



Department of Business Regulation

1511 Pontiac Avenue
Cranston, RI 02920

Insurance Bulletin Number 2004-11

Property & Casualty and Workers' Compensation 2004 Legislative Changes

The following legislative amendments were enacted during the 2004 session of the Rhode Island General Assembly. This information is provided for informational purposes only and may not be an all-inclusive list of amendments that impact the Property & Casualty industry. Insurers should refer to the referenced bills to determine the impact these bills have on the insurer in order to be in compliance with these recent amendments.

S2106/H7423: Rental Vehicle Coverage

Public Laws 04-059/04-054

Effective: June 11, 2004

- Amendments to **R.I. Gen. Laws § 27-8-1(9)**. These amendments repeal the rental vehicle coverage section.
- Amendments to **R.I. Gen. Laws § 27-7-6**. These amendments extend property damage liability coverage of an insured's automobile insurance policy to a rented motor vehicle, under ten thousand pounds (10,000 lbs.), without regard to negligence for a period not to exceed sixty (60) consecutive days.

S2107/H7194: Anti-Arson Application

Public Laws 04-060/04-052

Effective: June 11, 2004

- Amendments to **R.I. Gen. Laws § 27-5-2.1**. These amendments repeal the anti-arson applications section.
- Amendments to **R.I. Gen. Laws § 27-65-1**. These amendments define a "highly protected risk."

S2481/H7710: Motor and Other Vehicles

Public Laws 04-224/04-219

Effective: June 30, 2004

- Amendments to **R.I. Gen Laws § 31-33-6 and § 31-34-4**. These amendments extend the sunset provisions regarding a vehicle owner's liability until July 1, 2005.

S2619/H7325: Inspection at Policy Inception

Public Laws 04-065/04-114

Effective: June 11, 2004/June 17, 2004

- Amendments to **R.I. Gen. Laws § 27-10.1-10**. These amendments allow insurers to waive inspection requirements upon written notice to the Department of Business Regulation. If an insurer chooses to elect waiver, the insurer shall deliver to the Insurance Division a written notice that the election has been made.
- Department Action: The Department has amended [Insurance Regulation 77](#) to address the insurers' ability to waive the inspection process.

S2817/H8168: Form of Standard Policy

Public Laws 04-138/04-140

Effective: June 23, 2004

- Amendments to **R.I. Gen Laws § 27-5-3**. These amendments increase the number of days written notice of cancellation is required, from five (5) to thirty (30) days; written notice of ten (10) days is required for non-payment of premium. The amendments also require the "prompt refund" of excess premium rather than refund on demand.

S2987/H8019: Rental Vehicles

Public Laws 04-392/04-245

Effective: July 5, 2004/July 1, 2004

- Amendments to Section 3 of Chapter 339 of the Public Laws of 1998 as amended by chapter 1-15 of the Public Laws of 2002. These amendments repeal the sunset provisions regarding responsibility of owners of rental vehicles.

S3057/H8438: Commercial Special Risks

Public Laws 04-091/04-320

Effective: June 11, 2004/July 8, 2004

- Amendments to **R.I. Gen. Laws § 27-65-1(e) and § 27-5-2**. These amendments exempt commercial special risks from the standard fire policy provisions.

S3170/H8164: Lead Hazard Reduction Act

Public Laws 04-223/04-221

Effective: June 30, 2004

- Amendments to **R.I. Gen Laws § 23-24.6-17 and § 42-128.1-1 *et seq.***. These amendments delay the implementation of the Lead Hazard Reduction Act (“Act”) to July 1, 2005.
- Department Action: The Department issued [Insurance Bulletin 2004-5](#) addressing issues raised as a result of the delay in implementation of the Act. Insurers should not refile forms, rates or exclusions that were approved for use prior to June 30, 2004. Insurers are not required to withdraw previously approved filings. The law provides that all endorsements, forms and rules that were in effect prior to June 30, 2004 will remain in effect until July 1, 2005 or until the carrier receives approval to use alternative forms, rates or exclusions. The Department will maintain the *status quo* with regard to exclusions. The Department will maintain the moratorium on approval of new exclusions until July 1, 2005. Carriers that did not have approved exclusions prior to June 30, 2004 should continue to write based upon their approved forms. Please see Insurance Bulletin 2004-5 for further information. The Department will be amending [Insurance Regulation 101](#) accordingly.

H8042: Casualty Insurance Rating-Rating for Non-Business Policies

Public Laws 04-481

Effective: July 7, 2004

- Amendments to **R.I. Gen. Laws § 27-9-7.3 and § 27-6-8.1**. These amendments provide for a flex rating system that allows insurers to use rates once filed if the rates fall within a + or – 5% range on a statewide basis.
- Department Action: The Department will soon issue a Bulletin to address filing limitations and requirements under the flex rating law.

H8237: Unfair Competition & Practices. Free Selection of Auto Body Repair

Shop.

Public Laws 04-488

Effective: July 7, 2004

- Amendments to **R.I. Gen. Laws § 27-29-4(15)**. These amendments provide that auto body repair shops may file a written complaint with the Department alleging a violation under subsection (15) if it is accompanied by a statement written and signed by the insured or claimant setting forth the factual basis of the complaint. The insured or claimant must voluntarily appear and testify at any administrative proceedings on the complaint.

- Department Action: The Department issued Insurance Bulletin 2004-2 to clarify insurance companies' obligations pursuant to R.I. Gen. Laws § 27-29-4(15).

Workers' Compensation

S2749/H7870: Relating to Workers' Compensation

Public Laws 04-293/04-273

Effective: July 2, 2004

- Amendments to **R.I. Gen. Laws § 28-29-2, § 28-33-18.3, § 28-33-25, § 28-33-25.1, § 28-36-15 and § 42-35-18**. These amendments make changes to procedures, benefits, insurance and general provisions under Workers' Compensation.

H7872: Relating to Labor Examination of Claimants

Public Laws 04-471

Effective: July 7, 2004

- Amendments to **R.I. Gen. Laws § 28-39-12**. These amendments provide that examinations of claimants receiving benefits must be conducted by a qualified healthcare provider.

Copies of Rhode Island [Insurance Regulations](#) and [Insurance Bulletins](#) are accessible by visiting the Department's website at www.dbr.ri.gov.

Copies of Rhode Island General Laws are accessible by visiting the Secretary of State's website at <http://www.rilin.state.ri.us/statutes/statutes.html>.

Copies of Senate and House Bills are accessible by visiting the General Assembly's website at: <http://dirac.rilin.state.ri.us/BillStatus/webclass1.asp>.

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September 30, 2004