



## 2011 ASSEMBLY BILL 297

October 3, 2011 – Introduced by Representatives HEBL, BERCEAU, C. TAYLOR, SINICKI, KESSLER, ROYS, PASCH, TOLES, POPE-ROBERTS, GRIGSBY and BEWLEY, cosponsored by Senators HANSEN, S. COGGS, CARPENTER and WIRCH. Referred to Committee on Insurance.

1     **AN ACT to amend** 631.36 (3) and 631.36 (4) (am); and **to create** 632.04 of the  
2             statutes; **relating to:** prohibiting an insurer from taking various actions with  
3             respect to property insurance because of claims based on acts of nature.

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### *Analysis by the Legislative Reference Bureau*

Under current law, an insurer may not cancel an insurance policy before the end of the term except for nonpayment of premiums or on grounds provided in the policy and permitted by statute, including material misrepresentation, a substantial change in the risk assumed, substantial breaches of contractual duties, or attainment of the terminal age for coverage. Also under current law, an insurer must renew an insurance policy at the end of the term unless the insurer provides 60 days' written notice that the policy will not be renewed. The notice must state the reasons for the nonrenewal. In addition, if an insurer renews a policy but on less favorable terms, the new terms take effect on the renewal date if the insurer provides at least 60 days' written notice of the change in the terms, otherwise the new terms take effect 60 days after the notice was sent.

This bill prohibits an insurer from doing any of the following with respect to a fire or other property insurance policy solely because one or more claims have been made under the policy for unpreventable damages caused by the forces of nature, such as a tornado, hail, wind, rain, sleet, frost, or lightning: canceling the policy

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before the end of the term, refusing to renew the policy, reducing the limits under the policy, or eliminating any type of coverage under the policy.

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

1           **SECTION 1.** 631.36 (3) of the statutes is amended to read:

2           631.36 (3) ANNIVERSARY CANCELLATION OR ALTERATION. A policy may be issued  
3 for a term longer than one year or for an indefinite term with a clause providing for  
4 cancellation by the insurer in the manner provided in sub. (4) (a) for nonrenewals,  
5 except the notice must be given at least 60 days prior to any anniversary date and  
6 an insurer may not cancel a policy solely because of the termination of an insurance  
7 marketing intermediary's contract with the insurer unless the insurer complies with  
8 sub. (4m).—The, or solely because of claims resulting from acts of nature as provided  
9 in s. 632.04. Subject to s. 632.04 (3) and (4), the clause may also provide for alteration  
10 of the terms or premium by the insurer as provided in sub. (5) (c), except the clause  
11 must then permit cancellation by the policyholders as provided in sub. (5) (c).

12           **SECTION 2.** 631.36 (4) (am) of the statutes is amended to read:

13           631.36 (4) (am) *Prohibited nonrenewals.* Notwithstanding par. (a), an insurer  
14 may not refuse to renew a policy solely because of the termination of an insurance  
15 marketing intermediary's contract with the insurer unless the insurer complies with  
16 sub. (4m), or solely because of claims resulting from acts of nature as provided in s.  
17 632.04 (2).

18           **SECTION 3.** 632.04 of the statutes is created to read:

19           **632.04 Prohibition on certain actions for acts of nature claims.**  
20 Notwithstanding s. 631.36 (2) (a) 2., (4) (a), or (5) (a) or (c), an insurer may not do any  
21 of the following with respect to a fire or other property insurance policy solely

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1 because one or more claims have been made under the policy for damage that was  
2 caused by the forces of nature, such as rain, lightning, hail, windstorm, tornado,  
3 sleet, frost, or other similar natural phenomena, and that could not reasonably have  
4 been anticipated or prevented:

5 (1) Cancel the policy before the end of the agreed term.

6 (2) Refuse to renew the policy.

7 (3) Reduce the limits of coverage under the policy.

8 (4) Eliminate any type of coverage under the policy.

9 **SECTION 4. Initial applicability.**

10 (1) If a fire or other property insurance policy that is in effect on the effective  
11 date of this subsection contains a provision that is inconsistent with this act, this act  
12 first applies to that insurance policy on the date on which it is renewed.

13 (END)