

CHAPTER 631

INSURANCE CONTRACTS GENERALLY

631.36 Termination of insurance contracts.

631.36 Termination of insurance contracts. (1) **SCOPE OF APPLICATION.** (a) *General.* This section shall apply to all contracts of insurance the general terms of which are required to be approved or are subject to disapproval by the commissioner, except as otherwise provided by statute or by rule under par. (c).

(b) *Contracts more favorable to policyholder.* The contract may provide terms more favorable to policyholders than are required by this section.

(c) *Exemption by rule.* The commissioner may by rule exempt from this section classes of insurance contracts where the policyholders do not need protection against arbitrary termination.

(d) *Other rights.* The rights provided by this section shall be in addition to and shall not prejudice any other rights the policyholder may have at common law or under other statutes.

(e) *Construction.* Nothing in this section shall be construed to prevent the rescission or reformation of any life or disability insurance contract not otherwise denied by the terms of the contract or by any other statute.

(2) **MIDTERM CANCELLATION.** (a) *Permissible grounds.* No insurance policy that has been in effect for at least 70 days or that has been renewed may be canceled by the insurer prior to the expiration of the agreed term or one year from the effective date of the policy or renewal, whichever is less, except on any one of the following grounds:

1. Failure to pay a premium when due; and
 2. Such grounds as are specified in the policy.
- The commissioner shall not disapprove grounds for cancellation specified in the policy which are reasonably necessary to protect the insurer against material misrepresentations and against substantial changes in the risk it has assumed, except to the extent that it should reasonably foresee such changes.

(b) *Notice.* No cancellation under par. (a) shall be effective until in the case of par. (a) 1 at least 10 days and in the case of par. (a) 2 at least 30 days after the first class mailing or delivery of a written notice to the policyholder.

(3) **ANNIVERSARY CANCELLATION.** A policy issued for a term longer than one year may be canceled by the insurer by giving notice 30 days prior to any anniversary date, as provided in sub. (4) (a) for nonrenewals.

(4) **NONRENEWAL.** (a) *Notice required.* Subject to sub. (2), a policyholder has a right to have his policy renewed, on the terms then being applied by the insurer to persons similarly situated, for an additional period of time equivalent to the expiring term if the agreed term is a year or less, or for one year if the agreed term is longer than one year, unless at least 30 days prior to the date of expiration provided in the policy the insurer mails first class or delivers to him a notice of intention not to renew the policy beyond the agreed expiration date.

(b) *Exceptions.* This subsection shall not apply if the policyholder has accepted replacement coverage or has requested or agreed to nonrenewal, or if the policy is expressly designated as nonrenewable by a clause approved or deemed to be approved by the commissioner.

(5) **RENEWAL WITH ALTERED TERMS.** If the insurer offers or purports to renew the policy but on different terms, including different rates, the policyholder shall, for 30 days after he receives notice calling his attention to the changes in the policy, have the option of canceling it. If he elects to cancel, the insurer shall refund to him the excess of the premium paid by him above the pro rata premium for the expired portion of the new term.

(6) **INFORMATION ABOUT GROUNDS.** If a notice of cancellation or nonrenewal under this section does not state with reasonable precision the facts on which the insurer's decision is based, the insurer must supply that information within 5 days after receipt of a written request by the policyholder. No notice shall be effective unless it contains adequate information about the policyholder's right to make such request.

(7) **INFORMATION ABOUT PLANS.** No notice under this section shall be effective unless it contains adequate instructions enabling the policyholder to apply for insurance through any voluntary or mandatory risksharing plan under ch. 619 existing at the time of the notice, for which the policyholder may be eligible.

(8) IMMUNITY. There shall be no liability on the part of and no cause of action of any nature shall arise against any insurer, its authorized representative, its agents, its employes, or any firm, person or corporation furnishing to the insurer information as to reasons for cancellation or nonrenewal, for any statement made by them in complying with this section, or for the

providing of information pertaining thereto.

(9) PROHIBITED CANCELLATION AND NON-RENEWAL. No insurer shall cancel or refuse to renew an automobile liability insurance policy solely because of the age, residence, race, color, creed, national origin, ancestry or occupation of anyone who is an insured.