

2020 -- S 2391

LC004461

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

RELATING TO INSURANCE -- INSURANCE CONSUMER PROTECTION SALES ACT

Introduced By: Senator Mark P. McKenney

Date Introduced: February 13, 2020

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

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

3 CHAPTER 82

4 INSURANCE CONSUMER PROTECTION SALES ACT

5 **27-82-1. Short title.**

6 This chapter shall be known and may be cited as the "Insurance Consumer Protection Sales
7 Act."

8 **27-82-2. Purpose.**

9 The purpose of this chapter is to regulate noninsurance business entities in the disclosure
10 of personal identifiable information for insurance sales.

11 **27-82-3. Definitions.**

12 For the purposes of this chapter:

13 (1) "Business entity" means an individual, firm, corporation, business trust, association,
14 partnership, limited liability company, limited liability partnership or any legal entity, its affiliates
15 or subsidiaries and any of its officers, agents, representatives or employees; provided, however,
16 "business entity" shall not include financial institutions as defined and subject to the provisions of
17 chapter 58 of title 27.

18 (2) "Director" means the director of the department of business regulation or their designee.

19 (3) "Insurance" includes all products defined or regulated as insurance by the department

1 of business regulation except those products offered as follows:

2 (i) Portable electronics insurance as defined in § 27-2.7-1;

3 (ii) Credit life, credit accident and health, credit involuntary unemployment insurance;
4 group credit insurance, forced placed or voluntary credit personal property insurance; group
5 mortgage cancellation life insurance, or group mortgage accident and health insurance and
6 annuities;

7 (iii) Insurance placed by a financial institution in connection with collateral pledged as
8 security for a loan when the debtor breaches the contractual obligation to provide that insurance;
9 and

10 (iv) Private mortgage insurance.

11 **27-82-4. Authorization for implementing regulations.**

12 The director may promulgate administrative regulations to effectuate the purposes of this
13 chapter.

14 **27-82-5. Anti-tying provisions.**

15 (a) No person or business entity may offer any tangible personal property for sale or lease,
16 or fix or vary the conditions of an offer, on a condition or requirement that the customer obtains
17 insurance from the business entity, or any particular insurance producer or insurer.

18 (b) No business entity shall require or imply that the purchase of an insurance product from
19 a business entity or any particular insurance producer or insurer, by a customer or prospective
20 customer is required as a condition of, or is in any way related to the purchase or lease of any
21 tangible personal property, the lending of money or extension of credit or the provision of services
22 related to any of these activities.

23 (c) No business entity shall impose any requirement on any insurance producer or insurer
24 who is not associated with the business entity that is not imposed on any insurance producer or
25 insurer who is associated with that business entity.

26 **27-82-6. Sales force.**

27 Solicitation for the purchase or sale of insurance by a business entity shall be conducted
28 only by persons licensed in accordance with chapter 2.4 of title 27 whose responsibilities do not
29 include the sale of a noninsurance related tangible personal property, including, but not limited to,
30 salespersons, persons whose responsibilities include a determination of credit qualification,
31 financing, or persons assisting those individuals in the sale or lease of any tangible personal
32 property.

33 **27-82-7. Confidential customer information.**

34 (a) As used in this section, unless the context requires otherwise:

1 (1) "Customer" means a person seeking to purchase or lease tangible personal property.

2 (2) "Nonpublic customer information" means personally identifiable financial
3 information regarding a person that has been derived from the sale or lease of tangible personal
4 property by a business entity, including, information on the product to be purchased or leased,
5 information concerning the terms and conditions of insurance coverage, insurance expirations,
6 insurance claims, or insurance history of an individual. Nonpublic customer information does not
7 include customer names, addresses or telephone numbers.

8 (b) No business entity shall use any nonpublic customer information derived from the sale
9 or lease of tangible personal property for the purpose of selling or soliciting the purchase of
10 insurance or provide the nonpublic customer information to a third party for the purpose of
11 another's sale or solicitation of the purchase of insurance.

12 **27-82-8. Insurance in connection with the sale or lease of a tangible personal property.**

13 The transaction of a sale or lease of any tangible personal property and insurance
14 transactions shall be completed independently and through separate documents.

15 **27-82-9. Physical location of insurance activities.**

16 The place of solicitation or sale of insurance by any insurance company or any insurance
17 producer affiliated with a business entity shall be from an office physically separated from the
18 activities associated with the sale or lease of any tangible personal property. Physical separation
19 shall not be defined as a separate building. The director shall have the authority to promulgate rules
20 and regulations to implement this section pursuant to § 27-82-4.

21 **27-82-10. Penalties.**

22 Any business entity or person who violates the provisions of this chapter, who fails to
23 perform any duties imposed by this chapter, or who violates any administrative regulation
24 promulgated pursuant to this chapter shall be liable for a civil penalty not to exceed the sum of one
25 hundred dollars (\$100) for each day which the violation continues, and may be concurrently
26 enjoined from any further violations by the superior court upon petition of the director.

27 SECTION 2. This act shall take effect on January 1, 2021.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO INSURANCE -- INSURANCE CONSUMER PROTECTION SALES ACT

1 This act would prevent anti-tying where an individual or business would not be able to
2 offer and/or sell tangible property based on a conditional requirement that said consumer purchase
3 insurance from the individual or business. Additionally, this act would prohibit businesses from
4 using any non-public information from the purchase or lease of tangible personal products for the
5 purpose of selling insurance. This act would impose a one hundred dollar (\$100) civil fine for a
6 violation.

7 This act would take effect on January 1, 2021.

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