



State of Rhode Island
Department of Business Regulation

Senate Committee on Finance

Department of Business Regulation FY2021 Supplemental and FY2022 Budgets

May 3, 2021



Article 3, Section 2 – Risk Based Capital for Insurers

- Would adopt the amendments to the National Association of Insurance Commissioners (NAIC) Risk Based Capital (RBC) for Insurers Act.
- RBC is a method of evaluating the solvency of insurance companies.
- The amendment would make a small change in the “trend test” for life insurers. The test is designed to identify when an insurance company may not have enough capital on hand, resulting in the state stepping in to prevent an insolvency.
- The only RI domestic life insurers easily exceeds the updated trend test and supports this change.



Insurance Division Accreditation

- In order to prevent jeopardizing our accreditation with the NAIC, RI must adopt the updated trend test.
- Accreditation is very important to our domestic insurers because if the Department is accredited all other states will accept the Departments' financial analysis and examination
- Domestic insurers, therefore, save the cost of separate examinations in each state in which the insurer writes business.
- Lack of accreditation may incentivize domestic insurers to relocate to a state with accreditation.



Article 6, Sections 1 and 2 DBR Fees – Contractors Registration and Licensing Board

- Currently: \$200 biannual fee (no change in 14 years).
- Proposed: \$150 annual fee.
- Positive effects of proposed amendments:
 - Increased revenue would allow CRLB to become fully staffed; important to efficiently accomplish all mandated responsibilities.
 - To register, contractors are required to carry \$500k liability & property damage insurance. Biannual registration means contractors can theoretically work without insurance (or worker's comp) for a full year before having to submit a current policy to the CRLB-leaving homeowners and employees with no recourse.



Article 6, Section 3 DBR Fees – Rhode Island Uniform Securities Act

- Proposal to raise sales representative license from \$75 per year to \$100 per year
- There are approximately 108,000 individual registrants
- Last increase - ten years ago



Article 9, Section 1 – Engineering Accreditation

- Licensure of professional engineers (PE) nationwide is based on three components: education + experience + examination. The specific requirements vary by state.
- Currently in RI:
 - Engineering degree + 2 national exams (FE & PE) + 4 years experience= eligible for registration.
 - Engineering Technology degree + master's degree from an accredited engineering curriculum + FE & PE exams + 4 years experience= eligible for registration.

The majority of US jurisdictions license graduates of engineering technology programs without requiring a master's degree.

- Proposed amendments:
 - Engineering technology degree + FE & PE exams + 8 years of experience = eligible for registration. The requirement for an additional 4 years of experience accounts for differences in the curriculums of the two types of degrees.

The proposed changes would allow more people to be eligible for PE licensure in RI, and better aligns our state with neighboring states.

The Professional Engineers Board supports these changes.