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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- BUSINESS REGULATION

Introduced By: Senator Roger Picard

Date Introduced: January 13, 2016

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 5-3.1-12 of the General Laws in Chapter 5-3.1 entitled "Public
2 Accountancy" is hereby amended to read as follows:

3 **5-3.1-12. Revocation or suspension of certificate, authority or permit.** -- (a) After
4 notice and a hearing as provided in § 5-3.1-14, the board may:

5 (1) suspend, ~~for a period not to exceed two (2) years,~~ or revoke any certificate issued
6 under § 5-3.1-5, or any predecessor provision, and any authority as a public accountant issued
7 under the prior laws of this state;

8 (2) revoke or suspend any permit issued under §§ 5-3.1-7, 5-3.1-8, 5-3.1-9, or their
9 predecessor provisions; and

10 (3) reprimand or censure in writing, limit the scope of practice, impose an administrative
11 fine upon, not to exceed one thousand dollars (\$1,000), or place on probation, all with or without
12 terms, conditions, or limitations, a licensee, for any of the causes specified in subsection (b) of
13 this section.

14 (b) The board may take action specified in subsection (a) of this section for any one or
15 more of the following causes:

16 (1) Fraud or deceit in obtaining a certificate or permit under this chapter;

17 (2) Dishonesty, fraud, or gross negligence in the practice of public accounting or in the
18 filing or failing to file the licensee's own income tax returns;

19 (3) Violation of any of the provisions of this chapter;

1 (4) Violation of any rules and regulations, including, but not limited to, any rules of
2 professional conduct, promulgated by the board under the authority granted by this chapter;

3 (5) Conviction of, or pleading guilty or nolo contendere to, a crime or an act constituting
4 a crime of forgery, embezzlement, obtaining money under false pretenses, bribery, larceny,
5 extortion, conspiracy to defraud, misappropriation of funds, tax evasion, or any other similar
6 offense or offenses involving moral turpitude, in a court of competent jurisdiction of this or any
7 other state or in federal court;

8 (6) Cancellation, revocation, or suspension of, or refusal to renew, the licensee's
9 certificate or permit from another state by the other state for any cause other than failure to pay a
10 fee or to meet the requirements of continuing education in that other state;

11 (7) Suspension or revocation of the right to practice public accounting before any state or
12 federal agency;

13 (8) As to accountants licensed by foreign countries, cancellation, revocation, suspension,
14 or refusal to renew the person's certificate, license, or degree evidencing his or her qualification to
15 practice public accounting by the foreign country issuing the certificate, license, or degree, the
16 certificate, license, or degree having qualified the accountant for issuance of an annual limited
17 permit to practice under § 5-3.1-8;

18 (9) Failure to furnish the board or any persons acting on behalf of the board any
19 information that is legally requested by the board;

20 (10) Any conduct reflecting adversely upon the licensee's fitness to engage in the
21 practice of public accountancy; and

22 (11) Any other conduct discreditable to the public accounting profession.

23 SECTION 2. Chapter 27-4 of the General Laws entitled "Life Insurance Policies and
24 Reserves" is hereby amended by adding thereto the following section:

25 **27-4-30. Unintentional policy lapse.** -- (a) Each insurer that delivers or issues for
26 delivery an individual life insurance policy in this state on or after January 1, 2017, shall notify an
27 applicant, in writing at the time of application for such policy, of such applicant's right to
28 designate a third party to receive notice of cancellation of the policy based on nonpayment of
29 premium. The applicant may make such designation at the time of application for such policy or
30 at any time such policy is in force, by submitting a written notice to the insurer containing the
31 name and address of the third-party designee.

32 (b) The insurer's transmission to the third-party designee of a copy of a notice of
33 cancellation based on nonpayment of premium shall be in addition to the transmission of the
34 original notice to the policyholder. The copy of the notice of cancellation transmitted to the third

1 party shall be governed by the same law and policy provisions that govern the notice being
2 transmitted to the policyholder.

3 (c) The designation of a third party shall not constitute acceptance of any liability on the
4 part of the third party or insurer for services provided to the policyholder.

5 SECTION 3. Section 27-4.8-6 of the General Laws in Chapter 27-4.8 entitled "Group
6 Life Insurance" is hereby amended to read as follows:

7 **27-4.8-6. Supplementary bill relating to conversion privileges.** -- If an individual
8 insured under a group life insurance policy hereafter delivered in this state becomes entitled under
9 the terms of the policy to have an individual policy of life insurance issued without evidence of
10 insurability, subject to making of application and payment of the first premium within the period
11 specified in the policy, and if the individual is not given notice of the existence of the right at
12 least fifteen (15) days prior to the expiration date of the period, then in that event the individual
13 shall have an additional period within which to exercise the right, but nothing herein contained
14 shall be construed to continue any insurance beyond the period provided in the policy. This
15 additional period shall expire fifteen (15) days next after the individual is given notice but in no
16 event shall the additional period extend beyond sixty (60) days after the expiration date of the
17 period provided in the policy. The notice shall clearly set forth the required conversion process.
18 The notice may include the conversion provisions of the policy and certificate, but the notice may
19 not just make reference to these provisions. The notice does not require prior approval, but the
20 insurer is responsible to assure that the notice is clear and provides all the necessary information.
21 If the insurer allows the conversion notice to be delivered by the employer, the insurer shall
22 ensure that no other employer notice is included with the conversion notice. Written notice
23 presented to the individual or mailed by the policy holder to the last known address of the
24 individual or mailed by the insurer to the last known address of the individual as furnished by the
25 policyholder shall constitute notice for the purpose of this paragraph.

26 SECTION 4. Chapter 27-9 of the General Laws entitled "Casualty Insurance Rating" is
27 hereby amended by adding thereto the following section:

28 **27-9-7.4. Automobile insurance; Persons on active duty in United States armed**
29 **forces.** -- An insurer shall not refuse to insure, or continue to insure, limit coverage available to,
30 charge a reinstatement fee for, or increase the premiums for automobile insurance solely because
31 a person failed to maintain insurance for a vehicle owned by the person during the six (6) month
32 period immediately preceding application if the person certifies on a form provided by the insurer
33 that the lapse in coverage was because the person was on active duty in the armed forces of the
34 United States for at least thirty (30) consecutive days and that the vehicle was not driven or

1 [moved during the six \(6\) month period immediately preceding the application for insurance or](#)
2 [during the period of time the insurance was not maintained, whichever period is shorter.](#)

3 SECTION 5. Section 27-29-13.2 of the General Laws in Chapter 27-29 entitled "Unfair
4 Competition and Practices" is hereby amended to read as follows:

5 **27-29-13.2. Cancellation provisions for return of unearned premium.** -- Every
6 insurance policy issued and approved for use in Rhode Island shall provide clear language on the
7 method of calculation of the unearned premium portion, [if any](#), to be returned to the insured if the
8 policy is cancelled. Insurance policies shall not state "refer to manuals" to determine the amount
9 of unearned premium to be returned. For all cancellations, the actual percentage retained by the
10 insurer shall be discernible in the policy cancellation provisions. If a policy is canceled using a
11 short-rate table, the insurer shall provide the short-rate table within the cancellation provisions of
12 the insurance policy so that an insured can make an informed decision when cancelling a policy
13 midterm. [If a policy premium is fully earned or minimum earned on issuance of the policy, the](#)
14 [quote and policy provisions shall clearly state that fact.](#) Insurers shall not impose cancellation fees
15 when insurance policies are cancelled using short rate tables.

16 SECTION 6. Sections 2, 3 and 5 shall take effect on January 1, 2017. Sections 1 and 4
17 shall take effect on July 1, 2016.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO BUSINESSES AND PROFESSIONS -- BUSINESS REGULATION

1 This act would provide protections for consumers and small businesses in the areas of
2 insurance, real estate and accountancy.

3 Sections 2, 3 and 5 would take effect on January 1, 2017. Sections 1 and 4 would take
4 effect on July 1, 2016.

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