

**DEPARTMENT OF INSURANCE**  
**OFFICE OF THE COMMISSIONER**

Statutory Authority: 18 Delaware Code, Sections 311 and 3915 (18 **Del.C.** §§311 & 3915)

**PROPOSED**

**PUBLIC NOTICE**

**611 Automobile Insurance Premium Refunds**

**A. Type of Regulatory Action Required**

Re-proposal of a new Regulation 611.

**B. Synopsis of Subject Matter of the Regulation**

In the January 1, 2024 edition of the *Register of Regulations*, at 27 **DE Reg.** 488 (01/01/2024), the Commissioner of the Delaware Department of Insurance (Commissioner) published a proposal to adopt new Regulation 611 to require insurers to refund any unearned automobile insurance premium on a cancelled policy within 30 days of the date when the refund becomes due.

The Department received comments from three commenters, which are on file with the Department. Multiple comments, which have been accepted by the Department, propose substantive changes that require the proposed regulation be republished for further public comment.

**C. Summary of the Comments Received**

The Department received timely comments from the American Property Casualty Insurance Association, National Association of Mutual Insurance Companies, and State Farm Mutual Automobile Insurance Company (collectively referred to as "the commenters"). All commenters recommended that the language in the regulation be updated to clearly reflect the type of policies to which the regulation applies and requested that the implementation date of the regulation be extended.

The Department declines to amend the proposed language, citing the applicability of 18 **Del.C.** § 3915 to all automobile policies. Further, the Department agrees to extend the implementation date to 90 days following the date of publication of the notice of adoption in the *Register of Regulations* to allow additional time for insurers to revise their internal processes to ensure compliance with the regulation.

Two commenters emphasized that subsection 3.2, as originally drafted, overlooks situations that could impede the insurer from refunding payments in the same manner they were received, such as Automated Clearing House (ACH) payments or instances where the original payment method is closed or otherwise unavailable. To address this concern, one commenter proposed a minor amendment to subsection 3.2, suggesting the inclusion of "by check if the method the premium was paid is not available."

The Department accepts the commenters' comments by revising subsection 3.2 as suggested above.

Additionally, two commenters noted that there should be an exception in the regulation for instances where premiums were financed.

The Department has determined to include language pertaining to financed premiums in subsection 3.3.

Furthermore, one commenter remarked that the regulation does not specify whether the contemplated cancellation would be insured-initiated, insurer-initiated, or both.

The Department agrees to specify in subsection 3.1 that the regulation pertains to insured-initiated policy cancellation refunds.

Lastly, one commenter requested explicit language be added to subsection 3.1 to exclude cancellation due to nonpayment of premiums.

The Department has chosen not to include language regarding cancellations due to non-payment of premiums, deeming it unnecessary.

In response to the comments received, the Department is re-proposing the regulation with revisions that address the commenters' concerns as discussed above.

**D. Notice and Public Comment**

The Department does not plan to hold a public hearing on re-proposed Regulation 611. The re-proposed regulation appears below and may also be viewed at the Department of Insurance website at <http://insurance.delaware.gov/information/proposedregs/>.

Any person may file written comments, suggestions, briefs, and compilations of data or other materials concerning the re-proposed regulation. Any written submission in response to this notice and relevant to the proposed regulation must be received by the Department of Insurance no later than 4:30 p.m. EST, the 31st day of May 2024. Any such requests should be directed to:

Alisa Pritchard, Regulatory Specialist  
Delaware Department of Insurance  
1351 West North St., Ste. 101  
Dover, DE 19904  
(302) 674-7379  
Email: [DOI-Legal@delaware.gov](mailto:DOI-Legal@delaware.gov)

## **611 Automobile Insurance Premium Refunds**

### **1.0 Scope and Authority**

- 1.1 This regulation is adopted by the Commissioner pursuant to the authority granted by 18 Del.C. §§311 and 3915 and promulgated in accordance with the Delaware Administrative Procedures Act, 29 Del.C. Ch. 101.
- 1.2 This regulation applies to all automobile insurance policies.

### **2.0 Definitions**

The following words and terms, when used in this regulation, shall have the following meaning:

"Commissioner" means the Insurance Commissioner of Delaware.

"Insurance premium" means the amount of money paid by an insured for an insurance policy.

### **3.0 Issuance of Premium Refund Upon Policy Cancellation**

- 3.1 When an automobile insurance policy is cancelled by the insured, any unearned premium shall be refunded within 30 days of the date the insured has provided the evidence required by 18 Del.C. § 3915.
- 3.2 Insurance premium refunds shall be paid in the same manner in which the premium was paid, by check if the original payment method is unavailable, or another manner of refund agreed to by the insured.
- 3.3 If a policy subject to this regulation is cancelled by an insurance premium finance company, the unearned premium shall be refunded to the insurance premium finance company in accordance with the terms of 18 Del.C. § 4809(f).

### **4.0 Violations; Penalties**

Failure to comply with this regulation will subject the violator to the provisions of 18 Del.C. §§329 and 520, which address penalties for non-compliance of any regulation of the Commissioner.

### **5.0 Severability**

If any section or portion of a section of this regulation or its applicability to any person or circumstance is held invalid by a court, the remainder of this regulation or the applicability of the provision to other persons or circumstances shall not be affected.

### **6.0 Effective Date**

This regulation shall become effective 90 days after the date of publication of the notice of adoption in the *Register of Regulations*.

**27 DE Reg. 856 (05/01/24) (Prop.)**