



## Department of Business Regulation

### Insurance Division

1511 Pontiac Avenue, Bldg. 69-2  
Cranston, Rhode Island 02920

# Insurance Bulletin Number 2008-11

## 2008 Legislative Changes

The following legislative amendments were enacted during the 2008 session of the Rhode Island General Assembly. This information is being provided in accordance with R.I. Gen. Laws § 27-71-14(a). This bulletin is being provided for informational purposes only and may not be an all-inclusive list of amendments that impact the insurance industry. Licensees should refer to the bills themselves to determine the impact they have on the licensee. Any person wishing to be included in these annual notifications pursuant to R.I. Gen. Laws § 27-71-14(b) who is not currently on the interested parties list should send an email request to [DBR.InsNotice@dbr.ri.gov](mailto:DBR.InsNotice@dbr.ri.gov).

### **S2068/7191 Life Insurance and Corporate Governance Effective June 27, 2007**

These bills were intended to correct typographical errors in the corporate governance (R.I. Gen. Laws § 27-1-2.1) and life insurance (R.I. Gen. Laws § 27-4-6.1 and 6.2) statutes which were passed last year. The legislature expressly made these changes retroactive to June 27, 2007, the effective date of the enactment of the statutes which contained the typographical errors.

### **S2444 Rental car companies exemption, advisory and rating organizations and Underground Storage Tank Responsibility Review Board Effective July 8, 2008**

This bill amends inconsistencies between R.I. Gen. Laws §§ 27-7-6, 27-2.4-5(12) and 27-16-1.2(a)(10). These statutes are now consistent and provide an exception to producer licensing requirements for rental car companies and their employees when a rental car agreement term is no more than sixty (60) days. This bill amends R.I. Gen. Laws §§ 27-6-39 and 27-9-36 to update the cost of examinations for rating and advisory organizations to 150% of salary and expenses of examining personnel. These amendments bring these two statutes into conformance with current examination costs imposed on regulated entities. This bill amends inconsistencies with R.I. Gen. Laws §§ 27-44-9, 27-6-23 and 27-9-22 to bring the annual license fees and term of license for rating and advisory organizations from a one year (1) to a three (3) year period. This bill also amends R.I. Gen. Laws § 42-12.9-8 removing the Department of Business

Regulation as a member of the Underground Storage Tank Responsibility Review Fund Board (UST).

**H7724/S2404 Long Term Care**  
**Effective June 6, 2008**

These bills amend R.I. Gen. Laws § 27-34.2-2 to clarify that the mandated benefits in Long Term Care policies are only those in chapter 34.2 and not those in other portions of the insurance statutes.

**H7728/S2602 Property & Casualty Actuarial Opinion**  
**Effective January 1, 2010**

These bills add Chapter 12.3 “Property and Casualty Actuarial Opinion Law” to Title 27, which provides that every property and casualty insurance company doing business in Rhode Island, shall annually submit a “Statement of Actuarial Opinion” prepared by an appointed actuary in accordance with NAIC instructions. This bill also requires that every domestic property and casualty insurance company must submit an Actuarial Opinion Summary prepared in accordance with NAIC instructions and shall be considered a document supporting the Statement of Actuarial Opinion. The Statement of Actuarial Opinion itself is a public document, however, all supporting reports, work paper, and documents, including the Actuarial Opinion Summary are confidential to the extent provided by R.I. Gen. Laws § 27-12.3-3.

**H8067/S2599 Licensing**  
**Effective July 1, 2008**

These bills amend R.I. Gen. Laws § 27-2.4-2 and 4 to provide clarification as to the annual contracted producers report that is currently filed by insurers. The bill also eliminated mandatory business entity licenses for surplus lines brokers and added voluntary business entity licenses for resident producers, surplus lines brokers, adjusters and motor vehicle damage appraisers; provides an exemption from prelicensing for good cause as determined by the Department; eliminates the filing of surplus line affidavit by broker forms and replaces the filings with an Annual Report on a form prescribed by the Department. The Department issued a Bulletin 2008-8 to address the changes to surplus line broker reporting requirements. Amendments to Insurance Regulations 11 have been proposed to address the above changes. Amendments to Insurance Regulation 103 were effective on September 1, 2008.

**S2403 Insurance Credit for Fire Suppression Equipment**  
**Effective January 1, 2009**

This bill amends R.I. Gen. Laws § 27-6-8.2 requiring insurers to include a credit and/or discount in premiums for commercial property insureds that install and maintain fire prevention and suppression equipment for fire safety and/or prevention. This bill also requires insurers to provide a reduction of or credit in premium for the use of fire

resistant building materials. The reductions in premium must be actuarially supported and filed with the Department.

**S2446/H7867 Market Conduct Surveillance Act**  
**Effective July 14, 2008**

These bills add Chapter 71 “Market Conduct Surveillance Act” to Title 27 of the Rhode Island General Laws. The purpose of chapter 71 is to establish a framework for market conduct examinations and market conduct actions, and to provide for the communication of such actions to other states in order to effectively use resources available to Rhode Island. This chapter does not apply to entities regulated by the Office of the Health Insurance Commissioner, nor does it apply to companies licensed only in Rhode Island.

Responsibility for domestic insurance company market conduct examinations and provisions for deference to other states are outlined, as well as a description of market analysis procedures. Protocols for market conduct actions, targeted examinations, fines and penalties, data collection, and coordination with other states are also described.

Confidentiality requirements, qualifications, immunity, and who will bear the cost for market surveillance personnel are also provided within this chapter.

**S3111 Labor and Labor Relations - Workers' Compensation- Benefits**  
**Effective July 8, 2008**

This bill amends various sections of the Rhode Island workers’ compensation statutes under Title 28, including but not limited to:

1. use of the Fifth Edition of the American Medical Association’s Guides to the Evaluation of Permanent Impairment as basis for determining loss of use awards and functional impairment.
2. amends definition of employees to include members of the police and aircraft rescue team of the Airport Corporation.
3. subjects arborists to the workers’ compensation act effective January 1, 2009.
4. extends “material hindrance” as defined in statute to injuries occurring on or after July 1, 2010.
5. amends the reporting requirements by insurers to the Department of Labor and Training for policy issuance from thirty (30) days to five (5) days.
6. gives the Court additional discretion in determining appropriate penalties in cases involving the failure to maintain workers’ compensation insurance and defers date for capitalization of the Uninsured Employers’ Fund to injuries that occur on or after January 1, 2011.

**S3099 Special Joint Commission to Study the Underground Economy and  
Employee Misclassification  
Effective July 8, 2008**

This Act creates a Special Commission consisting of fifteen (15) members to make a comprehensive study of the underground economy and employee misclassifications as it relates to workers' compensation, taxation and unemployment, and to suggest possible solutions to lessen the impact on government and law abiding business and workers. The Special Commission shall report back to the General Assembly no later than January 27, 2009 and shall expire on June 27, 2009.

Copies of Rhode Island [Insurance Regulations](#), [Insurance Bulletins](#) and applicable [Rhode Island General Laws](#) are accessible by these links or by visiting the Department's website at [www.dbr.state.ri.us](http://www.dbr.state.ri.us). Copies of the [Senate and House bills](#) are accessible by these links or by visiting the Rhode Island General Assembly website at [www.rilin.state.ri.us](http://www.rilin.state.ri.us).

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October 30, 2008