

**State of Rhode Island and Providence Plantations
OFFICE OF THE HEALTH INSURANCE COMMISSIONER
John O. Pastore Complex
1511 Pontiac Avenue, Bldg. 69-1
Cranston, Rhode Island 02920**

Public Notice of Proposed Rule-Making

Pursuant to the provisions of R.I. Gen. Laws § 42-14-17, and in accordance with the Administrative Procedures Act Chapter 42-35 of the General Laws, the Office of Health Insurance Commissioner hereby gives notice of its intent to adopt Regulation 16 – Insurance Issued to Trusts or Associations.

The purpose of this adoption is to protect the public from a regulatory vacuum by ensuring that insurance issued or renewed in Rhode Island through a trust or association is adequately regulated.

The proposed regulation are available for public inspection at www.ohic.ri.gov, in person at the Office of Health Insurance Commissioner, 1511 Pontiac Avenue, Cranston, Rhode Island 02920, or requested by email edwyer@dbri.gov or by calling Elizabeth Kelleher Dwyer at (401) 462 9520.

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.

All interested parties are invited to submit written or oral comments concerning the proposed regulations by April 26, 2011 to Elizabeth Kelleher Dwyer, 1151 Pontiac Avenue, Cranston, Rhode Island 02920, edwyer@dbri.gov. A public hearing to consider the proposed adoption shall be held on April 26, 2011 at 10:00 am at 1511 Pontiac Avenue, Cranston, Rhode Island 02920 at which time and place all persons interested therein will be heard. The room is accessible to the disabled and interpreter services for the hearing impaired will be provided if requested 48 hours prior to the hearing. Requests for this service can be made in writing or by calling (401) 462 9520 or TDD 711.

Christopher Koller
Health Insurance Commissioner

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OFFICE OF THE HEALTH INSURANCE COMMISSIONER REGULATION 16
INSURANCE ISSUED TO TRUSTS AND ASSOCIATIONS

Table of Contents

Section 1	Authority
Section 2	Purpose
Section 3	Insurance Issued to Trusts and Associations
Section 4	Severability
Section 5	Effective Date

Section 1 **Authority**

This regulation is promulgated pursuant to R.I. Gen. Laws §§ 27-18-1 *et seq.*, 27-18.5-1 *et seq.*, 27-18.6-1 *et seq.*, 27-19-1 *et seq.*, 27-20-1 *et seq.*, 27-41-1 *et seq.*, 27-50-1 *et seq.*, 42-14-5, 42-14.5-1 *et seq.*, 42-14-17, 42-35-1 *et seq.*, and 42-62-12.

Section 2 **Purpose**

This Regulation is intended to protect the public from a regulatory vacuum by ensuring that health insurance issued or renewed in Rhode Island through a trust or association is adequately regulated. The Office of the Health Insurance Commissioner (“the Office”) has received complaints from consumers residing out of state who have received certificates of insurance issued to groups outside of Rhode Island, and whose resident state claims that it does not have regulatory authority over the health insurance policy. This creates a regulatory vacuum, which in turn could subject the public to deficient insurance products and undermine public confidence in state-based insurance regulation. This Regulation remedies this problem by requiring every health insurer, health maintenance organization, nonprofit dental service plan, and nonprofit hospital and medical service corporation authorized to transact business in Rhode Island that issues insurance through a Rhode Island trust or association to comply with the applicable insurance laws of the state where the insured person or group resides.

Section 3 **Insurance Issued to Trusts and Associations**

- (a) All individual or group health insurance coverage and health benefit plan delivered, issued for delivery, or renewed in this state on or after June 1, 2011 by any health insurer, health maintenance organization, nonprofit dental service plan, or nonprofit hospital and medical service corporation authorized to transact business within this state that provides insurance coverage through a Rhode Island trust or association to any person residing or located outside this state, including but not limited to employers, political entities, or individuals,

shall meet all requirements of the health insurance laws of the state where the individual resides, or the group is located, as applicable.

- (b) The phrases “health insurance,” “health benefit plan,” and “health insurance coverage” in this Regulation shall mean “health insurance coverage,” as defined in §§ 27-18.5-2 and 27-18.6-2, “health benefit plan,” as defined in § 27-50-3 and a “medical supplement policy,” as defined in § 27-18.2-1 or coverage similar to a Medicare supplement policy that is issued to an employer to cover retirees, and dental coverage, including, but not limited to, coverage provided by a nonprofit dental service plan as defined in subsection 27-20.1-1(3).
- (c) All forms issued in connection with individual or group health insurance coverage and health benefit plans subject to Section 3(a) of this Regulation shall include a term providing that the insurance regulatory agency and courts of the jurisdiction in which the individual resides or the group is located shall have jurisdiction over the individual or group health insurance coverage and health benefit plan as if such coverage or plan were issued directly to the insured.
- (d) The health insurance commissioner may, upon a showing of good cause, grant a waiver from the requirements of this Regulation for a period of up to one year.

Section 4 Severability

If any provision of this Regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the Regulation and the application of its provisions to other persons or circumstances shall not be affected thereby.

Section 5 Effective Date

This Regulation is effective on the date indicated below.

EFFECTIVE DATE: June 1, 2011