



**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 152**

1 **AN ACT** *to repeal* 601.31 (1) (a) 4., 601.31 (1) (b) 4., 601.31 (1) (c) 4., 601.31 (1)
2 (k) 4., chapter 615 and 646.01 (1) (a) 2. d.; *to amend* 600.03 (27), 620.25 (2) and
3 645.02 (6); and *to create* 632.65 of the statutes; **relating to:** exemption from
4 regulation for certain annuities.

Analysis by the Legislative Reference Bureau

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

5 **SECTION 1.** 600.03 (27) of the statutes is amended to read:
6 600.03 (27) “Insurer” means any person or association of persons doing an
7 insurance business as a principal, and includes, but is not limited to, fraternal,
8 ~~issuers of gift annuities,~~ cooperative associations organized under s. 185.981,
9 insurers operating under subch. I of ch. 616, and risk retention groups. It ~~is~~ “Insurer”

1 also includes any person purporting or intending to do an insurance business as a
2 principal on his or her own account. “Insurer” does not include a person that issues
3 only qualified charitable gift annuities, as defined in s. 632.65 (1).

4 **SECTION 2.** 601.31 (1) (a) 4. of the statutes is repealed.

5 **SECTION 3.** 601.31 (1) (b) 4. of the statutes is repealed.

6 **SECTION 4.** 601.31 (1) (c) 4. of the statutes is repealed.

7 **SECTION 5.** 601.31 (1) (k) 4. of the statutes is repealed.

8 **SECTION 6.** Chapter 615 of the statutes is repealed.

9 **SECTION 7.** 620.25 (2) of the statutes is amended to read:

10 620.25 (2) This section does not apply to ss. s. 234.26 and 615.10.

11 **SECTION 8.** 632.65 of the statutes is created to read:

12 **632.65 Annuities exempt from regulation.** (1) In this section, “qualified
13 charitable gift annuity” means an annuity that satisfies all of the following:

14 1. The annuity is established under a transaction that, for federal income tax
15 purposes, is treated partly as a charitable contribution under section 170 of the
16 Internal Revenue Code and partly as an investment in an annuity contract under
17 section 72 of the Internal Revenue Code.

18 2. The annuity meets the requirements of an annuity for which the obligation
19 to pay is excluded from the definition of “acquisition indebtedness” under section 514
20 (c) (5) of the Internal Revenue Code.

21 (2) (a) Notwithstanding any provision of chs. 600 to 646 to the contrary and
22 except as provided in this section, a qualified charitable gift annuity is not subject
23 to regulation under chs. 600 to 646.

24 (b) A charitable organization may not issue a qualified charitable gift annuity
25 unless the charitable organization has been in continuous existence for at least 3

1 years, or is a successor or affiliate of a charitable organization that has been in
2 continuous existence for at least 3 years.

3 (c) A qualified charitable gift annuity contract must include the following
4 disclosure statement: “A qualified charitable gift annuity is not insurance under the
5 laws of this state and is not subject to regulation by the commissioner of insurance
6 of this state or protected by an insurance guaranty fund or an insurance guaranty
7 association.”

8 (3) This section applies to qualified charitable gift annuities in existence on or
9 after the effective date of this subsection [LRB inserts date]. A person that issued
10 before the effective date of this subsection [LRB inserts date], a qualified
11 charitable gift annuity that is in existence on the effective date of this subsection
12 [LRB inserts date], shall provide notice of the provisions of this section to the policy
13 owner or beneficiary, whichever is appropriate, of the qualified charitable gift
14 annuity.

15 **SECTION 9.** 645.02 (6) of the statutes is amended to read:

16 645.02 (6) All licensees under ch. ~~615~~ or 616.

17 **SECTION 10.** 646.01 (1) (a) 2. d. of the statutes is repealed.

18 **SECTION 11. Effective date.**

19 (1) This act takes effect on December 31, 2013, or on the day after publication,
20 whichever is later.

21 (END)