



## **Department of Business Regulation**

1511 Pontiac Avenue, Bldg. 69-2  
Cranston, RI 02920

# **Insurance Bulletin Number 2009-3**

## **Debt Cancellation Agreements**

Debt Cancellation Agreements, Debt Suspension Agreements or two party “GAP” contracts issued by a bank organized under the laws of the United states or a regulated institution as defined in R.I. Gen. Laws § 19-1-1 are not subject to the insurance laws of Rhode Island. Such agreements are “incidental” to the banking transaction and are subject to regulation by the primary regulator. National Banks are subject to federal jurisdiction. Any state financial institution that issues such agreements must comply with the requirements proscribed by the Division of Banking. However, such state financial institutions will not be subject to the insurance laws as a result of the issuance of these contracts.

This position applies only to those two party contracts in which one party agrees to forgive or suspend a debt owed to it by the other party. If the agreement, in addition to the extinguishment of the debt, provides an additional benefit over and above the cancellation of the debt, the transaction may be subject to the insurance laws of Rhode Island.

Joseph Torti III  
Associate Director and Superintendent of Insurance  
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