



SPONSOR: Rep. B. Short & Sen. Bushweller
Reps. Baumbach, Brady; Sens. Sokola, Venables

HOUSE OF REPRESENTATIVES
147th GENERAL ASSEMBLY

HOUSE BILL NO. 161

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

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

1 Section 1. Amend Chapter 29, Title 18, of the Delaware Code by inserting a new Section 2941 as shown by
2 underlining as follows:

3 § 2941. Notification and reasons for cancellation. A notice of cancellation of life insurance coverage by an
4 insurer due to nonpayment of premiums shall be in writing, shall be delivered to the named policyholder or mailed to the
5 named policyholder at the last known address of the named policyholder, shall state the effective date of the cancellation
6 and shall be accompanied by a written explanation of the specific reasons for the cancellation. Proof of mailing of such
7 cancellation notice shall be retained by the insurer for a period of not less than 1 year.

8 Section 2. Amend Chapter 31, Title 18, of the Delaware Code by inserting a new Section 3128 as shown by
9 underlining as follows:

10 § 3128. Notification and reasons for cancellation. A notice of cancellation of group life insurance coverage by an
11 insurer due to nonpayment of premiums shall be in writing, shall be delivered to the policyholder or mailed to the
12 policyholder at the last known address of the policyholder, shall state the effective date of the cancellation and shall be
13 accompanied by a written explanation of the specific reasons for the cancellation. Proof of mailing of such cancellation
14 notice shall be retained by the insurer for a period of not less than 1 year.

15 Section 3. Amend Chapter 33, Title 18, of the Delaware Code by inserting a new Section 3368 as shown by
16 underlining as follows:

17 § 3368. Notification and reasons for cancellation or nonrenewal. A notice of cancellation or nonrenewal of health
18 insurance coverage by an insurer due to nonpayment of premiums shall be in writing, shall be delivered to the named
19 policyholder or mailed to the named policyholder at the last known address of the named policyholder, shall state the
20 effective date of the cancellation or nonrenewal and shall be accompanied by a written explanation of the specific reasons
21 for the cancellation or nonrenewal. Proof of mailing of such cancellation or nonrenewal notice shall be retained by the

insurer for a period of not less than 1 year. This Section shall not apply to any policy issued under the Delaware Healthy Children Program.

Section 4. Amend Chapter 35, Title 18, of the Delaware Code by inserting a new Section 3571N as shown by underlining as follows:

§ 3571N. Notification and reasons for cancellation or nonrenewal. A notice of cancellation or nonrenewal of group health insurance coverage by an insurer due to nonpayment of premiums shall be in writing, shall be delivered to the policyholder or mailed to the policyholder at the last known address of the policyholder, shall state the effective date of the cancellation or nonrenewal and shall be accompanied by a written explanation of the specific reasons for the cancellation or nonrenewal. Proof of mailing of such cancellation or nonrenewal notice shall be retained by the insurer for a period of not less than 1 year.

Section 5. Amend Section 3905(c), Title 18, of the Delaware Code by making insertions as shown by underlining as follows:

§ 3905. Cancellation or nonrenewal of automobile policy – Notice of cancellation or intention not to renew; notice of reasons.

(c) The mailing of the notice of cancellation, or of intention not to renew, to the named insured at his/her last address of record with the insurer, shall be by certified mail. Proof of mailing of such notice shall be retained by the insurer for a period of not less than 1 year. This subsection shall not apply in case of nonpayment of premium.

Section 6. Amend Section 4122(b), Title 18, of the Delaware Code by making insertions as shown by underlining as follows:

§ 4122. Notification and reasons for declination or termination.

(b) A notice of cancellation of property insurance coverage by an insurer shall be in writing, shall be delivered to the named insured or mailed to the named insured at the last known address of the named insured, shall state the effective date of the cancellation and shall be accompanied by a written explanation of the specific reasons for the cancellation. Proof of mailing of such cancellation notice shall be retained by the insurer for a period of not less than 1 year.

Section 7. Amend Section 4130(a), Title 18, of the Delaware Code by making insertions as shown by underlining as follows:

§ 4130. Nonrenewal.

(a)(1) An insurer may not refuse to renew a policy of homeowners insurance solely on the basis of:

a. Claims caused by weather, unless 3 or more such claims have been made against the policy during the 36 months immediately preceding the expiration of the current policy period; or

b. Claims not caused by weather, unless 2 or more claims have been made against the policy; or

c. A combination of claims caused by weather and claims not caused by weather, unless such combination of three or more claims has been made against the policy during the ~~36~~ 48 months immediately preceding the expiration of the current policy period; or

d. Claims closed without payment, notwithstanding any other provision of this section.

(2) However, an insurer may nonrenew a homeowner's policy if:

a. The claim or claims asserted against the policy demonstrate that there has been a reasonably substantial change or increase in the hazard or in the risk assumed by the carrier subsequent to the date the policy was issued, and such nonrenewal is applied to other homeowners policies similarly situated; or

b. The policyholder has refused or failed to make ~~objectively~~ reasonably necessary changes or repairs after being notified by the insurer that failure to make such changes or repairs will constitute a breach of contractual duties, conditions or warranties that will change or increase the hazard or risk assumed by the insurer subsequent to the date the policy was issued.

Section 8. Effective Date. This law shall apply to all insurance contracts issued or renewed on or after January 1, 2014.

SYNOPSIS

Sections 1 and 2 of this bill require individual and group life insurers to provide notice of cancellation of life insurance coverage due to nonpayment of premiums and to retain proof of mailing of such notices for a one-year period. Sections 3 and 4 of this bill require individual, group and blanket health insurers to provide notice of cancellation or nonrenewal of health insurance coverage due to nonpayment of premiums and to retain proof of mailing of such notices for a one-year period. Sections 5 and 6 of this bill require casualty and property insurers to retain proof of mailing notices of cancellation and/or nonrenewal for a one-year period. Section 7 of this bill precludes an insurance carrier from refusing to renew a policy based on a combination of claims unless 3 or more claims occur within a 48 month period. Notices to be provided pursuant to this bill may be provided in electronic form, subject to the requirements of 18 Del. C. § 107.