

1973 Senate Bill 174

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CHAPTER 293, Laws of 1973

AN ACT to repeal 201.18, 201.185, 204.12, 204.28, 206.20, 206.21 and 206.24; to amend 199.02 and 208.28 (2); and to create 623.02 to 623.04 and 623.21 of the statutes, relating to insurance accounting, valuation and reserves.

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

SECTION 1. 199.02 of the statutes is amended to read:

199.02 Assets and reserves. Every such domestic corporation or association shall have and maintain admitted assets at least equal to the sum of the reserves on its outstanding agreements, calculated under s. ~~206.204~~ 623.03, or any higher standard, and a surplus of ~~10 per cent~~ 10% of such reserves or an amount of \$100,000, whichever is the higher. In determining the reserves of any such corporation or association a deduction shall be made for all or any portion of an annuity risk which is reinsured by

a life insurance company authorized to do business in this state. The assets of such corporation or association in an amount at least equal to the sum of such reserves and surplus or the amount of \$100,000, whichever is the higher, shall be invested only in securities permitted under s. ~~206.34 of the 1969 statutes~~, 1969 Stats., for the investment of the assets of authorized life insurance companies, and such assets shall be segregated as separate and distinct funds, independent of all other funds of such corporation or association, and shall not be applied for the payment of the debts and obligations of the corporation or association or for any purpose other than the annuity benefits specified.

SECTION 2. 201.18 and 201.185 of the statutes are repealed.

SECTION 3. 204.12 of the statutes is repealed.

SECTION 4. 204.28 of the statutes is repealed.

SECTION 5. 206.20 and 206.21 of the statutes are repealed.

SECTION 6. 206.24 of the statutes is repealed.

SECTION 7. 208.28 (2) of the statutes is amended to read:

208.28 (2) The legal minimum standard of valuation for all certificates of life or endowment insurance shall be the national fraternal congress table of mortality, or at the option of the society, any higher table or any table authorized by s. 206.20, 1971 Stats., or s. 206.201 for such benefits, or a table based upon the society's own experience of at least 20 years and covering not less than 100,000 lives. Contracts for annuity or pure endowment benefits, for total and permanent disability benefits in or supplementary to ordinary contracts, or for accidental death benefits in or supplementary to ordinary contracts shall be valued in accordance with s. 206.201 (2) (c), (e) and (f). Interest assumptions shall not be more than ~~3 1/2 per cent~~ 3-1/2% per annum. Each report shall set forth fully the mortality and interest basis and the method of valuation.

SECTION 8. 623.02 and 623.03 of the statutes are created to read:

623.02 Standards for accounting rules. When promulgating accounting rules, the commissioner shall consider recommendations made by the national association of insurance commissioners, generally accepted accounting principles both in the insurance industry and outside it, the requirements of the law and the needs of regulation, including detection of insolvency, and the needs for information of insureds, investors, and the public.

623.03 Valuation of assets. The commissioner shall promulgate rules for the valuation of assets to be reported on the statements submitted under s. 601.42 (1) (a) as well as for other purposes. He may specify that certain classes of assets shall be valued at zero or given a nominal value, and when necessary to achieve the purposes of this section, may specify different bases of valuation for different purposes.

SECTION 9. 623.04 of the statutes is created to read:

623.04 Valuation of liabilities. The commissioner shall promulgate rules specifying the liabilities required to be reported by insurers in the financial statements submitted under s. 601.42 (1) (a) and the methods of valuing them. In the case of life insurance such methods shall be consistent with s. 206.201.

SECTION 10. 623.21 of the statutes is created to read:

623.21 Adjustment of reserves. The commissioner may order an insurer to adjust its reserves if they do not bear an appropriate relationship to its obligations.

SECTION 11. This act shall take effect 6 months after publication.
