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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO MOTOR AND OTHER VEHICLES - SELF INSURANCE

Introduced By: Senator David E. Bates

Date Introduced: February 27, 2014

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 31-33-9 of the General Laws in Chapter 31-33 entitled "Safety
2 Responsibility Violations - General Provisions" is hereby amended to read as follows:

3 **31-33-9. Self-insurers.** -- (a) Any person in whose name more than twenty-five (25)
4 vehicles are registered in this state may qualify as a self-insurer by obtaining a certificate of self-
5 insurance issued by the ~~division of motor vehicles~~ department of business regulation as provided
6 in subsection (b) of this section.

7 (b) The ~~division of motor vehicles~~ department of business regulation may, in its
8 discretion, upon the application of such a person, issue a certificate of self-insurance when it is
9 satisfied that the person is possessed and will continue to be possessed of the ability to pay
10 judgment obtained against the person. The certificate may be issued authorizing a person to act as
11 a self-insurer for either property damage or bodily injury, or both.

12 (c) Upon not less than five (5) days' notice and a hearing pursuant to notice, the ~~division~~
13 ~~of motor vehicles~~ department of business regulation may upon reasonable grounds cancel a
14 certificate of self-insurance. Failure to pay any judgment within thirty (30) days after the
15 judgment shall have become final shall constitute a reasonable ground for the cancellation of a
16 certificate of self-insurance.

17 (d) Entities applying to, or previously authorized to, permissibly self-insure are subject
18 to the jurisdiction of the department of business regulation. The department of business regulation
19 is authorized to promulgate and enforce rules and regulations that may be necessary to carry out

1 [the provisions of § 31-33-9 including, but not limited to:](#)

2 [\(1\) Obtaining and reviewing financial statements and related information necessary to](#)
3 [ascertain the applicant's ability to self-insure.](#)

4 [\(2\) Apportioning the cost of review to the applicant in a manner similar to that utilized to](#)
5 [charge insurance companies for review and analysis of their financial statements.](#)

6 [\(3\) Imposing and enforcing upon entities authorized to permissibly self-insure and any](#)
7 [and all claims handling and settlement practices required of insurers in the settlement of claims.](#)

8 SECTION 2. Section 31-34-2.1 of the General Laws in Chapter 31-34 entitled
9 "Responsibility of Owners of Rental Vehicles" is hereby amended to read as follows:

10 **31-34-2.1. Self-insurers.** -- (a) Any person or company in whose name more than four
11 hundred (400) vehicles are registered in this state may qualify as a self-insurer by obtaining a
12 certificate of self-insurance issued by the ~~division of motor vehicles~~ [department of business](#)
13 [regulation](#) as provided in subsection (b).

14 (b) Upon the application of the person or company, the ~~division~~ [department of business](#)
15 [regulation](#) may issue a certificate of self-insurance at its discretion if it is satisfied that the person
16 or company has and will have the ability to pay any judgment obtained against the person or
17 company. The certificate may be issued authorizing a person or company to act as a self-insurer
18 for either property damage or bodily injury, or both.

19 (c) Upon not less than five (5) days' notice and a hearing pursuant to notice, the ~~division~~
20 [department of business regulation](#) upon reasonable grounds may cancel a certificate of self-
21 insurance. Failure to pay any judgment within thirty (30) days after the judgment has become
22 final constitutes a reasonable ground for the cancellation of a certificate of self-insurance.

23 [\(d\) Entities applying to or previously authorized to permissibly self-insure are subject to](#)
24 [the jurisdiction of the department of business regulation. The department of business regulation is](#)
25 [authorized to promulgate and enforce rules and regulations that may be necessary to carry out the](#)
26 [provisions of § 31-33-9 including, but not limited to:](#)

27 [\(1\) Obtaining and reviewing financial statements and related information necessary to](#)
28 [ascertain the applicant's ability to self-insure.](#)

29 [\(2\) Apportioning the cost of review to the applicant in a manner similar to that utilized to](#)
30 [charge insurance companies for review and analysis of their financial statements.](#)

31 [\(3\) Imposing and enforcing upon entities authorized to permissibly self-insure and any](#)
32 [and all claims handling and settlement practices required of insurers in the settlement of claims.](#)

33 SECTION 3. Sections 31-47-2 and 31-47-7 of the General Laws in Chapter 31-47
34 entitled "Motor Vehicle Reparations Act" are hereby amended to read as follows:

1 **31-47-2. Definitions.** -- As used in this chapter the term:

2 (1) "Accident" or "motor vehicle accident" means any accident involving a motor vehicle
3 which results in bodily injury to or death of any person, or damage to the property of any person
4 in excess of five hundred dollars (\$500).

5 (2) "Administrator " means the administrator of the division of motor vehicles in the
6 department of revenue.

7 (3) "Commissioner" means the insurance commissioner of this state.

8 (4) "Dealer engaged in the business of leasing motor vehicles" means any person
9 engaged in the business of regularly making available, offering to make available, or arranging
10 for another person to use a motor vehicle pursuant to a bailment, lease, or other contractual
11 arrangement.

12 (5) "Driver" means every person who drives or is in actual physical control of a motor
13 vehicle.

14 (6) "Financial security bond" means for each motor vehicle a bond executed by the
15 owner and by a surety company duly authorized to transact business in this state.

16 (7) "Financial security deposit" means for each motor vehicle the deposit with the
17 assistant director of seventy-five thousand dollars (\$75,000) in cash, or securities, such as may
18 legally be purchased by savings banks or trust funds, of a market value of seventy-five thousand
19 dollars (\$75,000).

20 (8) "License" includes any license, permit, or privilege to operate a motor vehicle issued
21 under the laws of this state including:

22 (i) Any temporary instruction permit or examiner's driving permit;

23 (ii) The privilege of any person to drive a motor vehicle whether or not the person holds
24 a valid license; or

25 (iii) Any nonresident's operating privilege.

26 (9) "Motor vehicle" means every vehicle required to display registration plates for
27 operation upon public highways of this state.

28 (10) "Nonresident" means every person who is not a resident of this state.

29 (11) "Nonresident's operating privilege" means the privilege conferred upon a
30 nonresident by the laws of this state pertaining to the operation by that person of a motor vehicle,
31 or the use of a motor vehicle owned by that person, in this state.

32 (12) "Owner" means a person who holds the legal title of a motor vehicle. If a motor
33 vehicle is the subject of an agreement for conditional sale or lease with the right of purchase upon
34 performance of the conditions stated in the agreement and with an immediate right of possession

1 vested in the conditional vendee or lessee, the vendee or lessee is the owner. If a mortgagor of a
2 motor vehicle is entitled to possession, the mortgagor is the owner.

3 (13) (i) "Owner's policy of liability insurance" means a policy:

4 (A) Affording coverage as defined in the minimum provisions prescribed in a regulation
5 which shall be promulgated by the commissioner. The commissioner, before promulgating the
6 regulations or any amendments to them, shall consult with all insurers licensed to write
7 automobile liability insurance in this state and shall not prescribe minimum provisions which fail
8 to reflect the provisions of automobile liability insurance policies issued within this state at the
9 date of the regulation or amendment of it. Nothing contained in regulation or in this chapter shall
10 prohibit any insurer from affording coverage under an owner's policy of liability insurance more
11 liberal than that required by the minimum provisions. Every owner's policy of liability insurance
12 shall provide insurance subject to the regulation against loss from the liability imposed by law for
13 damages, including damages for care and loss of services, because of bodily injury to or death of
14 any person and injury to or destruction of property arising out of the ownership, maintenance,
15 use, or operation of a specific motor vehicle or motor vehicles within the state of Rhode Island or
16 elsewhere in the United States in North America or the Dominion of Canada, subject to a limit,
17 exclusive of interest and costs, with respect to each motor vehicle of twenty-five thousand dollars
18 (\$25,000) because of bodily injury to or death of one person in any one accident, and subject to
19 the limit for one person, to a limit of fifty thousand dollars (\$50,000) because of bodily injury to
20 or death of two (2) or more persons in any one accident, and a limit of twenty-five thousand
21 dollars (\$25,000) because of injury to or destruction of property of others in any one accident, or
22 seventy-five thousand dollars (\$75,000) combined single limit. Any insurer authorized to issue an
23 owner's policy of liability insurance as provided for in this chapter may, pending the issue of the
24 policy, make an agreement to be known as a binder, or may, in lieu of the policy, issue a renewal
25 endorsement or evidence of renewal of an existing policy, each of which shall be construed to
26 provide indemnity or protection in like manner and to the same extent as the policy. The
27 provisions of this chapter shall apply to such binders, renewal endorsements, or evidences of
28 renewal; and

29 (B) In the case of a vehicle registered in this state, a policy issued by an insurer duly
30 authorized to transact business in this state; or

31 (C) In the case of a vehicle registered in another state in the name of a nonresident, either
32 a policy issued by an authorized insurer, or a policy issued by an unauthorized insurer authorized
33 to transact business in the state of the nonresident's residence if the unauthorized insurer files with
34 the commissioner in a form to be approved by him or her a statement consenting to service of

1 process and declaring its policies shall be deemed to be varied to comply with the requirements of
2 this chapter; and

3 (D) The form of which has been approved by the commissioner.

4 (ii) No such policy shall be issued or delivered in this state until a copy of the form of the
5 policy shall have been on file with the commissioner for at least thirty (30) days, unless sooner
6 approved in writing by the commissioner, nor if within that period of thirty (30) days the
7 commissioner shall have notified the carrier in writing that in the commissioner's opinion
8 specifying the reasons for it, the form of the policy does not comply with the laws of the state.

9 (14) "Person" includes every natural person, firm, partnership, association, or
10 corporation.

11 (15) "Proof of financial security" means proof of ability to respond in damages for
12 liability arising out of the ownership, maintenance, or use of a motor vehicle as evidenced by an
13 owner's policy of liability insurance, a financial security bond, a financial security deposit, or
14 qualification as a self insurer under this title, or in the case of a nonresident, under self insurance
15 provisions of the laws of the jurisdiction of that nonresident.

16 (16) "Registration" means registration certificates and registration plates issued under the
17 laws of this state pertaining to the registration of motor vehicles.

18 (17) "Self insurer" means a person who shall have been determined by the ~~assistant~~
19 ~~director~~ [department of business regulation](#) in accordance with this title, to be financially
20 responsible.

21 (18) "State" when used in this chapter, unless the context clearly indicates otherwise,
22 means any state, territory, or possession of the United States, the District of Columbia, or any
23 province of the Dominion of Canada.

24 **31-47-7. Self-insurers.** -- The ~~administrator of the division of motor vehicles~~ [director of](#)
25 [the department of business regulation](#), in his or her discretion, may upon the application of a
26 person having registered in his or her name in this state more than twenty-five (25) motor
27 vehicles issue a certificate of self insurance when he or she is reasonably satisfied that the person
28 is possessed and will continue to be possessed of financial ability to respond to judgments
29 obtained against the person, arising out of the ownership, maintenance, use, or operation of the
30 person's motor vehicles. [Entities applying to or previously authorized to permissibly self-insure](#)
31 [are subject to the jurisdiction of the department of business regulation.](#) Upon due notice and
32 hearing, the ~~assistant~~ director [of the department of business regulation](#) may, in his or her
33 discretion and upon reasonable grounds, cancel a certificate of self insurance. [The department of](#)
34 [business regulation is authorized to promulgate and enforce rules and regulations that may be](#)

1 necessary to carry out the provisions of § 31-47-7, including, but not limited to:

2 (1) Obtaining and reviewing financial statements and related information necessary to
3 ascertain the applicant's ability to self-insure;

4 (2) Apportioning the cost of review to the applicant in a manner similar to that utilized to
5 charge insurance companies for review and analysis of their financial statements.

6 (3) Imposing and enforcing upon entities authorized to permissibly self-insure any and all
7 claims handling and settlement practices required of insurers in the settlement of claims.

8 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO MOTOR AND OTHER VEHICLES - SELF INSURANCE

- 1 This act would transfer the responsibility of determining whether an entity qualifies as a
- 2 self-insurer from the division of motor vehicles to the department of business regulation.
- 3 This act would take effect upon passage.

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