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DELAWARE STATE SENATE
152nd GENERAL ASSEMBLY

SENATE BILL NO. 200

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO PROPERTY INSURANCE
CONTRACTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 4122, Title 18, of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underlining as follows:

3 § 4122. Notification and reasons for declination or termination.

4 (b) No cancellation of a property insurance policy shall be effective unless notice thereof is mailed or delivered by
5 the insurer to the named insured at least 30 days prior to the effective date of cancellation, except that, where cancellation is
6 for nonpayment of premium, at least 10 days' notice of cancellation shall be given. A notice of cancellation of property
7 insurance coverage by an insurer shall be in writing, shall be delivered to the named insured or mailed to the named insured
8 at the last known address of the named insured, shall state the effective date of the cancellation, and shall be accompanied
9 by a written explanation of the specific reasons for the cancellation. ~~Proof of mailing of such cancellation notice shall be~~
10 ~~retained by the insurer for a period of not less than 1 year.~~

11 (d) The notices required under subsection (b) and subsection (c) of this section shall be delivered to the named
12 insured by certified mail or by USPS Intelligent Mail barcode. ~~Proof of mailing of either notice under subsection (c) of this~~
13 ~~section~~ all such notices shall be retained by the insurer for a period of not less than 1 year. If the insurer fails to comply
14 with either paragraph (c)(1) or (2) of this section, coverage shall be deemed renewed under the same terms and conditions
15 until the named insured has accepted replacement coverage with another insurer or until the named insured has agreed to
16 the nonrenewal. For purposes of this section, "certified mail" includes certified mail, certified mail return receipt, and
17 certified mailing list, as used by the postal service.

18 Section 2. Amend § 4130, Title 18, of the Delaware Code by making deletions as shown by strike through and
19 insertions as shown by underlining as follows:

20 § 4130. Nonrenewal [For application of this section, see 79 Del. Laws, c. 390, § 8].

- 21 (a)(1) An insurer may not refuse to renew a policy of homeowners insurance solely on the basis of:
- 22 a. Claims caused by weather, unless 3 or more such claims have been made against the policy during the
- 23 36 months immediately preceding the expiration of the current policy period; or
- 24 b. Claims not caused by weather, unless 2 or more claims have been made against the policy during the
- 25 36 months immediately preceding the expiration of the current policy period; or
- 26 c. A combination of claims caused by weather and claims not caused by weather, unless such
- 27 combination of 3 or more claims has been made against the policy during the 48 months immediately preceding
- 28 the expiration of the current policy period; or
- 29 d. Claims closed without payment, notwithstanding any other provision of this section.

SYNOPSIS

This bill provides important consumer protections for property insurance contracts by improving the reliability of mailed notifications of policy cancellation or renewal. Section 1 of this bill requires insurers to deliver any homeowners' notices of cancellation or nonrenewal by USPS certified mail or USPS Intelligent Mail barcode. Further, whereas currently an insurer can cancel or non-renew a policy because of two non-weather-related claims over the lifetime of the policy, this legislation provides a reasonable claims lookback period for non-weather-related claims, as is already the case for claims in other portions of this subsection of the Code. Section 2 of this bill precludes an insurance carrier from refusing to renew a homeowners' policy based on non-weather claims unless 2 or more claims occur within the 36-month period immediately preceding the expiration of the current policy period.

Author: Senator Sokola