

CR 85-198

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STATE OF WISCONSIN
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DOUGLAS LA FOLLETTE
SECRETARY OF STATE

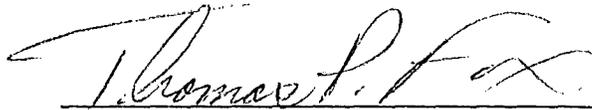
STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Thomas P. Fox, Commissioner of Insurance and custodian of the official records of said office, do hereby certify that the annexed order creating a rule relating to home solicitation selling was issued by this office on March 11, 1986.

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 11th day of March, 1986.


Thomas P. Fox
Commissioner of Insurance

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ORDER OF THE COMMISSIONER OF INSURANCE

CREATING A RULE

To create Ins 20.01, Wisconsin Administrative Code, relating to home solicitation selling.

ANALYSIS BY THE COMMISSIONER OF INSURANCE

The Commissioner of Insurance has received numerous complaints both from consumers, other agents, and other sources indicating that certain disclosures involved in the selling of insurance should be required. These disclosures are modeled after similar requirements promulgated by Agriculture, Trade and Consumer Protection in Wisconsin Administrative Code, Chapter AG127. These rules would require that insurance agents identify themselves, their business firm, the identity of what they are selling prior to asking any other questions or making other statements other than an initial greeting in contacting insureds. Further, it would require an agent using a sales pitch which indicates the buyer has been specially selected to disclose the specific basis on which such selection was made and prohibit the agent from indicating

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to the insured that the agent is conducting a survey, test or research project without disclosing that the principal objective is to make a sale or insurance. Furthermore, it would prohibit the agent from misrepresenting the length of the sales presentation, require the agent to leave a house when requested and require the agent to leave a receipt if cash is received from the buyer. A rule to accomplish this is listed below.

This rule interprets and implements s. 628.34 (12), Stats.

Pursuant to the authority vested in the Commissioner of Insurance by ss. 601.41 (3) and 628.34 (11) and (12), Stats., the Commissioner hereby adopts a rule interpreting s. 628.34 (12), Stats., as follows:

INS 20 INSURANCE MARKETING RULES

SECTION 1. Ins 20.01 is created to read:

Ins 20.01 HOME SOLICITATION SELLING. (1) PURPOSE. (a) The purpose of this section is to require certain disclosures by an insurance agent making home solicitation of insurance.

(b) The office of the commissioner of insurance has received numerous complaints indicating that certain presentations may be misleading to consumers unless disclosures are required. The public interest requires that these disclosures be made. The commissioner finds that without these disclosures, such presentations are misleading and deceptive.

(2) SCOPE. This section applies to all insurance intermediaries or their representatives making home solicitation selling of insurance in the state of Wisconsin.

(3) DEFINITION. For purpose of this section:

(a) "Buyer" means both an actual or prospective purchaser of insurance offered through home solicitation selling.

(b) "Home solicitation sale" or "sale" means a sale resulting from home solicitation selling as defined in par. (c).

(c) "Home solicitation selling" means the solicitation or the offering for sale of insurance where the solicitation or sale is either personally solicited or consummated by the agent at the residence or place of business or employment of the buyer or away from the agent's regular place of business. Personal solicitation includes solicitations made directly or indirectly by telephone, person to person contact, or by written or printed communication, other than general advertising indicating a clear intent to sell insurance or services at a regular place of business.

(d) "Seller" means a person, insurance agent, representative, insurance intermediary or organization engaged in any of the following:

1. Home solicitation selling;
2. Advertising or offering services in home solicitation selling; or
3. Providing or exercising supervision, direction, or control over sales practices used in home solicitation sales.

(4) DISCLOSURE OBLIGATION. (a) In home solicitation selling every seller shall, at the time of initial contact or communication with the buyer, clearly and expressly disclose:

1. The seller's individual name;
2. The name of the business firm or organization represented;
3. A statement of the fact that insurance is being sold;
4. The identity of the insurer, if the solicitation is primarily for a single insurer.
5. The type of insurance being solicited.

(b) When the initial contact is made in person or by telephone, the disclosures shall be made before asking any questions or making any statements other than an initial greeting.

(c) If the seller receives cash or a check, the seller shall furnish to the buyer, at or prior to the time payment is made, a receipt or other document evidencing the transaction showing:

1. the date of the sale;
2. a description of the type of policy applied for;
3. the total price paid;
4. the individual name of the person making the sale; and
5. the name and mailing address of the insurer issuing the policy.

(5) PROHIBITED PRACTICES. (a) No seller engaged in a home solicitation sale shall represent directly or by implication that the seller is making an offer to specially selected persons or that the buyer or prospective buyer has been specially selected, unless such representations are true and the specific basis for such representations is stated at the same time the representation is made.

(b) No seller engaged in a home solicitation sale shall represent that the seller is conducting a survey, test or research project, or engaged in a contest or other venture to win a cash award, scholarship, vacation or similar prize, when in fact the principal objective is to make an insurance sale or obtain information to help identify sales prospects.

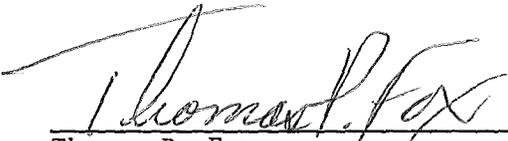
(c) No seller engaged in a home solicitation sale shall represent that the seller is conducting a special sales promotion campaign or making a special limited offer to a few persons only or for a limited period of time, or is authorized to sell the insurance in a few homes, unless the representations are true and the specific basis upon which representations are made is disclosed at the same time as the representations are made to the prospective buyer.

(d) No seller engaged in making a home solicitation sale shall use any false, deceptive or misleading representations to induce a sale, or use any plan, scheme or ruse which misrepresents that the person making the call is selling insurance, or fail to leave the premises at which a sales presentation is made promptly when requested to do so.

(6) PENALTY. Violations of this rule shall subject violators and marketing firms to the penalties specified in s. 601.64 and s. 601.65, Stats.

As provided in s. 227.026 (1) (intro.), Stats., this section shall take effect on the first day of the month following its publication.

Dated at Madison, Wisconsin, this 11th day of March, 1986.



Thomas P. Fox
Commissioner of Insurance

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The State of Wisconsin
Office of the Commissioner of Insurance



Thomas P. Fox
Commissioner
(608) 266-3585

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DATE: March 11, 1986
TO: Gary Poulson
FROM: M. E. Van Cleave
Assistant Deputy Commissioner of Insurance
SUBJECT: Ins 20.01 - Clearinghouse Number 85-198

A handwritten signature in dark ink, appearing to be "M. E. Van Cleave", written over the typed name in the "FROM:" field.

Enclosed are two copies of an Order of the Commissioner of Insurance amending Ins 20.01, Clearinghouse Number 85-198 relating to home solicitation selling.

MEV:LH:ams
Enclosure
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