

2011 -- S 0509

LC01237

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO INSURANCE - VOLUNTARY RESTRUCTURING OF SOLVENT
INSURERS

Introduced By: Senators Bates, and Miller

Date Introduced: March 10, 2011

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-14.5-5 of the General Laws in Chapter 27-14.5 entitled
2 "Voluntary Restructuring of Solvent Insurers" is hereby amended to read as follows:

3 **27-14.5-5. Taxes, fees, assessments, pools, and regulatory and supervision fund.** -- (a)
4 Application fee. - Upon application to a court pursuant to section 27-14.5-4, the applicant shall
5 pay a fee to the department in the amount of ~~one hundred and twenty five thousand dollars~~
6 ~~(\$125,000)~~ ten thousand dollars (\$10,000) ~~or any lesser amount that the commissioner shall deem~~
7 ~~adequate for appropriate and thorough review of the application.~~

8 (1) In connection with the departments' participation in the proceedings undertaken
9 pursuant to section 27-14.5-4, the applicant shall be assessed the following expenses:

10 (i) One hundred fifty percent (150%) of the total salaries and benefits paid to the
11 personnel of the department of business regulation engaged in the proceedings, including, but not
12 limited to, examiners, actuaries, attorneys, managers, and para-professionals, less any salary
13 reimbursements.

14 (ii) The department may retain independent attorneys, appraisers, actuaries, certified
15 public accountants, or other professionals and specialists to assist department personnel in
16 connection with the proceedings, the cost of which shall be borne by the applicant.

17 (b) ~~Assessment~~ Ongoing assessments.

18 (1) Every March 15, the commissioner shall assess each run-off insurer an amount equal

1 to the greater of: (i) one thousand dollars (\$1,000), or (ii) the sum of that run-off insurer's
2 proportionate share of estimated regulatory expenditure for that calendar year and that run-off
3 insurer's assessment deficit, less its assessment surplus.

4 (2) The calculation of the assessment surplus or deficit shall reflect the total cost of any
5 examinations, which shall be borne by the companies so examined, and shall include the
6 following expenses:

7 (i) One hundred fifty percent (150%) of the total salaries and benefits paid to the
8 examining personnel of the department of business regulation engaged in those examinations,
9 including, but not limited to, examiners, actuaries, attorneys, managers, and para-professionals,
10 less any salary reimbursements;

11 (ii) All reasonable technology costs related to the examination process. Technology costs
12 shall include the actual cost of software and hardware utilized in the examination process and the
13 cost of training examination personnel in the proper use of the software or hardware;

14 (iii) All necessary and reasonable education and training costs incurred by the state to
15 maintain the proficiency and competence of the examining personnel. All such costs shall be
16 incurred in accordance with appropriate state of Rhode Island regulations, guidelines and
17 procedures.

18 (3) Each run-off insurer shall pay the assessment to the department on or before the
19 following fifteenth (15th) day of April.

20 (4) An insurer that redomiciles to Rhode Island after March 15 of any year and that
21 qualifies as a run-off insurer upon redomestication shall pay an assessment equal to the
22 commissioner's estimate of redomestication expenditure attributable to that run-off insurer.

23 (5) All revenues collected pursuant to this section shall be deposited as general revenues.
24 That assessment shall be in addition to any taxes and fees otherwise payable to the state.

25 (c) Pools. - Except with respect to policy renewals required by law or contract, no run-
26 off insurer shall be subject to any assessment or assignment in connection with any residual
27 market, fair plan, or assigned-risk plan mechanisms in this state.

28 (d) Scope. - This section shall only apply to run-off insurers that cease underwriting new
29 business after January 1, 2002, or that were not domiciled in Rhode Island on January 1, 2002.

30 SECTION 2. This act shall take effect upon passage.

=====
LC01237
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - VOLUNTARY RESTRUCTURING OF SOLVENT
INSURERS

- 1 This act would amend the Voluntary Restructuring of Solvent Insurers to lower the
- 2 application fee and provide for reimbursement to the state of cost incurred in solvent runoffs.
- 3 This act would take effect upon passage.

=====
LC01237
=====