



2005 SENATE BILL 141

March 29, 2005 - Introduced by Senators ROESSLER, COWLES, ERPENBACH, A. LASEE, TAYLOR and WIRCH, cosponsored by Representatives PETROWSKI, OWENS, TOWNSEND, ALBERS, BALLWEG, LEHMAN, SHERIDAN, HINES and PRIDEMORE. Referred to Committee on Agriculture and Insurance.

1 **AN ACT to amend** 631.36 (3) and 631.36 (4) (am); and **to create** 631.38 of the
2 statutes; **relating to:** prohibiting cancellation or nonrenewal of property or
3 automobile insurance because of claims based on acts of nature.

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. 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.

This bill prohibits an insurer from midterm cancellation or nonrenewal of an automobile insurance policy or 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, or lightning.

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

SENATE BILL 141**SECTION 1**

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), or solely because of claims resulting from acts of nature as provided in s.
9 631.38. The clause may also provide for alteration of the terms or premium by the
10 insurer as provided in sub. (5) (c), except the clause must then permit cancellation
11 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.
17 631.38.

18 **SECTION 3.** 631.38 of the statutes is created to read:

19 **631.38 Prohibition on cancellation or nonrenewal for acts of nature**
20 **claims.** Notwithstanding s. 631.36 (2) (a) 2. and (4) (a), an insurer may not cancel
21 prior to the expiration of the agreed term, or refuse to renew, an automobile
22 insurance policy or a fire or other property insurance policy solely because one or
23 more claims have been made under the policy for damage that was caused by the
24 forces of nature, such as rain, lightning, hail, windstorm, tornado, sleet, frost, or

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1 other similar natural phenomena, and that could not reasonably have been
2 anticipated or prevented.

3 **SECTION 4. Initial applicability.**

4 (1) If an automobile insurance policy or a fire or other property insurance policy
5 that is in effect on the effective date of this subsection contains a provision that is
6 inconsistent with this act, this act first applies to that insurance policy on the date
7 on which it is renewed.

8 (END)