

2019 -- S 0799 SUBSTITUTE A

LC002257/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: 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 (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 life insurance company shall be deemed to have provided coverage to the eligible
15 person retroactive to the date of the initial application;

16 (iii) No premium may be charged for the period in which the provisions of this section
17 were violated by the life insurance company; and

18 (iv) Any premium owed by the affected individual after coverage is formally issued must
19 be based on the rate for coverage that was in effect on the date of the initial application until the

1 [next rating period begins.](#)

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

4 **27-4.8-1. Group life insurance definitions.**

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

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

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

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

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

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

34 (i) The debtors eligible for insurance under the policy shall be all of the debtors of the

1 creditor or creditors, or all of any class or classes thereof. The policy may provide that the term
2 "debtors" shall include:

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

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

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

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

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

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

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

24 (vi) Notwithstanding the provisions of the above subsections, insurance on agricultural
25 credit transaction commitments may be written up to the amount of the loan commitment on a
26 non-decreasing or level term plan. Insurance on educational credit transaction commitments may
27 be written up to the amount of the loan commitment less the amount of any repayments made on
28 the loan.

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

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

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

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

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

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

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

34 (iii) An insurer may exclude or limit the coverage on any person as 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 (5) A policy issued to an association or to a trust or to the trustees of a fund established,
5 created, or maintained for the benefit of members of one or more associations. The association or
6 associations shall have at the outset a minimum of one hundred (100) persons; shall have been
7 organized and maintained in good faith for purposes other than that obtaining insurance; shall
8 have been in active existence for at least two (2) years; and shall have a constitution and by-laws
9 which provides that:

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

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

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

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

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

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

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

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

34 (i) The members eligible for insurance shall be all of the members of the credit union or

1 credit unions, or all of any class or classes thereof.

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

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

8 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 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.

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