

**STATE OF DELAWARE**  
**DEPARTMENT OF INSURANCE**

**IN RE:** :  
 :  
**REGULATION 702** : **Docket No. 2007-527**

**ORDER**

Proposed changes to Regulation 702 relating to Required Disclosures for Homeowners Policies were published in the Delaware Register of Regulations on October 1, 2007. The comment period remained open until November 5, 2007. There was no public hearing on the proposed changes to Regulation 702. Public notice of the proposed changes to Regulation 702 in the Register of Regulations and two newspapers of general circulation was in conformity with Delaware law.

**SUMMARY OF THE EVIDENCE AND INFORMATION SUBMITTED**

Public comment was received from the Property Casualty Insurers of America, Allstate Insurance Company and State Farm Mutual Automobile Insurance Company. All three comments raised concern with what was believed by them to be lengthy and, in their words, confusing notification requirements relative to deductibles. Comments also raised the issue of insurers having insufficient time to comply with the Regulation and suggested a later effective date.

**FINDINGS OF FACT**

Based on Delaware law and the record in this docket, I make the following findings of fact:

1. The best interest of Delaware homeowners is served by requiring insurers to make homeowners aware of the types of risks or claims not insured under their policies.
2. The best interest of Delaware homeowners is served by informing them of the specific deductibles required by their policies, as well as defining what a deductible is, describing what triggers each deductible and describing how each deductible is calculated.
3. The best interest of the public is served by requiring insurers to provide to the Department, for its approval, the forms that will be used in compliance with Section 5.1.5.

4. Having drafted the deductibles in question for the policies themselves, and having already complied with Regulation 701 governing readability of insurance policies, insurance carriers are capable of preparing statements that comply with Section 5.1.5 and are also clear to their policyholders.

#### DECISION AND EFFECTIVE DATE

Based on the provisions of 18 **Del. C.** §§ 314) and 3403 and 29 *Del. C.* §§ 10113-10118 and the record in this docket, I hereby adopt Regulation 702 as attached hereto to be effective on December 15, 2007.

IT IS SO ORDERED this 14<sup>th</sup> day of November 2007.

Matthew Denn  
Insurance Commissioner