

**2009 -- S 0473 SUBSTITUTE A**

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LC00985/SUB A  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2009**

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A N A C T

RELATING TO INSURANCE -- CASUALTY INSURANCE RATINGS

Introduced By: Senators Gallo, and DiPalma

Date Introduced: February 25, 2009

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 27-9-4 of the General Laws in Chapter 27-9 entitled "Casualty  
2 Insurance Rating" is hereby amended to read as follows:

3           **27-9-4. Considerations in making of rates -- Cancellation of policy.** -- (a) All rates  
4 shall be made in accordance with the following provisions:

5           (1) (i) Due consideration shall be given to past and prospective loss experience within  
6 and outside this state, to catastrophe hazards, if any, to a reasonable margin for underwriting  
7 profit and contingencies, to dividends, savings, or unabsorbed premium deposits allowed or  
8 returned by insurers to their policyholders, members, or subscribers, to past and prospective  
9 expenses both country wide and those specially applicable to this state, and to all other relevant  
10 factors within and outside this state; provided, that no consideration shall be given to:

11           (A) Any loss or incident involving a bus driver, while in the course of his or her  
12 employment for the Rhode Island public transit authority or private or municipal school bus  
13 companies, in establishing or maintaining that driver's rate respecting the operation of a personal  
14 motor vehicle or vehicles;

15           (B) Any loss or incident involving a law enforcement officer, while in the course of his  
16 or her employment for the state, city, town police departments, or federal law enforcement  
17 agency, in establishing or maintaining that driver's rate respecting the operation of a personal  
18 motor vehicle or vehicles; and

19           (C) Any loss or incident involving a commercial vehicle driver, while in the course of

1 his or her employment, in establishing or maintaining that driver's rate respecting the operation of  
2 a personal motor vehicle(s);

3 (ii) It shall be the responsibility of a commercial vehicle driver to provide his or her  
4 insurance company with proof that the loss or incident took place in the course of employment  
5 while operating a commercial vehicle. For the purposes of this section, a "commercial vehicle"  
6 shall be a motor vehicle with a gross weight in excess of ten thousand (10,000) pounds or a motor  
7 vehicle used for public livery;

8 (2) The systems of expense provisions included in the rates for use by any insurer or  
9 group insurers may differ from those of other insurers or groups of insurers to reflect the  
10 requirements of the operating methods of any insurer or group with respect to any kind of  
11 insurance, or with respect to any subdivision or combination of insurance for which subdivision  
12 or combination separate expense provisions are applicable;

13 (3) Risks may be grouped by classifications for the establishment of rates and minimum  
14 premiums;

15 (4) Rates shall not be excessive, inadequate, or unfairly discriminatory; and

16 (5) In establishing or maintaining an insured's rate or classification respecting the  
17 operation of a personal motor vehicle, any insured sixty-five (65) years of age or older, who  
18 meets the criteria set forth in this section and has not had any chargeable accidents or moving  
19 violations within three (3) years preceding the establishment of the rate of insurance or  
20 classification, shall not be penalized solely by reason of their age.

21 (b) No insurance company shall fail to renew a private passenger automobile policy  
22 because of a loss of occurrence only, unless a chargeable loss occurrence of ~~one thousand dollars~~  
23 ~~(\$1,000)~~ one thousand five hundred dollars (\$1,500) or more than two (2) nonchargeable loss  
24 occurrences, involving the insured, have taken place within the annual policy year.

25 (c) (1) No insurance company shall fail to renew a private passenger automobile policy  
26 solely because the insured has attained the age of sixty-five (65) years or older;

27 (2) Whenever the commissioner of insurance shall have reason to believe that any  
28 insurance company has refused to renew a private passenger automobile policy solely because the  
29 applicant has reached the age of sixty-five (65) years or older, the commissioner shall notify the  
30 company that it may be in violation of this section and in his or her discretion he or she may  
31 require a hearing to determine whether or not the company has actually been engaged in the  
32 practice stated in this subsection. Any hearing held under this section shall in all respects comply  
33 with the hearing procedure provided in the Administrative Procedures Act, chapter 35 of title 42;

34 (3) If after the hearing the commissioner shall determine that the company has engaged

1 in the practice of systematically failing to renew private passenger automobile policies because of  
2 the advanced age of the insured, he or she shall reduce his or her findings to writing and shall  
3 issue and cause to be served upon the company an order to cease and desist from engaging in  
4 those practices. After the issuance of the cease and desist order, if the commissioner finds that the  
5 company has continued to engage in those practices, he or she shall impose upon the company a  
6 fine not to exceed the amount of one thousand dollars (\$1,000) for each separate violation.

7 (4) Any company aggrieved by any order or decision of the commissioner of insurance  
8 may appeal the order and decision to the superior court of Providence in accordance with the  
9 Administrative Procedures Act, chapter 35 of title 42.

10 (d) No insurance group, carrier or company in establishing any premium surcharge or  
11 penalty relative to a specific motor vehicle policy, shall consider any accident or any claim where  
12 any insured covered by that policy is fifty percent (50%) or less at fault.

13 (e) No insurance group, carrier or company shall assess any premium surcharge against  
14 any insured covered by a motor vehicle policy where a property damage claim payment is less  
15 than ~~one thousand dollars (\$1,000)~~ one thousand five hundred dollars (\$1,500).

16 SECTION 2. This act shall take effect on January 1, 2010.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE -- CASUALTY INSURANCE RATINGS

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- 1           This act would prohibit an insurance company from failing to renew a private passenger  
2 automobile policy when a chargeable loss is less than one thousand five hundred dollars (\$1,500).  
3 In addition, this act would prohibit any insurance group, carrier or company from assessing any  
4 premium surcharge against any insured covered by a motor vehicle policy where a property  
5 damage claim is less than one thousand five hundred dollars (\$1,500).  
6           This act would take effect upon passage.

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