

Delaware Ranks High Among States for Homeowners' Insurance Protections

Delaware.gov

Dover, DE – Delaware homeowners are among the most protected in the nation against having their homeowners insurance non-renewed or rates raised due to filing or even inquiring about a claim. This is according to a recent study by the Rutgers Center for Risk and Responsibility at Rutgers Law School, which ranks Delaware as the fifth out of ten states that have received a four or five star rating, out of five stars.

“Consumer protection is my administration’s top priority,” said Delaware Insurance Commissioner, Trinidad Navarro. “While I am happy that we are ranked 5th in the nation in consumer protection for homeowners insurance, I will not be satisfied until Delaware is first.”

In cooperation with United Policyholders, the Rutgers report examines the practice of “use it and lose it” by insurers throughout the United States. Under “use it and lose it,” insurers raise rates or decline to renew homeowners insurance policies when an insured has filed a claim, or even if they simply inquire as to a possible loss. Additionally, insurers who operate this policy raise rates or do not renew policies even if they do not have to pay anything out on a claim.

“Homeowners work hard to be able to purchase and pay into their insurance to safeguard their families and assets. Consumers should not be penalized for using their purchased product,” said Navarro. “This study confirms that Delaware’s laws are among the best protections on the books in the nation, affording homeowners with maximum protection against unfair insurance practices and penalties.”

For more information on homeowners insurance, please visit www.insurance.delaware.gov, and click on the link for the Consumer Services & Investigations Division. If consumers are experiencing difficulties with their homeowners’ insurance policies and/or companies, the Department of Insurance encourages them to contact the Consumer Services & Investigation Division, please call 302) 674-7310, or email consumer@state.de.us.

To view the study, please follow this link: <https://epp.law.rutgers.edu/node/28#overlay-context=node/29>.
Note:

Under 18 Del. C. § 4130 a) 1), an insurer may not refuse to renew a policy of homeowners insurance solely on the basis of:

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

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

A combination of claims caused by weather and claims not caused by weather, unless such combination of 3 or more claims has been made against the policy during the 48 months immediately preceding the expiration of the current policy period; or

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

Under 18 Del. C. § 4130 a) 2), however, an insurer may non-renew a homeowner's policy if:

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

The policyholder has refused or failed to make 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.

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