

Concise Explanatory Statement

Rhode Island Government Register

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, following is a concise explanatory statement:

AGENCY: Rhode Island Department of Business Regulation (“Department”)

DIVISION: Insurance

RULE IDENTIFIER: 230-RICR-20-50-1 (formerly Insurance Regulation 11)

ERLID: 6218

REGULATION TITLE: Surplus Line Brokers

RULEMAKING ACTION: Direct Final Amendment

REASON FOR RULEMAKING:

The regulation prescribes requirements for surplus lines brokers selling insurance in Rhode Island. While reformatting for incorporation into the RICR, the Department identified a number of technical non-substantive changes reflected in the Notice of Rulemaking. In addition, the following changes were made:

Section 1.3 – The amendment proposes to change the various terms used in the regulation for the Division of Insurance and substitute a consistent use of the term “Department.” In accordance with this change the definition of “Insurance Commissioner” is proposed to be deleted.

Section 1.4(A) and (B) – The use of the National Insurance Producer Register (“NIPR”), which is the licensing system currently used, has been substituted for more generic language.

Section 1.4(D) – A sentence has been added specifying that residents of states that require Rhode Island surplus lines brokers to post bonds must post a bond in Rhode Island.

Section 1.4(G) – The sentence has been rewritten to state the biennial cost of a license based on the annual statutory fee.

Appendices referenced in Sections 1.5, 1.6 and 1.7 have been removed and moved to a bulletin.

CHANGES TO TEXT OF THE RULE:

No objections were received. Therefore, the final rule is the same as what was proposed.

REGULATORY ANALYSIS:

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