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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO INSURANCE

Introduced By: Senators Bates, and Jabour

Date Introduced: March 10, 2011

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 27-14.1-1, 27-14.1-3, 27-14.1-4 and 27-14.1-6 of the General
2 Laws in Chapter 27-14.1 entitled "Administrative Supervision" are hereby amended to read as
3 follows:

4 **27-14.1-1. Definitions.** -- As used in this chapter:

5 (1) "Consent" means agreement to administrative supervision by the insurer;

6 (2) "Exceeded its powers" means the following conditions:

7 (i) The insurer has refused to permit examination of its books, papers, accounts, records,
8 or affairs by the commissioner, his or her deputies, employees or duly commissioned examiners;

9 (ii) A domestic insurer has unlawfully removed from this state books, papers, accounts,
10 or records necessary for an examination of the insurer;

11 (iii) The insurer has failed to promptly comply with the applicable financial reporting
12 statutes or rules and departmental requests relating ~~to those statutes or rules~~ [thereto](#);

13 (iv) The insurer has neglected or refused to observe an order of the commissioner to
14 make good, within ~~a~~ [the time](#) prescribed ~~time~~ [by law](#), any prohibited deficiency in its capital,
15 capital stock or surplus;

16 (v) The insurer is continuing to transact insurance or write business after its license has
17 been revoked or suspended by the commissioner;

18 (vi) The insurer, by contract or otherwise, has unlawfully or has in violation of an order
19 of the commissioner or has without first having obtained written approval of the commissioner if

1 approval is required by law:

2 (A) Totally reinsured its entire outstanding business; or

3 (B) Merged or consolidated substantially its entire property or business with another
4 insurer;

5 (vii) The insurer engaged in any transaction in which it is not authorized to engage under
6 the laws of this state; or

7 (viii) The insurer refused to comply with a lawful order of the commissioner;

8 (3) "Insurer" means and includes every person ~~subject to the provisions of this title~~
9 engaged as indemnitor, surety or contractor in the business of entering into contracts of insurance
10 or of annuities as limited to:

11 (i) Any insurer who is doing an insurer business, or has transacted insurance in this state,
12 and against whom claims arising from that transaction may exist now or in the future; and

13 (ii) Any fraternal benefit society which is subject to the provisions of this title; and

14 ~~(4)(iii) Any insurer writing "Mono mono line business" for the purposes of this title~~
15 ~~means either a stock or mutual insurance company, whether foreign or domestic which means any~~
16 insurer, which deals exclusively in surety bonding.

17 **27-14.1-3. Notice to comply with written requirements of commissioner --**
18 **Noncompliance -- Administrative supervision. --** (a) An insurer may be subject to

19 administrative supervision by the commissioner if upon examination or at any other time it
20 appears in the commissioner's discretion that:

21 (1) The insurer's condition renders the continuance of its business hazardous to the
22 public or to its insured;

23 (2) The insurer appears to have exceeded its powers granted under its certificate of
24 authority and applicable law;

25 (3) The insurer has failed to comply with the applicable provisions of the insurance code;

26 (4) The business of the insurer is being conducted fraudulently; or

27 (5) The insurer gives its consent.

28 (b) If the commissioner determines that the conditions set forth in subsection (a) of this
29 section exist, the commissioner shall:

30 (1) Notify the insurer of his or her determination;

31 (2) Furnish to the insurer a written list of the requirements to abate this determination;

32 and

33 (3) Notify the insurer that it is under the supervision of the commissioner and that the
34 commissioner is applying and effectuating the provisions of ~~the~~ this chapter. The action by the

1 commissioner shall be subject to review pursuant to ~~applicable state administrative procedures~~
2 ~~under~~ the Administrative Procedures Act, chapter 35 of title 42.

3 (c) If placed under administrative supervision, the insurer shall have sixty (60) days, or
4 another period of time as designated by the commissioner, to comply with the requirements of the
5 commissioner subject to the provisions of this chapter.

6 (d) If it is determined after notice and hearing that the conditions giving rise to the
7 supervision still exist at the end of the supervision period specified in subsection (c) of this
8 section, the commissioner may extend the period.

9 (e) If it is determined that none of the conditions giving rise to the supervision exist, the
10 commissioner shall release the insurer from supervision.

11 **27-14.1-4. Confidentiality of certain proceedings and records.** -- (a) Notwithstanding
12 any other provision of law and except as set forth in this section, proceedings, hearings, notices,
13 correspondence, reports, records, and other information in the possession of the commissioner or
14 the department of business regulation relating to the supervision of any insurer are confidential
15 except as provided by this section.

16 (b) The personnel of the department of business regulation shall have access to these
17 proceedings, hearings, notices, correspondence, reports, records, or information as permitted by
18 the commissioner.

19 (c) The commissioner may open the proceedings or hearings or disclose the notices,
20 correspondence, reports, records, or information to a department, agency, or instrumentality of
21 this or another state ~~or~~ of the United States if the commissioner determines that the disclosure is
22 necessary or proper for the enforcement of the laws of this or another state of the United States.

23 (d) The commissioner may open the proceedings or hearings or make public the notices,
24 correspondence, reports, records, or other information if the commissioner deems that it is in the
25 best interest of the public or in the best interest of the insurer, its insureds, creditors, or the
26 general public.

27 (e) This section does not apply to hearings, notices, correspondence, reports, records, or
28 other information obtained upon the appointment of a receiver for the insurer by a court of
29 competent jurisdiction.

30 **27-14.1-6. Review and stay of action.** -- During the period of supervision the insurer
31 may contest an action taken or ~~proposal~~ proposed to be taken by the supervisor specifying the
32 manner in which the action being complained of would not result in improving the condition of
33 the insurer. Denial of the insurer's request upon reconsideration entitles the insurer to request a
34 proceeding under the Administrative Procedures Act, chapter 35 of title 42.

1 SECTION 2. Section 27-30-2 of the General Laws in Chapter 27-30 entitled "Consumer
2 Credit Insurance" is hereby amended to read as follows:

3 **27-30-2. Scope and definitions.** -- (a) Citation and scope.

4 (1) This chapter may be cited as "Consumer Credit Insurance Act."

5 (2) All consumer credit insurance sold in connection with loans or other credit
6 transactions for personal, family or household purposes shall be subject to the provisions of this
7 chapter except:

8 (i) Insurance written in connection with a credit transaction that is:

9 (A) Secured by a first mortgage or deed of trust; and

10 (B) Made to finance the purchase of real property or the construction of a dwelling
11 thereon, or to refinance a prior credit transaction made for such a purpose;

12 ~~(e)~~(ii) Insurance sold as an isolated transaction on the part of the insurer and not related
13 to an agreement or a plan for insuring debtors of the creditor.

14 ~~(e)~~(iii) Insurance for which no identifiable charge is made to the debtor.

15 ~~(e)~~(iv) Insurance on accounts receivable.

16 ~~(e)~~(b)(v) Definitions. - For the purpose of this chapter:

17 (1) "Commissioner" means the director of the department of business regulation or his or
18 designee;

19 (2) "Compensation" means commissions, dividends, retrospective rate credits, service
20 fees, expense allowances or reimbursements, gifts, furnishing of equipment, facilities, goods or
21 services, or any other form of remuneration resulting directly from the sale of consumer credit
22 insurance;

23 (3) "Consumer credit insurance" is a general term used in this chapter to refer to any or
24 all credit life insurance, credit accident and health insurance, credit unemployment insurance
25 specifically defined in this chapter;

26 (4) "Credit accident and health insurance" means insurance on a debtor to provide
27 indemnity for payments or debt becoming due on a specific loan or other credit transaction while
28 the debtor is disabled as defined in the policy;

29 (5) "Credit life insurance" means insurance on a debtor or debtors, pursuant to or in
30 connection with a specific loan or other credit transaction, to provide for satisfaction of a debt, in
31 whole or in part, upon the death of an insured debtor;

32 (6) "Credit transaction" means any transaction by the terms of which the repayment of
33 money loaned or loan commitment made, or payment for goods, services or properties sold or
34 leased, is to be made at a future date or dates;

1 (7) "Credit unemployment insurance" means insurance on a debtor to provide indemnity
2 for payments or debt becoming due on a specific loan or other credit transaction while the debtor
3 is involuntarily unemployed as defined in the policy;

4 (8) "Creditor" means the lender of money or vendor or lessor of goods, services,
5 property, rights, or privileges, for which payment is arranged through a credit transaction or any
6 successor to the right, title, or interest of any lender, vendor, or lessor, and an affiliate, associate,
7 or subsidiary of any of them or any director, officer, or employee of any of them or any other
8 person in any way associated with any of them;

9 (9) "Debtor" means a borrower of money or a purchaser or lessee of goods, services,
10 property, rights, or privileges for which payment is arranged through a credit transaction;

11 (10) "Gross debt" means the sum of the remaining payments owed to the creditor by the
12 debtor;

13 (11) "Identifiable charge" means a charge for a type of consumer credit insurance that is
14 made to debtors having such insurance and not made to debtors not having such insurance; it
15 includes a charge for insurance that is disclosed in the credit or other instrument furnished to the
16 debtor which sets out the financial elements of the credit transaction and any difference in the
17 finance, interest, service or other similar charge made to debtors who are in like circumstances
18 except for the insured or non-insured status of the debtor or of the property used as security for
19 the credit transaction;

20 (12) "Net debt" means the amount necessary to liquidate the remaining debt in a single
21 lump-sum payment, excluding all unearned interest and other unearned finance charges;

22 (13) "Open-end credit" means credit extended by a creditor under an agreement in
23 which:

24 (i) The creditor reasonably contemplates repeated transactions;

25 (ii) The creditor imposes a finance charge from time to time on an outstanding unpaid
26 balance; and

27 (iii) The amount of credit that may be extended to the debtor during the term of the
28 agreement (up to any set limit by the creditor) is generally made available to the extent that any
29 outstanding balance is repaid.

30 SECTION 3. Section 27-4.8-5 of the General Laws in Chapter 27-4.8 entitled "Group
31 Life Insurance" is hereby amended to read as follows:

32 **27-4.8-5. Group life insurance standard provision.** -- (a) No policy of group life
33 insurance shall be delivered in this state unless it contains in substance the following provisions,
34 or provisions which in the opinion of the commissioner are more favorable to the persons insured,

1 or at least as favorable to the persons insured and more favorable to the policyholder, however:

2 (1) Subsections (f) to (k) inclusive shall not apply to policies insuring the lives of
3 debtors;

4 (2) The standard provisions required for individual life insurance policies shall not apply
5 to group life insurance policies; and

6 (3) If the group life insurance policy is on a plan of insurance other than the term plan, it
7 shall contain a nonforfeiture provision or provisions which, in the opinion of the commissioner, is
8 or are equitable to the insured persons and to the policyholder. Nothing herein shall be construed
9 to require that group life insurance policies contain the same nonforfeiture provisions as are
10 required for individual life insurance policies.

11 (b) The policy shall contain a provision that the policyholder is entitled to a grace period
12 of thirty-one (31) days for the payment of any premium due except the first, during which grace
13 period the death benefit coverage shall continue in force, unless the policyholder gives the insurer
14 written notice of discontinuance in advance of the date of discontinuance and in accordance with
15 the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer
16 for the payment of a pro rata premium for the time the policy was in force during the grace
17 period.

18 (c) The policy shall contain a provision that the validity of the policy shall not be
19 contested except for nonpayment of premiums after it has been in force for two (2) years from its
20 date of issue; and that no statement made by any person insured under the policy relating to his or
21 her insurability shall be used in contesting the validity of the insurance with respect to which the
22 statement was made after the insurance has been in force prior to the contest for a period of two
23 (2) years during the person's lifetime nor unless it is contained in a written instrument signed by
24 him or her. This provision shall not preclude the assertion at any time of defenses based upon
25 provisions in the policy that relate to eligibility for coverage.

26 (d) The policy shall contain a provision that a copy of the application, if any, of the
27 policy holder shall be attached to the policy when issued, that all statements made by the
28 policyholder or by the persons insured shall be deemed representations and not warranties and
29 that no statement made by any person insured shall be used in any contest unless a copy of the
30 instrument containing the statement is or has been furnished to the person or, in the event of death
31 or incapacity of the insured person, to his or her beneficiary or personal representative.

32 (e) The policy shall contain a provision setting forth the conditions, if any, under which
33 the insurer reserves the right to require a person eligible for insurance to furnish evidence of
34 individual insurability satisfactory to the insurer as a condition to part or all of his coverage.

1 (f) The policy shall contain a provision specifying an equitable adjustment of premiums
2 or benefits, or both, to be made in the event the age of a person insured has been misstated. The
3 provision to contain a clear statement of the method of adjustment to be made.

4 (g) The policy shall contain a provision that any sum becoming due by reason of the
5 death of the person insured shall be payable to the beneficiary designated by the person insured,
6 except that, where the policy contains conditions pertaining to family status, the beneficiary may
7 be the family member specified by the policy terms, subject to the provisions of the policy in the
8 event there is no designated beneficiary, as to all or any part of the sum, living at the death of the
9 person insured, and subject to any right reserved by the insurer in the policy and set forth in the
10 certificate to pay at its option a part of the sum not exceeding two thousand dollars (\$2000) to any
11 person appearing to the insurer to be equitably entitled to it by reason of having incurred funeral
12 or other expenses incident to the last illness or death of the person insured.

13 (h) The policy shall contain a provision that the insurer will issue to the policyholder for
14 delivery to each person insured a certificate setting forth a statement as to the insurance
15 protection to which he or she is entitled, to whom the insurance benefits are payable, a statement
16 as to any dependent's coverage included in the certificate, and the rights and conditions set forth
17 in subsections (h), (i), (j) and (k) following.

18 (i) The policy shall contain a provision that, if the insurance, or any portion of it, on a
19 person covered under the policy or on the dependent of a person covered, ceases because of
20 termination of employment or of membership in the class or classes eligible for coverage under
21 the policy, the person shall be entitled to have issued to him or her by the insurer, without
22 evidence of insurability, an individual policy of life insurance without disability or other
23 supplementary benefits, provided application for the individual policy shall be made, and the first
24 premium paid to the insurer, within thirty-one (31) days after termination and provided further
25 that:

26 (1) The individual policy shall, at the option of the person, be on any one of the forms
27 then customarily issued by the insurer at the age and for the amount applied for, except that the
28 group policy may exclude the option to elect term insurance;

29 (2) The individual policy shall be in an amount not in excess of the amount of life
30 insurance that ceases because of termination, less the amount of any life insurance for which the
31 person becomes eligible under the same or any other group policy within thirty-one (31) days
32 after termination, provided that any amount of insurance that shall have matured on or before the
33 date of termination as an endowment payable to the person insured, whether in one sum or in
34 installments or in the form of an annuity, shall not, for the purposes of this provision, be included

1 in the amount that is considered to cease because of termination; and

2 (3) The premium on the individual policy shall be at the insurer's then customary rate
3 applicable to the form and amount of the individual policy, to the class of risk to which the person
4 then belongs, and to the individual age attained on the effective date of the individual policy.
5 Subject to the same conditions set forth above, the conversion privilege shall be available:

6 (i) To a surviving dependent, if any, at the death of an employee or member, with respect
7 to the coverage under the group policy that terminates by reason of the death; and

8 (ii) To the dependent of the employee or member upon termination of coverage of the
9 dependent, while the employee or member remains insured under the group policy, by reason of
10 the dependent ceasing to be a qualified family member under the group policy.

11 (j) The policy shall contain a provision that if the group policy terminates or is amended
12 so as to terminate the insurance of any class of insured persons, every person insured thereunder
13 at the date of termination whose insurance terminates, including the insured dependent of a
14 covered person, and who has been so insured for at least five (5) years prior to the termination
15 date shall be entitled to have issued by the insurer an individual policy of life insurance, subject to
16 the same conditions and limitations as are provided by subsection (h) above, except that the group
17 policy may provide that the amount of the individual policy shall not exceed the smaller of:

18 ~~(1)~~ (1) The amount of the person's life insurance protection ceasing because of the
19 termination or amendment of the group policy, less the amount of any life insurance for which the
20 person is or becomes eligible under a group policy issued or reinstated by the same or another
21 insurer within thirty-one (31) days after termination; or

22 ~~(2)~~ (2) Ten-thousand dollars (\$10,000).

23 (k) The policy shall contain a provision that, if a person insured under the group policy,
24 or the insured dependent of a covered person, dies during the period within which the individual
25 would have been entitled to have an individual policy issued in accordance with subsection (h) or
26 (i) above and before the individual policy shall have become effective, the amount of life
27 insurance which he or she would have been entitled to have issued under the individual policy
28 shall be payable as a claim under the group policy, whether or not application for the individual
29 policy or the payment of the first premium therefore has been made.

30 (l) Where active employment is a condition of insurance, the policy shall contain a
31 provision that an insured may continue coverage during the insured's total disability by timely
32 payment to the policyholder of that portion, if any, of the premium that would have been required
33 from the insured had total disability not occurred. The continuation shall be on a premium paying
34 basis for a period of six (6) months from the date on which the total disability started, but not

1 beyond the earlier of:

2 (i) Approval by the insurer of continuation of the coverage under any disability provision
3 which the group insurance policy may contain; or

4 (ii) The discontinuance of the group insurance policy.

5 (m) In the case of a policy insuring the lives of debtors, the policy shall contain a
6 provision that the insurer will furnish to the policyholder for delivery to each debtor insured
7 under the policy a certificate of insurance describing the coverage and specifying that the death
8 benefit shall first be applied to reduce or extinguish the indebtedness.

9 SECTION 4. Chapter 27-12.2 of the General Laws entitled "Administrative Supervision
10 Act" is hereby repealed in its entirety.

11 ~~CHAPTER 27-12.2~~

12 ~~Administrative Supervision Act~~

13 ~~**27-12.2-1. Definitions.** — As used in this chapter:~~

14 ~~-(1) "Consent" means agreement to administrative supervision by the insurer.~~

15 ~~-(2) "Exceeded its powers" means the following conditions:~~

16 ~~-(i) The insurer has refused to permit examination of its books, papers, accounts, records
17 or affairs by the commissioner, his or her deputies, employees, or duly commissioned examiners;~~

18 ~~-(ii) A domestic insurer has unlawfully removed from this state, books, papers, accounts
19 or records necessary for an examination of the insurer;~~

20 ~~-(iii) The insurer has failed to promptly comply with the applicable financial reporting
21 statutes or rules and departmental requests relating thereto;~~

22 ~~-(iv) The insurer has neglected or refused to observe an order of the commissioner to
23 make good, within the time prescribed by law, any prohibited deficiency in its capital, capital
24 stock, or surplus;~~

25 ~~-(v) The insurer is continuing to transact insurance or write business after its license has
26 been revoked or suspended by the commissioner;~~

27 ~~-(vi) The insurer, by contract or otherwise, has unlawfully or has in violation of an order
28 of the commissioner, or has without first having obtained written approval of the commissioner if
29 approval is required by law:~~

30 ~~-(A) Totally reinsured its entire outstanding business, or~~

31 ~~-(B) Merged or consolidated substantially its entire property or business with another
32 insurer;~~

33 ~~-(vii) The insurer engaged in any transaction in which it is not authorized to engage under
34 the laws of this state; or~~

1 ~~-(viii) The insurer refused to comply with a lawful order of the commissioner; and~~
2 ~~-(3) "Insurer" means and includes every person engaged as indemnitor, surety or~~
3 ~~contractor in the business of entering into contracts of insurance or of annuities as limited to:~~

4 ~~-(i) Any insurer who is doing an insurer business, or has transacted insurance in this state,~~
5 ~~and against whom claims arising from that transaction may exist now or in the future; and~~

6 ~~-(ii) Any fraternal benefit society which is subject to the provisions of chapter 25 of this~~
7 ~~title.~~

8 ~~**27-12.2 2. Applicability.** --- The provisions of this chapter shall apply to all domestic~~
9 ~~insurers, including protected cell companies organized under the Protected Cell Companies Act,~~
10 ~~chapter 64 of this title, and any of its protected cells established under that chapter, to the extent~~
11 ~~not inconsistent with the provisions of that chapter, and any other insurer doing business in this~~
12 ~~state whose state of domicile has asked the commissioner to apply the provisions of this chapter~~
13 ~~as regards the insurer.~~

14 ~~**27-12.2 3. Administrative supervision.** --- (a) An insurer may be subject to~~
15 ~~administrative supervision by the commissioner if upon examination or at any other time it~~
16 ~~appears in the commissioner's discretion that:~~

17 ~~-(1) The insurer's condition renders the continuance of its business hazardous to the~~
18 ~~public or to its insured;~~

19 ~~-(2) The insurer appears to have exceeded its powers granted under its certificate of~~
20 ~~authority and applicable law;~~

21 ~~-(3) The insurer has failed to comply with the applicable provisions of the insurance code;~~

22 ~~-(4) The business of the insurer is being conducted fraudulently; or~~

23 ~~-(5) The insurer gives its consent.~~

24 ~~-(b) If the commissioner determines that the conditions set forth in subsection (a) exist,~~
25 ~~the commissioner shall:~~

26 ~~-(1) Notify the insurer of his or her determination;~~

27 ~~-(2) Furnish to the insurer a written list of the requirements to abate this determination;~~

28 ~~and~~

29 ~~-(3) Notify the insurer that it is under the supervision of the commissioner and that the~~
30 ~~commissioner is applying and effectuating the provisions of this chapter. That action by the~~
31 ~~commissioner shall be subject to review pursuant to the applicable Administrative Procedures~~
32 ~~Act, chapter 35 of title 42.~~

33 ~~-(c) If placed under administrative supervision, the insurer shall have sixty (60) days, or~~
34 ~~another period of time as designated by the commissioner, to comply with the requirements of the~~

1 commissioner subject to the provisions of this chapter.

2 ~~-(d) If it is determined after notice and a hearing that the conditions giving rise to the~~
3 ~~supervision still exist at the end of the supervision period specified in this section, the~~
4 ~~commissioner may extend the period.~~

5 ~~-(e) If it is determined that none of the conditions giving rise to the supervision exist, the~~
6 ~~commissioner shall release the insurer from supervision.~~

7 ~~**27-12.2-4. Confidentiality of proceedings and records.**~~ (a) Notwithstanding any
8 other provision of law and except as set forth in this section, proceedings, hearings, notices,
9 correspondence, reports, records, and other information in the possession of the commissioner or
10 the department of business regulations relating to the supervision of any insurer are confidential
11 except as provided by this section.

12 ~~-(b) The personnel of the department of business regulations shall have access to these~~
13 ~~proceedings, hearings, notices, correspondence, reports, records, or information as permitted by~~
14 ~~the commissioner.~~

15 ~~-(c) The commissioner may open the proceedings or hearings or disclose the notices,~~
16 ~~correspondence, reports, records, or information to a department, agency or instrumentality of this~~
17 ~~or another state of the United States if the commissioner determines that the disclosure is~~
18 ~~necessary or proper for the enforcement of the laws of this or another state of the United States.~~

19 ~~-(d) The commissioner may open the proceedings or hearings or make public the notices,~~
20 ~~correspondence, reports, records, or other information if the commissioner deems that it is in the~~
21 ~~best interest of the public or in the best interest of the insurer, its insureds, creditors, or the~~
22 ~~general public.~~

23 ~~-(e) This section does not apply to hearings, notices, correspondence, reports, records, or~~
24 ~~other information obtained upon the appointment of a receiver for the insured by a court of~~
25 ~~competent jurisdiction.~~

26 ~~**27-12.2-5. Prohibited acts during supervision.**~~ During the period of supervision, the
27 commissioner or his or her designated appointee shall serve as the administrative supervisor. The
28 commissioner may provide that the insurer may not do any of the following acts during the period
29 of supervision, without the prior approval of the commissioner or his or her appointed supervisor:

30 ~~-(1) Dispose of, convey, or encumber any of its assets or its business in force;~~

31 ~~-(2) Withdraw any of its bank accounts;~~

32 ~~-(3) Lend any of its funds;~~

33 ~~-(4) Invest any of its funds;~~

34 ~~-(5) Transfer any of its property;~~

- 1 ~~(6) Incur any debt, obligation, or liability;~~
- 2 ~~(7) Merge or consolidate with another company;~~
- 3 ~~(8) Approve new premiums or renew any policies;~~
- 4 ~~(9) Enter into any new reinsurance contract or treaty;~~
- 5 ~~(10) Terminate, surrender, forfeit, convert, or lapse any insurance policy, certificate, or~~
6 ~~contract, except for nonpayment of premiums due;~~
- 7 ~~(11) Release, pay, or refund premium deposits, accrued cash or loan values, unearned~~
8 ~~premiums, or other reserves on any insurance policy, certificate, or contract;~~
- 9 ~~(12) Make any material change in management; or~~
- 10 ~~(13) Increase salaries and benefits of officers or directors or the preferential payment of~~
11 ~~bonuses, dividends, or other payments deemed preferential.~~

12 ~~**27-12.2-6. Review and stay of action.** --- During the period of supervision the insurer~~
13 ~~may contest an action taken or proposed to be taken by the supervisor specifying the manner in~~
14 ~~which the action being complained of would not result in improving the condition of the insurer.~~
15 ~~Denial of the insurer's request upon reconsideration entitles the insurer to request a proceeding~~
16 ~~under the Administrative Procedures Act, chapter 35 of title 42.~~

17 ~~**27-12.2-7. Administrative election of proceeding.** --- Nothing contained in this chapter~~
18 ~~shall preclude the commissioner from initiating proceedings against the insured under chapters 13~~
19 ~~or 14.3 of this title or as permitted by law, regardless of whether the commissioner has previously~~
20 ~~initiated administrative supervision proceedings under this chapter against the insurer.~~

21 ~~**27-12.2-8. Rules.** --- The commissioner is empowered to adopt reasonable rules and~~
22 ~~regulations necessary for the implementation of this chapter.~~

23 ~~**27-12.2-9. Meetings between the commissioner of insurance and the supervisor.** ---~~
24 ~~Notwithstanding any other provision of law, the commissioner may meet with a supervisor~~
25 ~~appointed under this chapter and with the attorney or other representative of the supervisor,~~
26 ~~without the presence of any other person, at the time of any proceeding or during the pendency of~~
27 ~~any proceeding held under the authority of this chapter to carry out the commissioner's duties~~
28 ~~under this chapter or for the supervisor to carry out his or her duties under this chapter.~~

29 ~~**27-12.2-10. Immunity.** --- There shall be no liability on the part of, and no cause of action~~
30 ~~of any nature shall arise against, the commissioner or the department of business regulations or its~~
31 ~~employees or agents for any action taken by them in the performance of their powers and duties~~
32 ~~under this chapter.~~

1 SECTION 5. This act shall take effect upon passage.

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LC01257
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE

- 1 This act would repeal the chapter entitled administrative supervision act and correct
- 2 typographical errors in the credit and group life chapters.
- 3 This act would take effect upon passage.

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LC01257
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