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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 - FIRE INSURANCE APPLICATIONS

Introduced By: Senators Bates, and Walaska

Date Introduced: January 14, 2004

Referred To: Senate Financial, Technology, Regulatory

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-5-2.1 of the General Laws in Chapter 27-5 entitled "Fire
2 Insurance Policies and Reserves" is hereby repealed.

3 ~~**27-5-2.1. Anti-arson application.** -- (a) As used in this section:~~

4 ~~(1) "Anti-arson application" means any application for an insurance policy, covering the~~
5 ~~peril of fire or explosion, that includes certain questions contained in subsection (c) which shall~~
6 ~~be answered by the applicant in addition to the basic information normally supplied to an insurer~~
7 ~~by an applicant;~~

8 ~~(2) "Builders risk policy" means a policy which insures against loss to buildings in the~~
9 ~~course of new construction, not including new construction being done in conjunction with any~~
10 ~~rehabilitation;~~

11 ~~(3) "Director" means the director of the department of business regulation;~~

12 ~~(4) "Highly protected risk" means a fire resistive building that meets the highest~~
13 ~~standards of fire safety according to insurance company underwriting requirements;~~

14 ~~(5) "Policy" means a policy issued by insurers meeting the requirements of section 27-5-~~
15 ~~3 or a policy issued by insurers approved by the director of business regulation pursuant to~~
16 ~~section 27-5-9.1; and~~

17 ~~(6) "Property" means the real property and the buildings and improvements on the~~
18 ~~property which the applicant seeks to insure or re-insure.~~

19 ~~(b) Except as provided for in subsection (g), the completion of the anti-arson application~~

1 ~~by an applicant for a policy shall be mandatory in any of the following instances:~~

2 ~~(1) Prior to the initial issuance of a policy;~~

3 ~~(2) Upon an addition to or modification of an existing policy with respect to the named~~
4 ~~insured or mortgagee;~~

5 ~~(3) When the coverage under the terms of an existing policy is increased by more than~~
6 ~~twenty-five percent (25%); or~~

7 ~~(4) When there is a change in insurer.~~

8 ~~(c) The form of the anti arson application, to be completed in compliance with this~~
9 ~~section, shall be the ACORD supplementary property application form 190, or form 190's~~
10 ~~successor.~~

11 ~~(d) In all cases where the completion of the anti arson application is mandatory, no~~
12 ~~insurer or insurance producer may enter into a contract for a policy to be issued after June 28,~~
13 ~~1985, unless the insurer or insurance producer first receives an anti arson application signed and~~
14 ~~affirmed by the applicant. The anti arson application must be provided by the insurance company~~
15 ~~to the applicant for completion prior to the issuance of a policy. Nothing in this section shall~~
16 ~~prohibit the issuance of binders or other contracts for temporary insurance for a period which~~
17 ~~shall not exceed thirty (30) days, coverage being conditional upon the completion and return of~~
18 ~~the application form within five (5) working days, and conditional upon the approval of the~~
19 ~~application form by the insurance company for the issuance of a policy, or payment of any loss.~~

20 ~~(e) A material misrepresentation in the anti arson application shall be grounds to rescind~~
21 ~~the policy.~~

22 ~~(f) Insured shall notify their insurer, in writing, of any change in the information~~
23 ~~contained in the anti arson application, upon renewal or annually, whichever is sooner, and~~
24 ~~complete a new anti arson application. A material misrepresentation in that notification shall be~~
25 ~~grounds to rescind the insurance policy.~~

26 ~~(g) The provisions of this section shall not apply to any policy with respect to owner~~
27 ~~occupied real property used predominantly for residential purposes which consists of not more~~
28 ~~than four (4) dwelling units, to buildings owned and insured by the state or its political~~
29 ~~subdivisions, to highly protected risks, to nonincomeproducing single unit seasonal dwellings, or~~
30 ~~to builders risk policies.~~

31 SECTION 2. This act shall take effect on September 1, 2004.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - FIRE INSURANCE APPLICATIONS

1 This act repeals section 27-5-2.1 of the general laws regarding “Anti-Arson” questions on
2 fire insurance applications.

3 This act would take effect on September 1, 2004.

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