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LC004380/SUB A  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO INSURANCE - CASUALTY INSURANCE GENERALLY

Introduced By: Senator Roger Picard

Date Introduced: February 12, 2014

Referred To: Senate Commerce

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, homeowners  
8 insurance, residential fire insurance, or any components thereof. Those regulations may require  
9 that the insurer shall furnish to the named insured the reason, or reasons, for cancellation or  
10 nonrenewal. Those regulations shall also require that the insurer furnish, at least thirty (30) days  
11 prior to renewal, written notice of ~~material coverage modifications~~ any coverage reductions,  
12 elimination, or increased deductibles not made at the request of the insured. The notice shall  
13 itemize and describe the policy coverage reductions, elimination, or increased deductibles and  
14 shall be captioned "NOTICE OF REDUCTION IN COVERAGE". The policyholder shall be  
15 notified that the policy renewal contains the "NOTICE OF REDUCTION IN COVERAGE" by  
16 one of the following manners:

17 (1) By mailing the "NOTICE OF REDUCTION IN COVERAGE" separate from the  
18 renewal policy package mailing; or

19 (2) By printing "NOTICE OF REDUCTION IN COVERAGE ENCLOSED" on the

1 renewal policy package envelope and including said reductions in the first few pages of the  
2 renewal policy package; or

3 (3) By printing "NOTICE OF REDUCTION IN COVERAGE ENCLOSED" on the first  
4 page of the renewal policy package; or

5 (4) If the renewal policy package is made available by email, the email notifying the  
6 policyholder of the renewal shall contain a statement that the policy contains a "NOTICE OF  
7 REDUCTION IN COVERAGE" and said reductions shall be in the first few pages of the  
8 renewal policy package.

9 These coverage changes must be approved by the insurance division with respect to those  
10 types of insurance defined in ~~section~~ §27-8-1(1) -- (8), issued to non-business insured and bodily  
11 injury and property damage liability coverage issued to non-business insured. There shall be no  
12 liability on the part of, and no cause of action of any nature shall arise against, the commissioner  
13 of insurance or any insurer, their authorized representatives, agents, or employees, or any firm,  
14 person, or corporation furnishing to the insurer or commissioner information as to the reasons for  
15 cancellation or nonrenewal; for any statement made by any of them in any written notice of  
16 cancellation or nonrenewal; or in any other communication, oral or written, specifying the  
17 reasons for cancellation or nonrenewal; or for the providing of information pertaining to the  
18 cancellation or nonrenewal; or for statements made, or evidence submitted, at any hearing  
19 conducted in connection with the cancellation or nonrenewal.

20 (b) The commissioner shall promulgate regulations with respect to personal motor  
21 vehicle insurance, homeowners insurance, and residential fire insurance, or any components of  
22 that insurance requiring notification to policyholders upon renewal of any ~~material changes in~~  
23 ~~policy deductibles, limits, coverage, conditions or definitions, unless the change was requested by~~  
24 ~~the policyholder~~ coverage reductions, elimination, or increased deductibles not at the request of  
25 the insured.

26 SECTION 2. This act shall take effect on July 1, 2015.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO INSURANCE - CASUALTY INSURANCE GENERALLY

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1           This act would require an insurer to send to an insured a notice captioned "NOTICE OF  
2 REDUCTION IN COVERAGE" containing any coverage reductions, elimination, or increased  
3 deductibles not made at the request of the insured.

4           This act would take effect on July 1, 2015.

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