

2018 -- H 7909 SUBSTITUTE A

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LC004675/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

A N A C T

RELATING TO INSURANCE -- UNFAIR COMPETITION AND PRACTICES

Introduced By: Representative Scott Slater

Date Introduced: February 28, 2018

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-29-13 of the General Laws in Chapter 27-29 entitled "Unfair
2 Competition and Practices" is hereby amended to read as follows:

3 **27-29-13. Payment of premium -- Cancellation.**

4 Notwithstanding the provisions of chapter 40 of this title, policy holders of private
5 passenger motor vehicle insurance and any insurance provided in the surplus lines market
6 whether admitted or not admitted, shall ~~policyholders~~ on either six (6) month or twelve (12)
7 month policies ~~shall~~ have the option of paying any policy premiums in installment payments;
8 provided that for a twelve (12) month policy the insurer may require a payment of fifteen percent
9 (15%) of the annual premium at time of issuance with the balance to be paid thereafter in nine (9)
10 subsequent and equal monthly installments thereafter for a six (6) month policy, the insurer may
11 require a payment of thirty-five percent (35%) of the premium at time of issuance with the
12 balance to be paid in three (3) subsequent and equal monthly installments thereafter. The insurer
13 may levy a service charge of up to five dollars (\$5.00) per installment period against those
14 policyholders who choose the installment option. An insurer may levy and collect a maximum fee
15 or charge of ten dollars (\$10.00) for any late payment of premium by a policyholder. A late fee
16 may not be imposed unless payment is received more than five (5) business days following the
17 date payment is due. Policyholders shall be entitled to receive no less than thirty (30) days notice
18 before a cancellation of an automobile insurance policy for any reason except nonpayment of
19 premium, in which instance policyholders shall be entitled to receive no less than ten (10) days

1 notice.

2 In the alternative the insurer in the surplus lines may use agency bill. The insurer may bill
3 the surplus line broker or producing agent with the net payment (gross premium less minus any
4 commissions and fees) and the payment shall not be due to either the surplus lines company or
5 surplus lines broker by the producing agent earlier than forty-five (45) days after the end of the
6 month in which the transaction takes place. Only after this forty-five (45) day period may a
7 cancellation notice be issued for the non-payment of a premium with ten (10) days' notice.

8 SECTION 2. Chapter 27-3 of the General Laws entitled "Surplus Lines Insurance" is
9 hereby amended by adding thereto the following section:

10 **27-3-52. Payment of surplus lines insurance - Cancellation.**

11 If a surplus lines insurer allows agency bill by the surplus lines broker, the surplus lines
12 broker may bill the producing agent the net payment (gross premium minus any commissions and
13 fees). The bill is not due to surplus lines broker by the producing agent any earlier than forty-five
14 (45) days after the end of the month in which the transaction occurs. After the forty-five (45) day
15 period the policy may be cancelled with a non-payment of premium cancellation notice that will
16 include a ten (10) day notice.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO INSURANCE -- UNFAIR COMPETITION AND PRACTICES

1 This act would add insurance provided in the surplus lines market to the payment of
2 premiums and cancellation regulations contained in the unfair competition and practices chapter.
3 It would allow the producing insurance agent forty-five (45) days for net payment (gross
4 premium minus any commissions and fees) to the surplus lines broker.

5 This act would take effect upon passage.

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