

Governors Insurance Council
Minutes of Meeting, April 26, 2016

The meeting was called to order by Vice-Chairperson Doug Brown at 8:30 a.m. at the office of Independent Insurance Agents of Rhode Island, 2400 Post Road, Warwick, RI.

I. Introductions, Attendance

Attendance was taken and each member or guest introduced himself or herself. Members in attendance were Larry Alan, Donald F. Baldini, Doug Brown, Daniel Bryant, Ann Casillo, Robert Diubaldo, Eric Dupont, Robert Kalander, Michael Lynch, Terry Martiesian, John Partridge, Bob Suglia, John Tickner, and Stephen Zubiago.

Interested parties in attendance were Henry Boeniger, Alison Cooper, Susan Giacalone, Brian Goldman, Lynne Grinsell, Tim Knapp, Jennifer Morrison, Sean O'Connor, Patricia Oceau, Paula Pallozzi, Cate Paolino, David Pellegrino, Jacqueline Plante, Joe Torti and Matt Gendron.

II. Antitrust Admonition

Vice-Chair Brown provided the antitrust admonition.

III. Approval of minutes:

- Motion: To approve the minutes of the meeting of March 22, 2016
- Vote: Motion carried
- It was noted that the Council's letter to the Governor regarding appointment of judges to the workers compensation court had been distributed with the minutes.

IV. Reports from Ex-Officio Members and Discussion

a) Governor's Office – No report.

b) Attorney General – No report.

c) Department of Business Regulation Update: Paula Pallozzi provided an update:

- The Department welcomed Matt Gendron, General Counsel to the GIC members. Staffing continues to be an issue with many open positions at the Department. Ms. Pallozzi announced their staff has decreased from 53 down to 26 employees over the past several years. The Department is currently looking to fill vacant positions, and requested referrals from those present.

- The Corporate Governance bills (HB7842 and SB2785) continue to work their way through the Legislature. SB2785 has been scheduled for consideration on April 28.
- The Premium Tax Proposal – H8058 establishes a procedure for a reduction in premium tax rate if there is an increase in insurance industry employment in the state. No hearing date has been set.
- Regulation 108, CLR-4 implementation – There are currently 5 approved auto body shops for Class A designation. Other applications are pending for class A shops. Certifications can be checked on DBRs website.
- There were no new bulletins or regulations issued by the Department.
- Consumer alerts and other notes of interest:
 - Life Insurance - Consumer Alert 2016-3 issued 4/12/2016
 - Flood risk – less than 5% of Rhode Island population covered. Consumer Alert 2016-2 issued 3/25/2016.
 - NCCI – a decision on this rate filing is expected in the next few weeks
 - AIPSO – a working group has been formed to discuss delays in claims handling and solutions to this issue
 - Ride Share / Car Share – The Department is not approving period 1 exclusions pending legislative action. There was recently a hearing on SB2864 on this issue.
 - DBR would like to bring in a guest speaker to address fortified homes at the May meeting. Ms. Palozzi will discuss with Chairperson Hanaway for her input.
 - PCI v McCleary – DBR is using all its resources to respond to this case and Attorney Gendron will respond as appropriate.
 - Long Term Care – a rate request is pending.

d) Department of Labor and Training Update: No report.

e) Commerce Department: No report.

V. Legislative Updates:

a) P&C: Bob Suglia reports the Legislature has returned from recess and not much is moving forward at this time.

Bills of interest:

- Rental car bills HB7412 & HB7837 have been heard and both held for further study in the House. SB2375 has not been heard at this time.
- H8044 – Transportation Network Company Services – hearing scheduled in House Corporations has been postponed.
- H7843 – Regulates auto dealers in the conduct of the business of insurance.
- H7252 – Removes exemption to the deceptive trade practices act for DBR regulated businesses.
- H7321/S2231 – Creates an electronic automobile insurance confirmation/compliance system including use of license plate readers. This bill is schedule for consideration in House Corporations later today.
- H7842 – Requires insurance companies to annually file corporate governance disclosure form with DBR.
- H7125/S2011 – Misc. amendment regarding life insurance policy cancellation/conversion/ protection for armed forces in auto insurance.
- S2228 – Requires the director of business regulation to respond to complaints within 30 days of receipt of insurer’s response.
- H7707/S2600 – Reduces the time a person who stores personal information has to disclose a breach from 45 days to 14 days.
- H7334 & H8066 – Regulates and restricts unmanned and unpiloted drones. Both bills were heard in Judiciary and held for further study.

b) Workers Compensation: Michael Lynch reported that none of the vacant positions have been filled on Workers Compensation Court and these vacancies continue to create delays in trials.

A review of the following items to report are:

1. Medical Advisory Board has open seats and appointments will be made by the chief judge;
2. DLT fee schedule task force recommends a 1% increase for 2015 and 2016 for a total of 2%;
3. There are 30 bills pending before the WC Advisory Board; Note - S2569 would transfer the uninsured employer fund to general fund on 1/1/17. A delay of at least 6 months is recommended by the Council. Questions of unfunded liability remain. The annual Omnibus bill has received a recommendation by the Advisory Council. Included in the omnibus bill are increases to the mileage reimbursement rate, extending the definition of the “gate,” increase the meeting

fee for the medical advisory board to \$300 per meeting, and increased anti-fraud provisions.

c) Health: Terry Martiesian reports a hearing is scheduled H7839/S2560 regarding price controls on prescription medicines. Another bill would permit prescriptions to be filled for a 90 day period.

d) Life: Dan Bryant reported on HB7219 relating to a new state-run IRA plan for private sector workers, SB2011, relating to required notices for individual life insurance policies and group life insurance conversion and SB2187 relating to group annuities.

There being no further business, the meeting was adjourned at 9:37 a.m.

VII. The next meeting will be held on Tuesday, May 24, 2016

Respectfully submitted,

Robert P. Suglia
Secretary