

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF BUSINESS REGULATION  
233 RICHMOND STREET  
PROVIDENCE, RHODE ISLAND 02903**

**NOTICE OF PROPOSED REPEAL OF INSURANCE REGULATION 34**

Notice is hereby given, in accordance with R.I. Gen. Laws §§ 42-14-17 and 42-35-3, that the Director of the Department of Business Regulation (“Department”) proposes to repeal the following Insurance Regulation:

**Insurance Regulation 34 – Life Insurance Companies’ Issuance of Annuity Contracts**

Insurance Regulation 34 no longer serves a useful purpose for the Department’s regulation of annuity contract, is not needed for public protection, creates an administrative burden without a contingent benefit and is inconsistent with insurance regulation in other states.

Notice is also hereby given, in accordance with R.I. Gen. Laws § 42-35-2, that the Department of Business Regulation will hold a public hearing beginning at 10:00 a.m. on July 28, 2005 in the Main Hearing Room of the Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903, regarding the proposed repeal of Insurance Regulation 34.

All interested persons may submit data, views, or arguments, in writing to Elizabeth Kelleher Dwyer, Esq., Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 or by e-mail to [elizabeth\\_dwyer@dbr.state.ri.us](mailto:elizabeth_dwyer@dbr.state.ri.us), regarding the proposed repeal of Insurance Regulation 34. Submissions will be accepted through and including July 28, 2005.

Copies of the Proposed Repealed Regulation are on file at the Department and copies may be obtained from the Legal Division, Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903 during normal working hours on regular business days or by mail upon request. The Proposed Repealed Regulation may also be obtained from the Department’s website at [www.dbr.state.ri.us](http://www.dbr.state.ri.us).

In the development of the Proposed Repealed Regulation, consideration was given to overlapping approaches, overlap and duplication with other statutory and regulatory provisions and economic impact on small business and cities and towns. The Department determined that there was no alternative approach which would be as effective and less burdensome to affected private persons.

**ALL WRITTEN SUBMISSION MUST BE RECEIVED NOT LATER THAN  
THE CLOSE OF BUSINESS ON July 28, 2005.**

A. Michael Marques  
Director, Department of Business Regulation

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

**INSURANCE REGULATION 34**

**LIFE INSURANCE COMPANIES'  
ISSUANCE OF ANNUITY CONTRACTS**

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**Section 1 — Authority**

Pursuant to R.I. Gen. Laws §§ ~~27-4-23~~, and ~~42-35-3~~, the Insurance Commissioner promulgates the following regulation relating to annuity contracts issued by life insurance companies licensed to do business in the State of Rhode Island:

**Section 2 — Purpose**

The Department of Business Regulation believes that any life insurance policy or annuity product should be made available to the public if it is understandable, meets a specific need of the public and will not result in the insolvency or the unsound financial condition of the insurance company. With this in mind, the Department of Business Regulation hereby establishes the following procedure as it relates to the approval of all annuity contracts:

This Regulation shall not apply to variable contracts.

**Section 3 — Policy Filings**

In addition to all other requirements imposed by law or regulation, life insurance companies licensed to transact business in the State of Rhode Island shall, when filing an annuity policy for approval by the Insurance Division, accompany said policy filing with a statement sworn to under oath by a member of the American Academy of Actuaries stating that, in the opinion of the member, the basis upon which the actuarial concepts used in developing the policy are sound and safe, in order to assure proper contribution to the surplus of the company over the life time of the contract.

**Section 4 — Deferred Termination Charges**

~~The Department of Business Regulation finds that deferred termination charges, so-called, as an asset item or reduction of a liability item in the balance sheet of a life insurance company shall constitute an unsound business practice if such charges are conditional pursuant to "bail-out" or other provisions.~~

~~As a result of this finding, such conditional deferred termination charges shall not be considered as an asset or as a reduction of a liability on the company's balance sheet in determining the ability of any company to continue to write business in the State of Rhode Island.~~

EFFECTIVE DATE: September 20, 1984  
AMENDED: None  
REFILED: December , 2001  
REPEALED: August , 2005