

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

**Public Notice of Proposed Rule-Making**

Pursuant to the provisions of R.I. Gen. Laws § 27-33-11, and in accordance with the Administrative Procedures Act Chapter 42-35 of the General Laws, the Department of Business Regulation hereby gives notice of its intent to amend Insurance Regulation 15 – Basic Property Insurance Inspection and Placement Program.

The purpose of this amendment is to incorporate the amendment to R.I. Gen. Laws § 27-33-10 that expands the definition of basic property insurance offered through the Rhode Island Joint Reinsurance Association. The amendment also incorporates a provision for assessing member insurers in a rate hearing proceeding. The remaining changes are to grammar and form.

The proposed amendment and concise summary of non-technical amendments are available for public inspection at [www.dbr.ri.gov](http://www.dbr.ri.gov), in person at Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, or requested by email [edwyer@dbr.state.ri.us](mailto:edwyer@dbr.state.ri.us) or by calling Elizabeth Kelleher Dwyer at (401) 462 9520.

In the development of the proposed amendment consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by March 11, 2009 to Elizabeth Kelleher Dwyer, Department of Business Regulation, 1151 Pontiac Avenue, Cranston, Rhode Island 02920, [edwyer@dbr.state.ri.us](mailto:edwyer@dbr.state.ri.us). A public hearing to consider the proposed amendment shall be held on March 11, 2009 at 10:00 am at 1511 Pontiac Avenue, Cranston, Rhode Island 02920 at which time and place all persons interested therein will be heard. The room is accessible to the disabled and interpreter services for the hearing impaired will be provided if requested 48 hours prior to the hearing. Requests for this service can be made in writing or by calling (401) 462 9520 or TDD 711.

A. Michael Marques  
Director, Department of Business Regulation

**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 Summary of Proposed Non-technical Amendments**  
**to**  
**Insurance Regulation Number Insurance Regulation 15 – Basic Property Insurance**  
**Inspection and Placement Program**

In accordance with the Administrative Procedures Act, Section 42-35-3(a)(1) of the General Laws of Rhode Island, following is a concise summary of proposed non-technical amendments:

1. Section 3(1) reflects the amendment to R.I. Gen. Laws § 27-33-10 that expands the definition of basic property insurance offered through the Rhode Island Joint Reinsurance Association.
2. Section 11(3)(a) incorporates a provision for assessing member insurers if the Commissioner holds a discretionary rate hearing proceeding.

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

**INSURANCE REGULATION 15**

**BASIC PROPERTY INSURANCE INSPECTION AND PLACEMENT  
PROGRAM**

**Table of Contents**

Section 1	Authority
Section 2	Purpose
Section 3	Definitions
Section 4	Inspections and Reports
Section 5	Provisional Binders
Section 6	Limits of Coverage and Deductibles
Section 7	Policy Issuance/Declination
Section 8	Reasonable Underwriting Standards
Section 9	Participation of Member Companies
Section 10	Authority to Issue Policies on Behalf of Members
Section 11	Rates and Forms
Section 12	Cancellation and Nonrenewal
Section 13	Right of Appeal
Section 14	Commissions
Section 15	Coding and Reports
Section 16	Administration
Section 17	Annual and Special Meetings
Section 18	Duties of the Committee
<a href="#">Section 19</a>	<a href="#">Installment Payment Plan</a>
Section <del>19</del> <a href="#">20</a>	Public Education
Section <del>20</del> <a href="#">21</a>	Termination of the Program
Section <del>21</del> <a href="#">22</a>	Severability
Section <del>22</del> <a href="#">23</a>	Effective Date

**Section 1**     **Authority**

This Regulation is promulgated in accordance with R.I. Gen. Laws § 27-33-11 and 42-14-17.

**Section 2**     **Purpose**

The purpose of this Regulation is to implement the Basic Property Insurance Inspection and Placement Program (hereinafter “this Program”) as follows:

- (1) To make Basic Property Insurance available to qualified applicants who have been unable to secure such insurance in the normal market, subject to the conditions hereinafter stated.
- (2) To mandate the participation of all domestic Insurers and all Insurers licensed to write those classes of insurance listed in R.I. Gen. Laws §§ 27-8-1 and 27-8-3 in the State of Rhode Island and to equitably apportion and distribute the writings, expenses, profits, if any, and losses of this Program among Insurers licensed to write Basic Property Insurance, as defined herein, in this State.
- (3) To encourage the improvement of properties located in urban areas and to further orderly community development.
- (4) To make public the purposes and procedures of this Program.

**Section 3**     **Definitions**

- (1) "Basic Property Insurance" shall mean, in addition to any and all coverages specifically enumerated in R.I. Gen. Laws § 27-33-10, insurance against direct loss to property as defined and limited in standard fire policies in (1) extended coverage; (2) vandalism and malicious mischief; (3) [broad and special form dwelling coverage commonly referred to as DP-2 and DP-3](#); (34) sprinkler leakage endorsements thereon; (45) homeowners package coverage on owner-occupied habitational risks for one to four families, and for homeowners tenants forms; (56) the liability coverages for one to four family owner and non-owner occupied dwellings, either as a personal liability endorsement to a dwelling property policy or as a "stand alone" dwelling liability policy; and (67) lead liability insurance for any pre-1978 residential rental property, either by endorsement to a homeowners or dwelling liability policy or as a "stand alone" lead poisoning liability insurance policy. It shall not include automobile or farm risks, with the exception of lead liability coverage as a "stand alone" policy for farmowners dwellings.
- (2) "Commissioner" means the [Insurance Commissioner of the State of Rhode Island](#); [Director of the Department of Business Regulation](#) or his or her designee.
- (3) "Insurer" shall mean any insurance company or other organization licensed to write, and writing property or liability insurance business, including the property and liability components of multi-peril policies, on a direct basis in this state who is a member of the Rhode Island Joint Reinsurance Association.

- (4) "Producer" means licensed insurance producer, as defined in R.I. Gen. Laws § 27-2.4-1 *et seq.*
- (5) "Program" means the Basic Property Insurance Inspection and Placement Program as set forth in this Regulation.
- (6) "Premiums Written" shall mean gross direct premiums written during the most recent calendar year for which data is available, as determined by the Association, with respect to property in this State on all property and liability policies (excluding "Flood", as written by the National Flood Insurance Program), including all homeowners policies and the fire, other allied lines and liability components of all dwelling policies and commercial multi-peril policies, as computed by the Association, less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portion of premium deposits.
- (7) " Rhode Island Joint Reinsurance Association" and the "Rhode Island FAIR Plan" (Fair Access to Insurance Requirements), and the "Association" shall be considered synonymous and herein referred to as the Association and means the organization formed by Insurers to administer this Program herein set forth.

**Section 4** ~~FAIR Plan Business~~ *Inspection and Reports*

- (1) Any applicant may submit to the Association directly or through a licensed Producer designated by the applicant a completed application for a property inspection and insurance coverage or for immediate certification insurance coverage on a form prescribed by the Association, specifying the requested effective date for such coverage.
- (2) The Association shall have the right to inspect any property, on which immediate coverage is not requested, before accepting or declining coverage, provided that the Association may decline coverage if the application discloses that the property or applicant fails to meet the underwriting standards and other requirements of this Program, as set forth in this Regulation, without the need for an inspection.
  - (a) The inspection shall be scheduled promptly and shall cover the construction, maintenance, materials and occupancy characteristics of the property and any other conditions, which increase the risk of loss or render it uninsurable. Photographs may be taken during the inspection to document observable conditions.
  - (b) Except as provided in this Section, when the inspection is completed the Association shall accept or reject the application. If the application is rejected, the Association shall notify the

applicant and Producer in writing of its reasons and shall provide to the applicant and Producer a copy of the Inspection Report, without charge, upon request. If the application is conditionally declined, the Association shall also give the applicant an opportunity to correct any physical conditions indicated on the written notification before making the declination final.

- (3) When a completed application for immediate coverage is submitted, and approved, the Association shall accept or reject the application without first performing an inspection, and, if accepted, issue a policy of Basic Property Insurance under this Program. The Association shall have the right to limit the amount of lead liability coverage provided to an applicant under the immediate coverage procedure.
  - (a) The inspection shall be scheduled promptly and shall cover the construction, maintenance, materials and occupancy characteristics of the property and any other conditions, which increase the risk of loss or render it uninsurable. Photographs may be taken during the inspection to document observable conditions.
  - (b) If the inspection reveals conditions which make insurance coverage with the Plan unavailable pursuant to the Underwriting Standards detailed in Section 8 of this Regulation, the Association shall notify the applicant/insured and the Producer in writing of the conditions rendering the property ineligible and shall provide to the applicant/insured and Producer a copy of the Inspection Report, without charge, upon request, and shall give the applicant/insured an opportunity to correct the condition before canceling the policy.
- (4) The owner of any building or condominium unit or any tenant seeking insurance coverage shall provide full access to the property, upon request by the Association, for purposes of a physical inspection.
- (5) The inspection will be without cost to an applicant.
- (6) The manner and scope of the inspection shall be prescribed by the Association.

## **Section 5**      *Provisional Binders*

To prevent lapses of insurance coverage for risks eligible under this Program before coverage has been made available or declined, a provisional binder affording the insurance requested, subject to all provisions of this Program, including but not limited to a subsequent inspection of the property and compliance with the underwriting standards and other Program requirements, will be automatically issued if:

- (1) Through no fault of the applicant, coverage has not been either offered or denied within twenty (20) calendar days after the date the request for inspection was received by the Association; and
- (2) The applicant, at the time of requesting the inspection or at any time prior to the receipt of a written statement indicating that the property is uninsurable, pays the estimated annual premium or deposit premium.

The Association shall thereafter promptly conduct an inspection of the property as provided in Section 4 above and may decline to continue or cancel any provisional coverage, unless the applicant corrects any conditions which increase the risk of loss or render the property uninsurable under this Program. Coverage provided under this Provisional Binder provision shall be at the rates approved by the Commissioner for the class of property to be insured, exclusive of any surcharge, but shall be subject to an appropriate premium adjustment, if necessary, after the property has been inspected.

**Section 6**      **Limits of Coverage and Deductibles**

- (1) Limits of coverage shall be established in rules adopted by the Governing Committee subject to approval by the Commissioner.
- (2) Standard and percentage deductibles, percentage participation clauses, and other underwriting devices may be imposed by the Association on any commercial, or non-owner occupied residential risk to meet special problems of insurability. In addition, the Association may require large or special deductibles on a “consent to rate basis” subject to approval by the Commissioner.
- (3) The Association may impose deductibles on all other risks only if there has been excessive loss frequency and the applicant has failed to take reasonable steps to correct any situation which has given rise to past losses. The deductibles used by the Association will either be those approved by the Commissioner for use by all insurers or those specifically approved by the Commissioner for the Association. The Association may impose other deductibles with the approval of the Commissioner.
- (4) No applicant shall be eligible to obtain lead liability limits in excess of the amount of the applicant’s general liability limits, subject to the further restriction that an applicant may not obtain lead liability coverage above the maximum limits established by the Governing Committee and approved by the Commissioner. Additionally, an applicant who does not produce valid and in force Prima Facie Evidence of Compliance issued pursuant to R.I. Gen. Laws § 42-128.1-9 may obtain less lead liability coverage than the amount of insurance offered by the Association, provided however that such an applicant shall not be entitled to an amount

of insurance that is less than the minimum limits offered by the Association.

**Section 7**      **Policy Issuance/Declination**

- (1) Upon approval by the Association of an application for coverage, or renewal of coverage, and upon receipt by the Association of the full amount of the required premium, (or if the applicant chooses an approved installment payment plan, the full amount of the deposit premium) in cash, or by personal check, certified check, bank check, money order, postal money order, or the check of a licensed lending institution, the Association shall issue a policy in accordance with Section 10.
- (2) Applications for coverage shall be declined where the property fails to meet reasonable underwriting standards of the Association as set forth in Section 8 below or other requirements of the Association or this Program.
- (3) In the event of declination, the applicant shall be furnished a written statement of the conditions which make the property uninsurable and the measures, if any, which if taken would make the property insurable, or a written statement of any other reasons for declination. The applicant shall also be informed of his or her right to appeal such determination by the Association and be advised of the means whereby such an appeal may be initiated in accordance with Section 13 of this Regulation.

**Section 8**      **Reasonable Underwriting Standards**

- (1) In determining whether or not to accept the risk, the Association shall follow reasonable underwriting standards which shall include, but not be limited to, the following:
  - (a) The right to decline or cancel insurance because of the physical condition of the property, such as its construction, heating, wiring, evidence of unrepaired damage or general deterioration (however, the mere fact that a property does not satisfy all current building code specifications would not, in itself, justify declining the risk);
  - (b) The right to decline or cancel insurance because of the present use or housekeeping of the property, such as abandonment, vacancy, overcrowding, excessive rubbish or improper storage of flammable materials;
  - (c) The right to decline or cancel insurance because of other specific characteristics of ownership, condition, occupancy, or maintenance which are violative of law or public policy and which result in unreasonable exposure to loss;

- (d) The right to decline or cancel insurance on buildings in which any one of the following exists:
1. Failure to pay real estate taxes on the property after the taxes have been delinquent for one (1) year or more (real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien, so long as a grace period remains under local law during which such taxes may be paid without penalty);
  2. Failure, within the insured's control, to furnish heat, water, sewer services or public lighting for thirty consecutive days or more;
  3. Failure within a reasonable time to correct conditions dangerous to life, health or safety.
- (e) The right to decline or cancel insurance on property:
1. Where, because of physical conditions, there is an outstanding demolition order, outstanding order to vacate or which has been declared unsafe or uninhabitable in accordance with law;
  2. Where fire damage exists and the owner has not taken reasonable steps to protect and secure the property;
  3. Where, following a fire, permanent repairs have not commenced within sixty (60) days after satisfactory adjustment of loss; or
  4. Where fire damage exists and the insured has stated or such time has elapsed as clearly indicates that the damage will not be repaired.
- (f) The right to decline or cancel insurance where the applicant is in arrears in the payment of insurance premiums to a licensed Producer or insurer for the types of coverage which are offered by the Association;
- (g) The right to decline or cancel insurance on any building where it is vacant or where sixty five percent (65%) of the building is unoccupied, unless the building is undergoing rehabilitation. Upon request, the Association must be provided with a schedule for such rehabilitation;

- (h) The right to decline or cancel insurance on any building which has been abandoned or where there has been removal of fixtures or salvageable material from the building and the owner can give no reasonable explanation for such removal;
  - (i) The right to decline or cancel insurance where reliable information is secured indicating that the property will be burned for the purpose of collecting insurance on the property;
  - (j) The right to decline or cancel insurance where the applicant, insured, mortgagee, loss payee, or any other person having a financial interest in the property is convicted or where an unresolved indictment for the crime of arson or for a crime involving a purpose to defraud an insurance company exists;
  - (k) The right to decline or cancel insurance where the property has been subject to more than two (2) fires, each loss amounting to one percent (1%) of the insurance in force, in any twelve (12) month period; or more than three (3) such fires in any twenty four (24) month period, provided that the cause of such fires is due to conditions which are the responsibility of the owner-named insured;
  - (l) The right to decline or cancel insurance in those instances where the Association has information which indicates that a moral hazard exists.
- (2) The Association shall not decline or cancel any risk for reasons of neighborhood or area location or any environmental hazard beyond the control of the property owner.
- (3) Reasonable underwriting standards with respect to any liability insurance policy form or endorsement offered by the Association and Section II of homeowners insurance shall include the general standards and, in addition, shall include, but not be limited to, the following:
- (a) Hazardous physical conditions including, but not limited to, unfenced swimming pools;
  - (b) Presence of vicious animals;
  - (c) Excessive loss frequency when the applicant has failed to take reasonable steps to correct any situation which has given rise to past losses.

- (4) The Association shall have the right to decline or cancel, non-renew or withdraw lead liability coverage of residential rental property owners who are ineligible for such coverage in accordance with Section 10 of Insurance Regulation 101, as follows:
  - (a) A residential rental property owner who fails to remediate lead violations which occur after June 30, 2004 on any property within ninety (90) days of the issuance of a notice of violation.
  - (b) A residential rental property owner who owns only one (1) property and has more than one (1) unremediated dwelling unit at which a child was poisoned prior to July 1, 2004.
  - (c) A residential rental property owner who owns two (2) or more properties and has more than two (2) unremediated dwelling units at which a child was poisoned prior to July 1, 2004.
- (5) The right on the part of the Association to apply by endorsement in accordance with the waiver provisions of the statutory standard fire insurance policy of the State of Rhode Island a "Modern Materials" provision which would permit repairs with modern materials, not necessarily those of like kind and quality, provided the structure's integrity, utility and value are not impaired, and that the policyholder declines to insure the risk to its replacement cost value or a percentage thereof as required to qualify for coverage under the special loss settlement endorsement.

**Section 9**      **Participation of Member Companies**

- (1) The Association may purchase reinsurance including catastrophic coverage.
- (2) Each Insurer shall participate in the writings, expenses, profits, if any, and losses of the Association in the same proportion as its Premiums Written bear to the aggregate Premiums Written by all Insurers in this Program.
- (3) The Governing Committee, acting on behalf of the Association, shall be authorized to make a preliminary assessment upon all Insurers and such further assessments as may be deemed necessary, with respect to any policy year.
- (4) The Association shall distribute to the Commissioner and to each insurer its calculation of the insurer's participation ratio for each policy year. The insurer shall notify the Association in writing within thirty (30) days from the date of mailing by the Association of any objection it may have to such calculation. If the Association does not receive any objection within such

thirty (30) day period, the calculation shall be binding upon the insurer. Until the Association has received the necessary data to calculate a participation ratio for any year, it may use the participation ratio calculated for the prior policy year on a provisional basis, but shall adjust any assessments made on the basis of such provisional ratios when final participation ratios for the year are calculated.

**Section 10**     **Authority to Issue Policies on Behalf of Members**

- (1) The Association shall be authorized (a) to issue policies or certificates of insurance in the name of the Association for risks found insurable by the Association under this Program and (b) to provide for the investigation and adjustment of claims, defense of policyholders, payment of losses and all such other functions as are usual in servicing the insured under such policies, and (c) to otherwise incur expenses consistent with the goals of this Program and the interests of the Association, its members, and its insureds. Each insurer irrevocably designates the Association as its agent in carrying out such functions.
- (2) Each insurer shall be a direct insurer under each policy or certificate of insurance issued by the Association during any calendar year to the extent of its participation for that year as determined in accordance with Section 9 of this Regulation. Liability of each insurer shall be several, each for itself, and not joint, and no insurer shall be liable under any such policy or certificate for the liability of any other insurer thereunder, except as provided in Article VII of the Articles of Agreement in case of the insolvency of a insurer.
- (3) The Governing Committee shall from time to time designate in writing one or more persons to act as attorney-in-fact for all companies to execute policies on behalf of the insurers. No policy or certificate of insurance shall be affected or invalidated by any change of the attorney-in-fact who, at the time such policy or certificate of insurance was issued, shall have duly acted pursuant to the powers in him or her then vested. Any policy or certificate of insurance issued pursuant to this Section may be executed on behalf of the insurers by any attorney-in-fact appointed hereunder, and each insurer agrees to be bound thereby to the extent of its participation in the writings of the Association, as determined under Section 9 of this Regulation.

**Section 11**     **Rates and Forms**

- (1) All policies shall be for Basic Property Insurance on standard policy forms and shall be issued for a term of one year.

- (2) The Association shall use such forms and rules consistent with this Program, as may be filed by or on its behalf and approved by the Commissioner.
- (3) (a) Premiums for policies shall be calculated in accordance with classifications, rates and rating plans filed by or on behalf of the Association and approved by the Commissioner. The Commissioner shall approve rates filed by the Association based upon the standard that the rates shall not be excessive, inadequate or unfairly discriminatory, giving due consideration to the past and prospective loss and expense experience for Basic Property Insurance, written in this state, trends in the frequency and severity of losses, the investment income of the FAIR Plan and such other information as the Commissioner may require. All rates shall be calculated to be self-supporting consistent with sound actuarial principles. Rates for Basic Property Insurance shall be approved by the Commissioner, notwithstanding any limits on rate approval authority. Nothing in this section shall be deemed to affect the duty of licensed insurers in the State of Rhode Island to participate, as needed, on a direct basis, in this Program pursuant to R.I. Gen. Laws §§ 27-33-2 and 27-33-11 and any rules and regulations promulgated thereunder, and to pay their proportionate share of losses and expenses incurred by this Program upon assessment by the Program. [The cost of any rate filing subject to a public hearing shall be borne by the Association and assessed to insurers based upon their proportional share of premiums unless otherwise ordered by the Commissioner.](#)
- (b) In addition to the above, rates for lead poisoning liability coverage shall also be subject to the standards set forth in R.I. Gen. Laws §42-128.1-9(e).
- (4) Return premium on all policies shall be calculated on a pro-rata basis, effective as of the date of cancellation of the policy.

**Section 12** [\*\*\*Cancellation and Nonrenewal\*\*\*](#)

- (1) All Insurers participating in this Program and the Association on their own business shall give thirty (30) days notice prior to cancellation or non-renewal of any risk eligible under this Program except in the following cases:
- (a) Owner or occupant incendiarism;
- (b) Material misrepresentation;

- (c) Non-payment of premium;
- (d) At least sixty five percent (65%) of the rental units in the building are unoccupied, and the insured has not obtained prior approval from the participating Insurer or the Association of a rehabilitation plan which necessitates a high degree of unoccupancy;
- (e) Loss or damage exists and the insured has stated or such time has elapsed as clearly indicates that the damage will not be repaired;
- (f) Following a loss, permanent repairs following satisfactory adjustment of loss have not commenced within sixty (60) days;
- (g) Property has been abandoned or there has been removal of undamaged salvageable items from the building and the insured can give no reasonable explanation for such removal;
- (h) Utilities such as electric, gas, or water services have been disconnected and the insured has failed to pay his account for such services within one hundred twenty (120) days, or real estate taxes have not been paid for a two (2) year period after the taxes have become delinquent (real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien, so long as a grace period remains under local law during which such taxes may be paid without penalty).
- (i) Where reliable information that good cause exists to believe that the building will be burned for the purpose of collecting the insurance on the property;
- (j) Conviction or unresolved indictment of a named insured or loss payee or any other person having a financial interest in the property of the crime of arson or crime involving a purpose to defraud an insurance company;
- (k) Where the building has been subject to more than two (2) fires, each loss amounting to at least one percent (1%) of the insurance in force in any twelve (12) month period; or more than three (3) such fires in any twenty four (24) month period, provided that the cause of such fires is due to conditions which are the responsibility of the owner-named insured;
- (l) Any reason which would have been grounds for declination of the risk under Regulation 15 if such reason had been known or had been present at the time of acceptance and becomes known or present during the policy period.

- (m) Any reason which renders a residential rental property owner ineligible for lead liability coverage under Section 10 of Insurance Regulation 101 shall be grounds to cancel or non-renew a policy which provides lead liability coverage, as follows:
  - (1) A residential rental property owner who fails to remediate lead violations which occur after June 30, 2004 on any property within ninety (90) days of the issuance of a notice of violation.
  - (2) A residential rental property owner who owns only one (1) property and has more than one (1) unremediated dwelling unit at which a child was poisoned prior to July 1, 2004.
  - (3) A residential rental property owner who owns two (2) or more properties and has more than two (2) unremediated dwelling units at which a child was poisoned prior to July 1, 2004.
- (2) When a policy is cancelled or non-renewed, other than for non-payment of premiums or the insured's having obtained substitute coverage or if the policy had been issued through the Association, the insurer shall notify the insured and the insured's producer, if any, of possible eligibility for insurance through the Association. Such notice shall accompany or be included in the cancellation or non-renewal notice. The notice must be clearly identifiable by the insured. The notice must provide information on how to contact the Association, including address and telephone number(s), including a toll free number, and, alternatively, to contact a licensed insurance producer for assistance in obtaining coverage through the Association.
- (3) Any cancellation upon less than thirty (30) days notice arising out of any of the conditions listed above of this section shall follow a procedure which includes as a minimum, notification to the insured by the Association of the cancellation, with a copy to the Commissioner, giving the reasons for the action and setting forth the insured's right to appeal to the Commissioner for review of the cancellation. The cancellation shall stand unless the Commissioner rules otherwise.

**Section 13**    **Right of Appeal**

Any applicant for insurance and any person insured under this Program may appeal to the Governing Committee within fifteen (15) days after mailing of notice of any final underwriting ruling, action, or decision of the Association. The Governing Committee shall issue its decision without undue delay. Any decision of the Committee

may be further appealed to the Commissioner within thirty (30) days. Orders of the Commissioner shall be subject to judicial review pursuant to R.I. Gen. Laws § 42-35-15.

**Section 14**    **Commissions**

- (1) Commissions to the licensed Producer designated by the applicant shall be set by the Governing Committee with approval of the Commissioner.
- (2) In the event of cancellation of a policy, or if an endorsement is issued which requires premium to be returned to the insured, the Producer shall refund ratably to the Association commissions on the unearned portion of canceled liability and on reductions in premiums at the same rate at which such commissions were originally paid.
- (3) All Insurers shall solicit the cooperation of their agents with this Program and no Producer shall be penalized for submitting risks to the Association.

**Section 15**    **Coding and Reports**

- (1) Business written pursuant to this Program shall be regarded as a separate kind or class of business for statistical purposes and shall be separately coded.
- (2) The Association shall submit periodic reports to the Commissioner, as the Commissioner may request, setting forth the number of requests for inspection, the number of risks inspected, and the results of inspections by the Association together with such other information as the Commissioner may request.
- (3) The Association shall submit annual reports to the Commissioner in accordance with and setting forth the information required under Insurance Regulation 101(9)(C).

**Section 16**    **Administration**

- (1) This Program shall be administered by a Governing Committee (hereinafter referred to as the Committee), subject to the supervision of the Commissioner.
- (2) The Governing Committee shall consist of eighteen (18) members. Ten members of the Committee shall be Insurers, at least two (2) of which shall be domestic Insurers. These members shall be elected annually by cumulative voting of the Insurers of the Association whose votes shall be weighed in accordance with the proportion that each Insurer's Premiums Written in the state during the most recent calendar year for which data is available bears to the aggregate premiums written by all Insurers in this

Program. Not more than one (1) Insurer in a group under the same management or ownership shall serve on the Committee at the same time. Six (6) members of the Governing Committee shall be individuals who are not employed by or otherwise affiliated with Insurers, Producers or other entities of the insurance industry. These members shall be appointed annually by the Chair of the Committee. The Committee shall also include two (2) members who shall be licensed resident fire and casualty Producers in the State of Rhode Island. Both of the aforementioned licensed fire and casualty Producers shall be appointed by the Independent Insurance Agents of Rhode Island.

**Section 17**     **Annual and Special Meetings**

- (1) Meetings -- The annual meeting of the Insurers for the election of the Committee and such other business as may be necessary shall be held in the State of Rhode Island on a date fixed by the Governing Committee. At any regular or special meeting at which the vote of the Insurers is or may be required on any proposal, voting may be in person or by proxy. Voting at regular or special meetings, or any vote of the Insurers which may be taken by mail, shall be cast and counted on a weighted basis in the same proportion as each Insurer's Premiums Written bear to the aggregate Premiums Written by all Insurers in this Program. Notice of meetings of the Insurers shall be given by the Secretary and shall state the time, date and place and the principal purposes thereof. Such notice may be given to the Insurers by electronic mail or any other reasonable widely used electronic format or by regular US Postal mail.
- (2) As soon as practicable after election to membership on the Committee, and thereafter from time to time as it may elect, an Insurer shall designate a qualified representative and an alternate of such representative to serve for it and shall immediately notify in writing the Manager of the Association of such designation.
- (3) Officers -- The Committee shall elect a Chair, Vice Chair, Secretary, Treasurer, and Manager.
  - (a) The Chair shall preside over all meetings of this Committee and at all meetings of the Insurers which are Members of the Rhode Island Joint Reinsurance Association. The Chair shall discharge such other duties as may be incidental to his office or as shall be required by these rules or by the Committee.
  - (b) The Vice Chair shall preside at any meeting of the Committee in the absence of the Chair. In the event of death, incapacity, or disability of the Chair, the Vice Chair shall perform the duties of the Chair until such office has been filled by the Committee.

- (c) The Secretary shall issue all notices of meetings, record minutes of all meetings, keep the records of the Committee, and discharge such other duties as may be incidental to the office or as shall be required by these rules or by the Committee.
  - (d) The Treasurer shall discharge such duties as may be incidental to the office or as shall be required by these rules or by the Committee.
  - (e) The Manager shall discharge such duties as may be incidental to the office or as shall be required by these rules or by the Committee.
- (4) Special Meetings -- Special Meetings of the Committee or of the Insurers may be held upon the call of the Chair or in the event of resignation, death, or incapacity, upon the call of the Vice Chair. Any six (6) members of the Committee, acting by their designated representatives, may request the Chairman to call a meeting of the Committee and any six (6) Insurers may request the Chair to call a meeting of the Membership at such time and place and for such purposes as may be set out in writing in such request. Should the Chair decline to call such meetings, the same may be called by the six (6) members making the request. Such special meetings may be held at the principal office of the Association or at such other place within or without the State of Rhode Island as may be designated in the call.
- (5) Notices of Committee Meetings -- Notices of all Committee meetings shall be given by the Secretary to the members of the Committee and to the Insurers, and shall state the time and place and the principal purposes thereof, in order to legally constitute the meeting, provided a majority of the designated representatives of the Insurers shall be present at such meeting. Such notices may be given to the members of the Committee by electronic mail or any other reasonable widely used electronic format or regular US postal mail, and in the case of Insurers directed to the attention of the designated representatives of the Insurers and shall be sent or mailed at least ten (10) days in advance of the meeting. Any Insurer or the designated representative of any Insurer may waive notice of any meeting, and the presence of such representative at any meeting shall constitute a waiver of notice as to such Insurer.
- (6) Advance Agenda -- The Secretary, after consultation with the Chair, shall prepare in advance of each meeting of the Committee and each meeting of the Insurers an agenda which, with such supporting data and information as may be conveniently assembled, shall be forwarded to the members of

the Committee or their designated representatives or to the Insurers, as the case may be, in advance of any such meeting.

- (7) Committees -- Subject to the Articles of Agreement, the Chair of the Committee may appoint or the Committee may elect such standing committees or such temporary or special committees as may be deemed necessary for the transaction of its business.
- (8) Ex-Officio Members -- The Chair of the Committee shall be an ex officio member of all standing or special committees, with right to vote.
- (9) Voting by Committee – Every committee member shall have one (1) vote. Any matter submitted to the Committee shall be carried if it is voted in the affirmative by a majority of the committee members present at a meeting or attending by teleconferencing, provided at least a quorum is participating. Committee voting shall be permitted only by the designated representatives or alternates of the committee members and by the public committee members and Producer committee members in person at a meeting of the Committee, by teleconference or by mail, in accordance with this Section. Voting by mail is permitted, provided that any matter submitted for a mail vote shall carry only if it is voted in the affirmative by a majority of the total number of committee members and receives no negative vote.

**Section 18**     **Duties of the Committee**

- (1) The Committee shall meet as often as may be required to perform the general duties of the administration of the Association. Ten (10) members of the Committee shall constitute a quorum.
- (2) The Committee shall be empowered: to appoint or otherwise contract for the services of a Manager; to budget expenses; to levy assessments including preliminary assessments provided herein, or necessary or incidental to the administration of this Program.
- (3) Annually the Manager shall prepare an operating budget which shall be subject to approval of the Committee.
- (4) The Committee shall furnish to all Insurers and to the Commissioner a written report of operations annually in such form and detail as the Committee may determine.

**Section 19**     *Installment Payment Plan*

The Association may offer applicants, on a nondiscriminatory basis, the option to pay premiums on an installment payment plan, consistent with plans offered to insureds in the voluntary market, as approved by the Commissioner.

**Section 20**     *Public Education*

The Association, on behalf of all Insurers shall undertake a continuing public education program, in cooperation with the Producers, to assure that this Program receives adequate public attention.

**Section 21**     *Termination of the Program*

This Program shall not be terminated without a two-thirds vote of the majority of the entire membership and the written consent of the Commissioner, and only after repeal of R.I. Gen. Laws § 27-33-1 *et seq.* by the Rhode Island General Assembly. Any obligations insured by the Association shall not be impaired by the expiration of this Program and the Association shall be continued for the purpose of performing its obligations to administer this Program. Any vote to terminate this Program shall specify an effective date on which the Association shall cease writing policies, but the Association shall continue in existence for as long as the Governing Committee shall determine necessary in order to settle claims, carry out its obligations to policyholders and wind up its affairs. The termination of the existence of the Association shall not relieve the Members of their obligations to the Association or among themselves, but such obligations shall continue until the affairs of the Association are finally wound up and all funds are distributed and assessments paid.

**Section 22**     *Severability*

If any provision of this Regulation or the application thereof to any person or circumstances is held invalid or unconstitutional, the invalidity or unconstitutionality shall not affect other provisions or applications of this Regulation which can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this Regulation are severable.

**Section 23**     *Effective Date*

This Regulation became effective on October 29, 1968 and the effective date of all amendments to this Regulation are as set forth below.

EFFECTIVE DATE:	October 29, 1968
AMENDED:	October 15, 1970
	July 14, 1971
	September 1, 1972

October 1, 1973  
September 23, 1975  
May 11, 1979  
August 14, 1980  
March 5, 1981  
October 25, 1977  
November 8, 1982  
January 2, 2002  
July 1, 2004  
March , 2009

REFILED:  
AMENDED:  
AMENDED: