



State or Federal Issues Contacts: Please refer to the list of State Relations Executives at the end of this report.

LEGISLATIVE ACTIVITY—LEGISLATIVE SESSION UPDATES

This report contains descriptions and/or excerpts of relevant bills that passed the first chamber, passed the second chamber, or were enacted during the specific periods. In addition, a recap of significant legislative and judicial activity impacting the workers compensation system will be included in the first report published each month. This report is issued on a weekly basis throughout the legislative season, and it provides updates on the content of these bills if and when they progress through the legislative process. This report includes bills from states where NCCI provides ratemaking services (see state list under Contact Information) and the US Congress.

BILLS ENACTED

There were no relevant workers compensation-related bills enacted within the one-week period ending September 22, 2017.

BILLS PASSING SECOND CHAMBER

The following workers compensation-related bill passed the second chamber within the one-week period ending September 22, 2017.

Rhode Island

SB 1003 was:

- Passed by the first chamber on June 30, 2017
- Included in NCCI's July 14, 2017 **Legislative Activity Report** (RLA-2017-27)
- Passed by the second chamber on September 19, 2017

SB 1003 repeals multiple sections of the State of Rhode Island General Laws related to insurance, including, but not limited to the following:

~~**§ 27-9-51. Excess profits for workers' compensation and employer's liability insurance prohibited.**~~

~~(a) Each insurance group shall file with the department prior to July 1 of each year, on a form prescribed by the department, the following data for workers' compensation and employers' liability insurance:~~

- ~~(1) The calendar year earned premium;~~
- ~~(2) Accident year incurred losses and loss adjustment expenses;~~
- ~~(3) The administrative and selling expenses incurred in Rhode Island or allocated to Rhode Island for the calendar year; and~~
- ~~(4) Policyholder dividends applicable to the calendar year.~~

~~(b) (1) Excess profit has been realized if the underwriting gain is greater than the anticipated underwriting profit plus five percent (5%) of earned premiums for the three (3) most recent calendar years;~~

~~(2) As used in this section with respect to any three (3) year period, "anticipated underwriting profit" means the sum of the dollar amounts obtained by multiplying, for each rate filing of the insurance group in effect during that period, the earned premiums applicable to the rate filing during that period by the percentage factor included in the rate filing for profit and contingencies, the percentage factor having been determined with due recognition to investment income from funds generated by Rhode Island business. Separate calculations need not be made for consecutive rate filings containing the same percentage factor for profits and contingencies.~~

~~(c) Each insurance group shall also file a schedule of Rhode Island loss and loss adjustment experience for each of the three (3) most recent accident years. The incurred losses and loss adjustment expenses shall be valued as of December 31 of the accident year, developed to an ultimate basis, and two (2) twelve (12) month intervals after this, each developed to an ultimate basis so that a total of three (3) evaluations will be provided for each accident year. For reporting purposes unrelated to determining excessive profits, the loss and loss adjustment experience of each accident year shall continue to be reported until each accident year has been reported at eight (8) stages of development.~~

(d) Each insurance group's underwriting gain or loss for each calendar accident year shall be computed as follows: The sum of the accident year incurred losses and loss adjustment expenses as of December 31 of the year, developed to an ultimate basis, plus the administrative and selling expenses incurred in the calendar year, plus policyholder dividends applicable to the calendar year, shall be subtracted from the calendar year earned premium to determine the underwriting gain or loss.

(e) For the three (3) most recent calendar accident years, the underwriting gain or loss shall be compared to the anticipated underwriting profit.

(f) If the insurance group has realized an excess profit, the department shall order a return of the excess amounts after affording the insurance group an opportunity for a hearing and complying with the provisions of the Administrative Procedures Act, chapter 35 of title 42. The excess amounts shall be refunded in all instances unless the insurance group affirmatively demonstrates to the department that the refund of the excess amounts will render the insurance group insolvent under the provisions of this title.

(g) Any excess profit of an insurance group offering workers' compensation or employers' liability insurance shall be returned to policyholders in the form of a cash refund or be returned to policyholders in the form of a credit toward the future purchase of insurance. The excess amount shall be refunded on a pro rata basis in relation to the final compilation year earned premiums to the workers' compensation policyholders of record of the insurance group on December 31 of the final compilation year.

(h) (1) Cash refunds to policyholders may be rounded to the nearest dollar;
(2) Data in required reports to the department may be rounded to the nearest dollar;
(3) Rounding, if elected by the insurance group, shall be applied consistently.

(i) (1) Refunds shall be completed in one of the following ways:
(i) If the insurance group elects to make a cash refund, the refund shall be completed within sixty (60) days of the entry of a final order indicating that excess profits have been realized; or
(ii) If the insurance group elects to make refunds in the form of a credit to renewal policies, the credits shall be applied to policy renewal premium notices which are forwarded to insured more than sixty (60) calendar days after the entry of a final order indicating that excess profits have been realized. If an insurance group has made this election, but an insured after this cancels his or her policy or allows his or her policy to terminate, the insurance group shall make a cash refund not later than sixty (60) days after the termination of the coverage;
(2) Upon completion of the renewal credits or refund payments, the insurance group shall immediately certify to the department that the refunds have been made.

(j) Any refund or renewal credit made pursuant to this section, for the purposes of reporting under this section for subsequent years, shall be treated as a policyholder dividend applicable to the year in which it is incurred.

BILLS PASSING FIRST CHAMBER

There were no relevant workers compensation-related bills that passed the first chamber within the one-week period ending September 22, 2017.

Contact Information

If you have any questions about the legislation or proposals mentioned, please contact the appropriate NCCI state relations executive (listed below) or a representative of your local insurance trade association.

State	State Relations Executive	Phone Number
IN, NC, SC, TN	Amy Quinn	803-356-0851
MO, NE, OK, SD	Carla Townsend	314-843-4001
HI	Carolyn Pearl	808-524-6239
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DC, MD, VA, WV	David Benedict	804-380-3005
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AL, GA, LA, MS	Laura Hart Bryan	225-618-8168
AK, CO, NM, UT	Maggie Karpuk	818-707-8374
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AR, IL, KS, TX	Terri Robinson	501-333-2835

This report is informational and is not intended to provide an interpretation of state and federal legislation.