



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2007 Wisconsin Act 168**  
[2007 Senate Bill 294]

**Interstate Insurance Product  
Regulation Compact and  
Commission; Filing Insurance  
Forms; and Suitability of Annuity  
Contracts**

### **INTERSTATE INSURANCE PRODUCT REGULATION COMPACT AND INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION**

2007 Wisconsin Act 168 enacts the Interstate Insurance Product Regulation Compact under which each compacting state has a member on the Interstate Insurance Product Regulation Commission (Commission). The Act includes provisions relating to the Commission. The Commission establishes uniform standards for annuity, life insurance, disability income, and long-term care insurance products. These standards have the force and effect of law in each compacting state. Before adopting a uniform standard, the Commission must give written notice to the legislative committees of the compacting states with jurisdiction over insurance matters. A process is established for a state to opt out of a uniform standard.

If voluntarily filed by an insurer seeking approval from the Commission, the Commission reviews: annuity, life insurance, disability income, and long-term care insurance products; rate filings for disability income and long-term care insurance products; and advertisements relating to long-term care insurance products for which the Commission has developed uniform standards. If the insurance product is approved by the Commission, it may be sold in any of the compacting states. The Act includes other provisions regarding the Commission's role, including reviewing of advertisements relating to these insurance products and designating products and advertisements that may be self-certified without prior approval by the Commission.

### **FILING INSURANCE FORMS**

Under prior law, with a few exceptions, no insurance policy or group certificate form could be used unless it had been filed with and approved by the Commissioner of Insurance (the Commissioner).

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

Any form that had not been disapproved in 30 days after filing was deemed approved. The Commissioner could order, after a hearing, that the use of a form be discontinued.

Act 168 provides that, with a number of exceptions set forth in the Act, a form first used on or after July 1, 2008 that has not already been filed and approved before use may be used without the approval of the Commissioner. For the forms that no longer have to be filed and approved before use, the insurer must file the form before use and certify that the form complies with the statutes and administrative rules relating to insurance. As under prior law, the Commissioner may still order, after a hearing, that the use of a form be discontinued.

Prior law provided penalties, under certain circumstances, for using a form that does not comply with a statute or rule--depending on when the statute or rule took effect in relation to when the form was approved. The Act also provides that, if an insurer uses a form that was filed but not approved before use and that violates a statute or rule relating to insurance, the insurer is subject to penalties. The Act additionally provides that penalties may not be imposed against an insurer for the use of a form based solely on a finding of the Commissioner that the content of the form is misleading.

### **SUITABILITY OF ANNUITY CONTRACTS**

An insurance intermediary, or insurer if no intermediary is involved, is prohibited from making a recommendation about purchasing or exchanging an annuity unless the intermediary or insurer has reasonable grounds to believe that the recommendation is suitable for the consumer based on facts disclosed by the consumer. Before making a recommendation, the intermediary or insurer must make reasonable efforts to obtain information from the consumer about his or her financial status, tax status, and investment objectives.

Under prior law, these provisions applied only to consumers who are 65 years old or older. Act 168 makes these provisions applicable to all consumers.

**Effective Date:** The effective dates are as follows: (1) the general effective date, which applies to the Interstate Insurance Product Regulation Compact and the Commission, is March 28, 2008; (2) the effective date for the insurance form filing provisions is July 1, 2008; and (3) the effective date for the suitability of annuity contracts provisions is October 1, 2008.

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April 3, 2008

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