

# FACT SHEET ON INSURANCE TERMINATIONS, DENIALS, AND CANCELLATIONS

OFFICE OF THE COMMISSIONER OF INSURANCE

PI-024 (R 08/2010)

This fact sheet briefly explains your rights concerning an insurance company's refusal to offer you insurance or to continue your coverage. Special rules apply to worker's compensation, umbrella, and surplus lines policies.

## NEW POLICIES

When a policy first becomes effective, the insurer may cancel that policy any time within the first 60 days without providing you with a reason for the cancellation. The cancellation is not effective until at least 10 days after the insurance company mails or delivers to you a written notice of cancellation. [s. 631.36 (2) (c), Wis. Stat.]

## RENEWALS

**Renewal on Altered Terms**—Sometimes an insurer will renew a policy but will raise the rates or make the terms less favorable to the insured. An insurer may not alter the terms of coverage until 60 days after a notice is mailed to you. To be effective, the notice must be mailed or delivered prior to the renewal date. If the notice is given less than 60 days before the renewal date, the new terms or premium increase will not become effective until 60 days have elapsed from the date the notice is given. These conditions do not apply if the only change is a rate increase of less than 25%. [s. 631.36 (5), Wis. Stat.]

**Renewal of Health Policies**—Several types of health policies may be automatically renewed. *Guaranteed renewable* health insurance policies permit the policyholder to continue coverage for a stated period as long as the premiums are paid. Insurers may raise premiums on these policies. *Noncancellable* policies are guaranteed renewable for a stated period at a guaranteed premium. An *optionally renewable policy* is one under which the insurer retains some right to refuse renewal. Premiums may be raised. Some health policies are not renewable.

## NONRENEWALS

Nonrenewal of a policy refers to the termination of a policy at the expiration date. If an insurer decides it does not want to renew your policy, it must mail or deliver to you a nonrenewal notice at least 60 days before the policy's expiration date. The nonrenewal notice must provide the reason for the nonrenewal. For a homeowner or auto policy, the insurer must also provide information in the notice on how to apply to the Wisconsin Insurance Plan (Property) or the Wisconsin Auto Insurance Plan (Auto) for coverage. Under certain conditions, these plans offer property and auto insurance to people who are unable to obtain it in the voluntary market. [s. 631.36 (4), (6), (7), Wis. Stat.]

If an insurer fails to provide notice prior to the expiration date, it must continue your coverage under the terms and premium of your prior policy for the term of the policy or one year, whichever is less. [s. 631.36 (4), Wis. Stat.]

If you are nonrenewed solely because of the termination of your agent's contract with your insurer, the insurer must continue your coverage if you request the insurer to do so in writing prior to the expiration date and you meet the insurer's eligibility requirements. [s. 631.36 (4) and (am), Wis. Stat.]

## MIDTERM CANCELLATIONS

A midterm cancellation is a cancellation that occurs during the policy term and prior to the policy's expiration or renewal date. An insurance company may cancel coverage during this period only if the premium is not paid or if the policy states other reasons for cancelling. The insurer must either mail or deliver to you a written cancellation notice. No cancellation is effective until at least 10 days after the mailing or delivery of the notice. [s. 631.36 (2) (b), Wis. Stat.]

## GRACE PERIOD

Although an insurer may cancel your policy for nonpayment of premiums, you may be entitled to a grace period for the payment of any premium due, during which coverage continues. For individual life insurance policies it is a period not less than 31 days after the premium due date. For health insurance policies it is not less than 7 days for weekly premium policies, not less than 10 days for monthly premium policies, and not less than 31 days for all other policies. No grace period is required for auto or property insurance. [ss. 632.44 and 632.78, Wis. Stat.]

## ANNIVERSARY CANCELLATIONS

This refers to a policy written for an indefinite term or for more than one year. These policies may be cancelled on any anniversary date if the policies contain cancellation provisions. If your insurer decides to cancel your policy on an anniversary date, it must mail or deliver to you a written notice at least 60 days prior to the anniversary date. [s. 631.36 (3), Wis. Stat.]

## GENERAL ANTI-DISCRIMINATION LAWS

There are statutes and rules that protect consumers from unfair discrimination in insurance policies.

- Insurers may not refuse to insure you or refuse to renew your policy on the basis of sex. [s. Ins 6.55, Wis. Adm. Code]
- For auto or homeowners policies, insurers may not refuse coverage to a class of risks *solely* on the basis of past criminal record, physical disability, past mental disability, age, marital status, sexual preference, "moral" character, or the location or age of the risk. Insurers may not use these classifications to charge different rates without credible supporting information. No insurer may cancel or refuse to issue or renew *an automobile* insurance policy wholly or partially because of one or more of the following characteristics of any person: age, sex, residence, race, color, creed, religion, national origin, ancestry, marital status, or occupation.

Some of these classifications may be used by an insurer if its experience supports differences in losses from these classifications. [s. 632.35, Wis. Stat., and s. Ins 6.54, Wis. Adm. Code]

If you think that an insurance company has violated any of these laws and you do not get satisfactory answers from the company, you may file a complaint with the Insurance Commissioner's office. You may do so by writing to:

Office of the Commissioner of Insurance  
P.O. Box 7873  
Madison, WI 53707-7873

(608) 266-0103 (In Madison)  
or  
1-800-236-8517 (Statewide)

A complaint form is also available on OCI's Web site at: [oci.wi.gov/com\\_form.htm](http://oci.wi.gov/com_form.htm).

For information on how to file insurance complaints call:

(608) 266-0103 (In Madison)  
or  
1-800-236-8517 (Statewide)

### Mailing Address

Office of the Commissioner of Insurance  
P.O. Box 7873  
Madison, WI 53707-7873

### Electronic Mail

[ocicomplaints@wisconsin.gov](mailto:ocicomplaints@wisconsin.gov)

Please indicate your name, phone number, and e-mail address.

OCI's World Wide Web Home Page  
[oci.wi.gov](http://oci.wi.gov)