

2003 SENATE BILL 332

November 26, 2003 – Introduced by Senators CHVALA, RISSER, CARPENTER and BRESKE, cosponsored by Representatives J. LEHMAN, MUSSER, TAYLOR, ZIEGELBAUER, AINSWORTH and GRONEMUS. Referred to Committee on Agriculture, Financial Institutions and Insurance.

- 1 **AN ACT to create** 631.16 of the statutes; **relating to:** prohibiting an insurer from
2 canceling or refusing to issue or renew an insurance policy on the basis that the
3 applicant or insured is not insured under another policy issued by the insurer.

Analysis by the Legislative Reference Bureau

Under current law, an insurer generally 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 generally 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. Current law contains further restrictions on nonrenewal if the policy is a health insurance policy or if the reason for nonrenewal is the termination of an insurance marketing intermediary's contract with the insurer. Current law also contains some prohibitions against what an insurer may consider for purposes of issuing an insurance policy. For example, in determining whether to issue or renew insurance, an insurer, except for insurers writing certain types of insurance, may not consider whether a person has obtained a genetic test or a test for the presence of a strain of human immunodeficiency virus (HIV) or what the results of any such test were.

Some insurance companies will sell an insurance policy to a person only if the person carries more than one type of insurance with the insurer, such as a

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homeowner's insurance policy and an automobile insurance policy. This bill prohibits an insurer from refusing to issue or renew an insurance policy to a person and from canceling an insurance policy issued to a person on the basis that the person is not insured under or applying for coverage under another policy issued by the insurer.

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

1 **SECTION 1.** 631.16 of the statutes is created to read:

2 **631.16 Requirement to carry other insurance prohibited.** An insurer
3 may not, solely on the basis that a person is not insured under or applying for
4 coverage under another policy of insurance issued by the insurer, do any of the
5 following:

6 **(1)** Refuse to issue an insurance policy to the person.

7 **(2)** Notwithstanding s. 631.36 (4) (a), refuse to renew an insurance policy to the
8 person.

9 **(3)** Notwithstanding s. 631.36 (2) (c) and (3), cancel an insurance policy issued
10 to the person before the expiration of the agreed term.

11 **SECTION 2. Initial applicability.**

12 **(1)** The treatment of section 631.16 (1) of the statutes first applies to insurance
13 policies for which application is made on the effective date of this subsection.

14 **(2)** Except as provided in subsection (3), the treatment of section 631.16 (2) of
15 the statutes first applies to insurance policies that are renewed on the effective date
16 of this subsection.

17 **(3)** If an insurance policy that is in effect on the effective date of this subsection
18 contains a provision that is inconsistent with the treatment of section 631.16 (2) or

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1 (3) of the statutes, the treatment of section 631.16 (2) or (3) of the statutes, whichever
2 is applicable, first applies to that insurance policy on the date on which it is renewed.

3 (END)