



---

## WISCONSIN LEGISLATIVE COUNCIL RULES CLEARINGHOUSE

---

**Ronald Sklansky**  
*Clearinghouse Director*

**Richard Sweet**  
*Clearinghouse Assistant Director*

**Terry C. Anderson**  
*Legislative Council Director*

**Laura D. Rose**  
*Legislative Council Deputy Director*

### CLEARINGHOUSE RULE 05-045

#### Comments

**[NOTE:** All citations to “Manual” in the comments below are to the **Administrative Rules Procedures Manual**, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated January 2005.]

#### **1. Statutory Authority**

The statutory parity provisions relating to savings and loan associations and banks, ss. 215.02 (18) and 220.04 (8), Stats., provide that rules adopted under these provisions may not affect chs. 421 to 428, Stats. Since a debt cancellation contract or a debt suspension contract may replicate forms of consumer credit insurance, the agency should discuss the relationship between Clearinghouse Rule 05-045 and s. 422.202 (2s), Stats., and ch. 424, Stats. For example, should the rule exempt transactions already covered by the provisions in chs. 422 and 424, Stats.?

#### **2. Form, Style and Placement in Administrative Code**

a. The preface to the rule should include a statement describing where comments about the rule may be submitted and the deadline for submission of those comments. [See s. 1.02 (2) (a) 12., Manual.]

[General Comment: Unless otherwise noted, the comments made with respect to s. DFI-Bkg 3.08 also apply to s. DFI-SB 16.04 and ch. DFI-SL 22.]

b. In s. DFI-Bkg 3.08 (2), the phrase “in to” should be replaced by the word “into.”

c. In s. DFI-Bkg 3.08 (4), (5) (c) 4. and (6) (a) and (b), the notation “s. DFI-Bkg 3.08” should be replaced by the notation “sub.” Also, in s. DFI-Bkg 3.08 (6) (c), the phrase “s. DFI-Bkg 3.08 (5) of this chapter” should be replaced by the reference “sub. (5).” [These comments

do not apply to the provisions found in ch. DFI-SL 22 except that, in s. DFI-SL 22.06 (3) (intro.), the phrase “of this chapter” should be deleted.]

d. In s. DFI-Bkg 3.08 (5) (a) 5., the word “disclosures” is misspelled.

e. In the last sentence of s. DFI-Bkg 3.08 (4), a comma should be inserted after the word “which.”

#### **5. Clarity, Grammar, Punctuation and Use of Plain Language**

a. In s. DFI-Bkg 3.08 (5) (c) 4., the word “is” should be inserted after the word “contract.” [The correct phrasing is used in s. DFI-SL 22.06 (3).]

b. In s. DFI-SL 22.01 (intro.), the word “section” should be replaced by the word “chapter.”

c. The rule does not specify any penalties for violation of its provisions. It would appear reasonable to specifically provide for penalties for noncompliance both for affected customers with regard to their contracts and for the agency to specifically regulate lending practices by institutions. If a general enforcement mechanism exists, it could be described in a note to the rule.

d. Under the rule, a customer must be given a “reasonable opportunity” to cancel a contract before any unilateral change is made in the contract. What are the expected minimum number of days that would be considered “reasonable”? Would it be based under the rule on how severe a change is being imposed, or on the length of time a customer may need to obtain alternative coverage -- or some other criteria?

e. It is not clear what the requirement that disclosures be in “a meaningful form” means. How does it differ from the requirement that disclosures must be “understandable”?

f. Under the section titled “Solicitations using written mail inserts or ‘take one applications,’” it appears a customer could become obligated to a contract by responding to a solicitation and then acknowledging receipt of disclosures. Should this provision also require an “affirmative election” that appears in the telephone solicitation section?

g. The rule provides that customers can, in certain circumstances, cancel a contract “within 30 days” of a mailing of disclosures to the customer. The agency may wish to review whether the 30-day right to cancel should begin upon receipt by the customer.