insurance, or other instruments which will be issued or delivered in Wisconsin as a part of a credit accident and health insurance contract shall be submitted to the commissioner of insurance for approval under the terms of this rule.

(b) No policy, rider, endorsement, certificate, application, notice of proposed insurance, or other form pertaining to a credit accident and health insurance contract shall be issued or delivered in Wisconsin on or after the effective date of this rule unless such forms are filed with the commissioner of insurance and approved by him. No credit accident and health insurance shall be effected on a debtor under an existing group policy, commencing with the policy anniversary date on or after the effective date of this regulation, unless a certificate of group insurance or a notice of proposed group insurance, as required herein, is delivered to the debtor on a form filed with the commissioner of insurance and approved by him.

(c) In considering a form of policy, rider, or endorsement for approval, the commissioner of insurance will also consider information submitted in the rate schedule which shall accompany such form. The rate schedule shall also be subject to approval by the commissioner of insurance and shall contain or be accompanied by the following information:

1. The form number or identification symbol of each policy, rider, or endorsement to which the rates apply.

2. A schedule of rates including variations, if any, based on age, sex, occupation, or other classification.

3. An indication of the anticipated benefits payable under the policy, including loss ratio.

4. If the rate filing is a revision of a prior filing, the new filing shall be accompanied by a statement of the experience on the form and the anticipated loss ratio under the revised rate filing.

(d) If an identifiable charge is made to the debtor under a policy of credit accident and health insurance, such identifiable charge shall not exceed the premium set forth in the rate schedule filed with the commissioner of insurance.

(e) On or before February 16, 1959, each insurer authorized to do business in Wisconsin shall furnish the commissioner of insurance a list of all policies, riders, endorsements, certificates, applications, notices of proposed insurance, or any other instruments which it intends to issue to insure residents of Wisconsin for credit accident and health insurance.

(8) ACCOUNTING. Insurers shall maintain records regarding premiums, losses, and other benefits and expenses separately for credit accident and health insurance and for credit life insurance provided by a policy form so that such experience may be filed with the commissioner of insurance at such times and in such manner as may be prescribed by him. The commissioner of insurance may require insurers to file with him such other information as he may deem necessary for the administration of credit accident and health insurance.

(9) NONWAIVER OF OTHER REQUIREMENTS. This rule does not confer any rights on lenders or other creditors which are not permitted by the laws which apply to them.

History: Cr. Register, December, 1958, No. 36, eff. 1–1–59; am. (5) (b), Register, March, 1959, No. 39, eff. 4–1–59; am. (2) (c), Register, May, 1959, No. 41, eff. 6–1–59.

Ins 3.17 Reserves for accident and sickness policies. (1) In accordance with section 201.18 (4), Wis. Stats., the following requirements are adopted for the valuation of individual accident and sickness insurance policies.

(2) For purposes of this rule, individual accident and sickness insurance policies will be classified as follows:

(a) Policies which are non-cancellable or non-cancellable and guaranteed renewable for life or to a specified age.

(b) Policies which are guaranteed renewable for life or to a specified age.

(c) Policies, other than those in paragraph (d) of this subsection, in which the insurer has reserved the right to cancel or refuse renewal for one or more reasons, but has agreed implicitly or explicitly that, prior to a specified time or age, it will not cancel or decline renewal solely because of deterioration of health after issue.

(d) Franchise policies, as defined in section 204.32 (1), Wis. Stats., issued under or subject to an agreement that, except for stated reasons, the insurer will not cancel or refuse to renew the coverage of individual insureds prior to a specified age unless all coverage under the same franchise group is terminated.

(e) Commercial policies and other policies not falling within paragraphs (a) to (d), inclusive, of this subsection.

(3) During the period within which the renewability of the policy is guaranteed or the insurer's right to refuse renewal is limited, the minimum reserves for policies described in paragraphs (a), (b), and (c) of subsection (2) of this rule, issued on or after January 1, 1955, shall be an amount computed on the basis of two-year preliminary term tabular mean reserves employing the following assumptions:

(a) Mortality: 1941 Commissioners Standard Ordinary Mortality Table or American Men Ultimate Mortality Table. (See Table I at the end of this rule.)

(b) Maximum Interest Rate: 3½% compounded annually.

(c) Morbidity or Other Contingency:

1. Disability due to accident and sickness—The Conference Modification of Class III Disability Table for Calculation of Reserves on Non-Cancellable Accident and Health Insurance adopted by the National Association of Insurance Commissioners on June 11, 1941. Pamphlet reprints of this table are on file in the offices of the commissioner of insurance, secretary of state, and revisor of statutes. Pamphlet reprints of said Conference Modification of Class III Disability Table for Calculation of Reserves on Non-Cancellable Accident and Health Insurance are obtainable from the Health Insurance Association of America, 168 North Michigan Avenue, Chicago 1, Illinois.

2. Hospital Expense Benefits—1956 Inter-company Hospital Table. (See Tables II and III at the end of this rule.)

3. Surgical Expense Benefits—1956 Inter-company Surgical Table. (See Tables IV and V at the end of this rule.)

4. Accident only, major medical expense, and other benefits not specified above—each company to establish reserves that place a sound value on the liabilities under such benefit.

(4) Mean reserves shall be diminished or offset by appropriate credit for the valuation net deferred premiums. In no event, however, shall the aggregate reserves for all policies issued on or after Jan-

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sented by Mr. Morton D. Miller, Transactions of the Society of Actuaries, Vol. VII, p. 1, and by Mr. Charles N. Walker, Transactions of the Society of Actuaries, Vol. VII, p. 404.

New or Experimental Benefits. For some benefits there will be insufficient data for the development of experience tables suitable for general use in computing reserves. With respect to such benefits each insurer should, on the basis of its appraisal of the benefit costs, establish and maintain reserves which place a sound value on the liabilities thereunder.

Net Annual Claim Costs. For use in developing net annual claim costs in computing reserves, as well as to assist in valuing policies under these requirements, it is recommended that companies make use of the paper "Reserves for Individual Hospital and Surgical Expense Insurance" appearing in the Transactions of the Society of Actuaries, Vol. IX, p. 334.)

TABLE I

YEARLY DEATH RATE PER 1000 ($1000q_x$)

AMERICAN MEN ULTIMATE MORTALITY TABLE (AM(5))

1941 COMMISSIONERS STANDARD ORDINARY MORTALITY TABLE (1941 CSO)

Age	$1000q_x$		Age	$1000q_x$	
	AM(5)	1941 CSO		AM(5)	1941 CSO
0	112.46*	22.58	52	13.62	14.30
1	26.39	5.77	53	14.78	15.43
2	11.87	4.14	54	16.08	16.65
3	7.09	3.38	55	17.47	17.98
4	4.91	2.99	56	19.02	19.43
5	3.94	2.76	57	20.69	21.00
6	3.38	2.61	58	22.51	22.71
7	3.05	2.47	59	24.49	24.57
8	2.93	2.31	60	26.68	26.59
9	2.96	2.12	61	29.03	28.78
10	3.07	1.97	62	31.58	31.18
11	3.17	1.91	63	34.37	33.76
12	3.26	1.92	64	37.38	36.58
13	3.32	1.98	65	40.66	39.64
14	3.39	2.07	66	44.18	42.96
15	3.46	2.15	67	48.03	46.56
16	3.53	2.19	68	52.16	50.46
17	3.63	2.25	69	56.64	54.70
18	3.71	2.30	70	61.47	59.30
19	3.81	2.37	71	66.70	64.27
20	3.92	2.43	72	72.33	69.66
21	4.02	2.51	73	78.39	75.50
22	4.12	2.59	74	84.92	81.81
23	4.18	2.68	75	91.94	88.64
24	4.25	2.77	76	99.51	96.02
25	4.31	2.88	77	107.65	103.99
26	4.35	2.99	78	116.31	112.59
27	4.39	3.11	79	125.69	121.86
28	4.41	3.25	80	135.74	131.85
29	4.43	3.40	81	146.42	142.60
30	4.46	3.56	82	157.87	154.16
31	4.48	3.73	83	170.05	166.57
32	4.51	3.92	84	183.15	179.88
33	4.59	4.12	85	197.07	194.13
34	4.68	4.35	86	211.80	209.37
35	4.78	4.59	87	227.29	225.63
36	4.94	4.86	88	244.08	243.00
37	5.12	5.15	89	261.70	261.44
38	5.32	5.46	90	280.35	280.99
39	5.56	5.81	91	299.46	301.73
40	5.84	6.18	92	321.08	323.64
41	6.16	6.59	93	341.88	346.66
42	6.54	7.03	94	363.64	371.00
43	6.94	7.51	95	387.76	396.21
44	7.42	8.04	96	411.11	447.19
45	7.94	8.61	97	443.40	548.26
46	8.52	9.23	98	457.63	724.67
47	9.18	9.91	99	500.00	1000.00
48	9.89	10.64	100	562.50	
49	10.70	11.45	101	571.43	
50	11.58	12.32	102	666.67	
51	12.54	13.27	103	1000.00	

*Bowerman's Extension.

TABLE V

1956 INTER-COMPANY SURGICAL TABLE

EVALUATION SCHEDULE FOR SURGICAL BENEFITS PER $100 SCHEDULE

Procedure	Weight	Amount Payable per $100 Maximum (Prorated if Maximum is other than $100)	Product
	Adult Male		
Benign tumors and cysts, superficial removal	.564		
Appendectomy	.712		
Cholecystectomy	.095		
Herniotomy, single	.391		
Herniotomy, bilateral	.101		
Hemorrhoidectomy, Int. or Ext.	.229		
Hemorrhoidectomy, Int. and Ext.	.154		
Prostatectomy, perineal or suprapubic	.059		
Nasal septum, submucous resection	.130		
Tonsillectomy and/or Adenoidectomy	.711		Σ
	Adult Female		
Thyroidectomy, subtotal	.087		
Appendectomy	.429		
Cholecystectomy	.160		
Dilation and curettage	.330		
Uterine fixation	.096		
Panhysterectomy	.157		
Hysterectomy—abd.	.326		
Hysterectomy—vag.	.065		
Other uterine operations incl. oophorectomy etc.	.110		
Tonsillectomy and adenoidectomy	.304		Σ

The weights are so determined that the sum of the products evaluates a schedule as a percentage of "standard", and are derived from the frequencies for the commoner operations. Apply the above factors (percentage of "standard") to the net annual claim costs for a $200 "standard" schedule shown in Table IV to obtain the adjusted net annual claim costs for a particular schedule ($200 basis). Where the particular schedule is for some amount other than $200, the factors should be adjusted accordingly (i.e. $250 schedule multiply by 1.25.)

History: Cr. Register, April, 1959, No. 40, eff. 5–1–59; am. (2) (a) and (b), Register, June, 1960, No. 54 eff. 7–1–60.

Ins 3.18 Total consideration for accident and sickness insurance policies. The total consideration charged for accident and sickness insurance policies must include policy and other fees. Such total consideration charged must be stated in the policy, and shall be subject to the reserve requirements of section 201.18 (1), Wis. Stats., and Wis. Adm. Code section Ins 3.17, and must be the basis for computing the amount to be refunded in the event of cancellation of the policy.

History: Cr. Register, May, 1959, No. 41, eff. 6–1–59.

Ins 3.19 Group accident and health insurance insuring debtors of a creditor. (1) This rule implements and interprets sections 204.32 (2) (a) 4 and 206.60 (2), Wis. Stats., with regard to issuance of a group policy of accident and health insurance issued to a creditor to insure debtors of a creditor.

(2) A group accident and health insurance policy may be issued to a creditor to insure debtors of the creditor if the class or classes of insured debtors meet the requirements of subsections (a) and (c) of section 206.60 (2), Wis. Stats., and such a policy shall be subject to the requirements of such subsections in addition to other requirements applicable to group accident and health insurance policies.

(3) A group accident and health policy which insures only debtors whose indebtedness to a creditor is for a term in excess of 48 months is not subject to the requirements of Wis. Adm. Code section Ins 3.16 or of sections 201.04 (4a) and 204.32 (5), Wis. Stats.

History: Cr. Register, November, 1959, No. 47, eff. 12–1–59.

Ins 3.20 Substandard risk automobile physical damage insurance for financed vehicles. (1) PURPOSE. In accordance with section 204.49 (4), Wis. Stats., this rule is to accomplish the purpose and enforce the provisions of sections 204.37 to 204.54, Wis. Stats., in relation to automobile physical damage insurance for substandard risks.

(2) SCOPE. This rule applies to any automobile physical damage insurance policy procured or delivered by a finance company.

(3) DEFINITIONS. (a) *Substandard risk* means an applicant for insurance who presents a greater exposure to loss than that contemplated by commonly used rate classifications as evidenced by one or more of the following conditions:

1. Record of traffic accidents.
2. Record of traffic law violations.
3. Undesirable occupational circumstances.
4. Undesirable moral characteristics.

(b) *Substandard risk rate* means a rate or premium charge that reflects the greater than normal exposure to loss which is assumed by an insurer writing insurance for a substandard risk.

(4) RATES FOR SUBSTANDARD RISKS. (a) Any increased rate charged for substandard risks shall not be excessive, inadequate, or unfairly discriminatory.

(b) It shall be unfairly discriminatory to charge a rate or premium that does not reasonably measure the variation between risks and each risk's exposure to loss.

(c) Classification rates filed for substandard risks may not exceed 150% of the rate level generally in use for normal risks unless the filing also provides for the modification of classification rates in accordance with a schedule which establishes standards for measuring variation in hazards or expense provisions or both.

(5) INSURANCE COVERAGE. (a) The automobile physical damage insurance afforded shall be substantially that customarily in use for normal business.

(b) The applicant shall not be required to purchase more coverage than is customarily necessary to protect the interests of the mortgagee. The issuance of a policy shall not be made contingent on the acceptance by the applicant of unwanted or excessively broad coverages.

(c) Single interest coverage may be issued only when double interest coverage is not obtainable. The applicant must be given the opportunity to procure his own insurance, and if he can procure same within 25 days there shall be no charge for the single interest coverage.