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LC01262/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO INSURANCE

Introduced By: Representatives Finn, and Edwards

Date Introduced: February 14, 2013

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended
2 by adding thereto the following chapter:

CHAPTER 8.2

STOP-LOSS INSURANCE

5 **27-8.2-1. Purpose and intent.** -- This chapter shall be known as the "Stop-Loss
6 Insurance Act." The purpose of this chapter is to establish criteria for the issuance of stop-loss
7 insurance policies. Nothing in this chapter shall be construed as imposing any requirement or
8 duty on any person other than an insurer, or as treating any stop-loss policy as a direct policy of
9 health insurance.

10 **27-8.2-2. Definitions.** -- (a) "Actuarial certification" means a written statement by a
11 member of the American Academy of Actuaries, or other individual acceptable to the
12 commissioner, that an insurer is in compliance with the provisions of this chapter. The written
13 statement shall be based upon the individual's examination, and include a review of the
14 appropriate records and the actuarial assumptions and methods used by the insurer in establishing
15 attachment points and other applicable determinations in conjunction with the provision of stop-
16 loss insurance coverage.

17 (b) "Attachment point" means the claims amount incurred by an insured group beyond
18 which the insurer incurs a liability for payment.

19 (c) "Expected claims" means the amount of claims that, in the absence of a stop-loss

1 policy or other insurance, are projected to be incurred by an insured group through its health plan.

2 **27-8.2-3. Stop-loss insurance coverage standards.** -- (a) An insurer shall not issue a
3 stop-loss insurance policy that:

4 (1) Has an annual attachment point for claims incurred per individual that is lower than
5 twenty thousand dollars (\$20,000);

6 (2) Has an annual aggregate attachment point that is lower than one hundred twenty
7 percent (120%) of expected claim; and

8 (3) Provides direct coverage of health care expenses of an individual.

9 (b) The commissioner may adopt rules that carry out the requirements of this chapter.

10 **27-8.2-4. Actuarial certification.** -- An insurer shall file with the commissioner annually
11 on or before March 15, an actuarial certification certifying that the insurer is in compliance with
12 this chapter. The certification shall be in a form and manner, and shall contain information,
13 specified by the commissioner. A copy of the certification shall be retained by the insurer at its
14 principal place of business.

15 **27-8.2-5. Effective date.** -- This chapter shall become effective with respect to stop-loss
16 insurance policies issued or renewed on or after January 1, 2014.

17 SECTION 2. 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

- 1 This act would impose standards on stop-loss insurance policies, which cap an employer's
- 2 exposure with regard to liability under health benefit plans issued to employees.
- 3 This act would take effect upon passage.

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