



2019 SENATE BILL 289

June 21, 2019 - Introduced by Senators CRAIG, BEWLEY, LEMAHIEU, SCHACHTNER and STROEBEL, cosponsored by Representatives FELZKOWSKI, DOYLE, KULP, PETRYK, RAMTHUN, THIESFELDT and SKOWRONSKI. Referred to Committee on Insurance, Financial Services, Government Oversight and Courts.

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

Analysis by the Legislative Reference Bureau

Under current law, an insurer who offers to renew an insurance policy on less favorable terms or with a premium increase of at least 25 percent generally must notify the policyholder about the new terms or the increased premium at least 60 days prior to the renewal date. If the insurer is unable to determine the actual amount of the premium increase at that time, the insurer may provide the policyholder with a good faith estimate of the amount. If the insurer fails to provide notice before the 60-day deadline, the new terms or premiums do not take effect until 60 days after the notice is mailed or delivered to the policyholder, and the policyholder may cancel the policy at any time during those 60 days. This bill reduces the 60-day time frames to 45 days for personal lines property and casualty policies.

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

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

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

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

18 631.36 (5) (a) 2. Subject to pars. (b) and (d), for personal lines property and
19 casualty policies, if the insurer offers or purports to renew the policy but on less
20 favorable terms or at higher premiums, the new terms or premiums take effect on
21 the renewal date if the insurer sent by 1st class mail or delivered to the policyholder
22 notice of the new terms or premiums at least 45 days prior to the renewal date. If
23 the insurer notifies the policyholder within 45 days prior to the renewal date, the new
24 terms or premiums do not take effect until 45 days after the notice is mailed or
25 delivered, in which case the policyholder may elect to cancel the renewal policy at any

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1 time during the 45-day period. The notice shall include a statement of the
2 policyholder's right to cancel. If the policyholder elects to cancel the renewal policy
3 during the 45-day period, return premiums or additional premium charges shall be
4 calculated proportionately on the basis of the old premiums. If the insurer does not
5 notify the policyholder of the new premiums or terms as required by this subsection
6 prior to the renewal date, the insurer shall continue the policy for an additional
7 period of time equivalent to the expiring term and at the same premiums and terms
8 of the expiring policy, except as permitted under sub. (2) or (3).

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

11 631.36 (5) (c) 1. Subject to par. (d), for any policy other than a policy described
12 in subd. 2., an insurer may alter the terms or premium of a policy issued for a term
13 longer than one year or for an indefinite term on the anniversary date only if notice
14 of less favorable terms or premiums is sent by 1st class mail or delivered to the
15 policyholder at least 60 days prior to the anniversary date. If the insurer notifies the
16 policyholder within 60 days prior to the anniversary date, the new terms or
17 premiums do not take effect until 60 days after the notice is mailed or delivered, in
18 which case the policyholder may elect to cancel the policy at any time during the
19 60-day period. The notice shall include a statement of the policyholder's right to
20 cancel. If the policyholder elects to cancel the policy during the 60-day period, return
21 premiums or additional premium charges shall be calculated proportionately on the
22 basis of the old premiums. If the insurer does not notify the policyholder of the new
23 premiums or terms as required by this subsection prior to the anniversary date, the
24 insurer shall continue the policy until the next anniversary date or the renewal date,

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1 whichever is earlier, at the same premiums and terms as for the previous period,
2 except as permitted under sub. (2) or (3).

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

4 631.36 (5) (c) 2. Subject to par. (d), for personal lines property and casualty
5 policies, an insurer may alter the terms or premium of a policy issued for a term
6 longer than one year or for an indefinite term on the anniversary date only if notice
7 of less favorable terms or premiums is sent by 1st class mail or delivered to the
8 policyholder at least 45 days prior to the anniversary date. If the insurer notifies the
9 policyholder within 45 days prior to the anniversary date, the new terms or
10 premiums do not take effect until 45 days after the notice is mailed or delivered, in
11 which case the policyholder may elect to cancel the policy at any time during the
12 45-day period. The notice shall include a statement of the policyholder's right to
13 cancel. If the policyholder elects to cancel the policy during the 45-day period, return
14 premiums or additional premium charges shall be calculated proportionately on the
15 basis of the old premiums. If the insurer does not notify the policyholder of the new
16 premiums or terms as required by this subsection prior to the anniversary date, the
17 insurer shall continue the policy until the next anniversary date or the renewal date,
18 whichever is earlier, at the same premiums and terms as for the previous period,
19 except as permitted under sub. (2) or (3).

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

21 631.36 (5) (d) *Estimate.* An insurer may give notice under par. (a) or (c) of a new
22 premium by stating the actual amount or percentage increase to be charged. If the
23 insurer cannot reasonably determine the actual amount or percentage increase 45
24 days prior to the renewal or anniversary date for a policy subject to par. (a) 2. or (c)
25 2., or 60 days prior to the renewal or anniversary date for any other policy, the notice

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1 shall include a good faith estimate of the increase based on information that the
2 insurer can reasonably obtain. If an estimate is stated, the insurer shall renew or
3 continue the policy at a premium that does not exceed the increase stated in the
4 notice except as permitted under ~~sub. (5)~~ par. (b).

SECTION 6. Initial applicability.

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

SECTION 7. Effective date.

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

12

(END)