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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO INSURANCE -- RHODE ISLAND LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION ACT

Introduced By: Senator Andrew R. Dimitri

Date Introduced: March 06, 2026

Referred To: Senate Commerce

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-34.3-3 of the General Laws in Chapter 27-34.3 entitled "Rhode  
2 Island Life and Health Insurance Guaranty Association Act" is hereby amended to read as follows:

3 **27-34.3-3. Coverage and limitations.**

4 (a) This chapter shall provide coverage for the policies and contracts specified in subsection  
5 (b) of this section:

6 (1) To persons who, regardless of where they reside (except for nonresident certificate  
7 holders under group policies or contracts), are the beneficiaries, assignees, or payees of the persons  
8 covered under subsection (a)(2); and

9 (2) To persons who are owners of or certificate holders under the policies or contracts  
10 (other than unallocated annuity contracts, and structured settlement annuities) and in each case  
11 who:

12 (i) Are residents; or

13 (ii) Are not residents, but only under all of the following conditions:

14 (A) The insurer that issued the policies or contracts is domiciled in this state;

15 (B) The states in which the persons reside have associations similar to the association  
16 created by this chapter; and

17 (C) The persons are not eligible for coverage by an association in any other state due to the  
18 fact that the insurer was not licensed in the state at the time specified in the state's guaranty

1 association law.

2 (3) For unallocated annuity contracts set forth in subsection (b), subsections (a)(1) and  
3 (a)(2) shall not apply, and this chapter shall (except as provided in subsections (a)(5) and (a)(6))  
4 provide coverage to:

5 (i) Persons who are owners of the unallocated annuity contracts if the contracts are issued  
6 to or in connection with a specific benefit plan whose plan sponsor has its principal place of  
7 business in this state; and

8 (ii) Persons who are owners of unallocated annuity contracts issued to or in connection  
9 with government lotteries if the owners are residents.

10 (4) For structured settlement annuities specified in subsection (b)(1), subsections (a)(1) and  
11 (a)(2) shall not apply, and this chapter shall (except as provided in subsections (a)(5) and (a)(6))  
12 provide coverage to a person who is a payee under a structured settlement annuity (or beneficiary  
13 of a payee if the payee is deceased), if the payee:

14 (i) Is a resident, regardless of where the contract owner resides; or

15 (ii) Is not a resident, but only under both of the following conditions:

16 (A)(I) The contract owner of the structured settlement annuity is a resident; or

17 (II) The contract owner of the structured settlement annuity is not a resident but the insurer  
18 that issued the structured settlement annuity is domiciled in this state; and

19 The state in which the contract owner resides has an association similar to the association  
20 created by this chapter; and

21 (B) Neither the payee or beneficiary, nor the contract owner, is eligible for coverage by the  
22 association of the state in which the payee or contract owner resides.

23 (5) This chapter shall not provide coverage to:

24 (i) A person who is a payee or beneficiary of a contract owner resident of this state, if the  
25 payee or beneficiary is afforded any coverage by the association of another state; or

26 (ii) A person covered under subsection (a)(3), if any coverage is provided by the association  
27 of another state to the person.

28 (6) This chapter is intended to provide coverage to a person who is a resident of this state  
29 and, in special circumstances, to a nonresident. In order to avoid duplicate coverage, if a person  
30 who would otherwise receive coverage under this chapter is provided coverage under the laws of  
31 any other state, the person shall not be provided coverage under this chapter. In determining the  
32 application of the provisions of this paragraph in situations where a person could be covered by the  
33 association of more than one state, whether as an owner, payee, beneficiary, or assignee, this  
34 chapter shall be construed in conjunction with other state laws to result in coverage by only one

1 association.

2 (b)(1) This chapter shall provide coverage to the persons specified in subsection (a) for  
3 direct, nongroup life, health, or annuity policies or contracts and supplemental policies or contracts  
4 to any of these, for certificates under direct group policies and contracts, and for unallocated annuity  
5 contracts issued by member insurers, except as limited by this chapter. Annuity contracts and  
6 certificates under group annuity contracts include, but are not limited to, guaranteed investment  
7 contracts, deposit administration contracts, unallocated funding agreements, allocated funding  
8 agreements, structured settlement annuities, annuities issued to or in connection with government  
9 lotteries, and any immediate or deferred annuity contracts.

10 (2) This chapter shall not provide coverage for:

11 (i) A portion of a policy or contract not guaranteed by the insurer, or under which the risk  
12 is borne by the policy or contract owner;

13 (ii) A policy or contract of reinsurance, unless assumption certificates have been issued  
14 pursuant to the reinsurance policy or contract;

15 (iii) A portion of a policy or contract to the extent that the rate of interest on which it is  
16 based, or the interest rate, crediting rate, or similar factor determined by use of an index or other  
17 external reference stated in the policy or contract employed in calculating returns or changes in  
18 value:

19 (A) Averaged over the period of four (4) years prior to the date on which the member  
20 insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier, exceeds  
21 the rate of interest determined by subtracting two (2) percentage points from Moody's corporate  
22 bond yield average averaged for that same four-year (4) period or for such lesser period if the policy  
23 or contract was issued less than four (4) years before the member insurer becomes an impaired or  
24 insolvent insurer under this chapter, whichever is earlier; and

25 (B) On and after the date on which the member insurer becomes an impaired or insolvent  
26 insurer under this chapter, whichever is earlier, exceeds the rate of interest determined by  
27 subtracting three (3) percentage points from Moody's corporate bond yield average as most recently  
28 available;

29 (iv) A portion of a policy or contract issued to a plan or program of an employer,  
30 association, or other person to provide life, health, or annuity benefits to its employees, members,  
31 or others to the extent that the plan or program is self-funded or uninsured, including but not limited  
32 to benefits payable by an employer, association, or other person under:

33 (A) A multiple employer welfare arrangement as defined in 29 U.S.C. § 1144;

34 (B) A minimum premium group insurance plan;

- 1 (C) A stop-loss group insurance plan; or
- 2 (D) An administrative services only contract;
- 3 (v) A portion of a policy or contract to the extent that it provides for:
- 4 (A) Dividends or experience rating credits;
- 5 (B) Voting rights; or
- 6 (C) Payment of any fees or allowances to any person, including the policy or contract
- 7 owner, in connection with the service to or administration of the policy or contract;
- 8 (vi) A policy or contract issued in this state by a member insurer at a time when it was not
- 9 licensed or did not have a certificate of authority to issue the policy or contract in this state;
- 10 (vii) An unallocated annuity contract issued to or in connection with a benefit plan
- 11 protected under the federal pension benefit guaranty corporation, regardless of whether the federal
- 12 pension benefit guaranty corporation has yet become liable to make any payments with respect to
- 13 the benefit plan;
- 14 (viii) A portion of unallocated annuity contract that is not issued to or in connection with a
- 15 specific employee, union or association of natural persons benefit plan, or a government lottery;
- 16 (ix) A portion of a policy or contract to the extent that the assessments required by § 27-
- 17 34.3-9 with respect to the policy or contract are preempted by federal or state law;
- 18 (x) An obligation that does not arise under the express written terms of the policy or
- 19 contract issued by the insurer to the contract owner or policy owner, including, without limitation:
- 20 (A) Claims based on marketing materials;
- 21 (B) Claims based on side letters, riders, or other documents that were issued by the insurer
- 22 without meeting applicable policy form filing or approval requirements;
- 23 (C) Misrepresentations of or regarding policy benefits;
- 24 (D) Extracontractual claims; or
- 25 (E) A claim for penalties or consequential or incidental damages;
- 26 (xi) A contractual agreement that establishes the member insurer's obligations to provide
- 27 a book value accounting guaranty for defined contribution benefit plan participants by reference to
- 28 a portfolio of assets that is owned by the benefit plan or its trustee, which in each case is not an
- 29 affiliate of the member insurer;
- 30 (xii) A portion of a policy or contract to the extent it provides for interest or other changes
- 31 in value to be determined by the use of an index or other external reference stated in the policy or
- 32 contract, but which have not been credited to the policy or contract, or as to which the policy or
- 33 contract owner's rights are subject to forfeiture, as of the date the member insurer becomes an
- 34 impaired or insolvent insurer under this chapter, whichever is earlier. If a policy's or contract's

1 interest or changes in value are credited less frequently than annually, then, for purposes of  
2 determining the values that have been credited and are not subject to forfeiture under this paragraph,  
3 the interest or change in value determined by using the procedures defined in the policy or contract  
4 will be credited as if the contractual date of crediting interest or changing values was the date of  
5 impairment or insolvency, whichever is earlier, and will not be subject to forfeiture;

6 (xiii) Any transaction or combination of transactions between a protected cell and the  
7 general account or another protected cell of a protected cell company organized under chapter 64  
8 of this title; or

9 (xiv) A policy or contract providing any hospital, medical, prescription drug, or other  
10 healthcare benefits pursuant to Part C or Part D of subchapter XVIII, chapter 7 of title 42 of the  
11 United States Code (commonly known as Medicare part C & D) or any regulations issued pursuant  
12 thereto.

13 (c) The benefits that the association may become obligated to cover shall in no event exceed  
14 the lesser of:

15 (1) The contractual obligations for which the insurer is liable or would have been liable if  
16 it were not an impaired or insolvent insurer; or

17 (2)(i) With respect to any one life, regardless of the number of policies or contracts:

18 (A) Three hundred thousand dollars (\$300,000) in life insurance death benefits, but not  
19 more than one hundred thousand dollars (\$100,000) in net cash surrender and net cash withdrawal  
20 values for life insurance;

21 (B) In health insurance benefits:

22 (I) One hundred thousand dollars (\$100,000) for coverages not considered as disability  
23 insurance or basic hospital, medical, and surgical insurance or major medical insurance or long-  
24 term care insurance, including any net cash surrender and net cash withdrawal values;

25 (II) Three hundred thousand dollars (\$300,000) for disability insurance and three hundred  
26 thousand dollars (\$300,000) for long-term care insurance;

27 (III) Five hundred thousand dollars (\$500,000) for basic hospital, medical, and surgical  
28 insurance; or

29 (C) ~~Two hundred fifty thousand dollars (\$250,000)~~ Five hundred thousand dollars  
30 (\$500,000) in the present value of annuity benefits, including net cash surrender and net cash  
31 withdrawal values;

32 (ii) With respect to each individual participating in a governmental retirement plan  
33 established under § 401, § 403(b), or § 457 of the U.S. Internal Revenue Code, 26 U.S.C. § 401,  
34 § 403(b), or § 457, covered by an unallocated annuity contract or the beneficiaries of each such

1 individual if deceased, in the aggregate, two hundred fifty thousand dollars (\$250,000) in present  
2 value annuity benefits, including net cash surrender and net cash withdrawal values;

3 (iii) With respect to each payee of a structured settlement annuity or beneficiary or  
4 beneficiaries, of the payee if deceased, two hundred fifty thousand dollars (\$250,000) in present  
5 value annuity benefits, in the aggregate, including net cash surrender and net cash withdrawal  
6 values if any;

7 (iv) However in no event shall the association be obligated to cover more than: (A) an  
8 aggregate of three hundred thousand dollars (\$300,000) in benefits with respect to any one life  
9 under this subsection (c)(2)(iv) and subsections (c)(2)(i), (c)(2)(ii), and (c)(2)(iii) except with  
10 respect to benefits for basic hospital, medical, and surgical insurance and major medical insurance  
11 under subsection (c)(2)(i)(B), in which case the aggregate liability of the association shall not  
12 exceed five hundred thousand dollars (\$500,000) with respect to any one individual; or (B) with  
13 respect to one owner of multiple nongroup policies of life insurance, whether the policy owner is  
14 an individual, firm, corporation, or other person, and whether the persons insured are officers,  
15 managers, employees, or other persons, more than five million dollars (\$5,000,000) in benefits,  
16 regardless of the number of policies and contracts held by the owner;

17 (v) With respect to either: (A) one contract owner provided coverage under subsection  
18 (a)(3)(i); or (B) one plan sponsor whose plans own directly or in trust any one or more unallocated  
19 annuity contracts not included in subsection (c)(2)(ii), five million dollars (\$5,000,000) in benefits,  
20 irrespective of the number of contracts with respect to the contract owner or plan sponsor. Provided,  
21 however, in the case of one or more unallocated annuity contracts that are covered contracts under  
22 this chapter and are owned by a trust or other entity for the benefit of two (2) or more plan sponsors,  
23 coverage shall be afforded by the association if the largest interest in the trust or entity owning the  
24 contract or contracts is held by a plan sponsor whose principal place of business is in this state and  
25 in no event shall the association be obligated to cover more than five million dollars (\$5,000,000)  
26 in benefits with respect to all such unallocated contracts;

27 (vi) The limitations set forth in this subsection (c) are limitations on the benefits for which  
28 the association is obligated before taking into account either its subrogation and assignment rights  
29 or the extent to which those benefits could be provided out of the assets of the impaired or insolvent  
30 insurer attributable to covered policies. The costs of the association's obligations under this chapter  
31 may be met by the use of assets attributable to covered policies or reimbursed to the association  
32 pursuant to its subrogation and assignment rights.

33 (d) In performing its obligations to provide coverage under § 27-34.3-8, the association  
34 shall not be required to guarantee, assume, reinsure, or perform, or cause to be guaranteed, assumed,

1 reinsured, or performed, contractual obligations of the insolvent or impaired insurer under a  
2 covered policy or contract that do not materially affect the economic values or economic benefits  
3 of the covered policy or contract.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO INSURANCE -- RHODE ISLAND LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION ACT

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1           This act would require the Rhode Island life and health insurance guarantee association to  
2 be obligated to cover a minimum of five hundred thousand dollars (\$500,000) in present value of  
3 annuity benefits, including net cash surrender and net cash withdrawal values.

4           This act would take effect upon passage.

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