



AUTO BULLETIN NO. 25 (REVISED)

TO: ALL INSURERS WRITING AUTOMOBILE INSURANCE COVERAGE IN DELAWARE
RE: Passage of HB 114 – Raising Minimum Bodily Injury and Property Damage Limits
Passage of HB 333 – Raising the Minimum Combined Single Limit
DATED: June 28, 2017
REVISED: July 13, 2017 and August 15, 2018

The purpose of Auto Bulletin No. 25 was to inform all insurers writing automobile insurance coverage in Delaware of the enactment of House Bill 114, “An Act to Amend Title 21 of the Delaware Code Relating to Bodily Injury and Property Damage Coverage on Motor Vehicles,” signed into law by the Governor on June 13, 2017 and effective on December 13, 2017 (six months after the date of enactment).

The purpose of the first revision to Auto Bulletin No. 25 was to address the numerous inquiries that the Department has received from insurers since the passage of HB 114 and the initial publication of this Bulletin regarding whether and how the HB 114 amendments to 21 *Del.C.* § 2902 impact the minimum limits for all of the various types of insurance that are required to be offered pursuant to 21 *Del.C.* § 2118.

The purpose of the second revision to Auto Bulletin No. 25 is to inform all insurers writing automobile insurance coverage in Delaware of the enactment of House Bill 333, which was signed by the Governor on July 11, 2018. Recognizing that HB 114 did not address the issue of combined single limits, the bill raises the combined single limit in the definition of “proof of financial responsibility” at 21 *Del. C.* § 101 (56) from \$40,000 to \$60,000.

Discussion

HB 114 amended 21 *Del.C.* § 2902 to raise the minimum bodily injury and property damage liability limits in all automobile insurance policies newly written or renewed after the effective date of the Act, as follows:

<u>Type of Coverage</u>	<u>Limit Prior to Enactment of HB 114</u>	<u>Limit after Enactment of HB 114</u>
Bodily injury to or death of 1 person in any 1 accident and, subject to said limit for 1 person	\$15,000	\$25,000
Bodily injury to or death of 2 or more persons in any 1 accident	\$30,000	\$50,000
Injury to or destruction of property of others in any 1 accident.	\$5,000	\$10,000
Combined single limit	\$40,000	Same (not addressed in HB 114)

As stated in the synopsis to HB 114, the purpose of the amendment is:

. . . to better protect the motorists of the State of Delaware by raising the minimum automobile bodily injury and property damage limits to reflect the current economic conditions. The minimum automobile liability limits have not been raised in the State of Delaware since July 19, 1983. Most motor vehicle policies sold in Delaware provide \$10,000 for property damage coverage. Bodily injury insurance proceeds are frequently used to cover the cost of not only pain and suffering, but an injured persons medical expenses and lost wages, which have increased since 1983. For example, \$15,000 in 1983 is equivalent to \$35,960.54 in 2016, based on the federal Consumer Price Index Urban statistics for 1983 and 2016. In addition, \$30,000 in 1983 is equivalent to \$71,921.08 in 2016.

Explanation of how 2118 and 2902 are related: The insurance coverage types and minimum coverage requirements for all Delaware registered motor vehicles are set forth at 21 *Del.C.* §118. Paragraph (a)1 of 21 *Del.C.* §2118 states that the coverage limits for liability insurance are set forth in the Financial Responsibility Law. The Financial Responsibility Law is promulgated at 21 *Del.C.* §2902. Since HB 114 only amended 21 *Del.C.* §2902, only the coverage limits for liability insurance are affected; no other coverage limits that are required under 2118 are affected.

Summary of coverage limits following the effective date of HB 114 (December 13, 2017) and the passage of HB 333 (July 11, 2018): The following minimum levels of insurance coverage are required to be offered by insurers writing automobile coverage in this State:

- Liability Coverage as required by 21 *Del.C.* §2118(a)(1): \$25,000/\$50,000/\$10,000 (which reflects the amounts prescribed by the Financial Responsibility Law at 21 *Del.C.* §2902, with a combined single limit of \$60,000 by operation of the definition of “proof of financial responsibility” set forth in 21 *Del.C.* §101(56).
- Liability Coverage as required in the definition of “proof of financial responsibility” at 21 *Del.C.* §101(56)
- Personal Injury Protection as required by 21 *Del.C.* §2118(a)(2): \$15,000 for any 1 person/\$30,000 for all persons injured in any 1 accident.
- Compensation for damage to property (other than damage to the motor vehicle) as required by 21 *Del.C.* §2118(a)(3): \$10,000 for any 1 accident.
- Compensation for damage to the insured motor vehicle as required by 21 *Del.C.* §2118(a)(4): an amount not to exceed the actual cash value of the vehicle at the time of loss and \$10/day up to \$300 for loss of use of the vehicle.
- Uninsured/Underinsured motor vehicle coverage as required by 18 *Del.C.* §3902: \$25,000/\$50,000/\$10,000 (which reflects the amounts prescribed by the Financial Responsibility Law located at 21 *Del.C.* § 2902).

Questions concerning Auto Bulletin No. 25 should be emailed to 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