

# RHODE ISLAND JOINT REINSURANCE ASSOCIATION

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Underwriting Division  
Two Center Plaza  
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August 31, 1999

To: All Rhode Island Producers

## Service Enhancement

### Six-Day Grace Period for Renewal Payments

The Association is pleased to introduce a six-day grace period for renewal payments in order to provide producers with additional time to mail renewal payments to the Association and avoid any lapse in coverage.

Effective immediately, the following revised renewal procedure will be implemented for all lines of business:

- ◆ Approximately 55-60 days prior to the expiration date of a policy, the Association will mail a Premium Invoice and Application for Renewal (Invoice/Application), along with an Expiration Notification to the producer. A copy of the Expiration Notification will also be mailed to the insured. (Sample copies of the Invoice/Application and the Expiration Notification to be used for the Homeowners line of business are enclosed for your review.)
- ◆ The tear-off portion of the Invoice/Application has an Invoice on the front and an Application on the reverse side. The Invoice shows the Premium Due and the Minimum Due amounts, as well as the Due Date. The Premium Due amount is the total annual premium and the Due Date is the expiration date of the policy. For policies eligible for the Association's Installment Plan, the Minimum Due amount equals 25% of the Premium Due. For policies ineligible for the Installment Plan, the Minimum Due amount is the same as the Premium Due amount.
- ◆ To renew insurance, the insured must complete and sign the application. The tear-off portion of the Invoice/Application with the payment of premium should be returned to the Association.

## IMPORTANT CHANGE

- ◆ The tear-off portion of the completed and signed Invoice/Application with the payment of premium must be received by the Association **no later than six days after the policy Expiration Date/Due Date to avoid a lapse in coverage.** Renewal payments received after the six-day grace period will cause the inception date of the policy to be the date the Association receives the premium. Renewal payments received more than sixty days after the policy expiration date will be rejected.

### **EXAMPLES:**

Policy Expiration Date/Due Date	Date of Receipt by the Association of Invoice /Application with Payment	Renewal policy Inception Date	Result
9/10/99	8/30/99	9/10/99 →	[Invoice/Application with payment received prior to expiration date-no lapse in coverage]
9/10/99	9/15/99	9/10/99 →	[Received within 6 day grace period-no lapse in coverage]
9/10/99	9/17/99	9/17/99 →	[Received after 6 day grace period-there is a lapse in coverage]

**Note: The Due Date shown on the Invoice will continue to be the policy Expiration Date and will not reflect the six-day grace period.**

- ◆ Any changes to the Renewal Policy may only be made by submitting an Endorsement Request to the Association **after** the renewal invoice has been paid. To make the changes effective as of the inception date of the Renewal Policy, the Endorsement Request must be received by the Association on or before the inception date of the Renewal Policy.

Should you have any questions regarding this letter, please contact the Association's Consumer Services Department or Underwriting Department directly.

Very truly yours,

James H. Pappas  
Vice President-Underwriting

JHP/cs