Concise Explanatory Statement

Rhode Island Government Register

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

AGENCY: Rhode Island Department of Business Regulation

DIVISION: Insurance Division

RULE IDENTIFIER: 230-RICR-20-45-12

REGULATION TITLE: Term and Universal Life Insurance Reserve Financing

RULEMAKING ACTION: New Adoption

REASON FOR RULEMAKING:

The Department proposes this adoption to adopt the National Association of Insurance Commissioners ("NAIC") Term and Universal Life Insurance Reserve Financing Model Regulation ("Model Reg. #787"). Model Reg. #787 establishes uniform, national standards governing reserve financing arrangements pertaining to term life and universal life insurance policies with secondary guarantees and ensures that funds consisting of primary security and other security are held in the forms and amounts required. The NAIC has adopted Model Reg. #787 as an accreditation standard for continued accreditation by and membership in the NAIC for its members.

This adoption will replace current guidance set forth in Insurance Bulletin 2022-5 Actuarial Guideline XLVIII (AG 48) to ensure compliance by term and universal life insurers.

CHANGES TO TEXT OF THE RULE:

No comments or objections were received during the public comment period. The final regulation is the same as what has been proposed.

REGULATORY ANALYSIS:

The new adoption 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.

This regulation change will not add any cost to the state. The regulation change will neither increase or decrease overall revenue.