Office of the Registrar of Regulations,
Legislative Council,
State of Delaware

CHAPTER 386
FORMERLY
SENATE BILL NO. 202
AS AMENDED BY
SENATE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO PROPERTY INSURANCE CONTRACTS (DECLINATIONS, RENEWALS AND CANCELLATIONS OF PROPERTY INSURANCE CONTRACTS).

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

Section 1. Amend Chapter 41 of Title 18 of the Delaware as follows:

Subchapter IV. Wind, Hail and Hurricanes.

§ 4140. Notice Regarding Deductibles.

(a) All insurers licensed to and writing residential property insurance in Delaware shall provide clear and prominent notice to residential property insurance policyholders as to the existence of deductibles for losses caused by wind, hail or hurricanes, as follows:

i. The Notice shall be included:

1. With regard to any policy in effect before January 1, 2013, with the first renewal on or after that date.

2. On or after January 1, 2013, with a policy at first issuance and with the first renewal after any insurer-initiated change in the deductibles for losses caused by wind/hail or hurricanes.

ii. Such notice may be sent electronically to any policyholder who has consented to receive such notices electronically.

iii. The notice shall clearly disclose relevant details pertaining to the wind/hail and hurricane deductibles, including the trigger of the deductible, regardless of whether it is stated as a percentage or as a dollar amount.

iv. If there is a percentage deductible, the insurer must provide an example of how it applies to the loss. The example does not have to be tailored to the insured value of the specific property, but must show clearly how the deductible works (e.g., a two percent (2%) deductible on a house insured for $300,000 means the policy holder is responsible for $6,000 of the wind, hail or hurricane loss).

v. If there is not a separate deductible for wind/hail or hurricane losses, the insurer is not required to provide a notice.

(b) This section sets forth the minimum information that must be included in the notice. Insurers may provide any other information to assist their insureds in understanding wind/hail and hurricane deductibles and their application to the insurance policy.

(c) For purposes of this section, “residential property insurance” means insurance that provides coverage for:

i. a one-, two-, three-, or four-family dwelling primarily intended for occupancy as living quarters;

ii. a condominium unit primarily intended for occupancy as living quarters;

iii. non-business personal property of a tenant insured on an unscheduled basis and primarily located in the living quarters occupied by the tenant;

iv. a manufactured home situated in a fixed location and intended for occupancy as living quarters.

However, “residential property insurance” does not include insurance provided using Commercial Multiple-Peril or Commercial Property policy forms.

Section 2. Effective date. This law shall apply to all residential property insurance policies issued or renewed on or after January 1, 2013.

Approved August 02, 2012