

**State of Rhode Island and Providence Plantations**  
**DEPARTMENT OF BUSINESS REGULATION**  
*Division of Insurance*  
**233 Richmond Street**  
**Providence, RI 02903**

**INSURANCE REGULATION 30**

**STANDARDS FOR FOREIGN INSURANCE COMPANY LICENSING**

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***Section 1***      ***Authority***

This Regulation is promulgated pursuant to R.I. Gen. Laws § 42-14-17.

***Section 2***      ***Purpose***

The purpose of this Regulation is to set standards to assist the Insurance Commissioner in determining whether a foreign insurance company is eligible to be considered for a license to transact insurance business within the State of Rhode Island as provided for in R.I. Gen. Laws § 27-2-1 *et seq.*.

It is in the public interest to set standards whereby foreign insurance companies will be considered for licensure within the State of Rhode Island. The Insurance Commissioner deems it in the public interest to set standards for consideration of those foreign insurance companies which will serve the best interest of the citizens of the State of Rhode Island.

The following standards must be met by any foreign Life and Health or Property and Casualty insurance company seeking to be licensed to transact insurance business within the State of Rhode Island. Other types of companies (e.g. Health Maintenance Organizations, Title Insurers, Fraternal Societies, Captives, Risk Retention Groups, Surplus Lines Insurers, Reciprocal Exchanges and Authorized or Accredited Reinsurers) should contact the Chief Insurance Examiner of the Rhode Island Department of Business Regulation, Division of Insurance (“Department”) for specific instructions when applying.

### ***Section 3      Conditions***

To be eligible to be considered for licensure within the State of Rhode Island, all foreign insurance companies must file an application following the standards established by the National Association of Insurance Commissioners' Uniform Certificate of Authority Application (NAIC UCAA). Such applications must be filed using the NAIC UCAA's Expansion Application. Each application will undergo a rigorous financial and operational review to determine that the applicant company has a positive financial history and that its presence in the State of Rhode Island will not be detrimental to the residents of this State.

Consideration will be given to the company's proposed plan of operation, its ownership and management staff, the company's affiliations with other Rhode Island licensed insurance companies, and its recent history of ratings by A.M. Best or other appropriate rating agencies. The review process will particularly consider the company's financial history as indicated by Insurance Regulatory Information System (IRIS) and Financial Analysis Solvency Tools (FAST) ratios, revenues, net incomes or losses, capital gains or losses (realized and unrealized), changes in capital and surplus, changes in assets and liabilities, and the trend of its Risk-Based Capital ratio. Due consideration will also be given to commentaries contained in the most recent independent Certified Public Accountant's Report, Actuarial Opinion, Management Discussion and Analysis Report, and the most recent Examination Report provided by the state of domicile.

### ***Section 4      Procedure***

Complete foreign Expansion Applications will be reviewed in chronological order, based on the date when each was first recorded as complete and received. The Commissioner reserves the right to consider for licensure foreign Property and Casualty insurance companies other than on the chronological basis as set forth above when said foreign Property and Casualty insurance companies demonstrate to his or her satisfaction that they will commit themselves to the writing of certain lines of business in a significant volume, satisfying the needs of the Rhode Island consumer, provided, however, that said foreign Property and Casualty insurance companies meet the criteria as set forth in this Regulation.

### ***Section 5      Filing Requirements***

Foreign insurance companies seeking a Rhode Island Certificate of Authority must submit those items listed in the NAIC's UCAA Expansion Application. When completing an application for a Rhode Island Certificate of Authority, applicant companies should particularly follow the Rhode Island specific items in Sections II and III of the NAIC UCAA Manual for the Expansion Application.

The Insurance Commissioner reserves the right to require any applicant company to furnish additional material or information deemed necessary in the course of this Department's review.

In addition to the specific requirements for filing an Expansion Application, a foreign insurance company must file the following information and/or documents for the Commissioner's consideration:

- A. A foreign insurance company may not transact business in Rhode Island until it has appointed, in writing, the Insurance Commissioner as attorney to receive service of process (to be accompanied by a certified copy of the resolution of its Board of Directors authorizing such appointment).
- B. A Retaliatory Statement must be completed by the applicant company's state of domicile Insurance Department/Division for submission to the Department.
- C. If the applicant company's state of domicile insurance holding company disclosure requirements and standards are substantially similar to the requirements of R.I. Gen. Laws § 27-35-1 *et seq.*, the applicant shall submit **only** an affidavit attesting to that "substantial similarity" **and shall not** submit a full Form B filing. If such an affidavit cannot be provided, the Form B filing should be submitted with a cover letter explaining the absence of "substantial similarity".
- D. R.I. Gen. Laws § 27-34-6 requires that all Property and Casualty insurers shall be and remain members of the Rhode Island Insurers' Insolvency Fund.
- E. R.I. Gen. Laws §31-33-8 and Rhode Island Insurance Regulation 98 require that all automobile insurers must participate in the Rhode Island Automobile Insurance Plan ("Rhode Island Assigned Risk Plan"). A company applying for a Rhode Island Certificate of Authority that will include those lines of business must submit a statement on company letterhead, signed by the appropriate company official and certifying that the company will become a member of the Rhode Island Automobile Insurance Plan upon approval and issuance of its Rhode Island Certificate of Authority.
- F. R.I. Gen. Laws § 27-33-2 and Rhode Island Insurance Regulation 15 require that all insurers licensed to write those classes of insurance listed in R.I. Gen. Laws §§ 27-8-1 and 27-8-3 on a direct basis, must participate in the basic property insurance program established in Rhode Island, the Rhode Island Joint Reinsurance Association ("RI FAIR Plan"). A company applying for a Rhode Island Certificate of Authority that will include those lines of business must submit a statement on company

letterhead, signed by the appropriate company official and certifying that the company will become a member of the Rhode Island Joint Reinsurance Association upon approval and issuance of its Rhode Island Certificate of Authority.

- G. R.I. Gen. Laws § 42-14.1-1 and Rhode Island Insurance Regulation 21 require that all insurers licensed to write “personal injury liability insurance” on a direct basis must be members of the Medical Malpractice Joint Underwriting Association of Rhode Island (MMJUA). A company applying for a Rhode Island Certificate of Authority that will include those lines of business must submit a statement on company letterhead, signed by the appropriate company official and certifying that the company will become a member of the Medical Malpractice Joint Underwriting Association of Rhode Island upon approval and issuance of its Rhode Island Certificate of Authority.
- H. R.I. Gen. Laws § 27-34.3-6(a) requires that all Life or Health insurers shall be and remain members of the Rhode Island Life and Health Insurance Guaranty Association.
- I. A foreign life company planning to include variable life and/or variable annuity authority must also submit a written opinion as to whether the applicant company’s state of domicile regulation provides a degree of protection to policyholders and the public which is substantially equal to that provided by R.I. Gen. Laws § 27-32-1 *et seq.*

#### ***Section 6      Waiver***

Whenever a court of competent jurisdiction approves a rehabilitation plan which would create a new company to replace a foreign insurance company that was properly licensed in Rhode Island, or when any state requires the formation of a shell company to facilitate the redomestication of a foreign insurance company that was properly licensed in Rhode Island, to a state other than Rhode Island, the Insurance Commissioner may, at his or her discretion, waive any or all of the requirements of this regulation and permit the new company to be licensed.

#### ***Section 7      Severability***

If any section, term, or provision of this Regulation should be adjudged invalid for any reason, that judgment should not effect, impair, or invalidate any remaining section, term, or provision, which shall remain in full force and effect.

#### ***Section 8      Effective Date***

This Regulation shall be effective on October 17, 2001.

EFFECTIVE DATE:

June 16, 1982

AMENDED:

December 19, 1985

June 17, 1988

June 4, 1992

November 8, 1995

December 24, 1996

October 17, 2001

REFILED:

December 19, 2001