

ASSEMBLY BILL 501 (LRB -2104)

An Act to repeal 601.31 (1) (Lm), 601.31 (1) (u), 601.31 (1) (v) and 628.10 (4); to amend 628.10 (2) (a), 628.10 (2) (am), 628.10 (2) (c), 628.10 (2) (cm), 628.10 (3) and 628.11 (title); and to create 628.04 (1c), 628.10 (2) (e) and 628.10 (5) of the statutes; relating to: insurance agent license requirements, revocations, and reinstatement and relicensing requirements, and granting rule-making authority. (FE)

2007

- 09-13. A. Introduced by Representatives **F. Lasee, Ziegelbauer, Albers and Petersen**; cosponsored by Senators **Breske, Plale, Erpenbach and Olsen**.
- 09-13. A. Read first time and referred to committee on Insurance 273
- 10-05. A. Fiscal estimate received.
- 11-29. A. Public hearing held.

2008

- 01-09. A. Executive action taken.
- 01-11. A. Report passage recommended by committee on Insurance, Ayes 10, Noes 0 429
- 01-11. A. Referred to committee on Rules 430
- 01-17. A. Placed on calendar 1-23-2008 by committee on Rules.
- 01-23. A. Read a second time 459
- 01-23. A. Assembly amendment 1 offered by Representatives Kessler and Schneider (**LRB a1110**) 459
- 01-23. A. Assembly amendment 1 laid on table, Ayes 51, Noes 45 459
- 01-23. A. Ordered to a third reading 459
- 01-23. A. Rules suspended 460
- 01-23. A. Read a third time and **passed** 460
- 01-23. A. Ordered immediately messaged 460
- 01-24. S. Received from Assembly 536
- 01-25. S. Read first time and referred to committee on Health, Human Services, Insurance, and Job Creation 540
- 03-06. S. Executive action taken.
- 03-06. S. Report concurrence recommended by committee on Health, Human Services, Insurance, and Job Creation, Ayes 6, Noes 0.
- 03-06. S. Available for scheduling.
- 03-06. S. Referred to joint committee on Finance by committee on Senate Organization, pursuant to Senate Rule 41 (1)(e).
- 03-06. S. Withdrawn from joint committee on Finance and made Available for Scheduling by committee on Senate Organization, pursuant to Senate Rule 41 (1)(e).
- 03-11. S. Read a second time 3
- 03-11. S. Ordered to a third reading 3
- 03-11. S. Rules suspended 3
- 03-11. S. Read a third time and **concurred in**, Ayes 33, Noes 0 3
- 03-11. S. Ordered immediately messaged 3
- 03-11. A. Received from Senate concurred in.

**2007
ENROLLED BILL**

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ADOPTED DOCUMENTS:

Orig **Engr** **SubAmdt**

07 21041 4

Amendments to above (if none, write "NONE"): None

Corrections - show date (if none, write "NONE"): None

Topic Rel

3-11-08

Date

JRM

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2007 ASSEMBLY BILL 501

September 13, 2007 - Introduced by Representatives F. LASEE, ZIEGELBAUER, ALBERS and PETERSEN, cosponsored by Senators BRESKE, PLALE, ERPENBACH and OLSEN. Referred to Committee on Insurance.

1 **AN ACT to repeal** 601.31 (1) (Lm), 601.31 (1) (u), 601.31 (1) (v) and 628.10 (4); **to**
2 **amend** 628.10 (2) (a), 628.10 (2) (am), 628.10 (2) (c), 628.10 (2) (cm), 628.10 (3)
3 and 628.11 (title); and **to create** 628.04 (1c), 628.10 (2) (e) and 628.10 (5) of the
4 statutes; **relating to:** insurance agent license requirements, revocations, and
5 reinstatement and relicensing requirements, and granting rule-making
6 authority.

Analysis by the Legislative Reference Bureau

Under current law, a person may be licensed to act as an insurance intermediary if he or she: 1) pays the applicable fee; 2) shows to the satisfaction of the commissioner of insurance (commissioner) that he or she has the intent in good faith to do business as an intermediary and is competent and trustworthy; and 3) if a nonresident, agrees to be subject to the jurisdiction of the commissioner and the courts of the state on any matter related to the person's insurance activities in the state. In addition, the person must satisfy certain prelicensing education standards and pass an examination; after being licensed, the person must comply with certain continuing education requirements. This bill authorizes the commissioner to promulgate a rule that would require applicants for licensure as insurance intermediaries who are state residents and natural persons to provide fingerprints as a condition for licensure. The fingerprints, if required, may be used for conducting state and national criminal history background investigations of the applicants.

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Under current law, the license of an insurance intermediary who fails to provide evidence of compliance with continuing education standards, or who fails to pay a fee when due, is suspended, and the suspended license is revoked if the intermediary does not provide evidence of compliance, or pay the fee, within 60 days after the license is suspended. Also under current law, the license of an insurance intermediary is revoked if the Department of Revenue certifies that the intermediary is liable for delinquent taxes. Any intermediary whose license is revoked must satisfy all requirements for initial licensure to be relicensed.

This bill provides that the license of an insurance intermediary who fails to provide evidence of compliance with continuing education requirements, or who fails to pay a fee when due, is automatically revoked rather than suspended for 60 days before revocation. At least 60 days before the automatic revocation occurs, however, the commissioner must notify the intermediary, by first class mail, of the date on which the evidence must be provided or the fee must be paid and that the intermediary's license will be revoked if the evidence is not provided or the fee is not paid by that date. The bill provides that, if an intermediary's license is revoked for failure to provide evidence of compliance with continuing education requirements, for failure to pay a fee when due, or for being delinquent in the payment of taxes, the intermediary, if a natural person, may have his or her license reinstated within 12 months after the revocation without having to satisfy any prelicensing education or examination requirements. The intermediary, however, must satisfy the requirements for which the license was revoked, apply for reinstatement, and pay the application fee for original licensure. If the intermediary's license is not reinstated within 12 months, the intermediary may be relicensed only by satisfying those requirements that apply to initial licensure that the commissioner specifies by rule. The bill also provides that the license of an insurance intermediary who changes residency from one state to another is revoked 60 days after the residency change. The intermediary may be relicensed only by satisfying those requirements that apply to initial licensure that the commissioner specifies by rule.

Under current law, the license of an intermediary who is a natural person is suspended if he or she is delinquent in court-ordered child support payments, or if he or she fails to comply with a subpoena or warrant related to paternity or child support proceedings. The bill provides that the intermediary's license will be reinstated if the intermediary satisfies the requirements for which the license was suspended, applies for reinstatement, and pays the application fee for original licensure.

The bill eliminates fees for issuing a duplicate agent's license and for preparing and furnishing an agent's letter of certification or clearance. The bill also eliminates a penalty under which an intermediary whose license had been suspended or revoked was required, when a new license was issued, to pay all fees that would have been payable if the license had not been suspended or revoked. Generally, under the bill, an intermediary whose license is suspended or revoked must pay the application fee for original licensure to have the license reinstated.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 601.31 (1) (Lm) of the statutes is repealed.

2 **SECTION 2.** 601.31 (1) (u) of the statutes is repealed.

3 **SECTION 3.** 601.31 (1) (v) of the statutes is repealed.

4 **SECTION 4.** 628.04 (1c) of the statutes is created to read:

5 **628.04 (1c) FINGERPRINTS.** The commissioner may by rule require an applicant
6 under sub. (1) who is a resident and a natural person to provide fingerprints as an
7 additional condition for the granting of a license to act as an agent. The
8 commissioner may use the fingerprints, if required, to conduct a state criminal
9 history background investigation of the applicant and a national criminal history
10 background investigation of the applicant with the federal bureau of investigation.

11 **SECTION 5.** 628.10 (2) (a) of the statutes is amended to read:

12 **628.10 (2) (a)** *For failure to comply with continuing education requirements.*

13 The license of any intermediary who fails to produce evidence of compliance with
14 continuing education standards set by the commissioner is ~~suspended~~ revoked,
15 effective on the ~~day~~ date on which the evidence of compliance is due. ~~If an~~
16 ~~intermediary whose license has been suspended under this paragraph produces~~
17 ~~evidence of compliance within 60 days after the date on which the license is~~
18 ~~suspended, the commissioner shall reinstate the license effective on the date of~~
19 ~~suspension. If such an intermediary does not produce evidence of compliance within~~
20 ~~60 days, the license is revoked and the intermediary may be relicensed only after~~
21 ~~satisfying all requirements under s. 628.04. At least 60 days before that date, the~~

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1 commissioner shall send by 1st class mail to the intermediary's address that is on file
2 with the commissioner notice of the date by which the evidence of compliance is due
3 and that the intermediary's license will be revoked if the evidence is not received by
4 that date. An intermediary whose license is revoked under this paragraph may have
5 his or her license reinstated, or may be relicensed, as provided in sub. (5).

6 **SECTION 6.** 628.10 (2) (am) of the statutes is amended to read:

7 628.10 (2) (am) *Nonpayment of fees.* The license of an intermediary who fails
8 to pay a fee when due is ~~suspended on and after~~ revoked, effective on the date when
9 on which the fee is due, if. At least 60 days before that date, the commissioner gave
10 the intermediary reasonable shall send by 1st class mail to the intermediary's
11 address that is on file with the commissioner notice that of the date by which the fee
12 was is due and that the intermediary's license would will be suspended revoked if
13 timely payment was is not made. If the intermediary pays the fee within 60 days
14 after the date it is due, the license is reinstated effective on the date of suspension.
15 If payment is not made within 60 days, the license is revoked and the intermediary
16 may be relicensed only after satisfying all requirements under s. 628.04. An
17 intermediary who is a natural person whose license is revoked under this paragraph
18 may have his or her license reinstated, or may be relicensed, as provided in sub. (5).

19 **SECTION 7.** 628.10 (2) (c) of the statutes is amended to read:

20 628.10 (2) (c) *For failure to pay support or to comply with subpoena or warrant.*
21 The commissioner shall suspend or limit the license of an intermediary who is a
22 natural person, or a temporary license of a natural person under s. 628.09, if the
23 natural person is delinquent in court-ordered payments of child or family support,
24 maintenance, birth expenses, medical expenses or other expenses related to the
25 support of a child or former spouse, or if the natural person fails to comply, after

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1 appropriate notice, with a subpoena or warrant issued by the department of
2 workforce development or a county child support agency under s. 59.53 (5) and
3 related to paternity or child support proceedings, as provided in a memorandum of
4 understanding entered into under s. 49.857. A natural person whose license or
5 temporary license is suspended under this paragraph who satisfies the requirements
6 under this paragraph for which the license was suspended may have his or her
7 license or temporary license reinstated by satisfactorily completing a reinstatement
8 application and paying the application fee for original licensure as specified by rule.

9 **SECTION 8.** 628.10 (2) (cm) of the statutes is amended to read:

10 628.10 (2) (cm) *For liability for delinquent taxes.* The commissioner shall
11 revoke the license of an intermediary, including a temporary license under s. 628.09,
12 if the department of revenue certifies under s. 73.0301 that the intermediary is liable
13 for delinquent taxes. An intermediary who is a natural person whose license is
14 revoked under this paragraph may have his or her license reinstated, or may be
15 relicensed, as provided in sub. (5).

16 **SECTION 9.** 628.10 (2) (e) of the statutes is created to read:

17 628.10 (2) (e) *For changing state of residence.* The license of an intermediary
18 who changes residence from one state to another is revoked 60 days after the change
19 of residence. The intermediary may be relicensed only after satisfying any
20 requirements under s. 628.04 that are specified by the commissioner by rule.

21 **SECTION 10.** 628.10 (3) of the statutes is amended to read:

22 628.10 (3) **DELAY FOR NEW APPLICATION.** An order revoking an intermediary's
23 license under sub. (2) (b) or (c) may specify a time not to exceed 5 years within which
24 the former intermediary may not apply for a new license. If no time is specified, the

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1 intermediary may not apply for 5 years. ~~An intermediary whose license is revoked~~
2 ~~under sub. (2) (am) may immediately reapply.~~

3 **SECTION 11.** 628.10 (4) of the statutes is repealed.

4 **SECTION 12.** 628.10 (5) of the statutes is created to read:

5 **628.10 (5) REINSTATEMENT OR RELICENSING AFTER CERTAIN REVOCATIONS.** (a)

6 *Reinstatement within 12 months.* An intermediary who is a natural person and
7 whose license is revoked under sub. (2) (a), (am), or (cm) may have his or her license
8 reinstated within 12 months after the date on which the license was revoked without
9 having to satisfy any preclicensing education or examination requirements under s.
10 628.04. To have his or her license reinstated, the intermediary must satisfy the
11 requirement under sub. (2) (a), (am), or (cm) for which the license was revoked,
12 satisfactorily complete a reinstatement application, and pay the application fee for
13 original licensure as specified by rule. The reinstatement is effective on the date on
14 which the commissioner actually reinstates the license. If the intermediary is also
15 a resident who is required to complete continuing education, the intermediary must
16 have satisfied all previous continuing education requirements to have his or her
17 license reinstated under this paragraph.

18 (b) *Relicensing required after 12 months.* An intermediary specified in par. (a)
19 whose license has been revoked for more than 12 months is not eligible to have his
20 or her license reinstated under par. (a) but may apply for relicensing at any time after
21 12 months have elapsed from the date of revocation. To be relicensed, the
22 intermediary must satisfy any requirements under s. 628.04 that are specified by the
23 commissioner by rule.

24 (c) *Applicability.* This subsection applies to all of the following:

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1 1. Intermediaries whose licenses were revoked under sub. (2) (a), (am), or (cm)
2 before the effective date of this subdivision ... [revisor inserts date], regardless of
3 whether an order under sub. (3) applies to the intermediary.

4 2. Intermediaries whose licenses are revoked under sub. (2) (a), (am), or (cm)
5 on or after the effective date of this subdivision ... [revisor inserts date].

6 **SECTION 13.** 628.11 (title) of the statutes is amended to read:

7 **628.11 (title) ~~Listing of insurance~~ Appointment of agents.**

8 **SECTION 14. Initial applicability.**

9 (1) ELIMINATION OF FEES.

10 (a) The treatment of section 601.31 (1) (Lm) of the statutes first applies to
11 requests for duplicate licenses that are received on the effective date of this
12 paragraph.

13 (b) The treatment of section 601.31 (1) (u) of the statutes first applies to
14 requests for letters of certification that are received on the effective date of this
15 paragraph.

16 (c) The treatment of section 601.31 (1) (v) of the statutes first applies to requests
17 for letters of clearance that are received on the effective date of this paragraph.

18 (2) AGENT LICENSE REVOCATION FOR CHANGING RESIDENCE. The treatment of
19 section 628.10 (2) (e) of the statutes first applies to intermediaries who change
20 residence from one state to another state on the effective date of this subsection.

21 (3) DELAY IN APPLICATION AFTER REVOCATION. The treatment of section 628.10 (3)
22 of the statutes first applies to revocations that occur on the effective date of this
23 subsection.

24

(END)