
BULLETIN 24-IB-003-05/31

TO: All Property and Casualty Insurance Companies Licensed to Do Business in the District of Columbia (“Insurers”)

FROM: Karima M. Woods, Commissioner

RE: Clarification of Unfair Trade Practices Regulations for Homeowners Insurance

DATE: May 31, 2024

This is a reissue of Bulletin 05-I-002-3/15 to remind insurers of their obligations under the Unfair Trade Practices Regulations.

APPLICATION AND LEGISLATIVE AUTHORITY

This bulletin applies to all property and casualty insurance companies licensed to sell homeowners policies in the District of Columbia. Its purpose is to make sure that the intent and effect of Title 26, DCMR, Chapter 50, Unfair Trade Practices, is understood and followed.

Subsection 5000.1 provides, in pertinent part, that:

An insurer shall not refuse to renew a policy of homeowners insurance solely due to claim or loss frequency unless there have been two or more claims during the most recent three-year experience period.

Paragraph (a) further defines how to count the number of claims:

(a) For purposes of counting the number of claims under subsection 5000.1, the insurer shall not consider the first claim for a loss caused by weather, unless the insurer can provide evidence that the insured unreasonably failed to maintain the property and such failure to maintain contributed to the loss.

It has come to our attention that some insurers believe that it is proper under this section to significantly increase a policyholder’s premium, or change a policyholder’s rating classification, or impose a surcharge on a policyholder because of a first claim for a loss caused by a weather-related event, as long as the policyholder is not non-renewed. Please be advised that such treatment of policyholders is prohibited.

The intent of the regulation is to ensure that the first claim for a loss caused by a weather-related event ***shall be disregarded for underwriting purposes*** related to the renewal of a homeowner's policy in the District of Columbia. The Department will consider that any change in the premium, coverage, or treatment of a homeowner's policy due to the first claim for a loss caused by a weather-related event is an attempt to circumvent the clear purpose and intent of this regulation.

Neither the regulation nor this bulletin shall be construed to prohibit any insurer from modifying the rates it charges to any class of insureds, subject to regulatory review by the Department, provided that the rate change applies to all persons in the rating class, and that no policyholder shall have his or her rating class changed due to the first claim for a loss caused by a weather related event.

Should you have any questions, please contact our Office of the General Council, at (202)442-7847.