

2025 -- H 5549 SUBSTITUTE A

LC001766/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO INSURANCE -- RHODE ISLAND PROPERTY AND CASUALTY
INSURANCE GUARANTY ASSOCIATION

Introduced By: Representatives Kennedy, Azzinaro, Edwards, Solomon, O'Brien,
Kazarian, and Diaz
Date Introduced: February 26, 2025

Referred To: House Corporations
(Dept. of Business Regulation)

It is enacted by the General Assembly as follows:

- 1 SECTION 1. Section 27-34-8 of the General Laws in Chapter 27-34 entitled "Rhode Island
2 Property and Casualty Insurance Guaranty Association" is hereby amended to read as follows:
- 3 **27-34-8. Powers and duties of the association.**
- 4 (a) The association shall:
- 5 (1)(i) Be obligated to pay covered claims existing prior to the order of liquidation; arising
6 within sixty (60) days after the order of liquidation or before the policy expiration date if less than
7 sixty (60) days after the order of liquidation or before the insured replaces the policy or causes its
8 cancellation if the insured does so within sixty (60) days of the order of liquidation. The obligations
9 shall be satisfied by paying to the claimant an amount as follows:
- 10 (A) The full amount of a covered claim for benefits under a workers' compensation
11 insurance coverage;
- 12 (B) An amount not exceeding ten thousand dollars (\$10,000), per policy for a covered
13 claim for the return of unearned premium;
- 14 (C) An amount not exceeding one million dollars (\$1,000,000) for all first-party property
15 loss claims arising from a single occurrence under a policy covering commercial or residential
16 property for all other covered claims for insolvencies occurring after January 1, 2026; an amount
17 not exceeding five hundred thousand dollars (\$500,000), per claimant for all other covered claims
18 for insolvencies occurring on or after January 1, 2008; and an amount not exceeding three hundred

1 thousand dollars (\$300,000) per claimant for all other covered claims for insolvencies occurring
2 prior to January 1, 2008.

3 (ii) In no event shall the association be obligated to pay a claimant an amount in excess of
4 the obligation of the insolvent insurer under the policy or coverage from which the claim arises.
5 Notwithstanding any other provision of this chapter, a covered claim shall not include a claim filed
6 with the guaranty association after the final date set by the court for the filing of claims against the
7 liquidator or receiver of an insolvent insurer. For the purpose of filing a claim under this subsection,
8 notice of claims to the liquidator of the insolvent insurer shall be deemed notice to the association
9 or its agent and a list of claims shall be periodically submitted to the association or association
10 similar to the association in another state by the liquidator.

11 (iii) Any obligation of the association to defend an insured shall cease upon the
12 association's payment or tender of an amount equal to the lesser of the association's covered claim
13 obligation limit or the applicable policy limit;

14 (2) Be deemed the insurer to the extent of its obligation on the covered claims and to that
15 extent, subject to the limitation provided in this chapter, shall have all rights, duties, and obligations
16 of the insolvent insurer as if the insurer had not become insolvent, including, but not limited to, the
17 right to pursue and retain salvage and subrogation recoverable on covered claim obligations to the
18 extent paid by the association. The association shall not be deemed the insolvent insurer for the
19 purpose of conferring jurisdiction;

20 (3) Allocate claims paid and expenses incurred among the three (3) accounts separately,
21 and assess member insurers separately for each account amounts necessary to pay the obligations
22 of the association under subdivision (a)(1) subsequent to an insolvency, the expenses of handling
23 covered claims subsequent to an insolvency, and other expenses authorized by this chapter. The
24 assessments of each member insurer shall be in the proportion that the net direct written premiums
25 of the member insurer for the calendar year preceding the assessment on the kinds of insurance in
26 the account bears to the net direct written premiums of all member insurers for the calendar year
27 preceding the assessment on the kinds of insurance in the account. Each member insurer shall be
28 notified of the assessment not later than thirty (30) days before it is due.

29 A member insurer may not be assessed in any one year on any account an amount greater
30 than two percent (2%) of that member insurer's net direct written premiums for the calendar year
31 preceding the assessment on the kinds of insurance in the account. If the maximum assessment,
32 together with the other assets of the association in any account, does not provide in any one year in
33 any account an amount sufficient to make all necessary payments from that account, each member
34 insurer shall be assessed the additional amount that must be obtained to make all necessary

1 payments of the underfunded account from the other two accounts, subject to the same limitation
2 of two percent (2%) of that member insurer's net direct written premiums for the calendar year
3 preceding the assessment on the kinds of insurance in the account. The additional assessments shall
4 be considered loans by and between the separate accounts. Amounts borrowed under this
5 subsection shall be paid back to the separate accounts from which they were borrowed, out of
6 assets, including, but not limited to, existing and future assessments in the account receiving the
7 loan. An interest charge shall be levied on all amounts borrowed under this subsection based on the
8 average prime rate of interest for each year the money remains unpaid. If the amounts borrowed
9 remain unpaid on the seventh yearly anniversary as a result of the inability of the borrowing account
10 to make repayment, then the amount borrowed and interest which is not repaid, starting with the
11 principal and interest of the first year, shall be considered uncollectible. The funds available shall
12 be prorated and the unpaid portion shall be paid as soon after this as funds become available. The
13 association may exempt or defer, in whole or in part, the assessment of any member insurer if the
14 assessment would cause the member insurer's financial statement to reflect amounts of capital or
15 surplus less than the minimum amounts required for a certificate of authority by any jurisdiction in
16 which the member insurer is authorized to transact insurance. However, during the period of
17 deferment, no dividends shall be paid to shareholders or policyholders. Deferred assessments shall
18 be paid when the payment will not reduce capital or surplus below required minimums. Payments
19 shall be refunded to those companies receiving larger assessments by virtue of the deferment, or,
20 at the election of any company, credited against future assessments;

21 (4) Investigate claims brought against the association and adjust, compromise, settle, and
22 pay covered claims to the extent of the association's obligation and deny all other claims. The
23 association shall pay claims in any order that it may deem reasonable, including the payment of
24 claims as they are received from the claimants or in groups or categories of claims. The association
25 shall have the right to appoint and to direct legal counsel retained under liability insurance policies
26 for the defense of covered claims;

27 (5) Notify claimants in this state as deemed necessary by the commissioner and upon the
28 commissioner's request, to the extent records are available to the association;

29 (6)(i) Have the right to review and contest as set forth in this subsection settlements,
30 releases, compromises, waivers, and judgments to which the insolvent insurer or its insureds were
31 parties prior to the entry of the order of liquidation. In an action to enforce settlements, releases,
32 and judgments to which the insolvent insurer or its insureds were parties prior to the entry of the
33 order of liquidation, the association shall have the right to assert the following defenses, in addition
34 to the defenses available to the insurer:

1 (A) The association is not bound by a settlement, release, compromise, or waiver executed
2 by an insured or the insurer, or any judgment entered against an insured or the insurer by consent
3 or through a failure to exhaust all appeals, if the settlement, release, compromise, waiver, or
4 judgment was:

5 (I) Executed or entered into within one hundred twenty (120) days prior to the entry of an
6 order of liquidation, and the insured or the insurer did not use reasonable care in entering into the
7 settlement, release, compromise, waiver, or judgment, or did not pursue all reasonable appeals of
8 an adverse judgment; or

9 (II) Executed by or taken against an insured or the insurer based on default, fraud, collusion,
10 or the insurer's failure to defend.

11 (B) If a court of competent jurisdiction finds that the association is not bound by a
12 settlement, release, compromise, waiver, or judgment for the reasons described in subparagraph
13 (i)(A), the settlement, release, compromise, waiver, or judgment shall be set aside, and the
14 association shall be permitted to defend any covered claim on the merits. The settlement, release,
15 compromise, waiver, or judgment may not be considered as evidence of liability or damages in
16 connection with any claim brought against the association or any other party under this chapter.

17 (C) The association shall have the right to assert any statutory defenses or rights of offset
18 against any settlement, release, compromise, or waiver executed by an insured or the insurer, or
19 any judgment taken against the insured or the insurer.

20 (ii) As to any covered claims arising from a judgment under any decision, verdict, or
21 finding based on the default of the insolvent insurer or its failure to defend, the association, either
22 on its own behalf or on behalf of an insured, may apply to have the judgment, order, decision,
23 verdict, or finding set aside by the same court or administrator that entered the judgment, order,
24 decision, verdict, or finding and shall be permitted to defend the claim on the merits;

25 (7) Handle claims through its employees or through one or more insurers or other persons
26 designated as servicing facilities. Designation of a servicing facility is subject to the approval of
27 the commissioner, but the designation may be declined by a member insurer;

28 (8) Reimburse each servicing facility for obligations of the association paid by the facility
29 and for expenses incurred by the facility while handling claims on behalf of the association and
30 shall pay the other expenses of the association authorized by this chapter;

31 (9)(i) The association shall obtain a line of credit for the benefit of each account, in an
32 amount not to exceed the applicable maximum to ensure the immediate availability of funds for
33 purposes of future claims and expenses attributable to an insurer insolvency in that account. The
34 line of credit shall be obtained from qualified financial institutions. The line of credit shall provide

1 for a thirty-day (30) notice of termination or nonrenewal to the commissioner and the association
2 and shall provide funding to the association within three (3) business days of receipt of written
3 notice from the commissioner of an insolvent insurer in that account. Each member insurer upon
4 receipt of notice from the association shall make immediate payment for its proportionate share of
5 the amount borrowed based on the premium for the preceding calendar year. The maximum line of
6 credit or preinsolvency assessment for each account shall be subject to prior review and approval
7 by the commissioner at the time of origination.

8 (ii) If the association cannot obtain a line of credit, the association may obtain an
9 irrevocable line of credit agreement from each member insurer in an amount not to exceed the
10 member insurer's maximum assessment pursuant to subdivision (a)(3) to ensure the immediate
11 availability of funds for the purposes of future claims and expenses attributable to an insurer
12 insolvency.

13 Any amount drawn under any line of credit shall be considered a payment toward the
14 member insurer's assessment provided for in subdivision (a)(3).

15 The member insurer shall provide funding to the association under the line of credit within
16 three (3) business days of receipt of a written request from the association for a draw-down under
17 the line of credit.

18 The line of credit agreement shall be subject to prior review and approval by the
19 commissioner at the time of origination and any subsequent renewal. It shall include any
20 commercially reasonable provisions the association or the commissioner may deem advisable,
21 including a provision that the line of credit is irrevocable or for a stated period of time and provides
22 for thirty-day (30) notice to the association and the commissioner that the line is being terminated
23 or not renewed.

24 (iii) If a line of credit is not given as provided for in this section, the member insurer shall
25 be responsible for the payment of an assessment of up to the member's proportionate share of the
26 applicable maximum as set forth in this subsection which shall be paid into a pre-insolvency
27 assessment fund in each account;

28 (10) Submit, not later than ninety (90) days after the end of the association's fiscal year, a
29 financial report for the preceding fiscal year in a form approved by the commissioner.

30 (b) The association may:

31 (1) Employ or retain persons as are necessary to handle claims and perform other duties of
32 the association;

33 (2) Borrow funds necessary to effect the purposes of this chapter in accordance with the
34 plan of operation;

- 1 (3) Sue or be sued;
- 2 (4) Negotiate and become a party to any contracts necessary to carry out the purpose of
3 this chapter;
- 4 (5) Perform any other acts necessary or proper to effectuate the purpose of this chapter;
5 and
- 6 (6) Refund to the member insurers in proportion to the contribution of each member insurer
7 to that account that amount by which the assets of the account exceed the liabilities, if, at the end
8 of any calendar year, the board of directors finds that the assets of the association in any account
9 exceed the liabilities of that account as estimated by the board of directors for the coming year.
- 10 (c) Suits involving the association:
- 11 (1) Except for actions by the receiver, all actions relating to or arising out of this chapter
12 against the association shall be brought in the courts in this state. The courts shall have exclusive
13 jurisdiction over all actions relating to or arising out of this chapter against the association.
- 14 (2) The exclusive venue in any action by or against the association is in the Providence
15 county superior court. The association may, at its option, waive this venue as to specific actions.
- 16 SECTION 2. Section 27-76-2 of the General Laws in Chapter 27-76 entitled "Weather-
17 Related Losses" is hereby amended to read as follows:
- 18 **27-76-2. Hurricane deductibles, triggers, and policyholder notice.**
- 19 (a) The provisions of this section shall be applicable to policies issuing or renewing on or
20 after July 1, 2008.
- 21 (b) In all instances where an insurance company licensed to do business in this state offers
22 or includes any deductible ~~and/or mitigation measure related to the deductible~~ for any type of
23 personal lines residential property insurance on dwelling houses, the insurance company shall
24 provide prominent and clear notice to insureds that shall be included in the policy issuance ~~or~~ and
25 renewal package and shall fully disclose all details pertaining to any such deductible and/or
26 mitigation measure.
- 27 (c) The insurer may apply a deductible specific to windstorm coverage where:
- 28 (1) The deductible is specifically approved by the director and shall not exceed five percent
29 (5%) of the insured value.
- 30 (2) The deductible shall be applicable to losses due to a hurricane during the period
31 commencing with the issuance of a hurricane-warning bulletin for any part of the state by the
32 National Hurricane Center and concluding twenty-four (24) hours after the termination of the last
33 hurricane warning bulletin for any part of the state.
- 34 (3) The deductible, whether it is a flat dollar deductible or a percentage deductible, shall

1 be presented by at least two (2) examples that illustrate the application of the deductible to the
2 insured. Nothing herein shall prohibit the insurer from providing any additional information to the
3 insured to assist in the insured's understanding of the deductible to be applied to the insured's
4 policy.

5 (4) The deductible set forth above shall not be applied to any insured, if the insured has
6 installed [insurer](#)-approved mitigation measures to protect against windstorm damage and the
7 insurer has either inspected the property or the insured has submitted satisfactory proof of
8 installation of the [insurer](#)-approved mitigation measures. ~~The insurance commissioner, in~~
9 ~~consultation with the state building code commissioner, shall adopt and may amend or revise a list~~
10 ~~of mitigation measures, based so far as reasonably feasible on national standards for such measures~~
11 ~~and practices in other comparable states. The list of mitigation measures adopted by the insurance~~
12 ~~commissioner shall be considered approved mitigation measures for purposes of this subsection~~
13 ~~(e)(4).~~

14 (5) For the application of the hurricane deductible on Block Island, losses are due to a
15 hurricane when a hurricane results in hurricane force sustained winds as reported by the National
16 Weather Service for Block Island. For the application of the hurricane deductible in the remainder
17 of the state, losses are due to a hurricane when a hurricane results in hurricane force sustained winds
18 as reported by the National Weather Service for any other location in the state. All terms are as
19 defined by the National Weather Service.

20 (d) Premium credits shall be applied to policies with deductibles as set forth in subsection
21 (c) of this section.

22 (e)(1) An insurer may require mitigation measures to protect against windstorm damage
23 ~~only after specific approval of the substance of such mitigation measures by the director~~ [if it has](#)
24 [actuarial data supporting the measure](#);

25 (2) Mitigation measures to be taken by an insured are clearly explained, including a
26 complete illustration of the dollar impact upon the premiums to be charged to insureds if the
27 requested mitigation activities are undertaken;

28 (3) No mandatory deductible for windstorm damage shall be included in the policy;

29 (4) An insurer shall write the requested coverage at the premium rate that includes the
30 premium credit to be realized with the completion of the mitigation efforts; [and](#)

31 (5) The insurer shall affirmatively state the length of time during which discount given for
32 the mitigation efforts will apply; ~~and.~~

33 ~~(6) No insurer shall subsequently nonrenew an insured who has taken the mitigation steps~~
34 ~~requested by the insurer for reasons of the insurer's exposure to catastrophe loss, unless for~~

~~nonpayment of premium, fraud, breach by the insured of a provision of the policy, reversal or a lack of maintenance of the mitigation steps, or insurer solvency concerns or adverse loss history.~~

(f) All insurers writing homeowners or dwelling policies in this state shall, for any residential property having received an Insurance Institute for Business and Home Safety (IBHS) Certificate for the most recent version on any application Fortified or Fortified Multifamily construction standard provide a premium discount or rate reduction on the coverage if:

(1) The discount or reduction is actuarially justified; and

(2) There is sufficient and credible evidence of cost savings that can be attributed to the construction standards.

All premium discounts or rate reductions under this section are subject to rate and form filing and approval requirements otherwise applicable to homeowners and dwelling policies.

~~(f)~~(g) Penalties for failure to comply with the provisions of this section shall be administered by the director in accordance with the provisions of § 42-14-16.

~~(g)~~(h) The department of business regulation shall have authority to adopt rules, including emergency rules, as may be necessary or desirable to effectuate the purposes of this section.

SECTION 3. Chapter 27-76 of the General Laws entitled "Weather-Related Losses" is hereby amended by adding thereto the following section:

27-76-10. Strengthen rhody homes.

(a) There is hereby established within the department of business regulation, division of insurance the "strengthen rhody homes" program.

(b) This section does not create an entitlement for property owners or obligate the state in any way to fund the inspection, construction, or retrofitting of residential property in this state. Implementation of the program is subject to the receipt of federal grants or funds or from other sources of grants or funds. The department shall use its best efforts to obtain grants or funds from the federal government or other funding sources to supplement the financial resources of the strengthen rhody homes program that may be provided by the state.

(c) The strengthen rhody homes program may apply for financial grants to construct or retrofit insurable property to resist loss due to a hurricane or other catastrophic events.

(d) The strengthen rhody homes program may also make grants or funding available to nonprofit entities for projects to construct or retrofit insurable properties to resist loss due to hurricane or other catastrophic windstorm if such grants or funding to nonprofit entities are allowable under grant or funding rules, requirements, guidelines, or criteria. However, a nonprofit entity shall agree to administer the grants or funds as the strengthen rhody homes program would be required to administer grants or funds, and the entity shall provide documentation to the

1 department in a timely manner as requested by the department.

2 (e) All mitigation shall be based upon the securing of all required local permits and
3 applicable inspections in keeping with local building codes and the Insurance Institute for Business
4 and Home Safety (IBHS) Fortified Homes Program. Mitigation projects are subject to random
5 reinspection of all projects.

6 (f) The insurance division may promulgate rules and eligibility requirements necessary for
7 the proper administration of this section and pursuant to any instructions or requirements on grants
8 or funds received by the department for the strengthen rhody homes program.

9 (g) Strengthen rhody homes program.

10 (1) The strengthen rhody homes program is hereby created to make grants available to
11 residential Rhode Island homeowners to undertake resilience construction to make the residential
12 home more resilient to hurricane or other catastrophic risk.

13 (2) To be eligible for a grant, residential property owners applying for a grant must be able
14 to meet the eligibility requirements as set forth by the insurance division for each grant type. These
15 requirements shall include, but not be limited to, the following:

16 (i) The residential property owner shall claim their primary residence in a county where
17 grants are being approved;

18 (ii) The home to be mitigated shall be an owner-occupied, single family, primary residence,
19 and cannot be a condominium or mobile home;

20 (iii) The home shall be in good repair unless damaged by a hurricane or other catastrophic
21 windstorm event. Strengthen rhody homes program grant funds cannot be used for maintenance or
22 repairs, but may be used in conjunction with repairs or reconstruction necessitated by damages
23 from a catastrophic event;

24 (iv) A certified IBHS evaluator shall prequalify the insurable property as mitigable and
25 identify all improvements required to achieve IBHS FORTIFIED Roof™ (Roof), FORTIFIED
26 Silver™ (Silver), FORTIFIED Gold™ (Gold), or successor designation, or similar standard
27 approved by the Insurance Division. The residential property owner shall select the evaluator from
28 a list provided by the strengthen rhody homes program and shall pay the evaluator's fee;

29 (v) The residential property owner shall obtain bids from at least three (3) IBHS certified
30 contractors approved by the strengthen rhody homes program;

31 (vi) The residential property owner shall construct or retrofit the home to the Insurance
32 IBHS Roof or Silver, Gold, or successor designation or similar standard approved by the
33 commissioner;

34 (vii) The residential property owner shall provide proof of an in-force policy providing

1 wind insurance on the home;

2 (viii) If the insurable property is in a special flood hazard area, the residential property
3 owner shall provide proof of an in-force flood insurance policy. The flood policy may be from the
4 National Flood Insurance Program (NFIP) or a private carrier; and

5 (ix) Grant applications shall be filed in the manner directed by the insurance division in the
6 form and manner prescribed by the commissioner, along with any applicable transaction fees.

7 (3) Documents, materials, and other information submitted to the department by property
8 owners or insurance companies in support of a grant application shall be confidential by law and
9 privileged, shall not be subject to open records requests, shall not be subject to subpoena, and shall
10 not be subject to discovery or admissible in evidence in any private civil action.

11 (4) Grants to residential property owners shall be used to construct or retrofit an insurable
12 property to resist loss due to a hurricane or other catastrophic event.

13 (5) Retrofit projects within three (3) months of the date the residential property owner
14 receives notice of the grant approval. New builds shall be completed within the timeframe approved
15 by the commissioner. Failure to complete the project timely may result in forfeiture of the grant.

16 (6) Grant funds shall only be paid once a certificate has been issued for the fortified
17 standard approved by the department. Grant funds shall be paid by the department or another
18 designated agency, on behalf of the residential property owner, directly to the contractor who
19 performed the mitigation work.

20 (7) Applications will be accepted on a first-come, first-served basis within each income tier
21 established by the commissioner, with priority given to lower-income applicants, applicants who
22 live in locations that, based on historical data, have a higher susceptibility to catastrophic weather
23 events, and applicants meeting any other criteria the department determines is appropriate to meet
24 the purpose of the program.

25 (8) Any entity providing funds to the strengthen rhody homes program shall be permitted
26 to establish additional rules and guidelines under which those funds may be used, as long as such
27 rules and guidelines do not violate any state or federal law.

28 (9) The department may conduct random inspections of funds, records, and/or properties
29 to detect any fraud.

30 (10) Under the strengthen rhody homes program, a residential property owner shall hire an
31 IBHS certified contractor who is capable of performing work that satisfies the standards prescribed
32 by this act and the rules adopted thereto:

33 (i) The department shall not endorse or otherwise provide preferential treatment to any
34 contractor;

1 (ii) A residential property owner is legally responsible for any amount owed to a contractor
2 that exceeds awarded grant monies;

3 (iii) To be eligible to work on a project funded by the strengthen rhody homes program as
4 a contractor, a contractor shall meet all program requirements including, but not limited to, those
5 listed in this subsection, and maintain a current copy of all applicable certificates, licenses, and
6 proof of insurance coverages with the program office;

7 (iv) The contractor shall hold a valid and active contractor's registration in Rhode Island
8 and be free from all disciplinary action by the contractor registration licensing board;

9 (v) The contractor shall hold an active IBHS FORTIFIED Roof™ contractor certification
10 or FORTIFIED professional certification. The contractor is responsible for paying all fees
11 associated with certification and training;

12 (vi) The contractor shall maintain accurate contact information with the strengthen rhody
13 homes program;

14 (vii) The contractor shall agree to follow the strengthen rhody homes program's procedures
15 and rules as prescribed by the department;

16 (viii) The contractor shall not have a financial interest in any project funded by the
17 strengthen rhody homes program for which they perform work other than receiving payment on
18 behalf of the homeowner from the strengthen rhody homes program and shall report to the
19 strengthen rhody homes program any potential conflicts of interest before work commences; and

20 (ix) The contractor shall not be the evaluator for any project funded by the strengthen rhody
21 homes program.

22 (11) Evaluators:

23 (i) To be eligible to work on a project funded by the strengthen rhody homes program as
24 an evaluator, the evaluator shall meet all program requirements, including, but not limited to, those
25 listed below and maintain a current copy of all applicable certificates and licenses with the
26 strengthen rhody homes program office;

27 (ii) The evaluator must be in good standing with IBHS and maintain an active IBHS
28 certification as a FORTIFIED roof evaluator. The evaluator is responsible for paying all fees
29 associated with certification and training;

30 (iii) The evaluator shall agree to follow the strengthen rhody homes program's procedures
31 and rules as prescribed by the department;

32 (iv) The evaluator shall maintain accurate contact information with the strengthen rhody
33 homes program;

34 (v) The evaluator shall not have any financial interest in any project which they inspect for

1 designation purposes for the strengthen rhody homes program;

2 (vi) The evaluator shall not be a contractor or supplier of any materials and/or products or
3 systems installed in any home they inspect for designation purposes for the strengthen rhody homes
4 program;

5 (vii) The evaluator shall not be the sales agent for any home being designated for the
6 strengthen rhody homes program; and

7 (viii) The evaluator shall inform the strengthen rhody homes program of any potential
8 conflicts of interest.

9 (12) Funding:

10 (i) There is hereby created a revolving fund in the insurance department, to be designated
11 the "strengthen rhody homes revolving fund". The fund shall be a continuing fund, not subject to
12 fiscal year limitations, and shall consist of any monies deposited to the fund from the receipt of
13 federal grants or funds or from other sources of grants or funds. All monies accruing to the credit
14 of the fund are hereby appropriated and may be budgeted and expended by the department for the
15 purpose of assisting the strengthen rhody homes program in performing all acts that relate to the
16 function and purpose of the strengthen rhody homes program. The strengthen rhody homes
17 revolving fund account shall not be subject to any cost recovery or other assessment from the state.

18 (ii) Monies collected pursuant to this act shall be deposited in the strengthen rhody homes
19 revolving fund. Monies shall not lapse, unless otherwise specified under federal funding or federal
20 grant, or a grant or funds from another source, or be transferred to any other state funds and shall
21 not be redistributed.

22 SECTION 4. Section 27-5-3.8 of the General Laws in Chapter 27-5 entitled "Fire Insurance
23 Policies and Reserves" is hereby repealed.

24 ~~**27-5-3.8. Rhode Island commission on hurricane loss projection methodology.**~~

25 ~~**(a) Legislative findings and intent.**~~

26 ~~(1) Reliable projections of hurricane losses are necessary in order to assure that rates for~~
27 ~~residential property insurance meet the statutory requirement that rates be neither excessive nor~~
28 ~~inadequate.~~

29 ~~(2) The general assembly recognizes the need for expert evaluation of computer models~~
30 ~~and other recently developed or improved actuarial methodologies for projecting hurricane losses,~~
31 ~~in order to resolve conflicts among actuarial professionals, and in order to provide both immediate~~
32 ~~and continuing improvement in the sophistication of actuarial methods used to set rates charged to~~
33 ~~consumers.~~

34 ~~(3) It is the intent of the general assembly to create the Rhode Island commission on~~

1 ~~hurricane loss projection methodology as a panel of experts to provide the most actuarially~~
2 ~~sophisticated guidelines and standards for projection of hurricane losses possible, given the current~~
3 ~~state of actuarial science.~~

4 ~~(b) Commission created.~~

5 ~~(1) There is created the Rhode Island commission on hurricane loss projection~~
6 ~~methodology. For the purposes of this section, the term “commission” means the Rhode Island~~
7 ~~commission on hurricane loss projection methodology. The commission shall be administratively~~
8 ~~housed within the department of administration, but it shall independently exercise the powers and~~
9 ~~duties specified in this section.~~

10 ~~(2) The commission shall consist of the following eight (8) members:~~

11 ~~(i) The director of business regulation, acting as the administrator of insurance, or designee;~~

12 ~~(ii) The director of the Rhode Island emergency management agency;~~

13 ~~(iii) A member of the board of directors of the Rhode Island Joint Reinsurance Association~~
14 ~~appointed by the governor;~~

15 ~~(iv) Five (5) members directly appointed by the governor, as follows:~~

16 ~~(A) An actuary who is employed full time by a property and casualty insurer that was~~
17 ~~responsible for at least one percent of the aggregate statewide direct written premium for~~
18 ~~homeowner’s insurance in the calendar year preceding the member’s appointment to the~~
19 ~~commission;~~

20 ~~(B) An expert in insurance finance who has a background in actuarial science;~~

21 ~~(C) An expert in statistics who has a background in insurance;~~

22 ~~(D) An expert in computer system design.~~

23 ~~(E) An expert in meteorology who specializes in hurricanes.~~

24 ~~(3) Members designated under subparagraphs (b)(2)(i)–(iii) shall serve on the commission~~
25 ~~as long as they maintain the respective offices designated in subparagraphs (b)(2)(i)–(iii). Members~~
26 ~~under subparagraph (b)(2)(iv)(A)–(E) shall serve for a term of three (3) years, and may be~~
27 ~~reappointed to the commission. All members may be removed by the governor prior to the~~
28 ~~expiration of their term for cause. Vacancies on the commission shall be filled in the same manner~~
29 ~~as the original appointment.~~

30 ~~(4) The governor shall annually appoint one of the members of the commission to serve as~~
31 ~~chair.~~

32 ~~(5) Members of the commission shall serve without compensation but shall be reimbursed~~
33 ~~for per diem and travel expenses.~~

34 ~~(6) There shall be no liability on the part of, and no cause of action of any nature shall arise~~

1 ~~against, any member of the commission for any action taken in the performance of their duties~~
2 ~~under this section. In addition, the commission may, in writing, waive any potential cause of action~~
3 ~~for negligence of a consultant, contractor, or contract employee engaged to assist the commission.~~

4 (c) ~~Adoption and effect of standards and guidelines.~~

5 (1) ~~The commission shall consider any actuarial methods, principles, standards, models, or~~
6 ~~output ranges that have the potential for improving the accuracy of or reliability of the hurricane~~
7 ~~loss projections used in residential property insurance rate filings. The commission shall, from time~~
8 ~~to time, adopt findings as to the accuracy or reliability of particular methods, principles, standards,~~
9 ~~models, or output ranges.~~

10 (2) ~~The commission shall adopt revisions to previously adopted actuarial methods,~~
11 ~~principles, standards, models, or output ranges at least annually.~~

12 (3)(i) ~~A trade secret that is used in designing and constructing a hurricane loss model and~~
13 ~~that is provided pursuant to this section, by a private company, to the commission, is confidential~~
14 ~~and shall not be deemed a public record pursuant to the provisions of chapter 2 of title 38.~~

15 (ii) ~~That portion of a meeting of the commission or of a rate proceeding on an insurer's rate~~
16 ~~filing at which a trade secret made confidential and exempt by this paragraph is discussed shall be~~
17 ~~deemed confidential and not open to disclosure pursuant to the open meetings act, but may be~~
18 ~~discussed at a closed meeting as provided for in chapter 46 of title 42.~~

19 (d) ~~The Rhode Island commission is hereby authorized to form a multi-state commission~~
20 ~~with the states of Massachusetts, Connecticut, and any other interested state in furtherance of the~~
21 ~~goals of this act.~~

22 SECTION 5. This act shall take effect upon passage.

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LC001766/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO INSURANCE -- RHODE ISLAND PROPERTY AND CASUALTY
INSURANCE GUARANTY ASSOCIATION

- 1
- This act would provide a framework through which the department of business regulation
- 2
- can seek grants to fund a home hardening program, and would increase the state guaranty fund
- 3
- limits on personal and commercial property to one million dollars for first-party covered claims.
- 4
- This act would take effect upon passage.

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LC001766/SUB A
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