

INS 3,6

Filed May 25th 1960
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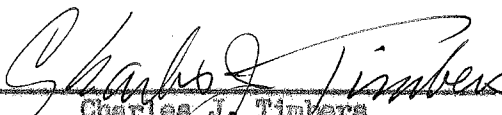
STATE OF WISCONSIN }
DEPARTMENT OF INSURANCE } ss.

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Charles J. Timbers, Deputy Commissioner of Insurance, and custodian of the official records of said department, do hereby certify that the annexed rules and regulations and amendments to rules and regulations relating to the renewability provisions of accident and sickness policies, riders and endorsements used with accident and sickness policies, and fictitious groups were duly approved and adopted by this department on May 24, 1960.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have here-
unto set my hand and affixed the
official seal of the Department
at the Capitol, in the city of
Madison, this 24th day of May,
A. D., 1960.


Charles J. Timbers
Deputy Commissioner of Insurance

ORDER OF THE DEPARTMENT OF INSURANCE

Adopting and Amending Rules

Pursuant to authority vested in the Commissioner of Insurance by section 200.03 (2), Wis. Stats., the Commissioner of Insurance hereby adopts and amends rules as follows:

Section Ins 3.08 (19) of the Wisconsin Administrative Code is renumbered to be section Ins 3.08 (20), and a new subsection (19) is adopted to read:

(19) NON-CANCELLABLE AND GUARANTEED RENEWABLE POLICIES. (a) No person, in the presentation, solicitation, effectuation or sale of a policy, and no advertisement relating to or used in connection with a policy shall use the terms "non-cancellable" or "non-cancellable and guaranteed renewable" or "guaranteed renewable", except as permitted by the definitions contained in Ins 3.13 (2) (e).

(b) An advertisement describing a non-cancellable policy shall disclose, as prominently as and in close conjunction with any description of the non-cancellable feature:

1. the age to which the form is non-cancellable and
2. the age at which the form's benefits are reduced, if applicable.

As an alternative, this information may be set out under appropriate captions of such prominence that it shall not be minimized or rendered obscure.

(c) An advertisement describing a guaranteed renewable policy shall disclose, as prominently as and in close conjunction with any description of the guaranteed renewable feature:

1. the age to which the form is guaranteed renewable,
2. the age at which the form's benefits are reduced, if applicable, and

3. the fact that the applicable premium rates can be changed by classes. As an alternative, this information may be set out under appropriate captions of such prominence that it shall not be minimized or rendered obscure.

(d) The foregoing limitations on the use of the term "non-cancellable" shall also apply to any synonymous term such as "not cancellable"; and the foregoing limitations on use of the term "guaranteed renewable" shall apply to any synonymous term such as "guaranteed continuable".

Section Ins 3.13 (2) (c), (d), (e), (f), (g), and (h) is renumbered and amended to read:

(e) A policy, other than a non-cancellable policy or a non-cancellable and guaranteed renewable policy or a guaranteed renewable policy, shall set forth the conditions under which the policy may be renewed, either by: A brief description of the policy's renewal conditions, or a separate statement referring to the policy's renewal conditions, or a separate appropriately captioned renewal provision appearing on or commencing on the first page.

1. The brief description, if used to meet the foregoing requirement, shall be printed, in type more prominent than that used in the policy's text, at the top or bottom of the policy's first page and on its filing back, if any, and shall describe its renewal conditions in one of the following ways:

"Renewal Subject to Consent of Company", "Renewal Subject to Company Consent", "Renewal at Option of Company", "Renewal at Option of Company as Stated in _____" (refer to appropriate policy provision), or "Renewal May be Refused as Stated in _____" (refer to appropriate policy provision). A company may submit other wording, subject to approval by the commissioner, which it believes is equally clear or more definite as to subject matter.

2. The separate statement, if used to meet the foregoing requirement, shall be printed, in type more prominent than that used in the policy's text, at the top or bottom of the policy's first page and on its filing back, if any, and shall describe its renewal conditions in one of the following ways: "Renewal Subject to Consent of Company", "Renewal Subject to Company Consent", "Renewal at Option of Company", "Renewal at Option of Company as Stated in _____" (refer to appropriate policy provision), or "Renewal May be Refused as Stated in _____" (refer to appropriate policy provision). A company may submit other wording, subject to approval by the commissioner, which it believes is equally clear or more definite as to subject matter.

3. The renewal provision appearing on or commencing on the policy's first page, if used to meet the foregoing requirement, shall be preceded by a caption which describes the policy's renewal conditions in one of the following ways: "Renewal Subject to Consent of Company", "Renewal Subject to Company Consent", "Renewal at Option of Company", "Renewal at Option of Company as Stated Below", or "Renewal May be Refused as Stated Herein". A company may submit other wording, subject to approval by the commissioner, which it believes is equally clear or more definite as to subject matter. The caption shall be in type more prominent than that used in the policy's text.

(d) If the policy is not renewable, it shall be so described in the brief description or in a separate statement at the top or bottom of the first page and on the filing back, if any, or it shall be so described in a separate appropriately captioned provision on the first page. The brief description, or the separate statement, or the caption shall be printed in type more prominent than that used in the policy's text.

(e) 1. The terms "non-cancellable" or "non-cancellable and guaranteed renewable" may be used only in a policy which the insured has the right to continue in force by the timely payment of premiums set forth in the policy a. until at least age 50, or b. in the case of a policy issued after age 44, for at least 5 years from its date of issue, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force.

2. A non-cancellable or non-cancellable and guaranteed renewable policy form shall disclose, as prominently as and in close conjunction with any description of the non-cancellable feature, a. the age to which the form is non-cancellable and b. the age at which the form's benefits are reduced, if applicable.

3. Except as provided above, the term "guaranteed renewable" may be used only in a policy which the insured has the right to continue in force by the timely payment of premiums a. until at least age 50, or b. in the case of a policy issued after age 44, for at least 5 years from its date of issue, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force, except that the insurer may make changes in premium rates by classes.

4. A guaranteed renewable policy form shall disclose, as prominently as and in close conjunction with any description of the guaranteed renewable feature, a. the age to which the form is guaranteed renewable, b. the age at which the form's benefits are reduced, if applicable, and c. the fact that the applicable premium rates can be changed by classes.

5. The foregoing limitation on the use of the term "non-cancellable" shall also apply to any synonymous term such as "not cancellable" and the

Limitation on use of the term "guaranteed renewable" shall apply to any synonymous term such as "guaranteed continuable".

6. Nothing herein contained is intended to restrict the development of policies having other guarantees of renewability, or to prevent the accurate description of their terms of renewability or the classification of such policies as guaranteed renewable or non-cancellable for any period during which they may actually be such, provided the terms used to describe them in policy contracts and advertising are not such as may readily be confused with the above terms.

7. The provisions of section 204.31 (3) (a) 2. am. and 4. b. and (3) (b) 6. b. are applicable to non-cancellable or non-cancellable and guaranteed renewable or guaranteed renewable policy forms as herein defined.

(f) Policies issued on a family basis shall clearly set forth the conditions relating to termination of coverage of any family member.

(g) Surgical benefit provisions or schedules shall provide that the benefit for any covered surgical procedure not specifically listed in the schedule and not excluded by the provisions of the policy shall be determined by the company on a basis consistent with the benefit provided for a comparable listed procedure.

(h) A limited policy is one that contains unusual exclusions, limitations, reductions, or conditions of such a restrictive nature that the payments of benefits under such policy are limited in frequency or in amounts. All limited policies shall be so identified by having the words "THIS IS A LIMITED POLICY-READ IT CAREFULLY" imprinted or stamped diagonally across the face of the policy and the filing back, if any, in contrasting color from the text of the policy and in outline type not smaller than 18-point. When appropriate, these words may be varied by the insurer in a manner to indicate the type of

policy; as for example, "THIS POLICY IS LIMITED TO AUTOMOBILE ACCIDENTS--READ IT CAREFULLY". Without limiting the general definition above, policies of the following types shall be defined as "limited": 1. School Accident, 2. Aviation Accident, 3. Polio, 4. Specified Disease, 5. Automobile Accident.

(i) If the policy excepts coverage while the insured is in military or naval service, the policy must provide for a refund of pro rata unearned premium upon request of the insured for any period the insured is not covered. However, if coverage is excluded only for loss resulting from military or naval service or war, the refund provision will not be required. This section shall not apply to non-cancellable policies or non-cancellable and guaranteed renewable policies or guaranteed renewable policies.

(j) Policies which include sickness benefits and which do not cover pre-existing conditions, except single premium non-renewable policies, shall have printed thereon or attached thereto a notice stating in substance that the purchaser may return the policy within ten (10) days of delivery requesting cancellation and have any premium paid refunded if, after examination of the policy, the purchaser is not satisfied with it for any reason; or, in lieu of the foregoing notice, a statement calling the applicant's attention to the status of pre-existing conditions under his coverage shall be set forth by the company by means of any one of the following methods:

1. Included in application.
2. Included in notice attached to the policy.
3. Printed or stamped on the policy.

The above enumerated methods are set forth without prejudice to the right of a company to submit another method, subject to approval by the commissioner, which it believes is equally clear or effective.

Section Ins 3.13 (3) is amended to read:

(3) RIDERS AND ENDORSEMENTS. (a) A rider is an instrument signed by one or more officers of the insurer issuing the same to be attached to and form a part of a policy. All riders shall comply with the requirements of section 204.31 (2) (a) 4, Wis. Stats.

(b) If the rider reduces or eliminates coverages of the policy, signed acceptance of the rider by the insured is necessary. However, signed acceptance of the rider is not necessary when the rider is attached at the time of the original issuance of the policy if notice of the attachment of the rider is affixed on the face and filing back, if any, in contrasting color, in not less than 12-point type. Such notice shall be worded in one of the following ways:

"Notice! See Elimination Rider Attached"

"Notice! See Exclusion Rider Attached"

"Notice! See Exception Rider Attached"

"Notice! See Limitation Rider Attached"

"Notice! See Reduction Rider Attached"

A company may submit, subject to approval by the commissioner, other wording which it believes is equally clear or more definite as to subject matter.

(c) An endorsement differs from a rider only in that it is applied to a policy by means of printing or stamping on the body of the policy. All endorsements shall comply with the requirements of section 204.31 (2) (a) 4, Wis. Stats.

(d) If the endorsement reduces or eliminates coverage of the policy, signed acceptance of the endorsement by the insured is necessary. However, signed acceptance of the endorsement is not necessary when the endorsement is

affixed at the time of the original issuance of the policy if notice of the endorsement is affixed on the face and filing back, if any, in contrasting color, in not less than 12-point type. Such notice shall be worded in one of the following ways:

"Notice! See Elimination Endorsement Included Herein"

"Notice! See Exclusion Endorsement Included Herein"

"Notice! See Exception Endorsement Included Herein"

"Notice! See Limitation Endorsement Included Herein"

"Notice! See Reduction Endorsement Included Herein"

A company may submit, subject to approval by the commissioner, other wording which it believes is equally clear or more definite as to subject matter.

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Section ^{Ins} 3.13 (6) (b) 5 is amended to read:

5. Subsection (6), paragraphs (b) 3 and (b) 4, shall not apply to non-cancellable policies or riders or non-cancellable and guaranteed renewable policies or riders or guaranteed renewable policies or riders.

Section Ins 3.17 (2) (a) and (b) is amended to read:

(a) Policies which are non-cancellable or non-cancellable and guaranteed renewable for life or to a specified age.

(b) Policies which are guaranteed renewable for life or to a specified age.

Section Ins 6.08 is adopted to read:

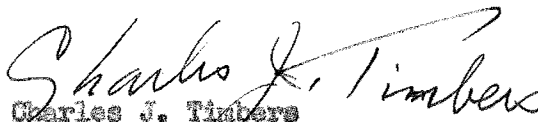
Ins 6.08 Fictitious Groups. (1) This rule is intended to implement and interpret sections 203.32 (3) (a) 2 and 204.39 (1) (d), Wis. Stats.

(2) No insurer shall make, offer to make, or permit any preference or distinction in kinds of insurance specified in section 201.04 (1), (2),

and (5) to (18) inclusive, Wis. Stats., as to form of policy, certificate, premium, rate, dividend, or condition of insurance based upon employment of, or membership or nonmembership of any person or persons by or in any particular employer, group, association, partnership, corporation, or organization. Any grouping of risks which have no preferred characteristics over similar risks written on an individual basis for the purpose of insuring at a preferred rate or premium or for the purpose of paying dividends or distributing profits is a fictitious group, and the grouping of such risks for said purposes is a violation of the statutes referred to in subsection (1) of this rule. This rule shall not apply to groups having common ownership, to groups specifically authorized by law, or to kinds of insurance specified in section 201.04 (3), (3a), (3b), (3c), (4), and (4a), Wis. Stats.

The rules and amendments contained herein shall take effect on July 1, 1960, as provided in section 227.026 (1), Wisconsin Statutes.

Department of Insurance


Charles J. Timbers
Deputy Commissioner of Insurance

Dated May 24, 1960