



Department of Business Regulation

Insurance Division

1511 Pontiac Avenue, Bldg. 69-2

Cranston, Rhode Island 02920

Insurance Bulletin Number 2009-8

2009 Legislative Changes

The following legislative amendments were enacted during the 2009 session of the Rhode Island General Assembly. This information is being provided in accordance with R.I. Gen. Laws § 27-71-14(a). This bulletin is being provided for informational purposes only and may not be an all-inclusive list of amendments that impact the insurance industry. Licensees should refer to the bills themselves to determine the impact they have on the licensee. Any person wishing to be included in these annual notifications pursuant to R.I. Gen. Laws § 27-71-14(b) who is not currently on the interested parties list should send an email request to insnotice@dbr.state.ri.us.

Rhode Island Life and Health Guaranty Association

[H5771a](#)

2009 P.L. ch. 158

Effective January 1, 2010

[S0462a](#)

2009 P.L. ch. 1169

Effective January 1, 2010

This legislation was introduced at the request of the Department to update the Rhode Island Life and Health Guaranty Association Act to the most recent version of the National Association of Insurance Commissioners (“NAIC”) Model Act. The updates include clarification that Medicare Parts C & D are not covered by the Act, clarification of a \$300,000 maximum benefit for long term care, increase in annuity maximum benefits to \$250,000, clarification that liquidator may obtain a report of premiums received by the association, clarification as to access to information after an order of liquidation, specifications on reinsurance receivables, clarification of venue for litigation, increase in maximum pro rata assessment, additional requirements to the plan of operation and increase in the automatic stay to 180 days.

Examinations

[H5903](#)

2009 P.L. ch. 302

Effective November 13, 2009

[S0387as amended](#)

2009 P.L. ch. 301

Effective November 4, 2009

This legislation was introduced at the request of the Department to update the insurance examination statute to the current NAIC Model Act. In addition a section was added to clarify the process, procedures and confidentiality requirements for financial analysis of insurance companies.

Consumer Credit Insurance

[H5822a](#)

2009 P.L. ch. 292

Effective February 13, 2010

[S0465a](#)

2009 P.L. ch. 293

Effective February 13, 2010

This legislation was introduced at the request of the Department to update the Rhode Island Credit Life and Credit Accident and Health Acts to the current NAIC Model Act. The legislation expands the types of credit insurance subject to the Departments' oversight and adds consumer protections to those products. The Department will be amending Insurance Regulation 9 to reflect these statutory changes. Insurers are required to review current policy forms and rules to determine if revisions are required to be filed.

Group Life Insurance

[H5826a](#)

2009 P.L. ch. 300

Effective November 13, 2009

[S0463a](#)

2009 P.L. ch. 299

Effective November 13, 2009

This legislation was introduced at the request of the Department to add the NAIC Group Life Insurance standards adopted by most other states to the Rhode Island statutes. Insurers are required to review current policy forms and rules to determine if revisions are required to be filed. Insurers issuing group policies to trusts should review the requirements to ensure that policies comply with the statutory standards.

Insurance Division Omnibus Legislation

[H5773a](#)

2009 P.L. ch. 304 Effective November 13, 2009 and January 1, 2010

[S0667a](#)

2009 P.L. ch. 303 Effective November 13, 2009 and January 1, 2010

This legislation was introduced at the request of the Department to update various provisions of title 27.

The provisions that are effective immediately are:

(1) R.I. Gen. Laws § 27-2-14 has been amended to provide that service of process on the Department as agent for foreign insurance companies may be accomplished by mail or whatever method deemed appropriate by the Department. The Department intends to promulgate a regulation concerning service of process on insurance companies in the near future.

(2) R.I. Gen. Laws § 27-3-38 was amended to give the Department discretion on how to confirm that surplus line insurance taxes have been paid on license renewal. The Department intends to amend Insurance Regulation 11 in the near future.

(3) R.I. Gen. Laws § 27-10-8 was amended to allow the Department to issue emergency adjuster licenses for all lines of insurance in the event of a catastrophe. The Department intends to amend Insurance Regulation 43 in the near future.

The provisions which are effective on January 1, 2010 are:

(1) R.I. Gen. Laws § 27-7-2.5 was amended to require rejection of medical payments coverage to be in writing. The Department intends to amend Insurance Regulation 10 in the near future.

(2) R.I. Gen. Laws § 27-20.1-5 was amended to place nonprofit dental service corporations on the same examination schedule as all other insurers.

(3) R.I. Gen. Laws § 27-29-13.2 was amended to provide additional information on short rated policies. For short rate cancellation provisions, insurers are required to review current policy forms and rules to determine if revisions are required to be filed.

(4) R.I. Gen. Laws § 27-29-13.3 was amended to provide a fraud warning on claim forms and applications for insurance.

(5) R.I. Gen. Laws § 27-34.3-14 was amended to remove a typographical error from the statute. Provisions of this bill that require revised filings will be allowed an administrative implementation extension to March 1, 2010.

The Department acknowledges that it may not be feasible to submit revisions, obtain necessary approvals, and implement these changes for the January 1, 2010 effective date and, therefore, provisions of this legislation that require revised filings will be allowed an administrative implementation extension to March 31, 2010. This extension does not, in any way, impact the true effective date of the statute for purposes of contract or other claims brought under the insurance contract.

Life Settlements Act

<u>H5199suba as amended</u>	2009 P.L. ch. 195	Effective July 1, 2010
<u>S0229b</u>	2009 P.L. ch. 262	Effective July 1, 2010

This legislation is a comprehensive regulation of Life Settlement transactions based upon the National Conference of Insurance Legislators (NCOIL) Model Act. The legislation bars stranger-originated life insurance practices, requires licensing of life settlement providers and brokers, requires approval of life settlement forms, provides a basis for license suspension or revocation, provides requirements for life settlement contracts, subjects providers to reporting and examination requirements, regulates the advertisement of life settlement contracts, provides for disclosure to owners and insurers, provides requirements of and prohibited practices concerning these transactions and provides remedies and penalties for violations. The Department will be issuing further guidance as to compliance prior to July 1, 2010.

Hurricane Deductibles

<u>H5275suba</u>	2009 P.L. ch. 15	Effective August 1, 2009
<u>S0231suba</u>	2009 P.L. ch. 42	Effective August 1, 2009

This legislation provides that the application of hurricane deductibles will be governed by reports of sustained winds by the national weather service and defines the trigger of deductible in Block Island versus the remainder of the state. Insurance Regulation 110 has been amended to reflect these changes. Insurers are required to submit revised policy forms and rules in accordance with these amendments. Insurers are encouraged to utilize the exact language as provided for in statute to avoid any delay in approvals.

Statute of Limitations

<u>H5970</u>	2009 P.L. ch. 142	Effective July 16, 2009
<u>S0257</u>	2009 P.L. ch. 123	Effective July 16, 2009

This legislation provides a limited 120 day extension of the statute of limitations for some actions against insurers under R.I. Gen. Laws § 27-7-2. The bill is effective for actions pending on July 16, 2009.

Chargeable Loss

<u>H5193a</u>	2009 P.L. ch. 58	Effective January 1, 2010
<u>S0473a</u>	2009 P.L. ch. 78	Effective January 1, 2010

This legislation increases the amount of a chargeable loss for automobile insurance from \$1,000 to \$1,500. Insurance Regulation 25 has been amended to reflect this statutory change. Insurers are required to submit revised policy forms and rules in accordance with these amendments.

Mobile Units

<u>H5893a</u>	2009 P.L. ch. 126	Effective July 16, 2009
<u>S0450aa</u>	2009 P.L. ch. 151	Effective July 16, 2009

Requires that auto body repairs, other than glass repairs and installations or paintless dent repair, be done at a fixed location by a licensee under R.I. Gen. Laws § 5-38-1 *et seq.*

Special Joint Commission to Study the Underground Economy and Employee Misclassification

<u>H6329</u>	Resolution 367	Effective November 13, 2009
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Extended the Special Joint Commission's reporting date to the General Assembly until July 30, 2010, and provides that said Commission shall expire on July 31, 2010.

Rental Networks

[H5453b](#)
[S0548a](#)

2009 P.L. ch. 190
2009 P.L. ch. 209

Effective January 1, 2010
Effective January 1, 2010

Provides for rental of health care provider networks by entities other than insurers.

Nurse Practitioners

[H5537a](#)

2009 P.L. ch. 351

Effective January 1, 2010

Requires that all health insurance contracts provide coverage for treatment by nurse practitioners.

Dental Contracts

[H5454a as amended](#)
[S390a](#)

2009 P.L. ch. 41
2009 P.L. ch. 52

Effective June 18, 2009
Effective June 26, 2009

Provides that a contract between an insurer and dentist may not set fees for services other than those services covered by the insurer.

Small Employer Health Insurance

[H5536a](#)

2009 P.L. ch. 48

Effective January 1, 2010

Limits combined age and gender adjustment factors on renewal of small employer health insurance contracts.

Tobacco Cessation

[H5823b](#)
[S540a](#)

2009 P.L. ch. 187
2009 P.L. ch. 291

Effective January 1, 2010
Effective January 1, 2010

Under the current tobacco cessation benefit statutes, R. I. Gen Laws §§ 27-18-66, 27-19-57, 27-20-53 and 27-41-70, health insurers in Rhode Island are required to provide coverage for nicotine replacement therapy (NRT) when combined with 8 half-hour tobacco cessation counseling sessions. This legislation expands the coverage requirement to include FDA-approved smoking cessation medications, but only when paired with 16 half-hour mandatory counseling sessions. The statutes also give the Office of the Health Insurance Commissioner (OHIC) the ability to redefine tobacco cessation treatments that insurers must cover.

Copies of Rhode Island [Insurance Regulations](#), [Insurance Bulletins](#) and applicable [Rhode Island General Laws](#) are accessible by these links or by visiting the Department's website at www.dbr.state.ri.us. Copies of the [Senate and House bills](#) are accessible by these links or by visiting the Rhode Island General Assembly website at www.rilin.state.ri.us. In light of above amendments, insurers are required to review current policy forms, rules and rates to determine if new and/or revised filings are required and to timely submit such filings in SERFF for the Department's review and approval.

Joseph Torti III
Associate Director and Superintendent of Insurance
November 20, 2009