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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO INSURANCE - THE STANDARD NONFORFEITURE LAW FOR LIFE
INSURANCE

Introduced By: Representatives Marshall, O'Brien, and Almeida

Date Introduced: February 27, 2014

Referred To: House Corporations

(Business Regulation)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-4.3-5 of the General Laws in Chapter 27-4.3 entitled “The
2 Standard Nonforfeiture Law for Life Insurance” is hereby amended to read as follows:

3 **27-4.3-5. Calculations of adjusted premiums by the nonforfeiture net level premium**

4 **method.** -- (a) This section shall apply to all policies issued on or after January 1, 1994. Except
5 as provided in subsection (g) of this section, the adjusted premiums for any policy shall be
6 calculated on an annual basis and shall be such a uniform percentage of the respective premiums
7 specified in the policy for each policy year, excluding amounts payable as extra premiums to
8 cover impairments or special hazards, and also excluding any uniform annual contract charge or
9 policy fee specified in the policy in a statement of the method to be used in calculating the cash
10 surrender values and paid up nonforfeiture benefits, that the present value, at the date of issue of
11 the policy, of all adjusted premiums shall be equal to the sum of: (1) the then present value of the
12 future guaranteed benefits provided for by the policy; (2) one percent (1%) of either the amount
13 of insurance, if the insurance be uniform in amount, or the average amount of insurance at the
14 beginning of each of the first ten (10) policy years; and (3) one hundred twenty-five percent
15 (125%) of the nonforfeiture net level premium as defined in subsection (b); provided, however,
16 that in applying the percentage specified in subdivision (a)(3), no nonforfeiture net level premium
17 shall be deemed to exceed four percent (4%) of either the amount of insurance, if the insurance
18 be uniform in amount, or the average amount of insurance at the beginning of each of the first ten

1 (10) policy years. The date of issue of a policy for the purpose of this section shall be the date as
2 of which the rated age of the insured is determined.

3 (b) The nonforfeiture net level premium shall be equal to the present value, at the date of
4 issue of the policy, of the guaranteed benefits provided for by the policy divided by the present
5 value, at the date of issue of the policy of an annuity of one per annum payable on the date of
6 issue of the policy and on each anniversary of the policy on which a premium falls due.

7 (c) In the case of policies which cause, on a basis guaranteed in the policy, unscheduled
8 changes in benefits or premiums, or which provide an option for changes in benefits or premiums,
9 other than a change to a new policy, the adjusted premiums and present values shall initially be
10 calculated on the assumption that future benefits and premiums do not change from those
11 stipulated at the date of issue of the policy. At the time of any change in the benefits or premiums,
12 the future adjusted premiums, nonforfeiture net level premiums, and present values shall be
13 recalculated on the assumption that future benefits and premiums do not change from those
14 stipulated by the policy immediately after the change.

15 (d) Except as provided in subsection (g), the recalculated future adjusted premiums for
16 any policy shall be a uniform percentage of the future premiums specified in the policy for each
17 policy year, excluding amounts payable as extra premiums to cover impairments and special
18 hazards, and also excluding any uniform annual contract charge or policy fee specified in the
19 policy in a statement of the method to be used in calculating the cash surrender values and paid
20 up nonforfeiture benefits, so that the present value, at the time of change to the newly defined
21 benefits or premiums, of all future adjusted premiums shall be equal to the excess of: (1) the sum
22 of: (i) the then present value of the then future guaranteed benefits provided for by the policy and
23 (ii) the additional expense allowance, if any, over (2) the then cash surrender value, if any, or
24 present value of any paid up nonforfeiture benefit under this policy.

25 (e) The additional expense allowance, at the time of the change to the newly defined
26 benefits or premiums, shall be the sum of: (1) one percent (1%) of the excess, if positive, of the
27 average amount of insurance at the beginning of each of the first ten (10) policy years subsequent
28 to the change over the average amount of insurance prior to the change at the beginning of each
29 of the first ten (10) policy years subsequent to the time of the most recent previous change, or, if
30 there has been no previous change, the date of issue of the policy; and (2) one hundred twenty-
31 five percent (125%) of the increase, if positive, in the nonforfeiture net level premium.

32 (f) The recalculated nonforfeiture net level premium shall be equal to the result obtained
33 by dividing subdivision (f)(1) by subdivision (f)(2) where:

34 (1) Equals the sum of:

1 (i) The nonforfeiture net level premium applicable prior to the change multiplied by the
2 present value of an annuity of one per annum payable on each anniversary of the policy on or
3 subsequent to the date of the change on which a premium would have fallen due had the change
4 not occurred, and

5 (ii) The present value of the increase in future guaranteed benefits provided for by the
6 policy; and

7 (2) Equals the present value of an annuity of one per annum payable on each anniversary
8 of the policy on or subsequent to the date of change on which a premium falls due.

9 (g) Notwithstanding any other provisions of this section to the contrary, in the case of a
10 policy issued on a substandard basis which provides reduced graded amounts of insurance so that,
11 in each policy year, the policy has the same tabular mortality cost as a similar policy issued on the
12 standard basis which provides for a higher uniform amount of insurance, adjusted premiums and
13 present values for the substandard policy may be calculated as if it were issued to provide higher
14 uniform amounts of insurance on the standard basis.

15 (h) All adjusted premiums and present values referred to in this chapter shall for all
16 policies of ordinary insurance be calculated on the basis of the commissioners 1980 standard
17 ordinary mortality table or, at the election of the company for any one or more specified
18 plans of life insurance, the commissioners 1980 standard ordinary mortality table with ten (10)
19 year select mortality factors; adjusted premiums and present values shall for all policies of
20 industrial insurance be calculated on the basis of the commissioners 1961 standard industrial
21 mortality table; for all policies issued in a particular calendar year be calculated on the basis of a
22 rate of interest not exceeding the nonforfeiture interest rate as defined in this section, for policies
23 issued in that calendar year; .

24 Provided, however that:

25 (1) At the option of the insurance company, calculations for all policies issued in a
26 particular calendar year may be made on the basis of a rate of interest not exceeding the
27 nonforfeiture interest rate, as defined in this section, for policies issued in the immediately
28 preceding calendar year;

29 (2) Under any paid-up nonforfeiture benefit, including any paid-up dividend additions,
30 any cash surrender value available, whether or not required by § 27-4.3-2, shall be calculated on
31 the basis of the mortality table and rate of interest used in determining the amount of any paid-up
32 nonforfeiture benefit and paid-up dividend additions, if any;

33 (3) An insurance company may calculate the amount of any guaranteed paid-up
34 nonforfeiture benefit including any paid-up additions under the policy on the basis of an interest

1 rate no lower than that specified in the policy for calculating cash surrender values;

2 (4) In calculating the present value of any paid-up term insurance with accompanying
3 pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be
4 not more than those shown in the commissioners 1980 extended term insurance table for policies
5 of ordinary insurance and not more than the commissioners 1961 industrial extended term
6 insurance table for policies of industrial insurance;

7 (5) For insurance issued on a substandard basis, the calculation of any adjusted
8 premiums and present values may be based on appropriate modifications of the tables mentioned
9 in this subsection;

10 (6)(i) For policies issued prior to the operative date of the valuation manual, any
11 ~~commissioners' standard~~ commissioners standard ordinary mortality tables, adopted after 1980 by
12 the National Association of Insurance Commissioners, that are approved by regulation
13 promulgated by the commissioner of insurance for use in determining the minimum nonforfeiture
14 standard, may be substituted for the commissioners 1980 standard ordinary mortality table with or
15 without ten (10) year select mortality factors or for the commissioners 1980 extended term
16 insurance table

17 (ii) For policies issued on or after the operative date of the valuation manual the valuation
18 manual shall provide the ~~commissioners' standard~~ commissioners standard mortality table for use
19 in determining the minimum nonforfeiture standard that may be substituted for the commissioners
20 1980 Standard Ordinary Mortality Table with or without ten (10) year Select Mortality Factors or
21 for the Commissioners 1980 Extended Term Insurance Table. If the commissioner approves by
22 regulation any ~~commissioners' standard~~ commissioners standard ordinary mortality table adopted
23 by the NAIC for use in determining the minimum nonforfeiture standard for policies issued on or
24 after the operative date of the valuation manual then that minimum nonforfeiture standard
25 supersedes the minimum nonforfeiture standard provided by the valuation manual.

26 (7)(i) For policies issued prior to the operative date of the valuation manual, any
27 ~~commissioners' standard~~ commissioners standard industrial mortality tables, adopted after 1980
28 by the National Association of Insurance Commissioners, that are approved by regulation
29 promulgated by the commissioner of insurance for use in determining the minimum nonforfeiture
30 standard, may be substituted for the commissioners 1961 standard industrial mortality table or the
31 commissioners 1961 industrial extended term insurance table.

32 (ii) For policies issued on or after the operative date of the valuation manual the valuation
33 manual shall provide the ~~commissioners' standard~~ commissioners standard mortality table for use
34 in determining the minimum nonforfeiture standard that may be substituted for the

1 Commissioners 1961 Standard Industrial Mortality Table or the Commissioners 1961 Industrial
2 Extended Term Insurance Table. If the commissioner approves by regulation any ~~commissioners'~~
3 ~~standard~~ commissioners standard industrial mortality table adopted by the NAIC for use in
4 determining the minimum nonforfeiture standard for policies issued on or after the operative
5 date of the valuation manual than that minimum nonforfeiture standard supersedes the
6 minimum nonforfeiture standard provided by the valuation manual.

7 (i) The nonforfeiture interest rate is defined below:

8 (A) For policies issued prior to the operative date of the valuation manual, the
9 nonforfeiture interest rate per annum for any policy issued in a particular calendar year shall be
10 equal to one hundred and twenty-five percent (125%) of the calendar year statutory valuation
11 interest rate for the policy as defined in chapter 4.5 of this title, rounded to the nearer one-quarter
12 of one percent (.25%); provided, however, that the nonforfeiture interest rate shall not be less than
13 four percent (4.0%).

14 (B) For policies issued on and after the operative date of the valuation manual the
15 nonforfeiture interest rate per annum for any policy issued in a particular calendar year shall be
16 provided by the valuation manual.

17 (j) Notwithstanding any other provision in this title to the contrary, any re-filing of
18 nonforfeiture values or their methods of computation for any previously approved policy form
19 which involves only a change in the interest rate or mortality table used to compute nonforfeiture
20 values shall not require re-filing of any other provisions of that policy form.

21 SECTION 2. Sections 27-4.5-1, 27-4.5-13 and 27-4.5-16 of the General Laws in Chapter
22 27-4.3 entitled "The Standard Valuation Law" is hereby amended to read as follows:

23 **27-4.5-1. Short title and Definitions.** -- (a) This chapter shall be known as the "Standard
24 Valuation Law."

25 (b) For the purpose of this chapter, the following definitions shall apply on or after the
26 operative date of the valuation manual:

27 (1) "Accident and health insurance" means contracts that incorporate morbidity risk and
28 provide protection against economic loss resulting from accident, sickness, or medical conditions
29 and as may be specified in the valuation manual.

30 (2) "Appointed actuary" means a qualified actuary who is appointed in accordance with
31 the valuation manual to prepare the actuarial opinion required in § 27-4.5-3~~(a)~~(b).

32 (3) "Commissioner of insurance" means the director of the department of business
33 regulation or his or her designee.

34 (4) "Company" means an entity, which: (i) Has written, issued, or reinsured life insurance

1 contracts, accident and health insurance contracts, or deposit-type contracts in this state and has at
2 least one such policy in force or one claim; or (ii) Has written, issued, or reinsured + life
3 insurance contracts, accident and health insurance contracts, or deposit-type contracts in any state
4 and is required to hold a certificate of authority to write life insurance, accident and health
5 insurance, or deposit-type contracts in this state.

6 (5) "Deposit-type contract" means contracts that do not incorporate mortality or
7 morbidity risks and as may be specified in the valuation manual.

8 (6) "Life insurance" means contracts that incorporate mortality risk, including annuity
9 and pure endowment contracts, and as may be specified in the valuation manual.

10 (7) "NAIC" means the National Association of Insurance Commissioners.

11 (8) "Policyholder behavior" means any action a policyholder, contract holder or any other
12 person with the right to elect options, such as a certificate holder, may take under a policy or
13 contract subject to this chapter including, but not limited to, lapse, withdrawal, transfer, deposit,
14 premium payment, loan, annuitization , or benefit elections prescribed by the policy or contract,
15 but excluding events of mortality or morbidity that result in benefits prescribed in their essential
16 aspects by the terms of the policy or contract.

17 (9) "Principle-based valuation" means a reserve valuation that uses one or more methods
18 or one or more assumptions determined by the insurer and is required to comply with § 27-4.5-14
19 as specified in the valuation manual.

20 (10) "Qualified actuary" means an individual who is qualified to sign the applicable
21 statement of actuarial opinion in accordance with the American Academy of Actuaries
22 qualification standards for actuaries signing such statements and who meets the requirements
23 specified in the valuation manual.

24 (11) "Tail risk" means a risk that occurs either where the frequency of low probability
25 events is higher than expected under a normal probability distribution or where there are observed
26 events of very significant size or magnitude.

27 (12) "Valuation manual" means the manual of valuation instructions adopted by the
28 NAIC as specified in this chapter or as subsequently amended.

29 **27-4.5-13. Valuation manual for policies issued on or after the operative date of the**
30 **valuation manual.** -- (a) For policies issued on or after the operative date of the
31 valuation manual, the standard prescribed in the valuation manual is the minimum standard of
32 valuation required under § 27-4.5-2(b), except as provided under subsections (e) or (g) of this
33 section.

34 (b) The operative date of the valuation manual is January 1 of the first calendar year

1 following the first July 1 as of which all of the following have occurred:

2 (1) The valuation manual has been adopted by the NAIC by an affirmative vote of at least
3 forty-two (42) members, or three-fourths (3/4) of the members voting, whichever is greater.

4 (2) The Standard Valuation Law, as amended by the NAIC in 2009, or legislation
5 including substantially similar terms and provisions, has been enacted by states representing
6 greater than seventy-five percent (75%) of the direct premiums written as reported in the
7 following annual statements submitted for 2008: life, accident and health annual statements;
8 health annual statements; or fraternal annual statements.

9 (3) The Standard Valuation Law, as amended by the NAIC in 2009, or legislation
10 including substantially similar terms and provisions, has been enacted by at least forty-two (42)
11 of the following fifty-five (55) jurisdictions: The fifty (50) States of the United States, American
12 Samoa, the American Virgin Islands, the District of Columbia, Guam, and Puerto Rico.

13 (c) Unless a change in the valuation manual specifies a later effective date, changes to the
14 valuation manual shall be effective on January 1 following the date when all of the following
15 have occurred:

16 (1) The change to the valuation manual has been adopted by the NAIC by an affirmative
17 vote representing:

18 (i) At least three-fourths (3/4) of the members of the NAIC voting, but not less than a
19 majority of the total membership, and

20 (ii) Members of the NAIC representing jurisdictions totaling greater than seventy-five
21 percent (75%) of the direct premiums written as reported in the following annual statements most
22 recently available prior to the vote in subsection (c)(1)(i): life, accident and health annual
23 statements, health annual statements, or fraternal annual statements.

24 (2) The valuation manual becomes effective pursuant to a regulation adopted by the
25 commissioner.

26 (d) The valuation manual must specify all of the following:

27 (1) Minimum valuation standards for and definitions of the policies or contracts subject
28 to subsection 27-4.5-2(b). Such minimum valuation standards shall be:

29 (i) The ~~commissioner's~~ commissioners reserve valuation method for life insurance
30 contracts, other than annuity contracts, subject to § 27-4.5-2(b);

31 (ii) The ~~commissioner's~~ commissioners annuity reserve valuation method for annuity
32 contracts subject to § 27-4.5- 2(b); and

33 (iii) Minimum reserves for all other policies or contracts subject to § 27-4.5- 2(b).

34 (2) Which policies or contracts or types of policies or contracts that are subject to the

1 requirements of a principle-based valuation in § 27-4.5-14(a) and the minimum valuation
2 standards consistent with those requirements;

3 (3) For policies and contracts subject to a principle-based valuation under § 27-4.5- 14:

4 (i) Requirements for the format of reports to the commissioner under subdivision 27-4.5-
5 14(b)~~(2)~~(3) and which shall include information necessary to determine if the valuation is
6 appropriate and in compliance with this chapter;

7 (ii) Assumptions shall be prescribed for risks over which the company does not have
8 significant control or influence.

9 (iii) Procedures for corporate governance and oversight of the actuarial function, and a
10 process for appropriate waiver or modification of such procedures.

11 (4) For policies not subject to a principle-based valuation under § 27-4.5-14 the minimum
12 valuation standard shall either:

13 (i) Be consistent with the minimum standard of valuation prior to the operative date of
14 the valuation manual; or

15 (ii) Develop reserves that quantify the benefits and guarantees, and the funding,
16 associated with the contracts and their risks at a level of conservatism that reflects conditions that
17 include unfavorable events that have a reasonable probability of occurring.

18 (5) Other requirements, including, but not limited to, those relating to reserve methods,
19 models for measuring risk, generation of economic scenarios, assumptions, margins, use of
20 company experience, risk measurement, disclosure, certifications, reports, actuarial opinions and
21 memorandums, transition rules and internal controls; and

22 (6) The data and form of the data required under § 27-4.5-15, with whom the data must
23 be submitted, and may specify other requirements including data analyses and reporting of
24 analyses.

25 (e) In the absence of a specific valuation requirement or if a specific valuation
26 requirement in the valuation manual is not, in the opinion of the commissioner, in compliance
27 with this chapter, then the company shall, with respect to such requirements, comply with
28 minimum valuation standards prescribed by the commissioner by regulation.

29 (f) The commissioner may engage a qualified actuary, at the expense of the company, to
30 perform an actuarial examination of the company and opine on the appropriateness of any reserve
31 assumption or method used by the company, or to review and opine on a company's compliance
32 with any requirement set forth in this chapter. The commissioner may rely upon the opinion,
33 regarding provisions contained within this chapter, of a qualified actuary engaged by the
34 commissioner of another state, district or territory of the United States. As used in this subsection,

1 term "engage" includes employment and contracting.

2 (g) The commissioner may require a company to change any assumption or method that
3 in the opinion of the commissioner is necessary in order to comply with the requirements of the
4 valuation manual or this chapter; and the company shall adjust the reserves as required by the
5 commissioner. The commissioner may take other disciplinary action as permitted pursuant to §
6 42-14-16.

7 **27-4.5-16. Confidentiality.** -- (a) For purposes of this section, "confidential
8 information" shall mean:

9 (1) A memorandum in support of an opinion submitted under § 27-4-3 and any other
10 documents, materials and other information, including, but not limited to, all working papers,
11 and copies thereof, created, produced or obtained by or disclosed to the commissioner or any
12 other person in connection with such memorandum;

13 (2) All documents, materials and other information, including, but not limited to, all
14 working papers, and copies thereof, created, produced or obtained by or disclosed to the
15 commissioner or any other person in the course of an examination made under § 27-4.5-
16 13(f); provided, however, that if an examination report or other material prepared in
17 connection with an examination made under chapter 27-13.1 is not held as private and
18 confidential information under chapter 27-13.1, an examination report or other material
19 prepared in connection with an examination made under § 27-4.5-13(f) of this chapter shall
20 not be "confidential information" to the same extent as if such examination report or other
21 material had been prepared in accordance with chapter 27-13.1;

22 (3) Any reports, documents, materials and other information developed by a company
23 in support of, or in connection with, an annual certification by the company under
24 subdivision 27- 4.5- 14(b)~~(1)~~(2) of this chapter evaluating the effectiveness of the company's
25 internal controls with respect to a principle-based valuation and any other documents,
26 materials and other information, including, but not limited to, all working papers, and copies
27 thereof, created, produced or obtained by or disclosed to the commissioner or any other
28 person in connection with such reports, documents, materials and other information;

29 (4) Any principle-based valuation report developed under subdivision 27-4.5-14(b)~~(2)~~
30 (3) and any other documents, materials and other information, including, but not limited to,
31 all working papers, and copies thereof, created, produced or obtained by or disclosed to the
32 commissioner or any other person in connection with such report; and

33 (5) Any documents, materials, data and other information submitted by a company

1 under § 27-4.5- 15 (collectively, "experience data") and any other documents, materials, data
2 and other information, including, but not limited to, all working papers, and copies thereof,
3 created or produced in connection with such experience data, in each case that include any
4 potentially company-identifying or personally identifiable information, that is provided to or
5 obtained by the commissioner (together with any "experience data", the "experience
6 materials") and any other documents, materials, data and other information, including, but not
7 limited to, all working papers, and copies thereof, created, produced or obtained by or
8 disclosed to the commissioner or any other person in connection with such experience
9 materials.

10 (b) Privilege for, and confidentiality of, confidential information.

11 (1) Except as provided in this § 27-4.5-16, a company's confidential information is
12 confidential by law and privileged, and shall not be subject to chapter 38-2, shall not be
13 subject to subpoena and shall not be subject to discovery or admissible in evidence in any
14 private civil action; provided, however, that the commissioner is authorized to use the
15 confidential information in the furtherance of any regulatory or legal action brought against
16 the company as a part of the commissioner's official duties.

17 (2) Neither the commissioner nor any person who received confidential information
18 while acting under the authority of the commissioner shall be permitted or required to testify
19 in any private civil action concerning any confidential information.

20 (3) In order to assist in the performance of the commissioner's duties, the
21 commissioner may share confidential information:

22 (i) With other state, federal and international regulatory agencies and with the NAIC
23 and its affiliates and subsidiaries; and (ii) In the case of confidential information specified in
24 subdivisions 27-4.5-16(a)(1) and 27-4.5-16(a)(4) only, with the actuarial board for
25 counseling and discipline or its successor upon request stating that the confidential
26 information is required for the purpose of professional disciplinary proceedings and with
27 state, federal and international law enforcement officials; in the case of subsections (a) and
28 (b), provided, that, such recipient agrees, and has the legal authority to agree, to maintain the
29 confidentiality and privileged status of such documents, materials, data and other information
30 in the same manner and to the same extent as required for the commissioner.

31 (4) The commissioner may receive documents, materials, data and other information,
32 including otherwise confidential and privileged documents, materials, data or information,
33 from the NAIC and its affiliates and subsidiaries, from regulatory or law enforcement

1 officials of other foreign or domestic jurisdictions and from the actuarial board for counseling
2 and discipline or its successor and shall maintain as confidential or privileged any document,
3 material, data or other information received with notice or the understanding that it is
4 confidential or privileged under the laws of the jurisdiction that is the source of the
5 document, material or other information.

6 (5) The commissioner may enter into agreements governing sharing and use of
7 information consistent with § 27-4.5-16(b).

8 (6) No waiver of any applicable privilege or claim of confidentiality in the
9 confidential information shall occur as a result of disclosure to the commissioner under this
10 section or as a result of sharing as authorized in subdivision 27-4.5-16(b)(3).

11 (7) A privilege established under the law of any state or jurisdiction that is
12 substantially similar to the privilege established under § 27-4.5-16(b) shall be available and
13 enforced in any proceeding in, and in any court of, this state.

14 (8) In § 27-4.5-16 "regulatory agency," "law enforcement agency" and the "NAIC"
15 include, but are not limited to, their employees, agents, consultants and contractors.

16 (c) Notwithstanding § 27-4.5-16(b), any confidential information specified in
17 subdivisions 27-4.5-16(a)(1) and 27-4.5-14(a)(4):

18 (1) May be subject to subpoena for the purpose of defending an action seeking
19 damages from the appointed actuary submitting the related memorandum in support of an
20 opinion submitted under § 27-4.5-3 or principle-based valuation report developed under
21 subdivision 27-4.5-14(b)(3) by reason of an action required by this chapter or by regulations
22 promulgated hereunder;

23 (2) May otherwise be released by the commissioner with the written consent of the
24 company; and

25 (3) Once any portion of a memorandum in support of an opinion submitted under §
26 27-4.5-3 or a principle-based valuation report developed under subdivision 27-4.5-14(b)(3) is
27 cited by the company in its marketing or is publicly volunteered to or before a governmental
28 agency other than a state insurance department or is released by the company to the news
29 media, all portions of such memorandum or report shall no longer be confidential.

30 SECTION 3. Section 42-14-18 of the General Laws in Chapter 42-14 entitled
31 "Department of Business Regulation" is hereby amended to read as follows:

32 **42-14-18. Form and rate filing fees.** – The following fees shall be charged for the
33 services of the division of insurance in reviewing policy or certificate forms, as those terms

1 are defined in § 27-29-2~~(f)~~(7), and related forms and rates that are required by law to be
2 submitted by insurers, as that term is defined in § 27-29-2~~(e)~~(4), for review and approval by
3 the director prior to use:

4 (1) For each policy or certificate form included in a single package, including any
5 related forms, rates, and other documents submitted in the same package – forty dollars
6 (\$40.00); and

7 (2) For related forms or revised rates in connection with a policy that has been
8 previously approved, submitted in a single package, charged based upon the number of
9 policies involved – twenty-five dollars (\$25.00).

10 (3) Fees shall be submitted with each filing and shall be deposited as general revenue.
11 These fees shall be in addition to any taxes and fees otherwise payable to the state.

12 (4) Before any form approved pursuant to chapter 27-2.5 may be used in the state of
13 Rhode Island, the fees specified in this section must be paid.

14 SECTION 4. Section 27-20.7-14 of the General Laws in Chapter 27-20.7 entitled "Third
15 Party Health Insurance Administrators" is hereby amended to read as follows:

16 **27-20.7-14. Annual report and filing fee.** -- (a) Each administrator shall file an annual
17 report for the preceding calendar year with the commissioner on or before March 1 of each year,
18 or within any extension of time for filing as the commissioner for good cause may grant. The
19 report shall be in the form and contain any matters that the commissioner prescribes ~~and shall be~~
20 ~~verified by at least two (2) officers of the administrator.~~

21 (b) The annual report shall include the complete names and addresses of all insurers with
22 which the administrator had an agreement during the preceding fiscal year.

23 (c) At the time of filing its annual report, the administrator shall pay a filing fee as
24 required by the commissioner.

25 SECTION 5. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO INSURANCE - THE STANDARD NONFORFEITURE LAW FOR LIFE
INSURANCE

1 This act would make technical changes to the standard valuation and standard
2 nonforfeiture provisions of the general laws relating to insurance. This act would also eliminate
3 the need for verification of an annual report of a third-party administrator by two (2) officers.

4 This act would take effect upon passage.

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