



**Department of Business Regulation**  
*Insurance Division*  
1511 Pontiac Avenue, Bldg. 69-2  
Cranston, Rhode Island 02920

## **Insurance Bulletin Number 2011-7**

### **2011 Legislative Changes**

The following legislative amendments were enacted during the 2011 session of the Rhode Island General Assembly. This information is being provided in accordance with [R.I. Gen. Laws § 27-71-14\(a\)](#). This bulletin is being provided for informational purposes only and may not be an all-inclusive list of amendments that impact the insurance industry. Licensees should refer to the statute itself to determine the impact. Any person wishing to be included in these annual notifications pursuant to R.I. Gen. Laws § 27-71-14(b) who is not currently on the interested parties list should send an email request to [DBR.InsNotice@dbr.ri.gov](mailto:DBR.InsNotice@dbr.ri.gov)

#### **Insurance Holding Company Systems**

[H5730A](#)

[2011 P.L. ch. 015](#)

Effective May 27, 2011

[S0508A](#)

[2011 P.L. ch. 026](#)

Effective May 27, 2011

This legislation was introduced at the request of the Department to update the Insurance Holding Company Act to the most recent version of the National Association of Insurance Commissioners (“NAIC”) Model Act. The additions effect transactions within an insurance holding company system including payment of dividends, inter-company agreements, change in control, examination of enterprise risk and statements relating to corporate governance. This act took effect upon passage, except for the requirement to file an Enterprise Risk Report that takes effect July 1, 2013. The Department will be amending Insurance Regulation 17 to address these statutory changes.

#### **Surplus Lines Insurance**

[H5953A](#)

[2011 P.L. ch. 014](#)

Effective May 27, 2011

[S0758A](#)

[2011 P.L. ch. 022](#)

Effective May 27, 2011

This legislation was introduced at the request of the Department to allow Rhode Island to collect “home state” premium tax and conform Rhode Island statutes to the Non-admitted and Reinsurance Reform Act of 2010 enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Department will be issuing a Bulletin shortly, as well as amending Insurance Regulation 11 to address these statutory changes.

### **Voluntary Restructuring of Solvent Insurers**

[H5776](#)

[2011 P.L. ch. 167](#)

Effective June 30, 2011

[S0509](#)

[2011 P.L. ch. 294](#)

Effective July 12, 2011

This legislation was introduced at the request of the Department reduce the filing fee and provide that the cost of department personnel and consultants for expenses relating to the review and approval of commutation plans will be borne by the filer. The Department will be amending Insurance Regulation 68 to address these statutory changes.

### **Repeal of Reports**

[H5772A](#)

[2011 P.L. ch. 158](#)

Effective June 30, 2011

[S0513aa](#)

[2011 P.L. ch. 274](#)

Effective July 12, 2011

This legislation was introduced at the request of the Department to repeal the statutory requirements that insurers file four (4) outdated reports with the Department as a means to streamline government and improve operational efficiencies. The repealed reports include the assigned risk plan (R.I. Gen. Laws § 31-3-8), liquor liability (R.I. Gen. Laws § 3-14-14), worker's compensation (R.I. Gen. Laws § 27-7.1-7.2) and the automobile insurance annual report (R.I. Gen. Laws § 27-9-55). The Department will be repealing Insurance Regulations 54 and 74 to address these statutory changes.

### **Omnibus Bill**

**Insurance Producer Licensing Act**

**Compliance with Standard Policies**

**Commercial Special Risks**

**Life and Health Reinsurance Agreements**

[H5566](#)

[2011 P.L. ch. 018](#)

Effective May 27, 2011

[S510](#)

[2011 P.L. ch. 025](#)

Effective May 27, 2011

This legislation was introduced at the request of the Department to address a series of technical and/or non controversial changes to the insurance statutes. The specific changes include the elimination of mandatory preclicensing for insurance producers, elimination of language regarding countersignatures for policies, expansion of commercial special risks statute to include crime and burglary and theft risks as deregulated lines that are exempt from rate and form filing requirements and restoration of a provision of the Life & Health Reinsurance Agreements Act that was inadvertently repealed in conjunction with the Technical Amendments and Corrections Statute in 2002 (2002 P.L. ch. 293 §13). This act took effect upon passage, except for the elimination of the mandatory preclicensing requirement that takes effect January 1, 2012. The Department will be amending Insurance Regulation 36 to address these statutory changes.

**Typographical Error/Duplicate Statute Bill**

<a href="#">H5771</a>	<a href="#">2011 P.L. ch. 157</a>	Effective June 30, 2011
<a href="#">S0515</a>	<a href="#">2011 P.L. ch. 275</a>	Effective July 12, 2011

This legislation was introduced at the request of the Department to address a series of typographical and/or duplicative statutes. These changes were the repeal of one of the “Administrative Supervision” statutes and typographical changes to the other to bring it into compliance with the most recent version of the National Association of Insurance Commissioners Model Act and correction of incorrect numbering in R.I. Gen Laws §§ 27-30-2 and 27-4.8-5.

**Life Insurance Beneficiaries Bill of Rights**

<a href="#">H5244Aaa</a>	<a href="#">2011 P.L. ch. 370</a>	Effective July 13, 2011
<a href="#">S0045A</a>	<a href="#">2011 P.L. ch. 339</a>	Effective July 13, 2011

Regulates the use of Retained Asset Accounts in connection with payment of life insurance benefits. This act took effect upon passage and applies to claims for a death benefit under any policy or certificate of life insurance subject to the insurance laws of the state where the beneficiary resides submitted on or after September 1, 2011.

**Medical Malpractice Reporting by Certain Insurers - Settlements**

<a href="#">H5638A</a>	<a href="#">2011 P.L. ch. 305</a>	Effective July 1, 2011
<a href="#">S0299A</a>	<a href="#">2011 P.L. ch. 216</a>	Effective July 1, 2011

Requires all entities, including self-insured entities, providing professional liability insurance coverage to licensed healthcare professionals or licensed healthcare facilities to report settlements and submit annual reports.

**Notice of Premium or Coverage Changes & Insureds Right to Loss Information**

<a href="#">S0498Aaa</a>	<a href="#">2011 P.L. ch. 103</a>	Effective January 1, 2012
<a href="#">H5465B</a>	<a href="#">2011 P.L. ch. 153</a>	Effective January 1, 2012

Requires loss run information to be provided to an insured upon written request. The bill also made changes to the lines of insurance to which it applied and the requirements for notice of premium or coverage changes for commercial risks. This act becomes effective January 1, 2012. The Department will be amending Insurance Regulation 38 to address these statutory changes.

**Surplus Lines Insurance Multi-State Compliance Compact (Sлимпact)**

<a href="#">H5110Aaa</a>	<a href="#">2011 P.L. ch. 20</a>	Effective May 27, 2011
<a href="#">S0088Aaa</a>	<a href="#">2011 P.L. ch. 29</a>	Effective May 27, 2011

Establishes an interstate compact for the purpose of streamlining and improving the efficiencies of the surplus lines marked by eliminating duplicative and inconsistent tax and regulatory requirements among the states. The Department will be amending Insurance Regulation 11 to address these statutory changes.

**Total Loss Vehicles - Gross Receipt Tax**

[H5894Aaa](#)

[2011 P.L. ch. 151](#)

Effective October 1, 2011

Repeals the exemption from sales and use tax per R.I. Gen. Laws § 44-18-30(23) for an insurance proceeds settlement issued by an insurance company to a claimant in regards to a total loss of a motor vehicle. Please see Insurance Bulletin 2011-4 for guidance on total loss settlements. The Department will be amending Insurance Regulation 73 to address these statutory changes.

**Civil Unions**

[H6103Aaa](#)

[2011 P.L. ch. 198](#)

Effective July 1, 2011

Provides a legal proceeding whereby two individuals of the same sex may enter into a civil union which union provides the same benefits as are available to a person who is lawfully married. The Department is currently evaluating whether bulletins or regulation implementing this statute will be issued.

**Optometrists - Subcontracted optometry network**

[S0105](#)

[2011 P.L. ch. 204](#)

Effective July 1, 2011

This act would prohibit insurers from requiring optometrists to participate in a subsidiary's or third-party vision care plan as a condition for participation in the insurer's participating provider panel.

Copies of Rhode Island [Insurance Regulations](#), [Insurance Bulletins](#) and applicable [Rhode Island General Laws](#) are accessible through these links or by visiting the Department's website at [www.dbr.ri.gov](http://www.dbr.ri.gov). Copies of the [Senate and House bills](#) are accessible through these links or by visiting the Rhode Island General Assembly website at [www.rilin.state.ri.us](http://www.rilin.state.ri.us). In light of the above amendments, insurers are required to review current policy forms, rules and rates to determine if new and/or revised filings are required and to timely submit such filings in SERFF for the Department's review and approval.

Joseph Torti III  
Superintendent of Insurance  
September 29, 2011