

1985 Senate Bill 270

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1985 Wisconsin Act 280

AN ACT to repeal 631.21 (1) (b); and to amend 631.21 (1) (a) and 632.74 (1) of the statutes, relating to approval of clauses limiting payments in disability insurance policies and to termination and reinstatement of disability insurance policies (suggested as remedial legislation by the office of the commissioner of insurance).

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

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the office of the commissioner of insurance, and introduced by the law revision committee under s. 13.83 (1) (c) 4, stats. After careful consideration of the various provisions of this bill, the law revision committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

SECTION 1. 631.21 (1) (a) of the statutes is amended to read:

631.21 (1) (a) *Expeditious notice.* Clauses requiring more expeditious notice than 1st class mail, as provided in s. 631.81 (2);

SECTION 2. 631.21 (1) (b) of the statutes is repealed.

NOTE: Section 631.21 (1) (b), stats., requires explicit approval by the commissioner of insurance clauses limiting payments in disability insurance policies. The statute specifically authoriz-

ing such provisions, s. 632.77 (3), stats., provides that the clause is explicitly approved in the approving of the policy form by the commissioner. The repeal of s. 631.21 (1) (b), stats., eliminates the conflict between these 2 provisions.

SECTION 3. 632.74 (1) of the statutes is amended to read:

632.74 (1) **CONDITIONS OF REINSTATEMENT.** If an insurer, after ~~having canceled~~ termination of an individual or franchise disability insurance policy for non-payment of premium, within one year after the ~~cancellation~~ termination accepts without reservation a premium payment ~~covering more than the period of time for which premiums remained unpaid prior to the effective date of the cancellation,~~ the policy is reinstated as of the date of the acceptance. There is no acceptance without reservation if the insurer delivers or mails a written statement of reservations within 30 days after receipt of the payment.

NOTE: This amendment makes sub. (1) of s. 632.74, stats., consistent with sub. (2). Subsection (2) and the legislative

council insurance law revision committee comments to it provide that if a disability policy is terminated and then subsequently reinstated, the premium paid may not be applied to any period during which the policy was not in force. The portion of the latter part of the first sentence of sub. (1) which is stricken implies that part of the payment paid for reinstatement could be applied to the period during which coverage was not in force.

For consistency and clarity, the words "canceled" and "cancellation" in sub. (1) are replaced with "termination" which is used in sub. (2) and in the committee comments. Cancellation is not a defined statutory term but usually implies an overt action to terminate the coverage during a period for which the payment has been paid. "Termination" better expresses the situation treated by statute dealing with reinstatement.
