



## Department of Business Regulation Insurance Division

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May 14, 2025

The Honorable Joseph J. Solomon, Jr., Chairman  
House Committee on Corporations  
82 Smith St  
Providence, Rhode Island 02903

**Re: Letter of Support H 6315- An Act Relating to Insurance – Investments by Domestic Insurance Companies**

Dear Chairman Solomon,

I write to express my strong support of H 6315 and would like to thank Representative Alex Finkelman for his leadership in this area. This bill would repeal provisions of Rhode Island General Law that restricts domestic insurance companies' investments in certain types of assets.

R.I. Gen. Laws § 27-11.1-3 contains a blunt limitation on domestic insurance company investments, restricting an insurer to 10% of an insurer's admitted assets for investments reported on Schedule BA of an annual financial statement. There are 30 domestic insurance companies in Rhode Island, including some very small insurers and two of the largest insurers in the country. Schedule BA assets include a variety of types of investments and includes private securities. This bill would repeal the Schedule BA investment limitation from those insurers.

The Schedule BA investment limitation was a practical limitation to assist regulators in keeping track of growing investment options in 1984 when it was adopted, but regulatory techniques for overseeing insurer investments were more limited at the time. When this limitation was enacted, insurance regulators did not monitor insurer investments every quarter and did not apply charges to the value of the held assets for insurance reserve accounting purposes at the time. These are two of the key tools that insurance regulators utilize today to protect consumers.

In 1993, the National Association of Insurance Commissioners ("NAIC") adopted its first Risk-Based Capital ("RBC") model law, and more were adopted in subsequent years. Rhode Island adopted those NAIC models beginning in 1996, in Chapters 27-4.6 and 27-4.7. Further, in 2009, the legislature adopted another NAIC standard, financial analysis in R.I. Gen. Laws § 27-13.1-3.1. The legislature has long understood that as insurers became more complex, insurance regulation would need to adapt to ensure that insurance consumers are protected.

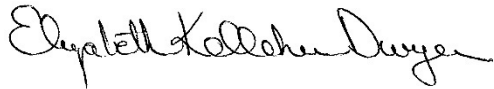
Rhode Island's repeal of the Schedule BA investment restriction would also mirror our

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neighboring states of Massachusetts and Connecticut, along with numerous other states across the country. Those states utilize both regular oversight over investments along with Risk-Based Capital charges to ensure insurers maintain prudent investment practices. And though the Schedule BA investment limit will be removed, domestic insurers would still need to file their Schedule BA investment schedules with their annual and quarterly financial statements and be subject to regular review and scrutiny from the Insurance Division at the Department of Business Regulation.

The Department of Business Regulation's Insurance Division has been leading the NAIC in an in-depth analysis of Risk-Based Capital, to ensure that assets held by insurers properly reflect their potential market risk. This vigilance gives me confidence that a blunt tool for investments is no longer necessary.

Sincerely,

A handwritten signature in black ink, reading "Elizabeth Kelleher Dwyer". The signature is fluid and cursive, with the first name "Elizabeth" being the most prominent.

Elizabeth Kelleher Dwyer, Esq.  
Director

CC: Honorable Members of the House Committee on Commerce  
The Honorable Alex Finkleman  
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker  
Lynne Urbani, Director of Policy