

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

CONCISE EXPLANATORY STATEMENT

Insurance Regulation 110 – Property Insurance and Weather Related Claims

The Department of Business Regulation (“Department”) hereby adopts amendments to Insurance Regulation 110 effective October 3, 2013 and makes this statement in accordance with R.I. Gen. Laws § 42-35-2.3. The Department makes these amendments in order to bring the regulation into conformance with the provisions of R.I. Gen. Laws §§ 27-76-1 *et seq.* There are 22 differences between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-3 and the rule as adopted. Those differences are:

In response to comments received the following changes have been made to the proposed amendments:

1. Language has been added to section 4(G) to clarify that the prohibition on application of multiple hurricane deductibles in one calendar year applies in the case where the insured has more than one policy in effect in the calendar year.
2. The word “documents” was changed to “documentation” in section 4(G)(2). In response to a comment that the words “policyholder” and “insured” both appeared in the regulation all references were changed to “insured.”
3. Section 8(C) was rewritten to provide specification as to the content of the notice.
4. Section 11(A)(3) was rewritten to clarify when a mediation program may include claims from more than one hurricane.
5. The phrase “open and unresolved” has been added to the definition of claim in section 11(B)(2).
6. Section 11(B)(3) has been added to define “days.”
7. The word “eligible” has been removed from section 11(B)(4).
8. Section 11(C)(7) has been moved to 11(C)(1) and language has been added confirming that the mediation program is not a substitute for or an

appeal from the regular claim process and would not be activated until sufficient time had passed to allow the regular claim process to be completed.

9. The word “licensed” has been substituted for the words “authorized and admitted” in section 11(C)(4).
10. An opening phrase has been added to 11(C)(5) and extraneous language removed.
11. A sentence has been added to 11(D)(1) to clarify that mediation should consider the entire claim rather than piecemeal adjudication.
12. A sentence was added to 11(E)(3) to clarify that mediator qualifications should include experience with insurance claims.
13. Section 11(E)(5) has been added to provide for public outreach and education.
14. Section 11(F)(2) has been added to indicate that the mediation should address all issues in the claim.
15. A sentence has been added to 11(F)(3) to provide that each party should inform the other and the mediator of the persons attending the mediation and the documents to be provided to the mediator five days before the mediation.
16. Section 11(F)(4) has been added to indicate that the mediation hearing should take three hours or less unless the parties agree to a longer time period.
17. Section 11(F)(6) has been amended to provide for the relevant portion of the claim file to be brought to the mediation.
18. Section 11(F)(9) has been amended to provide for a settlement agreement signed by the parties and payment within five days of that signing.
19. Section 11(G)(1) was amended to broadly define the receipt of funds by the insured.
20. Section 11(G)(2) was added to address future requests for mediation by insureds that rescind an agreement reached.
21. Section 11(I) was added to provide for a report from the mediator.
22. Section 12(3)(d) has been added to clarify cancellations sent out before the hurricane.

The following were comments received which the Department considered but declined to make the suggested changes as follows:

1. The comments asked for language in section 4(G) as to whether more than one hurricane deductible could be applied if the insured had more than one policy in the calendar year. The Department added language to clarify that this was not the case and that only one hurricane deductible could be applied even if the insured had more than one insurance policy in the calendar year. This language was taken from Louisiana regulation and the Department has confirmed that its interpretation matches that of the Louisiana department.
2. A commenter requested clarifying amendments to sections 4(A), 5(B)(3) and 7(B). Although the Department agreed with each of the interpretations advanced, those sections were not proposed for amendment and, therefore, under the Administrative Procedures Act sufficient notice has not been given to make these amendments. The Department will, however, consider this proposal in future amendments of this regulation.
3. The Department rejected the request of one commenter to remove sections 8(C) and (D).
4. The Department rejected a suggestion that the word “coverage” in section 11(B)(2) only means the existence of coverage. The Department believes that the legislative intent is to exclude all issues of coverage including the cause of damage. The Courts have jurisdiction over those issues and mediation in a judicial context will be available to insureds to resolve those types of disputes.
5. The Department rejected a comment to provide specific limits in section 11 as such specifics could very easily become out of date with the passage of time and are more appropriate for a bulletin.
6. The Department rejected a suggestion that 11(F)(6) provide for “reasonable” settlement authority since the term is too vague. The Department also rejected the suggestions that the insurer be required to produce a copy of the entire claim file.
7. The Department rejected a suggestion that, in addition to the settlement agreement, an insured be required to provide a release or a proof of loss.
8. With regard to section 12 the Department agrees with the comment made that an insured that defers premium must pay the accumulated premium before making a claim that occurs during the deferral period but does not believe that this needs to be specified in the regulation.

