

CR 90-84



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tommy G. Thompson
Governor

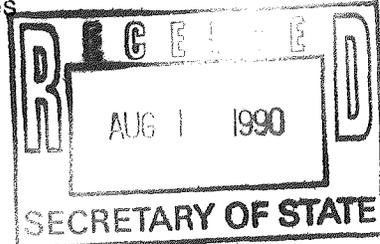
Robert D. Haase
Commissioner

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121 East Wilson Street
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Madison, Wisconsin 53707
(608) 266-3585

STATE OF WISCONSIN)
OFFICE OF THE COMMISSIONER OF INSURANCE)



TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Robert D. Haase, Commissioner of Insurance and custodian of the official records of said Office, do hereby certify that the annexed order amending, repealing, and repealing and recreating s. Ins 3.47, Wis. Adm. Code, relating to consumer information on purchasing cancer insurance, was issued by this Office on July 31, 1990.

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.

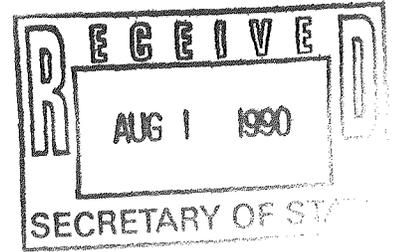
IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 31st day of July, 1990.

Robert D. Haase
Commissioner of Insurance

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ORDER OF THE COMMISSIONER OF INSURANCE

REPEALING, AMENDING AND REPEALING AND RECREATING A RULE

To repeal Ins 3.47 (6); to amend Ins 3.47 (2) to (5); and to repeal and recreate Ins 3.47 (Appendix I) of the Wisconsin administrative code, relating to consumer information on purchasing cancer insurance.

ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

Statutory authority: ss. 601.41 (3) and 628.34 (12), Stats.

Statutes interpreted: s. 628.34 (1) and (11), Stats.

The national association of insurance commissioners (NAIC) has recently updated its information sheet on purchasing cancer insurance. The office of the commissioner of insurance (OCI) first required insurance companies and intermediaries to distribute the NAIC's informational material to prospective purchasers by a rule promulgated in 1981. This rule amends the language of OCI's pamphlet to conform to the NAIC update.

SECTION 1. Ins 3.47 (2) to (5) are amended to read:

Ins 3.47 (2) PURPOSE. ~~The purpose of s. Ins 3.47 is to promulgate a rule interpreting~~ This section interprets s. 628.34 (12), Stats., relating to unfair trade practices. It requires insurers and intermediaries who sell cancer insurance to give all prospective buyers of cancer insurance a buyer's shopper's guide prepared by the national association of insurance commissioners.

(3) SCOPE. This section applies to all individual, group and franchise insurance ~~polices~~ policies or riders which provide benefits for or are advertised as providing benefits primarily for the treatment of cancer. This ~~rule~~ section does not apply to solicitations in which the booklet, "Health Insurance Advice for Senior Citizens," is given to applicants as required by s. Ins 3.39.

(4) DEFINITION. ~~The-"Information-Sheet-on-Cancer-Insurance"~~ "A Shopper's Guide to Cancer Insurance" means the document which contains, ~~and is limited to,~~ the language set forth in Appendix I to this section.

(5) DISCLOSURE REQUIREMENTS. (a) ~~The~~ Each insurer ~~and its intermediaries~~ offering a policy or rider described in sub. (3) shall print, and the insurer and its intermediaries shall provide to all prospective purchasers of any policy or rider subject to ~~the rule~~ this section, a copy of ~~the-"Information-Sheet-on-Cancer-Insurance"~~ "A Shopper's Guide to Cancer Insurance" at the time the prospect is contacted by ~~an~~ the insurer or intermediary ~~or insurer~~ with an invitation to apply, as defined in s. Ins 3.27 (5) (g).

(b) ~~The-"Information-Sheet-on-Cancer-Insurance"~~ "A Shopper's Guide to Cancer Insurance" shall be printed in ~~an easy-to-read type~~ and of not less than 12-pt. size.

SECTION 2. Ins 3.47 (6) is repealed.

SECTION 3. Ins 3.47 (Appendix I) is repealed and recreated to read as shown in Appendix A to this rule.

SECTION 4. INITIAL APPLICABILITY. This rule applies to any solicitation for cancer insurance on and after the first day of the 3rd month beginning after the effective date of this rule.

SECTION 5. EFFECTIVE DATE. This rule takes effect on the first day of the month beginning after the date of publication, as provided in s. 227.22 (1) (intro.), Stats.

Dated at Madison, Wisconsin, this 31st day of July, 1990.



Robert D. Haase
Commissioner of Insurance

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APPENDIX I

A SHOPPER'S GUIDE TO CANCER INSURANCE

Should You Buy Cancer Insurance?

Cancer Insurance Is Not a Substitute for Comprehensive Coverage.

Caution: Limitations on Cancer Insurance.

Prepared by the National Association of Insurance Commissioners

CANCER INSURANCE . . .

Cancer insurance provides benefits only if you get cancer. No policy will cover you for cancer diagnosed before you applied for the policy. Examples of other specified disease policies are heart attack or stroke policies. The information in this booklet applies to cancer insurance, but could very well apply to other specified disease policies.

CANCER INSURANCE IS NOT A SUBSTITUTE FOR COMPREHENSIVE COVERAGE . . .

Cancer treatment accounts for about 10% of U.S. health expenses. In fact, no single disease accounts for more than a small proportion of the American public's health care bill. This is why it is essential to have insurance coverage for all conditions, not just cancer.

If you and your family are not protected against catastrophic medical costs, you should consider a major medical policy. These policies pay a large percentage of your covered costs after a deductible is paid either by you or your basic insurance. They often have very high maximums, such as \$100,000 to \$1,000,000. Major medical policies will cover you for any accident or sickness, including cancer. They cost more than cancer policies because they cover more, but they are generally considered a better buy.

SHOULD YOU BUY CANCER INSURANCE? . . . MANY PEOPLE DON'T NEED IT

If you are considering cancer insurance, ask yourself three questions: Is my current coverage adequate for these costs? How much will the treatment cost if I do get cancer? How likely am I to contract the disease?

If you have Medicare and want more insurance, a comprehensive Medicare supplement policy is what you need.

Low-income people who are Medicaid recipients don't need any more insurance. If you think you might qualify, contact your local social service agency.

Duplicate Coverage is Expensive and Unnecessary. Buy basic coverage first such as a major medical policy. Make sure any cancer policy will meet needs not met by your basic insurance. You cannot assume that double coverage will result in double benefits. Many cancer policies advertise that they will pay benefits no matter what your other insurance pays. However, your basic policy

may contain a coordination of benefits clause. That means it will not pay duplicate benefits. To find out if you can get benefits from both policies, check your regular insurance as well as the cancer policy.

Some Cancer Expenses May not be Covered Even by a Cancer Policy. Medical costs of cancer treatment vary. On the average, hospitalization accounts for 78% of such costs and physician services make up 13%. The remainder goes for other professional services, drugs, and nursing home care. Cancer patients often face large nonmedical expenses which are not usually covered by cancer insurance. Examples are home care, transportation, and rehabilitation costs.

Don't be Misled by Emotions. While three in ten Americans will get cancer over a lifetime, seven in ten will not. In any one year, only one American in 250 will get cancer. The odds are against your receiving any benefits from a cancer policy. Be sure you know what conditions must be met before the policy will start to pay your bills.

CAUTION: LIMITATIONS OF CANCER INSURANCE . . .

Cancer policies sold today vary widely in cost and coverage. If you decide to purchase a cancer policy, contact different companies and agents, and compare the policies before you buy. Here are some common limitations:

Some policies pay only for hospital care. Today cancer care treatment, including radiation, chemotherapy, and some surgery, is often given on an outpatient basis. Because the average stay in the hospital for a cancer patient is only 13 days, a policy which pays only when you are hospitalized has limited value.

Many policies promise to increase benefits after a patient has been in the hospital for 90 consecutive days. However, since the average stay in a hospital for a cancer patient is 13 days, large dollar amounts for extended benefits have very little value for most patients.

Many cancer insurance policies have fixed dollar limits. For example, a policy might pay only up to \$1,500 for surgery costs or \$1,000 for radiation therapy, or it may have fixed payments such as \$50 or \$100 for each day in the hospital. Others limit total benefits to a fixed amount such as \$5,000 or \$10,000.

No policy will cover cancer diagnosed before you applied for the policy. Some policies will deny coverage if you are later found to have had cancer at the time of purchase, even if you did not know it.

Most cancer insurance does not cover cancer-related illnesses. Cancer or its treatment may lead to other physical problems, such as infection, diabetes, or pneumonia.

Many policies contain time limits. Some policies require waiting periods of 30 days or even several months before you are covered. Others stop paying benefits after a fixed period of two or three years.

FOR ADDITIONAL HELP . . .

If you are considering a cancer policy, the company or agent should answer your questions. You do not need to make a decision to purchase the policy the same day you talk to the agent. Be sure to ask how long you have to make your decision. If you do not get the information you want, call or write:

Office of the Commissioner of Insurance
121 East Wilson Street
P. O. Box 7873
Madison, WI 53707-7873

(608) 266-0103

If you have a complaint against an insurance company or agent, write the Office of the Commissioner of Insurance at the address above, or call the Complaints Hotline, 800-236-8517.