

2023 -- H 6371

=====
LC002603
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

—————
A N A C T

RELATING TO STATUTES AND STATUTORY CONSTRUCTION

Introduced By: Representatives Blazejewski, and Chippendale

Date Introduced: May 05, 2023

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 ARTICLE 1 -- STATUTORY REENACTMENT

2 SECTION 1. It is the express intention of the General Assembly to reenact the entirety of
3 **Title 7** and **chapters 19 through the end of title 27** of the General Laws of R.I., including all
4 chapters and sections therein and any chapters and sections **thereof** not included in this act may be,
5 and are hereby, reenacted as if fully set forth herein.

6 SECTION 2. Sections 7-12.1-110, 7-12.1-903.1, 7-12.1-904, 7-12.1-912, 7-12.1-913, 7-
7 12.1-1006, 7-12.1-1009, 7-12.1-1011, 7-12.1-1012, 7-12.1-1101 and 7-12.1-1125 of the General
8 Laws in Chapter 7-12.1 entitled "Uniform Partnership Act [Effective January 1, 2023.]" are hereby
9 amended to read as follows:

10 **7-12.1-110. Application to existing relationships. [Effective January 1, 2023.]**

11 (a) This chapter governs only:

12 (1) A partnership formed on or after January 1, 2023; and

13 (2) Except as otherwise provided in subsection (c) of this section, a partnership formed
14 before January 1, 2023, which elects, in the manner provided in its partnership agreement or by law
15 for amending the partnership agreement, to be subject to this chapter.

16 (b) Except as otherwise provided in subsection (c) of this section, on and after January 1,
17 ~~2023~~ **2024**, this chapter governs all partnerships.

18 (c) With respect to a partnership that elects pursuant to subsection (a)(2) of this section to
19 be subject to this chapter, after the election takes effect the provisions of this chapter relating to the

1 liability of the partnership's partners to third parties apply to:

2 (1) A third party that had not done business with the partnership in the year before the
3 election took effect; and

4 (2) A third party that had done business with the partnership in the year before the election
5 took effect only if the third party knows or has been notified of the election.

6 **7-12.1-903.1. Issuance of certificates of revocation. [Effective January 1, 2023.]**

7 (a) Upon revoking any such certificate of a limited liability partnership, the secretary of
8 state shall:

9 (1) Issue a certificate of revocation in duplicate;

10 (2) File one of the certificates in the secretary of state's office;

11 (3) Send to the limited liability partnership by regular mail a certificate of revocation,
12 addressed to the registered agent of the limited liability partnership in this state on file with the
13 secretary of state's office; provided, however, that if a prior mailing addressed to the address of the
14 registered agent of the limited liability partnership in this state currently on file with the secretary
15 of state's office has been returned to the secretary of state as undeliverable by the United States
16 Postal Service for any reason, or if the revocation certificate is returned as undeliverable to the
17 secretary of state's office by the United States Postal Service for any reason, the secretary of state
18 shall give notice as follows:

19 (i) To the limited liability partnership at its principal office of record as shown in its most
20 recent annual report, and no further notice shall be required; or

21 (ii) In the case of a limited liability partnership that has not yet filed an annual report, then
22 to the ~~domestic limited liability company~~ limited liability partnership at the principal office in
23 the ~~articles of organization~~ statement of qualification of limited liability partnership or to the
24 authorized person listed on the articles of organization, and no further notice shall be required.

25 (b) An administrative revocation under this section affects only the partnership's status as
26 a limited liability partnership and is not an event causing dissolution of the partnership.

27 (c) The revocation of a limited liability partnership does not terminate the authority of its
28 registered agent.

29 **7-12.1-904. Reinstatement. [Effective January 1, 2023.]**

30 (a) A partnership whose statement of qualification has been revoked administratively under
31 § 7-12.1-903 may apply to the secretary of state for reinstatement of the statement of qualification
32 not later than two (2) years after the effective date of the revocation. The application must be
33 accompanied by a certificate of good standing from the Rhode Island division of taxation and state:

34 (1) The name of the partnership at the time of the administrative revocation of its statement

1 of qualification and, if needed, a different name that satisfies § 7-12.1-902;

2 (2) The address of the principal office of the partnership and the name and street and
3 mailing addresses of its registered agent;

4 (3) The effective date of administrative revocation of the partnership's statement of
5 qualification;

6 (4) On the payment by the limited liability partnership of a penalty in the amount of fifty
7 dollars (\$50.00) for each year or part of year that has elapsed since the issuance of the certificate
8 of revocation; and

9 (5) That the grounds for revocation did not exist or have been cured.

10 (b) To have its statement of qualification reinstated, a partnership must pay all fees, taxes,
11 interest, and penalties that were due to the secretary of state or tax administrator at the time of the
12 administrative revocation and all fees, taxes, interest, and penalties that would have been due to the
13 secretary of state or tax administrator while the partnership's statement of qualification was revoked
14 administratively.

15 (c) If the secretary of state determines that an application under subsection (a) of this
16 section contains the required information, is satisfied that the information is correct, and determines
17 that all payments required to be made to the secretary of state or tax administrator by subsection
18 (b) of this section have been made, the secretary of state shall:

19 (1) Cancel the statement of revocation and prepare a statement of reinstatement that states
20 the secretary of state's determination and the effective date of reinstatement; and

21 (2) File the statement of reinstatement and serve a copy on the partnership.

22 (d) When reinstatement under this section has become effective, the following rules apply:

23 (1) The reinstatement relates back to and takes effect as of the effective date of the
24 administrative revocation.

25 (2) The partnership's status as a limited liability partnership continues as if the revocation
26 had not occurred.

27 (3) The rights of a person arising out of an act or omission in reliance on the revocation
28 before the person knew or had notice of the reinstatement are not affected.

29 **7-12.1-912. Service of process, notice, or demand. [Effective January 1, 2023.]**

30 (a) A limited liability partnership or registered foreign limited liability partnership may be
31 served with any process, notice, or demand required or permitted by law by serving its registered
32 agent.

33 (b) If a limited liability partnership or registered foreign limited liability partnership fails
34 to appoint or maintain a registered agent in this state, or whenever its registered agent cannot with

1 reasonable diligence be found at the registered office, then the secretary of state is an agent of the
2 ~~corporation~~ limited liability partnership upon whom any process, notice, or demand may be
3 served. Service on the secretary of state of any process, notice, or demand is made by delivering to
4 and leaving with ~~him or her~~ the secretary of state or with any clerk having charge of the
5 corporation department of his or her office, duplicate copies of the process, notice, or demand. In
6 the event any process, notice, or demand is served on the secretary of state, the secretary of state
7 shall immediately forward one of the copies by certified mail, addressed to the ~~corporation~~ limited
8 liability partnership at its registered office. Any service upon the secretary of state is returnable
9 in not less than thirty (30) days.

10 (c) The secretary of state shall maintain a record of any such service setting forth the name
11 of the plaintiff and defendant, the title, docket number and nature of the proceeding in which
12 process has been served upon the secretary of state, the fact that service has been effected pursuant
13 to this subsection, the return date thereof, and the day and hour when the service was made. The
14 secretary of state shall not be required to retain such information for a period longer than five (5)
15 years from receipt of the service of process.

16 (d) Service of process, notice, or demand on a registered agent must be in a written record.

17 (e) Service of process, notice, or demand may be made by other means under law other
18 than this chapter.

19 **7-12.1-913. Annual report for secretary of state. [Effective January 1, 2023.]**

20 (a) A limited liability partnership or registered foreign limited liability partnership shall
21 deliver to the secretary of state for filing an annual report that states:

22 (1) The name of the partnership or registered foreign partnership;

23 (2) The street and mailing addresses of its principal office;

24 (3) The name of at least one partner;

25 (4) In the case of a foreign partnership, its jurisdiction of formation and any alternate name
26 adopted under § 7-12.1-1006;

27 (5) A brief statement of the character of the business in which the limited liability
28 partnership is actually engaged in this state; and

29 (6) Any additional information that is required by the secretary of state.

30 (b) The annual report must be made on forms prescribed and furnished by the secretary of
31 state, and the information in the annual report must be current as of the date the report is signed by
32 the limited liability partnership or registered foreign limited liability partnership.

33 (c) The first annual report must be filed with the secretary of state after February 1, and
34 before May 1, of the year following the calendar year in which the limited liability partnership's

1 statement of qualification became effective or the registered foreign limited liability partnership
2 registered to do business in this state. Subsequent annual reports must be filed with the secretary of
3 state after February 1, and before May 1, of each calendar year thereafter. Proof to the satisfaction
4 of the secretary of state that prior to May 1 the report was deposited in the United States mail in a
5 sealed envelope, properly addressed, with postage prepaid, is deemed to be a compliance with this
6 requirement.

7 (d) If the secretary of state finds that the annual report conforms to the requirements of this
8 chapter, the secretary of state shall file the report. If an annual report does not contain the
9 information required by this section, the secretary of state promptly shall notify the reporting
10 limited liability partnership or registered foreign limited liability partnership in a record and return
11 the report for correction, in which event the penalties subsequently prescribed for failure to file the
12 report within the time previously provided do not apply if the report is corrected to conform to the
13 requirements of this chapter and returned to the secretary of state within thirty (30) days from the
14 date on which it was mailed to the ~~corporation~~ limited liability partnership by the secretary of
15 state.

16 (e) Each limited liability partnership, domestic or foreign, that fails or refuses to file its
17 annual report for any year within thirty (30) days after the time prescribed by this chapter is subject
18 to a penalty of twenty-five dollars (\$25.00) per year.

19 **7-12.1-1006. Noncomplying name of foreign limited liability partnership. [Effective**
20 **January 1, 2023.]**

21 (a) A foreign limited liability partnership whose name does not comply with § 7-12.1-902
22 may not register to do business in this state until it adopts, for the purpose of doing business in this
23 state, an alternate name that complies with § 7-12.1-902. ~~A partnership that registers under an~~
24 ~~alternate name under this subsection need not comply with § 7-16-902 or 7-1.2-402.~~ A
25 partnership that registers under an alternate name under this subsection need not comply with this
26 state's fictitious name statute. After registering to do business in the state with an alternate name,
27 a partnership shall do business in this state under:

- 28 (1) The alternate name;
- 29 (2) The partnership's name, with the addition of its jurisdiction of formation; or
- 30 (3) A name the partnership is authorized to use under the state's fictitious name statute ~~to~~
31 ~~include, but not be limited to, § 7-16-902.1 or 7-1.2-402.~~

32 (b) If a registered foreign limited liability partnership changes its name to one that does not
33 comply with § 7-12.1-902, it may not do business in this state until it complies with subsection (a)
34 of this section by amending its registration to adopt an alternate name that complies with § 7-12.1-

1 902.

2 **7-12.1-1009. Transfer of registration. [Effective January 1, 2023.]**

3 (a) When a registered foreign limited liability partnership has merged into a foreign entity
4 that is not registered to do business in this state or has converted to a foreign entity required to
5 register with the secretary of state to do business in this state, the foreign entity shall deliver to the
6 secretary of state for filing an application for transfer of registration. The application must state:

7 (1) The name of the registered foreign limited liability partnership before the merger or
8 conversion;

9 (2) That before the merger or conversion the registration pertained to a foreign limited
10 liability partnership;

11 (3) The name of the applicant foreign entity into which the foreign limited liability
12 partnership has merged or to which it has been converted and, if the name does not comply with §
13 7-12.1-902, an alternate name adopted pursuant to § 7-12.1-1006(a); **and**

14 (4) The type of entity of the applicant foreign entity and its jurisdiction of formation;

15 (b) An application for authority to transact business in the state of Rhode Island for the
16 resulting entity type and a certificate of legal existence or good standing issued by the proper officer
17 of the state or country under the laws of which the resulting entity has been formed **must**
18 **accompany the application for transfer of registration.**

19 (c) When an application for transfer of registration takes effect, the registration of the
20 foreign limited liability limited partnership to do business in this state is transferred without
21 interruption to the foreign entity into which the partnership has merged or to which it has been
22 converted.

23 **7-12.1-1011. Issuance of certificates of revocation. [Effective January 1, 2023.]**

24 (a) Upon revoking any such certificate of registration of limited liability partnership, the
25 secretary of state shall:

26 (1) Issue a certificate of revocation in duplicate;

27 (2) File one of the certificates in the secretary of state's office;

28 (3) Send to the limited liability partnership by regular mail a certificate of revocation,
29 addressed to the registered agent of the limited liability partnership in this state on file with the
30 secretary of state's office; provided, however, that if a prior mailing addressed to the address of the
31 registered agent of the limited liability partnership in this state currently on file with the secretary
32 of state's office has been returned to the secretary of state as undeliverable by the United States
33 Postal Service for any reason, or if the revocation certificate is returned as undeliverable to the
34 secretary of state's office by the United States Postal Service for any reason, the secretary of state

1 shall give notice as follows:

2 (i) To the limited liability partnership at its principal office of record as shown in its most
3 recent annual report, and no further notice shall be required; or

4 (ii) In the case of a limited liability partnership that has not yet filed an annual report, then
5 to the principal office listed in the certificate of registration, and no further notice shall be required.

6 (b) The authority of the registered foreign limited liability partnership to do business in this
7 state ceases on the effective date of the certificate of revocation, or ~~to apply for reinstatement~~
8 ~~under § 7-12.1-1012~~ unless before that date the partnership cures each ground for revocation
9 stated in the notice.

10 (c) The revocation of a limited liability partnership does not terminate the authority of its
11 registered agent.

12 **7-12.1-1012. Reinstatement. [Effective January 1, 2023.]**

13 (a) Within two (2) years after issuing a certificate of revocation as provided in § 7-12.1-
14 1011, the secretary of state may withdraw the certificate of revocation and retroactively reinstate
15 the limited liability partnership in good standing as if its certificate of registration of limited liability
16 partnership had not been revoked except as subsequently provided:

17 (1) On the filing by the limited liability partnership of the documents it had previously
18 failed to file and payment of any fees it had previously failed to pay as set forth in §§ ~~7-12.1-~~
19 ~~1006(a)(3) through 7-12.1-1006(a)(7)~~ 7-12.1-1010(a)(3) through (a)(7).

20 (2) On the payment by the limited liability partnership of a penalty in the amount of fifty
21 dollars (\$50.00) for each year or part of year that has elapsed since the issuance of the certificate
22 of revocation.

23 (b) If, as permitted by the provisions of this chapter or chapter 1.2, 6, 12, or 13.1 of this
24 title, another limited liability company, business or nonprofit corporation, registered limited
25 liability partnership or a limited liability partnership, or in each case domestic or foreign, authorized
26 and qualified to transact business in this state, bears or has filed a fictitious business name statement
27 as to or reserved or registered a name that is the same as, the name of the limited liability partnership
28 with respect to which the certificate of revocation is proposed to be withdrawn, then the secretary
29 of state shall condition the withdrawal of the certificate of revocation on the reinstated limited
30 liability partnership amending its certificate of registration so as to designate a name that meets the
31 requirements of § 7-12.1-902 by adopting an alternate name pursuant to § 7-12.1-1006(a).

32 (c) When reinstatement under this section has become effective, the following rules apply:

33 (1) The reinstatement relates back to and takes effect as of the effective date of the
34 certificate of revocation.

1 (2) The limited liability partnership resumes carrying on its activities and affairs as if the
2 revocation had not occurred.

3 (3) The rights of a person arising out of an act or omission in reliance on the revocation
4 before the person knew or had notice of the reinstatement are not affected.

5 **7-12.1-1101. Definitions. [Effective January 1, 2023.]**

6 As used in this chapter:

7 (1) “Acquired entity” means the entity, all of one or more classes or series of interests of
8 which are acquired in an interest exchange.

9 (2) “Acquiring entity” means the entity that acquires all of one or more classes or series of
10 interests of the acquired entity in an interest exchange.

11 **(3) "Articles of merger" means a statement under § 7-12.1-1125.**

12 ~~(3)~~**(4)** “Conversion” means a transaction authorized by §§ 7-12.1-1141 through 7-12.1-
13 1146.

14 ~~(4)~~**(5)** “Converted entity” means the converting entity as it continues in existence after a
15 conversion.

16 ~~(5)~~**(6)** “Converting entity” means the domestic entity that approves a plan of conversion
17 pursuant to § 7-12.1-1143 or the foreign entity that approves a conversion pursuant to the law of
18 its jurisdiction of formation.

19 ~~(6)~~**(7)** “Distributional interest” means the right under an unincorporated entity’s organic
20 law and organic rules to receive distributions from the entity.

21 ~~(7)~~**(8)** “Domestic”, with respect to an entity, means governed as to its internal affairs by
22 the law of this state.

23 ~~(8)~~**(9)** “Domesticated limited liability partnership” means a domesticating limited liability
24 partnership as it continues in existence after a domestication.

25 ~~(9)~~**(10)** “Domesticating limited liability partnership” means the domestic limited liability
26 partnership that approves a plan of domestication pursuant to § 7-12.1-1153 or the foreign limited
27 liability partnership that approves a domestication pursuant to the law of its jurisdiction of
28 formation.

29 ~~(10)~~**(11)** “Domestication” means a transaction authorized by §§ 7-12.1-1151 through 7-
30 12.1-1156.

31 ~~(11)~~**(12)** “Entity”:

32 (i) Means:

33 (A) A business corporation;

34 (B) A nonprofit corporation;

- 1 (C) A general partnership, including a limited liability partnership;
- 2 (D) A limited partnership, including a limited liability limited partnership;
- 3 (E) A limited liability company;
- 4 (F) A general cooperative association;
- 5 (G) A limited cooperative association;
- 6 (H) An unincorporated nonprofit association;
- 7 (I) A statutory trust, business trust, or common-law business trust; or
- 8 (J) Any other person that has:
- 9 (I) A legal existence separate from any interest holder of that person; or
- 10 (II) The power to acquire an interest in real property in its own name; and
- 11 (ii) Does not include:
- 12 (A) An individual;
- 13 (B) A trust with a predominantly donative purpose or a charitable trust;
- 14 (C) An association or relationship that is not an entity listed in subsection (11)(i) of this
- 15 section and is not a partnership under the rules stated in § 7-12.1-202(c) or a similar provision of
- 16 the law of another jurisdiction;
- 17 (D) A decedent's estate; or
- 18 (E) A government or a governmental subdivision, agency, or instrumentality.
- 19 ~~(12)~~(13) "Filing entity" means an entity whose formation requires the filing of a public
- 20 organic record. The term does not include a limited liability partnership.
- 21 ~~(13)~~(14) "Foreign", with respect to an entity, means an entity governed as to its internal
- 22 affairs by the law of a jurisdiction other than this state.
- 23 ~~(14)~~(15) "Governance interest" means a right under the organic law or organic rules of an
- 24 unincorporated entity, other than as a governor, agent, assignee, or proxy, to:
- 25 (i) Receive or demand access to information concerning, or the books and records of, the
- 26 entity;
- 27 (ii) Vote for or consent to the election of the governors of the entity; or
- 28 (iii) Receive notice of or vote on or consent to an issue involving the internal affairs of the
- 29 entity.
- 30 ~~(15)~~(16) "Governor" means:
- 31 (i) A director of a business corporation;
- 32 (ii) A director or trustee of a nonprofit corporation;
- 33 (iii) A general partner of a general partnership;
- 34 (iv) A general partner of a limited partnership;

- 1 (v) A manager of a manager-managed limited liability company;
- 2 (vi) A member of a member-managed limited liability company;
- 3 (vii) A director of a general cooperative association;
- 4 (viii) A director of a limited cooperative association;
- 5 (ix) A manager of an unincorporated nonprofit association;
- 6 (x) A trustee of a statutory trust, business trust, or common-law business trust; or
- 7 (xi) Any other person under whose authority the powers of an entity are exercised and
- 8 under whose direction the activities and affairs of the entity are managed pursuant to the organic
- 9 law and organic rules of the entity.

10 ~~(16)~~(17) “Interest” means:

- 11 (i) A share in a business corporation;
- 12 (ii) A membership in a nonprofit corporation;
- 13 (iii) A partnership interest in a general partnership;
- 14 (iv) A partnership interest in a limited partnership;
- 15 (v) A membership interest in a limited liability company;
- 16 (vi) A share in a general cooperative association;
- 17 (vii) A member’s interest in a limited cooperative association;
- 18 (viii) A membership in an unincorporated nonprofit association;
- 19 (ix) A beneficial interest in a statutory trust, business trust, or common-law business trust;

20 or

- 21 (x) A governance interest or distributional interest in any other type of unincorporated
- 22 entity.

23 ~~(17)~~(18) “Interest exchange” means a transaction authorized by §§ 7-12.1-1131 through 7-

24 12.1-1136.

25 ~~(18)~~(19) “Interest holder” means:

- 26 (i) A shareholder of a business corporation;
- 27 (ii) A member of a nonprofit corporation;
- 28 (iii) A general partner of a general partnership;
- 29 (iv) A general partner of a limited partnership;
- 30 (v) A limited partner of a limited partnership;
- 31 (vi) A member of a limited liability company;
- 32 (vii) A shareholder of a general cooperative association;
- 33 (viii) A member of a limited cooperative association;
- 34 (ix) A member of an unincorporated nonprofit association;

1 (x) A beneficiary or beneficial owner of a statutory trust, business trust, or common-law
2 business trust; or

3 (xi) Any other direct holder of an interest.

4 ~~(19)~~(20) “Interest holder liability” means:

5 (i) Personal liability for a liability of an entity which is imposed on a person:

6 (A) Solely by reason of the status of the person as an interest holder; or

7 (B) By the organic rules of the entity which make one or more specified interest holders or
8 categories of interest holders liable in their capacity as interest holders for all or specified liabilities
9 of the entity; or

10 (ii) An obligation of an interest holder under the organic rules of an entity to contribute to
11 the entity.

12 ~~(20)~~(21) “Merger” means a transaction authorized by §§ 7-12.1-1121 through 7-12.1-1126.

13 ~~(21)~~(22) “Merging entity” means an entity that is a party to a merger and exists immediately
14 before the merger becomes effective.

15 ~~(22)~~(23) “Organic law” means the law of an entity’s jurisdiction of formation governing
16 the internal affairs of the entity.

17 ~~(23)~~(24) “Organic rules” means the public organic record and private organic rules of an
18 entity.

19 ~~(24)~~(25) “Plan” means a plan of merger, plan of interest exchange, plan of conversion, or
20 plan of domestication.

21 ~~(25)~~(26) “Plan of conversion” means a plan under § 7-12.1-1142.

22 ~~(26)~~(27) “Plan of domestication” means a plan under § 7-12.1-1152.

23 ~~(27)~~(28) “Plan of interest exchange” means a plan under § 7-12.1-1132.

24 ~~(28)~~(29) “Plan of merger” means a plan under § 7-12.1-1122.

25 ~~(29)~~(30) “Private organic rules” means the rules, whether or not in a record, that govern
26 the internal affairs of an entity, are binding on all its interest holders, and are not part of its public
27 organic record, if any. The term includes:

28 (i) The bylaws of a business corporation;

29 (ii) The bylaws of a nonprofit corporation;

30 (iii) The partnership agreement of a general partnership;

31 (iv) The partnership agreement of a limited partnership;

32 (v) The operating agreement of a limited liability company;

33 (vi) The bylaws of a general cooperative association;

34 (vii) The bylaws of a limited cooperative association;

- 1 (viii) The governing principles of an unincorporated nonprofit association; and
2 (ix) The trust instrument of a statutory trust or similar rules of a business trust or common-
3 law business trust.

4 ~~(30)~~(31) “Protected agreement” means:

- 5 (i) A record evidencing indebtedness and any related agreement in effect on January 1,
6 2023;
7 (ii) An agreement that is binding on an entity on January 1, 2023;
8 (iii) The organic rules of an entity in effect on January 1, 2023; or
9 (iv) An agreement that is binding on any of the governors or interest holders of an entity
10 on January 1, 2023.

11 ~~(31)~~(32) “Public organic record” means the record the filing of which by the secretary of
12 state is required to form an entity and any amendment to or restatement of that record. The term
13 includes:

- 14 (i) The articles of incorporation of a business corporation;
15 (ii) The articles of incorporation of a nonprofit corporation;
16 (iii) The certificate of limited partnership of a limited partnership;
17 (iv) The certificate of organization of a limited liability company;
18 (v) The articles of incorporation of a general cooperative association;
19 (vi) The articles of organization of a limited cooperative association; and
20 (vii) The certificate of trust of a statutory trust or similar record of a business trust.

21 ~~(32)~~(33) “Registered foreign entity” means a foreign entity that is registered to do business
22 in this state pursuant to a record filed by the secretary of state.

23 ~~(33)~~(34) “Statement of conversion” means a statement under § 7-12.1-1145.

24 ~~(34)~~(35) “Statement of domestication” means a statement under § 7-12.1-1155.

25 ~~(35)~~(36) “Statement of interest exchange” means a statement under § 7-12.1-1135.

26 ~~(36) “Statement of merger” means a statement under § 7-12.1-1125.~~

27 (37) “Surviving entity” means the entity that continues in existence after or is created by a
28 merger.

29 (38) “Type of entity” means a generic form of entity:

- 30 (i) Recognized at common law; or
31 (ii) Formed under an organic law, whether or not some entities formed under that organic
32 law are subject to provisions of that law that create different categories of the form of entity.

33 **7-12.1-1125. Articles of merger — Effective date of merger. [Effective January 1,**
34 **2023.]**

1 (a) Articles of merger must be signed by each merging entity and filed with the secretary
2 of state.

3 (b) Articles of merger must contain:

4 (1) The name, jurisdiction of formation, and type of entity of each merging entity that is
5 not the surviving entity;

6 (2) The name, jurisdiction of formation, and type of entity of the surviving entity;

7 (3) A statement that the merger was approved by each domestic merging entity, if any, in
8 accordance with this part and by each foreign merging entity, if any, in accordance with the law of
9 its jurisdiction of formation;

10 (4) If the surviving entity exists before the merger and is a domestic filing entity, any
11 amendment to its public organic record approved as part of the plan of merger;

12 (5) If the surviving entity is created by the merger and is a domestic filing entity, its public
13 organic record, as an attachment; and

14 (6) If the surviving entity is created by the merger and is a domestic limited liability
15 partnership, its statement of qualification, as an attachment.

16 (c) In addition to the requirements of subsection (b) of this section, a statement of merger
17 may contain any other provision not prohibited by law.

18 (d) If the surviving entity is a domestic entity, its public organic record, if any, must satisfy
19 the requirements of the law of this state, except that the public organic record does not need to be
20 signed.

21 (e) If the surviving or resulting entity is not a domestic limited liability partnership or
22 another filing entity of record in the office of the secretary of state, the articles of merger must
23 contain a statement that the surviving or resulting other entity agrees that it may be served with
24 process in Rhode Island in any action, suit, or proceeding for the enforcement of any obligation of
25 any domestic limited liability partnership that is to merge, irrevocably appointing the secretary of
26 state as its agent to accept service of process in the action, suit, or proceeding and specifying the
27 address to which a copy of the process is to be mailed to it by the secretary of state. In the event of
28 service under this section on the secretary of state, the procedures set forth in § 7-12.1-912 are
29 applicable, except that the plaintiff in any action, suit, or proceeding shall furnish the secretary of
30 state with the address specified in the articles of merger provided for in this section and any other
31 address that the plaintiff elects to furnish, together with copies of the process as required by the
32 secretary of state, and the secretary of state shall notify the surviving or resulting other business
33 entity at all addresses furnished by the plaintiff in accordance with the procedures set forth in § 7-
34 12.1-912.

1 (f) If the surviving entity is a domestic partnership, the merger becomes effective when the
2 articles of merger are effective. In all other cases, the merger becomes effective on the later of:

3 (1) The date and time provided by the organic law of the surviving entity; and

4 (2) When the articles of merger are effective.

5 SECTION 3. Sections 7-13.1-121, 7-13.1-123, 7-13.1-206, 7-13.1-212, 7-13.1-213, 7-
6 13.1-812, 7-13.1-1011, 7-13.1-1012, 7-13.1-1101 and 7-13.1-1125 of the General Laws in Chapter
7 7-13.1 entitled "Uniform Limited Partnership Act [Effective January 1, 2023.]" are hereby amended
8 to read as follows:

9 **7-13.1-121. Service of process, notice, or demand. [Effective January 1, 2023.]**

10 (a) A limited partnership or registered foreign limited partnership may be served with any
11 process, notice, or demand required or permitted by law by serving its registered agent.

12 (b) If a limited partnership or registered foreign limited partnership fails to appoint or
13 maintain a registered agent in this state, or whenever its registered agent cannot with reasonable
14 diligence be found at the registered office, then the secretary of state is an agent of the ~~corporation~~
15 limited partnership or registered foreign limited partnership upon whom any process, notice,
16 or demand may be served. Service on the secretary of state of any process, notice, or demand is
17 made by delivering to and leaving with the secretary of state or with any clerk having charge of the
18 corporation department of the office, duplicate copies of the process, notice, or demand. In the
19 event any process, notice, or demand is served on the secretary of state, the secretary of state shall
20 immediately forward one of the copies by certified mail, addressed to the ~~corporation~~ limited
21 partnership or registered foreign limited partnership at its registered office. Any service upon
22 the secretary of state is returnable in not less than thirty (30) days.

23 (c) The secretary of state shall maintain a record of any such service setting forth the name
24 of the plaintiff and defendant, the title, docket number and nature of the proceeding in which
25 process has been served upon the secretary of state, the fact that service has been effected pursuant
26 to this section, the return date thereof, and the day and hour when the service was made. The
27 secretary of state shall not be required to retain such information for a period longer than five (5)
28 years from receipt of the service of process.

29 (d) Service of process, notice, or demand on a registered agent must be in a written record.

30 (e) Service of process, notice, or demand may be made by other means under law other
31 than this chapter.

32 **7-13.1-123. Fees for filing documents and issuing certificates. [Effective January 1,**
33 **2023.]**

34 The secretary of state shall charge and collect for:

- 1 (1) Filing a certificate of limited partnership, one hundred dollars (\$100);
- 2 (2) Filing a certificate of amendment to a certificate of limited partnership, fifty dollars
- 3 (\$50.00);
- 4 (3) Filing a certificate of correction to a certificate of limited partnership, fifty dollars
- 5 (\$50.00);
- 6 ~~(3)~~(4) Filing a certificate of dissolution of a certificate of limited partnership, ten dollars
- 7 (\$10.00);
- 8 ~~(4)~~(5) Filing an application to reserve a limited partnership name, fifty dollars (\$50.00);
- 9 ~~(5)~~(6) Filing a notice of transfer of a reserved limited partnership name, fifty dollars
- 10 (\$50.00);
- 11 ~~(6)~~(7) Filing a statement of change of address of specified office or change of specified
- 12 agent, twenty dollars (\$20.00);
- 13 ~~(7)~~(8) Filing a statement of change of address only for a specified agent, without fee;
- 14 ~~(8)~~(9) Filing an application of a foreign limited partnership to register as a foreign limited
- 15 partnership, one hundred dollars (\$100);
- 16 ~~(9)~~(10) Filing a certificate of withdrawal of registration as a foreign limited partnership,
- 17 twenty-five dollars (\$25.00);
- 18 ~~(10)~~(11) Filing any other document, statement, or report of a domestic or foreign limited
- 19 partnership, except an annual report, ten dollars (\$10.00);
- 20 ~~(11)~~(12) Filing a certificate of amendment of a foreign limited partnership, fifty dollars
- 21 (\$50.00);
- 22 ~~(12)~~(13) An annual report of a domestic or foreign limited partnership, fifty dollars
- 23 (\$50.00);
- 24 ~~(13)~~(14) To withdraw the certificate of revocation of a limited partnership, whether
- 25 domestic or foreign, a penalty in the amount of fifty dollars (\$50.00) for each year or part of the
- 26 year that has elapsed since the issuance of the certificate of revocation;
- 27 ~~(14)~~(15) For issuing a certificate of good standing/letter of status, twenty dollars (\$20.00).
- 28 ~~(15)~~(16) For issuing a certificate of fact, thirty dollars (\$30.00);
- 29 ~~(16)~~(17) For furnishing a certified copy of any document, instrument, or paper relating to
- 30 a domestic or foreign limited partnership, a fee of fifteen cents (\$.15) per page and ten dollars
- 31 (\$10.00) for the certificate and affirming the seal to it; and
- 32 ~~(17)~~(18) Service of process on the secretary of state as registered agent of a limited
- 33 partnership, fifteen dollars (\$15.00) which amount may be recovered as a taxable cost by the party
- 34 to the suit or action making the service if the party prevails in the suit or action.

1 **7-13.1-206. Filing requirements. [Effective January 1, 2023.]**

2 (a) To be filed by the secretary of state pursuant to this chapter, a record must be received
3 by the secretary of state, must comply with this chapter, and satisfy the following:

4 (1) The filing of the record must be required or permitted by this chapter.

5 (2) The record must be physically delivered in written form unless and to the extent the
6 secretary of state permits electronic delivery of records.

7 (3) The words in the record must be in English, and numbers must be in Arabic or Roman
8 numerals, but the name of an entity need not be in English if written in English letters or Arabic or
9 Roman numerals.

10 (4) The record must be signed under pains and penalties of perjury by a person authorized
11 or required under this chapter to sign the record.

12 (5) The record must state the name and capacity, if any, of each individual who signed it,
13 either on behalf of the individual or the person authorized or required to sign the record, but need
14 not contain a seal, attestation, acknowledgment, or verification.

15 (b) If law other than this chapter prohibits the disclosure by the secretary of state of
16 information contained in a record delivered to the secretary of state for filing, the secretary of state
17 shall file the record if the record otherwise complies with this chapter but may redact the
18 information.

19 (c) When a record is delivered to the secretary of state for filing, any fee required under
20 this chapter and any fee, tax, interest, or penalty required to be paid under this chapter or law other
21 than this chapter must be paid in a manner permitted by the secretary of state or by that law.

22 (d) The secretary of state may require that a record delivered in written form be
23 accompanied by an identical or conformed copy.

24 (e) The secretary of state may provide forms for filings required or permitted to be made
25 by this chapter, but, except as otherwise provided in subsection (f) of this section and § ~~7-13.1-22~~
26 [7-13.1-212](#), their use is not required.

27 (f) The secretary of state may require that a cover sheet for a filing be on a form prescribed
28 by the secretary of state.

29 **7-13.1-212. Annual report for secretary of state. [Effective January 1, 2023.]**

30 (a) A limited partnership or registered foreign limited partnership shall deliver to the
31 secretary of state for filing an annual report that states:

32 (1) The name of the partnership or foreign partnership;

33 (2) The addresses of its principal office;

34 (3) The name and address of each general partner;

1 (4) In the case of a foreign partnership, its jurisdiction of formation and any alternate name
2 adopted under § 7-13.1-1006(a);

3 (5) A brief statement of the character of the business in which the limited partnership is
4 actually engaged in this state; and

5 (6) Any additional information that is required by the secretary of state.

6 (b) The annual report must be made on forms prescribed and furnished by the secretary of
7 state, and the information in the annual report must be current as of the date the report is signed by
8 the limited partnership or registered foreign limited partnership.

9 (c) The first annual report must be delivered to the secretary of state for filing after February
10 1 and before May 1 of the year following the calendar year in which the limited partnership's
11 certificate of limited partnership became effective or the registered foreign limited partnership
12 registered to do business in this state. Subsequent annual reports must be delivered to the secretary
13 of state for filing after February 1 and before May 1 of each calendar year thereafter. Proof to the
14 satisfaction of the secretary of state that prior to May 1 the report was deposited in the United States
15 mail in a sealed envelope, properly addressed, with postage prepaid, is deemed to be a compliance
16 with this requirement.

17 (d) If the secretary of state finds that the annual report conforms to the requirements of this
18 chapter, the secretary of state shall file the report. If an annual report does not contain the
19 information required by this section, the secretary of state promptly shall notify the reporting
20 limited partnership or registered foreign limited partnership in a record and return the report for
21 correction, in which event the penalties subsequently prescribed for failure to file the report within
22 the time previously provided do not apply if the report is corrected to conform to the requirements
23 of this chapter and returned to the secretary of state within thirty (30) days from the date on which
24 it was mailed to the ~~corporation~~ limited partnership by the secretary of state.

25 (e) Each limited partnership, domestic or foreign, that fails or refuses to file its annual
26 report for any year within thirty (30) days after the time prescribed by this chapter is subject to a
27 penalty of twenty-five dollars (\$25.00) per year.

28 **7-13.1-213. Filing of returns with the tax administrator — Annual charge. [Effective**
29 **January 1, 2023.]**

30 (a) A limited partnership certified under this chapter shall file a return, in the form and
31 containing the information as prescribed by the tax administrator, as follows:

32 (1) If the fiscal year of the limited partnership is the calendar year, on or before the fifteenth
33 day of April in the year following the close of the fiscal year; and

34 (2) If the fiscal year of the limited partnership is not a calendar year, on or before the

1 fifteenth day of the fourth month following the close of the fiscal year.

2 (b) For tax years beginning after ~~December 31, 2022~~ December 31, 2015, a limited
3 partnership certified under this chapter shall file a return, in the form and containing the information
4 as prescribed by the tax administrator, and shall be filed on or before the date a federal tax return
5 is due to be filed, without regard to extension.

6 (c) An annual charge, equal to the minimum tax imposed upon a corporation under § 44-
7 11-2(e), shall be due on the filing of the limited partnership's return filed with the tax administrator
8 and shall be paid to the division of taxation.

9 (d) The annual charge is delinquent if not paid by the due date for the filing of the return
10 and an addition of one hundred dollars (\$100) to the charge is then due.

11 **7-13.1-812. Issuance of certificates of revocation. [Effective January 1, 2023.]**

12 (a) Upon revoking any such certificate of limited partnership, the secretary of state shall:

13 (1) Issue a certificate of revocation in duplicate;

14 (2) File one of the certificates in the secretary of state's office;

15 (3) Send to the limited partnership by regular mail a certificate of revocation, addressed to
16 the registered agent of the limited partnership in this state on file with the secretary of state's office;
17 provided, however, that if a prior mailing addressed to the address of the registered agent of the
18 limited partnership in this state currently on file with the secretary of state's office has been returned
19 to the secretary of state as undeliverable by the United States Postal Service for any reason, or if
20 the revocation certificate is returned as undeliverable to the secretary of state's office by the United
21 States Postal Service for any reason, the secretary of state shall give notice as follows:

22 (i) To the limited partnership at its principal office of record as shown in its most recent
23 annual report, and no further notice shall be required; or

24 (ii) In the case of a limited partnership that has not yet filed an annual report, then to the
25 domestic ~~limited liability company~~ limited partnership at the principal office in the articles of
26 organization or to the authorized person listed on the ~~articles of organization~~ certificate of
27 registration, and no further notice shall be required.

28 (b) A limited partnership that is revoked continues in existence as an entity but may not
29 carry on any activities except as necessary to wind up its activities and affairs and liquidate its
30 assets under §§ 7-13.1-802, 7-13.1-806, 7-13.1-807, 7-13.1-808, and 7-13.1-810, or to apply for
31 reinstatement under § 7-13.1-813.

32 (c) The revocation of a limited partnership does not terminate the authority of its registered
33 agent.

34 **7-13.1-1011. Issuance of certificates of revocation. [Effective January 1, 2023.]**

1 (a) Upon revoking any such certificate of registration of limited partnership, the secretary
2 of state shall:

3 (1) Issue a certificate of revocation in duplicate;

4 (2) File one of the certificates in the secretary of state's office;

5 (3) Send to the limited partnership by regular mail a certificate of revocation, addressed to
6 the registered agent of the limited partnership in this state on file with the secretary of state's office;
7 provided, however, that if a prior mailing addressed to the address of the registered agent of the
8 limited partnership in this state currently on file with the secretary of state's office has been returned
9 to the secretary of state as undeliverable by the United States Postal Service for any reason, or if
10 the revocation certificate is returned as undeliverable to the secretary of state's office by the United
11 States Postal Service for any reason, the secretary of state shall give notice as follows:

12 (i) To the limited partnership at its principal office of record as shown in its most recent
13 annual report, and no further notice shall be required; or

14 (ii) In the case of a limited partnership that has not yet filed an annual report, then to the
15 principal office listed in the certificate of registration, and no further notice shall be required.

16 (b) The authority of the registered foreign limited partnership to do business in this state
17 ceases on the effective date of the certificate of revocation, ~~or to apply for reinstatement under~~
18 ~~§ 7-13.1-1012~~ unless before that date the partnership cures each ground for revocation stated
19 in the notice.

20 (c) The revocation of a limited partnership does not terminate the authority of its registered
21 agent.

22 **7-13.1-1012. Reinstatement. [Effective January 1, 2023.]**

23 (a) Within ten (10) years after issuing a certificate of revocation as provided in § 7-13.1-
24 1011, the secretary of state may withdraw the certificate of revocation and retroactively reinstate
25 the limited partnership in good standing as if its certificate of registration of limited partnership had
26 not been revoked except as subsequently provided:

27 (1) On the filing by the limited partnership of the documents it had previously failed to file
28 as set forth in § 7-13.1-1010(a)(3) through ~~(6)(a)(8)~~ and payment of any fees or taxes it had
29 previously failed to pay;

30 (2) On the payment by the limited partnership of a penalty in the amount of fifty dollars
31 (\$50.00) for each year or part of year that has elapsed since the issuance of the certificate of
32 revocation; and

33 (3) Upon the filing by the limited partnership of a certificate of good standing from the
34 Rhode Island division of taxation.

1 (b) If, as permitted by the provisions of this chapter or chapter 1.2, 6, or 12.1 of this title,
2 another limited liability company, business or nonprofit corporation, registered limited liability
3 partnership or a limited partnership, or in each case domestic or foreign, authorized and qualified
4 to transact business in this state, bears or has filed a fictitious business name statement as to or
5 reserved or registered a name that is the same as, the name of the limited partnership with respect
6 to which the certificate of revocation is proposed to be withdrawn, then the secretary of state shall
7 condition the withdrawal of the certificate of revocation on the reinstated limited partnership
8 amending its certificate of registration so as to designate a name that meets the requirements of §
9 7-13.1-114 by adopting an alternate name pursuant to § 7-13.1-1006(a).

10 (c) When reinstatement under this section has become effective, the following rules apply:

11 (1) The reinstatement relates back to and takes effect as of the effective date of the
12 certificate of revocation.

13 (2) The limited partnership resumes carrying on its activities and affairs as if the revocation
14 had not occurred.

15 (3) The rights of a person arising out of an act or omission in reliance on the revocation
16 before the person knew or had notice of the reinstatement are not affected.

17 **7-13.1-1101. Definitions. [Effective January 1, 2023.]**

18 As used in this part:

19 (1) “Acquired entity” means the entity, all of one or more classes or series of interests of
20 which are acquired in an interest exchange.

21 (2) “Acquiring entity” means the entity that acquires all of one or more classes or series of
22 interests of the acquired entity in an interest exchange.

23 **(3) "Articles of merger" means a statement under § 7-13.1-1125.**

24 ~~(3)~~**(4)** “Conversion” means a transaction authorized by subpart 4.

25 ~~(4)~~**(5)** “Converted entity” means the converting entity as it continues in existence after a
26 conversion.

27 ~~(5)~~**(6)** “Converting entity” means the domestic entity that approves a plan of conversion
28 pursuant to § 7-13.1-1143 or the foreign entity that approves a conversion pursuant to the law of
29 its jurisdiction of formation.

30 ~~(6)~~**(7)** “Distributional interest” means the right under an unincorporated entity’s organic
31 law and organic rules to receive distributions from the entity.

32 ~~(7)~~**(8)** “Domestic”, with respect to an entity, means governed as to its internal affairs by
33 the law of this state.

34 ~~(8)~~**(9)** “Domesticated limited partnership” means the domesticating limited partnership as

1 it continues in existence after a domestication.

2 ~~(9)~~(10) “Domesticating limited partnership” means the domestic limited partnership that
3 approves a plan of domestication pursuant to § 7-13.1-1153 or the foreign limited partnership that
4 approves a domestication pursuant to the law of its jurisdiction of formation.

5 ~~(10)~~(11) “Domestication” means a transaction authorized by subpart 5.

6 ~~(11)~~(12) “Entity”:

7 (i) Means:

8 (A) A business corporation;

9 (B) A nonprofit corporation;

10 (C) A general partnership, including a limited liability partnership;

11 (D) A limited partnership, including a limited liability limited partnership;

12 (E) A limited liability company;

13 (F) A general cooperative association;

14 (G) A limited cooperative association;

15 (H) An unincorporated nonprofit association;

16 (I) A statutory trust, business trust, or common-law business trust; or

17 (J) Any other person that has:

18 (I) A legal existence separate from any interest holder of that person; or

19 (II) The power to acquire an interest in real property in its own name; and

20 (ii) Does not include:

21 (A) An individual;

22 (B) A trust with a predominantly donative purpose or a charitable trust;

23 (C) An association or relationship that is not an entity listed in subsection (11)(i) of this
24 section and is not a partnership under the rules stated in § ~~7-12-18 [repealed]~~ 7-12.1-202 or a
25 similar provision of the law of another jurisdiction;

26 (D) A decedent’s estate; or

27 (E) A government or a governmental subdivision, agency, or instrumentality.

28 ~~(12)~~(13) “Filing entity” means an entity whose formation requires the filing of a public
29 organic record. The term does not include a limited liability partnership.

30 ~~(13)~~(14) “Foreign”, with respect to an entity, means an entity governed as to its internal
31 affairs by the law of a jurisdiction other than this state.

32 ~~(14)~~(15) “Governance interest” means a right under the organic law or organic rules of an
33 unincorporated entity, other than as a governor, agent, assignee, or proxy, to:

34 (i) Receive or demand access to information concerning, or the books and records of, the

1 entity;

2 (ii) Vote for or consent to the election of the governors of the entity; or

3 (iii) Receive notice of or vote on or consent to an issue involving the internal affairs of the
4 entity.

5 ~~(15)~~(16) “Governor” means:

6 (i) A director of a business corporation or an officer of a business corporation that has no
7 board of directors;

8 (ii) A director or trustee of a nonprofit corporation;

9 (iii) A general partner of a general partnership;

10 (iv) A general partner of a limited partnership;

11 (v) A manager of a manager-managed limited liability company;

12 (vi) A member of a member-managed limited liability company;

13 (vii) A director of a general cooperative association;

14 (viii) A director of a limited cooperative association;

15 (ix) A manager of an unincorporated nonprofit association;

16 (x) A trustee of a statutory trust, business trust, or common-law business trust; or

17 (xi) Any other person under whose authority the powers of an entity are exercised and
18 under whose direction the activities and affairs of the entity are managed pursuant to the organic
19 law and organic rules of the entity.

20 ~~(16)~~(17) “Interest” means:

21 (i) A share in a business corporation;

22 (ii) A membership in a nonprofit corporation;

23 (iii) A partnership interest in a general partnership;

24 (iv) A partnership interest in a limited partnership;

25 (v) A membership interest in a limited liability company;

26 (vi) A share in a general cooperative association;

27 (vii) A member’s interest in a limited cooperative association;

28 (viii) A membership in an unincorporated nonprofit association;

29 (ix) A beneficial interest in a statutory trust, business trust, or common-law business trust;

30 or

31 (x) A governance interest or distributional interest in any other type of unincorporated
32 entity.

33 ~~(17)~~(18) “Interest exchange” means a transaction authorized by subpart 3.

34 ~~(18)~~(19) “Interest holder” means:

- 1 (i) A shareholder of a business corporation;
- 2 (ii) A member of a nonprofit corporation;
- 3 (iii) A general partner of a general partnership;
- 4 (iv) A general partner of a limited partnership;
- 5 (v) A limited partner of a limited partnership;
- 6 (vi) A member of a limited liability company;
- 7 (vii) A shareholder of a general cooperative association;
- 8 (viii) A member of a limited cooperative association;
- 9 (ix) A member of an unincorporated nonprofit association;
- 10 (x) A beneficiary or beneficial owner of a statutory trust, business trust, or common-law
- 11 business trust; or

12 (xi) Any other direct holder of an interest.

13 ~~(19)~~(20) “Interest holder liability” means:

14 (i) Personal liability for a liability of an entity which is imposed on a person:

15 (A) Solely by reason of the status of the person as an interest holder; or

16 (B) By the organic rules of the entity which make one or more specified interest holders or

17 categories of interest holders liable in their capacity as interest holders for all or specified liabilities

18 of the entity; or

19 (ii) An obligation of an interest holder under the organic rules of an entity to contribute to

20 the entity.

21 ~~(20)~~(21) “Merger” means a transaction authorized by subpart 2.

22 ~~(21)~~(22) “Merging entity” means an entity that is a party to a merger and exists immediately

23 before the merger becomes effective.

24 ~~(22)~~(23) “Organic law” means the law of an entity’s jurisdiction of formation governing

25 the internal affairs of the entity.

26 ~~(23)~~(24) “Organic rules” means the public organic record and private organic rules of an

27 entity.

28 ~~(24)~~(25) “Plan” means a plan of merger, plan of interest exchange, plan of conversion, or

29 plan of domestication.

30 ~~(25)~~(26) “Plan of conversion” means a plan under § 7-13.1-1142.

31 ~~(26)~~(27) “Plan of domestication” means a plan under § 7-13.1-1152.

32 ~~(27)~~(28) “Plan of interest exchange” means a plan under § 7-13.1-1132.

33 ~~(28)~~(29) “Plan of merger” means a plan under § 7-13.1-1122.

34 ~~(29)~~(30) “Private organic rules” means the rules, whether or not in a record, that govern

1 the internal affairs of an entity, are binding on all its interest holders, and are not part of its public
2 organic record, if any. The term includes:

- 3 (i) The bylaws of a business corporation;
- 4 (ii) The bylaws of a nonprofit corporation;
- 5 (iii) The partnership agreement of a general partnership;
- 6 (iv) The partnership agreement of a limited partnership;
- 7 (v) The operating agreement of a limited liability company;
- 8 (vi) The bylaws of a general cooperative association;
- 9 (vii) The bylaws of a limited cooperative association;
- 10 (viii) The governing principles of an unincorporated nonprofit association; and
- 11 (ix) The trust instrument of a statutory trust or similar rules of a business trust or a common-
12 law business trust.

13 ~~(30)~~(31) “Protected agreement” means:

- 14 (i) A record evidencing indebtedness and any related agreement in effect on January 1,
15 2023;
- 16 (ii) An agreement that is binding on an entity on January 1, 2023;
- 17 (iii) The organic rules of an entity in effect on January 1, 2023; or
- 18 (iv) An agreement that is binding on any of the governors or interest holders of an entity
19 on January 1, 2023.

20 ~~(31)~~(32) “Public organic record” means the record the filing of which by the secretary of
21 state is required to form an entity and any amendment to or restatement of that record. The term
22 includes:

- 23 (i) The articles of incorporation of a business corporation;
- 24 (ii) The articles of incorporation of a nonprofit corporation;
- 25 (iii) The certificate of limited partnership of a limited partnership;
- 26 (iv) The certificate of organization of a limited liability company;
- 27 (v) The articles of incorporation of a general cooperative association;
- 28 (vi) The articles of organization of a limited cooperative association; and
- 29 (vii) The certificate of trust of a statutory trust or similar record of a business trust.

30 ~~(32)~~(33) “Registered foreign entity” means a foreign entity that is registered to do business
31 in this state pursuant to a record filed by the secretary of state.

32 ~~(33)~~(34) “Statement of conversion” means a statement under § 7-13.1-1145.

33 ~~(34)~~(35) “Statement of domestication” means a statement under § 7-13.1-1155.

34 ~~(35)~~(36) “Statement of interest exchange” means a statement under § 7-13.1-1135.

1 ~~(36) “Statement of merger” means a statement under § 7-13.1-1125.~~

2 (37) “Surviving entity” means the entity that continues in existence after or is created by a
3 merger.

4 (38) “Type of entity” means a generic form of entity:

5 (i) Recognized at common law; or

6 (ii) Formed under an organic law, whether or not some entities formed under that organic
7 law are subject to provisions of that law that create different categories of the form of entity.

8 **7-13.1-1125. Articles of merger — Effective date of merger. [Effective January 1,**
9 **2023.]**

10 (a) Articles of merger must be signed by each merging entity and delivered to the secretary
11 of state for filing.

12 (b) Articles of merger must contain:

13 (1) The name, jurisdiction of formation, and type of entity of each merging entity that is
14 not the surviving entity;

15 (2) The name, jurisdiction of formation, and type of entity of the surviving entity;

16 (3) A statement that the merger was approved by each domestic merging entity, if any, in
17 accordance with this subpart and by each foreign merging entity, if any, in accordance with the law
18 of its jurisdiction of formation;

19 (4) If the surviving entity exists before the merger and is a domestic filing entity, any
20 amendment to its public organic record approved as part of the plan of merger;

21 (5) If the surviving entity is created by the merger and is a domestic filing entity, its public
22 organic record, as an attachment; and

23 (6) If the surviving entity is created by the merger and is a domestic limited liability
24 partnership, its statement of qualification, as an attachment.

25 (c) In addition to the requirements of subsection (b) of this section, a statement of merger
26 may contain any other provision not prohibited by law.

27 (d) If the surviving entity is a domestic entity, its public organic record, if any, must satisfy
28 the requirements of the law of this state, except that the public organic record does not need to be
29 signed.

30 (e) If the surviving or resulting entity is not a domestic limited partnership or another filing
31 entity of record in the office of the secretary of state, **the articles of merger must contain** a
32 statement that the surviving or resulting other entity agrees that it may be served with process in
33 Rhode Island in any action, suit or proceeding for the enforcement of any obligation of any
34 domestic limited partnership that is to merge, irrevocably appointing the secretary of state as its

1 agent to accept service of process in the action, suit or proceeding and specifying the address to
2 which a copy of the process is to be mailed to it by the secretary of state. In the event of service
3 under this section on the secretary of state, the procedures set forth in § 7-13.1-121 are applicable,
4 except that the plaintiff in any action, suit or proceeding shall furnish the secretary of state with the
5 address specified in the articles of merger provided for in this section and any other address that
6 the plaintiff elects to furnish, together with copies of the process as required by the secretary of
7 state, and the secretary of state shall notify the surviving or resulting other business entity at all
8 addresses furnished by the plaintiff in accordance with the procedures set forth in § 7-13.1-121.

9 (f) ~~A~~ The articles of merger must contain a statement that the merging entity certifies
10 that it has no outstanding tax obligations. As required by §§ 7-13.1-213, 7-16-67 and 44-11-26.1,
11 the merging entity has paid all fees and taxes.

12 (g) If the surviving entity is a domestic limited partnership, the merger becomes effective
13 when the articles of merger are effective. In all other cases, the merger becomes effective on the
14 later of:

15 (1) The date and time provided by the organic law of the surviving entity; and

16 (2) When the articles of merger is effective.

17 SECTION 4. Section 27-19-55 of the General Laws in Chapter 27-19 entitled "Nonprofit
18 Hospital Service Corporations" is hereby amended to read as follows:

19 **27-19-55. Coverage for early intervention services.**

20 (a) Every individual or group hospital or medical expense insurance policy or contract
21 providing coverage for dependent children, delivered or renewed in this state on or after July 1,
22 2004, shall include coverage of early intervention services which coverage shall take effect no later
23 than January 1, 2005. Such coverage shall be limited to a benefit of five thousand dollars (\$5,000)
24 per dependent child per policy or calendar year and shall not be subject to deductibles and
25 coinsurance factors. Any amount paid by an insurer under this section for a dependent child shall
26 not be applied to any annual or lifetime maximum benefit contained in the policy or contract. For
27 the purpose of this section, "early intervention services" means, but is not limited to, speech and
28 language therapy, occupational therapy, physical therapy, evaluation, case management, nutrition,
29 service plan development and review, nursing services, and assistive technology services and
30 devices for dependents from birth to age three (3) who are certified by the department of human
31 services as eligible for services under part C of the Individuals with Disabilities Education Act ~~(20~~
32 ~~U.S.C. § 1471 et seq.)~~ (20 U.S.C. § 1431 et seq.).

33 (b) Subject to the annual limits provided in this section, insurers shall reimburse certified
34 early intervention providers, who are designated as such by the Department of Human Services, for

1 early intervention services as defined in this section at rates of reimbursement equal to or greater
2 than the prevailing integrated state/Medicaid rate for early intervention services as established by
3 the Department of Human Services.

4 (c) This section shall not apply to insurance coverage providing benefits for: (1) hospital
5 confinement indemnity; (2) disability income; (3) accident only; (4) long-term care; (5) Medicare
6 supplement; (6) limited benefit health; (7) specified disease indemnity; (8) sickness or bodily injury
7 or death by accident or both; and (9) other limited benefit policies.

8 SECTION 5. Section 27-20-50 of the General Laws in Chapter 27-20 entitled "Nonprofit
9 Medical Service Corporations" is hereby amended to read as follows:

10 **27-20-50. Coverage for early intervention services.**

11 (a) Every individual or group hospital or medical expense insurance policy or contract
12 providing coverage for dependent children, delivered or renewed in this state on or after July 1,
13 2004, shall include coverage of early intervention services which coverage shall take effect no later
14 than January 1, 2005. Such coverage shall be limited to a benefit of five thousand dollars (\$5,000)
15 per dependent child per policy or calendar year and shall not be subject to deductibles and
16 coinsurance factors. Any amount paid by an insurer under this section for a dependent child shall
17 not be applied to any annual or lifetime maximum benefit contained in the policy or contract. For
18 the purpose of this section, "early intervention services" means, but is not limited to, speech and
19 language therapy, occupational therapy, physical therapy, evaluation, case management, nutrition,
20 service plan development and review, nursing services, and assistive technology services and
21 devices for dependents from birth to age three (3) who are certified by the department of human
22 services as eligible for services under part C of the Individuals with Disabilities Education Act ~~(20~~
23 ~~U.S.C. § 1471 et seq.)~~ [\(20 U.S.C. § 1431 et seq.\)](#).

24 (b) Subject to the annual limits provided in this section, insurers shall reimburse certified
25 early intervention providers, who are designated as such by the Department of Human Services, for
26 early intervention services as defined in this section at rates of reimbursement equal to or greater
27 than the prevailing integrated state/Medicaid rate for early intervention services as established by
28 the Department of Human Services.

29 (c) This section shall not apply to insurance coverage providing benefits for: (1) hospital
30 confinement indemnity; (2) disability income; (3) accident only; (4) long-term care; (5) Medicare
31 supplement; (6) limited benefit health; (7) specified disease indemnity; (8) sickness or bodily injury
32 or death by accident or both; and (9) other limited benefit policies.

33 SECTION 6. Section 27-20.10-3 of the General Laws in Chapter 27-20.10 entitled "Rental
34 Network Contract Arrangements" is hereby amended to read as follows:

1 **27-20.10-3. Registration.**

2 (a) Any person that commences business as a contracting entity shall register with the
3 department within thirty (30) days of commencing business in the state of Rhode Island unless such
4 person is licensed by the department as an insurer. Upon passage of this chapter, each person not
5 licensed by the department as a contracting entity shall register with the department within ninety
6 (90) days of the effective date of this chapter.

7 (1) Registration shall consist of the submission of the following information:

8 (i) The official name of the contracting entity, including ~~and~~ any d/b/a designations used
9 in this state;

10 (ii) The mailing address and main telephone number for the contracting entity's main
11 headquarters; and

12 (iii) The name and telephone number of the contracting entity's representative who shall
13 serve as the primary contact with the department.

14 (2) The information required by this section shall be submitted in written or electronic
15 format, as prescribed by the department.

16 (b) The department may collect a reasonable fee for the purpose of administering the
17 registration process.

18 SECTION 7. Section 27-29-13 of the General Laws in Chapter 27-29 entitled "Unfair
19 Competition and Practices" is hereby amended to read as follows:

20 **27-29-13. Payment of premium — Cancellation.**

21 Notwithstanding the provisions of chapter ~~40 of this title~~ 14.6 of title 19, private passenger
22 motor vehicle insurance policyholders on either six (6) month or twelve (12) month policies shall
23 have the option of paying any policy premiums in installment payments; provided that for a twelve
24 (12) month policy the insurer may require a payment of fifteen percent (15%) of the annual
25 premium at time of issuance with the balance to be paid thereafter in nine (9) subsequent and equal
26 monthly installments thereafter for a six (6) month policy, the insurer may require a payment of
27 thirty-five percent (35%) of the premium at time of issuance with the balance to be paid in three
28 (3) subsequent and equal monthly installments thereafter. The insurer may levy a service charge of
29 up to five dollars (\$5.00) per installment period against those policyholders who choose the
30 installment option. An insurer may levy and collect a maximum fee or charge of ten dollars (\$10.00)
31 for any late payment of premium by a policyholder. A late fee may not be imposed unless payment
32 is received more than five (5) business days following the date payment is due. Policyholders shall
33 be entitled to receive no less than thirty (30) days notice before a cancellation of an automobile
34 insurance policy for any reason except nonpayment of premium, in which instance policyholders

1 shall be entitled to receive no less than ten (10) days notice.

2 SECTION 8. Sections 27-29.1-1 and 27-29.1-6 of the General Laws in Chapter 27-29.1
3 entitled "Pharmacy Freedom of Choice — Fair Competition and Practices" are hereby amended to
4 read as follows:

5 **27-29.1-1. Definitions.**

6 For purposes of this chapter, the following terms shall mean:

7 (1) "Director" shall mean the director of the department of business regulation.

8 (2) "Eligible bidder" shall mean a retail pharmacy, community pharmacy or pharmacy
9 department registered pursuant to chapter ~~19 of title 5~~ [19.1 of title 5](#), irrespective of corporate
10 structure or number of locations at which it conducts business, located within the geographical
11 service area of a carrier and willing to bid for participation in a restricted pharmacy network
12 contract.

13 (3) "Insurer" shall mean an insurance carrier as defined in chapters 18, 19, 20 and 41 of
14 title 27.

15 (4) "Insured" shall mean any person who is entitled to have pharmacy services paid by an
16 insurer pursuant to a policy, certificate, contract or agreement of insurance or coverage.

17 (5) "Non-restricted pharmacy network" shall mean a network that permits any pharmacy
18 to participate on substantially uniform terms and conditions established by an insurer or pharmacy
19 benefits manager.

20 (6) "Pharmacy benefits manager" shall mean any person or entity that is not licensed in
21 Rhode Island as an insurer and that develops or manages pharmacy benefits, pharmacy network
22 contracts, or the pharmacy benefit bid process.

23 (7) "Restricted pharmacy network" shall mean an arrangement for the provision of
24 pharmaceutical drug services to insureds which under the terms of an insurer's policy, certificate,
25 contract or agreement of insurance or coverage requires an insured or creates a financial incentive
26 for an insured to obtain prescription drug services from one or more participating pharmacies that
27 have entered into a specific contractual relationship with the carrier.

28 **27-29.1-6. Applicability and allowances.**

29 (a) Nothing in this ~~section~~ [chapter](#) shall preclude an insurer from entering into an
30 agreement to allow non-network providers, other than independent community pharmacies, the
31 ability to participate with the insurer's plans under terms and conditions set forth by the insurer.

32 (b) The provisions of this chapter shall not apply to arrangements for the provision of
33 pharmaceutical drug benefits to insureds between an insurer or a pharmacy benefits manager, and
34 a mail order pharmacy, or a hospital-based pharmacy which is not a retail pharmacy.

1 (c) Nothing in this ~~section~~ chapter shall be construed to require the provision of pharmacy
2 benefits to insureds through a restricted pharmacy network nor any other arrangement for the
3 provision of prescription drug benefits.

4 SECTION 9. Sections 27-30-5 and 27-30-6 of the General Laws in Chapter 27-30 entitled
5 "Consumer Credit Insurance" are hereby amended to read as follows:

6 **27-30-5. Term of consumer credit insurance.**

7 (a) Effective date of coverage.

8 (1) For consumer credit insurance made available to and elected by the debtor before or
9 contemporaneous with a credit transaction to which the insurance relates, the term of insurance
10 shall, subject to acceptance by the insurer, commence on the date when the debtor becomes
11 obligated to the creditor, except that, when evidence of individual insurability is required and such
12 evidence is furnished more than thirty (30) days after the date when the debtor becomes obligated
13 to the creditor, the term of the credit insurance may commence on the date on which the insurance
14 company determines the evidence to be satisfactory.

15 (2) For insurance coverage made available to and elected by the debtor on a date subsequent
16 to the date of the consumer credit transaction to which the insurance relates, the insurance shall,
17 subject to acceptance by the insurer, commence on a date not earlier ~~that~~ than the date the election
18 is made by the debtor nor later than thirty (30) days following the date on which the insurance
19 company accepts the risk for coverage, according to an objective method such as one related to a
20 particular date within the billing or repayment cycle or a calendar month.

21 (3) Notwithstanding the provisions of subdivisions (1) and (2) of this subsection, when a
22 group policy provides coverage with respect to debts existing on the policy effective date, the
23 insurance relating to the debt shall not commence before the effective date of the group policy.

24 (4) In no event shall a charge for insurance be made to the debtor and retained by the
25 creditor or insurer for any time prior to commencement of the consumer credit insurance to which
26 the charge is related.

27 (b) Termination date of coverage.

28 (1) The term of any consumer credit insurance shall not extend beyond the termination date
29 specified in the policy. The termination date of insurance may precede, coincide with or follow the
30 scheduled maturity date of the debt to which it relates, subject to any other requirements and
31 restrictions of this chapter.

32 (2) The term of any consumer credit insurance shall not extend more than fifteen (15) days
33 beyond the scheduled maturity date of the debt except when extended without additional cost to
34 the debtor or except when extended pursuant to a written agreement, signed by the debtor, in

1 connection with a variable interest rate credit transaction or a deferral, renewal, refinancing or
2 consolidation of debt.

3 (3) If the debt is discharged due to renewal, financing or consolidation prior to the
4 scheduled termination date of insurance, any insurance in force shall be terminated before any new
5 insurance may be written in connection with the renewed, refinanced or consolidated debt.

6 (4) In all cases of termination of insurance prior to the scheduled termination of the
7 insurance, an appropriate refund or credit to the debtor shall be made of any unearned insurance
8 charge paid by the debtor for a term of insurance after the date of the termination, except that no
9 refund is required of a charge made for insurance if the insurance is terminated by performance of
10 the insurer's obligation with respect to insurance.

11 (5) An insured debtor may terminate consumer credit insurance at any time by providing
12 advance request to the insurer. The individual policy or group certificate may require that the
13 request be in writing or that the debtor surrender the individual policy or group certificate, or both.
14 The debtor's right to terminate coverage may also be subject to the terms of the credit transaction
15 contract.

16 **27-30-6. Disclosure to debtors and provisions of policies and certificates of insurance.**

17 (a) Pre-purchase disclosure. Before the debtor elects to purchase consumer credit insurance
18 in connection with a credit transaction, the following shall be disclosed to the debtor in writing:

19 (1) That the purchase of consumer credit insurance is optional and not a condition of
20 obtaining credit approval;

21 (2) If more than one kind of consumer credit insurance is being made available to the
22 debtor, whether the debtor can purchase each kind separately or the multiple coverages only as a
23 package;

24 (3) The conditions of eligibility;

25 (4) That, if the consumer has another insurance that covers the risk, he or she may not want
26 or need credit insurance;

27 (5) That within the first thirty (30) days after receiving the individual policy or group
28 certificate, the debtor may cancel the coverage and have all premium paid by the debtor refunded
29 or credited. Thereafter, the debtor may cancel the policy at any time during the term of the loan and
30 receive a refund of any unearned premium. However, only in those instances where insurance is a
31 requirement for the extension of credit, the debtor may be required to offer evidence of alternative
32 insurance acceptable to the creditor at the time of cancellation;

33 (6) A brief description of the coverage, including a description of the amount, the term,
34 any exception, limitations and exclusions, the insured event, any waiting or elimination period, any

1 deductible, any applicable waiver of premium provision, to whom the benefits would be paid and
2 the premium rate for each coverage or for all coverages in a package;

3 (7) That if the premium or insurance charge is financed, it will be subject to finance charges
4 at the rate applicable to the credit transaction.

5 (b) The disclosures required in subsection (a) above shall be provided in the following
6 manner:

7 (1) In connection with the consumer credit insurance offered contemporaneously with the
8 extension of credit or offered through direct mail advertisements, disclosure shall be made in
9 writing and presented to the consumer in a clear and conspicuous manner;

10 (2) In conjunction with the offer of credit insurance subsequent to the extension of credit
11 by other than direct mail advertisements, disclosure may be provided orally so long as written
12 disclosures are provided to the debtor no later than the earlier of:

13 (i) Ten (10) days after the offer; or

14 (ii) The date any other written material is provided to the debtor.

15 (c) All consumer credit insurance sold shall be evidenced by an individual policy, or a
16 group certificate of insurance which shall be delivered to the debtor.

17 (d) The individual policy or group certificate shall, in addition to other requirements of
18 law, set forth the following:

19 (1) The name and home office address of the insurer;

20 (2) The name or names of the debtor or debtors, or, in the case of a group certificate, the
21 identity by name or otherwise of the debtor or debtors;

22 (3) The premium or amount of payment by the debtor separately for each kind of coverage
23 or for all coverages in a package, except that for open-end loans, the premium rate and the basis of
24 premium calculation (e.g. average daily balance, prior monthly balance) shall be specified;

25 (4) A full description of the coverage or coverages, including the amount and term thereof,
26 and any exceptions, limitations and exclusions;

27 (5) A statement that the benefits shall be paid to the creditor to reduce or extinguish the
28 unpaid debt and, whenever the amount of insurance benefit exceeds the unpaid debt that any such
29 excess shall be payable to a beneficiary, other than the creditor, named by the debtor, or to the
30 debtor's estate; and

31 (6) If the scheduled term of insurance is less than the scheduled term of the credit
32 transaction, a statement to that effect on the face of the individual policy or group certificate in not
33 less than ten (10) point bold face type.

34 (e) Unless the individual policy or group certificate of insurance is delivered to the debtor

1 at the time the debt is incurred, or at such other time that the debtor elects to purchase coverage, a
2 copy of the application for the policy or a notice of proposed insurance, signed by the debtor and
3 setting forth the name and home office address of the insurer, the name or names of the debtor, the
4 premium rate or amount of payment by the debtor for the insurance and the amount, term and a
5 brief description of the coverage provided, shall be delivered to the debtor at the time the debt is
6 incurred or the election to purchase coverage is made. The copy of the application for or notice of
7 proposed insurance shall also refer exclusively to insurance coverage, and shall be separate and
8 apart from the loan, sale or other credit statement of account, instrument or agreement, unless the
9 information required by this subsection is prominently set forth therein. Upon acceptance of the
10 insurance by the insurer and within thirty (30) days of the date upon which the debt is incurred or
11 the election to purchase coverage is made, the insurer shall cause the individual policy or group
12 certificate of insurance to be delivered to the debtor. The application or notice of proposed
13 insurance shall state that upon acceptance by the insurer, the insurance shall become effective as
14 provided in § 27-30-5.

15 (f) The application, notice of proposed insurance or certificate may be used to fulfill all of
16 the requirements of subsections (a) and (d) if it contains all the information required by those
17 subsections.

18 (g) The debtor has thirty (30) days from the date that he or she receives either the individual
19 policy or the group certificate to review the coverage purchased. At any time within the thirty (30)
20 day period, the debtor may contact the creditor or insurer issuing the policy or certificate and
21 request that the coverage be cancelled. The individual policy or group certificate may require the
22 request to be in writing or that the policy or certificate be returned to the insurer or both. The debtor
23 shall, within thirty (30) days of the request, receive a full refund or credit of all premiums or
24 insurance charges paid by the debtor.

25 (h) If the named insurer does not accept the risk, the debtor shall receive a policy or
26 certificate of insurance setting forth the name and home office address of the substituted insurer
27 and the amount of the premium to be charged, and, if the amount of premium is less than that set
28 forth in the notice of proposed insurance, an appropriate refund shall be made within thirty (30)
29 days. ~~It~~ **If** no insurer accepts the risk, then all premiums paid shall be refunded or credited within
30 thirty (30) days of application to the person entitled thereto.

31 (i) For the purpose of subsection (e) of this section, an individual policy or group certificate
32 delivered in conjunction with an open-end consumer credit agreement or any consumer credit
33 insurance requested by the debtor after the date of the debt shall be deemed to be delivered at the
34 time the debt is incurred or election to purchase coverage is made if the delivery occurs within

1 thirty (30) days of the date the insurance is effective.

2 (j) An individual policy or group certificate delivered in conjunction with an open-end
3 credit agreement shall continue from its effective date through the term of the agreement unless the
4 individual policy or group certificate is terminated in accordance with its terms at an earlier date.

5 SECTION 10. Section 27-34-5 of the General Laws in Chapter 27-34 entitled "Rhode
6 Island Property and Casualty Insurance Guaranty Association" is hereby amended to read as
7 follows:

8 **27-34-5. Definitions.**

9 As used in this chapter:

10 (1) "Account" means any one of the three (3) accounts created by § 27-34-6;

11 (2) "Affiliate" means a person, who directly or indirectly, through one or more
12 intermediaries, controls, is controlled by, or is under common control with another on December
13 31 of the year immediately preceding the date the insurer becomes an insolvent insurer;

14 (3) "Association" means the Rhode Island insurance guaranty association created under §
15 27-34-6.

16 (4) "Association similar to the association" means any guaranty association, security fund
17 or other insolvency mechanism that affords protection similar to that of the association. The term
18 shall also include any property and casualty insolvency mechanism that obtains assessments or
19 other contributions from insurers on a pre-insolvency basis.

20 (5) "Assumed claims transaction" means the following:

21 (i) Policy obligations that have been assumed by the insolvent insurer, prior to the entry of
22 a final order of liquidation, through a merger between the insolvent insurer and another entity
23 obligated under the policies, and for which assumption consideration has been paid to the applicable
24 guaranty associations, if the merged entity is a non-member insurer;

25 (ii) Policy obligations that have been assumed by the insolvent insurer, prior to the entry
26 of a final order of liquidation, pursuant to a plan, approved by the domestic commissioner of the
27 assuming insurer, which:

28 (A) Transfers the direct policy obligations and future policy renewals from one insurer to
29 another insurer; and

30 (B) For which assumption consideration has been paid to the applicable guaranty
31 associations, if the assumption is from a non-member insurer.

32 (C) For purposes of this section the term non-member insurer also includes a self-insurer,
33 non-admitted insurer and risk retention group; or

34 (iii) An assumption reinsurance transaction in which all of the following has occurred:

1 (A) The insolvent insurer assumed, prior to the entry of a final order of liquidation, the
2 claim or policy obligations of another insurer or entity obligated under the claims or policies;

3 (B) The assumption of the claim or policy obligations has been approved, if such approval
4 is required, by the appropriate regulatory authorities; and

5 (C) As a result of the assumption, the claim or policy obligations became the direct
6 obligations of the insolvent insurer through a novation of the claims or policies.

7 (6) "Assumption consideration" shall mean the consideration received by a guaranty
8 association to extend coverage to the policies assumed by a member insurer from a non-member
9 insurer in any assumed claims transaction including liabilities that may have arisen prior to the date
10 of the transaction. The assumption consideration shall be in an amount equal to the amount that
11 would have been paid by the assuming insurer during the three (3) calendar years prior to the
12 effective date of the transaction to the applicable guaranty associations if the business had been
13 written directly by the assuming insurer.

14 (i) In the event that the amount of the premiums for the three (3) year period cannot be
15 determined, the assumption consideration will be determined by multiplying one hundred thirty
16 percent (130%) against the sum of the unpaid losses, loss adjustment expenses, and incurred but
17 not reported losses, as of the effective date of the assumed claims transaction, and then multiplying
18 such sum times the applicable guaranty association assessment percentage for the calendar year of
19 the transaction.

20 (ii) The funds paid to a guaranty association shall be allocated in the same manner as any
21 assessments made during the three (3) year period. The guaranty association receiving the
22 assumption consideration shall not be required to recalculate or adjust any assessments levied
23 during the prior three (3) calendar years as a result of receiving the assumption consideration.
24 Assumption consideration paid by an insurer may be recouped in the same manner as other
25 assessments made by a guaranty association.

26 (7) "Claimant" means any person instituting a covered claim; provided that no person who
27 is an affiliate of the insolvent insurer may be a claimant;

28 (8) "Commissioner" means the director of the department of business regulation or his or
29 her designee;

30 (9) "Control" means the possession, direct or indirect, of the power to direct or cause the
31 direction of the management and policies of a person, whether through the ownership of voting
32 securities, by contract other than a commercial contract for goods or nonmanagement services, or
33 otherwise, unless the power is the result of an official position with, or corporate office held by, the
34 person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds

1 with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting
2 securities of any other person. This presumption may be rebutted by a showing that control does
3 not exist in fact;

4 (10) “Covered claim” means:

5 (i) An unpaid claim, including one for unearned premiums, submitted by a claimant, which
6 arises out of and is within the coverage and subject to the applicable limits of an insurance policy
7 to which this chapter applies if the insurer becomes an insolvent insurer after the effective date of
8 this chapter and the policy was either issued by the insurer or assumed by the insurer in an assumed
9 claims transaction, and:

10 (A) The claimant or insured is a resident of this state at the time of the insured event;
11 provided, that for entities other than an individual, the residence of a claimant, insured or
12 policyholder is the state in which its principal place of business is located at the time of the insured
13 event; or

14 (B) The claim is a first-party claim for damage to property with a permanent location in
15 this state.

16 (ii) Except as provided elsewhere in this section, “covered claim” shall not include:

17 (A) Any amount awarded as punitive or exemplary damages;

18 (B) Any amount sought as a return of premium under any retrospective rating plan; or

19 (C) Any amount due any reinsurer, insurer, insurance pool, or underwriting association,
20 health maintenance organization, hospital plan corporation, professional health service corporation
21 or self-insurer as subrogation recoveries, reinsurance recoveries, contribution, indemnification or
22 otherwise. No claim for any amount due any reinsurer, insurer, insurance pool, underwriting
23 association, health maintenance organization, hospital plan corporation, professional health service
24 corporation or self-insurer may be asserted against a person insured under a policy issued by an
25 insolvent insurer other than to the extent the claim exceeds the association obligation limitations
26 set forth in § 27-34-8;

27 (D) Any claims excluded pursuant to § 27-34-11.5 due to the high net worth of an insured;

28 (E) Any first party claims by an insured that is an affiliate of the insolvent insurer;

29 (F) Any fee or other amount relating to goods or services sought by or on behalf of any
30 attorney or other provider of goods or services retained by the insolvent insurer or an insured prior
31 to the date it was determined to be insolvent;

32 (G) Any fee or other amount sought by or on behalf of any attorney or other provider of
33 goods or services retained by any insured or claimant in connection with the assertion or
34 prosecution of any claim, covered or otherwise, against the association;

1 (H) Any claims for interest; or

2 (I) Any claim filed with the association or a liquidator for protection afforded under the
3 insured's policy for incurred-but-not-reported losses.

4 (11) "Insolvent insurer" means an insurer licensed to transact insurance in this state either
5 at the time the policy was issued; when the obligation with respect to the covered claim was
6 assumed under an assumed claims transaction; or when the insured event occurred, and against
7 whom a final order of liquidation has been entered after the effective date of this chapter with a
8 finding of insolvency by a court of competent jurisdiction in the insurer's state of domicile;

9 (12) "Insured" means any named insured, any additional insured, any vendor, lessor or any
10 other party identified as an insured under the policy.

11 (13) "Line of credit" means an irrevocable stand-by commitment whereby the association
12 or member insurer and a qualified financial institution or group of qualified financial institutions
13 enter into a formal and binding contract in which the qualified financial institution or group of
14 qualified financial institutions agree to lend a certain amount of money within a stated period of
15 time.

16 (14)~~(A)~~(i) "Member insurer" means any person who:

17 ~~(A)~~ Writes any kind of insurance to which this chapter applies, under § 27-34-3,
18 including the exchange of reciprocal or interinsurance contracts;

19 ~~(B)~~ Is licensed to transact insurance in this state; and

20 ~~(C) Is not otherwise excepted from membership by statute or regulation.~~

21 ~~(ii)~~(ii) An insurer shall cease to be a member insurer effective on the day following the
22 termination or expiration of its license to transact the kinds of insurance to which this chapter
23 applies, however, the insurer shall remain liable as a member insurer for any and all obligations,
24 including obligations for assessments levied prior to the termination or expiration of the insurer's
25 license and assessment levied after the termination or expiration, which relate to any insurer that
26 became an insolvent insurer prior to the termination or expiration of the insurer's license.

27 ~~(iii) Is not otherwise excepted from membership by statute or regulation.~~

28 (15) "Net direct written premiums" means direct gross premiums written in this state on
29 insurance policies to which this chapter applies, including policy and membership fees, less the
30 following amounts: (i) Return premiums, (ii) Premiums on policies not taken and (iii) Dividends
31 paid or credited to policyholders on that direct business. "Net direct written premiums" does not
32 include premiums on contracts between insurers or reinsurers;

33 (16) "Novation" means that the assumed claim or policy obligations became the direct
34 obligations of the insolvent insurer through consent of the policyholder and that thereafter the

1 ceding insurer or entity initially obligated under the claims or policies is released by the
2 policyholder from performing its claim or policy obligations. Consent may be express or implied
3 based upon the circumstances, notice provided and conduct of the parties.

4 (17) "Ocean marine insurance" means any form of insurance, regardless of the name, label
5 or marketing designation of the insurance policy, which insures against maritime perils or risks and
6 other related perils or risks, which are usually insured against by traditional marine insurance, such
7 as hull and machinery, marine builders risk, and marine protection and indemnity. Perils and risk
8 insured against include without limitation loss, damage, expense or legal liability of the insured for
9 loss, damage or expense arising out of or incident to ownership, operation, chartering, maintenance,
10 use, repair or construction of any vessel, craft or instrumentality in use in ocean or inland waterways
11 for commercial purposes, including liability of the insured for personal injury, injury, illness or
12 death or for loss or damage to the property of the insured or another person.

13 (18) "Person" means any individual, aggregation of individuals, corporation, partnership,
14 or other entity;

15 (19) "Qualified financial institution" shall have the same meaning as the term in § 27-1.1-
16 3.

17 (20) "Receiver" means liquidator, rehabilitator, conservator or ancillary receiver, as the
18 context requires.

19 (21) "Self-insurer" means a person that covers its liability through a qualified individual or
20 group self-insurance program or any other formal program created for the specific purpose of
21 covering liabilities typically covered by insurance.

22 (22) "Self-insured retention" means:

23 (i) Any fund or other arrangement to pay claims other than by an insurance company; or

24 (ii) Any arrangement under which an insurance company has no obligation to pay claims
25 on behalf of an insured if it is not reimbursed by the insured.

26 SECTION 11. Sections 27-34.2-2, 27-34.2-6 and 27-34.2-21 of the General Laws in
27 Chapter 27-34.2 entitled "Long Term Care Insurance" are hereby amended to read as follows:

28 **27-34.2-2. Scope.**

29 Long term care insurance is deemed to be accident and health insurance and is classified
30 as such for the purposes of chapter ~~34.1~~ 34.3 of this title, the Rhode Island Life and Health
31 Insurance Guaranty Association Act. The requirements of this chapter apply to policies delivered
32 or issued for delivery in this state, except as provided in § 27-34.2-5. This chapter is not intended
33 to supercede the obligations of entities subject to this chapter to comply with the substance of other
34 applicable insurance laws insofar as they do not conflict with this chapter. The benefits required

1 for long term care insurance shall only be the benefits specified in this chapter and in regulations
2 promulgated under § 27-34.2-16.

3 **27-34.2-6. Disclosure and performance standards for long-term-care insurance.**

4 (a) The director may adopt regulations that establish:

5 (1) Standards for full and fair disclosure setting forth the manner, content, and required
6 disclosures for the sale of long-term-care insurance policies, terms of renewability, initial and
7 subsequent conditions of eligibility, nonduplication of coverage provisions, coverage of
8 dependents, preexisting conditions, termination of insurance, continuation or conversion,
9 probationary periods, limitations, exceptions, reductions, elimination periods, requirements for
10 replacement, recurrent conditions, and definitions of terms; and

11 (2) Reasonable rules and regulations that are necessary, proper, or advisable to the
12 administration of this chapter including the procedure for the filing or submission of policies
13 subject to this chapter. This provision may not abridge any other authority granted the director by
14 law.

15 (b) No long-term-care insurance policy may:

16 (1) Be cancelled, nonrenewed, or terminated on the grounds of the age or the deterioration
17 of the mental or physical health of the insured individual or certificate holder; or

18 (2) Contain a provision establishing a new waiting period in the event existing coverage is
19 converted to or replaced by a new or other form within the same company, except with respect to
20 an increase in benefits voluntarily selected by the insured individual or group policyholder; or

21 (3) Provide coverage for skilled nursing care only or provide more coverage for skilled
22 care in a facility than coverage for lower levels of care.

23 (c) A long-term-care policy must provide:

24 (1) Home healthcare benefits that are at least fifty percent (50%) of those provided for care
25 in a nursing facility. The evaluation of the amount of coverage shall be based on aggregate days of
26 care covered for home health care when compared to days of care covered for nursing home care;
27 and

28 (2) Home healthcare benefits that meet the National Association of Insurance
29 Commissioners' minimum standards for home healthcare benefits in long-term-care insurance
30 policies.

31 (d)(1) No long-term-care insurance policy or certificate other than a policy or certificate
32 issued to a group as defined in § 27-34.2-4(4)(i) shall use a definition of "preexisting condition"
33 which is more restrictive than the following: "preexisting condition" means a condition for which
34 medical advice or treatment was recommended by, or received from a provider of healthcare

1 services, within six (6) months preceding the effective date of coverage of an insured person;

2 (2) No long-term-care insurance policy or certificate other than a policy or certificate issued
3 to a group as defined in § 27-34.2-4(4)(i) may exclude coverage for a loss or confinement that is
4 the result of a preexisting condition, unless the loss or confinement begins within six (6) months
5 following the effective date of coverage of an insured person;

6 (3) The director may extend the limitation periods set forth in subsections (d)(1) and (d)(2)
7 of this section as to specific age group categories in specific policy forms upon findings that the
8 extension is in the best interest of the public;

9 (4) The definition of “preexisting condition” does not prohibit an insurer from using an
10 application form designed to elicit the complete health history of an applicant, and, on the basis of
11 the answers on that application, from underwriting in accordance with that insurer’s established
12 underwriting standards. Unless otherwise provided in the policy or certificate, a preexisting
13 condition, regardless of whether it is disclosed on the application, need not be covered until the
14 waiting period described in subsection (d)(2) of this section expires. No long-term-care insurance
15 policy or certificate may exclude or use waivers or riders of any kind to exclude, limit or reduce
16 coverage or benefits for specifically named or described preexisting diseases or physical conditions
17 beyond the waiting period described in subsection (d)(2) of this section, unless the waiver or rider
18 has been specifically approved by the director as set forth in § 27-34.2-8. This shall not permit
19 exclusion or limitation of benefits on the basis of Alzheimer’s disease, other dementias, or organic
20 brain disorders.

21 (e)(1) No long-term-care insurance policy may be delivered or issued for delivery in this
22 state if the policy:

23 (i) Conditions eligibility for any benefits on a prior hospitalization or institutionalization
24 requirement;

25 (ii) Conditions eligibility for benefits provided in an institutional care setting on the receipt
26 of a higher level of institutional care; or

27 (iii) Conditions eligibility for any benefits other than waiver of premium, post-
28 confinement, post-acute care, or recuperative benefits on a prior institutionalization requirement.

29 (2) A long-term-care insurance policy or rider shall not condition eligibility for non-
30 institutional benefits on the prior or continuing receipt of skilled care services.

31 (3) No long-term-care insurance policy or rider that provides benefits only following
32 institutionalization shall condition such benefits upon admission to a facility for the same or related
33 conditions within a period of less than thirty (30) days after discharge from the institution.

34 (f) The commissioner may adopt regulations establishing loss ratio standards for long-term-

1 care insurance policies provided that a specific reference to long-term-care insurance policies is
2 contained in the regulation.

3 (g)(1) Long-term-care insurance applicants shall have the right to return the policy,
4 certificate, or rider to the company or an agent/insurance producer of the company within thirty
5 (30) days of its receipt and to have the premium refunded if, after examination of the policy,
6 certificate, or rider, the applicant is not satisfied for any reason.

7 (2) Long-term-care insurance policies, certificates, and riders shall have a notice
8 prominently printed on the first page or attached thereto including specific instructions to
9 accomplish a return. This requirement shall not apply to certificates issued pursuant to a policy
10 issued to a group defined in § 27-34.2-4. The following free look statement or language
11 substantially similar shall be included:

12 “You have thirty (30) days from the day you receive this policy, certificate, or rider to
13 review it and return it to the company if you decide not to keep it. You do not have to tell the
14 company why you are returning it. If you decide not to keep it, simply return it to the company at
15 its administration office. Or you may return it to the agent/insurance producer that you bought it
16 from. You must return it within thirty (30) days of the day you first received it. The company will
17 refund the full amount of any premium paid within thirty (30) days after it receives the returned
18 policy, certificate, or rider. The premium refund will be sent directly to the person who paid it. The
19 returned policy, certificate, or rider will be void as if it had never been issued.”

20 (h)(1) An outline of coverage shall be delivered to a prospective applicant for long-term-
21 care insurance at the time of initial solicitation through means that prominently direct the attention
22 of the recipient to the document and its purpose;

23 (2) The commissioner shall prescribe a standard format, including style, arrangement, and
24 overall appearance, and the content of an outline of coverage;

25 (3) In the case of insurance producer solicitations, an insurance producer must deliver the
26 outline of coverage prior to the presentation of an application or enrollment form;

27 (4) In the case of direct response solicitations, the outline of coverage must be presented in
28 conjunction with any application or enrollment form;

29 (5) In the case of a policy issued to a group defined in § 27-34.2-4(4)(i), an outline of
30 coverage shall not be required to be delivered, provided that the information described in
31 subsections (h)(6)(i) — (h)(6)(vi) of this section is contained in other materials relating to
32 enrollment. Upon request, these other materials shall be made available to the commissioner;

33 (6) The outline of coverage shall include:

34 (i) A description of the principal benefits and coverage provided in the policy;

- 1 (ii) A description of the eligibility triggers for benefits and how those triggers are met;
- 2 (iii) A statement of the principal exclusions, reductions, and limitations contained in the
3 policy;
- 4 (iv) A statement of the terms under which the policy or certificate, or both, may be
5 continued in force or discontinued, including any reservation in the policy of a right to change
6 premiums. Continuation or conversion provisions of group coverage shall be specifically described;
- 7 (v) A statement that the outline of coverage is only a summary, not a contract of insurance,
8 and that the policy or group master policy contains governing contractual provisions;
- 9 (vi) A description of the terms under which the policy or certificate may be returned and
10 the premium refunded;
- 11 (vii) A brief description of the relationship of cost of care and benefits; and
- 12 (viii) A statement that discloses to the policyholder or certificate holder whether the policy
13 is intended to be a federally tax-qualified long-term-care insurance contract under § 7702B(b) of
14 the Internal Revenue Code of 1986, as amended, et seq.
- 15 (i) A certificate issued pursuant to a group long-term-care insurance policy which policy is
16 delivered or issued for delivery in this state shall include:
- 17 (1) A description of the principal benefits and coverage provided in the policy;
- 18 (2) A statement of the principal exclusions, reductions, and limitations contained in the
19 policy; and
- 20 (3) A statement that the group master policy determines governing contractual provisions.
- 21 (j) If an application for a long-term-care insurance contract or certificate is approved, the
22 issuer shall deliver the contract or certificate of insurance to the applicant no later than thirty (30)
23 days after the date of approval.
- 24 (k) At the time of policy delivery, a policy summary shall be delivered for an individual
25 life insurance or annuity policy that provides long-term-care benefits within the policy or by rider.
26 In the case of direct response solicitations, the insurer shall deliver the policy summary upon the
27 applicant's request, but regardless of request shall make the delivery no later than at the time of
28 policy delivery. In addition to complying with all applicable requirements, the summary shall also
29 include:
- 30 (1) An explanation of how the long-term-care benefit interacts with other components of
31 the policy;
- 32 (2) An illustration of the amount of benefits, the length of benefits, and the guaranteed
33 lifetime benefits, including a statement that any long-term-care inflation projection option required
34 by § 27-34.2-13, is not available under the policy for each covered person;

1 (3) Any exclusions, reductions, and limitations on long-term-care benefits;

2 (4) A statement that any long-term-care inflation protection option required by 230-RICR-
3 20-35-1 is not available under this policy. If inflation protection was not required to be offered, or
4 if inflation protection was required to be offered but was rejected, a statement that inflation
5 protection is not available under this policy that provides long-term-care benefits, and an
6 explanation of other options available under the policy, if any, to increase the funds available to
7 pay for the long-term-care benefits.

8 (5) If applicable to the policy type, the summary shall also include:

9 (i) A disclosure of the effects of exercising other rights under the policy;

10 (ii) A disclosure of guarantees, fees or other costs related to long-term-care costs of
11 insurance charges in the base policy and any riders; and

12 (iii) Current and projected periodic and maximum lifetime benefits.

13 (6) The provisions of the policy summary listed above may be incorporated into a basic
14 illustration or into the life insurance policy summary that is required to be delivered in accordance
15 with chapter 4 of this title and the rules and regulations promulgated under § 27-4-23.

16 (l) Any time a long-term benefit, funded through a life insurance vehicle by the acceleration
17 of the death benefit, is in benefit payment status, a monthly report shall be provided to the
18 policyholder. The report shall include:

19 (1) Any long-term-care benefits paid out during the month;

20 (2) Any costs or changes that apply or will apply to the policy or any riders;

21 (3) An explanation of any changes in the policy, e.g., death benefits or cash values, due to
22 long-term-care benefits being paid out; and

23 (4) The amount of long-term-care benefits existing or remaining.

24 (m) Any policy or rider advertised, marketed, or offered as long-term-care or nursing home
25 insurance shall comply with the provisions of this chapter.

26 (n) If a claim under a long-term-care insurance contract is denied, the issuer shall, within
27 sixty (60) days of the date of a written request by the policyholder or certificate holder, or a
28 representative thereof:

29 (1) Provide a written explanation of the reasons for the denial; and

30 (2) Make available all information directly related to the denial.

31 (o) Any policy, certificate, or rider advertised, marketed or offered as long-term care or
32 nursing home insurance, as defined in § 27-34.2-4, shall comply with the provisions of this chapter.

33 **27-34.2-21. Producer training requirements.**

34 (a) On or after January 1, 2008, an individual may not sell, solicit or negotiate long-term-

1 care insurance unless the individual is licensed as an insurance producer for accident and health or
2 sickness or life and has completed a one-time training course. The training shall meet the
3 requirements set forth in this section.

4 (b) An individual already licensed and selling, soliciting or negotiating long-termcare
5 insurance on July 3, 2007 may not continue to sell, solicit or negotiate long-termcare insurance
6 unless the individual has completed a one-time training course as set forth in the section, within
7 one year from July 3, 2007.

8 (c) In addition to the one-time training course required in this section, an individual who
9 sells, solicits or negotiates long-termcare insurance shall complete ongoing training as set forth in
10 this section.

11 (d) The training requirements of this section may be approved as continuing education
12 courses.

13 (e) The one-time training required by this section shall be no less than eight (8) hours and
14 the ongoing training required by this section shall be no less than four (4) hours every twenty-four
15 (24) months.

16 (f) The training required under paragraph (a) shall consist of topics related to long-termcare
17 care insurance, long-termcare services and, if applicable, qualified state long-termcare insurance.
18 **Partnership** partnership programs, including, but not limited to:

19 (1) State and federal regulations and requirements and the relationship between qualified
20 state long-termcare insurance partnership programs and other public and private coverage of long-
21 term services, including Medicaid;

22 (2) Available long-termcare services and providers;

23 (3) Changes or improvements in long-termcare services or providers;

24 (4) Alternatives to the purchase of private long-termcare insurance;

25 (5) The effect of inflation on benefits and the importance of inflation protection; and

26 (6) Consumer suitability standards and guidelines.

27 (g) The training required by this section shall not include training that is insurer or company
28 product specific or that includes any sales or marketing information, materials, or training, other
29 than those required by state or federal law.

30 (h) Insurers subject to this act shall obtain verification that a producer receives training
31 required by this section before a producer is permitted to sell, solicit or negotiate the insurer's long-
32 termcare insurance products, maintain records subject to the state's record retention requirements,
33 and make that verification available to the commissioner upon request.

34 (i) Insurers subject to this act shall maintain records with respect to the training of its

1 producers concerning the distribution of its partnership policies that will allow the state insurance
2 department to provide assurance to the state Medicaid agency that producers have received the
3 training contained in this section and that producers have demonstrated an understanding of the
4 partnership policies and their relationship to public and private coverage of long-term care,
5 including Medicaid, in this state. These records shall be maintained in accordance with the state's
6 record retention requirements and shall be made available to the commissioner upon request.

7 (j) The satisfaction of these training requirements in any state shall be deemed to satisfy
8 the training requirements in this state.

9 SECTION 12. Sections 27-35-1, 27-35-3, 27-35-4 and 27-35-8 of the General Laws in
10 Chapter 27-35 entitled "Insurance Holding Company Systems" are hereby amended to read as
11 follows:

12 **27-35-1. Definitions.**

13 **As used in this chapter:**

14 (a) "Affiliate." An "affiliate" of, or person "affiliated" with, a specific person, is a person
15 who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is
16 under common control with, the person specified. An "affiliate" does not include a protected cell
17 of a protected cell company organized under the protected cell companies act, chapter 64 of this
18 title.

19 (b) "Commissioner" means the definition prescribed by § 42-14-5.

20 (c) "Control." The term "control" (including the terms "controlling," "controlled by," and
21 "under common control with"), means the possession, direct or indirect, of the power to direct or
22 cause the direction of the management and policies of a person, whether through the ownership of
23 voting securities, by contract other than a commercial contract for goods or management services,
24 or otherwise, unless the power is the result of an official position with or corporate office held by
25 the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls,
26 holds with the power to vote, or holds proxies representing, ten percent (10%) or more of the voting
27 securities of any other person. This presumption may be rebutted by a showing made in the manner
28 provided by § 27-35-3(k) that control does not exist in fact. The commissioner may determine, after
29 furnishing all persons in interest notice and opportunity to be heard and making specific findings
30 of fact to support the determination, that control exists in fact, notwithstanding the absence of a
31 presumption to that effect.

32 (d) "Group capital calculation instructions" means the group capital calculation
33 instructions, as adopted by the NAIC and as amended by the NAIC from time to time, in accordance
34 with the procedures adopted by the NAIC.

1 (e) “Group-wide supervisor” means the regulatory official authorized to engage in
2 conducting and coordinating group-wide supervision activities who is determined or acknowledged
3 by the commissioner under § 27-35-5.5(d) to have sufficient significant contacts with the
4 internationally active insurance group.

5 (f) “Insurance holding company system.” An “insurance holding company system”
6 consists of two (2) or more affiliated persons, one or more of which is an insurer.

7 (g) “Insurer.” The term “insurer” means any person or persons or corporation, partnership,
8 or company authorized by the laws of this state to transact the business of insurance in this state,
9 including entities organized or authorized to transact business in this state pursuant to chapters 19,
10 20, 20.1, 20.2, 20.3, and 41 of this title, except that it shall not include agencies, authorities, or
11 instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto
12 Rico, the District of Columbia, or a state or political subdivision of a state.

13 (h) “Internationally active insurance group” means an insurance holding company system
14 that:

15 (1) Includes an insurer registered under § 27-35-3; and

16 (2) Meets the following criteria:

17 (i) Premiums written in at least three (3) countries;

18 (ii) The percentage of gross premiums written outside the United States is at least ten
19 percent (10%) of the insurance holding company system’s total gross written premiums; and

20 (iii) Based on a three-year (3) rolling average, the total assets of the insurance holding
21 company system are at least fifty billion dollars (\$50,000,000,000) or the total gross written
22 premiums of the insurance holding company system are at least ten billion dollars
23 (\$10,000,000,000).

24 (i) “Enterprise Risk.” “Enterprise Risk” means any activity, circumstance, event or series
25 of events involving one or more affiliates of an insurer that, if not remedied promptly, is likely to
26 have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance
27 holding company system as a whole, including, but not limited to, anything that would cause the
28 insurer’s risk-based capital to fall into company action level as set forth in chapters 4.6 and 4.7 of
29 this title or would cause the insurer to be in a hazardous financial condition as set forth in chapter
30 14.2 of this title.

31 (j) “NAIC” means the National Association of Insurance Commissioners.

32 (k) “NAIC liquidity stress test framework.” The “NAIC liquidity stress test framework” is
33 a separate NAIC publication that includes a history of the NAIC’s development of regulatory
34 liquidity stress testing, the scope criteria applicable for a specific data year, and the liquidity stress

1 test instructions and reporting templates for a specific data year, such scope criteria, instructions
2 and reporting template being as adopted by the NAIC and as amended by the NAIC from time to
3 time, in accordance with the procedures adopted by the NAIC.

4 (l) "Person." A "person" is an individual, a corporation, a limited liability company, a
5 partnership, an association, a joint stock company, a trust, an unincorporated organization, or any
6 similar entity or any combination of the foregoing acting in concert, but shall not include any joint
7 venture partnership exclusively engaged in owning, managing, leasing or developing real or
8 tangible personal property.

9 (m) "Scope criteria." The "scope criteria," as detailed in the NAIC liquidity stress test
10 framework, are the designated exposure bases along with minimum magnitudes thereof for the
11 specified data year, used to establish a preliminary list of insurers considered scoped into the NAIC
12 liquidity stress test framework for that data year.

13 (n) "Securityholder." A "securityholder" of a specified person is one who owns any
14 security of such person, including common stock, preferred stock, debt obligations, and any other
15 security convertible into or evidencing the right to acquire any of the foregoing.

16 (o) "Subsidiary." A "subsidiary" of a specified person is an affiliate controlled by such
17 person directly, or indirectly, through one or more intermediaries.

18 (p) "Voting security." The term "voting security" shall include any security convertible
19 into or evidencing a right to acquire a voting security.

20 **27-35-3. Registration of insurers.**

21 (a) **Registration.** Every insurer authorized to do business in this state and that is a member
22 of an insurance holding company system shall register with the commissioner, except a foreign
23 insurer subject to registration requirements and standards adopted by statute or regulation in the
24 jurisdiction of its domicile that are substantially similar to those contained in:

25 (1) This section;

26 (2) Section 27-35-4(a)(1), (b), and (d); and

27 (3) Either § 27-35-4(a)(2) or a provision such as the following: Each registered insurer
28 shall keep current the information required to be disclosed in its registration statement by reporting
29 all material changes or additions within fifteen (15) days after the end of the month in which it
30 learns of each change or addition.

31 Any insurer subject to registration under this section shall register within fifteen (15) days
32 after it becomes subject to registration, and annually thereafter by May 1 of each year for the
33 previous calendar year, unless the commissioner for good cause shown extends the time for
34 registration, and then within the extended time. The commissioner may require any insurer

1 authorized to do business in the state that is a member of an insurance holding company system
2 and that is not subject to registration under this section to furnish a copy of the registration
3 statement, the summary specified in subsection (c) of this section, or other information filed by the
4 insurance company with the insurance regulatory authority of its domiciliary jurisdiction.

5 (b) **Information and form required.** Every insurer subject to registration shall file a
6 registration statement with the commissioner on a form and in a format prescribed by the NAIC
7 that shall contain the following current information:

8 (1) The capital structure, general financial condition, ownership, and management of the
9 insurer and any person controlling the insurer;

10 (2) The identity and relationship of every member of the insurance holding company
11 system;

12 (3) The following agreements in force and transactions currently outstanding or that have
13 occurred during the last calendar year between the insurer and its affiliates:

14 (i) Loans, other investments or purchases, sales or exchanges of securities of the affiliates
15 by the insurer or of the insurer by its affiliates;

16 (ii) Purchases, sales, or exchanges of assets;

17 (iii) Transactions not in the ordinary course of business;

18 (iv) Guarantees or undertakings for the benefit of an affiliate that result in an actual
19 contingent exposure of the insurer's assets to liability, other than insurance contracts entered into
20 in the ordinary course of the insurer's business;

21 (v) All management service contracts, service contracts, and all cost sharing arrangements;

22 (vi) Reinsurance agreements;

23 (vii) Dividends and other distributions to shareholders; and

24 (viii) Consolidated tax allocation agreements;

25 (4) Any pledge of the insurer's stock, including stock of any subsidiary or controlling
26 affiliate, for a loan made to any member of the insurance holding company system;

27 (5) If requested by the commissioner, the insurer shall include financial statements of or
28 within an insurance holding company system, including all affiliates. Financial statements may
29 include, but are not limited to, annual audited financial statements filed with the U.S. Securities
30 and Exchange Commission (SEC) pursuant to the Securities Act of 1933, as amended, or the
31 Securities Exchange Act of 1934, as amended. An insurer required to file financial statements
32 pursuant to this paragraph may satisfy the request by providing the commissioner with the most
33 recently filed parent corporation financial statements that have been filed with the SEC;

34 (6) Other matters concerning transactions between registered insurers and any affiliates as

1 may be included from time to time in any registration forms adopted or approved by the
2 commissioner;

3 (7) Statements that the insurer's board of directors oversees corporate governance and
4 internal controls and that the insurer's officers or senior management have approved, implemented,
5 and continue to maintain and monitor corporate governance and internal control procedures; and

6 (8) Any other information required by the commissioner by rule or regulation.

7 (c) **Summary of changes to registration statement.** All registration statements shall
8 contain a summary outlining all items in the current registration statement representing changes
9 from the prior registration statement.

10 (d) **Materiality.** No information need be disclosed on the registration statement filed
11 pursuant to subsection (b) of this section if that information is not material for the purposes of this
12 section. Unless the commissioner by rule, regulation, or order provides otherwise, sales, purchases,
13 exchanges, loans, or extensions of credit, investments, or guarantees involving one-half of one
14 percent (.5%) or less of an insurer's admitted assets as of the 31st day of December next preceding
15 shall not be deemed material for purposes of this section. The definition of materiality provided in
16 this subsection shall not apply for purposes of the group capital calculation or the liquidity stress
17 test framework.

18 (e) **Reporting of dividends to shareholders.** Subject to § 27-35-4(b), each registered
19 insurer shall report to the commissioner all dividends and other distributions to shareholders within
20 fifteen (15) business days following the declaration thereof.

21 (f) **Information of insurers.** Any person within an insurance holding company system
22 subject to registration shall be required to provide complete and accurate information to an insurer,
23 where the information is reasonably necessary to enable the insurer to comply with the provisions
24 of this ~~act~~ [chapter](#).

25 (g) **Termination of registration.** The commissioner shall terminate the registration of any
26 insurer that demonstrates that it no longer is a member of an insurance holding company system.

27 (h) **Consolidated filing.** The commissioner may require or allow two (2) or more affiliated
28 insurers subject to registration to file a consolidated registration statement.

29 (i) **Alternative registration.** The commissioner may allow an insurer that is authorized to
30 do business in this state and which is part of an insurance holding company system to register on
31 behalf of any affiliated insurer which is required to register under subsection (a) and to file all
32 information and material required to be filed under this section.

33 (j) **Exemptions.** The provisions of this section shall not apply to any insurer, information,
34 or transaction if and to the extent that the commissioner by rule, regulation, or order shall exempt

1 from the provisions of this section.

2 (k) **Disclaimer.** Any person may file with commissioner a disclaimer of affiliation with
3 any authorized insurer or a disclaimer may be filed by the insurer or any member of an insurance
4 holding company system. The disclaimer shall fully disclose all material relationships and bases
5 for affiliation between the person and the insurer as well as the basis for disclaiming the affiliation.

6 A disclaimer of affiliation shall be deemed to have been granted unless the commissioner,
7 within thirty (30) days following receipt of a complete disclaimer, notifies the filing party that the
8 disclaimer is disallowed. In the event of disallowance, the disclaiming party may request an
9 administrative hearing, which shall be granted. The disclaiming party shall be relieved of its duty
10 to register under this section if approval of the disclaimer has been granted by the commissioner,
11 or if the disclaimer is deemed to have been approved.

12 (l) **Enterprise riskfilings.**

13 (1) The ultimate controlling person of every insurer subject to registration shall also file an
14 annual enterprise risk report. The report shall, to the best of the ultimate controlling person's
15 knowledge and belief, identify the material risks within the insurance holding company system that
16 could pose enterprise risk to the insurer. The report shall be filed with the lead state commissioner
17 of the insurance holding company system as determined by the procedures within the Financial
18 Analysis Handbook adopted by the National Association of Insurance Commissioners (NAIC).

19 (2) **Group capital calculation.** Except as provided below, the ultimate controlling person
20 of every insurer subject to registration shall concurrently file with the registration an annual group
21 capital calculation, as directed by the lead state commissioner. The report shall be completed in
22 accordance with the NAIC group capital calculation instructions, which may permit the lead state
23 commissioner to allow a controlling person, that is not the ultimate controlling person, to file the
24 group capital calculation. The report shall be filed with the lead state commissioner of the insurance
25 holding company system, as determined by the commissioner, in accordance with the procedures
26 within the Financial Analysis Handbook adopted by the NAIC. Insurance holding company systems
27 described below are exempt from filing the group capital calculation:

28 (i) An insurance holding company system that has only one insurer within its holding
29 company structure, that only writes business in its domestic state, and assumes no business from
30 any other insurer;

31 (ii) An insurance holding company system that is required to perform a group capital
32 calculation, specified by the United States Federal Reserve Board. The lead state commissioner
33 shall request the calculation from the Federal Reserve Board, under the terms of information
34 sharing agreements in effect. If the Federal Reserve Board cannot share the calculation with the

1 lead state commissioner, the insurance holding company system is not exempt from the group
2 capital calculation filing;

3 (iii) An insurance holding company system whose non-United States group-wide
4 supervisor is located within a reciprocal jurisdiction, as described in § 27-1.1-1(g) that recognizes
5 the United States state regulatory approach to group supervision and group capital;

6 (iv) An insurance holding company system:

7 (A) That provides information to the lead state that meets the requirements for accreditation
8 under the NAIC financial standards and accreditation program, either directly or indirectly through
9 the group-wide supervisor, who has determined the information is satisfactory to allow the lead
10 state to comply with the NAIC group supervision approach, as detailed in the NAIC Financial
11 Analysis Handbook; and

12 (B) Whose non-United States group-wide supervisor that is not in a reciprocal jurisdiction
13 recognizes and accepts, as specified by the commissioner in regulation, the group capital
14 calculation as the world-wide group capital assessment for United States insurance groups who
15 operate in that jurisdiction;

16 (v) Notwithstanding the provisions of subsections (1)(2)(iii) and (iv) of this section, a lead
17 state commissioner shall require the group capital calculation for United States operations of any
18 non-United States based insurance holding company system where, after any necessary
19 consultation with other supervisors or officials, it is deemed appropriate by the lead state
20 commissioner for prudential oversight and solvency monitoring purposes or for ensuring the
21 competitiveness of the insurance marketplace.

22 (vi) Notwithstanding the exemptions from filing the group capital calculation stated in
23 subsections (1)(2)(iii) and (1)(2)(iv) of this section, the lead state commissioner has the discretion
24 to exempt the ultimate controlling person from filing the annual group capital calculation or to
25 accept a limited group capital filing or report, in accordance with criteria as specified by the
26 commissioner in regulation.

27 (vii) If the lead state commissioner determines that an insurance holding company system
28 no longer meets one or more of the requirements for an exemption from filing the group capital
29 calculation under this section, the insurance holding company system shall file the group capital
30 calculation at the next annual filing date unless given an extension by the lead state commissioner
31 based on reasonable grounds shown.

32 (3) **Liquidity stress test.** The ultimate controlling person of every insurer subject to
33 registration and also scoped into the NAIC liquidity stress test framework shall file the results of a
34 specific year's liquidity stress test. The filing shall be made to the lead state insurance

1 commissioner of the insurance holding company system as determined by the procedures within
2 the Financial Analysis Handbook adopted by the National Association of Insurance
3 Commissioners:

4 (i) The NAIC liquidity stress test framework includes scope criteria applicable to a specific
5 data year. These scope criteria are reviewed at least annually by the financial stability task force or
6 its successor. Any change to the NAIC liquidity stress test framework or to the data year for which
7 the scope criteria are to be measured, shall be effective on January 1 of the year following the
8 calendar year when such changes are adopted. Insurers meeting at least one threshold of the scope
9 criteria are considered scoped into the NAIC liquidity stress test framework for the specified data
10 year, unless the lead state insurance commissioner, in consultation with the NAIC financial stability
11 task force or its successor, determines the insurer should not be scoped into the framework for that
12 data year. Similarly, insurers that do not trigger at least one threshold of the scope criteria are
13 considered scoped out of the NAIC liquidity stress test framework for the specified data year, unless
14 the lead state insurance commissioner, in consultation with the NAIC financial stability task force
15 or its successor, determines the insurer should be scoped into the framework for that data year.

16 (A) Regulators wish to avoid having insurers scoped in and out of the NAIC liquidity stress
17 test framework on a frequent basis. The lead state insurance commissioner, in consultation with the
18 financial stability task force or its successor, will assess this concern as part of the determination
19 for an insurer.

20 (ii) The performance of, and filing of the results from, a specific year's liquidity stress test
21 shall comply with the NAIC liquidity stress test framework's instructions and reporting templates
22 for that year and any lead state insurance commissioner determinations, in conjunction with the
23 financial stability task force or its successor, provided within the framework.

24 (m) **Violations.** The failure to file a registration statement or any summary of the
25 registration statement or enterprise risk filing required by this section within the time specified for
26 the filing shall be a violation of this section.

27 **27-35-4. Standards and management of an insurer within a holding company system.**

28 (a) **Transactions within an insurance holding company system.**

29 (1) Transactions within an insurance holding company system to which an insurer subject
30 to registration is a party shall be subject to the following standards:

31 (i) The terms shall be fair and reasonable;

32 (ii) Agreements for cost sharing and management services shall include such provisions as
33 required by rule and regulation issued by the commissioner;

34 (iii) Charges or fees for services performed shall be reasonable;

1 (iv) Expenses incurred and payment received shall be allocated to the insurer in conformity
2 with customary insurance accounting practices consistently applied;

3 (v) The books, accounts, and records of each party to all such transactions shall be so
4 maintained as to clearly and accurately disclose the nature and details of the transactions including
5 such accounting information as is necessary to support the reasonableness of the charges or fees to
6 the respective parties; and

7 (vi) The insurer's surplus as regards policyholders following any dividends or distributions
8 to shareholder affiliates shall be reasonable in relation to the insurer's outstanding liabilities and
9 adequate to its financial needs;

10 ~~(vii) The charges or fees for services performed shall be reasonable; and~~

11 (2) The following transactions involving a domestic insurer and any person in its insurance
12 holding company system, including amendments or modifications of affiliate agreements
13 previously filed pursuant to this section, which are subject to any materiality standards contained
14 in subparagraphs (A) through (G) of this subsection, may not be entered into unless the insurer has
15 notified the commissioner in writing of its intention to enter into the transaction at least thirty (30)
16 days prior, or such shorter period as the commissioner may permit, and the commissioner has not
17 disapproved it within that period. The notice for amendments or modifications shall include the
18 reasons for the change and the financial impact on the domestic insurer. Informal notice shall be
19 reported, within thirty (30) days after a termination of a previously filed agreement, to the
20 commissioner for determination of the type of filing required, if any.

21 (A) Sales, purchases, exchanges, loans, extensions of credit, or investments, provided the
22 transactions are equal to or exceed:

23 (i) With respect to nonlife insurers, the lesser of three percent (3%) of the insurer's admitted
24 assets or twenty-five percent (25%) of surplus as regards policyholders as of the 31st day of
25 December next preceding; or

26 (ii) With respect to life insurers, three percent (3%) of the insurer's admitted assets; as of
27 the 31st day of December next preceding;

28 (B) Loans or extensions of credit to any person who is not an affiliate, where the insurer
29 makes the loans or extensions of credit with the agreement or understanding that the proceeds of
30 the transactions, in whole or in substantial part, are to be used to make loans or extensions of credit
31 to, to purchase assets of, or to make investments in, any affiliate of the insurer making the loans ~~of~~
32 or extensions of credit, provided the transactions are equal to or exceed:

33 (i) With respect to nonlife insurers, the lesser of three percent (3%) of the insurer's admitted
34 assets or twenty-five percent (25%) of surplus as regards policyholders as of the 31st day of

1 December next preceding;

2 (ii) With respect to life insurers, three percent (3%) of the insurer's admitted assets; as of
3 the 31st day of December next preceding;

4 (C) Reinsurance agreements or modifications thereto, including:

5 (I) All reinsurance pooling agreements;

6 (II) Agreements in which the reinsurance premium or a change in the insurer's liabilities,
7 or the projected reinsurance premiums or a change in the insurer's liabilities in any of the next three
8 (3) years, equals or exceeds five percent (5%) of the insurer's surplus as regards policyholders as
9 of the 31st day of December next preceding, including those agreements which may require as
10 consideration the transfer of assets from an insurer to a nonaffiliate, if an agreement or
11 understanding exists between the insurer and nonaffiliate that any portion of those assets will be
12 transferred to one or more affiliates of the insurer;

13 (D) All management agreements, service contracts, tax allocation agreements, guarantees
14 and all cost sharing arrangements;

15 (E) Guarantees when made by a domestic insurer; provided, however, that a guarantee
16 which is quantifiable as to amount is not subject to the notice requirements of this subsection unless
17 it exceeds the lesser of one-half of one percent (.5%) of the insurer's admitted assets or ten percent
18 (10%) of surplus as regards policyholders as of the 31st day of December next preceding. Further,
19 all guarantees which are not quantifiable as to amount are subject to the notice requirements of this
20 subsection;

21 (F) Direct or indirect acquisitions or investments in a person that controls the insurer or in
22 an affiliate of the insurer in an amount which, together with its present holdings in such investments,
23 exceeds two and one-half percent (2.5%) of the insurer's surplus to policyholders. Direct or indirect
24 acquisitions or investments in subsidiaries acquired pursuant to § 27-35-1.5 (or authorized under
25 any other section of this chapter), or in non-subsiary insurance affiliates that are subject to the
26 provisions of this ~~act~~ [chapter](#), are exempt from this ~~requirements~~ [requirement](#); and

27 (G) Any material transactions, specified by regulation, which the commissioner determines
28 may adversely affect the interests of the insurer's policyholders;

29 Nothing contained in this paragraph shall be deemed to authorize or permit any transactions
30 which, in the case of an insurer not a member of the same insurance holding company system,
31 would be otherwise contrary to law.

32 (3) A domestic insurer may not enter into transactions which are part of a plan or series of
33 like transactions with persons within the insurance holding company system if the purpose of those
34 separate transactions is to avoid the statutory threshold amount and thus avoid the review that would

1 occur otherwise. If the commissioner determines that the separate transactions were entered into
2 over any twelve (12) month period for that purpose, he or she may exercise his or her authority
3 under § 27-35-9.

4 (4) The commissioner, in reviewing transactions pursuant to subdivision (a)(2) of this
5 section, shall consider whether the transactions comply with the standards set forth in subdivision
6 (a)(1) of this section and whether they may adversely affect the interests of policyholders.

7 (5) The commissioner shall be notified within thirty (30) days of any investment of the
8 domestic insurer in any one corporation if the total investment in the corporation by the insurance
9 holding company system exceeds ten percent (10%) of the corporation's voting securities.

10 (b) Adequacy of surplus. For the purposes of this chapter, in determining whether an
11 insurer's surplus as regards policyholders is reasonable in relation to the insurer's outstanding
12 liabilities and adequate to its financial needs, the following factors, among others, shall be
13 considered:

14 (1) The size of the insurer as measured by its assets, capital and surplus, reserves, premium
15 writings, insurance in force, and other appropriate criteria;

16 (2) The extent to which the insurer's business is diversified among the several lines of
17 insurance;

18 (3) The number and size of risks insured in each line of business;

19 (4) The extent of the geographical dispersion of the insurer's insured risks;

20 (5) The nature and extent of the insurer's reinsurance program;

21 (6) The quality, diversification, and liquidity of the insurer's investment portfolio;

22 (7) The recent past and projected future trend in the size of the insurer's investment
23 portfolio;

24 (8) The surplus as regards policyholders maintained by other comparable insurers;

25 (9) The adequacy of the insurer's reserves; and

26 (10) The quality and liquidity of investment in affiliates. The commissioner may treat this
27 investment as a disallowed asset for the purposes of determining the adequacy of surplus as regards
28 policyholders whenever in his or her judgment the investment warrants.

29 (c) Dividends and other distributions.

30 (1) No domestic insurer shall pay any extraordinary dividend or make any other
31 extraordinary distribution to its shareholders until thirty (30) days after the commissioner has
32 received notice of the declaration thereof and has not within that period disapproved the payment,
33 or until the commissioner has approved the payment within the thirty (30) day period;

34 (2) For purposes of this section, an "extraordinary dividend or distribution" includes any

1 dividend or distribution of cash or other property, whose fair market value together with that of
2 other dividends or distributions made within the preceding twelve (12) months exceeds the lesser
3 of:

4 (i) ten percent (10%) of the insurer's surplus as regards policyholders as of the 31st day of
5 December next preceding; or

6 (ii) the net gain from operations of the insurer, if the insurer is a life insurer, or the net
7 income, if the insurer is not a life insurer, not including realized capital gains, for the twelve (12)
8 month period ending the 31st day of December next preceding, but shall not include pro rata
9 distributions of any class of the insurer's own securities.

10 In determining whether a dividend or distribution is extraordinary, an insurer other than a
11 life insurer may carry forward net income from the previous two (2) calendar years that has not
12 already been paid out as dividends. This carry forward shall be computed by taking the net income
13 from the second and third preceding calendar years, not including realized capital gains, less
14 dividends paid in the second and immediate preceding calendar years;

15 (3) Notwithstanding any other provision of law, an insurer may declare an extraordinary
16 dividend or distribution which is conditional upon the commissioner's approval, and the declaration
17 shall confer no rights upon shareholders until: (i) the commissioner has approved the payment of
18 the dividend or distribution or (ii) the commissioner has not disapproved the payment within the
19 thirty (30) day period referred to in subdivision (1) of this subsection.

20 (d) Management of domestic insurers subject to registration. All domestic insurers shall
21 become in compliance and maintain compliance with the provisions of this title addressing good
22 corporate governance standards § 27-1-2.1, unless otherwise exempted in § 27-1-2.1.

23 **27-35-8. Injunctions — Prohibitions against voting securities — Sequestration of**
24 **voting securities.**

25 (a) Injunctions. Whenever it appears to the commissioner that any insurer or any director,
26 officer, employee, or agent thereof has committed or is about to commit a violation of this chapter
27 or of any rule, regulation, or order issued by the commissioner under this chapter, the commissioner
28 may apply to the superior court of Providence County for an order enjoining the insurer or director,
29 officer, employee, or agent thereof from violating or continuing to violate this chapter or any rule,
30 regulation or order, and for such other equitable relief as the nature of the case and the interests of
31 the insurer's policyholders, creditors, and shareholders or the public may require.

32 (b) Voting of securities; when prohibited. No security which is the subject of any agreement
33 or arrangement regarding acquisition, or which is acquired or to be acquired, in contravention of
34 the provisions of this chapter or of any rule, regulation, or order issued by the commissioner under

1 this chapter may be voted at any shareholders' meeting, or may be counted for quorum purposes,
2 and any action of shareholders requiring the affirmative vote of a percentage of shares may be taken
3 as though the securities were not issued and outstanding; but no action taken at the meeting shall
4 be invalidated by the voting of the securities, unless the action would materially affect control of
5 the insurer or unless the courts of this state have so ordered. If an insurer or the commissioner has
6 reason to believe that any security of the insurer has been or is about to be acquired in contravention
7 of the provisions of this chapter or of any rule, regulation, or order issued by the commissioner
8 under this chapter the insurer or the commissioner may apply to the superior court for Providence
9 County to enjoin any offer, request, invitation, agreement, or acquisition made in contravention of
10 § ~~27-35-4~~ 27-35-2 or any rule, regulation, or order issued by the commissioner under that section
11 to enjoin the voting of any security so acquired, to void any vote of the security already cast at any
12 meeting of shareholders, and for such other equitable relief as the nature of the case and the interests
13 of the insurer's policyholders, creditors, and shareholders or the public may require.

14 (c) Sequestration of voting securities. In any case where a person has acquired or is
15 proposing to acquire any voting securities in violation of this chapter or any rule, regulation, or
16 order issued by the commissioner under this chapter, the superior court for Providence County may,
17 on such notice that the court deems appropriate, upon the application of the insurer or the
18 commissioner seize or sequester any voting securities of the insurer owned directly or indirectly by
19 the person, and issue such orders as may be appropriate to effectuate the provisions of this chapter.
20 Notwithstanding any other provisions of law, for the purposes of this chapter, the situs of the
21 ownership of the securities of domestic insurers shall be deemed to be in this state.

22 SECTION 13. Section 27-36-1 of the General Laws in Chapter 27-36 entitled "Consumer
23 Representation at Rate Hearings" is hereby amended to read as follows:

24 **27-36-1. Representation.**

25 All hearings conducted in accordance with the provisions of this title and chapter 62 of title
26 42 shall be attended by the attorney general or his or her designee and he or she shall represent,
27 protect, and advocate the rights of the consumers at the hearings; provided, that if the hearings are
28 related to a rate increase request by a health insurer, then the hearings shall be open to the public
29 and shall be held by the department of business regulation. The department shall promulgate rules
30 and regulations to ensure that the general public is given adequate notice. The term "health insurer"
31 as used in this chapter includes all persons, firms, corporations, or other organizations offering and
32 assuring health services on a prepaid or primarily expense incurred basis, including, but not limited
33 to, policies of accident or sickness insurance, as defined by chapter 18 of this title, nonprofit
34 hospital or medical service plans, whether organized under chapter ~~10~~ 19 or 20 of this title or under

1 any public law or by special act of the general assembly, health maintenance organizations, and
2 any other entity which insures or reimburses for diagnostic, therapeutic, or preventive services to a
3 defined population on the basis of a periodic premium. It shall also include all organizations
4 providing health benefits coverage for employees on a self-insurance basis without the intervention
5 of other entities.

6 SECTION 14. Sections 27-41-3, 27-41-13.1, 27-41-14, 27-41-16, 27-41-18.1, 27-41-21,
7 27-41-49.1, 27-41-68 and 27-41-70 of the General Laws in Chapter 27-41 entitled "Health
8 Maintenance Organizations" are hereby amended to read as follows:

9 **27-41-3. Establishment of health maintenance organizations.**

10 (a)(1) Notwithstanding chapter 5.1 of title 7, sections 27-2-22, 27-19-4, 27-20-4, 27-20.1-
11 2, and 27-20.2-2, or any other law of this state to the contrary, any public or private organization
12 may apply to the director of business regulation for and obtain a license to establish and operate a
13 health maintenance organization in compliance with this chapter. No public or private organization
14 shall establish or operate a health maintenance organization in this state without obtaining a license
15 under this chapter. A foreign corporation may qualify under this chapter, subject to its registration
16 to do business in this state as a foreign corporation under § 7-1.2-1401;

17 (2) Notwithstanding anything to the contrary in § 7-6-4, a non-profit corporation may be
18 organized for the purpose of a health maintenance organization and that corporation shall not be
19 subject to limits in its assets except as provided in this chapter.

20 (b) Each application for a license shall be verified by an officer or authorized representative
21 of the applicant, shall be in a form prescribed by the director in consultation with the director of
22 health, and shall set forth or be accompanied by the following:

23 (1) A copy of the organizational documents of the applicant, such as the articles of
24 incorporation;

25 (2) A copy of the bylaws, rules and regulations, or similar document, if any, regulating the
26 conduct of the internal affairs of the applicant;

27 (3) A list of the names, addresses, and official positions of the persons who are to be
28 responsible for the conduct of the affairs of the applicant, including all members of the board of
29 directors, board of trustees, executive committee, or other governing board or committee, and the
30 principal officers of the corporation;

31 (4) A copy of any contract made or to be made, including any revisions to the document
32 between any providers or persons listed in subdivision (3) of this subsection and the applicant;

33 (5) A copy of the form of evidence of coverage to be issued to the enrollees;

34 (6) A copy of the form of the group contract, if any, which is to be issued to employers,

1 unions, trustees, or other organizations;

2 (7) Financial statements showing the applicant's assets, liabilities, and sources of financial
3 support. If the applicant's financial affairs are audited by independent certified public accountants,
4 a copy of the applicant's most recent regular certified financial statement shall be deemed to satisfy
5 this requirement unless the director directs that additional or more recent financial information is
6 required for the proper administration of this chapter;

7 (8) An examination report prepared by the insurance department of the company's state of
8 domicile or port of entry state. This requirement shall be deemed to be satisfied if the report is less
9 than five (5) years old and: (i) the insurance department at the time of the examination was
10 accredited under the National Association of Insurance Commissioners' financial regulations
11 standards and accreditation program or (ii) the examination is performed under the supervision of
12 an accredited insurance department or with the participation of one or more examiners who are
13 employed by an accredited state insurance department and who, after a review of the examination
14 work papers and report, state under oath that the examination was performed in a manner consistent
15 with the standards and procedures required by their insurance department. In lieu of an examination
16 meeting the requirements set forth in this section, an examination of the company may be
17 performed, prior to licensure, by the Rhode Island insurance division. The examination shall be
18 performed and the associated costs shall be borne by the company in accordance with all the
19 provisions of chapter 13.1 of this title.

20 (9) A description of the proposed method of marketing the health maintenance
21 organization, a financial plan which includes a projection of the initial operating results anticipated
22 until the organization has had net income for at least one year, and a statement as to the sources of
23 working capital and any other sources of funding;

24 (10) A power of attorney duly executed by the applicant, if not domiciled in this state,
25 appointing the director and his or her successors in office, and duly authorized deputies, as the true
26 and lawful attorney of the applicant in and for this state upon whom all lawful process in any legal
27 action or proceeding against the health maintenance organization on a cause of action arising in
28 this state may be served;

29 (11) A statement reasonably describing the geographic area or areas to be served;

30 (12) A description of the complaint procedures to be utilized as required under § 27-41-11;

31 (13) A description of the procedures and programs to be implemented to meet the quality
32 of health care requirements in § 27-41-4(a)(2);

33 (14) A description of the mechanism by which enrollees will be afforded an opportunity to
34 participate in matters of policy and operation under § 27-41-6(b);

1 (15) A description of the provider networks to be utilized to provide health care services to
2 enrollees;

3 (16) A description of the utilization management mechanisms by which enrollees' access
4 to and use of health services will be controlled; and

5 (17) Any other information that the director in consultation with the director of health may
6 require to make the determinations required in § 27-41-4.

7 (c) An applicant or a licensed health maintenance organization shall, unless otherwise
8 provided for in this chapter, file a notice describing any material modification of the operation
9 including, but not limited to, systematic changes in provider networks and mechanisms for the
10 management and control of the use of covered services by enrollees, set out in the information
11 required by subsection (b) of this section. The notice shall be filed with the director and with the
12 director of health prior to the modification. If the director or the director of health does not
13 disapprove within ninety (90) days of the filing, the modification shall be deemed approved.

14 (d) An applicant or a licensed health maintenance organization shall file all contracts of
15 reinsurance. Any agreement between the organization and an insurer shall be subject to the laws of
16 this state regarding reinsurance. All reinsurance agreements and any modifications to them must
17 be filed and approved. Reinsurance agreements shall remain in full force and effect for at least
18 ninety (90) days following written notice by registered mail of cancellation to the director by either
19 party.

20 **27-41-13.1. Initial net worth and capital requirements.**

21 (a) Before the director issues a certificate of authority in accordance with § 27-41-4 of this
22 act, an applicant seeking to establish or operate a health maintenance organization shall have the
23 greater of:

24 (1) The amount of capital required for a health organization under chapter 4.7 of this title;

25 (2) An initial net worth of three million dollars (\$3,000,000); or

26 (3) At the commissioner's discretion, an amount greater than required under subparagraph
27 (1) or (2), as indicated by a business plan and a projected risk-based capital calculation after the
28 first full year of operation based on the most current National Association of Insurance
29 Commissioners Health Annual Statements ~~Bank~~ Blank.

30 **27-41-14. Prohibited practices.**

31 (a) No health maintenance organization, or representative of a health maintenance
32 organization, may cause or knowingly permit the use of advertising which is untrue or misleading,
33 solicitation which is untrue or misleading, or any form of evidence of coverage which is deceptive.
34 For the purposes of this chapter:

1 (1) A statement or item of information shall be deemed to be untrue if it does not conform
2 to fact in any respect that is or may be significant to an enrollee of, or a person considering
3 enrollment with, a health maintenance organization;

4 (2) A statement or item of information shall be deemed to be misleading, whether or not it
5 may be literally untrue, if, in the total context in which the statement is made or the item of
6 information is communicated, the statement or item of information may be reasonably understood
7 by a reasonable person, not possessing special knowledge regarding health care coverage, as
8 indicating any benefit or advantage or the absence of any exclusion, limitation, or disadvantage of
9 possible significance to an enrollee of, or a person considering enrollment in, a health maintenance
10 organization, if the benefit or advantage or absence of limitation, exclusion, or disadvantage does
11 not in fact exist; and

12 (3) An evidence of coverage shall be deemed to be deceptive if the evidence of coverage
13 taken as a whole, and with consideration given to typography, format and language, shall be such
14 as to cause a reasonable person, not possessing special knowledge regarding health maintenance
15 organizations and evidences of coverage for them, to expect benefits, services, charges, or other
16 advantages which the evidence of coverage does not provide or which the health maintenance
17 organization issuing the evidence of coverage does not regularly make available for enrollees
18 covered under the evidence of coverage.

19 (b) Section 42-62-12 and regulations pursuant to that section and chapter 29 of this title,
20 relating to unfair competition and practices, shall be construed to apply to health maintenance
21 organizations and evidences of coverage except to the extent that the director of business regulation
22 determines that the nature of health maintenance organizations, and evidences of coverage, render
23 those sections clearly inappropriate.

24 (c) An enrollee may not be cancelled or nonrenewed except for reasons stated in the rules
25 of the health maintenance organization applicable to all enrollees, for the failure to pay the charge
26 for coverage, or for the other reasons as may be approved by the director of business regulation.

27 (d) No health maintenance organization, unless licensed as an insurer, may use in its name,
28 contracts, or literature any of the words "insurance", "casualty", "surety", or "mutual", or any
29 words descriptive of the insurance, casualty, or surety business or deceptively similar to the name
30 or description of any insurance or surety corporation doing business in this state.

31 (e) No person, unless in possession of a valid license as a health maintenance organization
32 pursuant to the laws of this state, shall hold himself or herself out as a health maintenance
33 organization or HMO or shall do business as a health maintenance organization or a HMO in the
34 state of Rhode Island, and no person shall do business in this state under a name deceptively similar

1 to the name of any health maintenance organization possessing a valid license pursuant to this
2 chapter.

3 (f) No health maintenance organization shall fail to contract with any provider who is
4 licensed by this state to provide the services delineated in § ~~27-41-2(h)(1)~~ [27-41-2\(t\)\(1\)](#) solely
5 because that provider is a podiatrist as defined in chapter 29 of title 5.

6 (g) Except as provided in § 27-41-13(i), no contract between a health maintenance
7 organization and a physician for the provision of services to patients may require that the physician
8 indemnify or hold harmless the health maintenance organization for any expenses and liabilities,
9 including without limitation, judgments, settlements, attorneys' fees, court costs, and any
10 associated charges, incurred in connection with any claim or action brought against the plan based
11 on the health maintenance organization's management decisions or utilization review provisions
12 for any patient.

13 **27-41-16. Examination.**

14 (a) The director of business regulation may make an examination of the affairs of any health
15 maintenance organization and the providers with whom the organization has contracts, agreements,
16 or other arrangements pursuant to its health care plan as often as is reasonably necessary for the
17 protection of the interests of the people of this state. The examination shall be performed and the
18 associated costs shall be borne by the company in accordance with all the provisions of § ~~27-13.1~~
19 [chapter 13.1 of this title](#) .

20 (b) The director of health may make an examination concerning the quality of health care
21 services of any health maintenance organization and the providers with whom the organization has
22 contracts, agreements, or other arrangements as often as is reasonably necessary for the protection
23 of the interests of the people of this state.

24 (c) Each health maintenance organization shall establish and maintain on an ongoing basis
25 a quality assurance program which involves the assessment of all quality assurance activities
26 conducted in the provision of its health care services to its subscribers, which shall include no less
27 than:

- 28 (1) Assessment of health outcomes;
29 (2) Ongoing review of health services by physicians and other health professionals; and
30 (3) Utilization and systematic data collection.

31 (d) Every health maintenance organization and provider shall submit its books and records
32 to those examinations and in every way facilitate them. For the purpose of examinations, the
33 director of business regulation and the director of health may administer oaths to, and examine, the
34 officers and agents of the health maintenance organization and the principals of their providers

1 concerning their business.

2 (e) The expenses of examinations under this section shall be assessed against the
3 organization being examined and remitted to the director of the department for whom the
4 examination is being conducted. The total cost of those examinations, whether made by the director
5 of business regulation or by the director of health, shall be borne by the examined health
6 maintenance organizations and shall be in the same amount as provided for in § 27-13-1, and shall
7 be paid to the director of the department conducting the examination for deposit as general
8 revenues. That assessment shall be in addition to any taxes and fees payable to the state. In instances
9 where the examination is performed by outside accountants, the expenses of the examination shall
10 be borne by the examined health maintenance organization.

11 (f) In lieu of any state examination, the director of business regulation or the director of
12 health may accept the report of an examination made by the director of business regulation or the
13 director of health of another state.

14 **27-41-18.1. Summary orders and supervision.**

15 (a) Whenever the director determines that the financial condition of a health maintenance
16 organization is such that its continued operation must be hazardous to its enrollees, creditors, or the
17 general public, or that it has violated any provision of this ~~act~~ [chapter](#), the director may, after
18 notice and hearing, order the health maintenance organization to take action reasonably necessary
19 to rectify the condition or violation, including, but not limited to, one or more of the following:

- 20 (1) Reduce the total amount of present and potential liability for benefits by reinsurance or
21 other method acceptable to the director;
- 22 (2) Reduce the volume of new business being accepted;
- 23 (3) Reduce expenses by specified methods;
- 24 (4) Suspend or limit the writing of new business for a period of time;
- 25 (5) Increase the health maintenance organization's capital and surplus by contribution;
- 26 (6) Initiate administrative supervision proceedings against the health maintenance
27 organization in accordance with chapter 14.1 of this title; or
- 28 (7) Take other steps the director may deem appropriate under the circumstances.

29 (b) For purposes of this section, the violation by a health maintenance organization of any
30 law of this state to which the health maintenance organization is subject shall be deemed a violation
31 of this ~~act~~ [chapter](#).

32 (c) The director is authorized to adopt regulations to set uniform standards and criteria for
33 early warning that the continued operation of any health maintenance organization might be
34 hazardous to its enrollees, creditors, or the general public and to set standards for evaluating the

1 financial condition of any health maintenance organization.

2 (d) The remedies and measures available to the director under this section shall be in
3 addition to, and not in lieu of, the remedies and measures available to the director under the
4 provisions of chapters 14.1, 14.2 and 14.3 of this title.

5 **27-41-21. Penalties and enforcement.**

6 (a) The director of business regulation may, in lieu of the suspension or revocation of a
7 license under § 27-41-17, levy an administrative penalty in an amount not less than five hundred
8 dollars (\$500) nor more than fifty thousand dollars (\$50,000), if reasonable notice in writing is
9 given of the intent to levy the penalty and the health maintenance organization has a reasonable
10 time in which to remedy the defect in its operations which gave rise to the penalty citation. The
11 director of business regulation may augment this penalty by an amount equal to the sum that the
12 director calculates to be the damages suffered by enrollees or other members of the public.

13 (b) Any person who violates this chapter shall be guilty of a misdemeanor and may be
14 punished by a fine not to exceed five hundred dollars (\$500) or by imprisonment for a period not
15 exceeding one year, or both.

16 (c)(1) If the director of business regulation or the director of health shall for any reason
17 have cause to believe that any violation of this chapter has occurred or is threatened, the director
18 of business regulation or the director of health may give notice to the health maintenance
19 organization and to their representatives, or other persons who appear to be involved in the
20 suspected violation, to arrange a conference with the alleged violators or their authorized
21 representatives for the purpose of attempting to ascertain the facts relating to the suspected
22 violation, and, in the event it appears that any violation has occurred or is threatened, to arrive at
23 an adequate and effective means of correcting or preventing the violation;

24 (2) Proceedings under this subsection shall be governed by chapter 35 of title 42.

25 (d)(1) The director of business regulation may issue an order directing a health maintenance
26 organization or a representative of a health maintenance organization to cease and desist from
27 engaging in any act or practice in violation of the provisions of this chapter;

28 (2) Within thirty (30) days after service of the order to cease and desist, the respondent may
29 request a hearing on the question of whether acts or practices in violation of this chapter have
30 occurred. Those hearings shall be conducted pursuant to §§ 42-35-9 — 42-35-13, and judicial
31 review shall be available as provided by §§ 42-35-15 and 42-35-16.

32 (e) In the case of any violation of the provisions of this chapter, if the director of business
33 regulation elects not to issue a cease and desist order, or in the event of noncompliance with a cease
34 and desist order issued pursuant to subsection (d) of this section, the director of business regulation

1 may institute a proceeding to obtain injunctive relief, or seeking other appropriate relief, in the
2 superior court for the county of Providence.

3 (f) Notwithstanding any other provisions of this ~~act~~ [chapter](#), if a health maintenance
4 organization fails to comply with the net worth, risk based capital or any other requirement of this
5 title related to the solvency of the health maintenance organization, the director is authorized to
6 take appropriate action to assure that the continued operation of the health maintenance
7 organization will not be hazardous to its enrollees or the public.

8 **27-41-49.1. Third party reimbursement for services of registered nurse first**
9 **assistants.**

10 (a) Every individual or group health insurance contract, plan or policy delivered, issued or
11 renewed by an insurer, health maintenance organization, nonprofit or for profit health service
12 corporation which provides benefits to individual subscribers and members within the state, or to
13 all group members having a principal place of employment within the state, shall provide benefits
14 for services rendered by a registered nurse first assistant ~~designed~~ [designated](#) as such; provided,
15 that the following conditions are met:

16 (1) The registered nurse first assistant provides certain health care services under the
17 supervision of a licensed physician; is currently licensed as a registered nurse in Rhode Island; has
18 successfully completed a course in preparing the registered nurse as a first assistant in accordance
19 with the Association of Operating Room Nurses core curriculum guide for the registered nurse first
20 assistant and includes a minimum of one academic year in a college or university with didactic
21 instruction and clinical internship programs; and is certified in perioperative nursing by the
22 Certification Board of Perioperative Nursing (minimum of two years perioperative experience);

23 (2) The policy or contract; currently provides benefits for identical services rendered by a
24 provider of health care licensed by the state; and

25 (3) The registered nurse first assistant is not a salaried employee of the licensed hospital or
26 facility for which the health maintenance organization has an alternative contractual relationship to
27 fund the services of a registered nurse first assistant.

28 (b) It remains within the sole discretion of the health maintenance organization as to which
29 registered nurse first assistant it contracts with. Reimbursement provided according to the
30 respective principles and policies of the health maintenance organization; provided, that no health
31 maintenance organization is required to provide direct reimbursement, or pay for duplicative
32 services actually rendered by a registered nurse first assistant and any other health care provider.
33 Nothing contained in this section precludes the health maintenance organization from conducting
34 managed care, medical necessity or utilization review.

1 **27-41-68. Coverage for early intervention services.**

2 (a) Every individual or group hospital or medical expense insurance policy or contract
3 providing coverage for dependent children, delivered or renewed in this state on or after July 1,
4 2004, shall include coverage of early intervention services which coverage shall take effect no later
5 than January 1, 2005. Such coverage shall be limited to a benefit of five thousand dollars (\$5,000)
6 per dependent child per policy or calendar year and shall not be subject to deductibles and
7 coinsurance factors. Any amount paid by an insurer under this section for a dependent child shall
8 not be applied to any annual or lifetime maximum benefit contained in the policy or contract. For
9 the purpose of this section, “early intervention services” means, but is not limited to, speech and
10 language therapy, occupational therapy, physical therapy, evaluation, case management, nutrition,
11 service plan development and review, nursing services, and assistive technology services and
12 devices for dependents from birth to age three (3) who are certified by the department of human
13 services as eligible for services under part C of the Individuals with Disabilities Education Act ~~(20~~
14 ~~U.S.C. § 1471 et seq.)~~ [\(20 U.S.C. § 1431 et seq.\)](#).

15 (b) Subject to the annual limits provided in this section, insurers shall reimburse certified
16 early intervention providers, who are designated as such by the Department of Human Services, for
17 early intervention services as defined in this section at rates of reimbursement equal to or greater
18 than the prevailing integrated state/Medicaid rate for early intervention services as established by
19 the Department of Human Services.

20 (c) This section shall not apply to insurance coverage providing benefits for: (1) hospital
21 confinement indemnity; (2) disability income; (3) accident only; (4) long-term care; (5) Medicare
22 supplement; (6) limited benefit health; (7) specified disease indemnity; (8) sickness or bodily injury
23 or death by accident or both; and (9) other limited benefit policies.

24 **27-41-70. Tobacco cessation programs.**

25 (a) Every individual or group health insurance contract, plan or policy delivered, issued for
26 delivery or renewed in this state on or after January 1, 2010, which provides medical coverage that
27 includes coverage for physician services in a physician’s office, and every policy which provides
28 major medical or similar comprehensive-type coverage, shall include coverage for smoking
29 cessation treatment, provided that if such medical coverage does not include prescription drug
30 coverage, such contract, plan or policy shall not be required to include coverage [for](#) FDA approved
31 smoking cessation medications.

32 (b) As used in this section, smoking cessation treatment includes the use of an over-the-
33 counter (OTC) or prescription US Food and Drug Administration (FDA) approved smoking
34 cessation medication, when used in accordance with FDA approval, for not more than two (2)

1 courses of medication of up to fourteen (14) weeks each, annually, when recommended and
2 prescribed by a prescriber who holds prescriptive privileges in the state in which they are licensed,
3 and used in combination with an annual outpatient benefit of sixteen (16) one-half (½) hour
4 evidence based smoking cessation counseling sessions provided by a qualified practitioner for each
5 covered individual. Smoking cessation treatment may be redefined through regulation promulgated
6 by the health insurance commissioner in accordance with the most current clinical practice
7 guidelines sponsored by the United States department of health and human services or its
8 component agencies.

9 (c) Health insurance contracts, plans, or policies to which this section applies, may impose
10 copayments and/or deductibles for the benefits mandated by this section consistent with the
11 contracts', plans' or policies' copayments and/or deductibles for physician services and
12 medications. Nothing contained in this section shall impact the reimbursement, medical necessity
13 or utilization review, managed care, or case management practices of these health insurance
14 contracts, plans or policies.

15 (d) This section shall not apply to insurance coverage providing benefits for:

- 16 (1) Hospital confinement indemnity;
17 (2) Disability income;
18 (3) Accident only;
19 (4) Long-term care;
20 (5) Medicare supplement;
21 (6) Limited benefit health;
22 (7) Specified disease indemnity;
23 (8) Sickness or bodily injury or death by accident or both; and
24 (9) Other limited benefit policies.

25 SECTION 15. Sections 27-44-2, 27-44-4.1 and 27-44-6 of the General Laws in Chapter
26 27-44 entitled "Casualty, Liability and Fire and Marine Insurance Rating" are hereby amended to
27 read as follows:

28 **27-44-2. Definitions.**

29 **As used in this chapter:**

30 ~~(1)~~**(1)** "Advisory organization" means any person or organization other than a rating
31 organization which assists insurers in the authorized activities enumerated in § 27-44-11, except no
32 advisory organization may make any filings on behalf of insurers.

33 ~~(2)~~**(2)** "Competitive market" means a market that has not been found to be noncompetitive
34 pursuant to § 27-44-4.

1 ~~(e)~~(3) “Director” means the director of department of business regulation.

2 ~~(h)~~(4) “Market” means the interaction between buyers and sellers consisting of a product
3 market component. A product market component consists of identical or readily substitutable
4 products including, but not limited to, consideration of coverage, policy terms, rate classifications,
5 and underwriting. A geographic market component is a geographical area in which buyers have a
6 reasonable degree of access to the insurance product through sales outlets and other marketing
7 mechanisms. Determination of a geographic market component shall consider existing marketing
8 patterns.

9 ~~(e)~~(5) “Noncompetitive market” means a market for which there is a ruling in effect
10 pursuant to § 27-44-4 that a reasonable degree of competition does not exist.

11 ~~(h)~~(6) “Pool” means a voluntary arrangement, established on an on-going basis, pursuant
12 to which two (2) or more insurers participate in the sharing of risks on a predetermined basis. The
13 pool may operate through an association, syndicate, or other pooling agreement.

14 ~~(g)~~(7) “Rating organization” means any entity which either has two (2) or more member
15 insurers or is controlled either directly or indirectly by two (2) or more insurers and which assists
16 insurers in ratemaking. Two (2) or more insurers having a common ownership or operating in this
17 state under common management or control constitute a single insurer for the purpose of this
18 definition.

19 ~~(h)~~(8) “Residual market mechanism” means an arrangement, either voluntary or mandated
20 by law, involving participation by insurers in the equitable apportionment among them of insurance
21 which may be afforded applicants who are unable to obtain insurance through ordinary methods.

22 ~~(h)~~(9) “Supplementary rate information” includes any manual or plan of rates,
23 classification, rating schedule, minimum premium, policy fee, rating rule, and any other similar
24 information needed to determine the applicable rate in effect or to be in effect.

25 ~~(h)~~(10) “Supporting information” means: ~~(h)~~(i) the experience and judgment of the filer
26 and the experience or data of other insurers or organizations relied upon by the filer; ~~(h)~~(ii) the
27 interpretation of any statistical data relied upon by the filer; and ~~(h)~~(iii) description of methods used
28 in making the rates, and other similar information required by the director to be filed.

29 **27-44-4.1. Approval of policies.**

30 (a) Every insurance company and every rating/advisory organization issuing policies
31 covering casualty, liability and fire and marine insurance provided for in this chapter shall file with
32 the director a copy of the form of the policies the company or organization is proposing to use.
33 A policy may not be issued until the director has approved the form.

34 (b) Any policy form, subject to this chapter and filed by an insurer or rating/advisory

1 organization on behalf of its members or subscribers with the director, shall be deemed public
2 information at the time of filing.

3 **27-44-6. Filing of rates and other rating information.**

4 (a) Filings as to competitive markets; file and use. In a competitive market, every insurer
5 shall file with the director all rates and supplementary rate information to be used in this state. At
6 the time the rates are filed, the filing shall state the specific model(s) used (catastrophic risk
7 planning), and explain the manner in which each model was used to determine the filed rate. The
8 rates and supplementary rate information shall be filed at least thirty (30) days prior to the proposed
9 effective date. At the end of that time, the rates may be used if no disapproval order or request for
10 supporting information has been issued by the director. If the director finds that an insurer's rates
11 require closer review because of an insurer's financial condition, or upon any other grounds as the
12 director may consider harmful to the public interest including, but not limited to, excessiveness,
13 inadequacy, or unfair discrimination, the director may request supporting information as needed. If
14 the director requests the further information, the rates may not be made effective until thirty (30)
15 days after the information has been received by the director.

16 (b) Filings as to noncompetitive markets. Nothing contained in this chapter shall be
17 construed to abrogate or supersede any statute or regulation governing either classes of business
18 identified in § 27-44-3, or deemed noncompetitive pursuant to the provisions of this chapter. Those
19 classes of business and noncompetitive markets shall have rates established pursuant to the
20 standards and procedures applicable under chapters 6, 7.1, 9, 19, and 20 of this title, and chapter
21 62 of title 42.

22 (c) Requirement of director. Rates shall be filed in the form and manner prescribed by the
23 director.

24 (d) Rating organization. Any insurer may discharge its obligation under this section by
25 giving notice to the director that it uses rates and supplementary rate information prepared and filed
26 by a designated rating organization of which it is a member or subscriber. The insurer's rates and
27 supplementary rate information shall be those filed by the rating organization, including any
28 amendments, subject to modifications filed by the insurer.

29 (e) Consent to rate. Upon the written consent of the insured, stating the reasons for consent
30 and filed with the director, a rate in excess of that provided by an otherwise applicable filing may
31 be used on any specific risk. A rate greater than that applicable to the insured under a residual
32 market mechanism may not be used unless approved by the director.

33 (f) Filings open to inspection. All rates, supplementary rate information, and any
34 supporting information for rates filed under this ~~act~~ [chapter](#) shall, as soon as filed, be open to

1 public inspection at any reasonable time. Copies may be obtained by any person on request and
2 upon payment of a reasonable charge.

3 SECTION 16. Section 27-46-2 of the General Laws in Chapter 27-46 entitled "Risk
4 Retention Act" is hereby amended to read as follows:

5 **27-46-2. Definitions.**

6 As used in this chapter:

7 (1) "Commissioner" means the director of the department of business regulation or the
8 commissioner, director, or superintendent of insurance in any other state;

9 (2) "Completed operations liability" means liability arising out of the installation,
10 maintenance, or repair of any product at a site which is not owned or controlled by:

11 (i) Any person who performs that work; or

12 (ii) Any person who hires an independent contractor to perform that work; but shall include
13 liability for activities which are completed or abandoned before the date of the occurrence giving
14 rise to the liability;

15 (3) "Domicile", for the purposes of determining the state in which a purchasing group is
16 domiciled, means:

17 (i) For a corporation, the state in which the purchasing group is incorporated; and

18 (ii) For an unincorporated entity, the state of its principal place of business;

19 (4) "Hazardous financial condition" means that, based on its present or reasonably
20 anticipated financial condition, a risk retention group, although not yet financially impaired or
21 insolvent, is unlikely to be able:

22 (i) To meet obligations to policyholders with respect to known claims and reasonably
23 anticipated claims; or

24 (ii) To pay other obligations in the normal course of business;

25 (5) "Insurance" means primary insurance, excess insurance, reinsurance, surplus lines
26 insurance, and any other arrangement for shifting and distributing risk, which is determined to be
27 insurance under the laws of this state;

28 (6) "Liability":

29 (i) Means legal liability for damages, including costs of defense, legal costs and fees, and
30 other claims expenses, because of injuries to other persons, damage to their property, or other
31 damage or loss to other persons resulting from or arising out of:

32 (A) Any business whether profit or nonprofit, trade, product, services including
33 professional services, premises, or operations; or

34 (B) Any activity of any state or local government, or any agency or political subdivision

1 of any state or local government; and

2 (ii) Does not include personal risk liability and an employer's liability with respect to its
3 employees other than legal liability under 45 U.S.C. § 51 et seq.;

4 (7) "Personal risk liability" means liability for damages because of injury to any person,
5 damage to property, or other loss or damage resulting from any personal, familial, or household
6 responsibilities or activities, rather than from responsibilities or activities referred to in subdivision
7 (6) of this section;

8 (8) "Plan of operation or a feasibility study" means an analysis which presents the expected
9 activities and results of a risk retention group including, at a minimum:

10 (i) Information sufficient to verify that its members are engaged in businesses or activities
11 similar or related with respect to the liability to which the members are exposed by virtue of any
12 related, similar, or common business, trade, product, services, premises or operations;

13 (ii) For each state in which it intends to operate, the coverages, deductibles, coverage limits,
14 rates, and rating classification systems for each line of insurance the group intends to offer;

15 (iii) Historical and expected loss experience of the proposed members and national
16 experience of similar exposures to the extent that this experience is reasonably available;

17 (iv) Pro forma financial statements and projections;

18 (v) Appropriate opinions by a qualified, independent casualty actuary, including a
19 determination of minimum premium or participation levels required to commence operations and
20 to prevent a hazardous financial condition;

21 (vi) Identification of management, underwriting, and claims procedures, marketing
22 methods, managerial oversight methods, investment policies, and reinsurance agreements;

23 (vii) Identification of each state in which the risk retention group has obtained, or sought
24 to obtain, a charter and license, and a description of its status in each state; and

25 (viii) Any other matters that may be prescribed by the commissioner of the state in which
26 the risk retention group is chartered for liability insurance companies authorized by the insurance
27 laws of that state;

28 (9) "Product liability" means liability for damages because of any personal injury, death,
29 emotional harm, consequential economic damage, or property damage, including damages
30 resulting from the loss of use of property, arising out of the manufacturer, design, importation,
31 distribution, packaging, labeling, lease, or sale of a product, but does not include the liability of any
32 person for those damages if the product involved was in the possession of the person when the
33 incident giving rise to the claim occurred;

34 (10) "Purchasing group" means any group which:

- 1 (i) Has as one of its purposes the purchase of liability insurance on a group basis;
- 2 (ii) Purchases the insurance only for its group members and only to cover their similar or
3 related liability exposure, as described in subdivision (10)(iii);
- 4 (iii) Is composed of members whose business or activities are similar or related with respect
5 to the liability to which members are exposed by virtue of any related, similar, or common business,
6 trade, product, services, premises or operations; and
- 7 (iv) Is domiciled in any state;
- 8 (11) "Risk retention group" means any corporation or other limited liability association:
- 9 (i) Whose primary activity consists of assuming and spreading all, or any portion, of the
10 liability exposure of its group members;
- 11 (ii) Which is organized for the primary purpose of conducting the activity described under
12 paragraph (i) of this subdivision;
- 13 (iii) Which:
- 14 (A) Is chartered and licensed as a liability insurance company and authorized to engage in
15 the business of insurance under the laws of any state; or
- 16 (B) Before January 1, 1985, was chartered or licensed and authorized to engage in the
17 business of insurance under the laws of Bermuda or the Cayman Islands and, before that date, had
18 certified to the insurance commissioner of at least one state that it satisfied the capitalization
19 requirements of that state, except that the group shall be considered to be a risk retention group
20 only if it has been engaged in business continuously since that date and only for the purpose of
21 continuing to provide insurance to cover product liability or completed operations liability, as the
22 terms were defined in the Product Liability Risk Retention Act of 1981 before the date of the
23 enactment of the Liability Risk Retention Act of 1986, 15 U.S.C. § 3901 et seq.;
- 24 (iv) That does not exclude any person from membership in the group solely to provide for
25 members of the group a competitive advantage over the person;
- 26 (v) Which:
- 27 (A) Has as its owners only persons who comprise the membership of the risk retention
28 group and who are provided insurance by the group; or
- 29 (B) Has as its sole owner an organization which has as:
- 30 (I) Its members only persons who comprise the membership of the risk retention group;
31 and
- 32 (II) Its owners only persons who comprise the membership of the risk retention group and
33 who are provided insurance by the group;
- 34 (vi) Whose members are engaged in businesses or activities similar or related with respect

1 to the liability of which the members are exposed by virtue of any related, similar, or common
2 business, trade, product, services, premises, or operations;

3 (vii) Whose activities do not include the provision of insurance other than:

4 (A) Liability insurance for assuming and spreading all or any portion of the liability of its
5 group members; and

6 (B) Reinsurance with respect to the liability of any other risk retention group or any
7 members of the other group which is engaged in business or activities so that the group or member
8 meets the requirement described in subdivision (vi) from membership in the risk retention group
9 which provides the reinsurance; and

10 (viii) The name of which includes the phrase “risk retention group”; and

11 (12) “State” means any state of the United States or the District of Columbia.

12 SECTION 17. Section 27-47-1 of the General Laws in Chapter 27-47 entitled "Criminal
13 Sanctions for Failure to Report Impairment" is hereby amended to read as follows:

14 **27-47-1. Definitions.**

15 **As used in this chapter:**

16 (a) “Chief executive officer” is the person, irrespective of his or her title, designated by the
17 board of directors or trustees of an insurer as the person charged with the responsibility of
18 administering and implementing the insurer’s policies and procedures.

19 (b) “Commissioner” means the commissioner of insurance or the commissioner’s
20 equivalent of the state of domicile of any insurer.

21 (c) “Impaired” is a financial situation in which the assets of an insurer are less than the sum
22 of the insurer’s minimum required capital, minimum required surplus and all liabilities as
23 determined in accordance with the requirements for the preparation and filing of the annual
24 statement of an insurer under chapter 12 of this title.

25 (d) “Insurer” means any insurance company or other insurer licensed to do business in this
26 state.

27 SECTION 18. Section 27-49-2 of the General Laws in Chapter 27-49 entitled "Motor
28 Vehicle Theft and Motor Vehicle Insurance Fraud Reporting — Immunity Act" is hereby amended
29 to read as follows:

30 **27-49-2. Definitions.**

31 **As used in this chapter:**

32 ~~(a)~~(1) “Authorized governmental agency” includes:

33 ~~(1)~~(i) The office of the attorney general;

34 ~~(2)~~(ii) The state police;

- 1 ~~(3)~~(iii) Any police or fire department of a municipality;
- 2 ~~(4)~~(iv) The U.S. Attorney's office for the state of Rhode Island;
- 3 ~~(5)~~(v) Any duly constituted criminal investigative department or agency, including the
- 4 Federal Bureau of Investigation of the United States;
- 5 ~~(6)~~(vi) Any solicitor or prosecuting attorney for a municipality;
- 6 ~~(7)~~(vii) The director of the insurance division;
- 7 ~~(8)~~(viii) The administrator of the division of motor vehicles; and
- 8 ~~(9)~~(ix) The office of automobile theft and insurance fraud established by § 31-50-1.

9 ~~(b)~~(2) "Insured" means a person, corporation, or other entity for which automobile

10 insurance coverage is provided by an insurer.

11 ~~(c)~~(3) "Insurer" means any domestic insurer or foreign insurer, licensed to provide

12 automobile insurance coverage pursuant to the provisions of this title, or otherwise liable for any

13 loss due to motor vehicle theft or motor vehicle insurance fraud.

14 ~~(d)~~(4) "Relevant" means having a tendency to make the existence of any fact that is of

15 consequence to the investigation or determination of the issue more probable or less probable than

16 it would be without the information.

17 SECTION 19. Section 27-51-5 of the General Laws in Chapter 27-51 entitled "Managing

18 General Agents Act" is hereby amended to read as follows:

19 **27-51-5. Duties of insurers.**

20 (a) The insurer shall have on file an independent financial examination, in a form

21 acceptable to the commissioner, of each MGA with which it has done business.

22 (b) If an MGA establishes loss reserves, the insurer shall annually obtain the opinion of an

23 actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding

24 on business produced by the MGA. This is in addition to any other required loss reserve

25 certification.

26 (c) The insurer shall periodically, at least semiannually, conduct an onsite review of the

27 underwriting and claims processing operations of the MGA.

28 (d) Binding authority for all reinsurance contracts or participation in insurance or

29 reinsurance syndicates shall rest with an officer of the insurer, who shall not be affiliated with the

30 MGA.

31 (e) Within thirty (30) days of entering into or termination of a contract with an MGA, the

32 insurer shall provide written notification of the appointment or termination to the commissioner.

33 Notices of appointment of an MGA shall include a statement of duties which the applicant is

34 expected to perform on behalf of the insurer, the lines of insurance for which the applicant is to be

1 authorized to act, and any other information the commissioner may request.

2 (f) An insurer shall review its books and records each quarter to determine if any producer
3 has become an MGA by virtue of the provisions of this chapter. If the insurer determines that a
4 producer has become a MGA pursuant to the provisions of this chapter, the insurer shall promptly
5 notify the producer and the commissioner of the determination and the insurer and producer must
6 fully comply with the provisions of this chapter within thirty (30) days.

7 (g) An insurer shall not appoint to its board of directors an officer, director, employee,
8 subproducer, or controlling shareholder of its MGAs. This subsection shall not apply to
9 relationships governed by chapter 35 of this title, or, if applicable, [chapter 48 of title 27](#) the ~~Broker~~
10 ~~Controlled Insurer Act~~ [Business Transacted with Producer Controlled Property/Casualty](#)
11 [Insurer Act](#).

12 SECTION 20. Section 27-61-5 of the General Laws in Chapter 27-61 entitled "Unfair
13 Discrimination Against Subjects of Abuse in Life Insurance Act" is hereby amended to read as
14 follows:

15 **27-61-5. Justification of adverse insurance decisions.**

16 An insurer of an individual or group policy that takes an underwriting action that adversely
17 affects a subject of abuse on the basis of a medical condition that the insurer knows is abuse-related
18 shall explain the reason for its action to the applicant or insured in writing and shall be able to
19 demonstrate that its action:

20 (1) Does not treat abuse status as a medical condition;

21 (2) Is permissible by law and applies in the same manner and to the same extent to all
22 applicants and the insured with a similar medical condition without regard to whether the condition
23 or ~~claims~~ [claim is](#) abuse-related; and

24 (3) Is based on a determination, made in conformance with sound actuarial principles or
25 related actual or reasonably anticipated experience, that there is a correlation between the medical
26 condition and a material increase in insurance risk.

27 SECTION 21. Section 27-64-9 of the General Laws in Chapter 27-64 entitled "The
28 Protected Cell Companies Act" is hereby amended to read as follows:

29 **27-64-9. Remuneration of receivers.**

30 (a) With respect to orders of rehabilitation, conservation or liquidation directed at a
31 protected cell company, the remuneration, expenses, and other compensation of the receiver shall
32 be payable from the assets of the company's general account, in accordance with the priority of
33 distribution set forth in §§ 27-14.3-46 and ~~27-14.4-22~~ [27-14.4-20](#).

34 (b) With respect to orders of rehabilitation, conservation or liquidation directed at a

1 protected cell, the remuneration, expenses, and other compensation of the receiver shall be payable
2 from the protected cell assets attributable to that protected cell. In the case where more than one
3 protected cell is the subject of the order, the receiver shall account for remuneration, expenses, and
4 other compensation separately for each protected cell in accordance with actual time and expenses
5 attributable to the rehabilitation, conservation or liquidation of each respective protected cell.

6 (c) With respect to orders of rehabilitation, conservation or liquidation directed at a
7 protected cell company during a pending rehabilitation, conservation or liquidation of one or more
8 protected cells, the remuneration, expenses, and other compensation of the receiver of the protected
9 cells shall be satisfied from the protected cell assets of the protected cell or cells in accordance with
10 the provisions of subsection (b) of this section, and the remuneration, expenses, and other
11 compensation of the receiver of the protected cell company shall be satisfied from the assets of the
12 company's general account.

13 SECTION 22. Section 27-65-1 of the General Laws in Chapter 27-65 entitled "Commercial
14 Special Risks" is hereby amended to read as follows:

15 **27-65-1. Commercial special risks.**

16 (a) Commercial special risks. Notwithstanding any other provisions of this title to the
17 contrary and except as limited in subsection (b) of this section, insurers shall not be required to file
18 with, nor to receive approval from, the insurance division of the department of business regulation
19 for policy forms or rates used in the insurance of commercial special risks located in this state.

20 Commercial special risks are defined as:

21 (1) Risks written as commercial lines insurance, defined as insurance issued for purposes
22 other than for personal, family, or household and that are written on an excess or umbrella basis;

23 (2) Those risks, or portions of them, written as commercial lines insurance, defined as
24 insurance issued for purposes other than for personal, family, or household and that are not rated
25 according to manuals, rating plans, or schedules including "A" rates;

26 (3) Risks written as commercial lines insurance that employ or retain the services of a "risk
27 manager" and that also meet any one of the following criteria:

28 (i) Net worth over ten million dollars (\$10,000,000);

29 (ii) Net revenue/sales of over five million dollars (\$5,000,000);

30 (iii) More than twenty-five (25) employees per individual company or fifty (50) employees
31 per holding company in the aggregate;

32 (iv) ~~Aggregates~~ Aggregate premiums of over thirty thousand dollars (\$30,000), excluding
33 group life, group health, workers' compensation and professional liability (including, but not
34 limited to, errors and omissions and directors and officers liability);

1 (v) Is a not for profit or public entity with an annual budget or assets of at least twenty-five
2 million dollars (\$25,000,000); or

3 (vi) Is a municipality with a population of over twenty thousand (20,000);

4 (4) Specifically designated commercial special risks including:

5 (i) All risks classified as highly protected risks.

6 “Highly protected risk” means a fire resistive building that meets the highest standards of
7 fire safety according to insurance company underwriting requirements;

8 (ii) All commercial insurance aviation risks;

9 (iii) All credit property insurance risks that are defined as “insurance of personal property
10 of a commercial debtor against loss, with the creditor as sole beneficiary” or “insurance of personal
11 property of a commercial debtor, with the creditor as primary beneficiary and the debtor as
12 beneficiary of proceeds not paid to the creditor.” For the purposes of this definition, “personal
13 property” means furniture, fixtures, furnishings, appliances, and equipment designed for use in a
14 business, trade, or profession and not used by a debtor for personal or household use;

15 (iv) All boiler and machinery and equipment breakdown risks;

16 (v) All inland marine risks written as commercial lines insurance defined as insurance
17 issued for purposes other than for personal, family, or household;

18 (vi) All fidelity and surety risks;

19 (vii) All crime and burglary and theft risks; and

20 (viii) All directors and officers, fiduciary liability, employment practices liability, kidnap
21 and ransom, and management liability risks.

22 (b) Notwithstanding subsection (a) of this section, the following lines of business shall
23 remain subject to all filing and approval requirements contained in this title even if written for risks
24 which qualify as commercial special risks:

25 (1) Life insurance;

26 (2) Annuities;

27 (3) Accident and health insurance;

28 (4) Automobile insurance that is mandated by statute;

29 (5) Workers’ compensation and employers’ liability insurance; and

30 (6) Issuance through residual market mechanisms.

31 (c) Any insurer that provides coverage to a commercial special risk shall disclose to the
32 insured that forms used and rates ~~charges~~ charged are exempt from filing and approval
33 requirements by this section. Records of all such disclosures shall be maintained by the insurer.

34 (d) Brokers for exempt commercial policyholders as defined in subsection (a)(3) of this

1 section shall be exempt from the due diligence requirements of § 27-3-38(c).

2 (e) Notwithstanding any other provisions of this title, the requirements of § 27-5-2 shall
3 not apply to any policy insuring one or more commercial special risks located in this state.

4 SECTION 23. Sections 27-71-3 and 27-71-5 of the General Laws in Chapter 27-71 entitled
5 "Market Conduct Surveillance Act" are hereby amended to read as follows:

6 **27-71-3. Definitions.**

7 **As used in this chapter:**

8 (a) "Commissioner" means the "director of the department of business regulation" or his
9 or her designee.

10 (b) "Complaint" means a written or documented oral communication to the commissioner
11 primarily expressing a grievance, meaning an expression of dissatisfaction. For healthcare
12 companies, a grievance is a written complaint submitted by or on behalf of a covered person.

13 (c) "Comprehensive market conduct examination" means a review of one or more lines of
14 business of an insurer domiciled in this state that is not conducted for cause. The term includes a
15 review of rating, tier classification, underwriting, policyholder service, claims, marketing and sales,
16 producer licensing, complaint handling practices, or compliance procedures and policies.

17 (d) "Market conduct action" means any of the full range of activities that the commissioner
18 may initiate to assess the market and practices of individual insurers, beginning with market
19 analysis and extending to targeted examinations. The commissioner's activities to resolve an
20 individual consumer complaint or other reports of a specific instance of misconduct are not market
21 conduct actions for purposes of this chapter.

22 (e) "Market analysis" means a process whereby market conduct surveillance personnel
23 collect and analyze information from filed schedules, surveys, required reports and other sources
24 in order to develop a baseline and to identify patterns or practices of insurers licensed to do business
25 in this state that deviate significantly from the norm or that may pose a potential risk to the insurance
26 consumer.

27 (f) "Market conduct examination" means the examination of the insurance operations of
28 an insurer licensed to do business in this state in order to evaluate compliance with the applicable
29 laws and regulations of this state. A market conduct examination may be either a comprehensive
30 examination or a targeted examination. A market conduct examination is separate and distinct from
31 a financial examination of an insurer performed pursuant to the Rhode Island general laws, but may
32 be conducted at the same time.

33 (g) "Market conduct surveillance personnel" means those individuals employed or
34 contracted by the commissioner to collect, analyze, review or act on information on the insurance

1 marketplace, which identifies patterns or practices of insurers.

2 (h) “National Association of Insurance Commissioners” (NAIC) means the organization of
3 insurance regulators from the fifty (50) states, the District of Columbia, and the four U.S. territories.

4 (i) “NAIC” market regulation handbook“ means a handbook, developed and adopted by
5 the NAIC, or successor product, which:

6 (1) ~~outlines~~ Outlines elements and objectives of market analysis and the process by which
7 states can establish and implement market analysis programs; and

8 (2) ~~sets~~ Sets up guidelines that document established practices to be used by market
9 conduct surveillance personnel in developing and executing an examination.

10 (j) “NAIC market conduct uniform examination procedures” means the set of guidelines
11 developed and adopted by the NAIC designed to be used by market conduct surveillance personnel
12 in conducting an examination.

13 (k) “NAIC” standard data request“ means the set of field names and descriptions developed
14 and adopted by the NAIC for use by market conduct surveillance personnel in an examination.

15 (l) “Qualified contract examiner” means a person under contract to the commissioner, who
16 is qualified by education, experience and, where applicable, professional designations, to perform
17 market conduct actions.

18 (m) “Targeted examination” means a focused exam conducted for cause, based on the
19 results of market analysis indicating the need to review either a specific line of business or specific
20 business practices, including but not limited to, underwriting and rating, marketing and sales,
21 complaint handling operations/management, advertising materials, licensing, policyholder
22 services, non-forfeitures, claims handling, or policy forms and filings. A targeted examination may
23 be conducted by desk examination or by an on-site examination:

24 (1) “Desk examination” means a targeted examination that is conducted by an examiner at
25 a location other than the insurer’s premises. A desk examination is usually performed at the
26 department of business regulation’s offices with the insurer providing requested documents by hard
27 copy, microfiche, discs, or other electronic media, for review; and

28 (2) “On-site examination” means a targeted examination conducted at the insurer’s home
29 office or the location where the records under review are stored.

30 (n) “Third-party model or product” means a model or product provided by an entity
31 separate from and not under directed or indirect corporate control of the insurer using the model or
32 product.

33 **27-71-5. Market analysis procedures.**

34 (a)(1) The commissioner shall gather information as deemed necessary from data currently

1 available, as well as surveys and required reporting requirements, information collected by the
2 NAIC and a variety of other objective sources in both the public and private sectors including law
3 enforcement inquires.

4 (2) Such information, when collected, shall be analyzed in order to develop a baseline
5 understanding of the marketplace and to identify for further review insurers and/or practices that
6 deviate significantly from the norm or that may pose a potential risk to the insurance consumer.
7 The commissioner shall use the NAIC Market Regulation Handbook as one resource in performing
8 this analysis (or procedures, adopted by regulation, that are substantially similar to the foregoing
9 NAIC product).

10 (3) The commissioner shall perform the analysis described under this section by:

11 (i) Identifying key lines of business for systematic review;

12 (ii) Identifying companies for further analysis based on available information.

13 (b) If the analysis compels the commissioner to inquire further into a particular insurer or
14 practice, the following continuum of market conduct actions may be considered prior to conducting
15 a targeted, on-site market conduct examination. The action selected shall be made known to the
16 insurer in writing if the action involves insurer participation or response. These actions may
17 include, but are not limited to:

18 (1) Correspondence with insurer;

19 (2) Insurer interviews;

20 (3) Information gathering;

21 (4) Policy and procedure reviews;

22 (5) Interrogatories;

23 (6) Review of insurer self-evaluation (if not subject to a privilege of confidentiality) and
24 compliance programs, including membership in a best-practice organization; and

25 (7) Desk examinations.

26 (c) The commissioner shall select a market conduct action that is efficient for the
27 department of business regulation and the insurer, while still protecting the insurance consumer.

28 (d) The commissioner shall take those steps reasonably necessary to eliminate requests for
29 information that duplicate information provided as part of an insurer's annual financial statement,
30 the annual market conduct statement of the National Association of Insurance Commissioners, or
31 other required schedules, surveys, or reports that are regularly submitted to the commissioner, or
32 with data requests made by other states if that information is available to the commissioner, unless
33 the information is state specific, and coordinate market conduct actions and findings with other
34 states.

1 (e) Causes or conditions, if identified through market analysis, that may trigger a target
2 examination, ~~included~~ include but are not limited to:

3 (1) Information obtained from a market conduct annual statement, market survey or report
4 of financial examination indicating potential fraud, that the insurer is conducting the business of
5 insurance without a license or is engaged in a potential pattern of violation of the general laws or
6 law enforcement inquiry.

7 (2) A number of complaints against the insurer or a complaint ratio sufficient to indicate
8 potential fraud, conducting the business of insurance without a license, or a potential pattern of
9 unfair trade practice in violation of the general laws. For the purposes of this section, a complaint
10 ratio shall be determined for each line of business.

11 (3) Information obtained from other objective sources, such as published advertising
12 materials indicating potential fraud, conducting the business of insurance without a license, or
13 evidencing a potential pattern of unfair trade practice in violation of the general laws.

14 (4) Patterns of violations of the general laws and administrative regulations promulgated
15 thereunder that cause consumer harm.

16 SECTION 24. Section 27-72-4 of the General Laws in Chapter 27-72 entitled "Life
17 Settlements Act" is hereby amended to read as follows:

18 **27-72-4. License suspension, revocation or refusal to renew.**

19 (a) The commissioner may suspend, revoke or refuse to renew the license of any licensee
20 if the commissioner finds that:

21 (1) There was any material misrepresentation in the application for the license;

22 (2) The licensee or any officer, partner, member or director has been guilty of fraudulent
23 or dishonest practices, is subject to a final administrative action or is otherwise shown to be
24 untrustworthy or incompetent to act as a licensee;

25 (3) The provider demonstrates a pattern of unreasonably withholding payments to policy
26 owners;

27 (4) The licensee no longer meets the requirements for initial licensure;

28 (5) The licensee or any officer, partner, member or director has been convicted of a felony,
29 or of any misdemeanor of which criminal fraud is an element; or the licensee has pleaded guilty or
30 nolo contendere with respect to any felony or any misdemeanor of which criminal fraud is an
31 element, regardless whether a judgment of conviction has been entered by the court;

32 (6) The provider has entered into any life settlement contract using a form that has not been
33 approved pursuant to this chapter;

34 (7) The provider has failed to honor contractual obligations set out in a life settlement

1 contract;

2 (8) The provider has assigned, transferred or pledged a settled policy to a person other than
3 a provider licensed in this state, a purchaser, an accredited investor or qualified institutional buyer
4 as defined respectively in Regulation D, Rule 501 or Rule 144A of the Federal Securities Act of
5 1933, as amended, financing entity, special purpose entity, or related provider trust; or

6 (9) The licensee or any officer, partner, member or key management personnel has violated
7 any of the provisions of this chapter.

8 (b) Before the commissioner denies a license application or suspends, revokes or refuses
9 to renew the license of any licensee under this chapter, the commissioner shall conduct a hearing
10 in accordance with this state's laws governing administrative hearings.

11 SECTION 25. Section 27-77-2 of the General Laws in Chapter 27-77 entitled "Risk
12 Management and Own Risk and Solvency Assessment Act" is hereby amended to read as follows:

13 **27-77-2. Definitions.**

14 **For purposes of this chapter:**

15 (a) "Commissioner" means the director of the department of business regulation or his or
16 her designee.

17 (b) "Insurance group." For the purpose of conducting an ORSA, the term "insurance group"
18 means those insurers and affiliates included within an insurance holding company system as
19 defined in chapter 27-35.

20 (c) "Insurer." The term "insurer" shall not include agencies, authorities or instrumentalities
21 of the United States, its possessions and territories, the commonwealth of Puerto Rico, the District
22 of Columbia, or a state or political subdivision of a state.

23 (d) "NAIC" means the National Association of Insurance Commissioners.

24 (e) "Own Risk and Solvency Assessment" or "ORSA." An "Own Risk and Solvency
25 Assessment" or "ORSA" means a confidential internal assessment, appropriate to the nature, scale
26 and complexity of an insurer or insurance group, conducted by that insurer or insurance group of
27 the material and relevant risks associated with the insurer or insurance group's current business
28 plan, and the sufficiency of capital resources to support those risks.

29 (f) "ORSA Guidance Manual" means the current version of the "Own Risk and Solvency
30 Assessment Guidance Manual" developed and adopted by the NAIC and as amended from time to
31 time. A change in the ORSA guidance manual shall be effective on January 1 following the calendar
32 year in which the changes have been adopted by the NAIC.

33 (g) "ORSA Summary Report" means a confidential high-level summary of an insurer or
34 insurance group's ORSA.

1 SECTION 26. Section 27-80-3 of the General Laws in Chapter 27-80 entitled "Unclaimed
2 Life Insurance Benefits Act" is hereby amended to read as follows:

3 **27-80-3. Definitions.**

4 As used in this chapter:

5 (1) "Death master file" means the United States Social Security Administration's death
6 master file or any other database or service that is at least as comprehensive as the United States
7 Social Security Administration's death master file for determining that a person has reportedly died.

8 (2) "Death master file match" means a search of the death master file that results in a match
9 of the Social Security number or the name and date of birth of an insured, annuity owner, or retained
10 asset account holder.

11 (3) "Policy" means any policy or certificate of life insurance that provides a death benefit.

12 The term "policy" shall not include:

13 (i) Any policy ~~of~~ or certificate of life insurance that provides a death benefit under an
14 employee benefit plan:

15 (A) Subject to the Employee Retirement Income Security Act of 1974 (Pub. L. 93-406), 29
16 U.S.C. § 1002, as periodically amended; or

17 (B) Under any federal employee benefit program; or

18 (ii) Any policy or certificate of life insurance that is used to fund a pre-need funeral contract
19 or pre-arrangement; or

20 (iii) Any policy or certificate of credit life or accidental death insurance.

21 (4) "Contract" means an annuity contract. The term "contract" shall not include an annuity
22 used to fund an employment-based retirement plan or program where the insurer is not committed
23 by terms of the annuity contract to pay death benefits to the beneficiaries of specific plan
24 participants.

25 SECTION 27. Section 7-12-60 of the General Laws in Chapter 7-12 entitled "Partnerships"
26 is hereby repealed.

27 ~~7-12-60. Filing of returns with the tax administrator—Annual charge.~~

28 ~~(a) For tax years beginning on or after January 1, 2012, a limited liability partnership~~
29 ~~registered under § 7-12-56, shall file a return in the form and containing the information as~~
30 ~~prescribed by the tax administrator as follows:~~

31 ~~(1) If the fiscal year of the limited liability partnership is the calendar year, on or~~
32 ~~before the fifteenth day of April in the year following the close of the fiscal year; and~~

33 ~~(2) If the fiscal year of the limited liability partnership is not a calendar year, on or~~
34 ~~before the fifteenth day of the fourth month following the close of the fiscal year.~~

1 ~~(b) For tax years beginning after December 31, 2015, a limited liability partnership~~
2 ~~registered under § 7-12-56, shall file a return, in the form and containing the information as~~
3 ~~prescribed by the tax administrator, and shall be filed on or before the date a federal tax~~
4 ~~return is due to be filed, without regard to extension.~~

5 ~~(c) An annual charge, equal to the minimum tax imposed upon a corporation under~~
6 ~~§ 44-11-2(c), shall be due on the filing of the limited liability partnership's return filed with~~
7 ~~the tax administrator and shall be paid to the division of taxation.~~

8 ~~(d) The annual charge is delinquent if not paid by the due date for the filing of the~~
9 ~~return and an addition of one hundred dollars (\$100) to the charge is then due.~~

10 ARTICLE II -- STATUTORY CONSTRUCTION

11 SECTION 1. Section 5-63.2-2 of the General Laws in Chapter 5-63.2 entitled "Mental
12 Health Counselors and Marriage and Family Therapists" is hereby amended to read as follows:

13 **5-63.2-2. Definitions.**

14 As used in this chapter:

15 (1) "Advertise" means, but is not limited to, the issuing or causing to be distributed any
16 card, sign, or device to any person; or the causing, permitting, or allowing any sign or marking on
17 or in any building, radio, or television; or by advertising by any other means designed to secure
18 public attention.

19 (2) "Board" means the board of mental health counselors and marriage and family
20 therapists.

21 (3) "Clinical ~~counselor-in~~ mental health counselor" means a person who is licensed
22 pursuant to § 5-63.2-9, which license is in force and not suspended or revoked as of the particular
23 time in question.

24 (4) "Internship" means a part of an organized graduate program in counseling therapy and
25 constitutes a supervised experience within a mental health and/or marriage and family setting.

26 (5) "Marriage and family therapist" means a person who is licensed pursuant to § 5-63.2-
27 10, which license is in force and not suspended or revoked as of the particular time in question.

28 (6) "Person" means any individual, firm, corporation, partnership, organization, or body
29 politic.

30 (7) "Practice of clinical mental health counseling" means the rendering of professional
31 services to individuals, families, or groups for monetary compensation. These professional services
32 include:

33 (i) Applying the principles, methods, and theories of counseling and/or psychotherapeutic
34 techniques to define goals and develop a treatment plan of action aimed toward the prevention,

1 treatment, and resolution of social, mental, and emotional dysfunction and intra or interpersonal
2 disorders in persons diagnosed at intake as non-psychotic and not presenting medical problems;
3 and

4 (ii) Engaging in psychotherapy of a nonmedical nature, utilizing supervision when
5 appropriate, and making referrals to other psychiatric, psychological, or medical resources when
6 the person is diagnosed as psychotic or presenting a medical problem.

7 (8) "Practice of marriage and family therapy" means the rendering of professional services
8 to individuals, family groups, couples, or organizations for monetary compensation. These
9 professional services include applying principles, methods, and therapeutic techniques for the
10 purpose of resolving emotional conflicts; modifying perceptions and behavior; enhancing
11 communications and understanding among all family members; and the prevention of family and
12 individual crisis. Individual marriage and family therapists shall also engage in psychotherapy of a
13 nonmedical and non-psychotic nature with appropriate referrals to psychiatric resources.

14 (9) "Practicum" means a part of an organized graduate program in counseling therapy and
15 constitutes a supervised experience within the graduate counseling program.

16 (10) "Qualified supervision" means the supervision of clinical services in accordance with
17 standards established by the board under the supervision of an individual who has been recognized
18 by the board as an approved supervisor.

19 (11) "Recognized educational institution" means any educational institution that grants a
20 bachelor's, master's, or doctoral degree and is recognized by the board of mental health counselors
21 and marriage and family therapists or a recognized postgraduate clinical training program as
22 specified in §§ 5-63.2-9 and 5-63.2-10.

23 (12) "Use a title or description of" means to hold oneself out to the public as having a
24 particular status by means of stating on signs, mailboxes, address plates, stationery,
25 announcements, calling cards, or other instruments of professional identification.

26 SECTION 2. Sections 5-65-2, 5-65-3 and 5-65-5 of the General Laws in Chapter 5-65
27 entitled "Contractors' Registration and Licensing Board" are hereby amended to read as follows:

28 **5-65-2. Exemptions from registration — Registered agent for service of process.**

29 (a) The following persons shall be exempt from registration under this chapter:

30 (1) A person who is constructing, altering, improving, or repairing his or her own personal
31 property.

32 (2) A person who is constructing, altering, improving, or repairing a structure located
33 within the boundaries of any site or reservation under the jurisdiction of the federal government.

34 (3) A person who furnishes materials, supplies, equipment, or furnishes products and does

1 not fabricate them into, or consume them, in the performance of the work of a contractor. If the
2 person wants to file a complaint pursuant to this chapter they must be registered pursuant to this
3 chapter.

4 (4) A person working on one structure or project, under one or more contracts when the
5 price of all of that person's contracts for labor, materials, and all other items is less than five
6 hundred dollars (\$500) and the work is of a casual, minor, or inconsequential nature. This
7 subsection does not apply to a person who advertises or puts out any sign or card or other device
8 that might indicate to the public that the person is a contractor.

9 (5) This section does not apply to a person who constructs or for compensation with the
10 intent to sell the structure, or who arranges to have constructed a structure to be sold before, upon,
11 or after completion. It shall be prima facie evidence that there was intent to offer the structure for
12 sale if the person who constructed the structure or arranged to have the structure constructed does
13 not occupy the structure for one calendar year after completion.

14 (6) A person performing work on a single-dwelling-unit property that person owns,
15 whether occupied by that person or not, or a person performing work on that person's residence,
16 whether or not that person owns the residence. This subdivision does not apply to a person
17 performing work on a structure owned by that person if the work is performed, in the pursuit of an
18 independent business, with the intent of offering the structure for sale before, upon, or after
19 completion.

20 (7) A person who performs work subject to this chapter as an employee of a contractor.

21 (8) A manufacturer of a mobile home constructed under standards established by the
22 federal government.

23 (9) A person involved in the movement of:

24 (i) Modular buildings or structures other than mobile homes not in excess of fourteen feet
25 (14') in width.

26 (ii) Structures not in excess of sixteen feet (16') in width when these structures are being
27 moved by their owner if the owner is not a contractor required to be registered under this chapter.

28 (10) Any person or business entity licensed by the state employing licensed trades persons
29 as defined by chapters 6, 20, and 56 of this title, and chapters 26 and 27 of title 28 and working
30 within the purview of the license issued by the governing agency shall be exempt from all the
31 provisions of this chapter except § 5-65-7, requiring insurance. A valid certificate of insurance shall
32 be required to be maintained by the licensing agency during the terms of the issuance date of the
33 license as a condition for a valid license. Failure of the licensee to maintain this insurance shall
34 result in loss of license pursuant to requirements of statutes governing the licensing authority.

1 (b) No registration shall be issued to a nonresident contractor until he or she has filed with
2 the board a power of attorney constituting and appointing a registered agent upon whom all
3 processes in any action or legal proceeding against him or her may be served, and in the power of
4 attorney agrees that any lawful process against him or her that may be served upon his or her
5 registered agent is of the same force and validity as if served on the nonresident contractor, and that
6 the ~~foree~~ power continues irrevocably in force until such time as the board has been duly notified
7 in writing of any change to that status.

8 **5-65-3. Registration for work on a structure required of contractor — Issuance of**
9 **building permits to unregistered or unlicensed contractors prohibited — Evidence of activity**
10 **as a contractor — Duties of contractors.**

11 (a) A person shall not undertake, offer to undertake, or submit a bid to do work as a
12 contractor on a structure unless that person has a current, valid certificate of registration for all
13 construction work issued by the board. A partnership, corporation, limited liability company, or
14 joint venture may do the work; offer to undertake the work; or submit a bid to do the work only if
15 that partnership, corporation, limited liability company, or joint venture is registered for the work
16 and in the case of registration by a corporation, limited liability company, joint venture, or
17 partnership, an individual shall be designated to be responsible for the corporation's, company's,
18 joint venture's, or partnership's work. The corporation, limited liability company, joint venture, or
19 partnership and its individual designee shall be jointly and severally liable and responsible for the
20 payment of the registration fee, as required in this chapter, and for compliance with all requirements
21 and violations of any provisions of this chapter and the regulations promulgated thereunder.
22 Disciplinary action taken on a registration held by a corporation, partnership, limited liability
23 company, joint venture, individual, or sole proprietor may affect other registrations held by the
24 same corporation, partnership, limited liability company, joint venture, individual, or sole
25 proprietorship, and shall also be grounds for the board or office to deny and preclude future
26 registration by any corporation, partnership, limited liability company, joint venture, individual, or
27 sole proprietorship where the disciplined registrant and the applicant for registration have an
28 individual principal and/or responsible designee in common.

29 (b) A registered partnership, limited liability company, or corporation shall notify the board
30 in writing immediately upon any change in partners or corporate officers.

31 (c) A city, town, or the state shall not issue a building permit to anyone required to be
32 registered under this chapter who does not have a current, valid registration or valid license. Each
33 city, town, or the state that requires the issuance of a permit as a condition precedent to construction,
34 alteration, improvement, demolition, movement, or repair of any building or structure or the

1 appurtenance to the structure shall also require that each applicant for the permit as a condition to
2 issuing the permit, is registered under the provisions of this chapter, giving the number of the
3 registration and stating that the registration is in full force and effect, or, if the applicant is exempt
4 from the provisions of this chapter, listing the basis for the exemption. The city, town, or the state
5 shall list the contractor's registration number on the permit obtained by that contractor, and if a
6 homeowner is issued a permit, the building inspector or official must ascertain registration numbers
7 of each contractor on the premises and shall inform the registration board of any non-registered
8 contractors performing work at the site.

9 (d) Every city and town that requires the issuance of a business license as a condition
10 precedent to engaging, within the city or town, in a business that is subject to regulation under this
11 chapter, shall require that each licensee and each applicant for issuance or renewal of the license
12 file, or has on file, with the city or town a signed statement that the licensee or applicant is registered
13 under the provisions of this chapter and stating that the registration is in full force and effect.

14 (e) It shall be prima facie evidence of doing business as a contractor when a person for that
15 person's own use performs, employs others to perform, or for compensation and with the intent to
16 sell the structure, arranges to have performed any work described in ~~§ 5-65-1(4)~~ the definition for
17 "contract for construction", § 5-65-1(6), if within any one twelve-month (12) period that person
18 offers for sale one or more structures on which that work was performed.

19 (f) Registration under this chapter shall be prima facie evidence that the registrant conducts
20 a separate, independent business.

21 (g) The provisions of this chapter shall be exclusive and no city or town shall require or
22 shall issue any registrations or licenses nor charge any fee for the regulatory registration of any
23 contractor registered with the board. Nothing in this subsection shall limit or abridge the authority
24 of any city or town to license and levy and collect a general and nondiscriminatory license fee
25 levied upon all businesses, or to levy a tax based upon business conducted by any firm within the
26 city or town's jurisdiction, if permitted under the laws of the state.

27 (h)(1) Every contractor shall maintain a list that shall include the following information
28 about all subcontractors or other contractors performing work on a structure for that contractor:

- 29 (i) Names and addresses; and
- 30 (ii) Registration numbers or other license numbers.

31 (2) The list referred to in subsection (h)(1) of this section shall be delivered to the board
32 within twenty-four (24) hours after a request is made during reasonable working hours, or a fine of
33 twenty-five dollars (\$25.00) may be imposed for each offense.

34 (i) The following subcontractors who are not employees of a registered contractor must

1 obtain a registration certificate prior to conducting any work: (1) Carpenters, including finish
2 carpenters and framers; (2) Siding installers; (3) Roofers; (4) Foundation installers, including
3 concrete installers and form installers; (5) Drywall installers; (6) Plasterers; (7) Insulation installers;
4 (8) Ceramic tile installers; (9) Floor covering installers; (10) Swimming pool installers, both above
5 ground and in ground; (11) Masons, including chimney installers, fireplace installers, and general
6 masonry erectors; (12) Hardscape installers; (13) Power washers who perform work on structures;
7 and (14) Painters. This list is not all inclusive and shall not be limited to the above-referenced
8 contractors. No subcontractor licensed by another in-state agency pursuant to § 5-65-2 shall be
9 required to register, provided that said work is performed under the purview of that license.

10 (j) A contractor including, but not limited to, a general contractor, shall not hire any
11 subcontractor or other contractor to work on a structure unless the contractor is registered under
12 this chapter or exempt from registration under the provisions of § 5-65-2.

13 (k) A summary of this chapter, prepared by the board and provided at cost to all registered
14 contractors, shall be delivered by the contractor to the owner when the contractor begins work on
15 a structure; failure to comply may result in a fine.

16 (l) The registration number of each contractor shall appear in any advertising by that
17 contractor. Advertising in any form by an unregistered contractor shall be prohibited, including
18 alphabetical or classified directory listings, vehicles, business cards, and all other forms of
19 advertisements. The violations may result in a penalty being assessed by the board per
20 administrative procedures established.

21 (i) The board may publish, revoke, or suspend registrations and the date the registration
22 was suspended or revoked on a quarterly basis.

23 (ii) Use of the word “license” in any form of advertising when only registered may subject
24 the registrant or those required to be registered to a fine of one hundred dollars (\$100) for each
25 offense at the discretion of the board.

26 (m) The contractor must see that permits required by the state building code are secured on
27 behalf of the owner prior to commencing the work involved. The contractor’s registration number
28 must be affixed to the permit as required by the state building code.

29 (n) [Deleted by P.L. 2022, ch. 251, § 1 and P.L. 2022, ch. 252, § 1.]

30 (o) All work performed, including labor and materials, in excess of one thousand dollars
31 (\$1,000) shall be accompanied by a contract in writing. Contracts required pursuant to this
32 subsection shall include consumer disclosures and information required pursuant to regulations
33 promulgated by the board and the following notice by the contractor to the homeowner:

34 NOTICE OF POSSIBLE MECHANIC'S LIEN

1 To: Insert name of owner, lessee, or tenant, or owner of less than the fee simple.

2 The undersigned is about to perform work and/or furnish materials for the construction,
3 erection, alterations, or repair upon the land at (INSERT ADDRESS) under contract with you.

4 This is a notice that the undersigned and any other persons who provide labor and materials for
5 the improvement under contract with the undersigned may file a mechanic's lien upon the land in
6 the event of nonpayment to them. It is your responsibility to assure yourself that those other
7 persons under contract with the undersigned receive payment for their work performed and
8 materials furnished for the construction, erection, alteration, or repair upon the land.

9 Failure to adhere to the provisions of this subsection may result in a one-thousand-dollar
10 fine (\$1,000) against the contractor and shall not affect the right of any other person performing
11 work or furnishing materials of claiming a lien pursuant to chapter 28 of title 34. However, the
12 person failing to provide the notice shall indemnify and hold harmless any owner, lessee, or tenant,
13 or owner of less than the fee simple, from any payment or costs incurred on account of any lien
14 claims by those not in privity with them, unless the owner, lessee, or tenant, or owner of less than
15 the fee simple, shall not have paid such person.

16 (p) Contracts entered into must contain notice of right of rescission as stipulated in all
17 pertinent Rhode Island consumer protection laws and/or § 5-65-27, if applicable.

18 The contractor must stipulate whether or not all the proper insurances are in effect for each
19 job contracted.

20 A notice of possible mechanic's lien given in accordance with the requirements of § 34-
21 28-4.1 shall satisfy the notice of possible mechanic's lien required pursuant to subsection (o) of
22 this section.

23 (q) In addition to the requirements of this chapter, contractors engaged in well-drilling
24 activities shall also be subject to regulations pertaining to licensing and registration promulgated
25 by the contractors' registration and licensing board pursuant to chapter 65.2 of this title and § 46-
26 13.2-4.

27 **5-65-5. Application for registration — Continuing education.**

28 (a) A person who wishes to register as a contractor shall submit an application in a manner
29 as prescribed by the board or office. The application shall include:

30 (1) Workers' compensation insurance account number, or company name if a number has
31 not yet been obtained, if applicable;

32 (2) Unemployment insurance account number, if applicable;

33 (3) State withholding tax account number, if applicable;

34 (4) Federal employer identification number, if applicable, or if self-employed and

1 participating in a retirement plan;

2 (5)(i) The individual(s) name and business address and residential address of:

3 (A) Each partner or venturer, if the applicant is a partnership or joint venture;

4 (B) The owner, if the applicant is an individual proprietorship;

5 (C) The corporate officers, ~~members, and managers~~ and a copy of ~~corporate papers~~ the
6 articles of incorporation filed with the Rhode Island secretary of state's office, if the applicant is
7 a corporation; the members and managers and a copy of the articles of organization filed with
8 the Rhode Island secretary of state's office if the applicant is a limited liability company

9 (ii) Post office boxes are not acceptable as the only address;

10 (6) A statement as to whether or not the applicant has previously applied for registration,
11 or is or was an officer, manager, member, partner, or venturer of an applicant who previously
12 applied for registration and if so, the name of the corporation, limited liability company,
13 partnership, or venture; and

14 (7) Valid insurance certificate for the type of work being performed and as required under
15 § 5-65-7.

16 (b) A person may be prohibited from registering or renewing a registration as a contractor
17 under the provisions of this chapter or his or her registration may be revoked or suspended if he or
18 she has any unsatisfied or outstanding judgments from arbitration, bankruptcy, courts, or
19 administrative agency against him or her relating to his or her work as a contractor, and provided,
20 further, that a statement shall be provided to the board attesting to the information herein.

21 (c) Failure to provide or falsified information on an application, or any document required
22 by this chapter, is punishable by a fine not to exceed ten thousand dollars (\$10,000) and/or denial
23 or revocation of the registration, or both.

24 (d) An applicant must be at least eighteen (18) years of age.

25 (e) For new applications, satisfactory proof shall be provided to the board evidencing the
26 completion of five (5) hours of preregistration education units as determined by the board pursuant
27 to established regulations.

28 (f) For renewal applications, satisfactory proof shall be provided to the board evidencing
29 the completion of two and one-half (2.5) hours of continuing education units that will be required
30 to be maintained by residential contractors as a condition of registration as determined by the board
31 pursuant to established regulations.

32 (g) A certification in a form issued by the board shall be completed upon registration or
33 license or renewal to ensure contractors are aware of certain provisions of this law and shall be
34 signed by the registrant before a registration can be issued or renewed.

1 SECTION 3. Section 11-47-8 of the General Laws in Chapter 11-47 entitled "Weapons" is
2 hereby amended to read as follows:

3 **11-47-8. License or permit required for carrying pistol — Other weapons prohibited.**

4 (a) No person shall, without a license or permit issued as provided in §§ 11-47-11, 11-47-
5 12, and 11-47-18, carry a pistol or revolver in any vehicle or conveyance or on or about his or her
6 person whether visible or concealed, except in his or her dwelling house or place of business or on
7 land possessed by him or her or as provided in §§ 11-47-9 and 11-47-10. The provisions of these
8 sections shall not apply to any person who is the holder of a valid license or permit issued by the
9 licensing authority of another state, or territory of the United States, or political subdivision of the
10 state or territory, allowing him or her to carry a pistol or revolver in any vehicle or conveyance or
11 on or about his or her person whether visible or concealed, provided the person is merely
12 transporting the firearm through the state in a vehicle or other conveyance without any intent on
13 the part of the person to detain him or herself or remain within the state of Rhode Island. No person
14 shall manufacture, sell, purchase, or possess a machine gun except as otherwise provided in this
15 chapter. Every person violating the provision of this section shall, upon conviction, be punished by
16 imprisonment for not less than one nor more than ten (10) years, or by a fine up to ten thousand
17 dollars (\$10,000), or both, and except for a first conviction under this section, shall not be afforded
18 the provisions of suspension or deferment of sentence, nor a probation.

19 (b) No person shall have in his or her possession or under his or her control any sawed-off
20 shotgun or sawed-off rifle as defined in § 11-47-2. Any person convicted of violating this
21 subsection shall be punished by imprisonment for up to ten (10) years, or by a fine of up to five
22 thousand dollars (\$5,000), or both.

23 (c) No person shall have in his or her possession or under his or her control any firearm
24 while the person delivers, possesses with intent to deliver, or manufactures a controlled substance.
25 Any person convicted of violating this subsection shall be punished by imprisonment for not less
26 than two (2) years nor more than twenty (20) years, and the sentence shall be consecutive to any
27 sentence the person may receive for the delivery, possession with intent to deliver, or the
28 manufacture of the controlled substance. It shall not be a defense to a violation of this subsection
29 that a person has a license or permit to carry or possess a firearm.

30 (d) It shall be unlawful for any person to possess a bump-fire device, binary trigger, trigger
31 crank, or any other device that when attached to a semi-automatic weapon allows full-automatic
32 fire. Individuals who possess these items shall have ninety (90) days from the enactment of this
33 section to either sell, destroy, or otherwise remove these items from the state of Rhode Island. Every
34 person violating the provisions of this section shall, upon conviction, be punished by imprisonment

1 for not less than one nor more than ten (10) years, or by a fine up to ten thousand dollars (\$10,000),
2 or both, and, except for a first conviction under this section, shall not be afforded the provisions of
3 suspension or deferment of sentence, nor a probation.

4 (e) No person shall manufacture, sell, offer to sell, transfer, purchase, possess, or have
5 under his or her control a ghost gun or an undetectable firearm or any firearm produced by a 3D
6 printing process. Any person convicted of violating this subsection shall be punished by
7 imprisonment of not more than ten (10) years, or by a fine up to ten thousand dollars (\$10,000), or
8 both and except for a first conviction under this section shall not be afforded the provisions of
9 suspension or deferment of sentence, probation, nor fine. These provisions shall not apply to
10 federally licensed manufacturers (~~FLN~~ [Federal Firearm License Type 07](#)) pursuant to Alcohol,
11 Tobacco, Firearms, and Explosives (ATF) regulations.

12 SECTION 4. Section 17-20-9 of the General Laws in Chapter 17-20 entitled "Mail Ballots"
13 is hereby amended to read as follows:

14 **17-20-9. Application by permanently disabled or incapacitated voters and nursing**
15 **home residents.**

16 (a) A voter who is indefinitely confined because of physical illness or infirmity or is
17 disabled for an indefinite period or who is a long-term resident in a nursing home, may, by signing
18 an affidavit to that effect, request that a mail ballot application be sent to him or her automatically
19 for every election. The affidavit form and instructions shall be prescribed by the secretary of state,
20 and furnished upon request to any elector by each local board of canvassers. The envelope
21 containing the mail ballot application shall be clearly marked as not forwardable. If any elector is
22 no longer indefinitely confined or is no longer residing in a nursing home, he or she shall notify the
23 clerk of the local board of canvassers of this fact. The clerk shall remove the name of any voter
24 from the mailing list established under this section upon receipt of reliable information that a voter
25 no longer qualifies for the service. The voter shall be notified of the action within five (5) days after
26 the board takes the action.

27 (b) The affidavit form and instructions prescribed in this section shall be mailed to the
28 applicant along with a stamped return envelope addressed to the local boards of canvassers. The
29 secretary of state may process applications pursuant to this section through the online mail ballot
30 application portal established by § 17-20-2.3.

31 (c) For purposes of this section, "nursing home" refers to facilities defined and licensed by
32 the department of health. "Long-term" excludes any residents temporarily residing in such a facility
33 for rehabilitation.

34 (d) The secretary of state shall maintain a list in the central voter registration system of all

1 voters who automatically receive applications for mail ballots, pursuant to this section.

2 (e) *[Expires December 31, 2025.]* Eligible disabled voters shall be entitled to electronically
3 receive and return their mail ballot, using the same electronic transmission system as that used by
4 voters covered by the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA). This
5 electronic process shall satisfy the federal Rehabilitation Act, section 508 concerning accessibility
6 standards.

7 (f) *[Expires December 31, 2025.]* For purposes of this section, “eligible disabled voter”
8 means a **disabled** person with disabilities eligible to vote who is incapacitated to such an extent
9 that it would be an undue hardship to vote at the polls because of illness, mental or physical
10 disability, blindness, or a serious impairment of mobility.

11 SECTION 5. Sections 19-14-3 and 19-14-10 of the General Laws in Chapter 19-14 entitled
12 "Licensed Activities" are hereby amended to read as follows:

13 **19-14-3. Application for license.**

14 (a) The application for a license shall be in the form prescribed by the director and shall
15 contain the name and address or addresses where the business of the applicant is located and if the
16 applicant is a partnership, association, corporation, or other form of business organization, the
17 names and addresses of each member, director, and principal officer thereof ~~or~~ and any individual
18 acting in the capacity of the manager of an office location. The application shall also include a
19 description of the activities of the applicant, in such detail and for such periods as the director may
20 require, as well as such further information as the director may require. The director may require a
21 background investigation of each applicant for a license by means of fingerprint checks pursuant
22 to §§ 19-14-7 and 42-14-14, utilizing the Federal Bureau of Investigation, or other agency as
23 determined by the director for state and national criminal history record checks. If the applicant is
24 a partnership, association, corporation, or other form of business organization, the director may
25 require a background investigation by means of fingerprint checks on each member, director,
26 trustee, or principal officer of the applicant and any individual acting in the capacity of the manager
27 of an office location. The director will determine by rule those items of information appearing on
28 a criminal records check that will constitute disqualifying information and therefore render the
29 applicant ineligible for licensing under this chapter in accordance with the provisions of § 19-14-
30 7. Each application for a license shall be accompanied by an investigation fee. The applicant at the
31 time of making application shall pay to the department a fee equal to the annual license fee as
32 provided in this chapter and the sum of one half (½) of the annual license fee as a fee for
33 investigating the application. The license shall be continuous and the license fee shall cover the
34 period through December 31 of each year. The annual license fee for any application approved after

1 November 1 of any given year shall satisfy the annual license fee requirement through the end of
2 the next succeeding calendar year ending December 31. The director, or the director's designee, is
3 authorized to participate in a multistate licensing system for licensees. The director may establish
4 requirements for participation by an applicant for a license or a person licensed under this chapter.
5 Any such requirements that may be established by the director shall be published on the website of
6 the department of business regulation. Upon implementation, participation by an applicant for a
7 license or by a person licensed under the provisions of this chapter shall be mandatory. The
8 applicant may be required to [pay](#) an additional fee for a license or other participation in such
9 multistate licensing system.

10 (b) [Reserved].

11 (c) [Reserved].

12 (d) Any license issued under the provisions of former § 5-66-2 shall remain in full force
13 and effect until its expiration and shall be subject to the provisions of this chapter.

14 (e) An applicant for issuance of a mortgage loan originator license shall file with the
15 director, or the director's designee, evidence acceptable to the director, or the director's designee,
16 that said applicant has complied with the provisions of §§ 19-14.10-5, 19-14.10-7 and 19-14.10-8.

17 **19-14-10. Agent for service of process.**

18 (a) Every licensee shall appoint, and thereafter maintain, in this state a resident agent with
19 authority to accept process for the licensee in this state, including the process of garnishment.

20 (1) The appointment shall be filed with the director, or the director's designee,
21 electronically through the Nationwide Multistate Licensing System. The designation of an agent
22 shall provide all contact information, including the business address, street, and number, if any, of
23 the resident agent. Thereafter, if the resident agent changes his or her business address or other
24 contact information, the licensee shall, within ten (10) days after any change, file electronically
25 through the Nationwide Multistate Licensing System notice of the change setting forth the agent's
26 current business address or other contact information.

27 (2) If the resident agent dies, resigns, or leaves the state, the licensee shall make a new
28 appointment and file the new appointment electronically through the Nationwide Multistate
29 Licensing System. The original designation shall not be revoked until new appointment shall have
30 been given to some other competent person resident in this state and filed with the department.

31 (3) Service of process upon the resident agent shall be deemed sufficient service upon the
32 licensee.

33 (4) Any licensee who fails to appoint a resident agent and file the appointment
34 electronically through the Nationwide Multistate Licensing System, or fails to replace a resident

1 agent for a period of thirty (30) days from vacancy, shall be liable for a penalty not exceeding five
2 hundred dollars (\$500) and shall be subject to suspension or revocation of the license.

3 (5) Upon the filing of any appointment required by this section, a fee of twenty-five dollars
4 (\$25.00) shall be paid to the director for the use of the state.

5 (6) Any licensee that is a corporation and complies with the provisions of chapter 1.2 of
6 title 7 is exempt from the filing requirements of this section. Any licensee that is a limited
7 partnership or limited liability company and complies with the provisions of chapters ~~13~~ [13.1](#) and
8 16 of title 7 is exempt from the requirements of this section.

9 (b) Any process, including the process of garnishment, may be served upon the director, or
10 the director's designee, as agent of the licensee in the event that no resident agent can be found
11 upon whom service can be made, or in the event that the licensee has failed to designate a resident
12 agent as required, and process may be served by leaving a copy of the process with a fee of twenty-
13 five dollars (\$25.00) which shall be included in the taxable costs of the suit, action, or proceeding,
14 in the hands of the director, or the director's designee. This manner of service upon the licensee
15 shall be sufficient, provided that notice of service and a copy of the process shall be immediately
16 sent by certified mail by the plaintiff, or the plaintiff's attorney of record, to the licensee at the
17 latest address filed with the director, or the director's designee. If the licensee has not filed his or
18 her address pursuant to this chapter, notice of service shall be given in any manner that the court in
19 which the action is pending may order as affording the licensee reasonable opportunity to defend
20 the action or to learn of the garnishment. Nothing contained in this section shall limit or affect the
21 right to serve process upon a licensee in any other manner now or hereafter permitted by law.

22 SECTION 6. Sections 19-14.9-3, 19-14.9-5, 19-14.9-12 and 19-14.9-13 of the General
23 Laws in Chapter 19-14.9 entitled "Rhode Island Fair Debt Collection Practices Act" are hereby
24 amended to read as follows:

25 **19-14.9-3. Definitions.**

26 For the purposes of this chapter, the following terms shall have the following meaning
27 unless the context otherwise requires:

28 (1) "Consumer" means any person obligated or allegedly obligated to pay any debt, as
29 defined by 15 U.S.C. § 1692a.

30 (2) "Consumer reporting agency" means any person which, for monetary fees, dues, or on
31 a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or
32 evaluating consumer credit information or other information on consumers for the purpose of
33 furnishing consumer reports to third parties.

34 (3) "Creditor" means any person who offers or extends credit creating a debt or to whom a

1 debt is owed, but the term shall not include a person to the extent that he/she receives an assignment
2 or transfer of a debt in default solely for the purpose of facilitating collection of the debt.

3 (4) "Debt" means any obligation or alleged obligation of a consumer to pay money arising
4 out of a transaction in which the money, property, insurance, or services that are the subject of the
5 transaction are primarily for personal, family, or household purposes, whether or not the obligation
6 has been reduced to judgment.

7 (5) "Debt collector" means any person who uses an instrumentality of interstate commerce
8 or the mails in any business the principal purpose of which is the collection of any debts, or who
9 regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be
10 owed or due another. Notwithstanding the exclusion provided by clause (f) below, debt collector
11 shall include a creditor who, in the process of collecting his/her own debt, uses any name other than
12 his/her own which would indicate that a third person is collecting or attempting to collect the debt.
13 Debt collector shall also include a person who uses an instrumentality of interstate commerce or
14 the mails in a business the principal purpose of which is the enforcement of security interests. Debt
15 collector shall not include:

16 (a) An officer or employee of a creditor while, in the name of the creditor, collecting debts
17 for the creditor;

18 (b) A person while acting as a debt collector for another person, both of whom are related
19 by common ownership or affiliated by corporate control, if the person acting as a debt collector
20 does so only for a person to whom it is so related or affiliated and if the principal business of the
21 person is not the collection of a debt;

22 (c) An officer or employee of the United States or a state of the United States to the extent
23 that collecting or attempting to collect a debt is in the performance of his/her official duty;

24 (d) A person while serving or attempting to serve legal process on another person in
25 connection with the judicial enforcement of a debt;

26 (e) A nonprofit organization that, at the request of a consumer, performs bona fide
27 consumer credit counseling and assists the consumer in the liquidation of debts by receiving
28 payments from the consumer and distributing the amounts to creditors;

29 (f) A person collecting or attempting to collect a debt owed or due or asserted to be owed
30 or due another to the extent the activity:

31 ~~(1)~~(i) Is incidental to a bona fide fiduciary obligation or a bona fide escrow arrangement;

32 or

33 ~~(2)~~(ii) Concerns a debt that was originated by the person;

34 ~~(3)~~(iii) Concerns a debt that was not in default at the time it was obtained by the person or

1 in connection with a debt secured by a mortgage, when first serviced by the person;

2 ~~(4)(iv)~~ Concerns a debt obtained by the person as a secured party in a commercial credit
3 transaction involving the creditor;

4 (g) Attorneys-at-law collecting a debt on behalf of a client;

5 (h) An agent or independent contractor employed for the purpose of collecting a charge or
6 bill owed by a tenant to a landlord or owed by a customer to a corporation subject to the supervision
7 of the department of business regulation insofar as the person collects charges or bills only for the
8 landlord or supervised corporations.

9 (6) "Department" means the department of business regulation.

10 (7) "Director" means the director of the department of business regulation, or the director's
11 designee.

12 ~~"Obligor" means an individual or company that owes the debt created by the issuing
13 of a bond required under § 19-14.9-13.~~

14 (8) "Registrant" means an entity registered under this chapter.

15 SECTION 7. Section 19-14.9-5 of the General Laws in Chapter 19-14.9 entitled "Rhode
16 Island Fair Debt Collection Practices Act" is hereby amended to read as follows:

17 **19-14.9-5. Communication in connection with debt collection.**

18 (1) Without the prior consent of the consumer given directly to the debt collector or the
19 express permission of a court of competent jurisdiction, a debt collector may not communicate with
20 a consumer in connection with the collection of any debt:

21 (a) At any unusual time or place or a time or place known or which should be known to be
22 inconvenient to the consumer. In the absence of knowledge of circumstances to the contrary, a debt
23 collector shall assume that the convenient time for communicating with a consumer is after 8
24 o'clock A.M. and before 9 o'clock P.M. local time at the consumer's location;

25 (b) If the debt collector knows the consumer is represented by an attorney with respect to
26 such debt and has knowledge of, or can readily ascertain, such attorney's name and address, unless
27 the attorney fails to respond within a reasonable period of time to a communication from the debt
28 collector or unless the attorney consents to direct communication with the consumer; or

29 (c) At the consumer's place of employment if the debt collector knows or has reason to
30 know that the consumer's employer prohibits the consumer from receiving such communication.

31 (2) Except as provided in § 19-14.9-4, without the prior consent of the consumer given
32 directly to the debt collector, or the express permission of a court of competent jurisdiction, or as
33 reasonably necessary to effectuate a postjudgment judicial remedy, a debt collector may not
34 communicate, in connection with the collection of any debt, with any person other than the

1 consumer, his/her attorney, a consumer reporting agency if otherwise permitted by law, the creditor,
2 the attorney of the creditor, or the attorney of the debt collector.

3 (3) If a consumer notifies a debt collector in writing that the consumer refuses to pay a debt
4 or that the consumer wishes the debt collector to cease further communication with the consumer,
5 the debt collector shall not communicate further with the consumer with respect to such debt,
6 except:

7 (a) To advise the consumer that the debt collector's further efforts are being terminated;

8 (b) To notify the consumer that the debt collector or creditor may invoke specified remedies
9 that are ordinarily invoked by such debt collector or creditor; or

10 (c) Where applicable, to notify the consumer that the debt collector or creditor intends to
11 invoke a specified remedy.

12 (4) If such notice from the consumer pursuant to subsection (3) of this section is made
13 by mail, notification shall be complete upon receipt.

14 ~~(4)~~(5) For the purpose of this section, the term "consumer" shall also include the
15 consumer's spouse, parent (if the consumer is a minor), guardian, executor, or administrator.

16 SECTION 8. Section 19-14.9-12 of the General Laws in Chapter 19-14.9 entitled "Rhode
17 Island Fair Debt Collection Practices Act" is hereby amended to read as follows:

18 **19-14.9-12. Registration required.**

19 (1) After July 1, 2008, no person shall engage within this state in the business of a debt
20 collector, or engage in soliciting the right to collect or receive payment for another of an account,
21 bill, or other indebtedness, or advertise for or solicit in print the right to collect or receive payment
22 for another of an account, bill, or other indebtedness, without first registering with the director, or
23 the director's designee.

24 (2) The application for registration shall be in writing; shall contain information as the
25 director may determine; and shall be accompanied by a registration fee of seven hundred fifty
26 dollars (\$750).

27 (3) The registration shall be for a period of one year. Each registration shall plainly state
28 the name of the registrant and the city or town with the name of the street and number, if any, of
29 the place where the business is to be carried on; provided that the business shall at all times be
30 conducted in the name of the registrant as it appears on the registration.

31 (4) No person registered to act within this state as a debt collector shall do so under any
32 other name or at any other place of business than that named in the registration. The registration
33 shall be for a single location but may, with notification to the director, be moved to a different
34 location. A registration shall not be transferable or assignable.

1 (5) This section shall not apply:

2 (a) To the servicer of a debt by a mortgage; or

3 (b) To any debt collector located out of this state, provided that the debt collector:

4 ~~(i)~~ (i) Is collecting debts on behalf of an out-of-state creditor for a debt that was incurred
5 out of state; and

6 ~~(ii)~~ (ii) Only collects debts in this state using interstate communication methods, including
7 telephone, facsimile, or mail.

8 (c) To any regulated institution as defined under § 19-1-1, national banking association,
9 federal savings bank, federal savings and loan association, federal credit union, or any bank, trust
10 company, savings bank, savings and loan association, or credit union organized under the laws of
11 this state, or any other state of the United States, or any subsidiary of the above; but except as
12 provided herein, this section shall apply to a subsidiary or affiliate, as defined by the director, of an
13 exempted entity and of a bank holding company established in accordance with state or federal law.

14 SECTION 9. Section 19-14.9-13 of the General Laws in Chapter 19-14.9 entitled "Rhode
15 Island Fair Debt Collection Practices Act" is hereby amended to read as follows:

16 **19-14.9-13. Remedies and penalties.**

17 (1) Any person who engages in the business of a debt collector without a registration as
18 required by § 19-14.9-12, shall, upon conviction, be fined not more than two thousand dollars
19 (\$2,000) or imprisoned not more than one year, or both.

20 (2) Any debt collector who fails to comply with the provisions of §§ 19-14.9-4 — 19-14.9-
21 11 with respect to a consumer may be subject to revocation of registration and shall be civilly liable
22 to such consumer in an amount equal to the sum of:

23 (a) Any actual damages sustained by such consumer as a result of such failure;

24 (b) In the case of any action by an individual, such additional damages as the court may
25 allow, but not to exceed one thousand dollars (\$1,000);

26 (c) In the case of a class action:

27 ~~(i)~~ (i) Such amount for each named plaintiff as could be recovered under subsection (2)(b);

28 ~~(ii)~~ (ii) Such amount as the court may allow for all other class members, without regard to
29 a minimum individual recovery, not to exceed five hundred thousand dollars (\$500,000) or one
30 percent of the net worth of the debt collector, whichever is the lesser;

31 (d) In the case of any successful action to enforce such liability, the costs of the action,
32 together with such reasonable attorney fees as may be determined by the court.

33 (3) In determining the amount of liability in any action under subsection (2), the court shall
34 consider, among other relevant factors:

1 (a) In any individual action under subsection (2)(b), the frequency and persistence of
2 noncompliance by the debt collector or the nature of such noncompliance, and the extent to which
3 such noncompliance was intentional;

4 (b) In any class action under subsection (2)(c), the frequency and persistence of
5 noncompliance by the debt collector; the nature of such noncompliance; the resources of the debt
6 collector; the number of persons adversely affected; and the extent to which the debt collector's
7 noncompliance was intentional.

8 (4) A debt collector may not be held liable in any action brought pursuant to the provisions
9 of this chapter if:

10 (a) The debt collector shows by a preponderance of evidence that the violation was not
11 intentional or negligent and the violation resulted from a bona fide error, notwithstanding the
12 maintenance of procedures reasonably adapted to avoid any such error; or

13 (b) Within fifteen (15) days, either after discovering a violation that is able to be cured, or
14 after the receipt of a written notice of such violation, the debt collector notifies the consumer of the
15 violation, and makes whatever adjustments or corrections are necessary to cure the violation with
16 respect to the consumer.

17 (5) An action to enforce any liability created by the provisions of this article may be brought
18 in any court of competent jurisdiction within one year from the date on which the violation occurs.

19 (6) The policy of this state is not to award double damages under this article and the federal
20 "Fair Debt Collection Practices Act" (15 U.S.C. § 1692 et seq.). No damages under this section
21 shall be recovered if damages are recovered for a like provision of said federal act.

22 SECTION 10. Section 27-1.1-1 of the General Laws in Chapter 27-1.1 entitled "Credit for
23 Reinsurance Act" is hereby amended to read as follows:

24 **27-1.1-1. Credit allowed a domestic ceding insurer.**

25 (a) Credit for reinsurance shall be allowed a domestic ceding insurer as either an asset or a
26 reduction from liability on account of reinsurance ceded only when the reinsurer meets the
27 requirements of subsections (b), (c), (d), (e), (f), (g), or (h) of this section; provided, further, that
28 the commissioner may adopt by regulation pursuant to § 27-1.1-4 specific additional requirements
29 relating to or setting forth:

30 (1) The valuation of assets or reserve credits;

31 (2) The amount and forms of security supporting reinsurance arrangements described in §
32 27-1.1-4; and

33 (3) The circumstances pursuant to which credit will be reduced or eliminated.

34 Credit shall be allowed under subsections (b), (c), or (d) of this section only as respects

1 cessions of those kinds or classes of business which the assuming insurer is licensed or otherwise
2 permitted to write or assume in its state of domicile or, in the case of a United States branch of an
3 alien assuming insurer, in the state through which it is entered and licensed to transact insurance or
4 reinsurance. Credit shall be allowed under subsections (d) or (e) of this section only if the applicable
5 requirements of subsection (i) of this section have been satisfied.

6 (b) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that is
7 licensed to transact insurance or reinsurance in this state.

8 (c) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that is
9 accredited by the commissioner as a reinsurer in this state. In order to be eligible for an accreditation
10 a reinsurer must:

11 (1) File with the commissioner evidence of its submission to this state's jurisdiction;

12 (2) Submit to this state's authority to examine its books and records;

13 (3) Be licensed to transact insurance or reinsurance in at least one state, or in the case of a
14 United States branch of an alien assuming insurer, be entered through and licensed to transact
15 insurance or reinsurance in at least one state;

16 (4) Annually file with the commissioner a copy of its annual statement filed with the
17 insurance department of its state of domicile and a copy of its most recent audited financial
18 statement; and

19 (5) Demonstrate to the satisfaction of the commissioner that it has adequate financial
20 capacity to meet its reinsurance obligations and is otherwise qualified to assume reinsurance from
21 domestic insurers. An assuming insurer is deemed to meet this requirement as of the time of its
22 application if it maintains a surplus as regards policyholders in an amount not less than twenty
23 million dollars (\$20,000,000) and its accreditation has not been denied by the commissioner within
24 ninety (90) days after submission of its application.

25 (d)(1) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that is
26 domiciled in, or in the case of a United States branch of an alien assuming insurer is entered
27 through, a state that employs standards regarding credit for reinsurance substantially similar to
28 those applicable under this statute and the assuming insurer or United States branch of an alien
29 assuming insurer:

30 (i) Maintains a surplus regarding policyholders in an amount not less than twenty million
31 dollars (\$20,000,000); and

32 (ii) Submits to the authority of this state to examine its books and records.

33 (2) Provided, that the requirement of subsection (d)(1)(i) of this section does not apply to
34 reinsurance ceded and assumed pursuant to pooling arrangements among insurers in the same

1 holding company system.

2 (e)(1) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that
3 maintains a trust fund in a qualified United States financial institution, as defined in § 27-1.1-3(b),
4 for the payment of the valid claims of its United States ceding insurers, their assigns, and successors
5 in interest. To enable the commissioner to determine the sufficiency of the trust fund, the assuming
6 insurer shall report annually to the commissioner information substantially the same as that required
7 to be reported on the National Association of Insurance Commissioners (NAIC) annual statement
8 form by licensed insurers. The assuming insurer shall submit to examination of its books and
9 records by the commissioner and bear the expense of examination.

10 (2)(i) Credit for reinsurance shall not be granted under this subsection unless the form of
11 the trust and any amendments to the trust have been approved by:

12 (A) The commissioner of the state where the trust is domiciled; or

13 (B) The commissioner of another state who, pursuant to the terms of the trust instrument,
14 has accepted principal regulatory oversight of the trust.

15 (ii) The form of the trust and any trust amendments shall also be filed with the
16 commissioner of every state in which the ceding insurer beneficiaries of the trust are domiciled.
17 The trust instrument shall provide that contested claims shall be valid and enforceable upon the
18 final order of any court of competent jurisdiction in the United States. The trust shall vest legal title
19 to its assets in its trustees for the benefit of the assuming insurer's United States ceding insurers,
20 their assigns, and successors in interest. The trust and the assuming insurer shall be subject to
21 examination as determined by the commissioner.

22 (iii) The trust shall remain in effect for as long as the assuming insurer has outstanding
23 obligations due under the reinsurance agreements subject to the trust. No later than February 28 of
24 each year the trustee of the trust shall report to the commissioner in writing the balance of the trust
25 and listing the trust's investments at the preceding year end and shall certify the date of termination
26 of the trust, if so planned, or certify that the trust will not expire prior to the following December
27 31.

28 (3) The following requirements apply to the following categories of assuming insurer:

29 (i) The trust fund for a single assuming insurer shall consist of funds in trust in an amount
30 not less than the assuming insurer's liabilities attributable to reinsurance ceded by United States
31 ceding insurers, and, in addition, the assuming insurer shall maintain a trusteed surplus of not less
32 than twenty million dollars (\$20,000,000), except as provided in subsection (e)(3)(ii);

33 (ii) At any time after the assuming insurer has permanently discontinued underwriting new
34 business secured by the trust for at least three (3) full years, the commissioner with principal

1 regulatory oversight of the trust may authorize a reduction in the required trustee surplus, but only
2 after a finding, based on an assessment of the risk, that the new required surplus level is adequate
3 for the protection of United States ceding insurers, policyholders, and claimants in light of
4 reasonably foreseeable adverse loss development. The risk assessment may involve an actuarial
5 review, including an independent analysis of reserves and cash flows, and shall consider all material
6 risk factors, including, when applicable, the lines of business involved; the stability of the incurred
7 loss estimates; and the effect of the surplus requirements on the assuming insurer's liquidity or
8 solvency. The minimum required trustee surplus may not be reduced to an amount less than thirty
9 percent (30%) of the assuming insurer's liabilities attributable to reinsurance ceded by United
10 States ceding insurers covered by the trust;

11 (iii)(A) In the case of a group including incorporated and individual unincorporated
12 underwriters:

13 (I) For reinsurance ceded under reinsurance agreements with an inception, amendment or
14 renewal date on or after January 1, 1993, the trust shall consist of a trustee account in an amount
15 not less than the respective underwriters' several liabilities attributable to business ceded by United
16 States domiciled ceding insurers to any underwriter of the group;

17 (II) For reinsurance ceded under reinsurance agreements with an inception date on or
18 before December 31, 1992, and not amended or renewed after that date, notwithstanding the other
19 provisions of this chapter, the trust shall consist of a trustee account in an amount not less than
20 the respective underwriters' several insurance and reinsurance liabilities attributable to business
21 written in the United States;

22 (III) In addition to these trusts, the group shall maintain in trust a trustee surplus of which
23 one hundred million dollars (\$100,000,000) shall be held jointly for the benefit of the United States
24 domiciled ceding insurers of any member of the group for all years of account;

25 (B) The incorporated members of the group shall not be engaged in any business other than
26 underwriting as a member of the group and shall be subject to the same level of regulation and
27 solvency control by the group's domiciliary regulator as are the unincorporated members;

28 (C) Within ninety (90) days after its financial statements are due to be filed with the group's
29 domiciliary regulator, the group shall provide to the commissioner an annual certification by the
30 group's domiciliary regulator of the solvency of each underwriter member; or if a certification is
31 unavailable, financial statements, prepared by independent public accountants, of each underwriter
32 member of the group; and

33 (iv) In the case of a group of incorporated underwriters under common administration the
34 group shall:

1 (A) Have continuously transacted an insurance business outside the United States for at
2 least three (3) years immediately prior to making application for accreditation;

3 (B) Maintain an aggregate policyholders surplus of ten billion dollars (\$10,000,000,000);

4 (C) Maintain a trust fund in an amount not less than the group's several liabilities
5 attributable to business ceded by United States domiciled ceding insurers to any member of the
6 group pursuant to reinsurance contracts issued in the name of the group;

7 (D) In addition, maintain a joint trusteed surplus of which one hundred million dollars
8 (\$100,000,000) shall be held jointly for the benefit of United States domiciled ceding insurers of
9 any member of the group as additional security for these liabilities; and

10 (E) Within ninety (90) days after its financial statements are due to be filed with the group's
11 domiciliary regulator, make available to the commissioner an annual certification of each
12 underwriter member's solvency by the member's domiciliary regulator and financial statements of
13 each underwriter member of the group prepared by its independent public accountant.

14 (f) Credit shall be allowed when the reinsurance is ceded to an assuming insurer that has
15 been certified by the commissioner as a reinsurer in this state and secures its obligations in
16 accordance with the requirements of this subsection.

17 (1) In order to be eligible for certification, the assuming insurer shall meet the following
18 requirements:

19 (i) The assuming insurer must be domiciled and licensed to transact insurance or
20 reinsurance in a qualified jurisdiction, as determined by the commissioner pursuant to paragraph
21 (f)(3) of this subsection;

22 (ii) The assuming insurer must maintain minimum capital and surplus, or its equivalent, in
23 an amount to be determined by the commissioner pursuant to regulation;

24 (iii) The assuming insurer must maintain financial strength ratings from two or more rating
25 agencies deemed acceptable by the commissioner pursuant to regulation;

26 (iv) The assuming insurer must agree to submit to the jurisdiction of this state, appoint the
27 commissioner as its agent for service of process in this state, and agree to provide security for one
28 hundred percent (100%) of the assuming insurer's liabilities attributable to reinsurance ceded by
29 United States ceding insurers if it resists enforcement of a final United States judgment;

30 (v) The assuming insurer must agree to meet applicable information filing requirements as
31 determined by the commissioner, both with respect to an initial application for certification and on
32 an ongoing basis; and

33 (vi) The assuming insurer must satisfy any other requirements for certification deemed
34 relevant by the commissioner.

1 (2) An association including incorporated and individual unincorporated underwriters may
2 be a certified reinsurer. In order to be eligible for certification, in addition to satisfying requirements
3 of subsection (f)(1) above:

4 (i) The association shall satisfy its minimum capital and surplus requirements through the
5 capital and surplus equivalents (net of liabilities) of the association and its members, which shall
6 include a joint central fund that may be applied to any unsatisfied obligation of the association or
7 any of its members, in an amount determined by the commissioner to provide adequate protection;

8 (ii) The incorporated members of the association shall not be engaged in any business other
9 than underwriting as a member of the association and shall be subject to the same level of regulation
10 and solvency control by the association's domiciliary regulator as are the unincorporated members;
11 and

12 (iii) Within ninety (90) days after its financial statements are due to be filed with the
13 association's domiciliary regulator, the association shall provide to the commissioner an annual
14 certification by the association's domiciliary regulator of the solvency of each underwriter member;
15 or if a certification is unavailable, financial statements, prepared by independent public
16 accountants, of each underwriter member of the association.

17 (3) The commissioner shall create and publish a list of qualified jurisdictions, under which
18 an assuming insurer licensed and domiciled in such jurisdiction is eligible to be considered for
19 certification by the commissioner as a certified reinsurer.

20 (i) In order to determine whether the domiciliary jurisdiction of a non-United States
21 assuming insurer is eligible to be recognized as a qualified jurisdiction, the commissioner shall
22 evaluate the appropriateness and effectiveness of the reinsurance supervisory system of the
23 jurisdiction, both initially and on an ongoing basis, and consider the rights, benefits, and the extent
24 of reciprocal recognition afforded by the non-United States jurisdiction to reinsurers licensed and
25 domiciled in the United States. A qualified jurisdiction must agree to share information and
26 cooperate with the commissioner with respect to all certified reinsurers domiciled within that
27 jurisdiction. A jurisdiction may not be recognized as a qualified jurisdiction if the commissioner
28 has determined that the jurisdiction does not adequately and promptly enforce final United States
29 judgments and arbitration awards. Additional factors may be considered in the discretion of the
30 commissioner;

31 (ii) A list of qualified jurisdictions shall be published through the NAIC committee process.
32 The commissioner shall consider this list in determining qualified jurisdictions. If the commissioner
33 approves a jurisdiction as qualified that does not appear on the list of qualified jurisdictions, the
34 commissioner shall provide thoroughly documented justification in accordance with criteria to be

1 developed under regulations;

2 (iii) United States jurisdictions that meet the requirement for accreditation under the NAIC
3 financial standards and accreditation program shall be recognized as qualified jurisdictions; and

4 (iv) If a certified reinsurer's domiciliary jurisdiction ceases to be a qualified jurisdiction,
5 the commissioner has the discretion to suspend the reinsurer's certification indefinitely, in lieu of
6 revocation.

7 (4) The commissioner shall assign a rating to each certified reinsurer, giving due
8 consideration to the financial strength ratings that have been assigned by rating agencies deemed
9 acceptable to the commissioner pursuant to regulation. The commissioner shall publish a list of all
10 certified reinsurers and their ratings.

11 (5) A certified reinsurer shall secure obligations assumed from United States ceding
12 insurers under this subsection at a level consistent with its rating, as specified in regulations
13 promulgated by the commissioner.

14 (i) In order for a domestic ceding insurer to qualify for full financial statement credit for
15 reinsurance ceded to a certified reinsurer, the certified reinsurer shall maintain security in a form
16 acceptable to the commissioner and consistent with the provisions of ~~section (3)~~ [§ 27-1.1-2](#), or in
17 a multi-beneficiary trust in accordance with subsection (e) of this section, except as otherwise
18 provided in this subsection;

19 (ii) If a certified reinsurer maintains a trust to fully secure its obligations subject to
20 subsection (e) of this section, and chooses to secure its obligations incurred as a certified reinsurer
21 in the form of a multi-beneficiary trust, the certified reinsurer shall maintain separate trust accounts
22 for its obligations incurred under reinsurance agreements issued or renewed as a certified reinsurer
23 with reduced security as permitted by this subsection or comparable laws of other United States
24 jurisdictions and for its obligations subject to subsection (e) of this section. It shall be a condition
25 to the grant of certification under subsection (f) of this section that the certified reinsurer shall have
26 bound itself, by the language of the trust and agreement with the commissioner with principal
27 regulatory oversight of each such trust account, to fund, upon termination of any such trust account,
28 out of the remaining surplus of such trust any deficiency of any other such trust account;

29 (iii) The minimum trusteed surplus requirements provided in subsection (e) are not
30 applicable with respect to a multi-beneficiary trust maintained by a certified reinsurer for the
31 purpose of securing obligations incurred under this subsection, except that such trust shall maintain
32 a minimum trusteed surplus of ten million dollars (\$10,000,000);

33 (iv) With respect to obligations incurred by a certified reinsurer under this subsection, if
34 the security is insufficient, the commissioner shall reduce the allowable credit by an amount

1 proportionate to the deficiency, and has the discretion to impose further reductions in allowable
2 credit upon finding that there is a material risk that the certified reinsurer's obligations will not be
3 paid in full when due; and

4 (v) For purposes of this subsection, a certified reinsurer whose certification has been
5 terminated for any reason shall be treated as a certified reinsurer required to secure one hundred
6 percent (100%) of its obligations.

7 (A) As used in this subsection, the term "terminated" refers to revocation, suspension,
8 voluntary surrender and inactive status; and

9 (B) If the commissioner continues to assign a higher rating as permitted by other provisions
10 of this section, this requirement does not apply to a certified reinsurer in inactive status or to a
11 reinsurer whose certification has been suspended.

12 (6) If an applicant for certification has been certified as a reinsurer in an NAIC-accredited
13 jurisdiction, the commissioner has the discretion to defer to that jurisdiction's certification, and has
14 the discretion to defer to the rating assigned by that jurisdiction, and such assuming insurer shall
15 be considered to be a certified reinsurer in this state.

16 (7) A certified reinsurer that ceases to assume new business in this state may request to
17 maintain its certification in inactive status in order to continue to qualify for a reduction in security
18 for its in-force business. An inactive certified reinsurer shall continue to comply with all applicable
19 requirements of this subsection, and the commissioner shall assign a rating that takes into account,
20 if relevant, the reasons why the reinsurer is not assuming new business.

21 (g)(1) Credit shall be allowed when the reinsurance is ceded to an assuming insurer,
22 meeting each of the conditions set forth below.

23 (i) The assuming insurer must have its head office or be domiciled in, as applicable, and
24 be licensed in a reciprocal jurisdiction. A "reciprocal jurisdiction" is a jurisdiction that meets one
25 of the following:

26 (A) A non-United States jurisdiction that is subject to an in-force covered agreement with
27 the United States, each within its legal authority, or, in the case of a covered agreement between
28 the United States and European Union, is a member state of the European Union. For purposes of
29 this subsection, a "covered agreement" is an agreement entered into, pursuant to the Dodd-Frank
30 Wall Street Reform and Consumer Protection Act, 31 U.S.C. §§ 313 and 314, that is currently in
31 effect or in a period of provisional application and addresses the elimination, under specified
32 conditions, of collateral requirements, as a condition for entering into any reinsurance agreement
33 with a ceding insurer domiciled in this state or for allowing the ceding insurer to recognize credit
34 for reinsurance;

1 (B) A United States jurisdiction that meets the requirements for accreditation under the
2 NAIC financial standards and accreditation program; or

3 (C) A qualified jurisdiction, as determined by the commissioner pursuant to subsection
4 (f)(3) of this section, that is not otherwise described in subsection (g)(1)(i)(A) or (g)(1)(i)(B) of this
5 section and that meets certain additional requirements, consistent with the terms and conditions of
6 in-force covered agreements, as specified by the commissioner in regulation.

7 (ii) The assuming insurer must have and maintain, on an ongoing basis, minimum capital
8 and surplus, or its equivalent, calculated according to the methodology of its domiciliary
9 jurisdiction, in an amount to be set forth in regulation. If the assuming insurer is an association,
10 including incorporated and individual unincorporated underwriters, it must have and maintain, on
11 an ongoing basis, minimum capital and surplus equivalents (net of liabilities), calculated according
12 to the methodology applicable in its domiciliary jurisdiction, and a central fund containing a
13 balance in amounts to be set forth in regulation.

14 (iii) The assuming insurer must have and maintain, on an ongoing basis, a minimum
15 solvency or capital ratio, as applicable, that will be set forth in regulation. If the assuming insurer
16 is an association, including incorporated and individual unincorporated underwriters, it must have
17 and maintain, on an ongoing basis, a minimum solvency or capital ratio in the reciprocal jurisdiction
18 where the assuming insurer has its head office or is domiciled, as applicable, and is also licensed.

19 (iv) The assuming insurer must agree and provide adequate assurance to the commissioner,
20 in a form specified by the commissioner, pursuant to regulation, as follows:

21 (A) The assuming insurer must provide prompt written notice and explanation to the
22 commissioner, if it falls below the minimum requirements set forth in subsections (g)(1)(ii) or
23 (g)(1)(iii) of this section, or if any regulatory action is taken against it, for serious noncompliance
24 with applicable law;

25 (B) The assuming insurer must consent in writing to the jurisdiction of the courts of this
26 state and to the appointment of the commissioner as agent for service of process. The commissioner
27 may require that consent for service of process be provided to the commissioner and included in
28 each reinsurance agreement. Nothing in this provision shall limit, or in any way alter, the capacity
29 of parties to a reinsurance agreement to agree to alternative dispute resolution mechanisms, except
30 to the extent the agreements are unenforceable under applicable insolvency or delinquency laws;

31 (C) The assuming insurer must consent in writing to pay all final judgments, wherever
32 enforcement is sought, obtained by a ceding insurer or its legal successor, that have been declared
33 enforceable in the jurisdiction where the judgment was obtained;

34 (D) Each reinsurance agreement must include a provision requiring the assuming insurer

1 to provide security in an amount equal to one hundred percent (100%) of the assuming insurer's
2 liabilities, attributable to reinsurance ceded pursuant to that agreement, if the assuming insurer
3 resists enforcement of a final judgment that is enforceable under the law of the jurisdiction in which
4 it was obtained or a properly enforceable arbitration award, whether obtained by the ceding insurer
5 or by its legal successor on behalf of its resolution estate; and

6 (E) The assuming insurer must confirm that it is not presently participating in any solvent
7 scheme of arrangement that involves this state's ceding insurers, and agree to notify the ceding
8 insurer and the commissioner and to provide security in an amount equal to one hundred percent
9 (100%) of the assuming insurer's liabilities to the ceding insurer, should the assuming insurer enter
10 into such a solvent scheme of arrangement. Such security shall be in a form consistent with the
11 provisions of subsection (f) of this section and § 27-1.1-2 and as specified by the commissioner in
12 regulation.

13 (v) The assuming insurer or its legal successor must provide, if requested by the
14 commissioner, on behalf of itself and any legal predecessors, certain documentation to the
15 commissioner, as specified by the commissioner in regulation.

16 (vi) The assuming insurer must maintain a practice of prompt payment of claims under
17 reinsurance agreements, pursuant to criteria set forth in regulation.

18 (vii) The assuming insurer's supervisory authority must confirm to the commissioner on
19 an annual basis, as of the preceding December 31 or at the annual date otherwise statutorily reported
20 to the reciprocal jurisdiction, that the assuming insurer complies with the requirements set forth in
21 subsections (g)(1)(ii) and (g)(1)(iii) of this section.

22 (viii) Nothing in this provision precludes an assuming insurer from providing the
23 commissioner with information on a voluntary basis.

24 (2) The commissioner shall timely create and publish a list of reciprocal jurisdictions.

25 (i) A list of reciprocal jurisdictions is published through the NAIC committee process. The
26 commissioner's list shall include any reciprocal jurisdiction as defined under subsections
27 (g)(1)(i)(A) and (g)(1)(i)(B) of this section, and shall consider any other reciprocal jurisdiction
28 included on the NAIC list. The commissioner may approve a jurisdiction that does not appear on
29 the NAIC list of reciprocal jurisdictions, in accordance with criteria to be developed under
30 regulations issued by the commissioner.

31 (ii) The commissioner may remove a jurisdiction from the list of reciprocal jurisdictions,
32 upon a determination that the jurisdiction no longer meets the requirements of a reciprocal
33 jurisdiction, in accordance with a process set forth in regulations issued by the commissioner,
34 except that the commissioner shall not remove from the list a reciprocal jurisdiction as defined

1 under subsections (g)(1)(i)(A) and (g)(1)(i)(B) of this section. Upon removal of a reciprocal
2 jurisdiction from this list, credit for reinsurance ceded to an assuming insurer which has its home
3 office or is domiciled in that jurisdiction shall be allowed, if otherwise allowed pursuant to this
4 chapter.

5 (3) The commissioner shall timely create and publish a list of assuming insurers that have
6 satisfied the conditions set forth in this subsection and to which cessions shall be granted credit in
7 accordance with this subsection. The commissioner may add an assuming insurer to such list, if an
8 NAIC accredited jurisdiction has added such assuming insurer to a list of such assuming insurers
9 or if, upon initial eligibility, the assuming insurer submits the information to the commissioner, as
10 required under subsection (g)(1)(iv) of this section and complies with any additional requirements
11 that the commissioner may impose by regulation, except to the extent that they conflict with an
12 applicable covered agreement.

13 (4) If the commissioner determines that an assuming insurer no longer meets one or more
14 of the requirements under this subsection, the commissioner may revoke or suspend the eligibility
15 of the assuming insurer for recognition under this subsection in accordance with procedures set
16 forth in regulation.

17 (i) While an assuming insurer's eligibility is suspended, no reinsurance agreement issued,
18 amended, or renewed after the effective date of the suspension qualifies for credit except to the
19 extent that the assuming insurer's obligations under the contract are secured in accordance with §
20 27-1.1-2.

21 (ii) If an assuming insurer's eligibility is revoked, no credit for reinsurance may be granted
22 after the effective date of the revocation, with respect to any reinsurance agreements entered into
23 by the assuming insurer, including reinsurance agreements entered into prior to the date of
24 revocation, except to the extent that the assuming insurer's obligations, under the contract, are
25 secured in a form acceptable to the commissioner and consistent with the provisions of § 27-1.1-2.

26 (5) If subject to a legal process of rehabilitation, liquidation, or conservation, as applicable,
27 the ceding insurer, or its representative, may seek and, if determined appropriate by the court in
28 which the proceedings are pending, may obtain an order requiring that the assuming insurer post
29 security for all outstanding ceded liabilities.

30 (6) Nothing in this subsection shall limit or in any way alter the capacity of parties to a
31 reinsurance agreement to agree on requirements for security or other terms in that reinsurance
32 agreement, except as expressly prohibited by this chapter or other applicable law or regulation.

33 (7) Credit may be taken under this subsection only for reinsurance agreements entered into,
34 amended, or renewed on or after the effective date of the statute adding this subsection, and only

1 with respect to losses incurred and reserves reported on or after the later of:

2 (i) The date on which the assuming insurer has met all eligibility requirements, pursuant to
3 subsection (g)(1) of this section; and

4 (ii) The effective date of the new reinsurance agreement, amendment, or renewal.

5 (A) This subsection (g)(7) does not alter or impair a ceding insurer's right to take credit for
6 reinsurance, to the extent that credit is not available under this subsection, as long as the reinsurance
7 qualifies for credit, under any other applicable provision of this chapter.

8 (B) Nothing in this subsection shall authorize an assuming insurer to withdraw or reduce
9 the security provided under any reinsurance agreement, except as permitted by the terms of the
10 agreement.

11 (C) Nothing in this subsection shall limit, or in any way alter, the capacity of parties to any
12 reinsurance agreement to renegotiate the agreement.

13 (h) Credit shall be allowed when the reinsurance is ceded to an assuming insurer not
14 meeting the requirements of subsections (b), (c), (d), (e), (f), or (g) of this section, but only as to
15 the insurance of risks located in jurisdictions where the reinsurance is required by applicable law
16 or regulation of that jurisdiction.

17 (i) If the assuming insurer is not licensed, accredited, or certified to transact insurance or
18 reinsurance in this state, the credit permitted by subsections (d) and (e) of this section shall not be
19 allowed unless the assuming insurer agrees in the reinsurance agreements:

20 (1)(i) That in the event of the failure of the assuming insurer to perform its obligations
21 under the terms of the reinsurance agreement, the assuming insurer, at the request of the ceding
22 insurer, shall submit to the jurisdiction of any court of competent jurisdiction in any state of the
23 United States, will comply with all requirements necessary to give the court jurisdiction, and will
24 abide by the final decision of the court or of any appellate court in the event of an appeal; and

25 (ii) To designate the commissioner or a designated attorney as its true and lawful attorney
26 upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on
27 behalf of the ceding insurer.

28 (2) This subsection is not intended to conflict with or override the obligation of the parties
29 to a reinsurance agreement to arbitrate their disputes, if this obligation is created in the agreement.

30 (j) If the assuming insurer does not meet the requirements of subsections (b), (c), (d), or
31 (g), the credit permitted by subsection (e) or (f) of this section shall not be allowed unless the
32 assuming insurer agrees in the trust agreements to the following conditions:

33 (1) Notwithstanding any other provisions in the trust instrument, if the trust fund is
34 inadequate because it contains an amount less than the amount required by subsection (e)(3) of this

1 section, or if the grantor of the trust has been declared insolvent or placed into receivership,
2 rehabilitation, liquidation, or similar proceedings under the laws of its state or country of domicile,
3 the trustee shall comply with an order of the commissioner with regulatory oversight over the trust
4 or with an order of a court of competent jurisdiction directing the trustee to transfer to the
5 commissioner with regulatory oversight all of the assets of the trust fund;

6 (2) The assets shall be distributed by and claims shall be filed with and valued by the
7 commissioner with regulatory oversight in accordance with the laws of the state in which the trust
8 is domiciled that are applicable to the liquidation of domestic insurance companies;

9 (3) If the commissioner with regulatory oversight determines that the assets of the trust
10 fund or any part thereof are not necessary to satisfy the claims of the United States ceding insurers
11 of the grantor of the trust, the assets or part thereof shall be returned by the commissioner with
12 regulatory oversight to the trustee for distribution in accordance with the trust agreement; and

13 (4) The grantor shall waive any right otherwise available to it under United States law that
14 is inconsistent with this provision.

15 (k) If an accredited or certified reinsurer ceases to meet the requirements for accreditation
16 or certification, the commissioner may suspend or revoke the reinsurer's accreditation or
17 certification.

18 (1) The commissioner must give the reinsurer notice and opportunity for hearing. The
19 suspension or revocation may not take effect until after the commissioner's order on hearing,
20 unless:

21 (i) The reinsurer waives its right to hearing;

22 (ii) The commissioner's order is based on regulatory action by the reinsurer's domiciliary
23 jurisdiction or the voluntary surrender or termination of the reinsurer's eligibility to transact
24 insurance or reinsurance business in its domiciliary jurisdiction or in the primary certifying state of
25 the reinsurer under subparagraph (f)(6) of this section; or

26 (iii) The commissioner finds that an emergency requires immediate action and a court of
27 competent jurisdiction has not stayed the commissioner's action.

28 (2) While a reinsurer's accreditation or certification is suspended, no reinsurance contract
29 issued or renewed after the effective date of the suspension qualifies for credit except to the extent
30 that the reinsurer's obligations under the contract are secured in accordance with § 27-1.1-2. If a
31 reinsurer's accreditation or certification is revoked, no credit for reinsurance may be granted after
32 the effective date of the revocation except to the extent that the reinsurer's obligations under the
33 contract are secured in accordance with subsection (f)(5) or § 27-1.1-2.

34 (l) **Concentration Risk.**

1 (1) A ceding insurer shall take steps to manage its reinsurance recoverables proportionate
2 to its own book of business. A domestic ceding insurer shall notify the commissioner within thirty
3 (30) days after reinsurance recoverables from any single assuming insurer, or group of affiliated
4 assuming insurers, exceeds fifty percent (50%) of the domestic ceding insurer's last reported
5 surplus to policyholders, or after it is determined that reinsurance recoverables from any single
6 assuming insurer, or group of affiliated assuming insurers, is likely to exceed this limit. The
7 notification shall demonstrate that the exposure is safely managed by the domestic ceding insurer.

8 (2) A ceding insurer shall take steps to diversify its reinsurance program. A domestic
9 ceding insurer shall notify the commissioner within thirty (30) days after ceding to any single
10 assuming insurer, or group of affiliated assuming insurers, more than twenty percent (20%) of the
11 ceding insurer's gross written premium in the prior calendar year, or after it has determined that
12 the reinsurance ceded to any single assuming insurer, or group of affiliated assuming insurers, is
13 likely to exceed this limit. The notification shall demonstrate that the exposure is safely managed
14 by the domestic ceding insurer.

15 SECTION 11. Section 27-4.4-4 of the General Laws in Chapter 27-4.4 entitled "The
16 Standard Nonforfeiture Law for Individual Deferred Annuities" is hereby amended to read as
17 follows:

18 **27-4.4-4. Minimum values.**

19 (a) The minimum values as specified in §§ 27-4.4-5 — 27-4.4-8 and 27-4.4-10 of any paid-
20 up annuity, cash surrender, or death benefits available under an annuity contract shall be based
21 upon minimum nonforfeiture amounts as defined in this section.

22 (b) The minimum nonforfeiture amount at any time at or prior to the commencement of
23 any annuity payments shall be equal to an accumulation up to that time at rates of interest as
24 provided in subsection (d) of this section, **of** the net considerations as defined in this section paid
25 prior to that time, decreased by the sum of:

26 (1) Any prior withdrawals from or partial surrenders of the contract accumulated at rates
27 of interest as provided in subsection (d) of this section;

28 (2) The amount of any indebtedness to the company on the contract, including interest due
29 and accrued;

30 (3) An annual contract charge of fifty dollars (\$50.00), accumulated at rates of interest as
31 provided in subsection (d) of this section; and

32 (4) Any premium tax paid by the company for the contract, accumulated at rates of interest
33 as provided in subsection (d) of this section.

34 (c) The net considerations for a given contract year used to define the minimum

1 nonforfeiture amount shall be an amount equal to eighty-seven and one-half percent (87.5%) of the
2 gross considerations credited to the contract during that contract year.

3 (d) The interest rate used in determining minimum nonforfeiture amounts shall be an
4 annual rate of interest determined as the lesser of three percent (3%) per annum and the following,
5 which shall be specified in the contract if the interest rate will be reset:

6 (1) The five-year (5) Constant Maturity Treasury Rate reported by the Federal Reserve as
7 of a date, or average over a period, rounded to the nearest one twentieth of one percent ($\frac{1}{20}\%$),
8 specified in the contract no longer than fifteen (15) months prior to the contract issue date or
9 redetermination date under subsection (d)(4) of this section;

10 (2) Reduced by one hundred twenty-five (125) basis points;

11 (3) Where the resulting interest rate is not less than one percent (1%); and

12 (4) The interest rate shall apply for an initial period and may be redetermined for additional
13 periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis
14 is the date or average over a specified period that produces the value of the five-year (5) Constant
15 Maturity Treasury Rate to be used at each redetermination date.

16 (e) During the period or term that a contract provides substantive participation in an equity
17 indexed benefit, it may increase the reduction described in subsection (d)(2) of this section above
18 by up to an additional one hundred (100) basis points to reflect the value of the equity index benefit.
19 The present value at the contract issue date, and at each redetermination date thereafter, of the
20 additional reduction shall not exceed the market value of the benefit. The commissioner of
21 insurance may require a demonstration that the present value of the reduction does not exceed the
22 market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner,
23 the commissioner may disallow or limit the additional reduction.

24 (f) The commissioner of insurance may adopt rules to implement the provisions of
25 subsection (e) of this section and to provide for further adjustments to the calculation of minimum
26 nonforfeiture amounts for contracts that provide substantive participation in an equity index benefit
27 and for other contracts that the commissioner determines adjustments are justified.

28 SECTION 12. Sections 42-8.1-2, 42-8.1-11 and 42-8.1-17 of the General Laws in Chapter
29 42-8.1 entitled "State Archives" are hereby amended to read as follows:

30 **42-8.1-2. Definitions.**

31 For the purpose of this chapter:

32 (1) "Agency" or "public body" means any executive, legislative, judicial, regulatory,
33 administrative body of the state or any political subdivision thereof; including, but not limited to
34 the leadership of the general assembly, chairperson in the house and senate, public officials elected

1 or appointed and any department, division, agency, commission, board, office, bureau, authority,
2 any school, fire, or water district, or other agency or quasi-public agency of state or local
3 government that exercises governmental functions, any other public or private agency, person,
4 partnership, corporation, or business entity acting on behalf of any public agency.

5 (2) "Archive" means an establishment maintained primarily for the storage, servicing,
6 security, and processing of records that must be preserved permanently for historical, legal, or other
7 value and need not be retained in office equipment and space.

8 (3) "Archives of the state" means those official records that have been determined by the
9 state archivist to have permanent value to warrant their continued preservation by the state, and
10 have been accepted by the state archivist for deposit in his or her custody.

11 (4) "Authenticated copies" means exact copies or reproductions of records or other
12 materials that are certified as such under seal and that need be legally accepted as evidence.

13 (5) "Custodian" means any authorized person having personal custody and control of the
14 public records in question.

15 (6) "Division" means the division of state archives of the department of state.

16 (7) "Official custodian" means and includes any officer or employee of the state or any
17 agency, institution, or political subdivision thereof, who is responsible for the maintenance, care,
18 and keeping of public records, regardless of whether such records are in his or her actual personal
19 custody and control.

20 (8) "Permanent records" means public records or records that are established in the records
21 retention schedule at the time of creation, which shall not be destroyed, and are determined to have
22 enduring, legal, **and or** historical value to the state.

23 (9) "Person" means and includes any natural person, corporation, partnership, firm, or
24 association.

25 (10) "Personal paper(s)" means documents unrelated to work but maintained at a place of
26 work by an employee or general officers of the state government of Rhode Island.

27 (11) "Political subdivision" means and includes every city, town, school district, fire
28 district, water or sanitation district, or any other special district or other quasi-public agency within
29 the state.

30 (12) "Public record" or "public records" means public records as defined in chapter 2 of
31 title 38, "Access to Public Records".

32 (13) "Records" means all books, letters, papers, maps, photographs, tapes, films, sound
33 recordings, machine-readable records, or any other documentary materials, regardless of physical
34 form or characteristics, made or received by any governmental agency, office, or general officer in

1 pursuance of law or in connection with the transaction of public business and preserved or
2 appropriate for preservation by the agency or its legitimate successor as evidence of the
3 organization, functions, policies, decisions, procedures, operations, or other activities of the
4 government or because of the value of the official government data contained therein. As used in
5 ~~this part 1~~ this subsection, the following are excluded from the definition of records:

6 (i) Materials preserved or appropriate for preservation because of the value of the data
7 contained therein other than that of an official government nature or because of the historical value
8 of the materials themselves;

9 (ii) Library books, pamphlets, newspapers, or museum material made, acquired, or
10 preserved for reference, historical, or exhibition purposes;

11 (iii) Private papers, manuscripts, letters, diaries, pictures, biographies, books, and maps,
12 including materials and collections previously owned by persons other than the state or any political
13 subdivision thereof;

14 (iv) Extra copies of publications or duplicated documents preserved for convenience of
15 reference; and

16 (v) Stocks of publications.

17 (14) “State archives” means the official state repository or any other repository approved
18 by the state archivist for long-term or permanent records.

19 (15) “State archivist” means the individual who coordinates, directs, and administers the
20 activities and responsibilities of the state archives.

21 **42-8.1-11. Transfer of records to archives.**

22 (a) Those records deemed by the public officer having custody thereof to be unnecessary
23 for the transaction of the business of his or her office and yet deemed by the public records
24 administrator, attorney general, or the auditor general and the state archivist to be permanent
25 records shall be transferred, with the consent of the state archivist, to the custody of the division of
26 state archives. A list of all records so transferred, together with a statement certifying compliance
27 with the provisions of this chapter signed by the state archivist, shall be preserved in the files of the
28 office from which the records were drawn and in the files of the division.

29 (b) Those records created or received by general officers, immediate staff, or a unit or
30 individual of the executive office whose function is to advise and assist general officers, in the
31 course of conducting activities that relate to or have an effect upon the carrying out of the
32 constitutional, statutory, or other official duties carried out on behalf of the state. ~~Such materials~~
33 shall be transferred at the end of the official’s final term within thirty (30) days of leaving the office.

34 (c) Items in the care, custody, and trusteeship of the state archivist that are not records as

1 defined by chapter 2 of title 38 and items that are not records that are proposed for disposition but
2 determined to be of historical or museum interest or value by the state archivist may be transferred
3 to the custody of the Rhode Island historical society or other local historical societies.

4 (d) Qualified researchers, scholars, and students and other appropriate persons performing
5 qualified research shall have the right of reasonable access to all records in the custody of the state
6 archivist for purposes of historical reference, research, and information, subject to the provisions
7 of chapter 2 of title 38. Copies of records, having historical, or museum interest or value shall be
8 furnished by the state archivist upon request of any person, society, state agency, or political
9 subdivision, subject to restraints of standard archival practices.

10 (e) In the event of disagreement as to the custody of any records as defined in § 38-3-6, the
11 archivist with the advice of the attorney general and auditor general shall make final and conclusive
12 determination, and order and direct custody accordingly per § 38-3-6.

13 **42-8.1-17. Duties of agencies.**

14 It shall be the duty of each agency of the state and political subdivision thereof to:

15 (1) Assist in the creation of record control schedules containing adequate and proper
16 documentation of the organization, functions, policies, decisions, procedures, and essential
17 transactions of the agency and designed to furnish the information necessary to protect public
18 records created or received by the agency until they have met retention [requirements](#);

19 (2) Cooperate fully with the division in complying with the provisions of this chapter;

20 (3) Establish and maintain an active and continuing program for the preservation of
21 permanent records and assist the division to implement the provisions of this chapter. Agencies that
22 do not transfer permanent records to the state archives shall submit an annual preservation report
23 to the state archives; and

24 (4) Establish necessary safeguards against the removal or loss of records. These safeguards
25 shall include notification to all officials and employees of the agency that no records in the custody
26 of the agency are to be alienated or destroyed except in accordance with the provisions of this
27 chapter, §§ 38-1-10 and 38-3-6.

28 (5) [Deleted by P.L. 2022, ch. 127, § 1 and P.L. 2022, ch. 128, § 1.]

29 SECTION 13. Section 44-9-46 of the General Laws in Chapter 44-9 entitled "Tax Sales"
30 is hereby amended to read as follows:

31 **44-9-46. Forms.**

32 The following forms may be used in proceedings for the collection of taxes under this
33 chapter, and, if substantially followed, they shall be deemed sufficient for the proceedings to which
34 they relate; but other suitable forms may also be used.

1 Form No. 1

2 § 44-9-18

3 This notice to be sent by registered or certified mail.

4 NOTICE OF INTENTION TO ASSIGN TAX TITLE

5 State of Rhode Island

6 _____
7 Name of City or Town

8 OFFICE OF THE TREASURER

9 _____, 20 ____

10 (Name of owner of record)

11 _____

12 (Last known address)

13 You are hereby notified that after the expiration of ten (10) days from the date of this notice
14 I, _____, Treasurer of the City - Town of _____, intend to assign and transfer to
15 _____ the tax title on the hereinafter described land upon the payment by him or her of a sum
16 not less than the amount necessary for redemption, the tax title having been acquired by the city or
17 town under a tax collector's deed dated _____, 20 _____, and recorded in the Registry of
18 Deeds, Book _____, Page _____.

19 DESCRIPTION OF LAND

20 _____ Treasurer

21 of _____

22 Name of City or Town

23 Form No. 2

24 § 44-9-18

25 INSTRUMENT OF ASSIGNMENT OF TAX TITLE

26 (This instrument must be recorded within sixty (60) days from its date)

27 STATE OF RHODE ISLAND

28 _____
29 Name of City or Town

30 OFFICE OF THE TREASURER

31 I, _____, Treasurer of the City - Town of _____, pursuant to the provisions of §
32 44-9-18, in consideration of _____/100 dollars to me paid, do hereby on behalf of the city -
33 town assign and transfer to (Name of Assignee) of (No., Street, City, State), the tax title acquired
34 by the city - town on the hereinafter described land under a tax collector's deed dated _____ 20

1 _____, and recorded in the _____ Registry of Deeds, Book _____, Page _____.

2 DESCRIPTION OF LAND

3 The above-mentioned sum is not less than the amount necessary for redemption, and
4 includes all taxes assessed on the land subsequent to the assessment, for nonpayment of which the
5 land was so purchased, and which have not been paid.

6 On _____, 20 _____, notice of intended assignment was sent by registered or certified
7 mail to the owner of record as follows:

8 _____
9 (Name) (Last known address)

10 In Witness Whereof, I have hereunto set my hand and seal this _____ day of _____,
11 20 _____.

12 WITNESS

13 _____
14 Treasurer

15 STATE OF RHODE ISLAND,

16 County of _____

17 In the _____ of _____ this _____ day of _____ 20____, personally appeared
18 before me _____, Treasurer of the City - Town of _____, known to me and known by
19 me to be the person who executed the foregoing instrument, and acknowledged the instrument, by
20 him or her signed in that capacity to be his or her free and voluntary act and deed.

21 _____
22 Notary Public

23 Form No. 3

24 § 44-9-20

25 FORM OF DEED WHEN ESTATE IS REDEEMED

26 UNDER SECTION 44-9-19

27 KNOW ALL MEN BY THESE PRESENTS,

28 That the _____ of _____, in consideration of _____, to it paid by _____ of
29 _____, the receipt whereof is hereby acknowledged, does hereby remise, release, and forever
30 quitclaim unto _____ all the right, title, and interest which _____ of _____ acquired, by
31 or under a deed made to it by the Collector of Taxes for the city - town of _____, dated
32 _____ 20 _____, and recorded in Deed Book _____ Page _____ in and to the following
33 parcel of real estate:

34 (Description)

1 To have and to hold the above-released premises, with all the privileges and appurtenances
2 to the premises belonging, to _____, h _____ heirs and assigns, to h _____ and their use and behoof
3 forever.

4 In witness whereof, etc.

5 _____
6 By: _____
7 Treasurer

8 Acknowledgment. See Form 2.

9 Form No. 4

10 § 44-9-23

11 TREASURER'S CERTIFICATE OF RECEIPT OF
12 MONEY PAID FOR PURPOSE OF REDEMPTION
13 STATE OF RHODE ISLAND

14 _____
15 Name of City or Town

16 OFFICE OF THE TREASURER

17 I, _____, Treasurer of the City - Town of _____, hereby certify that on this day of
18 _____, 20 _____, pursuant to the provisions of § 44-9-19 - 44-9-23, (Name of person redeeming)
19 _____, residing at _____ (No., Street, City or Town, and State), _____ who claims to be the
20 holder of an interest in - a mortgage on the land hereinafter described, which was purchased for
21 nonpayment of the 20 _____ tax assessed thereon to _____, has paid to me as Treasurer of the city
22 - town the amount of _____/100 dollars for the purpose of redeeming the land from the tax title
23 thereby held by (Present holder of tax title), residing at _____ (No., Street, City or Town, and
24 State) _____, under a tax collector's deed dated _____, 20 _____, and recorded in _____ Registry
25 of Deeds, Book _____, Page _____.

26 (If there has been no assignment, strike out the following reference)

27 _____
28 the tax title having been assigned to the above-named _____ (present holder of tax title)
29 _____ by instrument of assignment dated _____, 20 _____, and recorded in the registry, Book
30 _____, Page _____

31 The above-mentioned amount is computed as follows:

32 (Strike out whichever computation is inapplicable)

33 TITLE HELD BY ORIGINAL PURCHASER	TITLE HELD BY ASSIGNEE
34 Original Sum for which	Amount Stated in Instrument

1	Land was Sold	\$....	of Assignment	\$....
2	Intervening Taxes and Costs Paid		Taxes and Costs Paid by	
3	by Purchaser	Assignee since Assignment
4	Interest According to Law	Interest According to Law
5	Recording	Recording
6		_____		_____
7	TOTAL AMOUNT PAID \$....		TOTAL AMOUNT PAID \$....	

8 DESCRIPTION OF LAND

9 In Witness, etc.

10 _____
 11 By: _____

12 Treasurer

13 Acknowledgment. See Form 2.

14 Form No. 5

15 § 44-9-25

16 STATE OF RHODE ISLAND

17 PETITION TO FORECLOSE RIGHT OF REDEMPTION

18 To the Honorable Judges of the Superior Court:

19 The undersigned hereby represents that the land hereinafter described was sold on ____
 20 (Date of sale) ____ for nonpayment of taxes by the town or city of ____ in the County of ____
 21 by instrument dated ____ and duly recorded on (Date) ____ in Book ____, Page ____; that
 22 more than one year from the date of the sale has elapsed and no redemption has been made; that
 23 these proceedings have been conducted according to law; that the deed was recorded within sixty
 24 (60) days from date of sale - that the undersigned now holds title under the instrument; that the
 25 following are the names and addresses of all persons known to the undersigned who have any
 26 interest in the land, other than the petitioner to wit: (Also give name of wife or husband of the
 27 equity owner)

28 Name _____ Address _____ Nature of Interest _____ that the assessed value
 29 of the land and buildings is \$ _____; and that the land is described as follows:

30 (Description)

31 WHEREFORE your petitioner prays that the rights of all persons entitled to redeem from
 32 the proceedings may be foreclosed, that the Court enter a decree that the title of the petitioner to
 33 the land under the proceedings is absolute, and that all rights of redemption are barred, and for such
 34 other and further relief as may seem meet and proper to the Court.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

Name _____

Address _____

On this _____ day of _____, 20 _____, personally appeared before me the within named, known to me to be the signer of the foregoing petition, and made oath that the statements therein contained so far as made of _____ own knowledge are true and so far as made upon information and belief that _____ believe them to be true.

Before me

Notary Public

Attorney for Petitioner

Form No. 6

§ 44-9-27

CITATION

STATE OF RHODE ISLAND

OFFICE OF THE CLERK OF THE SUPERIOR COURT

PETITION TO FORECLOSE RIGHT OF REDEMPTION

No.

TO ALL WHOM IT MAY CONCERN, and to _____

Whereas, a petition has been presented to the Court by _____ of _____ in the County of _____ and the State to foreclose all rights of redemption from the lien proceedings described in the petition in and concerning a certain parcel of land situate in the County of _____ and in the State, bounded and described in the petition as follows:

(Description)

If you desire to make any objection or defense to the petition, you or your attorney must file a written appearance and an answer, under oath, setting forth clearly and specifically your objections or defense to each part of the petition, in the office of the Superior Court in _____ on or before the _____ day of _____ next, that you may then and there show cause, if any, why the prayer of the petition should not be granted.

Unless your appearance is filed by or for you, your default will be recorded, the petition will be taken as confessed, and you will be forever barred from contesting the petition or any decree entered thereon. And in addition to the usual service of this notice as required by law, it is ordered that the foregoing citation be published once each week for three (3) successive weeks in the _____ a newspaper published in _____ (optional).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

*Name all respondents as in petition.

Form No. 8

§ 44-9-28

MOTION FOR DECREE PRO CONFESSO

STATE OF RHODE ISLAND

SUPERIOR COURT

No. _____

In the matter of the Petition of _____

And now comes the petitioner in the above-entitled case and moves that a general default of all parties respondent, whether named in the notice or not, who have not appeared or answered, be recorded, and that the application as to them be taken for confessed.

Attorney for Petitioner

Form No. 9

§ 44-9-30

FINAL DECREE IN TAX LIEN CASE

STATE OF RHODE ISLAND

SUPERIOR COURT

Case No. _____

vs.

DECREE

This case came on to be heard and was argued by counsel, and thereupon, upon consideration thereof, it is

ORDERED, ADJUDGED AND DECREED that all rights of redemption are forever foreclosed and barred under the deed given by the Collector of Taxes for the _____ of _____ in the County of _____ and the State, dated _____ and duly recorded in Book _____, Page _____

By the Court.

Attest:

Clerk

Dated _____

Form No. 10

§ 44-9-32

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

NOTICE OF DISPOSAL IN TAX LIEN CASE
STATE OF RHODE ISLAND
SUPERIOR COURT

This is to certify that the petition of
vs.

to foreclose the right of redemption under certain deed _____ for nonpayment of taxes,
given by the Collector of Taxes for the _____ in the County of _____ and the State, dated
_____ and duly recorded in Book _____, Page _____ was filed in this Court on _____.

Thereafter due proceedings under the petition were instituted according to law, and finally
on _____, a decree forever foreclosing and barring all rights of redemption under the deed was
entered, and this notice of final disposition of the petition is directed to be recorded in the Registry
of Deeds for the City of _____ in _____ County, pursuant to § 44-9-32.

By the Court,

Attest:

Clerk

Dated _____
Form No. 11
§ 44-9-36

NOTICE OF SALE -- LAND OF LOW VALUE
STATE OF RHODE ISLAND

Name of City or Town
OFFICE OF THE TREASURER

_____, 20 _____

NOTICE IS HEREBY GIVEN THAT ON _____ the _____ day of _____, 20
____, at _____ o'clock _____ M., at _____ (Place of Sale) _____ pursuant to the
provisions of §§ 44-9-36 -- 44-9-45, I SHALL OFFER FOR SALE AT PUBLIC AUCTION,
severally or together, certain parcels of land of low value listed below, these parcels having been
purchased by the City _____ Town of _____ for nonpayment of the taxes due thereon.

(List of Parcels)

Treasurer
of _____

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

(Name of City or Town)

To be posted in some convenient and public place in the city or town at least fourteen (14) days before the sale.

Form No. 12
§ 44-9-36

NOTICE OF SALE
LAND OF LOW VALUE
STATE OF RHODE ISLAND

Name of City or Town

OFFICE OF THE TREASURER

_____, 20 _____

NOTICE IS HEREBY GIVEN THAT on _____, 20 ____, at ____ M., at _____ (Place of Sale) _____, pursuant to the provisions of §§ 44-9-36 -- 44-9-45, I SHALL OFFER FOR SALE AT PUBLIC AUCTION, severally or together, certain parcels of land of low value listed below, these parcels having been purchased by the City -- Town of _____ for nonpayment of the taxes due thereon.

(List of parcels)

Further notice is given that the following land in which you appear to have an interest is included in the sale.

(Description as given in original notice of sale)

Amount Required for Redemption on Above Date of Sale, \$_____

Your attention is directed to § 44-9-39 as follows:

"Any person having a right of redemption or any other interest in the land conveyed or purporting to be conveyed under § 44-9-36 or § 44-9-38, upon whom service of the notice of sale provided in § ~~4-9-36~~ 44-9-36 has been made by registered or certified mail, who, prior to the sale, neither redeems the land nor brings proceedings to enjoin the sale, shall, upon the recording of the deed as required by § 44-9-36 or § 44-9-38, be forever barred from raising any question concerning the validity of the title conveyed, and a statement contained in the treasurer's deed that service has been made, naming the persons who were served by registered or certified mail, shall be prima facie evidence of service."

Treasurer of City _____ Town of _____

Send this notice by registered or certified mail, return receipt requested, at least fourteen

1 (14) days before the sale, to any person having a right of redemption or any other interest in any of
2 the parcels to be sold.

3 Form No. 13

4 § 44-9-36

5 This deed is not valid unless recorded in the proper registry of deeds within sixty (60) days
6 after the sale.

7 TREASURER'S DEED TO A PERSON -- LAND OF

8 LOW VALUE

9 STATE OF RHODE ISLAND

10 _____

11 Name of city or town

12 OFFICE OF THE TREASURER

13 I, _____, Treasurer of the City - Town of _____ pursuant to the provisions of § 44-
14 9-36, in consideration of _____/100 dollars to me paid, hereby grant to _____ of _____ the
15 parcel-parcels of land described in the tax collector's deed to which reference is made in the
16 following schedule:

17 _____
18 _____

19 Name of Person Assessed in the		Names of Interested Persons
20 Year of the Tax for which		served by registered or certified
21 the land was taken or sold.		mail with notice of sale under
22 _____	Recorded	§ 44-9-39.

23 Location of Parcel	Book	Page
24 _____		
25 _____		
26 _____		
27 _____		
28 _____		

29 The land hereby granted was assessed for \$ _____ and was offered for sale at public auction
30 on _____, 20 ____, in accordance with a notice of sale posted on _____, 20 ____, in (Specify place
31 where notice was posted) _____; and was sold to the above-named grantee (at the original time and
32 place appointed for the sale - at an adjournment of the sale on _____, 20 ____,) that grantee being
33 the highest bidder whose bid was not rejected as inadequate.

34 This deed is given with the covenant that the sale was in all particulars conducted according

1 to law.

2 In Witness, etc.

3 _____

4 Treasurer

5 of _____

6 Name of City or Town

7 Acknowledgment. See Form 2.

8 Form No. 14

9 § 44-9-38

10 This deed is not valid unless recorded in the proper registry of deeds within sixty (60) days
11 after the sale.

12 TREASURER'S DEED TO MUNICIPALITY -- LAND

13 OF LOW VALUE

14 STATE OF RHODE ISLAND

15 _____

16 Name of City of Town

17 OFFICE OF THE TREASURER

18 I, _____, Treasurer of the City - Town of _____, pursuant to the provisions
19 of §§ 44-9-36 -- 44-9-38, hereby grant to the city - town the parcel-parcels of land described in the
20 tax collector's deed to which reference is made in the following schedule:

21 _____

22 _____

23 Name of Person Assessed in the	Names of Interested Persons
24 Year of the Tax for which	served by registered or certified
25 the land was taken or sold.	mail with notice of sale under

26 _____ Recorded § 44-9-39.

27 Location of Parcel	Book	Page
-----------------------	------	------

28 _____

29 _____

30 _____

31 _____

32 _____

33 The land hereby granted was assessed for \$ _____ and was offered for sale at public auction
34 on _____, 20 ____, in accordance with a notice of sale posted on _____, 20 ____, in (Specify place

1 where notice of sale posted) on _____, 20 ____, in (Specify place where notice was posted).

2 (Strike out Paragraph (A) or (B) as the Circumstances Require)

3 No bid

4 (A) No bid deemed adequate by me was made at the time and place appointed for the sale
5 or at any adjournment thereof, and the city - town therefore became the purchaser at an adjournment
6 of the sale on _____, 20 ____.

7 (B) The purchaser failed to pay the amount bid by him or her at ____ the original time and
8 place appointed for the sale, or _____ an adjournment of the sale on _____, 20 ____, within
9 ten (10) days thereafter, wherefore the sale became void and the city - town became the purchaser.

10 In Witness, etc.

11 _____

12 Treasurer

13 of _____

14 Name of City or Town

15 Acknowledgment. See Form 2.

16 Form No. 15

17 § 44-9-40

18 STATE OF RHODE ISLAND

19 Petition to Establish Title Acquired under § 44-9-36 or § 44-9-38. To the Honorable, the
20 Judges of the Superior Court.

21 The undersigned hereby represent that the land hereinafter described was sold on _____
22 for the nonpayment of taxes by _____, County of _____. Pursuant to §§ 44-9-36 and 44-
23 9-38, the land was conveyed to _____ by instrument dated _____ and recorded in Book
24 _____, Page _____, that the undersigned now hold title under an instrument from
25 _____ dated _____, and duly recorded in Book _____, Page _____, that the
26 following are the names and addresses of all persons known to the undersigned who have any
27 interest in the land other than the petitioner _____ to wit:

28 that the assessed value of the land and buildings is \$_____ ; and that the land is
29 described as follows:

30 (Description)

31 Wherefore your petitioner prays that all persons having an interest in the above-described
32 premises show cause why they should not bring an action to try any claim or claims which they
33 may have adverse to your petitioner's title. And if such persons do not appear within the time fixed
34 or having appeared disobey the lawful Order of the Court to try their claim or claims, that the Court

1 enter a decree that they be forever barred from having or enforcing any claim or claims adversely
2 to the petitioner, his or her heirs or assigns, in the land described.

3 _____
4 _____

5 On this _____ day of _____, 20 ____, personally appeared before me the within
6 named _____, known to me to be the signers of the foregoing petition, and made oath that the
7 statements therein contained so far as made of their own knowledge are true and so far as made
8 upon information and belief that they believe them to be true.

9 Before me

10 _____
11 Notary Public

12 SECTION 14. Section 21-28-4.01 of the General Laws as amended by P.L. 2021, ch. 100,
13 § 1 and P.L. 2021, ch. 101, § 1 in Chapter 21-28 entitled "Uniform Controlled Substances Act" is
14 hereby repealed.

15 **21-28-4.01. Prohibited acts A — Penalties. [As amended by P.L. 2021, ch. 100, § 1 and**
16 **P.L. 2021, ch. 101, § 1.]**

17 ~~(a)(1) Except as authorized by this chapter, it shall be unlawful for any person to~~
18 ~~manufacture, deliver, or possess with intent to manufacture or deliver a controlled substance.~~

19 ~~(2) Any person who is not a drug-addicted person, as defined in § 21-28-1.02, who~~
20 ~~violates this subsection with respect to a controlled substance classified in schedule I or II,~~
21 ~~except the substance classified as marijuana, is guilty of a crime and, upon conviction, may~~
22 ~~be imprisoned to a term up to life or fined not more than five hundred thousand dollars~~
23 ~~(\$500,000) nor less than ten thousand dollars (\$10,000), or both.~~

24 ~~(3) Where the deliverance as prohibited in this subsection shall be the proximate cause~~
25 ~~of death to the person to whom the controlled substance is delivered, it shall not be a defense~~
26 ~~that the person delivering the substance was, at the time of delivery, a drug-addicted person~~
27 ~~as defined in § 21-28-1.02.~~

28 ~~(4) Any person, except as provided for in subsection (a)(2), who violates this~~
29 ~~subsection with respect to:~~

30 ~~(i) A controlled substance, classified in schedule I or II, is guilty of a crime and, upon~~
31 ~~conviction, may be imprisoned for not more than thirty (30) years, or fined not more than~~
32 ~~one hundred thousand dollars (\$100,000) nor less than three thousand dollars (\$3,000), or~~
33 ~~both;~~

34 ~~(ii) A controlled substance, classified in schedule III or IV, is guilty of a crime and,~~

1 ~~upon conviction, may be imprisoned for not more than twenty (20) years, or fined not more~~
2 ~~than forty thousand dollars (\$40,000), or both; provided, with respect to a controlled~~
3 ~~substance classified in schedule III(d), upon conviction may be imprisoned for not more than~~
4 ~~five (5) years, or fined not more than twenty thousand dollars (\$20,000), or both.~~

5 ~~(iii) A controlled substance, classified in schedule V, is guilty of a crime and, upon~~
6 ~~conviction, may be imprisoned for not more than one year, or fined not more than ten~~
7 ~~thousand dollars (\$10,000), or both.~~

8 ~~(b)(1) Except as authorized by this chapter, it is unlawful for any person to create,~~
9 ~~deliver, or possess with intent to deliver, a counterfeit substance.~~

10 ~~(2) Any person who violates this subsection with respect to:~~

11 ~~(i) A counterfeit substance, classified in schedule I or II, is guilty of a crime and, upon~~
12 ~~conviction, may be imprisoned for not more than thirty (30) years, or fined not more than~~
13 ~~one hundred thousand dollars (\$100,000), or both;~~

14 ~~(ii) A counterfeit substance, classified in schedule III or IV, is guilty of a crime and,~~
15 ~~upon conviction, may be imprisoned for not more than twenty (20) years, or fined not more~~
16 ~~than forty thousand dollars (\$40,000), or both; provided, with respect to a controlled~~
17 ~~substance classified in schedule III(d), upon conviction may be imprisoned for not more than~~
18 ~~five (5) years, or fined not more than twenty thousand dollars (\$20,000), or both.~~

19 ~~(iii) A counterfeit substance, classified in schedule V, is guilty of a crime and, upon~~
20 ~~conviction, may be imprisoned for not more than one year, or fined not more than ten~~
21 ~~thousand dollars (\$10,000), or both.~~

22 ~~(e)(1) It shall be unlawful for any person knowingly or intentionally to possess a~~
23 ~~controlled substance, unless the substance was obtained directly from, or pursuant to, a valid~~
24 ~~prescription or order of a practitioner while acting in the course of his or her professional~~
25 ~~practice, or except as otherwise authorized by this chapter.~~

26 ~~(2) Any person who violates this subsection with respect to:~~

27 ~~(i) A controlled substance classified in schedules I, II and III, IV, and V, except~~
28 ~~buprenorphine and the substance classified as marijuana, is guilty of a crime and, upon~~
29 ~~conviction, may be imprisoned for not more than three (3) years, or fined not less than five~~
30 ~~hundred dollars (\$500) nor more than five thousand dollars (\$5,000), or both;~~

31 ~~(ii) More than one ounce (1 oz.) of a controlled substance classified in schedule I as~~
32 ~~marijuana is guilty of a misdemeanor, except for those persons subject to (a)(1), and, upon~~
33 ~~conviction, may be imprisoned for not more than one year, or fined not less than two hundred~~
34 ~~dollars (\$200) nor more than five hundred dollars (\$500), or both.~~

1 ~~(iii) Notwithstanding any public, special, or general law to the contrary, the possession~~
2 ~~of one ounce (1 oz.) or less of marijuana by a person who is eighteen (18) years of age or older,~~
3 ~~and who is not exempted from penalties pursuant to chapter 28.6 of this title, shall constitute~~
4 ~~a civil offense, rendering the offender liable to a civil penalty in the amount of one hundred~~
5 ~~fifty dollars (\$150) and forfeiture of the marijuana, but not to any other form of criminal or~~
6 ~~civil punishment or disqualification. Notwithstanding any public, special, or general law to~~
7 ~~the contrary, this civil penalty of one hundred fifty dollars (\$150) and forfeiture of the~~
8 ~~marijuana shall apply if the offense is the first (1st) or second (2nd) violation within the~~
9 ~~previous eighteen (18) months.~~

10 ~~(iv) Notwithstanding any public, special, or general law to the contrary, possession of~~
11 ~~one ounce (1 oz.) or less of marijuana by a person who is seventeen (17) years of age or older~~
12 ~~and under the age of eighteen (18) years, and who is not exempted from penalties pursuant~~
13 ~~to chapter 28.6 of this title, shall constitute a civil offense, rendering the offender liable to a~~
14 ~~civil penalty in the amount of one hundred fifty dollars (\$150) and forfeiture of the~~
15 ~~marijuana; provided the minor offender completes an approved, drug-awareness program~~
16 ~~and community service as determined by the court. If the person seventeen (17) years of age~~
17 ~~or older and under the age of eighteen (18) years fails to complete an approved, drug-~~
18 ~~awareness program and community service within one year of the disposition, the penalty~~
19 ~~shall be a three hundred dollar (\$300) civil fine and forfeiture of the marijuana, except that~~
20 ~~if no drug-awareness program or community service is available, the penalty shall be a fine~~
21 ~~of one hundred fifty dollars (\$150) and forfeiture of the marijuana. The parents or legal~~
22 ~~guardian of any offender seventeen (17) years of age or older and under the age of eighteen~~
23 ~~(18) shall be notified of the offense and the availability of a drug-awareness and community-~~
24 ~~service program. The drug-awareness program must be approved by the court, but shall, at~~
25 ~~a minimum, provide four (4) hours of instruction or group discussion and ten (10) hours of~~
26 ~~community service. Notwithstanding any other public, special, or general law to the contrary,~~
27 ~~this civil penalty shall apply if the offense is the first or second violation within the previous~~
28 ~~eighteen (18) months.~~

29 ~~(v) Notwithstanding any public, special, or general law to the contrary, a person not~~
30 ~~exempted from penalties pursuant to chapter 28.6 of this title found in possession of one ounce~~
31 ~~(1 oz.) or less of marijuana is guilty of a misdemeanor and, upon conviction, may be~~
32 ~~imprisoned for not more than thirty (30) days, or fined not less than two hundred dollars~~
33 ~~(\$200) nor more than five hundred dollars (\$500), or both, if that person has been previously~~
34 ~~adjudicated on a violation for possession of less than one ounce (1 oz.) of marijuana under~~

1 ~~(c)(2)(iii) or (c)(2)(iv) two (2) times in the eighteen (18) months prior to the third (3rd) offense.~~

2 ~~(vi) Any unpaid civil fine issued under (c)(2)(iii) or (c)(2)(iv) shall double to three~~
3 ~~hundred dollars (\$300) if not paid within thirty (30) days of the disposition. The civil fine shall~~
4 ~~double again to six hundred dollars (\$600) if it has not been paid within ninety (90) days.~~

5 ~~(vii) No person may be arrested for a violation of (c)(2)(iii) or (c)(2)(iv) of this~~
6 ~~subsection except as provided in this subparagraph. Any person in possession of an~~
7 ~~identification card, license, or other form of identification issued by the state or any state,~~
8 ~~city, or town, or any college or university, who fails to produce the same upon request of a~~
9 ~~police officer who informs the person that he or she has been found in possession of what~~
10 ~~appears to the officer to be one ounce (1 oz.) or less of marijuana, or any person without any~~
11 ~~such forms of identification who fails or refuses to truthfully provide his or her name, address,~~
12 ~~and date of birth to a police officer who has informed such person that the officer intends to~~
13 ~~provide such individual with a citation for possession of one ounce (1 oz.) or less of marijuana,~~
14 ~~may be arrested.~~

15 ~~(viii) No violation of (c)(2)(iii) or (c)(2)(iv) of this subsection shall be considered a~~
16 ~~violation of parole or probation.~~

17 ~~(ix) Any records collected by any state agency, tribunal, or the family court that~~
18 ~~include personally identifiable information about violations of (c)(2)(iii) or (c)(2)(iv) shall not~~
19 ~~be open to public inspection in accordance with § 8-8.2-21.~~

20 ~~(3) Jurisdiction. Any and all violations of (c)(2)(iii) and (c)(2)(iv) shall be the exclusive~~
21 ~~jurisdiction of the Rhode Island traffic tribunal. All money associated with the civil fine issued~~
22 ~~under (c)(2)(iii) or (c)(2)(iv) shall be payable to the Rhode Island traffic tribunal. Fifty percent~~
23 ~~(50%) of all fines collected by the Rhode Island traffic tribunal from civil penalties issued~~
24 ~~pursuant to (c)(2)(iii) or (c)(2)(iv) shall be expended on drug awareness and treatment~~
25 ~~programs for youth.~~

26 ~~(4) Additionally, every person convicted or who pleads nolo contendere under (c)(2)(i)~~
27 ~~or convicted or who pleads nolo contendere a second or subsequent time under (c)(2)(ii), who~~
28 ~~is not sentenced to a term of imprisonment to serve for the offense, shall be required to:~~

29 ~~(i) Perform up to one hundred (100) hours of community service;~~

30 ~~(ii) Attend and complete a drug counseling and education program, as prescribed, by~~
31 ~~the director of the department of behavioral healthcare, developmental disabilities and~~
32 ~~hospitals and pay the sum of four hundred dollars (\$400) to help defray the costs of this~~
33 ~~program which shall be deposited as general revenues. Failure to attend may result, after~~
34 ~~hearing by the court, in jail sentence up to one year;~~

1 ~~(iii) The court shall not suspend any part or all of the imposition of the fee required~~
2 ~~by this subsection, unless the court finds an inability to pay;~~

3 ~~(iv) If the offense involves the use of any automobile to transport the substance or the~~
4 ~~substance is found within an automobile, then a person convicted or who pleads nolo~~
5 ~~contendere under (c)(2)(i) and (c)(2)(ii) shall be subject to a loss of license for a period of six~~
6 ~~(6) months for a first offense and one year for each offense after.~~

7 ~~(5) All fees assessed and collected pursuant to (c)(3)(ii) shall be deposited as general~~
8 ~~revenues and shall be collected from the person convicted or who pleads nolo contendere~~
9 ~~before any other fines authorized by this chapter.~~

10 ~~(d) It shall be unlawful for any person to manufacture, distribute, or possess with~~
11 ~~intent to manufacture or distribute, an imitation controlled substance. Any person who~~
12 ~~violates this subsection is guilty of a crime and, upon conviction, shall be subject to the same~~
13 ~~term of imprisonment and/or fine as provided by this chapter for the manufacture or~~
14 ~~distribution of the controlled substance that the particular imitation controlled substance~~
15 ~~forming the basis of the prosecution was designed to resemble and/or represented to be; but~~
16 ~~in no case shall the imprisonment be for more than five (5) years nor the fine for more than~~
17 ~~twenty thousand dollars (\$20,000).~~

18 ~~(e) It shall be unlawful for a practitioner to prescribe, order, distribute, supply, or sell~~
19 ~~an anabolic steroid or human growth hormone for: (1) Enhancing performance in an~~
20 ~~exercise, sport, or game, or (2) Hormonal manipulation intended to increase muscle mass,~~
21 ~~strength, or weight without a medical necessity. Any person who violates this subsection is~~
22 ~~guilty of a misdemeanor and, upon conviction, may be imprisoned for not more than six (6)~~
23 ~~months or a fine of not more than one thousand dollars (\$1,000), or both.~~

24 ~~(f) It is unlawful for any person to knowingly or intentionally possess, manufacture,~~
25 ~~distribute, or possess with intent to manufacture or distribute, any extract, compound, salt~~
26 ~~derivative, or mixture of salvia divinorum or datura stramonium or its extracts unless the~~
27 ~~person is exempt pursuant to the provisions of § 21-28-3.30. Notwithstanding any laws to the~~
28 ~~contrary, any person who violates this section is guilty of a misdemeanor and, upon~~
29 ~~conviction, may be imprisoned for not more than one year, or fined not more than one~~
30 ~~thousand dollars (\$1,000), or both. The provisions of this section shall not apply to licensed~~
31 ~~physicians, pharmacists, and accredited hospitals and teaching facilities engaged in the~~
32 ~~research or study of salvia divinorum or datura stramonium and shall not apply to any person~~
33 ~~participating in clinical trials involving the use of salvia divinorum or datura stramonium.~~

34 ARTICLE III -- EFFECTIVE DATE

1 SECTION 1. Sections 1 through 27 of Article I of this act shall take effect on December
2 31, 2023. Sections 1 through 14 of Article II of this act shall take effect upon passage.

=====
LC002603
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATUTES AND STATUTORY CONSTRUCTION

- 1 This act makes a number of technical amendments to the general laws, prepared at the
2 recommendation of the law revision office. Article I contains the reenactment of titles 7 and 27 of
3 the general laws. Article II includes the statutory construction provisions
- 4 Sections 1 through 27 of Article I of this act would take effect on December 31, 2023.
- 5 Sections 1 through 14 of Article II of this act would take effect upon passage.

=====
LC002603
=====