

No. 296, S.]

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CHAPTER 122

AN ACT to amend 206.60 (1) (c) and (d), (2) (a), (c) and (d), (3) (d), (4) (d) and (6) and 206.61 (6); and to create 206.60 (7) and 206.61 (11) of the statutes, relating to group life insurance.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 206.60 (1) (c) and (d); (2) (a), (c) and (d); (3) (d) and (4) (d) of the statutes are amended to read:

206.60 (1) (c) The policy must cover at least * * * 10 employees at date of issue.

(d) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employes or by the employer or trustees. * * *

(2) (a) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor whose indebtedness is repayable *either 1. in instalments * * * or 2. in one sum at the end of a period not in excess of 18 months from the initial date of the debt*, or all of any class or classes

thereof determined by conditions pertaining to the indebtedness or to the purchase giving rise to the indebtedness. The policy may provide that the term "debtors" shall include the debtors of one or more subsidiary corporations, and the debtors of one or more affiliated corporations, proprietors or partnerships if the business of the policyholder and of such affiliated corporations, proprietors or partnerships is under common control through stock ownership, contract or otherwise. *No debtor shall be eligible unless the indebtedness constitutes an irrevocable obligation to repay which is binding upon him during his lifetime, at and from the date the insurance becomes effective upon his life.*

(c) The policy may be issued only if the group of eligible debtors is then receiving new entrants at the rate of at least 100 persons yearly, or may reasonably be expected to receive at least 100 new entrants during the first policy year, and only if the policy reserves to the insurer the right to require evidence of individual insurability if less than 75 per cent of the new entrants become insured. *The policy may exclude from the classes eligible for insurance classes of debtors determined by age.*

(d) The amount of insurance on the life of any debtor shall at no time exceed the amount owed by him which is repayable in instalments to the creditor, or \$10,000, whichever is less * * *. *Where the indebtedness is repayable in one sum to the creditor, the insurance on the life of any debtor shall in no instance be in effect for a period in excess of 18 months except that such insurance may be continued for an additional period not exceeding 6 months in the case of default, extension or recasting of the loan. The amount of the insurance on the life of any debtor shall at no time exceed the amount of the unpaid indebtedness, or \$10,000, whichever is less.*

(3) (d) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the members or by the union. * * *

(4) (d) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured persons or by the policyholders, employers or unions. * * *

SECTION 1a. 206.60 (6) of the statutes is amended to read:

206.60 (6) Life insurance covering the lives of members of a group of persons who become borrowers from one credit union under agreement to repay the sum borrowed in instalments over a period of not more than 20 years, to the extent of their indebtedness to said credit union but not to exceed \$10,000 on any one life, written under a policy which may be issued upon the application of and made payable to the credit union as beneficiary, the premium on such policy to be payable by the credit union, the borrower, or jointly by the credit union and borrower, except that such limitation as to amount shall not apply to any group policy existing on July 15, 1949 nor to any amount thereafter written pursuant to such policy. * * * Section 206.61 (6) to (11) shall not be required as to policies issued under this subsection.

SECTION 2. 206.60 (7) of the statutes is created to read:

206.60 (7) No such policy of group life insurance may be issued to an employer, or labor union or to the trustees of a fund established in whole or in part by an employer or a labor union, which provides term insurance on any person which, together with any other term insurance under any group life insurance policy or policies issued to the employer or employers of such person or to a labor union or labor unions of which such person is a member or to the trustees of a fund or funds established in whole or in part by such employer or employers or such labor union or labor unions, exceeds \$20,000, unless 150 per cent of the

annual compensation of such person from his employer or employers exceeds \$20,000, in which event all such term insurance shall not exceed \$40,000 or 150 per cent of such annual compensation, whichever is the lesser. These limitations as to amount shall not apply to any such group policy existing on July 15, 1949, or to any amount thereafter written under the policy.

SECTION 3. 206.61 (6) of the statutes is amended to read:

206.61 (6) A provision that any sum becoming due by reason of the death of the person insured shall be payable to the beneficiary designated by the person insured, subject to the provisions of the policy in the event there is no designated beneficiary as to all or any part of such sum owing at the death of the person insured, and subject to any right reserved by the insurer in the policy and set forth in the certificate to pay at its option a part of such sum not exceeding * * * \$500 to any person appearing to the insurer to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the person insured.

SECTION 4. 206.61 (11) of the statutes is created to read:

206.61 (11) In the case of a policy issued to a creditor to insure debtors of such creditor, a provision that the insurer will furnish to the policyholder for delivery to each debtor insured under the policy a form which will contain a statement that the life of the debtor is insured under the policy and that any death benefit paid thereunder by reason of his death shall be applied to reduce or extinguish the indebtedness.

Approved May 21, 1957.
