

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

INSURANCE REGULATION 97

**NOTICE OF MATERIAL CHANGES UPON RENEWAL
OF PERSONAL MOTOR VEHICLE, HOMEOWNER
AND RESIDENTIAL FIRE INSURANCE**

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Section 1 **Authority**

This Regulation is promulgated pursuant to R.I. Gen. Laws §§ 27-5-3.7, 27-8-11 and 42-35-3.

Section 2 **Applicability**

This Regulation shall apply to the renewal of (1) personal lines auto insurance, (2) homeowners insurance, and (3) residential fire insurance, or any components thereof. This Regulation requires notification to insureds upon policy renewal of any material changes in policy deductibles, limits, coverages, conditions or definitions, unless the change was requested by the insured or R.I. Gen. Laws § 27-5-3.7 is applicable.

Section 3 **Definitions**

(a) “Expiration date” shall mean the date upon which coverage under a policy ends or, for a policy written for a term longer than one (1) year or with no fixed expiration date, each annual anniversary date of such policy.

(b) “Insurer” shall mean an individual insurer or an insurance group. For example, if an insured is transferred from one insurer to another within an insurance group, the notice requirements of this regulation apply.

(c) “Material Change” means any coverage modification which affects the policy deductible, limits, coverage, conditions or definitions.

(d) “Renewal” or “to renew” shall mean the issuance of, or the offer by an insurer to issue, a policy succeeding a policy previously issued and delivered by the same insurer, or the issuance of a certificate or notice extending the term of an existing policy for a specified period beyond its expiration date.

Section 4 Notice of Material Changes upon Renewal

(a) Upon an offer to renew, an insurer shall provide, at least thirty (30) days prior to the expiration of the policy, written notice of any material changes in policy deductibles, limits, coverages, conditions or definitions to the named insured at the mailing address shown on the policy, and the producer if any. The notice must be prominent, in clear and unambiguous language and must fully disclose all details of the change.

(b) The notice must be included in or sent at the same time as the policy issuance or renewal package.

(c) Examples of notices which are prominent include, but are not limited to:

- 1) A separate mailing, sent at the same time as the policy issuance or renewal package in at least a point type not smaller than the largest font on the page which is titled “IMPORTANT NOTICE” in bold;
- 2) A notice included as the first page of the renewal package in at least a point type not smaller than the largest font on the page which is titled “IMPORTANT NOTICE” in bold;
- 3) A notice in the first few pages of the policy prior to the actual policy language in at least a point type not smaller than the largest font on the page which is titled “IMPORTANT NOTICE” in bold;
- 4) A notice on the policy declaration page in at least a point type not smaller than the largest font on the page.

(d) This section shall not apply to a material change requested by the insured, including changes requested by the insured at the time of application that would typically occur at the renewal date for as long as the policy is in force, such as inflation coverage adjustment features and other similar policy elements.

- 1) There is no exception to notice of hurricane deductibles under R.I. Gen. Laws § 27-5-3.7. Therefore, even if the introduction of or the

change to a hurricane deductible is requested by the insured, notice as described above must still be given.

(e) For purposes of compliance with this section as to notice to producers, an insurer may use established forms of communications, including but not limited to, electronic mail or other computerized systems that will provide the relevant information directly to producers.

Section 5 Failure to Comply

If an insurer fails to provide notice in accordance with this Regulation, the coverage provided to the named insured in the expiring policy shall remain in effect, without the coverage modification, until notice is provided or until the effective date of replacement coverage obtained by the named insured, whichever occurs first regardless of the policy language. If the amended language is more favorable to the insured it shall control, however, failure to provide notice may constitute a regulatory violation. For the purposes of this Regulation, the notice period begins on the date of mailing of the notice. If the named insured elects not to renew, any earned premium for the period of extension of the terminated policy shall be calculated pro rata at the lower of the current or previous year's premium. If the insured accepts the renewal, the material changes of which the insured was notified in accordance with this Regulation shall be effective on the renewal date.

Section 6 Proof of Notice

An insurer shall be responsible for ensuring that a notice of material changes is provided to the named insured at the address shown in the policy and to the producer if any, and shall be able to demonstrate that such notice was provided.

Section 7 Applicability

To the extent that this Regulation conflicts with existing regulation(s), the notice of material changes requirements enumerated herein shall apply.

Section 8 Severability

If any section, term, or provision of this Regulation should be adjudged invalid for any reason, that judgment should not effect, impair, or invalidate any remaining section, term, or provision, which shall remain in full force and effect.

Section 9 Effective Date

This Regulation shall be effective as indicated below, however, the 2008 changes, including those made in the emergency amendment of April 30, 2008, are only effective as to policies issued or renewed after July 1, 2008.

EFFECTIVE DATE: July 16, 2001

EMERGENCY AMENDMENT: April 30, 2008

AMENDMENT: August 6, 2008