s. 632.41 (2) (b) 2., Stats.

---> This proposed rule change sets out specific minimum benefit requirements for insurance marketed to fund prearranged funeral plans where the premium for that insurance is payable in installments over time. Under current rules governing funeral policies the multi-premium policy marketplace is nearly non-existent. This change is intended to make it more likely that insurers will issue policies with flexible funding arrangements. Consumer safeguards are added by correlating death benefits to the amount of the prearranged funeral plan with an "interest" factor added. In addition limits on the payment period are tied to age at issue and policies that pay a death benefit less than face value are allowed only under certain conditions. This rule also requires disclosure where the policy death benefit may be less than the policy face value and the total premium to be paid over the life of the policy.

This rule change includes a provision that requires a premium rate filing for all funeral policies.

---

**SECTION 1. Ins 23.30 (1) (b) is amended to read:**

**Ins 23.30 (1) (b)** The premium amount for a single premium funeral policy which is issued on a single pay basis does not exceed the current costs of the prearranged funeral plan and the policy's death benefit is at least equal to the amount of the premium plus interest at the rate of not less than 3 percent per year compounded annually.

**SECTION 2. Ins 23.30 (1) (i) is created to read:**

**Ins 23.30 (i)** Premium rates for all funeral policies shall be filed at the time the policy form is filed with the commissioner under section 631.20, Stats. and within 30 days after they are revised. Premiums shall be based upon sound actuarial principles.

**SECTION 3. Ins 23.10 (6m) is created to read:**

**Ins 23.10 (6m)** "Multi-premium funeral policy" means a funeral policy where the premium to fund the policy is paid over time.

**SECTION 4. Section Ins 23.35 is repealed and recreated to read:**

**INS 23.35 Minimum benefit requirements for multi-premium funeral policies.** (1) An insurer may issue a multi-premium funeral policy only if, at the time of issue, the face amount of the policy is not less than the amount of the prearranged funeral plan.

(2) The death benefit of a multi-premium funeral policy may not be less than its face amount unless all of the following conditions are met:

(a) The policy is guaranteed issue and does not require the applicant to meet medical underwriting criteria.

(b) The front of the policy contains a full disclosure of the lower death benefit with a detailed explanation contained within the policy.

(c) The policy may only be sold to those applicants who do not qualify for the insurer's underwritten multi-premium funeral policy.

(d) The lower death benefit in a guaranteed issue multi-premium funeral policy may not be less than be one of the following:

1. Twenty-five percent of the face amount during the first year, 50 percent of the face amount during the second year, and the full face amount after the beginning of the third year. However, in no event shall the benefit be less than the premium paid.

2. During the first 2 years of the policy an amount equal to the premiums paid plus interest at the rate of not less than 5 percent per year compounded annually and the full face amount after the beginning of the third year.

**(3)** Multi-premium funeral policies shall disclose to applicants, at the time of application for coverage, the premiums to be paid over the life of the policy in a manner approved by the commissioner.

**(4)** The premium payment period for a multi-premium funeral policy shall be no more than 20 years for issue ages under 60 years, no more than 10 years for issue ages 60 to 80 years, and no more than 5 years for issue ages 80 years and higher.

**SECTION 5.** These changes will take effect on the first day of the first month after publication, as provided in s. 227.22(2)(intro.), Stats.

Dated at Madison, Wisconsin, this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

---

Connie L. O'Connell  
Commissioner of Insurance



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBs0247/1  
PJK... King

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

SENATE SUBSTITUTE AMENDMENT,

TO 1999 SENATE BILL 257

needed  
Tues by 9am

gen cat

1 AN ACT, relating to: minimum benefit requirements for certain life insurance  
2 policies in which the proceeds are assigned to funeral directors or funeral  
3 establishment operators.

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

4 SECTION 1. 632.41 (2) (a) of the statutes is renumbered 632.41 (2) and amended  
5 to read:

6 632.41 (2) BURIAL INSURANCE. Except as provided in par. (b) s. 632.415, no  
7 contract in which the insurer agrees to pay for any of the incidents of burial or other  
8 disposition of the body of a deceased may provide that the benefits are payable to a  
9 funeral director or any other person doing business related to burials.

10 History: 1975 c. 373, 375, 422; 1979 c. 102; 1995 a. 295.  
SECTION 2. 632.41 (2) (b) 1. of the statutes is renumbered 632.415 (2).

1 SECTION 3. 632.41 (2) (b) 2. of the statutes is renumbered 632.415 (5) and  
2 amended to read:

3 632.415 (5) Subject to ~~subd. 3.~~ <sup>✓</sup> subs. (3) and (4), the commissioner shall by rule  
4 establish minimum standards for benefits, claims payments, marketing practices,  
5 compensation arrangements and reporting practices for life insurance policies sold  
6 under ~~subd. 1.~~ <sup>✓</sup> sub. (2). *score*

History: 1975 c. 373, 375, 422; 1979 c. 102; 1995 a. 295.

7 SECTION 4. 632.41 (2) (b) 3. of the statutes is renumbered 632.415 (3) and  
8 amended to read:

9 632.415 (3) A life insurance policy sold under ~~subd. 1.~~ <sup>✓</sup> sub. (2) shall permit the  
10 policyholder to designate a different beneficiary, after written notice to the current  
11 beneficiary, and a different funeral director or operator of a funeral establishment  
12 that is to receive the assignment of proceeds, after written notice to the current  
13 funeral director or operator of the funeral establishment.

History: 1975 c. 373, 375, 422; 1979 c. 102; 1995 a. 295.

14 SECTION 5. 632.415 of the statutes is created to read:

15 **632.415 Funeral policies.** (1) In this section, “multi-<sup>3</sup>premium funeral  
16 policy” means a life insurance policy sold under sub. (2) for which premiums to fund  
17 the policy are paid over time.

18 (4) (a) An insurer may issue a multi-<sup>3</sup>premium funeral policy only if, at the time *that*  
19 the policy is issued, the face amount of the policy is not less than the value of funeral  
20 merchandise and services to be provided under a burial agreement under s. 445.125  
21 (3m). <sup>✓</sup>

22 (b) The death benefit under a multi-<sup>3</sup>premium funeral policy may not be less  
23 than the face amount of the policy unless all of the following apply:

1           1. The policy applicant is not required to meet any medical underwriting  
2 criteria and the insurer may not refuse to issue the policy for any medical or health  
3 status-related reason.

4           2. The policy contains a detailed explanation of the lower death benefit, as well  
5 as full disclosure of the lower death benefit on the first page of the policy.

6           3. The policy applicant does not apply for, or qualify for, any medically  
7 underwritten multi-premium funeral policy that the insurer offers.

8           4. The death benefit is not less than either of the following:

9           a. Twenty-five percent of the face amount of the policy during the first year that  
10 the policy is in effect, 50% of the face amount of the policy during the ~~second~~<sup>2nd</sup> year that  
11 the policy is in effect and the full face amount of the policy after the end of the ~~second~~<sup>2nd</sup>  
12 year that the policy is in effect, but in no event less than the total of the premiums  
13 actually paid.

14           b. During the first 2 years that the policy is in effect, an amount equal to the  
15 actual premiums paid plus simple interest at a rate not less than 3% per year, and,  
16 after the end of the ~~second~~<sup>2nd</sup> year that the policy is in effect, the full face amount of the  
17 policy.

18           (c) The period over which premiums may be payable under a multi-premium  
19 funeral policy may not exceed any of the following:

20           1. Twenty years, if the insured is less 60 years of age when the policy is issued.

21           2. Ten years, if the insured is at least 60 years of age but less than 80 years of  
22 age when the policy is issued.

23           3. Five years, if the insured is at least 80 years of age when the policy is issued.

24           (d) At the time that an applicant applies for coverage under a multi-premium  
25 funeral policy, the insurance intermediary or other person selling or soliciting the

1 sale of the policy shall disclose the maximum number of premium payments to be  
2 made over the life of the policy, the frequency of the premium payments and the  
3 amount of each premium payment.

4 **SECTION 6. Initial applicability.**

5 (1) This act first applies to policies issued or renewed on the effective date of  
6 this subsection.

7 **SECTION 7. Effective date.**

8 (1) This act takes effect on the first day of the first month beginning after  
9 publication.

10 (END)

---

---

# ROGER BRESKE

---

---

STATE SENATOR

12th District

Capitol Address:  
State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
(608) 266-2509

Home Address:  
8800 Hwy. 29  
Eland, WI 54427  
(715) 454-6575



Legislative Hotline:  
1 (800) 362-9472

## MEMORANDUM

January <sup>24</sup>~~13~~, 2000

TO: Pam Kahler  
Legislative Reference Bureau  
FR: Vaughn L. Vance for  
Senator Roger Breske  
RE: Substitute Amendment - SB257

---

Thank you for your quick attention to the latest draft of the above legislation. Unfortunately, we ran into a few unexpected problems with interested parties. Given these concerns, Roger is now requesting that a revised substitute amendment be drafted for the above legislation. A draft of the previous substitute indicating the desired changes is attached for your reference.

As always, please feel free to give me a call at 6-2509 with any questions or concerns that you may have regarding this request.





State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB0247/1  
PJK:king:kan

SENATE SUBSTITUTE AMENDMENT ,  
TO 1999 SENATE BILL 257

1 AN ACT to renumber 632.41 (2) (b) 1.; to renumber and amend 632.41 (2) (a),  
2 632.41 (2) (b) 2. and 632.41 (2) (b) 3.; and to create 632.415 of the statutes;  
3 relating to: minimum benefit requirements for certain life insurance policies  
4 in which the proceeds are assigned to funeral directors or funeral  
5 establishment operators.

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

6 SECTION 1. 632.41 (2)(a) of the statutes is renumbered 632.41 (2) and amended  
7 to read:

8 632.41 (2) BURIAL INSURANCE. Except as provided in ~~par. (b) s. 632.415.~~ no  
9 contract in which the insurer agrees to <sup>to provide benefits used to</sup> pay for any of the incidents of burial or other  
10 disposition of the body of a deceased may provide that the benefits are payable to a  
11 funeral director or any other person doing business related to burials.

12 SECTION 2. 632.41 (2) (b) 1. of the statutes is renumbered 632.415 (2).

1999 -- 2000 Legislature

- 2 -

1 SECTION 3. 632.41 (2) (b) 2. of the statutes is renumbered 632.415 (5) and  
2 amended to read:

3 632.415 (5) Subject to ~~sub. 3. subs. (3) and (4)~~, the commissioner shall by rule  
4 establish minimum standards for ~~benefits~~ claims payments, marketing practices, ✓  
5 ~~compensation arrangements~~ and reporting practices for life insurance policies sold ✓  
6 under ~~sub. 1. sub. (2)~~.

7 SECTION 4. 632.41 (2) (b) 3. of the statutes is renumbered 632.415 (3) and  
8 amended to read:

9 632.415 (3) A life insurance policy sold under ~~sub. 1. sub. (2)~~ shall permit the  
10 policyholder to designate a different beneficiary, after written notice to the ~~insurer~~ <sup>INSURER</sup> ✓  
11 ~~beneficiary~~, and a different funeral director or operator of a funeral establishment  
12 that is to receive the assignment of proceeds, after written notice to the current  
13 funeral director or operator of the funeral establishment.

14 SECTION 5. 632.415 of the statutes is created to read:

15 632.415 Funeral policies: (1) In this section, "multipremium funeral policy"  
16 means a life insurance policy sold under sub. (2) for which premiums to fund the  
17 policy are paid over time.

18 (4) (a) An insurer may issue a multipremium funeral policy only if, at the time  
19 that the policy is issued, the face amount of the policy is not less than the value of  
20 funeral merchandise and services to be provided under a burial agreement under s.  
21 445.125 (3m).

22 (b) The death benefit under a multipremium funeral policy may not be less than  
23 the face amount of the policy unless all of the following apply:

1 ~~1. The policy applicant is not required to meet any medical underwriting~~ ✓  
2 ~~criteria and the insurer may not refuse to issue the policy for any medical or health~~ ✓  
3 ~~status-related reason.~~ ✓

4 1. ~~2.~~ The policy contains a detailed explanation of the lower death benefit, as well  
5 as full disclosure of the lower death benefit on the first page of the policy.

6 2. ~~3.~~ The policy applicant does not apply for, or qualify for, any <sup>full face amount</sup> medically ✓  
7 ~~underwritten multipremium funeral policy that the insurer offers.~~ ✓

8 3, ~~4.~~ The death benefit is not less than <sup>one</sup> either of the following: ✓

9 a. Twenty-five percent of the face amount of the policy during the first year that  
10 the policy is in effect, 50% of the face amount of the policy during the 2nd year that  
11 the policy is in effect and the full face amount of the policy after the end of the 2nd  
12 year that the policy is in effect, but in no event less than the total of the premiums  
13 actually paid.

14 b. During the first 2 years that the policy is in effect, an amount equal to the  
15 actual premiums paid plus simple interest at a rate <sup>of</sup> not less than 3% per year, and, ✓  
16 after the end of the 2nd year that the policy is in effect, the full face amount of the  
17 policy.

18 (c) The period over which premiums may be payable under a multipremium  
19 funeral policy may not exceed ~~any~~ <sup>of</sup> the following: <sup>applicable period</sup> ✓

20 1. Twenty years, if the insured is less 60 years of age when the policy is issued.

21 2. Ten years, if the insured is at least 60 years of age but less than 80 years of  
22 age when the policy is issued.

23 3. Five years, if the insured is at least 80 years of age when the policy is issued.

24 (d) At the time that an applicant applies for coverage under a multipremium  
25 funeral policy, the insurance intermediary or other person selling or soliciting the

1999 - 2000 Legislature

- 4 -

1 sale of the policy shall disclose the maximum number of premium payments to be  
2 made over the life of the policy, the frequency of the premium payments and the  
3 amount of each premium payment.

4 **SECTION 6. Initial applicability.**

5 (1) This act first applies to policies issued or renewed on the effective date of  
6 this subsection.

7 **SECTION 7. Effective date.**

8 (1) This act takes effect on the first day of the first month beginning after  
9 publication.

10

(END)



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBs0247/2  
PJK:kmg:km

*pm is run*

SENATE SUBSTITUTE AMENDMENT,  
TO 1999 SENATE BILL 257

*SOON  
(Mon. 1-31)*

1 AN ACT *Gen. Cat.* to renumber 632.41 (2) (b) 1.; to renumber and amend 632.41 (2) (a),  
2 632.41 (2) (b) 2. and 632.41 (2) (b) 3.; and to create 632.415 of the statutes;  
3 relating to: minimum benefit requirements for certain life insurance policies  
4 in which the proceeds are assigned to funeral directors or funeral  
5 establishment operators.

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

6 SECTION 1. 632.41 (2) (a) of the statutes is renumbered 632.41 (2) and amended  
7 to read:

8 632.41 (2) BURIAL INSURANCE. provide benefits to Except as provided in ~~par. (b)~~ s. 632.415, no  
9 contract in which the insurer agrees to pay for any of the incidents of burial or other  
10 disposition of the body of a deceased may provide that the benefits are payable to a  
11 funeral director or any other person doing business related to burials.

12 SECTION 2. 632.41 (2) (b) 1. of the statutes is renumbered 632.415 (2).

1 SECTION 3. 632.41 (2) (b) 2. of the statutes is renumbered 632.415 (5) and  
2 amended to read:

3 632.415 (5) Subject to ~~subd. 3. subs. (3) and (4)~~, the commissioner shall by rule  
4 establish minimum standards for ~~benefits~~, claims payments, marketing practices,  
5 ~~compensation arrangements~~ and reporting practices for life insurance policies sold  
6 under ~~subd. 1. sub. (2)~~.

7 SECTION 4. 632.41 (2) (b) 3. of the statutes is renumbered 632.415 (3) and  
8 amended to read:

9 632.415 (3) A life insurance policy sold under ~~subd. 1. sub. (2)~~ shall permit the  
10 policyholder to designate a different beneficiary, ~~after~~ <sup>upon</sup> written notice to the ~~current~~  
11 ~~beneficiary~~ and a different funeral director or operator of a funeral establishment  
12 that is to receive the assignment of proceeds, after written notice to the current  
13 funeral director or operator of the funeral establishment.

14 SECTION 5. 632.415 of the statutes is created to read:

15 **632.415 Funeral policies.** (1) In this section, "multipremium funeral policy"  
16 means a life insurance policy sold under sub. (2) for which premiums to fund the  
17 policy are paid over time.

18 (4) (a) An insurer may issue a multipremium funeral policy only if, at the time  
19 that the policy is issued, the face amount of the policy is not less than the value of  
20 funeral merchandise and services to be provided under a burial agreement under s.  
21 445.125 (3m).

22 (b) The death benefit under a multipremium funeral policy may not be less than  
23 the face amount of the policy unless all of the following apply:

insurer

4  
5  
10  
11

1 1. The policy applicant is not required to meet any medical underwriting  
 2 criteria and the insurer may not refuse to issue the policy for any medical or health  
 3 status-related reason.

4 1. The policy contains a detailed explanation of the lower death benefit, as well  
 5 as full disclosure of the lower death benefit on the first page of the policy.

6 2. The ~~policy~~ applicant does not apply for, or qualify for, any ~~medical~~  
 7 ~~multipremium~~ multipremium funeral policy that the insurer offers.

8 3. The death benefit is not less than ~~50%~~ of the following: *at least one*  
 9 a. Twenty-five percent of the face amount of the policy during the first year that  
 10 the policy is in effect, 50% of the face amount of the policy during the 2nd year that  
 11 the policy is in effect and the full face amount of the policy after the end of the 2nd  
 12 year that the policy is in effect, but in no event less than the total of the premiums  
 13 actually paid.

14 b. During the first 2 years that the policy is in effect, an amount equal to the  
 15 actual premiums paid plus simple interest at <sup>the</sup> ~~a~~ rate ~~under~~ <sup>of</sup> 3% per year, and,  
 16 after the end of the 2nd year that the policy is in effect, the full face amount of the  
 17 policy.

18 (c) The period over which premiums may be payable under a multipremium  
 19 funeral policy may not exceed ~~60 months~~ the following *applicable period*

- 20 1. Twenty years, if the insured is less 60 years of age when the policy is issued.
- 21 2. Ten years, if the insured is at least 60 years of age but less than 80 years of
- 22 age when the policy is issued.
- 23 3. Five years, if the insured is at least 80 years of age when the policy is issued.

24 (d) At the time that an applicant applies for coverage under a multipremium  
 25 funeral policy, the insurance intermediary or other person selling or soliciting the

Full face amount

1 sale of the policy shall disclose the maximum number of premium payments to be  
2 made over the life of the policy, the frequency of the premium payments and the  
3 amount of each premium payment.

4 **SECTION 6. Initial applicability.**

5 (1) This act first applies to policies issued or renewed on the effective date of  
6 this subsection.

7 **SECTION 7. Effective date.**

8 (1) This act takes effect on the first day of the first month beginning after  
9 publication.

10

(END)