

2012 -- H 7775

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO INSURANCE - LIFE INSURANCE AND ANNUITIES

Introduced By: Representative Raymond H. Johnston

Date Introduced: February 16, 2012

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 27-4 of the General Laws entitled "Life Insurance Policies and
2 Reserves" is hereby amended by adding thereto the following sections:

3 **27-4-28. Life insurance suitability. --** A producer shall not recommend to any person
4 the purchase, sale or exchange of any life insurance policy, or any rider, endorsement or
5 amendment thereto, without reasonable grounds to believe that the transaction or
6 recommendation is suitable for the person based upon reasonable inquiry concerning the person's
7 insurance objectives, financial situation and needs, age and other relevant information known by
8 the producer. When a producer recommends a group life insurance policy, "person" shall refer to
9 the intended group policyowner. Insurers shall institute appropriate procedures to review the
10 suitability of life insurance transactions similar to those instituted for the suitability of annuity
11 sales.

12 **27-4-29. Life insurance database. --** (a) The department of business regulation shall
13 maintain a central database of electronic contact information for each life insurer having policies
14 in force in this state.

15 (b) On and after January 1, 2013, any member of the immediate family of a decedent
16 searching for life insurance policies covering the decedent may file a request with the department
17 for a search pursuant to this section, provided the decedent was a resident or former resident of
18 this state. Any such request shall include a copy of the subject decedent's death certificate. The
19 right to file a request for a search pursuant to this section may not be assigned.

1 (c) The department shall transmit any such request to all life insurers having policies in
2 force in this state, along with information necessary for responding directly to the person filing
3 the request. Each such insurer shall examine its books and records to make a determination as to
4 the existence of coverage of the subject decedent, and upon a finding that such coverage does
5 exist, shall directly notify the person filing the request.

6 (d) The department may adopt such rules and regulations as may be necessary to
7 implement the provisions of this section.

8 (e) Insurers of credit life insurance, as defined in title 27, chapter 31, are exempt from
9 inclusion in the central database and shall not be subject to the requirements of section 27-4-28.

10 SECTION 2. This act shall take effect on January 1, 2013.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE - LIFE INSURANCE AND ANNUITIES

- 1 This act would add the requirement of suitability to the sale of life insurance and set up a
- 2 procedure whereby potential beneficiaries can contact the department of business regulation and
- 3 have all licensed insurers conduct a search for life insurance policies covering a decedent.
- 4 This act would take effect on January 1, 2013.

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