

2014 -- H 7535

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

RELATING TO INSURANCE - CASUALTY INSURANCE GENERALLY

Introduced By: Representatives Keable, and Carnevale

Date Introduced: February 26, 2014

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-8-11 of the General Laws in Chapter 27-8 entitled "Casualty
2 Insurance Generally" is hereby amended to read as follows:
3 **27-8-11. Regulations on cancellation and renewal.** -- (a) In addition to and not in lieu
4 of any other power the commissioner has to issue rules and regulations, the commissioner of
5 insurance may promulgate, in accordance with the procedure established in chapter 35 of title 42,
6 reasonable rules and regulations concerning cancellation and renewal of liability and property
7 damage insurance for automobiles rated as private passenger automobiles. Those regulations may
8 require that the insurer shall furnish to the named insured the reason or reasons for cancellation or
9 nonrenewal. Those regulations shall also require that the insurer furnish, at least thirty (30) days
10 prior to renewal, written notice of ~~material coverage modifications~~ any coverage elimination,
11 reduction, diminution or increased deductible not at the request of the insured; and in this case the
12 notice shall itemize and describe the coverage changes and shall be separate from the renewal
13 policy and the notice shall be captioned "INSURANCE COVERAGE REDUCTION NOTICE".
14 If the insurer fails to provide such notice, the coverage provided to the named insured shall
15 remain in effect until notice is provided or until the effective date of replacement coverage
16 obtained by the named insured, whichever occurs first. For the purpose of this section, notice is
17 considered given thirty (30) days following the date of giving of the notice. These coverage
18 changes must be approved by the insurance division with respect to those types of insurance
19 defined in section 27-8-1(1) -- (8), issued to non-business insured and bodily injury and property

1 damage liability coverage issued to non-business insured. There shall be no liability on the part
2 of, and no cause of action of any nature shall arise against, the commissioner of insurance or any
3 insurer, their authorized representatives, agents, or employees, or any firm, person, or corporation
4 furnishing to the insurer or commissioner information as to the reasons for cancellation or
5 nonrenewal, for any statement made by any of them in any written notice of cancellation or
6 nonrenewal, or in any other communication oral or written specifying the reasons for cancellation
7 or nonrenewal, or for the providing of information pertaining to the cancellation or nonrenewal,
8 or for statements made or evidence submitted at any hearing conducted in connection with the
9 cancellation or nonrenewal.

10 (b) The commissioner shall promulgate regulations with respect to personal motor
11 vehicle insurance, homeowners insurance, and residential fire insurance, or any components of
12 that insurance requiring notification to policyholders upon renewal of any ~~material changes in~~
13 ~~policy deductibles, limits, coverage, conditions or definitions, unless the change was requested by~~
14 ~~the policyholder.~~ coverage elimination, reduction, diminution or increased deductible not at the
15 request of the insured.

16 SECTION 2. This act shall take effect on January 1, 2015.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE - CASUALTY INSURANCE GENERALLY

1 This act would require insurers to send insureds a notice captioned "Insurance Coverage
2 Reduction Notice" itemizing and describing any coverage elimination, reduction, diminution or
3 increased deductible not at the request of the insureds. This act would also provide that failure of
4 the insurers to provide the notice would void any coverage changes until the notice were provided
5 or until the effective date of replacement coverage were obtained by the insureds, whichever
6 occurs first.

7 This act would take effect on January 1, 2015.

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