



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

Insurance Bulletin Number 2016-5

2016 Legislative Changes

The following legislative amendments were enacted during the 2016 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 enactments 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.

Corporate Governance/Flood Surplus Lines

[H7842A](#)

[2016 P.L. ch. 107](#)

Effective January 1, 2017

[S2785Aaa](#)

[2016 P.L. ch. 98](#)

Effective January 1, 2017

This legislation was introduced at the request of the Department. The legislation (1) adopts the National Association of Insurance Commissioners model act on Corporate Governance Annual Disclosure and (2) adds private flood to the list of lines of insurance that are exempt from the diligent effort affidavit prior to placement in the surplus lines market. Section 1 takes effect January 1, 2017. Section 2 upon passage.

RI Jobs/Premium Tax

[H8058A](#)

[2016 P.L. ch. 538](#)

Effective September 7, 2016

This legislation amends R.I. Gen. Laws § 44-17-1 regarding premium tax. The amendments provide the formation of a committee to determine the current employment by “qualifying insurers” and provide for a decrease in the premium tax assessed as Rhode Island jobs are added.

Insurance Consumer Protection

[H7125](#)

[2016 P.L. ch. 392](#)

Effective January 1, 2017

[S2011](#)

[2016 P.L. ch. 376](#)

Effective January 1, 2017

This legislation makes four changes to the insurance code as follows: (1) requires that insurers notify the applicant at the time of application of an individual life insurance policy of the right to designate a third party to receive notice of cancellation based on nonpayment of premium by the addition of R.I. Gen. Laws § 27-4-30; (2) provides

standards for notice of conversion privileges under a group life policy by amendment to R.I. Gen. Laws § 27-4.8-6; (3) prohibits certain actions in the issuance of automobile policies because of the active duty status of the insured by the addition of R.I. Gen. Laws § 27-9-7.4 and (4) requires notification requirements on policies with fully earned premiums by amendment of R.I. Gen. Laws § 27-29-13.2. The third in this list was effective on July 1, 2016. All other provisions are effective on January 1, 2017.

Transportation Network Companies

H8044A	2016 P.L. ch. 367	Effective November 4, 2016
S2864Aaa	2016 P.L. ch. 346	Effective November 4, 2016

This legislation enacts provisions regarding the licensing of Transportation Network Companies (“TNC”) by the Division of Public Utilities and Carriers. R.I. Gen. Laws § 39-14.2-14 concerns proof of financial responsibility and requires that either the company or driver maintain an automobile liability policy that applies during the activities undertaken by the TNC vehicle while operating as a TNC. The provisions requires 50/100/25 limits while the driver is logged into the digital network and available to receive requests but is not providing prearranged rides and a combined single limit of \$1.5 million while the TNC is providing a prearranged ride. Effective November 4, 2016 (120 days after passage).

Adjusters at Scene of Fire

H7279A	2016 P.L. ch. 393	Effective July 9, 2016
S2213	2016 P.L. ch. 379	Effective July 9, 2016

Prohibits all insurance adjusters, contractors and restoration companies from engaging in any solicitation or inspection or having any physical presence at a premises under fire investigation until twenty four (24) hours after control has been released back to the owner or occupant. An exception exists if the adjuster, contractor or restoration company is accompanied by and acting with permission of the premises legal owner. Violation of this section subjects the actor to a fine of one thousand dollars and revocation of the adjusters’ license. The Department will be amending Insurance Regulation 43 to address this change.

Lead Hazard Mitigation

H7128	2016 P.L. ch. 311	Effective July 2, 2016
S2638	2016 P.L. ch. 302	Effective July 2, 2016

This legislation extends the coverage of the lead liability law to dwelling units constructed after 1950 on federally owned or leased lands. The Department will be amending Insurance Regulation 110 to address this change.

Task Force to Study Feasibility and Fiscal Ramifications of Climate Change

[H8267](#)

[2016 Resolution 302](#)

Effective July 2, 2016

This resolution forms a new task force under the Climate Change Coordinating Council to study the fiscal ramifications of climate change. Members of the subgroup include an insurance industry representative and a designee from DBR.

Farm Vehicles

[H7783](#)

[2016 P.L. ch. 399](#)

Effective July 9, 2016

[S2983](#)

[2016 P.L. ch. 387](#)

Effective July 9, 2016

This legislation allows a farm owners operations policy to satisfy the mandatory liability requirements for the Department of Motor Vehicles for vehicles covered by such policies.

Condominium Owners

[S2259A](#)

[2016 P.L. ch. 434](#)

Effective July 12, 2016

[H7437A](#)

[2016 P.L. ch. 433](#)

Effective July 12, 2016

This legislation entitles a condominium unit owner to request from the condo association (1) a copy of an insurance company appraisal with regard to damage to the owners unit and (2) a copy of any letter denying coverage or deeming the value of the claim as below the policy deductible upon request to the condominium association.

Workers Compensation Omnibus

[H8203A](#)

[2016 P.L. ch. 470](#)

Effective July 13, 2016

This legislation makes changes to the workers compensation laws including increasing the daily pay for members of the medical advisory board, clarifies the mileage allowance rate for injured workers and allowing recovery of DLT legal fees for fraud investigations.

Guaranteed Asset Protection (GAP) Waivers

[S2424A](#)

[2016 P.L. ch. 530](#)

Effective January 1, 2017

This legislation provides a regulatory framework that allows motor vehicle dealers to sell GAP waivers.

Electronic Tracking Devices

[S2596A](#)

[2016 P.L. ch. 39](#)

Effective May 31, 2016

[H7002A](#)

[2016 P.L. ch. 41](#)

Effective May 31, 2016

The legislation provides a framework for electronic tracking of motor vehicle devices. The proposal specifically allows use of such data for insurance rating purposes subject to vehicle owners consent.

Telemedicine

H7160B	2016 P.L. ch. 188	Effective June 28, 2016
S2577	2016 P.L. ch. 177	Effective June 28, 2016

This legislation mandates that all health benefit plans provide coverage for the cost of medically appropriate services. Plans may impose a deductible, copayment, or coinsurance requirement and the services may be subject to the terms and conditions of the telemedicine agreement between the insurer and participating health care provider or provider group. Telemedicine services do not include audio-only telephone conversations, email messages or facsimile transmission between the provider and patient. This legislation is effective upon passage, however, plans have until January 1, 2018 to comply.

Direct Pay Hearing

H7510Aaa	2016 P.L. ch. 156	Effective January 1, 2017
S2209Aaa	2016 P.L. ch. 145	Effective January 1, 2017

This legislation expands the direct pay hearing process to those rate filings that cover 10,000 lives. A formal APA hearing process would be triggered if there is a 10% or more overall average rate increase requested. This legislation will sunset on January 1, 2021.

Prescription Drug Benefits (MAC Pricing)

H7438A	2016 P.L. ch. 168	Effective September 30, 2016
S2467A	2016 P.L. ch. 166	Effective September 30, 2016

This legislation requires a PBM to include in their contracts a requirement to update pricing information on the MAC list at least every ten (10) calendar days and to maintain a procedure to eliminate products from the list of drugs subject to pricing or modifications with the MAC rates when the drugs do not meet the standards and requirements established in this section of law.

Off-Label Uses for Prescription Drugs

H7512A	2016 P.L. ch. 105	Effective January 1, 2017
S2499B	2016 P.L. ch. 95	Effective January 1, 2017

This legislation provide coverages for off label FDA approved medications to be used for disabling or life threatening chronic diseases.

Mental/Substance Use Illness – Discharge Bill

H7616A	2016 P.L. ch. 189	Effective June 28, 2016
S2356Aaa	2016 P.L. ch. 172	Effective June 28, 2016

This legislation amends R.I. Gen. Laws §§ 23-17.26-3 and 27-38.2-1. Patients that are admitted to the hospital or free-standing emergency rooms suffering from mental health and/or substance abuse issues will not be released from the hospital until a discharge

plan is established. Comprehensive discharge plans must be filed with the Department of Health by January 1, 2017

Coverage for Naloxone Hydrochloride/Opioid Antagonists

H7710A	2016 P.L. ch. 192	Effective January 1, 2017
S2460Aaa	2016 P.L. ch. 175	Effective January 1, 2017

This legislation would require coverage for at least one generic opioid antagonists and device. Prior authorizations may be required for non-generic forms of opioid antagonists and devices. The legislation provides that coverage shall include generic opioid antagonists prescribed or dispensed via standing order or collaborative practice agreement intended for use on patients other than the insured.

Medical Billing Innovation Act

H7786A	2016 P.L. ch. 480	Effective July 16, 2016
S2828Aaa	2016 P.L. ch. 479	Effective July 16, 2016

This legislation amends R.I. Gen. Laws § 42-14.5-3 to require OHIC to submit recommendations to the General Assembly for establishing guidelines and regulations for systems that give patients electronic access to their claims information.

Medical Synchronization

H8022A	2016 P.L. ch. 196	Effective January 1, 2017
S2822A	2016 P.L. ch. 179	Effective January 1, 2017

This legislation allows patients, suffering from chronic conditions, to synchronize their medications.

30 Day Formulary Notice

S2294A	2016 P.L. ch. 541	Effective January 1, 2017
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This legislation requires carriers to notify patients and providers of formulary changes at least 30 days' prior to the effective date of the formulary change.

Prescriptions

H8224A	2016 P.L. ch. 199	Effective June 28, 2016
S2823A	2016 P.L. ch. 180	Effective June 28, 2016

This legislation amends R.I. Gen. Laws § 21-28 and requires pharmacies to transmit certain information to the prescription monitoring database at the Department of Health within 24-hours. Physicians are required to check database for each script.

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. 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. 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.

Elizabeth Kelleher Dwyer
Superintendent of Insurance
October 6, 2016