

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-20-45-1

REGULATION TITLE: Insurance Holding Company Systems

RULEMAKING ACTION: Amendment

REASON FOR RULEMAKING:

The Department proposed this amendment to update the regulation to adopt recent changes to the National Association of Insurance Commissioners (“NAIC”) Insurance Holding Company System Model Regulation (Model Reg. #450). Model Reg. #450 establishes uniform, national standards governing reserve financing arrangements pertaining to insurance holding company systems. The NAIC determined that Model Reg. #450 was an accreditation standard necessary to maintain accreditation by the NAIC and that these recent updates to Model Reg. 450 were also important.

This amendment will harmonize the current regulation with the NAIC Model Regulation to provide consistent regulatory guidance to insurance holding company systems.

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.

All amendments are listed in the attached chart on pages 2 and 3.

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.

DBR proposed the following substantive amendments to 230-RICR-20-45-1 insurance holding company system:

page	§	proposed amendment
1	1.1 Authority	reformat ¹
1	1.2 Purpose	reformat
1	1.3 Severability Clause	reformat
1	1.4 Forms – General Requirements	(A) edit §§
2		(C) edit §§
2	1.5 Forms – Incorporation by Reference, Summaries and Omissions	(A) edit §§
3	1.6 Forms – Information Unavailable and Extension of Time to Furnish	no amendment
3	1.7 Forms – Additional Information and Exhibits	edit §§
3	1.8 Definitions	no amendment
4	1.9 Subsidiaries of Domestic Insurers	reformat
4	1.10 Acquisition of Control – Statement Filing (Form A)	reformat, edit §§
4	1.11 Amendments to Form A	reformat, edit §§
4	1.12 Acquisition of Section 27-35-2(a)1 Insurers	no amendment
4	1.13 Pre-Acquisition Notification	(B) edit §§
5		(C) edit §§
5	1.14 Annual Registration of Insurers – Statement Filing	reformat, edit §§
5	1.15 Summary of Registration – Statement	reformat, edit §§
5	1.16 Amendments to Form B	(A) edit §§
5	1.17 Alternative and Consolidated Registrations	(A) edit §§
5		(A)(1) edit §§
6		(B) edit §§
6	1.18 Disclaimers and Termination of Registration	no amendment
6	1.19 Transactions Subject to Prior Notice – Notice Filing	(A) edit §§
7		(B)(7)a,b,c add language from NAIC Model 450

¹ reformat = reformatting to match updated Secretary of State format

7		(B)(10) add language from NAIC Model 450
7/8		(B)(11) delete original language and add (B)(11)a,b,c,d language from NAIC Model 450
8		(B)(12) replace language with statutory citation
8		(B)(13) delete original language and add language from NAIC Model 450
9		(B)(14) add language from NAIC Model 450
9		(B)(15) add language from NAIC Model 450
9	1.20 Enterprise Risk Report	edit §§
9-12	1.21 Group Capital Calculations	add language from NAIC Model 450
12	1.22 Extraordinary Dividends and Other	§ renumbered
13	Distributions	(B) edit §§
13	1.23 Adequacy of Surplus	§ renumbered
14	1.24 Form A	§ renumbered
19	1.25 Form B	§ renumbered
25	1.26 Form C	§ renumbered
27	1.27 Form D	§ renumbered
32	1.28 Form E	§ renumbered
34	1.29 Form F	§ renumbered