

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-20-35-1 (formerly Insurance Regulation 44)

REGULATION TITLE: Long Term Care Insurance

RULEMAKING ACTION: Direct Final Amendment

REASON FOR RULEMAKING:

The regulation prescribes requirements for insurers that issue Long Term Care Insurance in Rhode Island. While reformatting for incorporation into the RICR, the Department identified a number of technical non-substantive changes reflected in the attached proposal. In addition, the following changes have been made:

- Section 1.4 – The proposal incorporates defined terms from R.I. Gen. Laws § 27-34.2-4 and adds definitions for “benefit trigger” and “licensed health care professional.” Both of these changes bring the regulation into conformance with the current version of the National Association of Insurance Commissioners (NAIC) Model Regulation.
- Section 1.8(F) – The proposal adds a sentence to subdivision (F) excluding qualified contracts. This addition is in accordance with the current version of the NAIC Model Regulation.
- Section 1.10 – The proposal amends and adds requirements for policies issued after January 1, 2019, all of which are in accordance with the current version of the NAIC Model Regulation.
- Section 1.15 – The proposal adds annual rate certification requirements for policies issued after January 1, 2019 in accordance with the current version of the NAIC Model Regulation.
- Section 1.16 – The proposal adds reference to Licensing Requirements in accordance with the current version of the NAIC Model Regulation.
- Section 1.17 – The proposal adds a section on the discretionary powers of the commissioner in accordance with the current version of the NAIC Model Regulation.
- Section 1.20 – The proposal adds the ability to request less than the full rate increase otherwise required under this section for policies issued after January 1, 2019, if the Department agrees. This addition is in accordance with the current version of the NAIC Model Regulation.

- Section 1.20.1 – This section concerning Premium Rate Schedule Increases for policies subject to the loss ratio limits related to Original Filings is proposed to be added to the regulation. This addition is in accordance with the current version of the NAIC Model Regulation.
- Section 1.21 – This section is proposed to be amended by removing all of current section A. This amendment is in accordance with the current version of the NAIC Model Regulation.
- Section 1.27 – This section concerning the right to reduce coverage and lower premium is proposed to be amended to bring the section into conformance with the current version of the NAIC Model Regulation.
- Section 1.28 – The proposal adds subsection (D)(6) to address an insurers obligation in the event of a substantial premium increase. This addition is in accordance with the current version of the NAIC Model Regulation.
- Section 1.30 - This section concerning additional standards for benefit triggers for qualified long-term care insurance contracts is proposed to be added to the regulation. This addition is in accordance with the current version of the NAIC Model Regulation.
- Section 1.32 – This section concerning prompt payment of clean claims is proposed to be added to bring the regulation into conformance with the current version of the NAIC Model Regulation.
- Appendices referenced in Sections 1.9, 1.11, 1.15, 1.23, 1.24 and 1.34 are proposed to be moved out of the regulation and into a bulletin.

CHANGES TO TEXT OF THE RULE:

One comment was received which supported the proposed amendments but requested that the Department make the amendments to the regulation effective six months after the regulation is adopted to ensure carriers sufficient time to comply with the new regulation. The Department has accepted this recommendation and will set the effective date 6 months after the date of filing the final rule with the Secretary of State in accordance with R.I. Gen. Laws § 42-35-4(e)(3). Also, the change in effective date does not require any changes to the text of the rule as proposed.

No objections were received.

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.