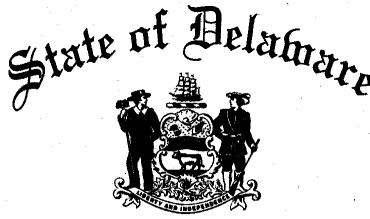


DONNA LEE H. WILLIAMS
INSURANCE COMMISSIONER



841 SILVER LAKE BLVD.
DOVER, DELAWARE 19904-2465
(302) 739 - 4251
FACSIMILE (302) 739 - 5280

Department of Insurance

1991-1999 COMPILATION BULLETINS FORMS AND RATES BULLETINS

Standing Committee intends to rely on the criteria as articulated in Regulation 12.

FORMS AND RATES BULLETIN NO. 21

SALES AND SERVICE OF INSURANCE OVER THE INTERNET

Adopted July 10, 1998
Revised March 30, 1999

TO: All Insurers, Domestic and Foreign

The purpose of this Bulletin is to impose guidelines for the solicitation and sale of insurance over the Internet.

In order for the Department to have jurisdiction over an insurance company's activities, that company must solicit and/or sell insurance within the State of Delaware. A company must comply with the State of Delaware Insurance statutes, regulations and bulletins in order to be authorized to transact insurance business within the State of Delaware. Department policy consider the phrase, "entering the State of Delaware" as it appears in 18 *Del. C* §2304 to include mail, telephone or other electronic means of communication into the State from outside the state.

"Electronic commerce" is the buying and selling of goods via an electronic medium, a very broad definition that encompasses both the sale of goods through telemarketers and the sale of goods over the internet.

Through the establishment of web sites, insurance companies and producers are opening up a new marketing and distribution channel that incorporates all facets of the insurance transaction, from the initial contact with the consumer to the collection of premiums, issuance of policies, and payment of benefits. When insurance companies make use of the internet via "web sites" they are essentially doing business in the same way as they would when they advertise their provides in magazines and provide a postcard to those interested to fill out and return to the company. In both situations, once the insurance company receives a response from a client, they have begun the process of solicitation. Therefore, web sites are merely an extension of current advertising media and all Delaware insurance statutes, regulations and bulletins apply as they would to any insurer operating in the paper environment and in person.

In order to solicit insurance over the Internet in the State of Delaware, the company must be licensed to transact insurance in the State of Delaware. Web sites reach jurisdictions for which they insurer is not authorized to transact business; therefore, insurer must provide a disclosure listing the states where the insurer is authorized to transact business. If the insurer is not licensed in Delaware and receives a request for information from a Delaware resident, the insurer must deny the request, stating that the insurer is not authorized to transact business in the State of Delaware.