

2014 -- H 7205

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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 INSURANCE -- CASUALTY, FIRE AND MARINE INSURANCE

Introduced By: Representatives O`Grady, Ackerman, Costantino, Marcello, and
Johnston

Date Introduced: January 29, 2014

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-6-46 of the General Laws in Chapter 27-6 entitled "Fire and
2 Marine Insurance Rating" is hereby amended to read as follows:
3 **27-6-46. Terms to be stated in policy -- Rebates prohibited.** -- No insurer, or any
4 officer, insurance producer, or representative of an insurer, shall make any contract for insurance,
5 on property on risks located within this state, or against any liability, casualty, accident, or hazard
6 that may arise or occur in this state, or any agreement as to that contract, other than as plainly
7 expressed in the policy issued or to be issued on the agreement or contract; or shall any insurer, or
8 officer, insurance producer, or representative of an insurer, directly or indirectly, in any manner,
9 pay or allow or offer to pay or allow to the insured named in the policy or to any employee of the
10 insured as an inducement to that insurance, or after the insurance shall have been effected, any
11 rebate from the premium which is specified in the policy or any special favor or advantage in the
12 dividends or other benefit to accrue on the policy; or any valuable consideration or inducement
13 not specified in the policy or contract of insurance, or give, sell, or purchase, as an inducement to
14 that insurance, or in connection with that insurance, any stock, bonds, or other securities of any
15 insurance or other corporation or association, or any dividends or profits accrued on the
16 securities, or anything of value not specified in the policy, or shall any insurance producer or his
17 or her representatives, or any other person, directly or indirectly, either by sharing commissions
18 or in any manner pay or allow or offer to pay or allow to the insured named in the policy, or to
19 any employee of the insured, as an inducement to that insurance, or after the insurance shall have

1 been effected, any rebate from the premium which is specified in the policy, or shall any insured,
2 or party, or applicant for insurance, his or her or its employee, agent, or representative knowingly
3 receive or accept, or agree to accept, or agree to receive or accept, directly or indirectly, any
4 rebate of premium or any part of the premium or all or any part of any commission on the
5 premium, or any favor or advantage, or share in any benefit to accrue under any contract of
6 insurance, or any valuable consideration or inducement, other than what is specified in the policy;
7 provided, that nothing in this section shall prevent any insurer from the distribution of surplus,
8 dividends, savings, or the unused or unabsorbed portion of premiums and premium deposits to
9 participating policyholders, or shall this section prevent any insurer, or its insurance producer,
10 from paying commissions to a licensed insurance producer who shall have negotiated for the
11 insurance, or shall it prevent any licensed insurance producer from sharing or dividing a
12 commission earned or received by the insurance producer with any other licensed insurance
13 producers who shall have aided the insurance producer in respect to the insurance for the
14 negotiation of which that commission shall have been earned or paid; but no insurer or agent, or
15 broker shall pay or allow commissions or brokerage to any person acting as an insurance
16 producer in this state who is required by law to be licensed but is not licensed. Sections 27-8-7 --
17 27-8-10 shall not apply to the kinds of insurance subject to the provisions of this chapter. [Nothing](#)
18 [in this chapter shall prevent any corporation, lawfully doing insurance business in the state, from](#)
19 [offering to policyholders, a benefit or service not otherwise offered in the policy or contract of](#)
20 [insurance, provided such benefit or service is offered to all policyholders purchasing a](#)
21 [comparable product in the state.](#)

22 SECTION 2. Section 27-8-7 of the General Laws in Chapter 27-8 entitled "Casualty
23 Insurance Generally" is hereby amended to read as follows:

24 **27-8-7. Terms to be stated in policy -- Rebates prohibited.** -- No insurance corporation
25 authorized to do any insurance business within this state, or any officer, insurance producer, or
26 their representative, shall make any contract for insurance, on property or risks located within this
27 state, or against any liability, casualty, accident, or hazard that may arise or occur in this state, or
28 any agreement as to that contract, other than as plainly expressed in the policy issued or to be
29 issued; nor shall any corporation, or officer, insurance producer, or their representative, directly
30 or indirectly, in any manner, pay or allow or offer to pay or allow to the insured named in the
31 policy or to any employee of the insured as an inducement to the insurance, or after the insurance
32 has been effected, any rebate from the premium which is specified in the policy or any special
33 favor or advantage in the dividends or other benefit to accrue on the policy; or any valuable
34 consideration or inducement, not specified in the policy or contract of insurance, or give, sell, or

1 purchase, as an inducement to the insurance, or in connection with it, any stock, bonds, or other
2 securities of any insurance or other corporation or association, or any dividends or profits accrued
3 on the stock, bonds, or securities, or anything of value, not specified in the policy; nor shall any
4 insurance producer or representative, or any other person, directly or indirectly, either by sharing
5 commissions or in any manner, pay or allow or offer to pay or allow to the insured named in the
6 policy, or to any employee of the insured, as an inducement to the insurance, or after the
7 insurance has been effected, any rebate from the premium which is specified in the policy.
8 Nothing in this chapter shall prevent any corporation lawfully doing insurance business in this
9 state from the distribution of surplus and dividends to policyholders, nor shall this chapter prevent
10 any corporation, or its agent, from paying commissions to a licensed insurance producer who has
11 negotiated for the insurance, nor shall it prevent any licensed insurance producer from sharing or
12 dividing a commission earned or received by the insurance producer with any other licensed
13 insurance producer, who has aided the insurance producer in respect to the insurance for the
14 negotiation of which the commission has been earned or paid. Nothing in this chapter shall
15 prevent any corporation, lawfully doing insurance business in the state, from offering to
16 policyholders, a benefit or service not otherwise offered in the policy or contract of insurance,
17 provided such benefit or service is offered to all policyholders purchasing a comparable product
18 in the state.

19 SECTION 3. Section 27-9-44 of the General Laws in Chapter 27-9 entitled "Casualty
20 Insurance Rating" is hereby amended to read as follows:

21 **27-9-44. Terms to be stated in policy -- Rebates prohibited.** -- No insurer, or any
22 officer, insurance producer, or their representative, shall make any contract for insurance, on
23 property or risks located within this state, or against any liability, casualty, accident, or hazard
24 that may arise or occur in this state, or any agreements as to any contract, other than as plainly
25 expressed in the policy issued or to be issued on the agreement or contract; nor shall any insurer,
26 or officer, insurance producer, or their representative, directly or indirectly, in any manner, pay or
27 allow or offer to pay or allow to the insured named in the policy or to any employee of the
28 insured as an inducement to the insurance, or after the insurance shall have been effected, any
29 rebate from the premium which is specified in the policy or any special favor or advantage in the
30 dividends or other benefit to accrue on the policy, or any valuable consideration or inducement,
31 not specified in the policy or contract of insurance, or give, sell, or purchase, as an inducement to
32 the insurance, or in connection with the insurance, any stock, bonds, or other securities of any
33 insurance or other corporation or association, or any dividends or profits accrued on the stock,
34 bonds, or securities, or anything of value, not specified in the policy, nor shall any insurance

1 producer or representative, or any other person, directly or indirectly, either by sharing
2 commissions or in any manner, pay or allow or offer to pay or allow to the insured named in the
3 policy, or to any employee of the insured, as an inducement to the insurance, or after the
4 insurance shall have been effected, any rebate from the premium which is specified in the policy,
5 nor shall any insured, or party, or applicant for insurance, his, her or its employee, agent, or
6 representative, knowingly receive or accept, or agree to accept, or agree to receive or accept,
7 directly or indirectly, any rebate of a premium or any part of the premium or all or any part of any
8 commission on the premium, or any favor or advantage, or share in any benefit to accrue under
9 any contract of insurance, or any valuable consideration or inducement, other than what is
10 specified in the policy; provided, that nothing in this section shall prevent any insurer from the
11 distribution of surplus, dividends, savings, or the unused or unabsorbed portion of premiums and
12 premium deposits to participating policyholders, nor shall this section prevent any insurer, or its
13 agent, from paying commissions to a licensed insurance producer who shall have negotiated for
14 the insurance, nor shall it prevent any licensed insurance producer from sharing or dividing a
15 commission earned or received by the insurance producer with any other licensed insurance
16 producer who shall have aided the insurance producer in respect to the insurance for the
17 negotiation of which the commission shall have been earned or paid; but no insurer, or insurance
18 producer shall pay or allow commissions or brokerage to any person acting as an insurance
19 producer in this state who is required by law to be licensed but is not licensed. As used in this
20 section, the word "insurance" includes suretyship and the word "policy" includes bond. Sections
21 27-8-7 -- 27-8-10 shall not apply to the kinds of insurance subject to the provisions of this
22 chapter. [Nothing in this chapter shall prevent any corporation, lawfully doing insurance business](#)
23 [in the state, from offering to policyholders, a benefit or service not otherwise offered in the policy](#)
24 [or contract of insurance, provided such benefit or service is offered to all policyholders](#)
25 [purchasing a comparable product in the state.](#)

26 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 INSURANCE -- CASUALTY, FIRE AND MARINE INSURANCE

1 This act would amend selected chapters on insurance to permit insurance companies in
2 the state, to offer policyholders a benefit or service not offered in the insurance policy, provided
3 the benefit or service is offered equally to all policyholders purchasing a similar product in the
4 state.

5 This act would take effect upon passage.

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