

2019 -- H 6184 SUBSTITUTE A

LC002568/SUB A/2

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO INSURANCE -- LIFE INSURANCE POLICIES AND RESERVES

Introduced By: Representatives Caldwell, Speakman, Mendez, Vella-Wilkinson, and Ackerman

Date Introduced: June 05, 2019

Referred To: House Health, Education & Welfare

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 section:

3 **27-4-1.1. Denial of applicant based on naloxone prescription.**

4 (a) No life insurance company organized or doing business within this state shall:

5 (1) Deny the application of an individual seeking coverage for any life insurance policy
6 pursuant to this chapter solely on the basis that the applicant has a prescription to carry or possess
7 the drug naloxone;

8 (2) Otherwise discriminate in the offering, issuance, cancellation, amount of coverage,
9 price or any other condition of a life insurance policy based solely and without any additional
10 actuarial justification upon the fact that an individual has been issued a prescription for naloxone
11 or has purchased naloxone.

12 (b) Any denial of insurance coverage in violation of the provisions of this section:

13 (i) Shall be void;

14 (ii) The insurer shall reopen the application and underwriting process for consideration of
15 coverage and the life insurance company shall be deemed to have provided coverage to the
16 eligible person retroactive to the date of the initial application.

17 SECTION 2. Section 27-4.8-1 of the General Laws in Chapter 27-4.8 entitled "Group
18 Life Insurance" is hereby amended to read as follows:

19 **27-4.8-1. Group life insurance definitions.**

1 Except as provided in 27-4.8-2, no policy of group life insurance shall be delivered in this
2 state unless it conforms to one of the following descriptions:

3 (1) A policy issued to an employer, or to the trustees of a fund established by an
4 employer, which employer or trustees shall be deemed the policyholder, to insure employees of
5 the employer for the benefit of persons other than the employer, subject to the following
6 requirements:

7 (i) The employees eligible for insurance under the policy shall be all of the employees of
8 the employer, or all of any class or classes thereof. The policy may provide that the term
9 "employees" shall include the employees of one or more subsidiary corporations, and the
10 employees, individual proprietors, and partners of one or more affiliated corporations,
11 proprietorships or partnerships if the business of the employer and of the affiliated corporations,
12 proprietorships or partnerships is under common control. The policy may provide that the term
13 "employees" shall include the individual proprietor or partners if the employer is an individual
14 proprietorship or partnership. The policy may provide that the term "employees" may include
15 retired employees, former employees and directors of a corporate employer. A policy issued to
16 insure the employees of a public body may provide that the term "employees" shall include
17 elected or appointed officials.

18 (ii) The premium for the policy shall be paid either from the employer's funds or from
19 funds contributed by the insured employees, or from both. Except as provided in paragraph (iii), a
20 policy on which no part of the premium is to be derived from funds contributed by the insured
21 employees shall insure all eligible employees, except those who reject the coverage in writing.

22 (iii) An insurer may exclude or limit the coverage on any person as to whom evidence of
23 individual insurability is not satisfactory to the insurer; provided, however, that any exclusion or
24 limitation shall not be based solely on the fact that the person has a prescription to carry or
25 possess the drug naloxone.

26 (2) A policy issued to a creditor or its parent holding company or to a trustee or trustees
27 or agent designated by two (2) or more creditors, which creditor, holding company, affiliate,
28 trustee, trustees or agent shall be deemed the policyholder, to insure debtors of the creditor or
29 creditors subject to the following requirements:

30 (i) The debtors eligible for insurance under the policy shall be all of the debtors of the
31 creditor or creditors, or all of any class or classes thereof. The policy may provide that the term
32 "debtors" shall include:

33 (A) Borrowers of money or purchasers or lessees of goods, services or property for which
34 payment is arranged through a credit transaction;

1 (B) The debtors of one or more subsidiary corporations; and

2 (C) The debtors of one or more affiliated corporations, proprietorships or partnerships if
3 the business of the policyholder and of the affiliated corporations, proprietorships or partnerships
4 is under common control.

5 (ii) The premium for the policy shall be paid either from the creditor's funds, or from
6 charges collected from the insured debtors, or from both. Except as provided in paragraph (3), a
7 policy on which no part of the premium is to be derived from the funds contributed by insured
8 debtors specifically for their insurance shall insure all eligible debtors.

9 (iii) An insurer may exclude any debtors as to whom evidence of individual insurability is
10 not satisfactory to the insurer; provided, however, that any exclusion shall not be based solely on
11 the fact that the person has a prescription to carry or possess the drug naloxone.

12 (iv) The amount of the insurance on the life of any debtor shall at no time exceed the
13 greater of the scheduled or actual amount of unpaid indebtedness to the creditor, except that
14 insurance written in connection with open-end credit having a credit limit exceeding ten-thousand
15 dollars (\$10,000) may be in an amount not exceeding the credit limit.

16 (v) The insurance may be payable to the creditor or any successor to the right, title, and
17 interest of the creditor. The payment shall reduce or extinguish the unpaid indebtedness of the
18 the insured.

19 (vi) Notwithstanding the provisions of the above subsections, insurance on agricultural
20 non-decreasing or level term plan. Insurance on educational credit transaction commitments may
21 be written up to the amount of the loan commitment less the amount of any repayments made on
22 the loan.

23 (3) A policy issued to a labor union, or similar employee organization, which shall be
24 deemed to be the policyholder, to insure members of the union or organization for the benefit of
25 persons other than the union or organization or any of its officials, representatives or agents,
26 subject to the following requirements:

27 (i) The members eligible for insurance under the policy shall be all of the members of the
28 union or organization, or all of any class or classes thereof.

29 (ii) The premium for the policy shall be paid either from funds of the union or
30 organization, or from funds contributed by the insured members specifically for their insurance,
31 or from both. Except as provided in paragraph (iii), a policy on which no part of the premium is
32 to be derived from funds contributed by the insured members specifically for their insurance shall
33 insure all eligible members, except those who reject the coverage in writing.

34 (iii) An insurer may exclude or limit the coverage on any persons to whom evidence of

1 individual insurability is not satisfactory to the insurer; provided, however, that any exclusion or
2 limitation shall not be based solely on the fact that the person has a prescription to carry or
3 possess the drug naloxone.

4 (4) A policy issued to a trust or to the trustees of a fund established or adopted by two (2)
5 or more employers, or by one or more labor unions or similar employee organizations, or by one
6 or more employers and one or more labor unions or similar employee organizations, which trust
7 or trustees shall be deemed the policyholder, to insure employees of the employers or members of
8 the unions or organizations for the benefit of person other than the employers or the unions or
9 organizations, subject to the following requirements:

10 (i) The persons eligible for insurance shall be all of the employees of the employers or all
11 of the members of the unions or organizations, or all of any class or classes thereof. The policy
12 may provide that the term "employees" shall include the employees of one or more subsidiary
13 corporations, and the employees, individual proprietors, and partners of one or more affiliated
14 corporations, proprietorships or partnerships if the business of the employer and of the affiliated
15 corporations, proprietorships or partnerships is under common control. The policy may provide
16 that the term "employees" shall include the individual proprietor or partners if the employer is an
17 individual proprietorship or partnership. The policy may provide that the term "employees" shall
18 include retired employees, former employees and directors of a corporate employer. The policy
19 may provide that the term "employees" shall include the trustees or their employees, or both, if
20 their duties are principally connected with the trusteeship.

21 (ii) The premium for the policy shall be paid from funds contributed by the employer or
22 employers of the insured persons, or by the union or unions or similar employee organizations, or
23 by both, or from funds contributed by the insured persons or from both the insured persons and
24 the employers or unions or similar employee organizations. Except as provided in paragraph (iii),
25 a policy on which no part of the premium is to be derived from funds contributed by the insured
26 persons specifically for their insurance shall insure all eligible persons, except those who reject
27 the coverage in writing.

28 (iii) An insurer may exclude or limit the coverage on any person as to whom evidence of
29 individual insurability is not satisfactory to the insurer; provided, however, that any exclusion or
30 limitation shall not be based solely on the fact that the person has a prescription to carry or
31 possess the drug naloxone.

32 (5) A policy issued to an association or to a trust or to the trustees of a fund established,
33 created, or maintained for the benefit of members of one or more associations. The association or
34 associations shall have at the outset a minimum of one hundred (100) persons; shall have been

1 organized and maintained in good faith for purposes other than that obtaining insurance; shall
2 have been in active existence for at least two (2) years; and shall have a constitution and by-laws
3 which provides that:

4 (i) The association or associations hold regular meetings not less than annually to further
5 purposes of the members,

6 (ii) Except for credit unions, the association or associations, collect dues or solicit
7 contributions from members, and

8 (iii) The members have voting privileges and representation on the governing board and
9 committees. The policy shall be subject to the following requirements:

10 (A) The policy may insure members of the association or associations, employees thereof
11 or employees of members, or one or more of the preceding or all of any class or classes thereof
12 for the benefit of persons other than the employee's employer.

13 (B) The premium for the policy shall be paid from funds contributed by the association or
14 associations, or by employer members, or by both, or from funds contributed by the covered
15 persons or from both the covered persons and the association, associations, or employer members.

16 (C) Except as provided in paragraph (D), a policy on which no part of the premium is to
17 be derived from funds contributed by the covered persons specifically for the insurance shall
18 insure all eligible persons, except those who reject the coverage in writing.

19 (D) An insurer may exclude or limit the coverage on any person as to whom evidence of
20 individual insurability is not satisfactory to the insurer; provided, however, that any exclusion or
21 limitation shall not be based solely on the fact that the person has a prescription to carry or
22 possess the drug naloxone.

23 (6) A policy issued to a credit union or to a trustee or trustees or agent designated by two
24 (2) or more credit unions, which credit union, trustee, trustees, or agent shall be deemed
25 policyholder, to insure members of the credit union or credit unions for the benefit of persons
26 other than the credit union or credit unions, trustee or trustees, or agent or any of their officials,
27 subject to the following requirements:

28 (i) The members eligible for insurance shall be all of the members of the credit union or
29 credit unions, or all of any class or classes thereof.

30 (ii) The premium for the policy shall be paid by the policyholder from the credit union's
31 funds and, except as provided in paragraph (iii), shall insure all eligible members.

32 (iii) An insurer may exclude or limit the coverage on any member as to whom evidence
33 of individual insurability is not satisfactory to the insurer; provided, however, that any exclusion
34 or limitation shall not be based solely on the fact that the person has a prescription to carry or

1 [possess the drug naloxone.](#)

2 SECTION 3. This act shall take effect upon passage [and shall apply to any application for](#)
3 [life insurance filed on or after the effective date of this act.](#)

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- LIFE INSURANCE POLICIES AND RESERVES

1 This act would prohibit a denial or limitation of coverage or an increase in insurance
2 premiums under a life insurance policy based on the fact that an individual has been issued a
3 prescription for naloxone or has purchased naloxone. A denial of insurance policy coverage in
4 violation of this act would be void as violation of public policy.

5 This act would take effect upon passage [and shall apply to any application for life](#)
6 [insurance filed on or after the effective date of this act](#)

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