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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO INSURANCE -- COVID-19 INSURANCE RELIEF ACT

Introduced By: Representatives McNamara, Noret, Jacquard, Corvese, and Jackson

Date Introduced: June 19, 2020

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 82

4 COVID-19 INSURANCE RELIEF ACT

5 **27-82-1. Definitions.**

6 (a) "Employee" means a full-time employee who works a normal work week of twenty-
7 five (25) or more hours.

8 (b) "Net premiums written" means gross direct premiums written, less return premiums
9 thereon and dividends credited or paid to policyholders, as reported on the company's annual
10 financial statement.

11 (c) "State of emergency" means the state of emergency declared under executive order 20-
12 02, issued on March 9, 2020, to protect the well-being of Rhode Island citizens from the dangerous
13 effects of the COVID-19 pandemic.

14 **27-82-2. Coverage for business interruption.**

15 (a) Notwithstanding the provisions of any other law, rule, or regulation to the contrary,
16 every policy of insurance insuring against loss or damage to property, notwithstanding the terms of
17 such policy which includes, as of the effective date of this act, the loss and use and/or occupancy
18 and business interruption within the state shall include among the covered perils under such policy
19 coverage for business interruption directly or indirectly resulting from the global pandemic known

1 as COVID-19, including all mutated forms of the COVID-19 virus.

2 (b) Any business lost due to the COVID-19 global pandemic, subsequent to the issuance
3 of executive order 20-02, shall be construed as a direct physical loss or damage to the insured.

4 (c) No insurer in the state shall deny a claim for the loss of use and occupancy and/or
5 business interruption due to the COVID-19 pandemic, even if the policy omits language regarding
6 a pandemic or virus, or the policy excludes:

7 (1) Losses resulting from a virus; or

8 (2) Collection under the policy where there is no physical damage to the property of the
9 insured or to any other relevant property.

10 (d) Subject to any monetary limits of the policy and any maximum length of time set forth
11 in the policy for such business interruption coverage, the coverage required by this section shall
12 cover the insured for any loss of business or business interruption until such time as the state of
13 emergency declaration issued by the governor pursuant to executive order 20-02 is rescinded by
14 the governor.

15 (e) This act shall apply only to policies issued to insureds with one hundred fifty (150) or
16 fewer full-time equivalent employees in the state and policies which are in force on the effective
17 date of this act or which become effective prior to the date of which executive order 20-02 is
18 rescinded by the governor.

19 **27-82-3. Reimbursement for insurers.**

20 (a) Any insurer that is required to provide coverage to an insured that has filed a claim
21 pursuant to this chapter may apply to the department of business regulation for relief and
22 reimbursement from funds collected and made available for such purposes.

23 (b) The department of business regulation shall promulgate rules and regulations for the
24 submission and qualification of reimbursement claims made by insurers which are eligible for
25 reimbursement pursuant to this chapter. The department of business regulation shall also
26 promulgate rules and regulations to protect against any fraudulent claims for reimbursement by
27 insurers and implement appropriate safeguards for insurers to employ in the review and payment
28 of such claims by their insureds.

29 **27-82-4. Assessments authorized.**

30 The department of business regulation is authorized to make one or more assessments in
31 each fiscal year against licensed insurers in the state that sell business interruption insurance as may
32 be necessary to recover the amounts paid, or estimate to be paid, to the insurers pursuant to § 27-
33 82-3. Any such assessment shall be made at a rate and shall be determined and certified by the
34 department of business regulation pursuant to § 27-82-3. The amount to be assessed shall be made

1 against all licensed domestic companies and foreign companies in proportion to their net premiums
2 written and annuity considerations in the state as shown in their reports filed to the state. Said
3 assessment shall reimburse the state for funds appropriated for such reimbursement. Assessments
4 under this section shall be charged to the normal operating cost of each company.

5 **27-82-5. Severability.**

6 If any provision of this chapter, or the application of any provision to any person or
7 circumstance, is held invalid, the remainder of the chapter and the application of the provision to
8 other persons or circumstances are not affected by the invalidity.

9 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- COVID-19 INSURANCE RELIEF ACT

1 This act would require an insurer to provide business interruption coverage due to the
2 COVID-19 global pandemic and all mutated forms of the COVID-19 virus. This act would also
3 mandate that any business interruption sustained due to the COVID-19 global pandemic constitutes
4 direct physical loss or damage to said business.

5 This act would take effect upon passage.

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