



SPONSOR: Sen. Mantzavinos & Rep. Bush
Sens. Ennis, Hansen, Townsend, Walsh; Reps.
Baumbach, Spiegelman

DELAWARE STATE SENATE
151st GENERAL ASSEMBLY

SENATE BILL NO. 79

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO PROPERTY INSURANCE POLICIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Chapter 41, Title 18 of the Delaware Code by making insertions as shown by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 4122 Notification and reasons for declination or termination.

(a) Upon declining to insure any real or personal property subject to this subchapter, the insurer, ~~agent~~ agent, or broker making such declination shall either provide the insurance applicant with a written explanation of the specific reasons for the declination or an explanation will be provided within 21 days of the timely receipt of the applicant's written request for such an explanation. An applicant's written request shall be timely under this subsection if received within 90 days of the date of notice of the declination. In the event of a declination by an insurer of a risk submitted by an agent or broker on behalf of the applicant, the insurer shall provide that agent or broker with a written explanation of the reasons for the declination. In the event the agent or broker is unable to effect insurance for the applicant through an admitted insurer other than a residual market mechanism, the agent or broker shall submit an explanation in writing to the applicant of all insurer declinations. No agent, ~~broker~~ broker, or insurer not represented by an agent or broker shall decline to provide an insurance application form or other means of making a written request for insurance to a prospective applicant who requests insurance coverage from the agent, ~~broker~~ broker, or insurer.

(b) No cancellation of a property insurance policy shall be effective unless notice thereof is mailed or delivered by the insurer to the named insured at least 30 days prior to the effective date of cancellation, except that, where cancellation is for nonpayment of premium, at least 10 days' notice of cancellation shall be given. A notice of cancellation of property insurance coverage by an insurer shall be in writing, shall be delivered to the named insured or mailed to the named insured at the last known address of the named insured, shall state the effective date of the ~~cancellation~~ cancellation, and shall be accompanied by a written explanation of the specific reasons for the cancellation. Proof of mailing of such cancellation notice shall be retained by the insurer for a period of not less than 1 year.

22 (c) At least 30 days before the end of a policy period, as described in § 4121(c) of this title, an insurer shall deliver or
23 mail to the named insured, at the last known address of the named insured, either of the following:

24 (1) Written notice of the insurer's offer to renew the policy if the applicable premium for the policy is
25 received within a specified billing period; or

26 (2) Written notice of the insurer's intention not to renew the policy upon expiration of the current policy
27 period. The notice of intention not to renew shall include or be accompanied by a written explanation of the
28 insurer's specific reason or reasons for the nonrenewal.

29 (d) Proof of mailing of either notice under subsection (c) of this section shall be retained by the insurer for a period of
30 not less than 1 year. If the insurer fails to comply with either paragraph (c)(1) or (2) of this section, coverage shall be
31 deemed renewed under the same terms and conditions until the named insured has accepted replacement coverage with
32 another insurer or until the named insured has agreed to the nonrenewal.

SYNOPSIS

This bill establishes the timeframe within which a property insurer must give prior written notice of its intent to cancel a policy.

This Act also makes technical corrections to conform existing law to the standards of the Delaware Legislative Drafting Manual.

Author: Senator Mantzavinos