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Title 230– Department of Business Regulation

Chapter 20 – Insurance

Subchapter 5 – Personal Lines – Automobile and Homeowners Insurance

Part 14 -Notice of Material Changes upon Renewal of Personal Motor Vehicle, Homeowner and Residential Fire Insurance

14.1 Authority

This Regulation is promulgated pursuant to R.I. Gen. Laws §§ 27-76 and 27-8-11.

14.2 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 coverage reductions, elimination or increased deductibles unless the change was requested by the insured.

14.3 Definitions

- A. “Expiration date” means 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” means 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 reductions, elimination or increased deductibles not made at the request of the insured.
- D. “Renewal” or “to renew” means 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.
- E. “Writing” means any writing including electronic writings if the parties have agreed to conduct the transaction by electronic means in accordance with R.I. Gen. Laws § 42-127.1-1.

14.4 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 Change in policy to the named insured. 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. The notice shall itemize and describe the Material Change.
- D. The policyholder shall be notified that the policy renewal contains the "NOTICE OF REDUCTION IN COVERAGE" by one of the following manners:
 - 1. By mailing the "NOTICE OF REDUCTION IN COVERAGE" separate from the renewal policy package mailing;
 - 2. By printing "NOTICE OF REDUCTION IN COVERAGE ENCLOSED" on the policy renewal package envelope and including said reductions in the first few pages of the renewal policy package;
 - 3. By printing "NOTICE OF REDUCTION IN COVERAGE ENCLOSED" in the first few pages of the renewal policy package;
 - 4. If the renewal policy package is made available by email, the email notifying the policyholder of the renewal shall contain a statement that the policy contains a "NOTICE OF REDUCTION IN COVERAGE" and such reductions shall be in the first few pages of the renewal policy package.
- E. § 14.4 of this Part 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 § 27-76. 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.

14.5 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. For the purposes of this Regulation, the notice period begins on the date notice is given pursuant to § 14.4 of this Part. 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.

14.6 Proof of Notice

An insurer shall be responsible for ensuring that a notice of material changes is provided to the named insured as provided in this regulation and shall be able to demonstrate that such notice was provided.

14.7 Conflicts

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

14.8 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.