

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
233 Richmond Street
Providence, RI 02903

**NOTICE OF PROPOSED AMENDMENT TO REGULATION
AND NOTICE OF PUBLIC HEARING**

Notice is hereby given, in accordance with R.I.G.L. §§ 42-14-17 and 42-35-3, that the Department of Business Regulation (“Department”) proposes to amend the following Regulation:

**Insurance Regulation 97 – Notice of Material Changes Upon Renewal of
Personal Motor Vehicle, Homeowner and
Residential Fire Insurance**

The proposed amendments are designed to clarify the intent of the regulation as to notice requirements; clarify that transfer between insurers within a group triggers the notice requirements and coordinate the regulation with R.I. Gen. Laws § 27-5-3.7 and Insurance Regulation 110. The proposed amendments were adopted by emergency action pursuant to R.I. Gen. Laws § 42-35-3(b) on April 30, 2008. The remainder of the changes are to grammar and form.

Insurance Regulation 110 – Residential Property Insurance – Hurricanes

The proposed regulation is designed to implement the provision of R.I. Gen. Laws § 27-5-3.7. The proposed regulation was adopted by emergency action pursuant to R.I. Gen. Laws § 42-35-3(b) on April 30, 2008.

Notice is also given that the Department will hold a public hearing beginning at 10:00 a.m. on June 5, 2008 in the Main Hearing Room of the Department regarding the proposed amended regulation and the proposed adopted regulation. All interested person may submit their views, data or argument orally at the public hearing, or by email to edwyer@dbr.state.ri.us or in writing mailed to the Department’s offices. ALL WRITTEN SUBMISSIONS MUST BE RECEIVED NOT LATER THAN JUNE 5, 2008 AT 10:00 A.M.

The proposed amended regulation and the summary of non-technical changes and the proposed adopted regulation may be obtained from the Department’s website www.dbr.state.ri.us or may be obtained from the Insurance Division of the Department at 233 Richmond Street, Providence, RI 02903 by mail or in person during regular business hours. In the development of the regulation and amendments, consideration was given to

overlapping approaches, overlap and duplication with other statutory and regulatory provisions and economic impact on small business and cities and towns.

The hearing room is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Office of Legal Counsel at (401) 222 5400 or TDD 711 not less than ninety-six (96) hours in advance of the hearing date.

A. Michael Marques
Director, Department of Business Regulation

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INSURANCE REGULATION 97

**NOTICE OF MATERIAL CHANGES UPON RENEWAL
OF PERSONAL MOTOR VEHICLE, HOMEOWNER
AND RESIDENTIAL FIRE INSURANCE**

Summary of Non-Technical Proposed Amendments

In accordance with R.I. Gen. Laws § 42-35-3 the following is a concise summary of all non-technical amendments being proposed with regard to this regulation:

Section 3

The proposed amendments add a definition of “insurer” and reorder the definitions in alphabetical order.

Section 4

The proposed amendments provide additional clarification as to the type of notice required under R.I. Gen. Laws § 27-8-11 and coordination with notices under R.I. Gen. Laws § 27-5-3.7.

Section 5

The proposed amendments provide clarification for changes more favorable to the insured for which the insurer fails to provide notice.

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INSURANCE REGULATION 97

**NOTICE OF MATERIAL CHANGES UPON RENEWAL
OF PERSONAL MOTOR VEHICLE, HOMEOWNER
AND RESIDENTIAL FIRE INSURANCE**

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Section 1 ***Authority***

This Regulation is promulgated pursuant to R.I. Gen. Laws §§ [27-5-3.7](#), 27-8-11 and 42-35-3.

Section 2 ***Applicability***

This Regulation shall apply to the renewal of (1) personal lines auto insurance, (2) homeowners insurance, and (3) residential fire insurance, or any components thereof. This Regulation requires notification to insureds upon policy renewal of any material changes in policy deductibles, limits, coverages, conditions or definitions, unless the change was requested by the insured or R.I. Gen. Laws § 27-5-3.7 is applicable.

Section 3 ***Definitions***

~~Renewal” or “to renew” shall mean the issuance of, or the offer by an insurer to issue, a policy succeeding a policy previously issued and delivered by the same insurer, or the issuance of a certificate or notice extending the term of an existing policy for a specified period beyond its expiration date.~~

(ba) “Expiration date” shall mean the date upon which coverage under a policy ends or, for a policy written for a term longer than one (1) year or with no fixed expiration date, each annual anniversary date of such policy.

(b) “Insurer” shall mean an individual insurer or an insurance group. For example, if an insured is transferred from one insurer to another within an insurance group, the notice requirements of this regulation apply.

(c) “Material Change” means any coverage modification which affects the policy deductible, limits, coverage, conditions or definitions, ~~not requested by the insured.~~

(d) “Renewal” or “to renew” shall mean the issuance of, or the offer by an insurer to issue, a policy succeeding a policy previously issued and delivered by the same insurer, or the issuance of a certificate or notice extending the term of an existing policy for a specified period beyond its expiration date.

Section 4 Notice of Material Changes upon Renewal

(a) Upon an offer to renew, an insurer shall provide, at least thirty (30) days prior to the expiration of the policy, written notice of any material changes in policy deductibles, limits, coverages, conditions or definitions to the named insured at the mailing address shown on the policy, and the producer if any. ~~The offer to renew must include a written explanation, in at least ten (10) point type, of any material change to the policy. The notice must be prominent, in clear and unambiguous language and must fully disclose all details of the change.~~

(b) The notice must be included in or sent at the same time as the policy issuance or renewal package.

(c) Examples of notices which are prominent include:

- 1) A separate mailing, sent at the same time as the policy issuance or renewal package in at least twelve (12) point type which is titled “IMPORTANT NOTICE” in bold;
- 2) A notice included as the first page of the renewal package in at least twelve (12) point type which is titled “IMPORTANT NOTICE” in bold;
- 3) A notice in the first few pages of the policy prior to the actual policy language in at least twelve (12) point type which is titled “IMPORTANT NOTICE” in bold;
- 4) A notice on the policy declaration page in at least a point type not smaller than the largest font on the page.

~~(d) This section shall not apply to a material change requested by the insured, including changes requested by the insured at the time of application that would typically occur at the renewal date for as long as the policy is in force, such as inflation coverage adjustment features and other similar policy elements.~~

~~1) There is no exception to notice of hurricane deductibles under R.I. Gen. Laws § 27-5-3.7. Therefore, even if the introduction of or the change to a hurricane deductible is requested by the insured, notice as described above must still be given.~~

~~(b) For purposes of compliance with this section, an insurer may include notice of material changes on a policy declarations page that would be provided to the insured at least thirty (30) days prior to the expiration of the policy.~~

~~(e)~~(e) For purposes of compliance with this section as to notice to producers, an insurer may use established forms of communications, including but not limited to, electronic mail or other computerized systems that will provide the relevant information directly to producers.

Section 5 **Failure to Comply**

If an insurer fails to provide notice in accordance with this Regulation, the coverage provided to the named insured in the expiring policy shall remain in effect, without the coverage modification, until notice is provided or until the effective date of replacement coverage obtained by the named insured, whichever occurs first regardless of the policy language. If the amended language is more favorable to the insured it shall control, however, failure to provide notice will constitute a regulatory violation. For the purposes of this Regulation, the notice period begins on the date of mailing of the notice. If the named insured elects not to renew, any earned premium for the period of extension of the terminated policy shall be calculated pro rata at the lower of the current or previous year's premium. If the insured accepts the renewal, the material changes of which the insured was notified in accordance with this Regulation shall be effective on the renewal date.

Section 6 **Proof of Notice**

An insurer shall be responsible for ensuring that a notice of material changes is provided to the named insured at the address shown in the policy and to the producer if any, and shall be able to demonstrate that such notice was provided.

Section 7 **Applicability**

~~This Regulation shall apply to all renewal notices mailed or delivered ninety (90) days after the effective date of this Regulation.~~ To the extent that this Regulation

conflicts with existing regulation(s), the notice of material changes requirements enumerated herein shall apply.

Section 8 ***Severability***

If any section, term, or provision of this Regulation should be adjudged invalid for any reason, that judgment should not effect, impair, or invalidate any remaining section, term, or provision, which shall remain in full force and effect.

Section 9 ***Effective Date***

This Regulation shall be effective ~~on July 16, 2001~~ as indicated below. |

EFFECTIVE DATE: July 16, 2001

EMERGENCY AMENDMENT: April 30, 2008

AMENDMENT: