

State of Misconsin 1999 - 2000 LEGISLATURE

1999 ASSEMBLY BILL 538

October 14, 1999 – Introduced by Representatives F. LASEE, LA FAVE, MUSSER, RYBA, PETTIS, WASSERMAN, HOVEN, UNDERHEIM, ALBERS and GROTHMAN, cosponsored by Senators BRESKE, SHIBILSKI and RUDE. Referred to Committee on Insurance.

AN ACT to amend 632.41 (2) (b) 2. and 632.43 (8) (a) (intro.) of the statutes; relating to: minimum standards for life insurance policies in which the proceeds are assigned to funeral directors or funeral establishment operators.

Analysis by the Legislative Reference Bureau

Under current law, life insurance policies are subject to certain requirements that are administered by the commissioner of insurance. One of these requirements is that a life insurance policy may provide for the assignment of the proceeds of the policy to a funeral director or operator of a funeral establishment only if certain requirements, including requirements regarding the sale of the policy, are satisfied. In addition, the commissioner of insurance is required to promulgate rules that establish minimum standards for benefits, claims payments, marketing practices, compensation arrangements and reporting practices for such policies.

This bill eliminates the authority of the commissioner of insurance to promulgate rules establishing minimum standards for benefits and compensation arrangements for such policies, but does not affect the commissioner's other rule-making authority for such policies, nor does the bill affect other requirements regarding life insurance policies that are administered by the commissioner under current law. In addition, the bill specifies that policies that provide for the assignment of proceeds to a funeral director or funeral establishment operator must

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provide for certain nonforfeiture benefits that are required, with certain exceptions, for life insurance policies generally under current law.

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

| 1 | SECTION 1. $632.41(2)(b) 2$. of the statutes is amended to read: |
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| 2 | 632.41 (2) (b) 2. Subject to subd. 3., the commissioner shall by rule establish |
| 3 | minimum standards for benefits, claims payments, marketing practices , |
| 4 | compensation arrangements and reporting practices for life insurance policies sold |
| 5 | under subd. 1. |
| 6 | SECTION 2. 632.43 (8) (a) (intro.) of the statutes is amended to read: |
| 7 | 632.43 (8) (a) (intro.) This Except for a life insurance policy under s. 632.41 (2) |
| 8 | (b) 1., this section does not apply to any <u>of the following</u> : |
| 9 | SECTION 3. Initial applicability. |
| 10 | (1) This act first applies to policies that are issued on the effective date of this |
| 11 | subsection. |
| 12 | (END) |