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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO INSURANCE -- CASUALTY INSURANCE RATING

Introduced By: Representatives Fellela, Perez, and Cardillo

Date Introduced: February 28, 2024

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-9-4 of the General Laws in Chapter 27-9 entitled "Casualty  
2 Insurance Rating" is hereby amended to read as follows:

3 **27-9-4. Considerations in making of rates — Cancellation of policy.**

4 (a) All rates shall be made in accordance with the following provisions:

5 (1)(i) Due consideration shall be given to past and prospective loss experience within and  
6 outside this state, to catastrophe hazards, if any, to a reasonable margin for underwriting profit and  
7 contingencies, to dividends, savings, or unabsorbed premium deposits allowed or returned by  
8 insurers to their policyholders, members, or subscribers, to past and prospective expenses both  
9 countrywide and those specially applicable to this state, and to all other relevant factors within and  
10 outside this state; provided, that no consideration shall be given to:

11 (A) Any loss or incident involving a bus driver, while in the course of his or her  
12 employment for the Rhode Island public transit authority or private or municipal school bus  
13 companies, in establishing or maintaining that driver's rate respecting the operation of a personal  
14 motor vehicle or vehicles;

15 (B) Any loss or incident involving a law enforcement officer, while in the course of his or  
16 her employment for the state, city, town police departments, or federal law enforcement agency, in  
17 establishing or maintaining that driver's rate respecting the operation of a personal motor vehicle  
18 or vehicles; and

19 (C) Any loss or incident involving a commercial vehicle driver, while in the course of his

1 or her employment, in establishing or maintaining that driver's rate respecting the operation of a  
2 personal motor vehicle(s);

3 (ii) It shall be the responsibility of a commercial vehicle driver to provide his or her  
4 insurance company with proof that the loss or incident took place in the course of employment  
5 while operating a commercial vehicle. For the purposes of this section, a "commercial vehicle"  
6 shall be a motor vehicle with a gross weight in excess of ten thousand pounds (10,000 lbs.) or a  
7 motor vehicle used for public livery;

8 (2) The systems of expense provisions included in the rates for use by any insurer or group  
9 of insurers may differ from those of other insurers or groups of insurers to reflect the requirements  
10 of the operating methods of any insurer or group with respect to any kind of insurance, or with  
11 respect to any subdivision or combination of insurance for which subdivision or combination  
12 separate expense provisions are applicable;

13 (3) Risks may be grouped by classifications for the establishment of rates and minimum  
14 premiums;

15 (4) Rates shall not be excessive, inadequate, or unfairly discriminatory; and

16 (5) In establishing or maintaining an insured's rate or classification respecting the operation  
17 of a personal motor vehicle, any insured sixty-five (65) years of age or older, who meets the criteria  
18 set forth in this section and has not had any chargeable accidents or moving violations within three  
19 (3) years preceding the establishment of the rate of insurance or classification, shall not be penalized  
20 solely by reason of his or her age.

21 (b) No insurance company shall fail to renew a private passenger automobile policy  
22 because of a loss of occurrence only, unless a chargeable loss occurrence of three thousand dollars  
23 (\$3,000) or more than two (2) nonchargeable loss occurrences, involving the insured, have taken  
24 place within the annual policy year.

25 (c)(1) No insurance company shall fail to renew a private passenger automobile policy  
26 solely because the insured has attained the age of sixty-five (65) years or older;

27 (2) Whenever the commissioner of insurance shall have reason to believe that any  
28 insurance company has refused to renew a private passenger automobile policy solely because the  
29 applicant has reached the age of sixty-five (65) years or older, the commissioner shall notify the  
30 company that it may be in violation of this section and in his or her discretion he or she may require  
31 a hearing to determine whether or not the company has actually been engaged in the practice stated  
32 in this subsection. Any hearing held under this section shall in all respects comply with the hearing  
33 procedure provided in the Administrative Procedures Act, chapter 35 of title 42;

34 (3) If after the hearing the commissioner shall determine that the company has engaged in

1 the practice of systematically failing to renew private passenger automobile policies because of the  
2 advanced age of the insured, he or she shall reduce his or her findings to writing and shall issue and  
3 cause to be served upon the company an order to cease and desist from engaging in those practices.  
4 After the issuance of the cease and desist order, if the commissioner finds that the company has  
5 continued to engage in those practices, he or she shall impose upon the company a fine not to  
6 exceed the amount of one thousand dollars (\$1,000) for each separate violation.

7 (4) Any company aggrieved by any order or decision of the commissioner of insurance  
8 may appeal the order and decision to the superior court of Providence in accordance with the  
9 Administrative Procedures Act, chapter 35 of title 42.

10 (d) No insurance group, carrier, or company in establishing any premium surcharge or  
11 penalty relative to a specific motor vehicle policy, shall consider any accident or any claim where  
12 any insured covered by that policy is fifty percent (50%) or less at fault.

13 (e) No insurance group, carrier, or company shall assess any premium surcharge against  
14 any insured covered by a motor vehicle policy where a property damage claim payment is less than  
15 three thousand dollars (\$3,000).

16 (f) No insurance group, carrier, or company shall refuse to issue motor vehicle liability  
17 insurance, impose a surcharge, or otherwise increase the rate for a motor vehicle policy solely  
18 because the applicant is a volunteer driver. Volunteer driver is defined as a person who provides  
19 services without compensation to a nonprofit agency or charitable organization.

20 (g) No insurance group, carrier, or company shall establish any rate or assess any premium  
21 surcharge against any insured covered by a motor vehicle policy because of data gathered using  
22 telematics without complying with the provisions of § 27-9-4.2.

23 SECTION 2. Chapter 27-9 of the General Laws entitled "Casualty Insurance Rating" is  
24 hereby amended by adding thereto the following section:

25 **27-9-4.2. Use of telematics in making of rates.**

26 (a) As used in this section, "telematics" or "usage-based insurance" means utilizing data  
27 collected relating to any of the following regarding a vehicle or driver using vehicle systems,  
28 recording sensors, or a telecommunications device for insurance operations including pricing,  
29 underwriting, claims, and customer service:

30 (1) Vehicle speed, location, mileage, and operating hours:

31 (2) Driver acceleration, braking, and cornering habits;

32 (3) Telephone screen touch-engagement including, but not limited to, handheld phone call  
33 and text usage during vehicle operation;

34 (4) Road and weather conditions:

- 1           (5) Engine diagnostics;  
2           (6) Advanced driver assistance systems (ADAS), including motorized seat belts; and  
3           (7) Any other data point related to the use and operation of the insured vehicle that has  
4 been filed with and approved by the insurance commissioner.

5           (b) An insurer that issues, sells, or delivers private passenger or commercial automobile  
6 insurance or policies in the state may, with the consent of the participating driver, or the named  
7 insured if the participating driver is a minor, collect telematics data:

8           (1) For establishing an insurance premium for the policy that insures that vehicle and/or  
9 operator;

10           (2) For claims settlement purposes, including investigation of fraud;

11           (3) For rate filing purposes using aggregated telematics data; and

12           (4) For other customer service purposes including, but not limited to: safety, including  
13 crash detection; risk mitigation, including severe weather warnings; additional insurance  
14 protection; and convenience.

15           (c) With respect to private passenger motor vehicle insurance an insurer shall not require  
16 an applicant or a policyholder to participate in a program that measures the operation of an insured  
17 vehicle as a condition for pricing or underwriting a private passenger motor vehicle insurance risk  
18 unless the insurer:

19           (1) Only offers private passenger motor vehicle insurance products that require insureds to  
20 participate in a program that measures the operation of an insureds vehicle, and discloses such  
21 requirement to:

22           (i) An applicant at the time of application; and

23           (ii) A policyholder at the time of renewal; and

24           (2) Includes the information required to be disclosed in subsection (c)(1) of this section in  
25 any advertising materials for the insurance products offered by the insurer.

26           (d)(1) This section shall not apply to a premium increase for a driver or vehicle due to a  
27 telematics program that measured driving behavior during the current policy period.

28           (2) Notice to a participating driver, or named insured if the participating driver is a minor,  
29 of a premium increase resulting from the use of telematics data shall be made pursuant to  
30 regulations promulgated by the insurance commissioner in accordance with 15 U.S.C. § 1681m.

31           (e) Any premium increase established pursuant to subsection (d) of this section shall be  
32 made pursuant to the provisions of § 27-9-4.

33           (f) An insurer may share data obtained through telematics:

34           (1) With named insured;

1           (2) With a person, natural or legal, other than the named insured only if the named insured  
2 provides consent; or

3           (3) In accordance with a court order or subpoena.

4           (g) Any insurer that offers the use of telematics or usage-based insurance, or any such  
5 program that measures the operation of an insured vehicle during the current policy period, shall  
6 do so in accordance with the provisions of this chapter.

7           (h) The insurance commissioner shall have the power to promulgate, from time to time,  
8 such regulations, not inconsistent with the provisions of this chapter, as may be appropriate to carry  
9 out the provisions of this chapter.

10           (i) This section shall not prohibit any insurer from offering participation in a loss  
11 prevention program that promotes and incentivizes safe driving behavior, with rewards, including  
12 through the use of telematics as defined under this section so long as participation in such program  
13 is offered both to members of the general public and to the insurer's policyholders.

14           SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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- 1           This act would permit the use of telematics by motor vehicle insurance companies to record
- 2 the driving habits of insured motorists for the purpose of pricing, underwriting and customer
- 3 service.
- 4           This act would take effect upon passage.

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