

**State of Rhode Island and Providence Plantations**  
**DEPARTMENT OF BUSINESS REGULATION**  
*Division of Insurance*  
**233 Richmond Street**  
**Providence, RI 02903**

**INSURANCE REGULATION 16**

**AUTOMOBILE INSURANCE POLICIES: CANCELLATION AND RENEWAL  
PROVISIONS**

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**Section 1      Authority**

In accordance with R.I. Gen. Laws § 27-9-1 *et seq*, to promote the Public Welfare, it is hereby decreed that in all policies issued on and after April 1, 1969 the following limitations shall apply to the rights of Cancellation regardless of the heretofore provision of a company's policy.

**Section 2      Definitions**

As used in this Regulation:

- (A) "Policy" means any automobile policy which includes automobile liability coverage, uninsured motorist coverage, automobile medical payments coverage, or automobile physical damage coverage, delivered or issued for delivery in this state, insuring as the named insured, one individual or husband and wife resident of the same household, and under which the insured vehicles therein designated are of the following types only:
  - 1. A motor vehicle of the private passenger or station wagon type that is not used as a public or livery conveyance, nor rented to others;  
or

2. Any other four-wheel motor vehicle classified and rated by the insurer as a private passenger motor vehicle under its Rules and Rate Filings which is not used in the occupation, profession or business of the insured, nor used as a public or livery conveyance nor rented to others; provided however, that this Regulation shall not apply:
  - a. to any policy which has been in effect less than sixty (60) days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy, nor
  - b. to policies issued under the Rhode Island Insurance Plan, nor
  - c. to any policy insuring more than four automobiles, nor
  - d. to any policy covering garage, automobile sales agency, repair shop, service station or public parking place operations hazards, nor
  - e. to any policy providing insurance only on an excess basis.
- (B) "Automobile Liability Coverage" includes only coverage of bodily injury and property damage liability, medical payments and uninsured motorist coverages.
- (C) "Automobile physical damage coverage" includes all coverage of loss or damage to an automobile insured under the policy except loss or damage resulting from collision or upset.
- (D) "Automobile collision coverage" includes all coverage or loss or damage to an automobile insured under the policy resulting from collision or upset.
- (E) "Renewal" or "to renew" means the issuance and delivery by an insurer of a policy superseding at the end of the policy period a policy previously issued and delivered by the same insurer, or the issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term; provided, however, that any policy with a policy period or term of less than twelve months shall for the purpose of this section be considered as if written for a policy period or term of twelve months. Provided, further, that for purposes of this Regulation any policy written for a term longer than one(1) year or any policy with no fixed expiration date shall be considered as if written for successive policy periods or terms of one (1) year and any termination by an insurer effective on an anniversary date of such policy shall be deemed a failure to renew.

- (F) "Non-payment of Premiums" means failure of the named insured to discharge when due any of his obligations in connection with the payment of premiums on a policy of automobile insurance or any installment of such premium, whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit.

### **Section 3      Cancellation of Policy**

Effective sixty (60) days after the inception date of a policy, or if the policy is a renewal, effective immediately, the company shall not exercise its right to cancel the policy unless it is based on one or more of the following reasons:

- (A) Non-payment of premium; whether payable directly to the company or its agent or indirectly under any premium finance plan or extension of credit, or
- (B) The driver's license or motor vehicle registration of the named insured or any other operator who either resides in the same household or customarily operates an automobile insured under the policy has been under suspension or revocation or cancellation during the policy period, or, if the policy is a renewal, during its policy period.

During the policy period no modification of automobile physical damage coverage (except coverage for loss caused by collision) whereby provision is made for the application of a deductible amount not exceeding one hundred dollars (\$100) shall be deemed a cancellation of the coverage or of the policy. This section shall not apply to the failure to renew a policy.

### **Section 4      Cancellation Notice**

- (A) The provisions of Section three (3) of this Regulation shall apply to each and every coverage or limit afforded under the policy but the insurer, at its option and in lieu of outright cancellation, may reduce the limits afforded for automobile bodily injury liability and property damage liability (subject to compliance with the minimum financial security requirements) or cancel any other coverage, by mailing to the insured at the address shown in the policy written notice stating the specific reason or reasons relied upon by it for its action and when, not less than thirty days thereafter, such cancellation or reduction of limits shall be effective.
- (B) No insurer shall exercise its right to cancel a policy unless a written notice of cancellation is mailed or delivered to the named insured, at the address shown in the policy, at least thirty days prior to the effective date of cancellation, except that when cancellation is for non-payment of premium such notice shall be mailed or delivered to the named insured at the

address in the policy at least ten (10) days prior to the effective date of cancellation and shall include or be accompanied by a statement of the reason therefor. this section shall not apply to the failure to renew a policy.

**Section 5      Notice of Nonrenewal**

- (A) Unless the insurer, at least thirty (30) days in advance of the end of the policy period, mails or delivers to the named insured at the address shown in the policy, notice of its intention not to renew the policy or to condition its renewal upon reduction of limits or elimination of any coverages afforded under the policy, together with a statement of its reasons therefor, the named insured shall be entitled to renew the policy upon payment of the premium due on the effective date of the renewal and the renewal policy shall provide that the insurer shall not cancel such policy or reduce any of the limits or cancel any of the coverages provided thereunder except as provided in subdivisions two and three of this section. This Section shall not apply in case of nonpayment of premium as required by the insurer for the expiring policy or renewal thereof. Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.
- (B) No insurance company shall fail to renew a private passenger automobile policy because of a loss occurrence only, unless a chargeable loss occurrence or more than two (2) non-chargeable loss occurrences, involving insureds, have taken place within the annual policy year.
- (C) Notwithstanding the failure of an insurer to comply with this Section, the policy shall terminate on the effective date of any other insurance policy with respect to any automobile designated in both policies.

**Section 6      Notice of Eligibility for State Plan**

When a policy is cancelled or non-renewed, other than for non-payment of premiums or the insured's having obtained substitute coverage, the insurer shall notify the insured of his possible eligibility for insurance through the Rhode Island Insurance Plan. Such notice shall accompany or be included in the cancellation or non-renewal notice.

**Section 7      Nonliability of Insurer**

- (A) There shall be no liability on the part of and no cause of action of any nature shall arise against any insurer, its authorized representatives, its agents, its employees, or any firm, person or corporation furnishing either to the insurer or the Insurance Commissioner information as to reasons for cancellation, reduction of limits, elimination of coverages, conditioned renewal or non-renewal, for any statement made by any of them in any written notice of cancellation, reduction of limits, elimination of

coverages, conditioned renewal or non-renewal, or in any other communication, oral or written, specifying the reasons for cancellation, reduction of limits, elimination of coverages, conditioned renewal or non-renewal, or the providing of information pertaining thereto, or for statements made or evidence submitted at any hearings conducted in connection therewith.

- (B) Proof of mailing of a notice of cancellation, reduction of limits, elimination of coverages or of intention not to renew or proof of the mailing of the reasons therefor, to the named insured at the address shown in the policy, shall be sufficient proof of the giving of notice and the giving of reasons required by this Regulation.

**Section 8      Automatic Termination of Excess Automobile Policy**

An excess automobile policy may provide that it shall automatically terminate if the primary policy terminates, whether by cancellation, non-renewal or otherwise and such an automatic termination provision shall not be deemed a cancellation or non-renewal for the purpose of this Regulation. As used in this Regulation, "excess automobile policy" means a policy which affords automobile bodily injury liability insurance and automobile property damage liability insurance restricted to a limit of liability in excess of that provided by another designated policy containing limits of liability which are at least equal to those required by the Financial Responsibility Law of Rhode Island.

**Section 9      Application and Construction**

This Regulation shall not apply to or affect the validity of any notice of cancellation mailed or delivered prior to May 1, 1969, nor shall this Regulation be construed to affect cancellation of a renewal policy if notice of cancellation is mailed or delivered within forty-five (45) days after May 1, 1969, nor shall this Regulation be construed to require notice of intent not to renew any policy which expires less than thirty (30) days after May 1, 1969.

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|-----------------|-------------------|
| EFFECTIVE DATE: | May 1, 1969       |
| AMENDED:        | August 6, 1984    |
| REFILED:        | December 19, 2001 |