

2013 -- H 5444

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO INSURANCE -- BINDERS

Introduced By: Representatives Kennedy, and San Bento

Date Introduced: February 13, 2013

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended
2 by adding thereto the following chapter:

3 CHAPTER 9.4

4 INSURANCE BINDERS AS EVIDENCE OF COVERAGE

5 **27-9.4-1. Short title.** -- This chapter shall be known and may be cited as the "Model Act
6 Regarding Use of Property and Casualty Insurance Binders as Evidence of Coverage."

7 **27-9.4-2. Purpose.** -- This chapter requires that property and casualty insurance binders
8 obligate coverage until a policy is issued or cancelled.

9 **27-9.4-3. Definitions.** -- As used in this chapter:

10 (1) "Insurance binder" means a written temporary contract of insurance authorized by an
11 insurer issued prior to the insurance policy that includes:

12 (i) The name and address of the insured and any additional named insureds, mortgagees,
13 or lienholders;

14 (ii) A description of the property insured;

15 (iii) A description of the nature and amount of coverage that shall be deemed to include
16 the terms of the insurance policy except as conspicuously noted on the binder;

17 (iv) The identity of the insurer and of the authorized representative executing the binder;

18 (v) The effective date of coverage; and

19 (vi) The binder number or the policy number where applicable to a policy extension.

1 (2) "Insurance policy" means a contract of insurance describing the term, coverage,
2 premiums, and deductibles.

3 (3) "Insured" means the person, group, or property for which an insurance policy is
4 issued.

5 (4) "Insurer" means any organization that issues property or casualty insurance.

6 (5) "Lender" means an individual, partnership, corporation, association, or other entity, or
7 loan servicer acting on behalf of such party, who lends money and receives or otherwise acquires
8 a mortgage, a lien, a deed of trust, or any other security interest in or on any real or personal
9 property as security for the loan.

10 **27-9.4.4. Insurer Obligations. -- (a) An insurer that provides an insurance binder is**
11 **obligated to provide the coverage according to the terms of such binder until the insurer issues the**
12 **insurance policy or cancels the binder.**

13 (b) An insurer shall only cancel an insurance binder in accordance with the minimum
14 cancellation provisions included in the insurance policy and in accordance with regulations
15 promulgated by the insurance commissioner.

16 **27-9.4.5. Penalties. -- Any person or entity who violates this chapter may be fined up to**
17 **one thousand dollars (\$1,000) per violation.**

18 SECTION 2. This act shall take effect on October 1, 2013.

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

1 This act would authorize the use of property and casualty insurance binders as evidence
2 of coverage.

3 This act would take effect on October 1, 2013.

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