

State of Delaware



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Department of Insurance

AGENTS' BULLETINS NO. 1

STANDARDS FOR CANCELLATION OF AGENTS WRITING AUTO INSURANCE

Original No. 69-1
Amended April 15, 1974
and No. 91-6
Adopted December 6, 1991
Combined and Amended April 15, 1992

From time to time insurers opt to cancel an independent agency contract. In those cases where policies of automobile coverage are in force, the following criteria are required to be followed:

(a) If the agency is to be terminated, the insurer, at least 60 days prior to the anniversary date of each individual insurer's policy, shall notify the agency of this date. Then, if the agency at least 30 days prior to the anniversary date notifies the insurer that coverage has been placed with another insurer, the insurer shall not send a notice as described in paragraph (b) below. In every such instance it is necessary that the agency consult with and secure the policyholder's permission before such notification is issued to the insurer.

(b) If the insurer does not receive notice from the agency that the policy has been replaced at least 30 days prior to the anniversary date, then the insurer shall immediately notify the policyholder that is has a legal obligation to continue such policy if the policyholder so desires; and further, if the policyholder wishes to continue his policy with the insured, it will be placed through an agent appointed by the Company; or on a direct basis if the insured does not indicate that the services of an independent agent are desired.

(c) The objective to be achieved by the above is two-fold: (1) to protect the agency so that it may fairly retain its business in the event of contract cancellation and (2) to protect the policyholder so that he may exert a free choice and yet retain protection.