

# Fact Sheet on Insurance Terminations, Denials, and Cancellations

OFFICE OF THE COMMISSIONER OF INSURANCE

PI-024 (R 09/2015)

This fact sheet briefly explains your rights concerning an insurance company's refusal to offer you insurance or to continue your coverage. Note: *Special rules apply to health insurance policies (see the "Fact Sheet on Continuation and Conversion Rights in Health Insurance Policies"), Medicare supplement policies (see the "Wisconsin Guide to Health Insurance for People with Medicare"), long-term care insurance policies (see the "Guide to Long-Term Care"), worker's compensation (see the "Consumer's Guide to Worker's Compensation Insurance for Employers"), umbrella, and surplus lines policies (see the "Information Sheet on Surplus Lines Insurers and Agents").*

## 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.]

## 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), and (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 but check your policy to see if your insurer includes a grace period provision. [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 have a specific complaint about your insurance, refer it first to the insurance company or agent involved. If you do not receive satisfactory answers, contact the Office of the Commissioner of Insurance (OCI).

To file a complaint online or to print a complaint form:

OCI's Web Site  
[oci.wi.gov](http://oci.wi.gov)

Phone  
(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.

**Deaf, hearing, or speech impaired callers may reach OCI through WI TRS**