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LC02724/SUB A  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2004**

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A N A C T

RELATING TO INSURANCE -- CASUALTY INSURANCE RATING

Introduced By: Representatives Kennedy, and Winfield

Date Introduced: February 24, 2004

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1           SECTION 1. Chapter 27-9 of the General Laws entitled "Casualty Insurance Rating" is  
2 hereby amended by adding thereto the following section:

3           **27-9-7.3. Rating for nonbusiness policies.** – (a) Notwithstanding the requirements of  
4 section 27-9-7, a filing made by an insurer under this section that provides for an overall  
5 statewide rate increase or decrease of no more than five percent (5%) in the aggregate for all  
6 coverages that are subject to the filing may take effect the date it is filed. The five percent (5%)  
7 limitation does not apply on an individual insured basis. No more than one rate filing may be  
8 made by an insurer pursuant to the expedited process provided in this subsection during any  
9 twelve (12) month period, unless a rate filing, when combined with any other rate filing or filings  
10 made by an insurer within the preceding twelve (12) months, does not result in an overall  
11 statewide increase or decrease of more than five percent (5%) in the aggregate for all coverages  
12 that are subject to the filing.

13           (b) Rate filings falling outside of the limitation provided for in subsection (a) of this  
14 section shall be subject to section 27-9-9, unless those filings are other exempt from those  
15 provisions pursuant to another section of the insurance code.

16           (c) A filing submitted pursuant to subsection (a) of this section is considered to comply  
17 with state law. However, if the commissioner of insurance determines that the filing is  
18 inadequate or unfairly discriminatory, he/she shall issue a written order specifying in detail the  
19 provisions of the insurance code the insurer has violated and the reasons the filing is inadequate

1 or unfairly discriminatory and stating a reasonable future date on which the filing is to be  
2 considered no longer effective. An order by the commissioner pursuant to this subsection that is  
3 issued more than thirty (30) days from the date on which the commissioner received the rate  
4 filing is prospective only and does not affect any contract issued or made before the effective date  
5 of the order. For purposes of this act, "unfairly discriminatory" means a rate for a risk that is  
6 classified in whole or in part on the basis of race, color, creed or national origin.

7 (d) No rate increase within the limitation specified in subsection (a) of this section may  
8 be implemented with regard to an individual existing policy, unless the increase is applied at the  
9 time of a renewal or conditional renewal of an existing policy and the insurer, at least thirty (30)  
10 days in advance of the end of the insured's policy period, mails or delivers to the named insured,  
11 at the address shown in the policy, a written notice that clearly and conspicuously discloses its  
12 intention to change the rate. A notice of renewal or conditional renewal that clearly and  
13 conspicuously discloses the renewal premium applicable to the policy shall be deemed to be in  
14 compliance with this subsection.

15 SECTION 2. Chapter 27-6 of the General Laws entitled "Fire and Marine Insurance  
16 Rating" is hereby amended by adding thereto the following section:

17 **27-6-8.1. Rating for nonbusiness policies.** -- (a) Notwithstanding the requirements of  
18 section 27-6-8, a filing made by an insurer under this section that provides for an overall  
19 statewide rate increase or decrease of no more than five percent (5%) in the aggregate for all  
20 coverages that are subject to the filing may take effect the date it is filed. The five percent (5%)  
21 limitation does not apply on an individual insured basis. No more than one rate filing may be  
22 made by an insurer pursuant to the expedited process provided in this subsection during any  
23 twelve (12) month period, unless a rate filing, when combined with any other rate filing or filings  
24 made by an insurer within the preceding twelve (12) months, does not result in an overall  
25 statewide increase or decrease of more than five percent (5%) in the aggregate for all coverages  
26 that are subject to the filing.

27 (b) Rate filings falling outside of the limitation provided for in subsection (a) of this  
28 section shall be subject to section 27-6-11, unless those filings are other exempt from those  
29 provisions pursuant to another section of the insurance code.

30 (c) A filing submitted pursuant to subsection (a) of this section is considered to comply  
31 with state law. However, if the commissioner of insurance determines that the filing is  
32 inadequate or unfairly discriminatory, he/she shall issue a written order specifying in detail the  
33 provisions of the insurance code the insurer has violated and the reasons the filing is inadequate  
34 or unfairly discriminatory and stating a reasonable future date on which the filing is to be

1 considered no longer effective. An order by the commissioner pursuant to this subsection that is  
2 issued more than thirty (30) days from the date on which the commissioner received the rate  
3 filing is prospective only and does not affect any contract issued or made before the effective date  
4 of the order. For purposes of this act, "unfairly discriminatory" means a rate for a risk that is  
5 classified in whole or in part on the basis of race, color, creed or national origin.

6 (d) No rate increase within the limitation specified in subsection (a) of this section may  
7 be implemented with regard to an individual existing policy, unless the increase is applied at the  
8 time of a renewal or conditional renewal of an existing policy and the insurer, at least thirty (30)  
9 days in advance of the end of the insured's policy period, mails or delivers to the named insured,  
10 at the address shown in the policy, a written notice that clearly and conspicuously discloses its  
11 intention to change the rate. A notice of renewal or conditional renewal that clearly and  
12 conspicuously discloses the renewal premium applicable to the policy shall be deemed to be in  
13 compliance with this subsection.

14 SECTION 3. This act shall take effect upon passage.

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

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1           This act would permit insurers to either increase or decrease insurance rates for policies  
2 covering losses or liabilities arising out of ownership of a motor vehicle predominately used for  
3 nonbusiness purposes, and for nonbusiness fire or marine losses or liabilities, by no more than  
4 five percent (5%) without the insurance commissioner's approval at the onset of a new policy  
5 period.

6           This act would take effect upon passage.

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