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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO INSURANCE -- LIFE INSURANCE POLICIES AND RESERVES

Introduced By: Senators Ruggerio, Lynch Prata, Euer, Crowley, and Lawson

Date Introduced: April 10, 2019

Referred To: Senate Health & Human Services

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 No life insurance company organized or doing business within this state shall deny the
5 application of an individual seeking coverage for any life insurance products pursuant to this
6 chapter solely on the basis that the applicant has a prescription to carry or possess the drug
7 naloxone.

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

10 **27-4.8-1. Group life insurance definitions.**

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

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

17 (i) The employees eligible for insurance under the policy shall be all of the employees of
18 the employer, or all of any class or classes thereof. The policy may provide that the term
19 "employees" shall include the employees of one or more subsidiary corporations, and the

1 employees, individual proprietors, and partners of one or more affiliated corporations,
2 proprietorships or partnerships if the business of the employer and of the affiliated corporations,
3 proprietorships or partnerships is under common control. The policy may provide that the term
4 "employees" shall include the individual proprietor or partners if the employer is an individual
5 proprietorship or partnership. The policy may provide that the term "employees" may include
6 retired employees, former employees and directors of a corporate employer. A policy issued to
7 insure the employees of a public body may provide that the term "employees" shall include
8 elected or appointed officials.

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

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

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

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

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

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

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

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

34 (iii) An insurer may exclude any debtors as to whom evidence of individual insurability is

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

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

7 (v) The insurance may be payable to the creditor or any successor to the right, title, and
8 interest of the creditor. The payment shall reduce or extinguish the unpaid indebtedness of the
9 debtor to the extent of the payment and any excess of the insurance shall be payable to the estate
10 of the insured.

11 (vi) Notwithstanding the provisions of the above subsections, insurance on agricultural
12 credit transaction commitments may be written up to the amount of the loan commitment on a
13 non-decreasing or level term plan. Insurance on educational credit transaction commitments may
14 be written up to the amount of the loan commitment less the amount of any repayments made on
15 the loan.

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

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

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

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

31 (4) A policy issued to a trust or to the trustees of a fund established or adopted by two (2)
32 or more employers, or by one or more labor unions or similar employee organizations, or by one
33 or more employers and one or more labor unions or similar employee organizations, which trust
34 or trustees shall be deemed the policyholder, to insure employees of the employers or members of

1 the unions or organizations for the benefit of person other than the employers or the unions or
2 organizations, subject to the following requirements:

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

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

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

25 (5) A policy issued to an association or to a trust or to the trustees of a fund established,
26 created, or maintained for the benefit of members of one or more associations. The association or
27 associations shall have at the outset a minimum of one hundred (100) persons; shall have been
28 organized and maintained in good faith for purposes other than that obtaining insurance; shall
29 have been in active existence for at least two (2) years; and shall have a constitution and by-laws
30 which provides that:

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

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

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

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

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

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

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

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

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

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

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

29 SECTION 3. 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 -- LIFE INSURANCE POLICIES AND RESERVES

- 1 This act would prohibit an insurer from denying the application of a person or exclude or
- 2 limit coverage for the person under a group policy for life insurance products based solely on the
- 3 fact that the person has a prescription to carry or possess the drug naloxone.
- 4 This act would take effect upon passage.

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