

LAWS
OF THE
STATE OF DELAWARE

ONE HUNDRED AND TWENTY-EIGHTH
GENERAL ASSEMBLY

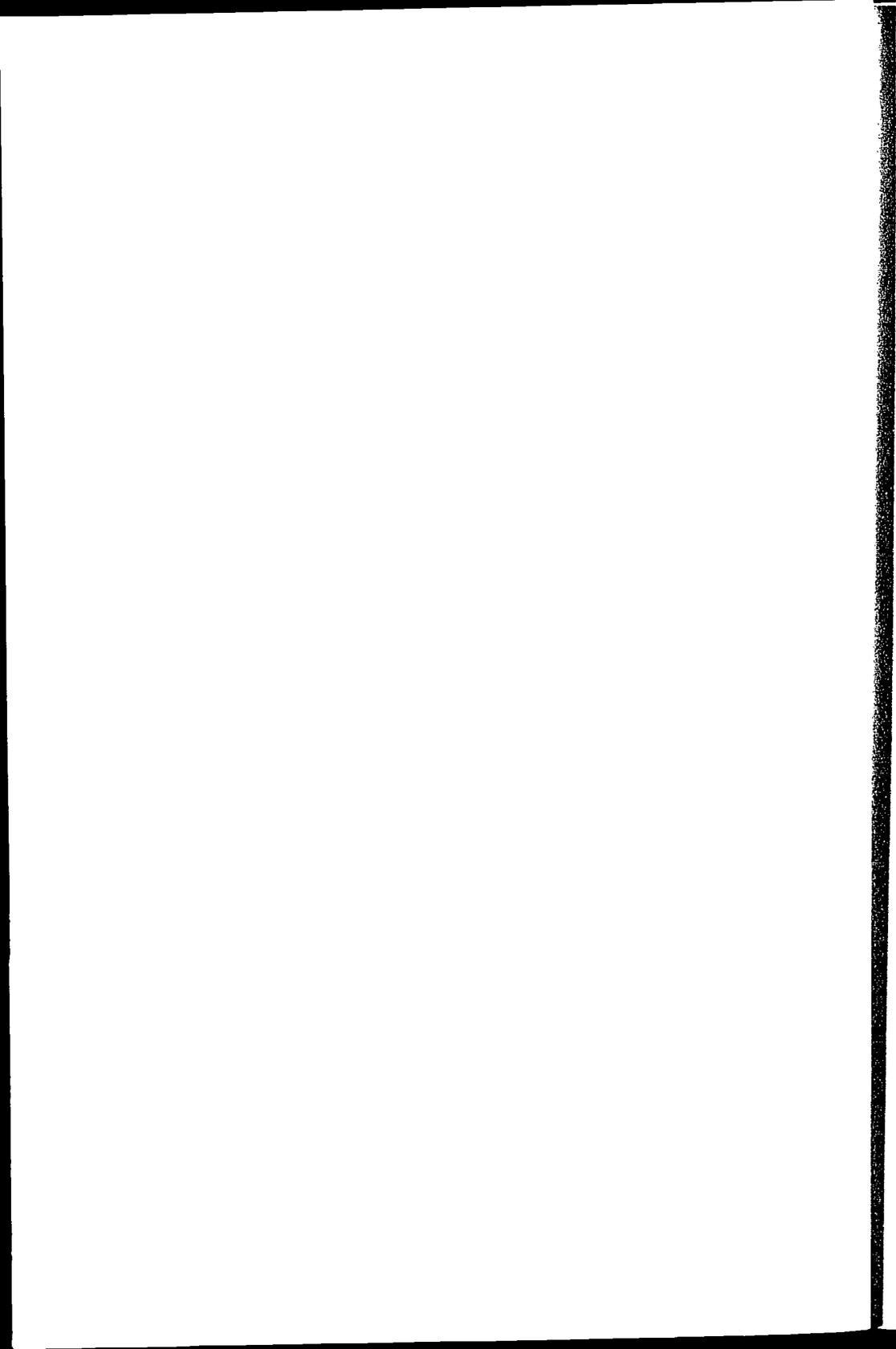
FIRST SESSION COMMENCED AND HELD AT DOVER

On Tuesday, January 14, A.D.
1975

SECOND SESSION COMMENCED AND HELD AT DOVER

On Tuesday, January 13, A.D.
1976

PART II
VOLUME LX



CHAPTER 440

FORMERLY HOUSE BILL NO. 989

AN ACT TO AMEND CHAPTER 51, TITLE 30, DELAWARE CODE, RELATING TO REPORT DUE DATE OF DISTRIBUTORS AND SPECIAL FUEL USERS AND DEALERS.

Be it enacted by the General Assembly of the State of Delaware:

Section 1. Amend §5113(a) and (b) of Chapter 51, Title 30, Delaware Code by striking the words "next to the last business" as the same appears in said Sections and substituting in lieu thereof the words "the twenty-fifth (25th)".

Section 2. Amend §5113(d) of Chapter 51, Title 30, Delaware Code by striking said paragraph (d) in its entirety and substituting in lieu thereof a new paragraph (d) to read as follows:

"(d) The monthly statements or payments of tax as provided in §5114 of this Title, shall be considered to have been duly and timely filed if such statements or payments are deposited in the United States Mail with postage prepaid on or before the twenty-fifth (25th) day of a given calendar month; provided, however, that for good cause the Department of Public Safety may grant a Licensee a reasonable extension of time."

Section 3. Amend §5113 of Chapter 51, Title 30, Delaware Code by adding thereto a new paragraph to be designated as paragraph (e) which new paragraph shall read as follows:

"(e) When the twenty-fifth (25th) day of a given month falls on a weekend or State Holiday, the due date of the statement and tax shall be the next following business day of the State."

Section 4. Amend §5136(a) of Chapter 51, Title 30, Delaware Code by striking the words "next to the last business", as the same appears in the first paragraph of said Section and substituting in lieu thereof the words "twenty-fifth (25th)".

Section 5. Amend §5136(a) of Chapter 51, Title 30, Delaware Code by striking the second paragraph in its entirety commencing with the words "Such reports...", and ending with the words, "extension of time" and substituting in lieu thereof a new paragraph to read as follows:

"Such report and payment will be considered to have been duly and timely filed if such report or payment is deposited in the United States Mail with postage prepaid on or before the twenty-fifth (25th) day of a given calendar month; provided, however, that for good cause the Department of Public Safety may grant a Licensee a reasonable extension of time."

Section 6. Amend §5136(a) of Chapter 51, Title 30, Delaware by adding thereto a new paragraph to read as follows:

"When the twenty-fifth (25th) day of the month falls on a weekend or State Holiday, the due date of the report and tax shall be the next following business day of the State."

Approved June 4, 1976

CHAPTER 441

FORMERLY HOUSE BILL NO. 767
AS AMENDED BY SENATE AMENDMENT NO. 1

**AN ACT TO AMEND CHAPTER 27, PART 1, TITLE 18
OF THE DELAWARE CODE RELATING TO IN-
SURANCE; AND PROVIDING BASIC READABIL-
ITY REQUIREMENTS FOR AUTOMOBILE IN-
SURANCE POLICY FORMS.**

*Be it enacted by the General Assembly of the State of
Delaware:*

Section 1. Amend Chapter 27, Part 1, Title 18 of the Delaware Code by designating all of the present Chapter as Subchapter 1, entitled: "INSURANCE CONTRACTS GENERALLY".

Section 2. Amend Chapter 27, Part 1, Title 18, Delaware Code by adding thereto a new subchapter, designated as Subchapter II, to read as follows:

**"SUBCHAPTER II. READABILITY OF AUTO-
MOBILE INSURANCE POLICY
FORMS**

§2740. Statement of Policy.

It is the purpose of this Act to encourage the Commissioner to promulgate regulations by October 15, 1976, which assure that automobile insurance policies issued in Delaware, after the effective date of said regulations, will be understandable and readable by a person of average intelligence and education; or, in the event of the failure of the Commissioner to promulgate such regulations by October 15, 1976, to establish certain basic minimum readability requirements for automobile insurance policy forms. Accordingly, it is intended that the provisions of Subchapter III of this Act shall become effective only upon the failure of the Commissioner

to promulgate such regulations by October 15, 1976.' ”

**“2741. Commissioner’s Authority to Promulgate
Readability Rules and Regulations.**

(a) In addition to those general powers granted in §314 of Title 18, Delaware Code, the Commissioner is hereby authorized and empowered to make rules and regulations to the extent the Commissioner deems necessary to assure that automobile insurance policy forms as described in §2742 of this Chapter are readable and understandable by a person of average intelligence and education; provided, however, that such rules and regulations shall require, in the manner the Commissioner deems appropriate, that all such automobile insurance policy forms shall have a total ‘readability score’ of 40 or more on the Flesch Scale, although forms with a Flesch Test Score of less than 40 may be approved where the length of sentences and words are sufficiently compensated for by compliance with other standards set forth in such rules and regulations.

(b) The Commissioner shall adopt and promulgate readability rules and regulations only after a hearing thereon of which notice has been given to all persons subject to the Commissioner’s supervision under this Title who are to be affected by the proposed rule or regulation. Any readability rules and regulations so adopted and promulgated shall be effective upon the date specified therein.”

Section 3. Amend Chapter 27, Part I, Title 18, Delaware Code, by adding thereto a new Subchapter, to be designated as Subchapter III, only in the event the Commissioner does not adopt and promulgate readability regulations by October 15, 1976, said Subchapter to read as follows:

**“SUBCHAPTER III. BASIC READABILITY RE-
QUIREMENTS FOR AUTOMOBILE
INSURANCE POLICY FORMS**

§2742. Applicability.

(a) The provisions of this subsection shall apply to all policies providing automobile liability, medical payments, physical damage or uninsured motorists' insurance on private passenger automobiles owned or rented under a long-term lease or contract by an individual, or husband and wife who are resident in the same household on a specified car basis. A 'private passenger automobile' for the purposes of this Chapter includes the following:

(1) A motor vehicle of the private passenger or station wagon type which is neither used for transporting goods or passengers for hire, nor rented to others without a driver.

(2) A motor vehicle with a pick-up body, a delivery sedan or panel truck, not customarily used in the occupation, profession or business of the insured other than farming or ranching. A motor vehicle used in the course of driving to or from work, which otherwise meets the eligibility requirements of this definition, shall be classified as a private passenger automobile.

(3) An automobile owned by a farm family, co-partnership or corporation which is principally garaged on a farm or ranch and otherwise meets the definitions in paragraph (1) or paragraph (2) of this subsection, shall be considered a private passenger automobile owned by two or more relatives resident in the same household.

(b) The requirements of this Subchapter shall apply to all policy forms covering risks mentioned in this Section received by the Insurance Department of this State for approval. Its requirements shall apply to all policy forms for automobile insurance as defined in this section presently approved for use in Delaware.

§2743. Short Sentences.

Sentences shall be as short as possible. Sentence structure shall be primarily simple. Compound and complex

sentences shall be avoided wherever possible.

§2744. Simple Wording.

Policy forms are to be written in simple words. Each word shall convey meanings clearly and directly. Legal sounding words shall be avoided. Present tense and positive statements shall be used wherever possible. Gerunds, participles and infinitives shall be avoided. Words shall be used in their commonly understood senses.

§2745. Definitions.

Definitions shall be limited to words which cannot be properly explained or qualified in the text. Terms shall reflect their defined meanings.

§2746. Index.

(a) Policy forms shall include an index at the beginning of the form. The index shall give a comprehensive listing of policy parts in a logical sequence. Index listings shall clearly state the contents of each section. The index shall be so arranged as to provide a useful guide to the use of the policy or form.

(b) The index shall, wherever possible, make the following information easily available:

- (1) the person insured under each coverage;
- (2) the item covered under each coverage;
- (3) clearly state what is not covered under each coverage, how such coverage is limited;
- (4) words requiring definition;

(5) the procedure required of the insured in order to file a claim under each coverage;

(6) what the insured is required to do if sued;

(7) all changes in the policy.

(c) If the index does not appear on the cover, the back side of the cover, or on the first page after the cover, its location shall be noted in large type on the cover page.

§2747. Introduction.

Policy forms shall be introduced by a brief explanation of the fact that the policy is a contract between the company and the policy holder.

§2748. Policy Structure.

For clarity, each coverage (in forms with two or more coverages) shall be arranged separately with its related exclusions, conditions and other provisions. Claim filing procedures shall either be stated in a separate section and keyed to each coverage section or set forth in the section pertaining to each coverage.

§2749. Legibility.

(a) The body text of the policy shall be printed in Roman type at least as large as ten-point modern type, two points leaded. The legibility shall be comparable to that of Century type. No insurer, however, is required to use a specific type-face as long as the type selected meets his standard of readability. The Insurance Department shall permit the following type faces to be used, and they shall be deemed as being as legible as Century type:

Aldine

Baskerville
Bodoni
Bodoni Book
Century Schoolbook
Journal
Press Roman
Times Roman

The use of any other type of type-face must first be approved by the Insurance Commissioner.

(b) The column width or line length of the body text of the policy shall not exceed four inches per column. Margins shall be adequate for purposes of readability.

(c) The contrast and legibility of the color of ink and the color of paper of the policy shall be substantially the equivalent of that of black ink on white paper. Contract section headings shall be in a contrasting color, contrasting type-face and/or size.

§2750. Narrative or Outline Form.

Policy forms shall be prepared either in narrative or in outline form. If the narrative form is used, frequent section headings shall be used to permit ease in locating provisions. If the outline form is used a maximum of three levels of division shall be used. Care shall be taken to avoid fragmentation in the outline form.

§2751. Conditions.

Conditions shall be incorporated into the sections to which they apply. Conditions relating to a specific coverage shall be included with that coverage. Conditions relating to claims procedures shall be included in a section on how to file a claim. The insurer shall avoid using a series of unrelated conditions which relate to other parts of the policy individually, or which could be combined in a section on