

State of Delaware



DONNA LEE H. WILLIAMS
INSURANCE COMMISSIONER

841 SILVER LAKE BLVD.
DOVER, DELAWARE 19904-2465
(302) 739 - 4251
FACSIMILE (302) 739 - 5280

Department of Insurance

FORMS AND RATES BULLETIN NO. 8

EFFECT ON MULTIPLE CLAIMS ON RENEWAL OF HOMEOWNER'S POLICY

Original No. 91-4
Adopted December 13, 1991
Amended April 15, 1992

The Department recently has received several recent complaints from homeowners regarding cancellation of their homeowner's insurance because of filing multiple claims.

Under 18 Del. C., Section 314, the Commissioner is permitted to adopt rules and guidelines to implement the purposes of the Insurance Code (Title 18 Delaware Code). Under Chapter 14 of Title 18, Subchapter III, certain restrictions have been adopted to regulate cancellations and non-renewals, and to specifically require that the reasons for non-renewal be communicated to the insured.

In order to implement the intention of the Legislature, the Department hereby requires that insurers who write homeowners coverage provide a notice to all existing policyholders at the first renewal of the policy on or after July 1, 1992; and any new customers effective May 1, 1992, under the following circumstances:

(1) if the insurer has underwriting criteria BASED ON MULTIPLE CLAIMS to non-renew a homeowners policy, that underwriting criteria should be disclosed to the insured in prominent type on the declaration page or on a separate attachment;

OR

(2) if the insurer has an underwriting policy of reviewing policies when multiple claims are submitted which may lead to a decision to non-renew at policy expiration date, but no established criteria exists and the decision to renew or not to renew is made on various combinations of factors, the insured must be informed of the insurer's policy to review the renewal based on these multiple factors and these factors must be disclosed to the insured. The following or similar language in prominent type on the declaration page or on a separate attachment would be acceptable to the Department:

"Submission of multiple claims under this policy may cause a review of your claims history which may result in a higher deductible or non-renewal of your coverage."

The Department will closely monitor non-renewals to ensure that insurers have fully and accurately disclosed their criteria for non-renewal of homeowners coverage to their insureds. Special attention will be addressed to any attempt by an insurer avoid the requirements of (1) above by improperly claiming application of (2) above. Any violation of the duty of disclosure to insured will result in an Unfair Trade Practice action being brought against the insurer.