



AICP New England Chapter “E-Day” April 29, 2016

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DBR Staffing Updates

Elizabeth Kelleher Dwyer, new Superintendent of Insurance and Banking as of 1/2016
Matthew Gendron, new General Counsel - Financial Services as of 3/2016
Rachel Chester is on maternity leave.

Encourage industry to follow us on social media for current news, updates and job opportunities. We posted a number of positions including State Chief Bank Examiner, 2 Insurance Analysts and 4 Insurance Examiner positions.

LinkedIn: Rhode Island Department of Business Regulation/DBR
Twitter: @RIDBRInsurance
Interested Parties List: email dbr.insnotice@dbr.ri.gov to request to be added to IP list
Website: www.dbr.ri.gov

SERFF Filing Contacts for all P&C and WC Filings:

Insurer/Group E-S
Rachel Chester, Principal Insurance Analyst Rachel.chester@dbr.ri.gov 401-462-9604

Insurer/Group All other
Beth Vollucci, Principal Insurance Analyst Beth.vollucci@dbr.ri.gov 401-462-9610

SERFF Filing Issues: Lack of side-by-side or tracked changes, use of stale rate procedural forms, and missing filing fees.

Complaint correspondence: Still receiving some paper/hard copy replies/acknowledgments vs email. Bulletin 2012-3 mandated all responses to DOI electronically.

2016 DBR/Insurance Legislative Package:

H7842/S2785: Interstate Competitiveness (Insurance Corporate Governance and Flood)
Requires insurance companies to annually file with the director a corporate governance disclosure form which contains a summary of the carriers structure, policies and practices. It would also allow private flood insurance to be written in the surplus market without a due diligence affidavit.

Premium Tax proposal:

H8058: An act relating to taxation – **DBR’s Innovative Premium Tax proposal**
This act would amend the insurance premium tax statute to provide for a reduction in the premium tax paid by insurance companies if sufficient specific insurance related jobs are created in Rhode Island to make the reduction revenue neutral
Introduced 4/8/16 referred to House Finance

2016 P&C Bills of Interest:

- H7837 – Prohibits insurers from stopping rental payment until 7 days after vehicle owner receives payment of agreed FMV for total loss.
- S2864/H8044 Creates a regulatory framework for TNC operations
- H7412 /S2315 – Makes refusing to compensate a claimant for loss of use of a rental vehicle an unfair claims practice.
- H7712/S2424 – Authorizes auto dealers to issue guaranteed asset protection coverage without it being regulated as an insurance product.
- H7843 – Regulates auto dealers in the conduct of the business of insurance.
- H7470 – Prohibits use of credit scores, occupation or education level in auto rating.
- H7587 - Prevents an applicant’s credit history in determining auto insurance rates.
- H7252 – Removes exemption to the deceptive trade practices act for DBR regulated businesses.
- H7279 – Bars insurance adjusters and contractors from premises under investigation by the fire marshal until premises are released.
- H7762 – Requires insurance company to reveal limits of liability coverage to a party making claim for personal injury or property damage.

- H7783 – Provides a farm vehicle which is covered by an insurance policy with farm liability coverage meets the minimum insurance requirement for on road use.
- H7321/S2231 – Creates an electronic automobile insurance confirmation/compliance system including use of license plate readers. This bill is schedule for consideration in House Corporations later today.
- H7125/S2011 – Misc. amendments regarding life insurance policy cancellation/conversions, protections for armed force members who fail to maintain auto coverage due to active duty, and requires clear notice of fully earned or minimum earned policies in policies.
- S2228 – Requires the director of business regulation to respond to complaints within 30 days of receipt of insurer’s response.
- H7707/S2600 – Reduces the time a person who stores personal information has to disclose a breach from 45 days to 14 days.
- H7334, H7511 and H8066- A variety proposals to regulate Drones

Enacted 2015 Legislative changes of interest:

DBR Bill- Making Govt. Work: H6179/S0939

Expands RIGL §27-65 to include D&O as commercial special risks/ exempt from rate/form

Auto Body Classifications: H5491Aaa/S783Aaa:

- This legislation created two classifications of Auto Body Repair Facilities and requires that insurers that are subject to the auto body labor rate survey perform separate surveys for each classification. Insurers must establish and report separate labor rates for those facilities and may not use rates from direct repair shops, rates paid as a result of subrogation, rates obtained from a different classification of facility or rates from limited or special use license shops. The Department amended Insurance Regulation 108 effective March 17th incorporating such changes.
- Insurance Bulletin on 1% or > writers will be issued by May 1st. The Classification of A vs B is a fluid process, however, per Insurance Regulation 108 insurers are required to mail questionnaires to “Full Collision Repair Facilities by June 1st

Identity Theft Protection: H5220A/S0134B: To be effective July 2016

This legislation requires that any person or entity that stores, collects, processes, maintains, acquires, uses, owns or licenses personal information about a Rhode Island resident implement and maintain a risk-based security program and take certain steps to safeguard that information.

Motor Vehicle Glass Repairers: S334B Eff 1/1/2016

Creates a separate license for motor vehicle glass repairers and transfers those currently licensed as auto body repair facilities that perform only motor vehicle glass repair to the new license. The legislation also adds R.I. Gen. Laws § 27-29-4(16) which provides specific prohibitions against steering in motor vehicle glass repair

House Commission on Economic Risk Due to Flooding and Sea Rise

Enacted June 17, 2015 Resolution 392

This Resolution creates the House Commission on Economic Risk Due to Flooding and Sea Rise to conduct a study. The commission is to consist of eleven members including a representative of the insurance industry to be appointed by the Speaker of the House. The commission shall report its findings and recommendations to the House of Representatives no later than January 1, 2016 and shall expire February 6, 2016.

Insurance Regulations:

Regulation 21: Medical Malpractice Insurance

Alters some of the requirements concerning the Stabilization Reserve Fund to allow for greater flexibility now that the funds are in the process of being paid back to policyholders and to allow licensed medical and dental professionals and licensed health care providers to obtain professional liability insurance from surplus lines carriers in addition to the current options of licensed carriers or self-insurance.

Final Regulation adopted March 17, 2016

Regulation 108: Labor Rate Survey

Removes language that was relevant only to the 2007 survey; clarify the obligations of insurers with less than 1% market share and update the regulation to comply with the amendments made to R.I. Gen. Laws § 27-29-4.4 by the legislature in 2011. Class A vs B. Note: This Regulation was held in conjunction with Auto Body Regs 4, 7, and 16 to address classification of shops and separate labor rate surveys.

Final Regulation adopted March 17, 2016

Regulation 68: Voluntary Restructuring of Solvent Insurers

The purpose of this amendment is to add provisions regarding and procedures for Insurance Business Transfer Plans

Final Regulation adopted 12/24/2015

Regulation 97: Notice of Material Changes Upon Renewal of Personal Motor Vehicle, Homeowner and Residential Fire Insurance

The purpose of this amendment is to bring the regulation into compliance with the statutory changes made in the last legislative session and effective July 1, 2015

Final Regulation adopted July 1, 2015

Insurance Bulletins:

2015-8 Price Optimization in Personal Line Ratemaking Issued 09-18-2015

A rate will be considered unfairly discriminatory if price differentials fail to reflect equitably the differences in expected losses and expenses for different classes of policyholders. Both base rates and rating classes must be based on factors specifically related to an insurer's expected losses and expenses. While insurers may employ judgment in setting their rates, judgmental adjustments to a rate may not be based on non-risk related factors such as "price elasticity of demand" which seek to predict how much of a price increase a policyholder will tolerate before switching to a different insurer. The use of such factors not only unfairly discriminates between policyholders of the same risk profile, but is also directly in conflict with the statutory principles that underlie Rhode Island's "open and competitive" property and casualty marketplace.

2015-7 Auto Body Labor Rate Survey Reports - 2015 Prevailing Labor Rates Issued 9-11

2015-6 2015 Legislative Changes Issued 08-13-2015

Consumer Alerts:

- 2016-3 Life Insurance Roadmap: Understanding a Life Policy at Different Life Stages
- 2016-2 Know Your Flood Risk
- 2016-1 Winter Weather: What to Do When Your Home or Car is Damaged in a Winter Storm
- 2015-9 Do I Really Need To Insure My Stuff?
- 2015-8 Navigating Home-Sharing Rentals
- 2015-7 Disaster Preparedness: Act Now to Make Filing a Claim Easier After the Storm

Industry Alerts:

- 2015-2 August 4, 2015 Storm August 7, 2015
The Department declared the August 4, 2015 storm a catastrophic event for purposes of R.I. Gen. Laws § 27-10-8 and 27-10.1-1. As a result of that declaration, the

emergency adjuster and motor vehicle damage appraiser licensing statutes are triggered.

Other/Miscellaneous P/C issues worthy of noting

1. NCCI Advisory Loss Cost Filing

Filed on November 17, 2015. Proposed 4.9% decrease.

AG's Alternative rate calculation -13.2%.

Status: Pending DBR review. Expect a decision within the next few weeks.

2. AIPSO Governing Committee- Claim reporting/delays in claim handling

The RI Auto Insurance Plan Claims Reporting WG has been formed to address delays in claims handling when insurer policy number is not yet known. An initial meeting was held via teleconference on April 1st. Follow up meeting scheduled for 28th. Our goal is to have a proposal to the full AIPSO Gov. Committee at its next scheduled mtg. June 8th.

3. Flex Rating Bulletin 2009-5.

The Dept is in the process of revising/updating Flex bulletin to address a number of issues that have arisen through the years to provide clarity on qualifications (cumulative effect of filings- flex and non-flex over 12 month period and what filings qualify under flex provisions) as well information that must be provided in cover letter when submitting a flex filing (i.e, listing all filings submitted within 12 months for all coverages that are subject to the filing).

4. Ride Sharing and Car Sharing Programs Period 1

RI is not approving Period 1 endorsements/exclusions absent statutory guidance from RI Legislature. All trades have been notified.

S2864 was heard on 4/14/16. Held for further study.

H8044 was posted on 4/22 "meeting postponed" (4/26/2016)

NAIC Activities:

RI Assignments on Letter Committees:

"A"- Life Insurance and Annuities

"F"- Financial Regulation Standards and Accreditation

Post- Catastrophe Regulatory Guidance SG, Consumer Outreach, and Catastrophe Response WG continue to meet and coordinate efforts. Developing best practices to adopt before, during and after a disaster. Provides added certainty to industry and regulators to allow us to assist claimants/consumers/industry.

TRIA: 11 states (including RI) agreed to participate in the data collection efforts with NY as lead state. Industry would like to see a coordinated effort with Treasury to avoid duplication in data collection. We share the same goals. NAIC and lead states continue to discuss the data elements and determine best way to accomplish TRIA mandates.

Initial data call to be conducted by NY on behalf of states for WC via NCCI.

Cyber: New SERFF Sub-TOI for *17.0028, 17.1028, 17.2028 Cyber Liability* to track stand-alone coverage related to unauthorized use of sensitive information.

NAIC Adopted:

1. Cybersecurity and Identity Theft Insurance Coverage Supplement: due 4/1
2. Principles for Effective Cybersecurity Insurance Regulatory Guidance
3. Roadmap for Cybersecurity Consumer Protections
4. **Draft** Model Law Cyber