



AUTO BULLETIN NO. 34

**TO: ALL DOMESTIC AND FOREIGN CASUALTY INSURERS WRITING
PRIVATE AUTOMOBILE INSURANCE BUSINESS IN DELAWARE**

**RE: IMPLEMENTATION OF HOUSE BILL 41 AND AUTOMOBILE
INSURANCE POLICY CANCELLATION AND NONRENEWAL
APPEALS PROCESS**

DATED: May 4, 2022

The purpose of this bulletin is to inform automobile insurers that the Governor signed [House Bill No. 41 \("HB 41"\)](#), which relates to automobile insurance cancellations and nonrenewals, on September 30, 2021, and to inform insurers of the Department's implementation plan. Relevant sections of HB 41 are also summarized below as they pertain to industry obligations.

I. Insurer Obligations under HB 41

HB 41 provides clarification that under 18 *Del. C.* § 3903(d), reinstatement obligations apply in instances of both nonrenewals and cancellations caused by nonpayment of premiums if the insured tenders the full amount due within 30 days after the end of the policy period or cancellation date.

As amended, 18 *Del. C.* § 3906 ("Section 3906") contains an updated process by which an insured may contest or appeal a nonrenewal or cancellation of a private automobile policy, moving from a hearing process to a review by the Commissioner on the papers. The process for appeals is outlined in Section II of this bulletin.

Finally, 18 *Del. C.* § 3917 extends the protections of unfair automobile insurance rating practices related to a service member's deployment to deployments both within and outside of the U.S. and its waters.

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.

II. Implementation Plan for Policy Cancellation and Nonrenewal Appeals

Section 3906, as amended by SB 41, revises the method by which an insured may appeal a nonrenewal or cancellation of a private automobile insurance policy, if not caused by nonpayment of premium, from a hearing process to a review by the Commissioner on the papers. Section 3906(a) provides that an insured has not less than 20 days prior to the effective date of cancellation or nonrenewal to submit a written request for an appeal to the Commissioner which shall state clearly the basis for the appeal. Appeals under Section 3906 may be submitted electronically to consumer@delaware.gov, using the attached form.

Once the Department receives an appeal and forwards it to the insurer, the insurer has 5 business days to review the matter and submit all supporting documents outlining its statutory authority to cancel or nonrenew the policy to the Department for final review. Notices will be sent to an insurer's identified staff member, whose contact must be kept up to date. It is imperative that insurers timely comply with their obligations under Section 3906(b) to avoid undue hardship to the insured. The Commissioner may also extend the effective date of cancellation or nonrenewal up to 4 days from the date the notice of cancellation or nonrenewal was received by the insured.

Once all necessary documentation is received from the insured and insurer, and at least 5 days prior to the effective date of cancellation or nonrenewal, the Commissioner shall issue written findings to both parties.

Any questions, comments, or requests for clarification about Auto Bulletin No. 34 should be emailed to consumer@delaware.gov.

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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