

DOMESTIC/FOREIGN INSURERS BULLETIN NO. 21
Revised

**TO: ALL INSURERS PROVIDING PROPERTY INSURANCE COVERAGE
IN DELAWARE**

**RE: REQUIRED NOTICES TO BE PROVIDED TO CONSUMERS IN THE
STATE OF DELAWARE**

DATE: August 30, 2006

We are currently witnessing Delaware's first organized termination of homeowners and commercial property insurance policies based upon geographic location of homes or businesses. This necessitates that I take immediate action to ensure that policyholders whose coverage is terminated are aware of the availability of alternate coverage for at least part of the value of their home or commercial property in the event that they are unable to obtain other coverage prior to the effective date their policy is terminated,

1. The purposes of this bulletin are (a) to ensure that policyholders whose property insurance contracts are terminated are aware of the importance of seeking out replacement insurance immediately and (b) to ensure that those policyholders are fully aware of the state's industry placement facility program, which is designed to ensure that they can obtain replacement property insurance.

2. This bulletin shall apply to homeowners and commercial property insurance policies. A homeowners insurance policy for purposes of this bulletin means a property contract of insurance covering residential properties as defined by 18 *DeL C.* § 4120. A commercial property insurance contract means a commercial multiple peril package policy.

3. Any communication notifying a policyholder of the termination, as that term is defined in 18 *Del C.* § 4121, of a homeowners or commercial property insurance policy shall contain:

- (a) A prominent notification that the policyholder should immediately begin seeking alternative property insurance from a licensed Delaware insurance agent if the policyholder intends to avoid a lapse in coverage, and

- (b) A prominent notification that the policyholder may be entitled to purchase insurance from the state's industry placement facility program (the FAIR Plan).

The notification required by this paragraph shall contain the name and contact information for the state's industry placement facility program, and shall be in at least 18 point type, including the website address. <http://www.defairplan.com>.

4. The notification required by Paragraph 3 shall also be sent by the carrier terminating coverage to any producer through whom the policyholder purchased his or her insurance policy.

5. This bulletin shall take effective immediately and shall remain in full force and effect until such time as it is modified, terminated or superseded by any statute or regulation.

6. This bulletin shall not apply to cancellations or terminations resulting from the non-payment of premium.

7. This bulletin shall apply to surplus lines policies as well as policies written by admitted insurers.

8. The Department of Insurance will be initiating discussions with the state's existing industry placement facility program to determine its adequacy. Those discussions will include discussions of limitations upon available coverage, vacancy limitations, permissible bases for refusal of coverage, and rate-setting procedures.

9. This bulletin supersedes Domestic/Foreign Bulletin 21 issued August 9, 2006.

Matthew Denn
Insurance Commissioner