

2014 -- S 2262

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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: Senators E O'Neill, Archambault, Cote, Kettle, and Felag

Date Introduced: February 04, 2014

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-8-7 of the General Laws in Chapter 27-8 entitled "Casualty
2 Insurance Generally" is hereby amended to read as follows:
3 **27-8-7. Terms to be stated in policy -- Rebates prohibited.** -- No insurance corporation
4 authorized to do any insurance business within this state, or any officer, insurance producer, or
5 their representative, shall make any contract for insurance, on property or risks located within this
6 state, or against any liability, casualty, accident, or hazard that may arise or occur in this state, or
7 any agreement as to that contract, other than as plainly expressed in the policy issued or to be
8 issued; nor shall any corporation, or officer, insurance producer, or their representative, directly
9 or indirectly, in any manner, pay or allow or offer to pay or allow to the insured named in the
10 policy or to any employee of the insured as an inducement to the insurance, or after the insurance
11 has been effected, any rebate from the premium which is specified in the policy or any special
12 favor or advantage in the dividends or other benefit to accrue on the policy; or any valuable
13 consideration or inducement, not specified in the policy or contract of insurance, or give, sell, or
14 purchase, as an inducement to the insurance, or in connection with it, any stock, bonds, or other
15 securities of any insurance or other corporation or association, or any dividends or profits accrued
16 on the stock, bonds, or securities, or anything of value, not specified in the policy; nor shall any
17 insurance producer or representative, or any other person, directly or indirectly, either by sharing
18 commissions or in any manner, pay or allow or offer to pay or allow to the insured named in the
19 policy, or to any employee of the insured, as an inducement to the insurance, or after the

1 insurance has been effected, any rebate from the premium which is specified in the policy.
2 Nothing in this chapter shall prevent any corporation lawfully doing insurance business in this
3 state from the distribution of surplus and dividends to policyholders, nor shall this chapter prevent
4 any corporation, or its agent, from paying commissions to a licensed insurance producer who has
5 negotiated for the insurance, nor shall it prevent any licensed insurance producer from sharing or
6 dividing a commission earned or received by the insurance producer with any other licensed
7 insurance producer, who has aided the insurance producer in respect to the insurance for the
8 negotiation of which the commission has been earned or paid. Nothing in this chapter shall
9 prevent an insurance company from offering or providing a benefit or service not otherwise
10 provided for in the policy or contract of insurance provided that such benefit or service is offered
11 or provided equally to all of its policyholders within a line of business in the state.

12 SECTION 2. Section 27-6-46 of the General Laws in Chapter 27-6 entitled "Fire and
13 Marine Insurance Rating" is hereby amended to read as follows:

14 **27-6-46. Terms to be stated in policy -- Rebates prohibited.** -- No insurer, or any
15 officer, insurance producer, or representative of an insurer, shall make any contract for insurance,
16 on property on risks located within this state, or against any liability, casualty, accident, or hazard
17 that may arise or occur in this state, or any agreement as to that contract, other than as plainly
18 expressed in the policy issued or to be issued on the agreement or contract; or shall any insurer, or
19 officer, insurance producer, or representative of an insurer, directly or indirectly, in any manner,
20 pay or allow or offer to pay or allow to the insured named in the policy or to any employee of the
21 insured as an inducement to that insurance, or after the insurance shall have been effected, any
22 rebate from the premium which is specified in the policy or any special favor or advantage in the
23 dividends or other benefit to accrue on the policy; or any valuable consideration or inducement
24 not specified in the policy or contract of insurance, or give, sell, or purchase, as an inducement to
25 that insurance, or in connection with that insurance, any stock, bonds, or other securities of any
26 insurance or other corporation or association, or any dividends or profits accrued on the
27 securities, or anything of value not specified in the policy, or shall any insurance producer or his
28 or her representatives, or any other person, directly or indirectly, either by sharing commissions
29 or in any manner pay or allow or offer to pay or allow to the insured named in the policy, or to
30 any employee of the insured, as an inducement to that insurance, or after the insurance shall have
31 been effected, any rebate from the premium which is specified in the policy, or shall any insured,
32 or party, or applicant for insurance, his or her or its employee, agent, or representative knowingly
33 receive or accept, or agree to accept, or agree to receive or accept, directly or indirectly, any
34 rebate of premium or any part of the premium or all or any part of any commission on the

1 premium, or any favor or advantage, or share in any benefit to accrue under any contract of
2 insurance, or any valuable consideration or inducement, other than what is specified in the policy;
3 provided, that nothing in this section shall prevent any insurer from the distribution of surplus,
4 dividends, savings, or the unused or unabsorbed portion of premiums and premium deposits to
5 participating policyholders, or shall this section prevent any insurer, or its insurance producer,
6 from paying commissions to a licensed insurance producer who shall have negotiated for the
7 insurance, or shall it prevent any licensed insurance producer from sharing or dividing a
8 commission earned or received by the insurance producer with any other licensed insurance
9 producers who shall have aided the insurance producer in respect to the insurance for the
10 negotiation of which that commission shall have been earned or paid; but no insurer or agent, or
11 broker shall pay or allow commissions or brokerage to any person acting as an insurance
12 producer in this state who is required by law to be licensed but is not licensed. Sections 27-8-7 --
13 27-8-10 shall not apply to the kinds of insurance subject to the provisions of this chapter. [Nothing](#)
14 [in this chapter shall prevent an insurance company from offering or providing a benefit or service](#)
15 [not otherwise provided for in the policy or contract of insurance provided that such benefit or](#)
16 [service is offered or provided equally to all of its policyholders within a line of business in the](#)
17 [state.](#)

18 SECTION 3. Section 27-9-44 of the General Laws in Chapter 27-9 entitled "Casualty
19 Insurance Rating" is hereby amended to read as follows:

20 **27-9-44. Terms to be stated in policy -- Rebates prohibited.** -- No insurer, or any
21 officer, insurance producer, or their representative, shall make any contract for insurance, on
22 property or risks located within this state, or against any liability, casualty, accident, or hazard
23 that may arise or occur in this state, or any agreements as to any contract, other than as plainly
24 expressed in the policy issued or to be issued on the agreement or contract; nor shall any insurer,
25 or officer, insurance producer, or their representative, directly or indirectly, in any manner, pay or
26 allow or offer to pay or allow to the insured named in the policy or to any employee of the
27 insured as an inducement to the insurance, or after the insurance shall have been effected, any
28 rebate from the premium which is specified in the policy or any special favor or advantage in the
29 dividends or other benefit to accrue on the policy, or any valuable consideration or inducement,
30 not specified in the policy or contract of insurance, or give, sell, or purchase, as an inducement to
31 the insurance, or in connection with the insurance, any stock, bonds, or other securities of any
32 insurance or other corporation or association, or any dividends or profits accrued on the stock,
33 bonds, or securities, or anything of value, not specified in the policy, nor shall any insurance
34 producer or representative, or any other person, directly or indirectly, either by sharing

1 commissions or in any manner, pay or allow or offer to pay or allow to the insured named in the
2 policy, or to any employee of the insured, as an inducement to the insurance, or after the
3 insurance shall have been effected, any rebate from the premium which is specified in the policy,
4 nor shall any insured, or party, or applicant for insurance, his, her or its employee, agent, or
5 representative, knowingly receive or accept, or agree to accept, or agree to receive or accept,
6 directly or indirectly, any rebate of a premium or any part of the premium or all or any part of any
7 commission on the premium, or any favor or advantage, or share in any benefit to accrue under
8 any contract of insurance, or any valuable consideration or inducement, other than what is
9 specified in the policy; provided, that nothing in this section shall prevent any insurer from the
10 distribution of surplus, dividends, savings, or the unused or unabsorbed portion of premiums and
11 premium deposits to participating policyholders, nor shall this section prevent any insurer, or its
12 agent, from paying commissions to a licensed insurance producer who shall have negotiated for
13 the insurance, nor shall it prevent any licensed insurance producer from sharing or dividing a
14 commission earned or received by the insurance producer with any other licensed insurance
15 producer who shall have aided the insurance producer in respect to the insurance for the
16 negotiation of which the commission shall have been earned or paid; but no insurer, or insurance
17 producer shall pay or allow commissions or brokerage to any person acting as an insurance
18 producer in this state who is required by law to be licensed but is not licensed. As used in this
19 section, the word "insurance" includes suretyship and the word "policy" includes bond. Sections
20 27-8-7 -- 27-8-10 shall not apply to the kinds of insurance subject to the provisions of this
21 chapter. [Nothing in this chapter shall prevent an insurance company from offering or providing a](#)
22 [benefit or service not otherwise provided for in the policy or contract of insurance provided that](#)
23 [such benefit or service is offered or provided equally to all of its policyholders within a line of](#)
24 [business in the state.](#)

25 SECTION 4. 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 - CASUALTY INSURANCE GENERALLY

- 1 This act would allow an insurance company to offer or provide a benefit or service not
- 2 otherwise provided for in the policy or contract of insurance provided that such benefit or service
- 3 is offered or provided equally to all of its policyholders within a line of business in this state.
- 4 This act would take effect upon passage.

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