

DEPARTMENT OF INSURANCE

Statutory Authority: 18 Delaware Code, Section 311 (18 Del.C. 311)

PROPOSED

PUBLIC NOTICE

INSURANCE COMMISSIONER MATTHEW DENN hereby gives notice of proposed Department of Insurance **Regulation 704** relating to **Homeowners Premium Consumer Rate Comparisons**. The docket number for this proposed regulation is 321.

The proposed regulation would require homeowner's insurance companies to provide survey data to the Department of Insurance for the purposes of allowing consumers of residential homeowners insurance the opportunity to compare rates from different companies. The survey data would have to be filed with the Department on an annual basis. The regulation would also require the insurers to provide direct email responses to the consumer. The **Delaware Code** authority for the change is 18 Del.C. §§311 and 2501 et seq.

The text can also be viewed at the Delaware Insurance Commissioner's website at www.delawareinsurance.gov and clicking on the link for "Proposed Regulations."

The Department of Insurance does not plan to hold a public hearing on the proposed changes. Any person can file written comments, suggestions, briefs, and compilations of data or other materials concerning the proposed amendment. Any written submission in response to this notice and relevant to the proposed change must be received by the Department of Insurance no later than 4:30 p.m., Wednesday, January 3, 2007, and should be addressed to Deputy Attorney General Michael J. Rich, c/o Delaware Department of Insurance, 841 Silver Lake Boulevard, Dover, DE 19904, sent by fax to 302.739.5566 or emailed to michael.rich@state.de.us.

704 Homeowners Premium Consumer Comparison

1.0 Authority

1.1 This regulation is adopted by the Commissioner pursuant to the authority granted by 18 Del.C. §§311 and 2501 and promulgated in accordance with the Delaware Administrative Procedures Act, 29 Del.C. Chapter 101.

2.0 Definitions

"Homeowners market share" shall be determined by data from the National Association of Insurance Commissioners for the prior calendar year for line number 04 ("Homeowners Multiple Peril) for the State of Delaware.

"Insurer" shall mean every insurer licensed to offer and sell non-commercial residential homeowners insurance coverage in the State of Delaware.

"Rate survey" shall mean a request by the Department that insurers calculate estimated annual insurance premiums based on hypothetical consumer profiles. The rate survey shall include estimated premiums for zip codes or other geographic area identified by the Department.

"Rate estimates" shall mean the estimated annual insurance premiums produced for the Department's rate survey.

3.0 Scope

3.1 Insurers with .01 percent or more of the Delaware homeowners insurance market share shall be required to complete the full rate survey required by this regulation.

3.2 Insurers with less than .01 percent of homeowners insurance market share shall not be required to complete a rate survey pursuant to this regulation.

3.3 The provisions of this regulation shall only apply to policies of insurance covering those properties described in 18 Del.C. §4120.

4.0 Insurer Information

4.1 Each insurer will be provided with an account on the Department's website to provide basic

company information and to administer the submission of rate survey data.

5.0 Survey Completion Deadline

5.1 The Department of Insurance shall make available the rate survey request format with hypothetical consumer profiles, coverage levels, and other information necessary for calculating rate estimates on the Department's website no later than March 1st of each year.

5.2 In 2007, all required rate survey data from insurers must be submitted to the Department on or before April 15, 2007. In all subsequent years, all required rate survey data from insurers must be submitted to the Department on or before April 1 of each year.

5.3 Rate survey data that is incomplete or not reported according to the Department's instructions will be returned to the insurer for correction and must be resubmitted within 10 business days.

6.0 Survey Format

6.1 Insurers shall provide rate estimates based on rates in effect as of March 1 of the year when the rate survey is being completed.

6.2 All rate estimates shall be rounded to the nearest dollar.

6.3 Insurers shall submit rate data utilizing an electronic spreadsheet provided by the Department or by other means specified by the Department. Insurers shall be required to upload the data to the Department via the internet.

7.0 Responsibility for Information and Data

7.1 Insurers shall be responsible for the accuracy of company information and rate data submitted to the Department for publication. As part of the submission process, insurers will be subject to examination to verify the accuracy of the data being submitted.

8.0 Consumer Quote Requests

8.1 Insurers shall provide a single electronic mail address to the Department for the purpose of allowing consumers to request a personalized homeowners insurance premium quote as part of the rate comparison process.

8.2 The insurer shall be required to provide a direct email response to the consumer, confirming receipt of the quote request.

8.3 The insurer shall be required to maintain an electronic log of all email responses to consumer requests for rate quotes for a period of one year after the request. The electronic log shall be capable of being transferred to the Department upon request.

9.0 Penalties

9.1 Insurers that do not comply with this regulation are subject to the provisions of 18 Del.C. § 329.

10.0 Severability

10.1 If any provision of this Regulation or the application of any such provision to any person or circumstance shall be held invalid the remainder of such provisions, and the application of such provision to any person or circumstance other than those as to which it is held invalid, shall not be affected.

11.0 Effective Date

11.1 This Regulation shall become effective February 15, 2007.