



**Department of Business Regulation**  
**Insurance Division**  
1511 Pontiac Avenue, Bldg. 69-2  
Cranston, Rhode Island 02920

# Insurance Bulletin Number 2013-4

## 2013 Legislative Changes

The following legislative amendments were enacted during the 2013 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 enactments that impact the insurance industry. Licensees should refer to the statute itself to determine the impact. 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)

### **Standard Nonforfeiture and Valuation**

[H5596A](#)

[2013 P.L. ch. 17](#)

Effective May 20, 2013

[S0598A](#)

[2013 P.L. ch. 20](#)

Effective May 20, 2013

This legislation was introduced at the request of the Department to update the Standard Nonforfeiture and Standard Valuation statutes to conform to the most recent National Association of Insurance Commissioners (“NAIC”) Model Act. This change will enact Principles Based Reserving (“PBR”) for life insurers in RI, however, PBR does not become effective until at least 42 states representing 75% of the premium in the US enact this same or similar legislation.

### **Weather Related Losses**

[H5606A](#)

[2013 P.L. ch. 113](#)

Effective June 18, 2013

[S0715A](#)

[2013 P.L. ch. 100](#)

Effective June 18, 2013

This legislation was introduced at the request of the Department to extend grace periods and temporary postponement of cancellations and non-renewals to all lines of insurance following a catastrophe. The Department has proposed amendments to Insurance Regulation 110 to address these statutory changes.

### **Corrections**

[H5528](#)

[2013 P.L. ch. 18](#)

Effective May 20, 2013

[S0597](#)

[2013 P.L. ch. 21](#)

Effective May 20, 2013

This legislation was introduced at the request of the Department to correct improper references in R.I. Gen Laws §§ 27-34.2-14 and 27-35-3.

**Omnibus**

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|------------------------|----------------------------------|------------------------|
| <a href="#">H5609A</a> | <a href="#">2013 P.L. ch. 31</a> | Effective May 24, 2013 |
| <a href="#">S0637A</a> | <a href="#">2013 P.L. ch. 36</a> | Effective May 24, 2013 |

This legislation was introduced at the request of the Department to (1) change the fees charged to foreign insurance companies in the licensing process; (2) remove the requirement that insurers notify the Department of agent terminations that are not for cause; (3) Eliminate the prohibition of selling life insurance to a spouse of an employee in a group policy; (4) eliminate mandatory rating territories in automobile insurance rating and (5) remove unintended uncertainties regarding the Rhode Island Voluntary Restructuring of Solvent Insurers statute created by the Dodd Frank legislation. The Department will be repealing Insurance Regulation 62 to address the elimination of mandatory auto rating territories.

**Stop Loss**

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|------------------------|----------------------------------|---------------------------|
| <a href="#">H5459A</a> | <a href="#">2013 P.L. ch. 86</a> | Effective January 1, 2014 |
| <a href="#">S0666A</a> | <a href="#">2013 P.L. ch. 92</a> | Effective January 1, 2014 |

This legislation was introduced at the request of the Department to set standards for stop loss policies which are issued to employers as a claims backstop to self-insured employee health benefit plans.

**Credit for Reinsurance**

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|------------------------|----------------------------------|-------------------------|
| <a href="#">H5608A</a> | <a href="#">2013 P.L. ch. 84</a> | Effective June 17, 2013 |
| <a href="#">S0667A</a> | <a href="#">2013 P.L. ch. 91</a> | Effective June 17, 2013 |

This legislation was introduced at the request of the Department to update the Credit for Reinsurance statute to conform to the current NAIC Model Act.

**Domestic Violence – Property & Casualty**

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|------------------------|-----------------------------------|-------------------------|
| <a href="#">H5839A</a> | <a href="#">2013 P.L. ch. 109</a> | Effective June 18, 2013 |
| <a href="#">S0719A</a> | <a href="#">2013 P.L. ch. 99</a>  | Effective June 18, 2013 |

This legislation was introduced at the request of the Department to prohibit discrimination against victims of Domestic Abuse in Property and Casualty Insurance. The statute is based on an NAIC Model Act.

**Discretionary Clauses**

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|------------------------|----------------------------------|-------------------------|
| <a href="#">H5530A</a> | <a href="#">2013 P.L. ch. 85</a> | Effective June 17, 2013 |
| <a href="#">S0303A</a> | <a href="#">2013 P.L. ch. 94</a> | Effective June 17, 2013 |

This legislation prohibits the use of Discretionary Clauses in Life, Accident and Health insurance policies. Similar legislation was introduced at the request of the Department as part of H5459. The Department's language was combined with other proposals to arrive at the provisions in this statute.

**Binders**

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|------------------------|----------------------------------|---------------------------|
| <a href="#">H5444A</a> | <a href="#">2013 P.L. ch. 19</a> | Effective October 1, 2013 |
| <a href="#">S0377A</a> | <a href="#">2013 P.L. ch. 22</a> | Effective October 1, 2013 |

This legislation defines binders and their appropriate use with regard to insurance policies. Please note that insurers are not required to file binders with the Department for approval. This legislation is based upon a National Conference of Insurance Legislators (NCOIL) model act.

**Certificates of Insurance**

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|------------------------|-----------------------------------|----------------------------|
| <a href="#">H5607A</a> | <a href="#">2013 P.L. ch. 299</a> | Effective October 13, 2013 |
| <a href="#">S0387A</a> | <a href="#">2013 P.L. ch. 408</a> | Effective October 13, 2013 |

This legislation establishes appropriate standards for certificates of insurance. Please note that insurers are not required to file certificates of insurance for approval with the Department. This legislation is based upon a National Conference of Insurance Legislators (NCOIL) model act.

**Fraternal Code**

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|------------------------|-----------------------------------|----------------------------|
| <a href="#">H5085A</a> | <a href="#">2013 P.L. ch. 117</a> | Effective January 19, 2013 |
| <a href="#">S0297A</a> | <a href="#">2013 P.L. ch. 119</a> | Effective January 19, 2013 |

This legislation completely exempts certain insurance organizations formed prior to 1880 and serving members of the military, from all statutes and regulations regulating the business of insurance. It does, however, require that companies that are deemed exempt pursuant to this statute provide certain financial information requested by the insurance commissioner so that action may be taken when financial considerations arise.

**Total Loss Vehicles**

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|-----------------------|-----------------------------------|-------------------------|
| <a href="#">H5263</a> | <a href="#">2013 P.L. ch. 504</a> | Effective July 17, 2013 |
| <a href="#">S0465</a> | <a href="#">2013 P.L. ch. 509</a> | Effective July 17, 2013 |

This legislation prohibits an insurer from designating a motor vehicle a total loss without the consent of the owner of the motor vehicle if the cost to rebuild or reconstruct the motor vehicle to its pre-accident condition is less than seventy-five percent (75%) of the "fair market value" of the motor vehicle immediately preceding the time it was damaged. The Department will be amending Insurance Regulations 42, 43 and 73 where appropriate to address these statutory changes.

**Electronic Verification of Automobile Insurance**

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|------------------------|-----------------------------------|------------------------|
| <a href="#">H5438A</a> | <a href="#">2013 P.L. ch. 316</a> | Effective July 1, 2014 |
|------------------------|-----------------------------------|------------------------|

This legislation creates an Uninsured Motorist Identification Database to verify compliance with motor vehicle owner's or operator's security requirements under

chapter 31-47. The Rhode Island Division of Motor Vehicles shall promulgate a regulation to implement these provisions.

**Travel Insurance Producer**

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|------------------------|-----------------------------------|----------------------------|
| <a href="#">H5453A</a> | <a href="#">2013 P.L. ch. 315</a> | Effective October 13, 2013 |
| <a href="#">S0376A</a> | <a href="#">2013 P.L. ch. 410</a> | Effective October 13, 2013 |

This legislation establishes authority for the creation of a limited line insurance producer license specifically for travel insurance. It is based upon a National Conference of Insurance Legislators (“NCOIL”) model act.

**Motor Vehicle Insurance Arbitration Limits**

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|------------------------|-----------------------------------|-------------------------|
| <a href="#">H5563A</a> | <a href="#">2013 P.L. ch. 230</a> | Effective July 11, 2013 |
| <a href="#">S0333</a>  | <a href="#">2013 P.L. ch. 183</a> | Effective July 11, 2013 |

This legislation increases the mandatory arbitration provision limit in R.I. Gen. Laws § 27-10.3 1 from \$25,000 to \$50,000 and subjects self insurance to the statutory requirements of this section. The statute is currently in effect and therefore existing policy forms must conform to the statute. Insurers that have inconsistent language in policy forms should submit revised filings as soon as possible. The Department understands that these filings may take some time but expects conforming filings to be made no later than November 1, 2013.

**Dental**

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|------------------------|-----------------------------------|---------------------------|
| <a href="#">H5402A</a> | <a href="#">2013 P.L. ch. 452</a> | Effective January 1, 2014 |
| <a href="#">S0644A</a> | <a href="#">2013 P.L. ch. 479</a> | Effective January 1, 2014 |

This legislation requires every health plan providing dental benefits to include the phrase "NO DUPLICATION OF BENEFITS" on the front of the identification card provided to all subscribers.

**Orally Administered Anticancer Medications**

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|------------------------|-----------------------------------|---------------------------|
| <a href="#">H5354A</a> | <a href="#">2013 P.L. ch. 323</a> | Effective January 1, 2014 |
|------------------------|-----------------------------------|---------------------------|

This legislation requires that every insurance policy that provides coverage for intravenously administered anticancer medication must also provide coverage for orally administered anticancer medication.

**Workers Compensation – General Provisions**

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|------------------------|-----------------------------------|-------------------------|
| <a href="#">H6164A</a> | <a href="#">2013 P.L. ch. 445</a> | Effective July 16, 2013 |
| <a href="#">S0951A</a> | <a href="#">2013 P.L. ch. 475</a> | Effective July 16, 2013 |

This legislation updates various provisions of title 28 regarding workers compensation including: (1) delaying the adoption of the Rhode Island Uninsured Employers Fund until funds are available, and its applicability to injuries that occur on or after January 1, 2015; (2) mandating the electronic filing of petitions at the Workers' Compensation

Court (effective October 1, 2013); (3) increasing the statutory burial expense benefit from \$15,000 to \$20,000; (4) continues the use of the definition of "material hindrance" for purposes of an injured worker receiving more than 312 weeks of partial incapacity benefits; and (5) adopts confidentiality provisions for claim information released by the Department of Labor and Training.

### **Marriage Equality**

[H5015A](#)  
[S0038A](#)

[2013 P.L. ch. 4](#)  
[2013 P.L. ch. 5](#)

Effective August 1, 2013  
Effective August 1, 2013

Key elements of the marriage equality law include (1) the creation of same sex marriage as of August 1, 2013; (2) the elimination of the availability of a Civil Union after August 1, 2013; (3) continuing state recognition of Civil Unions entered into before August 1, 2013; (4) the ability of persons in a Civil Union to convert that union into a marriage after August 1, 2013; and (5) same sex marriages and similar unions entered into in other states will be recognized in Rhode Island. Previously approved forms in compliance with Regulation 118 are not required to be resubmitted. All new form filings to be effective on or after August 1, 2013 shall include same sex marriage within the definition of "spouse" or "marriage" in accordance with the law. The Department will be amending Insurance Regulation 118 to reflect the new statute.

Copies of Rhode Island [Insurance Regulations](#), [Insurance Bulletins](#) and applicable [Rhode Island General Laws](#) are accessible through these links or by visiting the Department's website at [www.dbr.ri.gov](http://www.dbr.ri.gov). Copies of the [Senate and House bills](#) are accessible through these links or by visiting the Rhode Island General Assembly website at [www.rilin.state.ri.us](http://www.rilin.state.ri.us). In light of the above amendments, insurers are required to review current policy forms, rules and rates to determine if new and/or revised filings are required and to timely submit such filings in SERFF for the Department's review and approval.

Joseph Torti III  
Superintendent of Insurance  
August 28, 2013