

**State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

Public Notice of Proposed Rule-Making

Pursuant to the provisions of R.I. Gen. Laws § 42-14-17, and in accordance with the Administrative Procedures Act Chapter 42-35 of the General Laws, the Department of Business Regulation hereby gives notice of its intent to adopt Insurance Regulation 117 – Insurance Issued to Trusts or Associations.

The purpose of this adoption is to protect the public from a regulatory vacuum by ensuring that insurance issued or renewed in Rhode Island through a trust or association is adequately regulated.

The proposed regulation are available for public inspection at www.dbr.ri.gov, in person at Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, or requested by email edwyer@dbr.ri.gov or by calling Elizabeth Kelleher Dwyer at (401) 462 9520.

In the development of the proposed adoption consideration was given to: (1) alternative approaches; (2) overlap or duplication with other statutory and regulatory provisions; and (3) significant economic impact on small business. No alternative approach, duplication, or overlap was identified based upon available information.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by April 26, 2011 to Elizabeth Kelleher Dwyer, Department of Business Regulation, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, edwyer@dbr.ri.gov. A public hearing to consider the proposed adoption shall be held on April 26, 2011 at 10:00 am at 1511 Pontiac Avenue, Cranston, Rhode Island 02920 at which time and place all persons interested therein will be heard. The room is accessible to the disabled and interpreter services for the hearing impaired will be provided if requested 48 hours prior to the hearing. Requests for this service can be made in writing or by calling (401) 462 9520 or TDD 711.

Paul McGreevy
Director, Department of Business Regulation

**State of Rhode Island and Providence Plantations
Department of Business Regulation
Insurance Division
1511 Pontiac Avenue, Bldg. 69-1
Cranston, Rhode Island 02920**

INSURANCE REGULATION 117

INSURANCE ISSUED TO TRUSTS AND ASSOCIATIONS

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Section 1 **Authority**

This regulation is promulgated pursuant to R.I. Gen. Laws §§ 42-14-17 and 42-35-1 *et seq.*

Section 2 **Purpose**

The regulation is intended to protect the public from a regulatory vacuum by ensuring that insurance issued or renewed in Rhode Island through a trust or association is adequately regulated. Rhode Island has received complaints from consumers residing out of state whom have received certificates of insurance issued to groups outside of Rhode Island, and whose resident state, claims that it does not have regulatory authority over the policy. This creates a regulatory vacuum, which in turn could subject the public to deficient insurance products and undermine public confidence in state-based insurance regulation. This regulation remedies this problem by requiring every insurer, health maintenance organization, nonprofit dental service plan, and nonprofit hospital and medical service corporation authorized to transact business in Rhode Island that issues insurance through a Rhode Island trust or association to comply with the applicable insurance laws of the state where the insured person or group resides.

Section 3 **Insurance Issued to Trusts and Associations**

- (a) All individual or group insurance coverage and health benefit plan delivered, issued for delivery, or renewed in this state on or after June 1, 2011 by any insurer, health maintenance organization, nonprofit dental service plan, or nonprofit hospital and medical service corporation authorized to transact business within this state that provides insurance coverage through a Rhode Island trust or association to any person residing or located outside this state, including but not limited to employers, political entities, or individuals, shall meet all applicable requirements of the applicable insurance laws of the state where the individual resides, or the group is located, as applicable.

- (b) All forms issued in connection with individual or group insurance coverage subject to Section 3(a) of this Regulation shall include a term providing that the insurance regulatory agency and courts of the jurisdiction in which the individual resides or the group is located shall have jurisdiction over the individual or group insurance coverage as if such coverage or plan were issued directly to the insured.
- (c) The Department may, upon a showing of good cause, grant a waiver from the requirements of this regulation for a period of up to one year.

Section 4 ***Severability***

If any provision of this regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation and the application of its provisions to other persons or circumstances shall not be affected thereby.

Section 5 ***Effective Date***

This regulation is effective on the date indicated below.

EFFECTIVE DATE: June 1, 2011