

**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 § 27-7-2.1, 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 10 – Uninsured and Underinsured Motorist Coverage.

The purpose of this amendment is to clarify the requirements for uninsured and underinsured motorist coverage in Rhode Island insurance policies.

The proposed amended regulation and concise summary of non-technical amendments are available for public inspection at www.dbr.ri.gov, in person at Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, or by email edwyer@dbr.ri.gov 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 to Elizabeth Kelleher Dwyer, Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, edwyer@dbr.ri.gov. A public hearing to consider the proposed amendment shall be held on June 19, 2012 at 10:00 am at 1511 Pontiac Avenue, Cranston, Rhode Island 02920 at which time and place all persons interested therein will be heard.

All are welcome at the Rhode Island Department of Business Regulation ("DBR"). If any reasonable accommodation is needed to ensure equal access, service or participation, please contact DBR at 401-462-9551, RI Relay at 7-1-1, or email directorofficeinquiry@dbr.ri.gov at least three (3) business days prior to the hearing.

Paul McGreevy
Director, Department of Business Regulation

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Concise Summary of Proposed Non-technical Amendments
to
Insurance Regulation Number10

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 1 is amended to clarify the authority of the Department.
2. Section 2 is added to provide a purpose section to the regulation.
3. Section 3 is added to provide definitions of “bodily injury”, “liability limits”, “policy”, “signature” and “writing.”
4. Section 4 is rewritten to provide clarity to the requirement for uninsured motorist coverage.
5. Section 5 is rewritten to provide specific direction on the rejection of uninsured motorist coverage.
6. Section 8 is amended to remove table rating of uninsured motorist property damage and substitute a rating system based on actual experience.
7. Section 9 is added to include the provisions of R.I. Gen. Laws §§ 27-10-2 and 27-10.3-1 in the regulation.
8. Section 10 is added to provide a severability section.
9. Section 11 is added to clarify the effective date of the changes
10. Exhibit A is added to provide a form of notice to be utilized in the rejection of uninsured motorist coverage.

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance

~~233 Richmond Street~~1511 Pontiac Avenue
Providence Cranston, RI 0290302920

INSURANCE REGULATION 10

**~~AUTOMOBILE LIABILITY INSURANCE:
UNINSURED AND UNDERINSURED MOTORIST COVERAGE;
RATES FOR PROPERTY DAMAGE CAUSED BY COLLISION~~**

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Section 1 *Authority*

~~The following~~ regulation is ~~hereby~~ promulgated in accordance with R.I. Gen. Laws §§ ~~42-35-3 and 27-7-2.1, 27-10-13, 27-10.3-1, (a) 42-14-17 and 42-35-3.~~ Upon the effective date of this Regulation, existing Regulation X with respect to Automobile Liability Insurance; Uninsured Motorist Coverage shall be repealed in its entirety.

Section 2 *Purpose*

The purpose of this Regulation is to implement the requirement of uninsured and underinsured motorist coverage in personal lines motor vehicle liability policies issued in this State.

Section 3 *Definitions*

The definitions set forth in R.I. Gen. Laws § 27-7-2.1 are hereby incorporated into this Regulation by reference. In addition, as used in this Regulation:

- a) “Bodily Injury” shall mean injury, sickness or disease including death caused by damages due to an at fault operator of a motor vehicle.
- b) “Liability Limits” shall mean the limit of liability of the insurance policy coverage of Bodily Injury or Property Damage caused by damages as the result of a motor vehicle accident.
- c) “Policy” shall mean any personal lines contract or agreement of insurance delivered or issued for delivery in this state by or on behalf of any insurer licensed in this state.
- d) “Signature” shall include electronic signatures if the parties have agreed to conduct the transaction by electronic means in accordance with R.I. Gen. Laws § 42-127.1-7.
- e) “Writing” shall include electronic writings if the parties have agreed to conduct the transaction by electronic means in accordance with R.I. Gen. Laws § 42-127.1-7.

Section 4 Requirement for Uninsured Motorist Coverage

~~In accordance with the authority vested in the Insurance Commissioner by R.I. Gen. Laws §§ 27-7-2.1(A) and 42-35-3, no personal lines~~ policy insuring against loss resulting from liability imposed by law for bodily injury arising out of the ownership, maintenance, or use of a motor vehicle shall be delivered or issued for delivery in this State with respect to any motor vehicle registered or principally garaged in this State unless Uninsured/Underinsured Motorist Coverage is provided therein or supplemental thereto, ~~in limits for property damage, bodily injury or death in limits set forth in each policy but in no instance less than the limit set forth in R.I. Gen. Laws § 31-31-7 and as hereinafter amended.~~ The insurance company must offer uninsured/underinsured bodily injury liability limits equal to the bodily injury liability limits in the policy. The insurance company must offer uninsured motorist property damage liability limits equal to the property damage liability limits in the policy regardless of what other coverages are selected by the insured.

Section 35 Limits-Rejection of Uninsured Motorist for Coverage Offered

~~Coverage as delineated in Section 2, infra, shall be afforded in an amount equal to the insured's liability limits. If t~~The insured may elects to purchase coverage in an amount less than the bodily injury liability limits in the policy. However, the insured may not elect uninsured/underinsured motorist bodily injury liability limits less than the minimum under R.I. Gen. Laws § 31-31-7, unless the insured has elected to purchase the bodily injury liability minimum liability limits under R.I. Gen. Laws § 31-31-7. Only if the insured has elected to purchase the bodily injury minimum liability limits under R.I. Gen. Laws § 31-31-7, may the insured elect to reduce the uninsured/underinsured motorist bodily injury liability limits to zero.~~or rejects Uninsured/Underinsured Motorist Property~~

~~Damage Coverage, such election and/or rejection must be in writing on a form and/or forms utilized for this purpose. In no event shall the Uninsured/Underinsured Motorist Bodily Injury limits be less than those for financial responsibility as required by statute. With regard to uninsured/underinsured motorist bodily injury, if the insured rejects uninsured/underinsured motorist coverage, that election must be in writing in a form substantially similar to that set forth in Exhibit A to this regulation.~~

With regard to uninsured motorist property damage, the insurance company must offer the same liability limits as are included in the property damage liability limits of the policy, even if collision coverage is provided in the policy. The insured may reject uninsured motorist property damage or select lower liability limits. All rejections of uninsured motorist property damage must be in writing.

The insurance company must notify the insured of the availability of uninsured motorist coverage or increased optional limits any time the policy is renewed, reinstated, substituted, amended, altered, modified, transferred or replaced. A separate notice is not required but the notice must be prominent, clear and in writing.

Section 46 *Results of Selection of Coverage*

If an insured elects Uninsured/Underinsured Motorist liability limits ~~which that~~ are less than the liability limits or rejects Uninsured/~~Underinsured~~ Motorist Property Damage Liability coverage, these selections shall be followed and included in any renewal, supplementary, replacement or substitute policy, even if liability limits or insured vehicles are subsequently changed. ~~However, w~~Where the insured elects Uninsured/Underinsured Motorist liability limits equal to the liability limits and the liability limits are later changed, the Uninsured/Underinsured Motorist Liability limits will also change. ~~In all instances, t~~The insured may change any original or subsequent election by notifying the company in writing of his/her desire for such change.

Section 57 *Waiver of Statutory Deductible*

Property damage liability caused by collision shall have the statutory deductible waived:

- a) Where an ~~an automobile~~motor vehicle legally parked and unattended is involved in a motor vehicle accident with an uninsured/~~underinsured~~ owner or operator;
- b) Where an ~~an automobile~~motor vehicle is struck as the result of the operation by an uninsured/~~underinsured~~ motorist driving the wrong way on a one-way street;
- c) Where there is property damage caused by collision to a vehicle struck in the rear by a vehicle owned or operated by an uninsured/~~underinsured~~ motorist; or

- d) Where there is property damage caused by collision when struck by a stolen vehicle.

Section 68 *Rates for Uninsured Motorist Property Damage Liability Coverage Caused by Collision*

In accordance with R.I. Gen. Laws § 27-27-2.1(Ae), rates for Uninsured Motorist Property Damage coverage shall be established by a filing made by the insurer and approved by the Commissioner. The filed rates may not be excessive, inadequate or unfairly discriminatory. the twenty five thousand dollar (\$25,000) rate for Property Damage Liability caused by collision is hereby established at the following levels for vehicles with a cost new valuation of eight thousand dollars (\$8,000) or greater:

Territory 1	\$ 38
Territory 2	\$ 33
Territory 3	\$ 30
Territory 4	\$ 28

~~For vehicles with cost new valuations below eight thousand dollars (\$8,000) or classified as symbol 1-7, the twenty five thousand dollar (\$25,000) rate for this coverage is hereby established as follows:~~

Territory 1	\$ 20
Territory 2	\$ 18
Territory 3	\$ 17
Territory 4	\$ 14

~~For limits of coverage other than twenty five thousand dollar (\$25,000) as elected by the insured for property damage caused by collision, the rate shall be attained by multiplying the applicable valuation and territorial rate as set forth above by the applicable limit factor established below:~~

\$	10,000	-.95
\$	15,000	-.96
\$	20,000	-.97
\$	25,000	-1.00
\$	50,000	-1.13
\$	100,000	-1.18
\$	150,000	-1.23
\$	200,000	-1.25
\$	250,000	-1.27
\$	500,000	-1.33
\$	700,000	-1.38
\$	1,000,000	-1.43
\$	2,000,000	-1.53
\$	3,000,000	-1.58

\$	4,000,000	-1.62
\$	5,000,000	-1.64
\$	10,000,000	-1.69

Section 9 Arbitration

- a) In accordance with R.I. Gen. Laws § 27-10-2 and 27-10.3-1(5) in all policies containing uninsured/underinsured motorist coverage, the provision requiring arbitration of benefits under that coverage must not be placed immediately before the testimonium clause or the signatures of the parties.
- b) If the arbitration provision is in violation of (a) above it may be enforced at the option of the insured, and in the event the insured exercises the option to arbitrate, then the provisions of this chapter shall apply and be the exclusive remedy available to the insured.

Section 10 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 711 Effective dDate

This Regulation and the amendments thereto shall be effective as indicated below. become effective twenty (20) days after filing with the Secretary of State and shall apply prospectively to all applicable policies issued thereafter.

EFFECTIVE DATE:	January 1, 1963
AMENDED:	August 29, 1978
	December 30, 1983
	November 19, 1986
REFILED:	December 19, 2001
<u>AMENDED:</u>	<u>June , 2012</u>

Exhibit A

PURSUANT TO § 27-7-2.1

UNINSURED/UNDERINSURED MOTORIST BODILY INJURY

*** REJECTION NOTICE AND WARNING ***

**THE LAW REQUIRES YOU TO READ THIS NOTICE
FOR YOUR INFORMATION**

In order to make sure that you are aware of the risks of going without uninsured/underinsured motorist bodily injury coverage, the State of Rhode Island **requires** your insurance producer or insurance company to obtain your signature showing that you have read this document and understand this warning, before they are allowed to sell you motor vehicle insurance without uninsured/underinsured motorist bodily injury coverage. **IF YOU CHOOSE NOT TO BUY UNINSURED/UNDERINSURED MOTORIST BODILY INJURY COVERAGE YOU MIGHT HAVE NO MOTOR VEHICLE INSURANCE COVERAGE FOR YOUR OWN INJURIES IF YOU ARE HIT BY AN UNINSURED MOTORIST.** Many motorists will ignore mandatory auto insurance laws, and many motorists passing through from another state will not have insurance. Most uninsured/underinsured motorists do not have assets or money to pay you for your injuries, even if you win a lawsuit against them. Uninsured/underinsured motorist bodily injury coverage may be your only protection.

The Department of Business Regulation of the State of Rhode Island STRONGLY RECOMMENDS that most motorists obtain uninsured/underinsured motorists bodily injury coverage as part of their motor vehicle insurance package.

I have read and I understand this, and I choose not to buy uninsured/underinsured motorist coverage.

<u>Name Insured #1:</u>	<u>Name Insured #2:</u>	<u>Policy/Binder Number and Effective Date:</u>
<u>Signed:</u>	<u>Signed:</u>	
<u>Date:</u>	<u>Date:</u>	

***UNINSURED/UNDERINSURED MOTORIST COVERAGE MAY BE REJECTED ONLY IF MINIMUM LIABILITY LIMITS ARE REQUESTED (25/50).**