

2024 -- S 2772

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS AND PARTNERSHIPS -- UNIFORM
PARTNERSHIP ACT

Introduced By: Senators Quezada, Mack, Zurier, Lauria, Tikoian, and Ujifusa

Date Introduced: March 08, 2024

Referred To: Senate Judiciary

(Secretary of State)

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 7-12.1 of the General Laws entitled "Uniform Partnership Act" is
2 hereby amended by adding thereto the following section:

3 **7-12.1-901.1. Insurance or financial responsibility of registered limited liability**
4 **partnerships.**

5 (a) A registered limited liability partnership that is to perform professional services as
6 defined in § 7-5.1-2 shall carry, if reasonably available, liability insurance of a kind that is designed
7 to cover the kinds of negligence, wrongful acts, or misconduct for which liability is limited by § 7-
8 12.1-306(c). The insurance shall be in the aggregate amount of fifty thousand dollars (\$50,000)
9 multiplied by the number of professional employees of the registered limited liability partnership
10 as of the policy anniversary date; provided that, in no case shall the coverage be less than one
11 hundred thousand dollars (\$100,000), but in no event shall the necessary coverage exceed a
12 maximum of five hundred thousand dollars (\$500,000); provided, further, that any policy for
13 insurance coverage may include a deductible provision in any amount not to exceed twenty-five
14 thousand dollars (\$25,000) for each claim multiplied by the number of professional employees of
15 the limited liability partnership as of the date of the issuance of the policy. The policy or policies
16 of insurance may be subject to any terms, conditions, exclusions and endorsements that are
17 typically contained in policies of this type.

18 (b) If, in any proceeding, compliance by a partnership with the requirements of subsection

1 (a) of this section is disputed:

2 (1) That issue is determined by the court; and

3 (2) The burden of proof of compliance is on the person who claims the limitation of liability
4 in § 7-12.1-306(c).

5 (c) If a registered limited liability partnership is in compliance with the requirements of
6 subsection (a) of this section, the requirements of this section shall not be admissible or in any way
7 be made known to a jury in determining an issue of liability for or extent of the debt or obligation
8 or damages in question.

9 (d) Insurance is reasonably available for the purpose of subsection (a) of this section if, at
10 the time that the coverage would apply to the negligence, wrongful acts or misconduct in question,
11 it was reasonably available to similar types of partnerships through the admitted or eligible surplus
12 lines market.

13 (e) A registered limited liability partnership is considered to be in compliance with
14 subsection (a) of this section if the partnership provides five hundred thousand dollars (\$500,000)
15 of funds specifically designated and segregated for the satisfaction of judgments against the
16 partnership based on the forms of negligence, wrongful acts, and misconduct for which liability is
17 limited by § 7-12.1-306(c) by:

18 (1) Deposit in trust or in bank escrow of cash, bank certificates of deposit, or United States
19 Treasury obligations; or

20 (2) A bank letter of credit or insurance company bonds.

21 (f) To the extent that a partnership maintains liability insurance or segregated funds
22 pursuant to the laws or regulations of another jurisdiction, the liability insurance or segregated
23 funds are deemed to satisfy this section if the amount hereof is equal to or greater than the amount
24 specified in subsections (a) or (e) of this section.

25 SECTION 2. This act shall take effect upon passage and shall apply retroactively to January
26 1, 2023.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS AND PARTNERSHIPS -- UNIFORM
PARTNERSHIP ACT

- 1 This act would require certain limited liability partnership providing professional services
2 to carry liability insurance.
3 This act would take effect upon passage and shall apply retroactively to January 1, 2023.

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