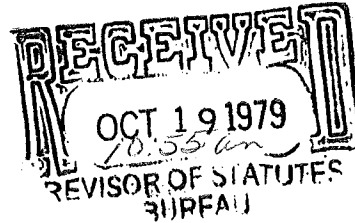


Ins 6.67

STATE OF WISCONSIN

OFFICE OF THE COMMISSIONER OF INSURANCE)

)
)ss.



TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Susan Mitchell, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order adopting a rule regarding unfair discrimination in life and disability insurance based on physical or mental impairment was issued by this office October 19, 1979.

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

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 19th day of October, 1979.

A handwritten signature in cursive script that reads "Susan Mitchell". The signature is written in dark ink and is positioned above a horizontal line.

Susan Mitchell
Commissioner of Insurance

STATE OF WISCONSIN
RECEIVED AND FILED

OCT 19 1979

VEL PHILLIPS
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

Adopting a Rule

Relating to a rule concerning unfair discrimination in life and disability insurance because of physical or mental impairment.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

This rule identifies specific acts or practices in life and disability insurance found to be unfairly discriminatory. These are refusing to insure, refusing to continue to insure, limiting the amount, extent or kind of coverage available to an individual or charging a different rate for the same coverage solely because of physical or mental impairment, except where the refusal, limitation or rate differential is based on sound actuarial principles or is related to actual or reasonably anticipated experience.

Pursuant to the authority vested in the Commissioner of Insurance by section 601.41 (3), Wisconsin Statutes, the Commissioner of Insurance hereby adopts a rule as follows:

Section Ins 6.67 is adopted to read:

Ins 6.67 Unfair Discrimination in Life and Disability Insurance
Based on Physical or Mental Impairment.

(1) PURPOSE. The purpose of this rule is to identify specific acts or practices in life and disability insurance found to be unfairly discriminatory under s. 628.34, Stats.

STATE OF WISCONSIN
RECEIVED AND FILED
OCT 19 1979
VEL PHILLIPS
SECRETARY OF STATE

Note: The need for a rule has arisen because of questions as to whether life and disability insurers are in all cases fairly "charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of the risk covered." (s. 628.34 (4), Stats.) The main purpose of the rule is to make clear that life and disability insurers cannot classify individuals arbitrarily - without a rational basis for each decision.

(2) APPLICABILITY AND SCOPE. This rule shall apply to all life and disability insurance policies delivered or issued for delivery in Wisconsin on or after the effective date of this rule and to all existing life and disability group, blanket and franchise insurance policies subject to Wisconsin insurance law which are amended or renewed on or after the effective date of this rule.

(3) SPECIFIC EXAMPLES OF UNFAIR MARKETING PRACTICES OR UNFAIRLY DISCRIMINATORY ACTS UNDER s. 628.34. The following are hereby identified as acts or practices in life and disability insurance which constitute unfair discrimination between individuals of the same class: refusing to insure, or refusing to continue to insure, or limiting the amount, extent or kind of coverage available to an individual or charging a different rate for the same coverage solely because of physical or mental impairment, except where the refusal, limitation or rate differential is based on sound actuarial principles or is related to actual or reasonably anticipated experience.

Note: This rule sets forth standards which require that life and disability insurers be objective and fair in placing individuals with physical or mental impairment in various risk classifications.

The rule does not restrict a life or disability insurer's choice of the number and size of rating classes which it will use. Many life and disability insurers have a number of extra premium classes. Some life and disability insurers, however, have relatively simple underwriting procedures and only two risk classes: accept and reject. In group insurance elaborate underwriting procedures and a multiplicity of rating classes are not available because this is not consistent with the over-all aim of group insurance of providing insurance to many people at low administrative cost. Similar simplicities are desirable in some other marketing situations (e.g., individual policy pension plans and direct-mail business).

The rule is not intended to mandate the inclusion of a particular coverage such as benefits for normal pregnancy or of levels of benefits such as for mental illness in an insurer's policies or contracts. Mandates of any coverages or benefits are the subject of separate legislation. The unfair marketing practices law has never been interpreted to provide for mandated benefits but rather to assure that such coverage and benefits as are offered by insurers are provided on a basis which is not unfairly discriminatory among individuals of the same class.

To make life and disability insurance available to as many individuals as possible the rule does not restrict the use of riders (waivers) which exclude from coverage risks related to impairments which existed prior to the date on which the individual's coverage became effective. Also, it does not restrict the use of pre-existing condition limitations in disability insurance contracts.

(4) SEVERABILITY. If any part of this rule or its application to any person or circumstance is held invalid, the invalidity does not affect other parts or applications of the rule which can be given effect without the invalid part or application and to this end the parts of the rule are declared to be severable.

The rule contained in this order shall take effect as provided in section 227.026 (1), Stats.

Dated at Madison, Wisconsin this 18th day of October, 1979.



Susan Mitchell
Susan Mitchell
Commissioner of Insurance