

**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 Meeting of Working Group to Discuss Proposed Amendments to
Insurance Regulation 68**

On January 13, 2015 the Department of Business Regulation gave notice of its intent to amend Insurance Regulation 68 – Voluntary Restructuring of Solvent Insurers. The purpose of the amendment was to add provisions regarding, including procedures for, Insurance Business Transfer Plans. The Department held a hearing on this proposal on February 13, 2015, and was presented with comments from numerous interested parties.

This notice is to announce that the Department will convene an *ad hoc* working group to discuss the comments received and suggestions made to be taken into consideration in the redrafting of the proposed amendment. This working group will be an informal gathering. After the meeting the Department will issue a separate notice with its proposal to amend Regulation 68 after considering input derived from the working group process. There will be a separate hearing, pursuant to the Administrative Procedures Act, on the proposal to amend Insurance Regulation 68.

All interested parties are invited to attend the working group to be held on **May 12, 2015 at 9:00 am at 1511 Pontiac Avenue, Cranston, Rhode Island 02920**. Alternatively written or oral comments may be submitted by May 11, 2015 to Elizabeth Kelleher Dwyer, Department of Business Regulation, 1151 Pontiac Avenue, Cranston, Rhode Island 02920, elizabeth.dwyer@dbr.ri.gov. Written comments will be distributed and discussed at the working group meeting.

All are welcome at the Rhode Island Department of Business Regulation ("DBR"). If any reasonable accommodation is needed to ensure equal access, service or participation, please contact DBR at 401-462-9551, RI Relay at 7-1-1, or email dbr.directorofficeinquiry@dbr.ri.gov at least three (3) business days prior to the hearing.

Macky McCleary
Director, Department of Business Regulation

Date posted: April 17, 2015

Suggested Changes to Proposed Amended Regulation
made at hearing of February 13, 2015

Section 3(A) amend the citation to R.I. Gen. Laws § 27-14.5-1(6);

Section 3(E) – add the words “during the 12 months prior to the engagement.”

Section 4(II)(A) – add “The Plan and all information submitted by the Assuming company shall be available for review by the public.”

Section 4(II)(A)(3) – add “including a list of all insurance policies and reinsurance contracts to be transferred”

Section 4(II) – create a new section providing “At the time the Assuming Company submits its application of the Insurance Business Transfer Plan to the Department, the applicant shall simultaneously provide written notice of the application to all insureds and reinsureds whose policies and/or reinsurance contracts will be affected by the plan, and advise that such affected insureds and reinsureds have the right to submit written comments regarding the Plan to the Department within the review period and extended review period (if any) set out in Section II(C) below. The Department shall also publish public notice of the filing of the Insurance Business Transfer Plan, that such Plan is available for review by the public, and that written comments may be filed within the review period and extended review period (if any).”

Section 4(II)(C) – add “During the review period(s), the Department shall review and consider any written comments regarding the Insurance Business Transfer Plan that are submitted to the Department”

Section 4(II)(E) – add ““If the Assuming Company files an amended Plan, it shall give affected insureds and/or reinsureds written notice as prescribed in Section II(B) above. In addition, the Department shall publish public notice of the filing of the amended Insurance Business Transfer Plan, that such amended Plan is available for review by the public, and that written comments may be filed regarding the amended Plan”

Section 4(II) – add new section “During the Department’s review period, the public, including affected insureds and reinsureds, shall be given the opportunity to file with the Department written comments regarding the amended Insurance Business Transfer Plan, and the Department shall review and consider any such written comments regarding the Plan.”

Section 4(II) – add new section “A list of insurance policies and reinsurance contracts to be transferred, if any, which by their terms and conditions prohibit assignment and assumption of the rights, liabilities, and obligations of the Transferring Company without the prior written consent of the policyholder or reinsurance contract counterparty, together with a statement describing such terms and conditions of any such insurance policy or reinsurance contract.”

Section 4(III)(E) – add “or other alternative” to electronic notice

Section 4(III)(H) – add new section “In the event that, prior to the expiration of the comment period set forth in Section 4(III)(F), any policyholder provides express written notice that he or she objects to the Insurance Business Transfer Plan and specifies the policy or contract with respect to which such objection is made, the Assuming Company shall, not later than 15 days after the end of the comment period, submit to the Court either:

- (1) An amended list of policies and contracts in the Insurance Business Transfer Plan excluding such policyholder and its respective policies and contracts from the Insurance Business Transfer Plan; or
- (2) An express written notice from such policyholder accepting the plan and consenting to the transfer and withdrawing and rescinding its prior notice of objection.”

Section 4(IV) – add new section “Notwithstanding any provision in this regulation to the contrary, if an insurance policy or reinsurance contract contains a provision prohibiting the transfer of the policy or reinsurance contract without the consent of the policyholder or reinsurance contract counterparty, then such insurance policy or reinsurance contract shall not be transferred unless the applicable policyholder or counterparty provides written consent to the proposed transfer.”

Section 4 – add new sections providing that:

- the statute shall only apply to closed books of business where the transferring insurer has ceased writing the business, the policies have expired for at least 60 months, and there are no active premiums to be paid.
- Application solely to non-admitted insurance and reinsurance. "Non-admitted insurance" means any property and casualty insurance permitted to be placed directly or through a surplus lines broker with a non-admitted insurer eligible to accept such insurance.
- Ability of policyholder or reinsured to opt out of the proposed transfer by stating an objection.
- Restriction on transferring policies with provisions prohibiting transfer of the policy or reinsurance contract.

Section 4 – add a new section specifying that contracts subject to Insurance Business Transfer Plans would retain the choice of law specified in the transferred contracts.