

2023 -- H 6147

LC000515

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- DEPARTMENT OF BUSINESS  
REGULATION

Introduced By: Representatives Perez, Costantino, Cardillo, Fellela, Baginski, J.  
Lombardi, Hull, Phillips, Noret, and Azzinaro

Date Introduced: March 10, 2023

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 42-14 of the General Laws entitled "Department of Business  
2 Regulation" is hereby amended by adding thereto the following section:

3 **42-14-20. Establishment and purpose of exchange.**

4 The director of department of business regulation, in consultation with the superintendent  
5 of banking and insurance, is hereby authorized to establish a market for low-cost motor vehicle  
6 liability insurance, to be known as the "motor vehicle liability insurance exchange," the purpose of  
7 which shall be to facilitate making low-cost motor vehicle liability insurance available which meets  
8 the requirements of the motor vehicle reparations act. This exchange shall exercise the powers and  
9 authority of a state-based exchange which shall offer products that meet the minimum requirements  
10 for an owner's policy of liability insurance for a motor vehicle in Rhode Island.

11 **42-14-21. Definitions.**

12 As used in this section, the following words and terms shall have the following meanings,  
13 unless the context indicates another or different meaning or intent:

14 (1) "Director" means the director of the department of business regulation.

15 (2) "Exchange" or "Motor vehicle liability insurance exchange" shall refer to the motor  
16 vehicle liability insurance exchange established in this chapter, including but not limited to the  
17 provisions of §§ 42-14-20, 42-14-21, 42-14-22, 42-14-23, and 42-14-24.

18 (3) "Motor vehicle reparations act" refers to the provisions of chapter 47 of title 31.

1           (4)(i) "Owner's policy of liability insurance" means a policy:

2           (A) Affording coverage as defined in the minimum provisions prescribed in a regulation  
3 that shall be promulgated by the commissioner. The commissioner, before promulgating the  
4 regulations or any amendments to them, shall consult with all insurers licensed to write automobile  
5 liability insurance in this state and shall not prescribe minimum provisions that fail to reflect the  
6 provisions of automobile liability insurance policies issued within this state at the date of the  
7 regulation or amendment of it. Nothing contained in regulation or in this chapter shall prohibit any  
8 insurer from affording coverage under an owner's policy of liability insurance more liberal than  
9 that required by the minimum provisions. Every owner's policy of liability insurance shall provide  
10 insurance subject to the regulation against loss from the liability imposed by law for damages,  
11 including damages for care and loss of services, because of bodily injury to, or death of, any person  
12 and injury to, or destruction of, property arising out of the ownership, maintenance, use, or  
13 operation of a specific motor vehicle or motor vehicles within the state of Rhode Island or elsewhere  
14 in the United States, in North America, or the Dominion of Canada, subject to a limit, exclusive of  
15 interest and costs, with respect to each motor vehicle of twenty-five thousand dollars (\$25,000)  
16 because of bodily injury to, or death of, one person in any one accident; and subject to the limit for  
17 one person, to a limit of fifty thousand dollars (\$50,000), because of bodily injury to, or death of,  
18 two (2) or more persons in any one accident; and a limit of twenty-five thousand dollars (\$25,000)  
19 because of injury to, or destruction of, property of others in any one accident; or seventy-five  
20 thousand dollars (\$75,000) combined, single limit. Any insurer authorized to issue an owner's  
21 policy of liability insurance as provided for in this chapter may, pending the issue of the policy,  
22 make an agreement to be known as a binder, or may, in lieu of the policy, issue a renewal  
23 endorsement or evidence of renewal of an existing policy, each of which shall be construed to  
24 provide indemnity or protection in like manner and to the same extent as the policy. The provisions  
25 of this chapter shall apply to such binders, renewal endorsements, or evidences of renewal; and

26           (B) In the case of a vehicle registered in this state, a policy issued by an insurer duly  
27 authorized to transact business in this state; or

28           (C) In the case of a vehicle registered in another state in the name of a nonresident, either  
29 a policy issued by an authorized insurer, or a policy issued by an unauthorized insurer authorized  
30 to transact business in the state of the nonresident's residence if the unauthorized insurer files with  
31 the commissioner, in a form to be approved by him or her, a statement consenting to service of  
32 process and declaring its policies shall be deemed to be varied to comply with the requirements of  
33 this chapter; and

34           (D) The form of which has been approved by the commissioner.

1 (ii) No such policy shall be issued or delivered in this state until a copy of the form of the  
2 policy shall have been on file with the superintendent for at least thirty (30) days, unless sooner  
3 approved in writing by the commissioner, nor, if within that period of thirty (30) days, the  
4 superintendent shall have notified the carrier in writing that in the commissioner's opinion  
5 specifying the reasons for it, the form of the policy does not comply with the laws of the state.

6 (iii) In the case of any ambiguity in the application of the meaning of this term and in  
7 particular the minimum insurance requirements, an owner's policy of liability insurance shall be  
8 required to meet all the minimum coverage requirements established pursuant to the motor vehicle  
9 reparations act.

10 (5) "Proof of financial security" means proof of ability to respond in damages for liability  
11 arising out of the ownership, maintenance, or use of a motor vehicle as evidenced by an owner's  
12 policy of liability insurance. Proof of financial security may be produced in either paper or  
13 electronic format. Acceptable electronic formats include display of documentation on any mobile  
14 electronic device.

15 (6) "Superintendent" or "commissioner" means the superintendent of banking and  
16 insurance as described in §42-14-5.

17 **42-14-22. General requirements.**

18 (a) The exchange shall strive to make affordable motor vehicle insurance plans available  
19 to individuals. The exchange shall not make available any insurance plan that has not been certified  
20 by the exchange as meeting the minimum requirements to qualify as an owner's policy of liability  
21 insurance under the motor vehicle reparations act.

22 (b) The exchange shall allow an insurer to offer a plan that provides minimum coverage  
23 amounts required under the motor vehicle reparations acts through the exchange.

24 (c) Subject to legislative appropriations, the exchange shall also seek to partner with low-  
25 cost providers and carriers of motor vehicles insurance to seek reduction in premiums charged the  
26 policy holder by having the exchange pay a portion of the policy's insurance premium. If funds are  
27 sufficient, the exchange may pay the full cost of the premiums. The superintendent shall seek to  
28 develop partnerships with low-cost providers and carriers of motor vehicles insurance with the goal  
29 of supplementing the cost of insurance premiums.

30 (d) The director and the superintendent shall promulgate rules and regulations which shall  
31 set forth a sliding scale, based on income, for which persons are eligible for partial payment of their  
32 motor vehicle insurance premiums through the exchange. These guidelines may also include full  
33 payment of the premiums.

34 **42-14-23. Financing.**

1 (a) The department is authorized to assess insurers offering motor vehicle liability  
2 insurance policies To support the functions of the exchange, insurers offering motor vehicle  
3 liability insurance policies through the exchange must remit an assessment to the exchange each  
4 month, in a timeframe and manner established by the exchange, equal to three and one-half percent  
5 (3.5%) of the monthly premium charged by the insurer for each policy under the plan where  
6 enrollment is through the exchange. Revenues from the assessment shall be deposited in a  
7 restricted-receipt account for the sole use of the exchange and shall be exempt from the indirect  
8 cost-recovery provisions of § 35-4-27. Funds in this account may also be used to pay motor vehicle  
9 liability insurance premiums in full or in part.

10 (b) The general assembly may appropriate general revenue to support the annual budget  
11 for the exchange to supplement revenues raised from the assessment under subsection (a) of this  
12 section.

13 (c) If the director determines that the level of resources obtained pursuant to subsection (a)  
14 of this section will be in excess of the budget for the exchange, the department shall provide a report  
15 to the governor, the speaker of the house, and the senate president identifying the surplus and  
16 detailing how the assessment established pursuant to subsection (a) may be offset in a future year  
17 to reconcile with impacted insurers and how any future supplemental or annual budget submission  
18 to the general assembly may be revised accordingly.

19 **42-14-24. Regional purchasing and efficiencies.**

20 (a) To take advantage of economies of scale and to lower costs, the exchange is hereby  
21 authorized to pursue opportunities to jointly negotiate, procure or otherwise partner with motor  
22 vehicle liability insurance insurers and carriers to purchase exchange-offered plans, and to partner  
23 with another state or multiple states and to pursue and achieve the purpose of the exchange.

24 (b) The exchange shall issue to individuals who purchase motor vehicle liability insurance  
25 through the exchange, in conjunction with an insurer, a proof of financial security statement. These  
26 statements shall be made both in a paper or hard copy version and an electronic version.

27 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- DEPARTMENT OF BUSINESS  
REGULATION

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1           This act would establish the Motor Vehicle Liability Insurance Exchange. The purpose of  
2 the exchange would be to facilitate making low-cost motor vehicle insurance available which meets  
3 the requirements of the motor vehicle reparations act. The exchange shall exercise the powers and  
4 authority of a state-based exchange which offers motor vehicle liability insurance products.

5           This act would take effect upon passage.

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