

CR 86-195

STATE OF WISCONSIN
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DEC 16 1986

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 to create Ins 21.01, a rule relating to exempting worker's compensation insurance from the statutory requirements regarding termination of insurance policies and establishing specific requirements concerning termination of worker's compensation insurance policies, was issued by this office on December 16, 1986.

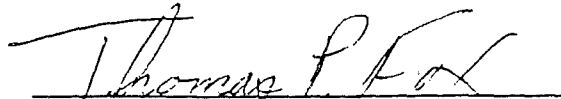
I further certify that said copy has been compared by me with the original on file in this office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have
hereunto subscribed my name in the
City of Madison, State of Wisconsin,
this 16th day of December, 1986.

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DEC 17 1986

11:30 am
Revisor of Statutes
Bureau



Thomas P. Fox
Commissioner of Insurance

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STATE OF WISCONSIN
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- DOUGLAS LA FOLLETTE
SECRETARY OF STATE

ORDER OF THE COMMISSIONER OF INSURANCE

CREATING A RULE

To create Ins 21.01 relating to exempting worker's compensation insurance from the statutory requirements regarding termination of insurance policies and establishing specific requirements concerning termination of worker's compensation insurance policies.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The purpose of this rule is to exempt worker's compensation insurance from the requirements of section 631.36, Stats., and to establish specific requirements concerning terminations of worker's compensation insurance policies. Worker's compensation insurers cannot meet the requirements of section 631.36, Stats., because of requirements these insurers must meet under other statutes. These insurers should, however, be subject to certain requirements for mid-term cancellations and nonrenewals of a worker's compensation insurance contract as well as notifications to policyholders. These are included in proposed s. Ins 21.01 (4). This rule interprets s. 631.36, Stats., with respect to worker's compensation insurance and is authorized by s. 631.36 (1) (c), Stats.

Pursuant to the authority vested in the Commissioner of Insurance by ss. 601.41 (3) and 631.36 (1) (c), Stats., the Commissioner hereby creates a rule interpreting s. 631.36, Stats., with respect to worker's compensation insurance.

SECTION 1. Ins 21.01 is created to read:

Ins 21.01 TERMINATION OF WORKER'S COMPENSATION INSURANCE POLICIES.

(1) PURPOSE. In accordance with s. 631.36 (1) (c), Stats., this rule exempts worker's compensation insurance, as defined in s. Ins 6.75 (2) (k), from the requirements of s. 631.36, Stats., and establishes specific requirements concerning termination of worker's compensation insurance contracts.

(2) SCOPE. This section applies to all worker's compensation insurance policies issued in Wisconsin. Worker's compensation insurance policies may provide terms more favorable to policyholders than are required by this rule.

(3) EXEMPTION. Worker's compensation insurance policies are exempt from the requirements of s. 631.36, Stats.

(4) REQUIREMENTS. (a) No worker's compensation insurance policy may be cancelled by the insurer prior to the expiration of the agreed term except for failure to pay a premium due or on grounds stated in the policy, which must be comprehended within one of the following classes:

1. Material misrepresentation;
2. Substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract; or
3. Substantial breaches of contractual duties, conditions or warranties.

(b) Paragraph (a) does not apply to any worker's compensation insurance policy that has not been previously renewed if the policy has been in effect less than 60 days at the time the notice of cancellation is mailed or delivered.

(c) A worker's compensation policy may be issued for a term longer than one year or for an indefinite term with a clause providing for cancellation by the insurer by giving notice thirty days prior to any anniversary date, as provided in par. (d) for cancellations or nonrenewals.

(d) No cancellation or nonrenewal of a worker's compensation policy is effective until at least 30 days after the 1st class mailing or delivery of a written notice to the policyholder. However, the cancellation or nonrenewal is effective whether or not the notice has been given to the policyholder upon the effective date of replacement insurance coverage obtained by the employer or of an order exempting the employer from carrying insurance under s. 102.28 (2), Stats.

(e) If the notice of cancellation or nonrenewal under par. (d) does not state with reasonable precision the facts on which the insurer's decision is based, the insurer must mail or deliver that information within five working days after receipt of a written request for the basis of the decision by the policyholder. No such notice is effective unless it contains adequate information about the policyholder's right to make the request and displays prominently that it is a cancellation or nonrenewal notice.


(f) Notice of cancellation or nonrenewal under par. (d) is not effective unless the notice contains adequate instructions to the policyholder for obtaining insurance through the Wisconsin Worker's Compensation Insurance Pool. This paragraph does not apply to worker's compensation policies cancelled or nonrenewed on behalf of the Wisconsin Worker's Compensation Insurance Pool or if the ground for cancellation or nonrenewal is nonpayment of premium and the notice of cancellation or nonrenewal so states.

(g) No termination of worker's compensation insurance is effective unless such termination complies with s. 102.31 (2), Stats.

(h) There is no liability on the part of and no cause of action of any nature arises against any insurer, its authorized representatives, its agents, its employees, or any firm, person or corporation furnishing to the insurer information relating to the reasons for cancellation or nonrenewal, for any statement made by them in complying or enabling the insurer to comply with this subsection, or for the provision of information pertaining thereto.

EFFECTIVE DATE. Pursuant to section 227.22 (2) (intro.), Stats., this rule shall be effective on the first day of the month commencing after its date of publication.

Dated at Madison, Wisconsin this 16th day of December, 1986.


Thomas P. Fox
Commissioner of Insurance

225R5
10/31/86



The State of Wisconsin
Office of the Commissioner of Insurance

Thomas P. Fox
Commissioner
(608) 266-3585

DATE: December 16, 1986
TO: Gary Poulson
FROM: Mary Grossman, Director
Office of Policy Analysis
SUBJECT: Ins 21.01, Clearinghouse No. 86-195

Enclosed are two copies of an Order of the Commissioner of Insurance creating Ins 21.01, Clearinghouse 86-195, relating to exempting worker's compensation insurance from certain statutory requirements.

MG:LH:sf
Enclosure
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