



AUTO BULLETIN NO. 27

TO: ALL INSURERS WRITING AUTOMOBILE INSURANCE COVERAGE IN DELAWARE

RE: Notice of signing of HS1 to HB 80, The Use of Credit Information in Personal Insurance Act, and the withdrawal of Auto Bulletin No. 23

DATED: August 7, 2017

The purposes of Auto Bulletin No. 27 are to:

- Inform insurers writing automobile insurance coverage in Delaware that, on August 1, 2017, the Governor signed HS 1 for HB 80 (the Act); and
- Withdraw Auto Bulletin No. 23, for the reasons discussed below.

The Act targets unfair discriminatory practices used by automobile insurance companies to determine premium costs by replacing 18 **DE Code** Chapter 83, with an entirely new Chapter 83 entitled, "The Use of Credit Information in Personal Insurance Act." The Act takes effect on May 1, 2018, nine months after enactment, and will be applicable to policies issued or renewed on or after the Act's effective date (May 1, 2018). The Department will be revising Regulation 906 in the next few months to implement the Act by its effective date.

The Act prohibits insurance companies from engaging in any of the following when issuing or renewing any policy on or after the Act's effective date (May 1, 2018):

- a. Using an insurance credit score that uses income, gender, sexual orientation, gender identity, education, address, zip code, race, ethnic group, religion, marital status or nationality of the consumer as a rate setting factor;
- b. Cancelling or declining to renew a policy based on credit information alone;
- c. Taking action against a consumer because that person lacks a credit card or lacks credit information;
- d. Utilizing collection information using medical codes;
- e. Utilizing extraordinary life circumstances such as serious illness or injury, death of a spouse or loved one, divorce, and involuntary loss of employment for 3 months or more;
- f. Increasing a renewal rate for a personal automobile policy based solely on an insured attaining the age of 75 or older; and
- g. Increasing rates based upon a change of marital status due to the death of a spouse.

The Act continues Delaware's prohibition against using and insured's credit score in policy renewals, unless a review request results in lower premiums.

NOTE: This Bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties, or privileges, nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Delaware Department of Insurance if additional information is needed.

The Department is also withdrawing Auto Bulletin No. 23, Widow's Penalty – Increased Auto Rates for Widows and Widowers, because the prohibition against charging a higher rate solely based on the change in an insured's marital status after losing a spouse is now explicitly prohibited by the Act.

Consumers who have questions about the Act or Auto Bulletin No. 27 are encouraged to contact the Consumer Services Division at (302) 674-7310 or by email at consumer@state.de.us.

This Bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.



Trinidad Navarro
Delaware Insurance Commissioner

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