



## Department of Business Regulation

1511 Pontiac Avenue  
Cranston, RI 02920

# Insurance Bulletin Number 2005-12

## Property & Casualty and Workers' Compensation 2005 Legislative Changes

The following legislative amendments were enacted during the 2005 session of the Rhode Island General Assembly. This information is provided for informational purposes only and may not be an all-inclusive list of amendments that impact the Property & Casualty industry. Insurers should refer to the referenced bills to determine the impact these bills have on the insurer in order to be in compliance with these recent amendments. Certain amendments will require insurers to revise existing policy form filings, rates and/or rules previously filed with this Department.

### S0041 & H5205: Relating to Insurance- Claims Adjusters

Effective w/o Governor's Signature 7/7/2005

2005 P.L., ch. 191

- R.I.G.L. § 27-10-8: The act allows the commissioner to permit emergency experienced adjusters not licensed in RI to adjust homeowner claims in the event of an emergency or state of disaster. (Note: This exemption does not apply to the adjusting of automobile claims.)

### S0210 & H 5302: Relating to Insurance-Continuing Education Requirements

Effective w/o Governor's Signature 6/29/2005

2005 P.L., ch. 89 and 44

- R.I.G.L. § 27-3.2-3: The act provides a grandfather exemption from continuing education to those licensees that held a license for the past 20 years and were at least 60 years of age at time of renewal as of July 3, 2004. This act addresses those licensees that were previously grandfathered.

### S0327: Relating to Insurance-Fire Insurance Policies and Reserves

To be effective January 1, 2006

2005 P.L., ch.172

- R.I.G.L. § 27-5-3.6: The law requires a notice to insureds advising that the standard fire policy may not provide coverage caused by floods. The notice must provide information on the National Flood Insurance Program and that an insured may contact his/her producer or insurer for further information. Insurers are not required to file the notice with this Department.

S0489 & H5876: Relating to Insurance-Unfair Competition and Practices  
To be effective January 1, 2006  
2005 P.L., ch. 69

- R.I.G.L. § 27-29-13.1: Provides the maximum fee or charge an insurer may impose of \$10.00 for any late payment of premium by a policyholder for any property, casualty, fire and marine or liability policy. A late fee may not be imposed unless payment is received more than five (5) business days following the date payment is due.
- R.I.G.L. § 27-29-13.2: Every insurance policy shall provide clear language on the method of calculation of the unearned premium portion (pro-rata vs. short-rate vs. fully-earned) to be returned to the insured if the policy is cancelled. The Department is of the opinion that the exact penalty percentage, if applicable, should be clearly stated in the cancellation provisions provided for in each policy. Insurance policies shall not state “refer to manuals” to determine the amount of unearned premium to be returned. Insurers shall not impose cancellation fees when insurance policies are cancelled using short rate tables. Insurers must fully support all fees and penalties imposed on insureds when filing requests for such charges.
- R.I.G.L. §§ 27-29-16, 27-7-7, 27-9.1-4.1, 27-10-15 The Act moves the Written notice to claimants from Chapter 29 to Chapter 7 and the Amounts received in settlement of claims from Chapter 10 to Chapter 9.1 of the R.I.G.L.

S0546: Relating to Insurance-Fire and Marine Insurance Rating  
Signed by Governor 7/6/2005  
2005 P.L., ch.174

- R.I.G.L. §§ 27-6-11.1, 27-6-23, 27-9-10.1, 27-9-22, 27-9-52, 27-44-6.1, and 27-44-8 The act would mirror Chapter 27-7.1 for costs relating to all insurance rate filings subject to a rate hearing in order to clarify that the rate filer shall bear all reasonable costs associated with a rate hearing. The amendment would also bring licensing fees for advisory and rating organizations into compliance with R.I. Gen. Laws §27-9-22. The act will transition current licensees into a June 1 renewal cycle period. At this time, licenses expire based upon original issue date. The intent is to have all advisory and rating organizations renew on June 1, 2006 to expire every three years thereafter unless sooner revoked or suspended by the commissioner.

S0549: Relating to Insurance-Casualty Insurance Generally  
Signed by Governor 7/6/2005  
2005 P.L., ch.175

- §27-7.1-13.2, §27-8-13, §27-54-8: This act transfers the offering of a group workers’ compensation mandate from Chapter 8 entitled Casualty

Insurance Generally to Chapter 7.1 entitled Workers' Compensation Insurance. The act also defines a highly protected risk under Chapter 54.

S1015/ H 6233: Relating to Insurance- Producer Licensing Act

Signed by Governor, Effective 1/1/2006

2005 P.L., ch. 113 and 116

- §27-2.4-15.1: The Act requires disclosure notice to insureds of compensation arrangements prior to placement of insurance.

S1174Sub B & H6617: Relating to Lead Hazard Mitigation

Signed by Governor, Effective November 1, 2005

2005 P.L., ch. 142

- §42-128.1-9: The act exempts certain property owners from the requirements of the Lead Hazard Mitigation Act (i.e. two/three owner occupied rental properties, seasonal properties (rentals of 100 days or less) and senior housing). However, these property owners may voluntarily bring their properties into compliance with the Lead Act. Insurers must offer coverage under the same conditions and must comply with Regulation 101 regardless if a property is exempt from the mandates.

H5494: Relating to Insurance-Unfair Claims Settlement Practices Act

Effective w/o Governor's Signature; 7/16/2005

2005 P.L., ch. 279

- §27-9.1-4(17 and 18): The act would make it an unfair trade practice if an insurer refuses to honor an insureds direction to pay rental benefits. The law also addresses freedom of choice and "anti-steering" prohibitions. However, the law does provide that an insurer may advise of relationships between rental agencies and the insurer.

H5499: Relating to Motor and Other Vehicles- Motor Vehicle Repairs Act

Effective w/o Governor's Signature: Effective 60 days after Passage (July 8, 2005- 60 days thereafter)

2005 P.L., ch.205

- §31-47-12.1: Requires a notice on proof of Automobile Insurance Identification Cards issued to policyholders of right to choose auto body repair facility. Law mandates specific language to be included on the identification cards. Automobile Insurance Identification Cards are not required to be filed with this Department.

H6315: Relating to Motor and Other Vehicles; Automated Traffic Violation

Monitoring Systems, Effective w/o Governor's Signature 7/19/2005

2005 P.L., ch. 418

- R.I.G.L. 31-41.2-7.1: Authorizes Department of Transportation and municipalities to install and operate automated traffic violation detection systems. A warning sign is required to be posted at each location where

the system is installed. With respect to insurance, 31-41.2-7.1 provides in part that no violation shall be used for insurance rating purposes in motor vehicle insurance coverage UNTIL there is a final adjudication of the violation.

H6635: Relating to Insurance- Casualty Insurance Rating

Effective w/o Governor's Signature: 7/19/05

2005 P.L., ch.434

- R.I.G.L. § 27-9-4: Prohibits insurers use of any loss or incident arising out of federal law enforcement agencies duties in rating for personal motor vehicle insurance.

## **Workers' Compensation**

S699 & H5858: Relating to Labor and Labor Relations- Workers' Compensation

Effective w/o Governor's Signature 7/19/2005

2005 P.L., ch. 342/403

R.I.G.L. §§ 28-29-2, 28-29-17, 28-29-19, 28-33-17.3, 28-36-16, 28-33-18.3, 28-37-13, 42-16.1-12, and 28-33-17

- Amends the LLC and LLP provisions of 2004.
- Refines "general and special employer" provisions as it relates to temporary and leased employees
- Extends "Gate Provisions" of 1990 for another two years.
- Amends Department of Labor & Training assessment language and Continuation of Health Insurance Benefits.
- Insurers will also be required (effective 1/1/2006) to provide notice to all certificates holders when coverage is non-renewed or cancelled. Department of Labor & Training will be prescribing a standard insurance coverage certification form to be used by insurers.

Copies of Rhode Island [Insurance Regulations](#), [Insurance Bulletins](#) and applicable [Rhode Island General Laws](#) are accessible by these links or by visiting the Department's website at <https://dbr.ri.gov/>. Copies of the [Senate and House Bills](#) and the [Public Laws](#) are accessible by these links or by visiting the Rhode Island General Assembly website at [www.rilin.state.ri.us](http://www.rilin.state.ri.us).

Joseph Torti, III  
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September 20, 2005