

## **Delaware Governor Carney Signs Insurance Consumer Fairness Bill**

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On Tuesday, August 1, 2017, Delaware Governor John Carney signed into law House Substitute 1 for House Bill 80 (HS 1 for HB 80), a consumer fairness bill that targets unfair discriminatory practices by automobile and homeowners insurance companies to determine premium costs. “Insurance rates should be fair,” stated Delaware Insurance Commissioner Trinidad Navarro in a press release issued by the Department of Insurance. “However, as I have seen over the past several years, they are far from fair.” As a bipartisan piece of legislation and a substitute to the original HB 80, HS 1 for HB 80 represents a compromise between the Department of Insurance, legislators and several industry members who elected to negotiate in good faith. “For too long, insurance companies have used practices that unfairly discriminate against Delaware consumers and our State’s most vulnerable populations,” Representative Trey Paradee, a Democrat from Dover who served as the bill’s prime sponsor and leading consumer advocate, stated in the release. The new law will keep changes in credit ratings because of issues, such as identity theft or loss of a spouse, from costing Delawareans more, Senate Majority Leader Margaret Rose Henry, who has been a longtime supporter of consumer protection measures, explained in the release. She also supported the restriction of age as a factor in setting rates. “Insurance rates should be based primarily on the way a driver behaves behind the wheel,” Senator Brian Pettyjohn, a Republican from Georgetown who served as a co-prime sponsor of the bill, said in the release. “Life events such as reaching the age of 75 or divorce alone should not be factors in raising an individual’s insurance rates. This new law strengthens Delaware’s insurance consumer protection statutes to prohibit these types of actions on the part of insurance companies.” The new law provides for the following changes: Insurance companies may not use 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 factor. Insurance companies may not cancel or non-renew a policy based on credit information alone. Insurance companies may not take action against a consumer because that person lacks a credit card or lacks credit information. Insurance companies cannot utilize collection information

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using medical codes. Insurance companies cannot utilize extraordinary life circumstances such as serious illness or injury, death of a spouse or loved one, divorce, and involuntary loss of employment for three months or more. HS 1 for HB 80 continues Delaware's prohibition on using credit in policy renewals, unless a review request results in lower premiums. An insurer cannot increase a renewal rate for personal automobile insurance policies based solely on an insured attaining the age of 75 or older. An insurer cannot increase rates based upon a change of marital status due to the death of a spouse. Delaware Insurance Commissioner Trinidad Navarro stated in the press release that the new law will redress the balance between insurance companies and everyday consumers. "By addressing unfair discriminatory practices, HS 1 for HB 80 adds and enhances Delaware's consumer protection measures to hold companies accountable," he said. "This law will push Delaware in the right direction toward a fairer and more affordable insurance marketplace." HS 1 for HB 80 was primarily sponsored by Representative Trey Paradee and Senators Margaret Rose Henry and Brian Pettyjohn. It passed the House on June 15, 2017, with 24 yes and 14 no votes. The bill passed its final floor vote in the Senate on June 27, 2017, with 20 yes and 1 no votes. Consumers and producers who have questions about the new law are encouraged to contact the Department of Insurance's Consumer Services Division.