State of Wisconsin

2019 Senate Bill 289

Date of enactment: **March 3, 2020**
Date of publication*: **March 4, 2020**

2019 WISCONSIN ACT 155

AN ACT ***to renumber and amend*** 631.36 (5) (a) and 631.36 (5) (c); ***to amend*** 631.36 (5) (d); and ***to create*** 631.36 (5) (a) 2. and 631.36 (5) (c) 2. of the statutes; **relating to:** notice of change in terms or premium amount for insurance policy renewal.

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

SECTION 1. 631.36 (5) (a) of the statutes is renumbered 631.36 (5) (a) 1. and amended to read:

631.36 **(5)** (a) 1. Subject to pars. (b) and (d), for any policy other than a policy described in subd. 2., if the insurer offers or purports to renew the policy but on less favorable terms or at higher premiums, the new terms or premiums take effect on the renewal date if the insurer sent by 1st class mail or delivered to the policyholder notice of the new terms or premiums at least 60 days prior to the renewal date. If the insurer notifies the policyholder within 60 days prior to the renewal date, the new terms or premiums do not take effect until 60 days after the notice is mailed or delivered, in which case the policyholder may elect to cancel the renewal policy at any time during the 60–day period. The notice shall include a statement of the policyholder's right to cancel. If the policyholder elects to cancel the renewal policy during the 60–day period, return premiums or additional premium charges shall be calculated proportionately on the basis of the old premiums. If the insurer does not notify the policyholder of the new premiums or terms as required by this subsection prior to the renewal date, the insurer shall continue the policy for an additional period of time equivalent to the expiring term and at the same premiums and terms of the expiring policy, except as permitted under sub. (2) or (3).

SECTION 2. 631.36 (5) (a) 2. of the statutes is created to read:

631.36 **(5)** (a) 2. Subject to pars. (b) and (d), for personal lines property and casualty policies, if the insurer offers or purports to renew the policy but on less favorable terms or at higher premiums, the new terms or premiums take effect on the renewal date if the insurer sent by 1st class mail or delivered to the policyholder notice of the new terms or premiums at least 45 days prior to the renewal date. If the insurer notifies the policyholder within 45 days prior to the renewal date, the new terms or premiums do not take effect until 45 days after the notice is mailed or delivered, in which case the policyholder may elect to cancel the renewal policy at any time during the 45–day period. The notice shall include a statement of the policyholder's right to cancel. If the policyholder elects to cancel the renewal policy during the 45–day period, return premiums or additional premium charges shall be calculated proportionately on the basis of the old premiums. If the insurer does not notify the policyholder of the new premiums or terms as required by this subsection prior to the renewal date, the insurer

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

shall continue the policy for an additional period of time equivalent to the expiring term and at the same premiums and terms of the expiring policy, except as permitted under sub. (2) or (3).

SECTION 3. 631.36 (5) (c) of the statutes is renumbered 631.36 (5) (c) 1. and amended to read:

631.36 **(5)** (c) 1. Subject to par. (d), for any policy other than a policy described in subd. 2., an insurer may alter the terms or premium of a policy issued for a term longer than one year or for an indefinite term on the anniversary date only if notice of less favorable terms or premiums is sent by 1st class mail or delivered to the policyholder at least 60 days prior to the anniversary date. If the insurer notifies the policyholder within 60 days prior to the anniversary date, the new terms or premiums do not take effect until 60 days after the notice is mailed or delivered, in which case the policyholder may elect to cancel the policy at any time during the 60–day period. The notice shall include a statement of the policyholder's right to cancel. If the policyholder elects to cancel the policy during the 60–day period, return premiums or additional premium charges shall be calculated proportionately on the basis of the old premiums. If the insurer does not notify the policyholder of the new premiums or terms as required by this subsection prior to the anniversary date, the insurer shall continue the policy until the next anniversary date or the renewal date, whichever is earlier, at the same premiums and terms as for the previous period, except as permitted under sub. (2) or (3).

SECTION 4. 631.36 (5) (c) 2. of the statutes is created to read:

631.36 **(5)** (c) 2. Subject to par. (d), for personal lines property and casualty policies, an insurer may alter the terms or premium of a policy issued for a term longer than one year or for an indefinite term on the anniversary date only if notice of less favorable terms or premiums is sent by 1st class mail or delivered to the policyholder at least 45 days prior to the anniversary date. If the insurer notifies the policyholder within 45 days prior to the anniversary date, the new terms or premiums do not take effect until 45 days after the notice is mailed or delivered, in which case the policyholder may elect to cancel the policy at any time during the 45–day period. The notice shall include a statement of the policyholder's right to cancel. If the policyholder elects to cancel the policy during the 45–day period, return premiums or additional premium charges shall be calculated proportionately on the basis of the old premiums. If the insurer does not notify the policyholder of the new premiums or terms as required by this subsection prior to the anniversary date, the insurer shall continue the policy until the next anniversary date or the renewal date, whichever is earlier, at the same premiums and terms as for the previous period, except as permitted under sub. (2) or (3).

SECTION 5. 631.36 (5) (d) of the statutes is amended to read:

631.36 **(5)** (d) *Estimate.* An insurer may give notice under par. (a) or (c) of a new premium by stating the actual amount or percentage increase to be charged. If the insurer cannot reasonably determine the actual amount or percentage increase 45 days prior to the renewal or anniversary date for a policy subject to par. (a) 2. or (c) 2., or 60 days prior to the renewal or anniversary date for any other policy, the notice shall include a good faith estimate of the increase based on information that the insurer can reasonably obtain. If an estimate is stated, the insurer shall renew or continue the policy at a premium that does not exceed the increase stated in the notice except as permitted under ~~sub. (5)~~ par. (b).

SECTION 6. Initial applicability.

(1) For policies containing provisions inconsistent with this act, this act first applies to policies newly issued, extended, modified, or renewed on the effective date of this subsection.

SECTION 7. Effective date.

(1) This act takes effect on the first day of the 4th month beginning after publication.