

**Representative James A. Dunnigan** proposes the following substitute bill:

**INSURANCE AMENDMENTS**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Curtis S. Bramble**

House Sponsor: James A. Dunnigan

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**LONG TITLE**

**General Description:**

This bill updates the Insurance Code.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ exempts a health care sharing ministry from regulation under the Insurance Code, provided the health care sharing ministry makes certain disclosures to participants;
- ▶ requires that the commissioner evaluate annually the state's health insurance market and provide that evaluation to the Health and Human Services Interim Committee;
- ▶ removes provisions relating to the commissioner declaring a rule in effect during a transition period;
- ▶ clarifies the scope of the consumer assistance that the commissioner provides;
- ▶ authorizes an insurer to electronically deliver a policy document to an insured under certain conditions;
- ▶ expands the list of prohibited life insurance policy provisions;
- ▶ updates the duties of the Office of Consumer Health Assistance;
- ▶ modifies the commissioner's enforcement authority to allow the commissioner to accept or compromise a forfeiture after the filing of a complaint;



- 26 ▶ amends provisions relating to mutual insurance holding companies;
- 27 ▶ amends the enforcement provisions under this chapter;
- 28 ▶ removes the filing fee for a rate filing;
- 29 ▶ addresses the allowable amount of a rate or other charge used by a title insurer;
- 30 ▶ allows a licensee to make installment payments on a judgment if the payments are
- 31 not more than 60 days overdue;
- 32 ▶ requires that certain licensees and prospective licensees report to the commissioner
- 33 any civil action that is filed against the licensee or prospective licensee and involves
- 34 conduct related to a professional or occupational license;
- 35 ▶ institutes new capital and net worth requirements for title insurance producers;
- 36 ▶ removes the requirement that an individual title insurance producer file an annual
- 37 report with the commissioner;
- 38 ▶ allows a federal home loan bank to obtain collateral pledged by an insurer-member
- 39 when the member-insurer is in receivership;
- 40 ▶ requires that the commissioner conduct a study and produce a report relating to
- 41 lowering health benefit plan insurance premiums and market stabilization;
- 42 ▶ increases the fee that the commissioner may assess certain admitted and
- 43 nonadmitted insurers;
- 44 ▶ authorizes an association captive insurance company to provide homeowners'
- 45 insurance, subject to commissioner approval; and
- 46 ▶ makes technical changes.

**47 Money Appropriated in this Bill:**

48 This bill appropriates in fiscal year 2025:

- 49 ▶ to Insurance Department - Insurance Department Administration as a one-time
- 50 appropriation:
- 51 • from the General Fund Restricted - Relative Value Study Account, One-time,
- 52 \$400,000

**53 Other Special Clauses:**

54 This bill provides a special effective date.

**55 Utah Code Sections Affected:**

56 AMENDS:

- 57 [31A-1-103](#), as last amended by Laws of Utah 2021, Chapter 252
- 58 [31A-1-301](#), as last amended by Laws of Utah 2023, Chapter 327
- 59 [31A-2-201.2](#), as last amended by Laws of Utah 2019, Chapters 241, 439
- 60 [31A-2-211](#), as last amended by Laws of Utah 1987, Chapter 161
- 61 [31A-2-215](#), as last amended by Laws of Utah 2002, Chapter 308
- 62 [31A-2-216](#), as last amended by Laws of Utah 2002, Chapter 308
- 63 [31A-2-308](#), as last amended by Laws of Utah 2019, Chapter 193
- 64 [31A-4-113.5](#), as last amended by Laws of Utah 2023, Chapter 194
- 65 [31A-6a-109](#), as enacted by Laws of Utah 1992, Chapter 203
- 66 [31A-16-102.6](#), as enacted by Laws of Utah 2022, Chapter 198
- 67 [31A-19a-203](#), as last amended by Laws of Utah 2004, Chapter 117
- 68 [31A-19a-209](#), as last amended by Laws of Utah 2023, Chapter 194
- 69 [31A-20-108](#), as last amended by Laws of Utah 2009, Chapter 349
- 70 [31A-21-316](#), as enacted by Laws of Utah 2014, Chapter 77
- 71 [31A-21-402](#), as last amended by Laws of Utah 2021, Chapter 252
- 72 [31A-22-401](#), as last amended by Laws of Utah 1986, Chapter 204
- 73 [31A-22-605](#), as last amended by Laws of Utah 2017, Chapter 168
- 74 [31A-22-614](#), as last amended by Laws of Utah 2011, Chapter 366
- 75 [31A-22-620](#), as last amended by Laws of Utah 2015, Chapter 244
- 76 [31A-22-802](#), as last amended by Laws of Utah 2011, Chapter 366
- 77 [31A-22-2002](#), as last amended by Laws of Utah 2021, Chapter 252
- 78 [31A-23a-105](#), as last amended by Laws of Utah 2014, Chapters 290, 300
- 79 [31A-23a-111](#), as last amended by Laws of Utah 2023, Chapter 194
- 80 [31A-23a-406](#), as last amended by Laws of Utah 2023, Chapter 194
- 81 [31A-23a-413](#), as last amended by Laws of Utah 2015, Chapter 312
- 82 [31A-26-301.6](#), as last amended by Laws of Utah 2023, Chapter 328
- 83 [31A-28-113](#), as last amended by Laws of Utah 2018, Chapter 391
- 84 [31A-31-108](#), as last amended by Laws of Utah 2013, Chapter 319
- 85 [31A-35-202](#), as last amended by Laws of Utah 2016, Chapter 234
- 86 [31A-35-406](#), as last amended by Laws of Utah 2021, Chapter 252
- 87 [31A-37-202](#), as last amended by Laws of Utah 2023, Chapter 194

88 **31A-37-204**, as last amended by Laws of Utah 2023, Chapter 194

89 **31A-37-502**, as last amended by Laws of Utah 2019, Chapter 193

90 ENACTS:

91 **31A-2-218.1**, Utah Code Annotated 1953

92 **31A-23a-119**, Utah Code Annotated 1953

93 **31A-27a-108.1**, Utah Code Annotated 1953

94 REPEALS:

95 **31A-2-303**, as last amended by Laws of Utah 2009, Chapter 388



97 *Be it enacted by the Legislature of the state of Utah:*

98 Section 1. Section **31A-1-103** is amended to read:

99 **31A-1-103. Scope and applicability of title.**

100 (1) This title does not apply to:

101 (a) a retainer contract made by an attorney-at-law:

102 (i) with an individual client; and

103 (ii) under which fees are based on estimates of the nature and amount of services to be  
104 provided to the specific client;

105 (b) a contract similar to a contract described in Subsection (1)(a) made with a group of  
106 clients involved in the same or closely related legal matters;

107 (c) an arrangement for providing benefits that do not exceed a limited amount of  
108 consultations, advice on simple legal matters, either alone or in combination with referral  
109 services, or the promise of fee discounts for handling other legal matters;

110 (d) limited legal assistance on an informal basis involving neither an express  
111 contractual obligation nor reasonable expectations, in the context of an employment,  
112 membership, educational, or similar relationship;

113 (e) legal assistance by employee organizations to their members in matters relating to  
114 employment;

115 (f) death, accident, health, or disability benefits provided to a person by an organization  
116 or its affiliate if:

117 (i) the organization is tax exempt under Section 501(c)(3) of the Internal Revenue  
118 Code and has had its principal place of business in Utah for at least five years;

- 119 (ii) the person is not an employee of the organization; and
- 120 (iii) (A) substantially all the person's time in the organization is spent providing
- 121 voluntary services:
  - 122 (I) in furtherance of the organization's purposes;
  - 123 (II) for a designated period of time; and
  - 124 (III) for which no compensation, other than expenses, is paid; or
- 125 (B) the time since the service under Subsection (1)(f)(iii)(A) was completed is no more
- 126 than 18 months; or
- 127 (g) a prepaid contract of limited duration that provides for scheduled maintenance only.
- 128 (2) (a) This title restricts otherwise legitimate business activity.
- 129 (b) What this title does not prohibit is permitted unless contrary to other provisions of
- 130 Utah law.
- 131 (3) Except as otherwise expressly provided, this title does not apply to:
  - 132 (a) those activities of an insurer where state jurisdiction is preempted by Section 514 of
  - 133 the federal Employee Retirement Income Security Act of 1974, as amended;
  - 134 (b) ocean marine insurance;
  - 135 (c) death, accident, health, or disability benefits provided by an organization [~~if the~~
  - 136 ~~organization:~~] that:
    - 137 (i) has as the organization's principal purpose to achieve charitable, educational, social,
    - 138 or religious objectives rather than to provide death, accident, health, or disability benefits;
    - 139 (ii) does not incur a legal obligation to pay a specified amount; [~~and~~]
    - 140 (iii) does not create reasonable expectations of receiving a specified amount on the part
    - 141 of an insured person; and
    - 142 (iv) is not a health care sharing ministry that provides that a participant make a
    - 143 contribution to pay another participant's qualified expenses with no assumption of risk or
    - 144 promise to pay.
  - 145 (d) other business specified in rules adopted by the commissioner on a finding that:
    - 146 (i) the transaction of the business in this state does not require regulation for the
    - 147 protection of the interests of the residents of this state; or
    - 148 (ii) it would be impracticable to require compliance with this title;
  - 149 (e) except as provided in Subsection (4), a transaction independently procured through

150 negotiations under Section 31A-15-104;

151 (f) self-insurance;

152 (g) reinsurance;

153 (h) subject to Subsection (5), an employee or labor union group insurance policy

154 covering risks in this state or an employee or labor union blanket insurance policy covering

155 risks in this state, if:

156 (i) the policyholder exists primarily for purposes other than to procure insurance;

157 (ii) the policyholder:

158 (A) is not a resident of this state;

159 (B) is not a domestic corporation; or

160 (C) does not have the policyholder's principal office in this state;

161 (iii) no more than 25% of the certificate holders or insureds are residents of this state;

162 (iv) on request of the commissioner, the insurer files with the department a copy of the

163 policy and a copy of each form or certificate; and

164 (v) (A) the insurer agrees to pay premium taxes on the Utah portion of the insurer's

165 business, as if the insurer were authorized to do business in this state; and

166 (B) the insurer provides the commissioner with the security the commissioner

167 considers necessary for the payment of premium taxes under Title 59, Chapter 9, Taxation of

168 Admitted Insurers;

169 (i) to the extent provided in Subsection (6):

170 (i) a manufacturer's or seller's warranty; and

171 (ii) a manufacturer's or seller's service contract;

172 (j) except to the extent provided in Subsection (7), a public agency insurance mutual;

173 [or]

174 (k) except as provided in Chapter 6b, Guaranteed Asset Protection Waiver Act, a

175 guaranteed asset protection waiver[-]; or

176 (l) a health care sharing ministry, if the health care sharing ministry:

177 (i) provides to each participant upon enrollment and annually thereafter a written

178 statement of nationwide data from the preceding calendar year that lists the total dollar amount

179 of contributions provided to participants toward qualified expenses; and

180 (ii) includes a written disclaimer, titled "Notice", on or with each application and all

181 guideline materials that states:

182 (A) the health care sharing ministry is not an insurance company;

183 (B) nothing the health care sharing ministry offers or provides is an insurance policy,  
184 including the health care sharing ministry's guidelines or plan of operations;

185 (C) participation in the health care sharing ministry is entirely voluntary and no  
186 participant is compelled by law to contribute to another participant's expenses;

187 (D) participation in the health care sharing ministry or subscription to any of the health  
188 care sharing ministry's services is not insurance; and

189 (E) each participant is always personally responsible for the participant's expenses  
190 regardless of whether the participant receives payment for the expenses through the health care  
191 sharing ministry or whether this health care sharing ministry continues to operate.

192 (4) A transaction described in Subsection (3)(e) is subject to taxation under Section  
193 31A-3-301.

194 (5) (a) After a hearing, the commissioner may order an insurer of certain group  
195 insurance policies or blanket insurance policies to transfer the Utah portion of the business  
196 otherwise exempted under Subsection (3)(h) to an authorized insurer if the contracts have been  
197 written by an unauthorized insurer.

198 (b) If the commissioner finds that the conditions required for the exemption of a group  
199 or blanket insurer are not satisfied or that adequate protection to residents of this state is not  
200 provided, the commissioner may require:

201 (i) the insurer to be authorized to do business in this state; or

202 (ii) that any of the insurer's transactions be subject to this title.

203 (c) Subsection (3)(h) does not apply to a blanket insurance policy offering accident and  
204 health insurance.

205 (6) (a) As used in Subsection (3)(i) and this Subsection (6):

206 (i) "manufacturer's or seller's service contract" means a service contract:

207 (A) made available by:

208 (I) a manufacturer of a product;

209 (II) a seller of a product; or

210 (III) an affiliate of a manufacturer or seller of a product;

211 (B) made available:

- 212 (I) on one or more specific products; or
- 213 (II) on products that are components of a system; and
- 214 (C) under which the person described in Subsection (6)(a)(i)(A) is liable for services to
- 215 be provided under the service contract including, if the manufacturer's or seller's service
- 216 contract designates, providing parts and labor;
- 217 (ii) "manufacturer's or seller's warranty" means the guaranty of:
- 218 (A) (I) the manufacturer of a product;
- 219 (II) a seller of a product; or
- 220 (III) an affiliate of a manufacturer or seller of a product;
- 221 (B) (I) on one or more specific products; or
- 222 (II) on products that are components of a system; and
- 223 (C) under which the person described in Subsection (6)(a)(ii)(A) is liable for services
- 224 to be provided under the warranty, including, if the manufacturer's or seller's warranty
- 225 designates, providing parts and labor; and
- 226 (iii) "service contract" means the same as that term is defined in Section [31A-6a-101](#).
- 227 (b) A manufacturer's or seller's warranty may be designated as:
- 228 (i) a warranty;
- 229 (ii) a guaranty; or
- 230 (iii) a term similar to a term described in Subsection (6)(b)(i) or (ii).
- 231 (c) This title does not apply to:
- 232 (i) a manufacturer's or seller's warranty;
- 233 (ii) a manufacturer's or seller's service contract paid for with consideration that is in
- 234 addition to the consideration paid for the product itself; and
- 235 (iii) a service contract that is not a manufacturer's or seller's warranty or manufacturer's
- 236 or seller's service contract if:
- 237 (A) the service contract is paid for with consideration that is in addition to the
- 238 consideration paid for the product itself;
- 239 (B) the service contract is for the repair or maintenance of goods;
- 240 (C) the purchase price of the product is \$3,700 or less;
- 241 (D) the product is not a motor vehicle; and
- 242 (E) the product is not the subject of a home warranty service contract.



243 (d) This title does not apply to a manufacturer's or seller's warranty or service contract  
244 paid for with consideration that is in addition to the consideration paid for the product itself  
245 regardless of whether the manufacturer's or seller's warranty or service contract is sold:

- 246 (i) at the time of the purchase of the product; or
- 247 (ii) at a time other than the time of the purchase of the product.

248 (7) (a) For purposes of this Subsection (7), "public agency insurance mutual" means an  
249 entity formed by two or more political subdivisions or public agencies of the state:

- 250 (i) under Title 11, Chapter 13, Interlocal Cooperation Act; and
- 251 (ii) for the purpose of providing for the political subdivisions or public agencies:
  - 252 (A) subject to Subsection (7)(b), insurance coverage; or
  - 253 (B) risk management.

254 (b) Notwithstanding Subsection (7)(a)(ii)(A), a public agency insurance mutual may  
255 not provide health insurance unless the public agency insurance mutual provides the health  
256 insurance using:

- 257 (i) a third party administrator licensed under Chapter 25, Third Party Administrators;
- 258 (ii) an admitted insurer; or
- 259 (iii) a program authorized by Title 49, Chapter 20, Public Employees' Benefit and  
260 Insurance Program Act.

261 (c) Except for this Subsection (7), a public agency insurance mutual is exempt from  
262 this title.

263 (d) A public agency insurance mutual is considered to be a governmental entity and  
264 political subdivision of the state with all of the rights, privileges, and immunities of a  
265 governmental entity or political subdivision of the state including all the rights and benefits of  
266 Title 63G, Chapter 7, Governmental Immunity Act of Utah.

267 Section 2. Section **31A-1-301** is amended to read:

268 **31A-1-301. Definitions.**

269 As used in this title, unless otherwise specified:

270 (1) (a) "Accident and health insurance" means insurance to provide protection against  
271 economic losses resulting from:

- 272 (i) a medical condition including:
  - 273 (A) a medical care expense; or

- 274 (B) the risk of disability;
- 275 (ii) accident; or
- 276 (iii) sickness.
- 277 (b) "Accident and health insurance":
- 278 (i) includes a contract with disability contingencies including:
- 279 (A) an income replacement contract;
- 280 (B) a health care contract;
- 281 (C) a fixed indemnity contract;
- 282 (D) a credit accident and health contract;
- 283 (E) a continuing care contract; and
- 284 (F) a long-term care contract; and
- 285 (ii) may provide:
- 286 (A) hospital coverage;
- 287 (B) surgical coverage;
- 288 (C) medical coverage;
- 289 (D) loss of income coverage;
- 290 (E) prescription drug coverage;
- 291 (F) dental coverage; or
- 292 (G) vision coverage.
- 293 (c) "Accident and health insurance" does not include workers' compensation insurance.
- 294 (d) For purposes of a national licensing registry, "accident and health insurance" is the
- 295 same as "accident and health or sickness insurance."
- 296 (2) "Actuary" is as defined by the commissioner by rule, made in accordance with Title
- 297 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 298 (3) "Administrator" means the same as that term is defined in Subsection [~~(182)~~]
- 299 (187).
- 300 (4) "Adult" means an individual who is 18 years old or older.
- 301 (5) "Affiliate" means a person who controls, is controlled by, or is under common
- 302 control with, another person. A corporation is an affiliate of another corporation, regardless of
- 303 ownership, if substantially the same group of individuals manage the corporations.
- 304 (6) "Agency" means:

305 (a) a person other than an individual, including a sole proprietorship by which an  
306 individual does business under an assumed name; and

307 (b) an insurance organization licensed or required to be licensed under Section  
308 [31A-23a-301](#), [31A-25-207](#), or [31A-26-209](#).

309 (7) "Alien insurer" means an insurer domiciled outside the United States.

310 (8) "Amendment" means an endorsement to an insurance policy or certificate.

311 (9) "Annuity" means an agreement to make periodical payments for a period certain or  
312 over the lifetime of one or more individuals if the making or continuance of all or some of the  
313 series of the payments, or the amount of the payment, is dependent upon the continuance of  
314 human life.

315 (10) "Application" means a document:

316 (a) (i) completed by an applicant to provide information about the risk to be insured;

317 and

318 (ii) that contains information that is used by the insurer to evaluate risk and decide  
319 whether to:

320 (A) insure the risk under:

321 (I) the coverage as originally offered; or

322 (II) a modification of the coverage as originally offered; or

323 (B) decline to insure the risk; or

324 (b) used by the insurer to gather information from the applicant before issuance of an  
325 annuity contract.

326 (11) "Articles" or "articles of incorporation" means:

327 (a) the original articles;

328 (b) a special law;

329 (c) a charter;

330 (d) an amendment;

331 (e) restated articles;

332 (f) articles of merger or consolidation;

333 (g) a trust instrument;

334 (h) another constitutive document for a trust or other entity that is not a corporation;

335 and

- 336 (i) an amendment to an item listed in Subsections (11)(a) through (h).
- 337 (12) "Bail bond insurance" means a guarantee that a person will attend court when
- 338 required, up to and including surrender of the person in execution of a sentence imposed under
- 339 Subsection [77-20-501](#)(1), as a condition to the release of that person from confinement.
- 340 (13) "Binder" means the same as that term is defined in Section [31A-21-102](#).
- 341 (14) "Blanket insurance policy" or "blanket contract" means a group insurance policy
- 342 covering a defined class of persons:
  - 343 (a) without individual underwriting or application; and
  - 344 (b) that is determined by definition without designating each person covered.
- 345 (15) "Board," "board of trustees," or "board of directors" means the group of persons
- 346 with responsibility over, or management of, a corporation, however designated.
- 347 (16) "Bona fide office" means a physical office in this state:
  - 348 (a) that is open to the public;
  - 349 (b) that is staffed during regular business hours on regular business days; and
  - 350 (c) at which the public may appear in person to obtain services.
- 351 (17) "Business entity" means:
  - 352 (a) a corporation;
  - 353 (b) an association;
  - 354 (c) a partnership;
  - 355 (d) a limited liability company;
  - 356 (e) a limited liability partnership; or
  - 357 (f) another legal entity.
- 358 (18) "Business of insurance" means the same as that term is defined in Subsection
- 359 [~~95~~]; [98](#).
- 360 (19) "Business plan" means the information required to be supplied to the
- 361 commissioner under Subsections [31A-5-204](#)(2)(i) and (j), including the information required
- 362 when these subsections apply by reference under:
  - 363 (a) Section [31A-8-205](#); or
  - 364 (b) Subsection [31A-9-205](#)(2).
- 365 (20) (a) "Bylaws" means the rules adopted for the regulation or management of a
- 366 corporation's affairs, however designated.

- 367 (b) "Bylaws" includes comparable rules for a trust or other entity that is not a  
368 corporation.
- 369 (21) "Captive insurance company" means:
- 370 (a) an insurer:
- 371 (i) owned by a parent organization; and
- 372 (ii) whose purpose is to insure risks of the parent organization and other risks as  
373 authorized under:
- 374 (A) Chapter 37, Captive Insurance Companies Act; and
- 375 (B) Chapter 37a, Special Purpose Financial Captive Insurance Company Act; or
- 376 (b) in the case of a group or association, an insurer:
- 377 (i) owned by the insureds; and
- 378 (ii) whose purpose is to insure risks of:
- 379 (A) a member organization;
- 380 (B) a group member; or
- 381 (C) an affiliate of:
- 382 (I) a member organization; or
- 383 (II) a group member.
- 384 (22) "Casualty insurance" means liability insurance.
- 385 (23) "Certificate" means evidence of insurance given to:
- 386 (a) an insured under a group insurance policy; or
- 387 (b) a third party.
- 388 (24) "Certificate of authority" is included within the term "license."
- 389 (25) "Claim," unless the context otherwise requires, means a request or demand on an  
390 insurer for payment of a benefit according to the terms of an insurance policy.
- 391 (26) "Claims-made coverage" means an insurance contract or provision limiting  
392 coverage under a policy insuring against legal liability to claims that are first made against the  
393 insured while the policy is in force.
- 394 (27) (a) "Commissioner" or "commissioner of insurance" means Utah's insurance  
395 commissioner.
- 396 (b) When appropriate, the terms listed in Subsection (27)(a) apply to the equivalent  
397 supervisory official of another jurisdiction.

398 (28) (a) "Continuing care insurance" means insurance that:

399 (i) provides board and lodging;

400 (ii) provides one or more of the following:

401 (A) a personal service;

402 (B) a nursing service;

403 (C) a medical service; or

404 (D) any other health-related service; and

405 (iii) provides the coverage described in this Subsection (28)(a) under an agreement

406 effective:

407 (A) for the life of the insured; or

408 (B) for a period in excess of one year.

409 (b) Insurance is continuing care insurance regardless of whether or not the board and

410 lodging are provided at the same location as a service described in Subsection (28)(a)(ii).

411 (29) (a) "Control," "controlling," "controlled," or "under common control" means the

412 direct or indirect possession of the power to direct or cause the direction of the management

413 and policies of a person. This control may be:

414 (i) by contract;

415 (ii) by common management;

416 (iii) through the ownership of voting securities; or

417 (iv) by a means other than those described in Subsections (29)(a)(i) through (iii).

418 (b) There is no presumption that an individual holding an official position with another

419 person controls that person solely by reason of the position.

420 (c) A person having a contract or arrangement giving control is considered to have

421 control despite the illegality or invalidity of the contract or arrangement.

422 (d) There is a rebuttable presumption of control in a person who directly or indirectly

423 owns, controls, holds with the power to vote, or holds proxies to vote 10% or more of the

424 voting securities of another person.

425 (30) "Controlled insurer" means a licensed insurer that is either directly or indirectly

426 controlled by a producer.

427 (31) "Controlling person" means a person that directly or indirectly has the power to

428 direct or cause to be directed, the management, control, or activities of a reinsurance

429 intermediary.

430 (32) "Controlling producer" means a producer who directly or indirectly controls an  
431 insurer.

432 (33) "Corporate governance annual disclosure" means a report an insurer or insurance  
433 group files in accordance with the requirements of Chapter 16b, Corporate Governance Annual  
434 Disclosure Act.

435 (34) (a) "Corporation" means an insurance corporation, except when referring to:

436 (i) a corporation doing business:

437 (A) as:

438 (I) an insurance producer;

439 (II) a surplus lines producer;

440 (III) a limited line producer;

441 (IV) a consultant;

442 (V) a managing general agent;

443 (VI) a reinsurance intermediary;

444 (VII) a third party administrator; or

445 (VIII) an adjuster; and

446 (B) under:

447 (I) Chapter 23a, Insurance Marketing - Licensing Producers, Consultants, and  
448 Reinsurance Intermediaries;

449 (II) Chapter 25, Third Party Administrators; or

450 (III) Chapter 26, Insurance Adjusters; or

451 (ii) a noninsurer that is part of a holding company system under Chapter 16, Insurance  
452 Holding Companies.

453 (b) "Mutual" or "mutual corporation" means a mutual insurance corporation.

454 (c) "Stock corporation" means a stock insurance corporation.

455 (35) (a) "Creditable coverage" has the same meaning as provided in federal regulations  
456 adopted pursuant to the Health Insurance Portability and Accountability Act.

457 (b) "Creditable coverage" includes coverage that is offered through a public health plan  
458 such as:

459 (i) the Primary Care Network Program under a Medicaid primary care network

460 demonstration waiver obtained subject to Section 26B-3-108;

461 (ii) the Children's Health Insurance Program under Section 26B-3-904; or

462 (iii) the Ryan White Program Comprehensive AIDS Resources Emergency Act, Pub. L.

463 No. 101-381, and Ryan White HIV/AIDS Treatment Modernization Act of 2006, Pub. L. No.

464 109-415.

465 (36) "Credit accident and health insurance" means insurance on a debtor to provide

466 indemnity for payments coming due on a specific loan or other credit transaction while the

467 debtor has a disability.

468 (37) (a) "Credit insurance" means insurance offered in connection with an extension of

469 credit that is limited to partially or wholly extinguishing that credit obligation.

470 (b) "Credit insurance" includes:

471 (i) credit accident and health insurance;

472 (ii) credit life insurance;

473 (iii) credit property insurance;

474 (iv) credit unemployment insurance;

475 (v) guaranteed automobile protection insurance;

476 (vi) involuntary unemployment insurance;

477 (vii) mortgage accident and health insurance;

478 (viii) mortgage guaranty insurance; and

479 (ix) mortgage life insurance.

480 (38) "Credit life insurance" means insurance on the life of a debtor in connection with

481 an extension of credit that pays a person if the debtor dies.

482 (39) "Creditor" means a person, including an insured, having a claim, whether:

483 (a) matured;

484 (b) unmatured;

485 (c) liquidated;

486 (d) unliquidated;

487 (e) secured;

488 (f) unsecured;

489 (g) absolute;

490 (h) fixed; or



- 491 (i) contingent.
- 492 (40) "Credit property insurance" means insurance:
- 493 (a) offered in connection with an extension of credit; and
- 494 (b) that protects the property until the debt is paid.
- 495 (41) "Credit unemployment insurance" means insurance:
- 496 (a) offered in connection with an extension of credit; and
- 497 (b) that provides indemnity if the debtor is unemployed for payments coming due on a:
- 498 (i) specific loan; or
- 499 (ii) credit transaction.
- 500 (42) (a) "Crop insurance" means insurance providing protection against damage to
- 501 crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation,
- 502 disease, or other yield-reducing conditions or perils that is:
- 503 (i) provided by the private insurance market; or
- 504 (ii) subsidized by the Federal Crop Insurance Corporation.
- 505 (b) "Crop insurance" includes multiperil crop insurance.
- 506 (43) (a) "Customer service representative" means a person that provides an insurance
- 507 service and insurance product information:
- 508 (i) for the customer service representative's:
- 509 (A) producer;
- 510 (B) surplus lines producer; or
- 511 (C) consultant employer; and
- 512 (ii) to the customer service representative's employer's:
- 513 (A) customer;
- 514 (B) client; or
- 515 (C) organization.
- 516 (b) A customer service representative may only operate within the scope of authority of
- 517 the customer service representative's producer, surplus lines producer, or consultant employer.
- 518 (44) "Deadline" means a final date or time:
- 519 (a) imposed by:
- 520 (i) statute;
- 521 (ii) rule; or

522 (iii) order; and  
523 (b) by which a required filing or payment must be received by the department.  
524 (45) "Deemer clause" means a provision under this title under which upon the  
525 occurrence of a condition precedent, the commissioner is considered to have taken a specific  
526 action. If the statute so provides, a condition precedent may be the commissioner's failure to  
527 take a specific action.

528 (46) "Degree of relationship" means the number of steps between two persons  
529 determined by counting the generations separating one person from a common ancestor and  
530 then counting the generations to the other person.

531 (47) "Department" means the Insurance Department.

532 (48) (a) "Direct response solicitation" means an offer for life or accident and health  
533 insurance coverage that allows the individual to apply for or enroll in the insurance coverage  
534 on the basis of the offer.

535 (b) "Direct response solicitation" does not include an offer for:

536 (i) insurance through an employee benefit plan that is exempt from state regulation  
537 under federal law; or

538 (ii) credit life insurance or credit accident and health insurance through a individual's  
539 creditor.

540 (49) "Direct response insurance policy" means an insurance policy solicited and sold  
541 without the policyholder having direct contact with a natural person intermediary.

542 [~~48~~] (50) "Director" means a member of the board of directors of a corporation.

543 [~~49~~] (51) "Disability" means a physiological or psychological condition that partially  
544 or totally limits an individual's ability to:

545 (a) perform the duties of:

546 (i) that individual's occupation; or

547 (ii) an occupation for which the individual is reasonably suited by education, training,  
548 or experience; or

549 (b) perform two or more of the following basic activities of daily living:

550 (i) eating;

551 (ii) toileting;

552 (iii) transferring;

553 (iv) bathing; or

554 (v) dressing.

555 ~~[(50)]~~ (52) "Disability income insurance" means the same as that term is defined in  
556 Subsection ~~[(86);]~~ (89).

557 ~~[(51)]~~ (53) "Domestic insurer" means an insurer organized under the laws of this state.

558 ~~[(52)]~~ (54) "Domiciliary state" means the state in which an insurer:

559 (a) is incorporated;

560 (b) is organized; or

561 (c) in the case of an alien insurer, enters into the United States.

562 ~~[(53)]~~ (55) (a) "Eligible employee" means:

563 (i) an employee who:

564 (A) works on a full-time basis; and

565 (B) has a normal work week of 30 or more hours; or

566 (ii) a person described in Subsection ~~[(53)(b);]~~ (55)(b).

567 (b) "Eligible employee" includes:

568 (i) an owner, sole proprietor, or partner who:

569 (A) works on a full-time basis;

570 (B) has a normal work week of 30 or more hours; and

571 (C) employs at least one common employee; and

572 (ii) an independent contractor if the individual is included under a health benefit plan  
573 of a small employer.

574 (c) "Eligible employee" does not include, unless eligible under Subsection ~~[(53)(b);]~~  
575 (55)(b):

576 (i) an individual who works on a temporary or substitute basis for a small employer;

577 (ii) an employer's spouse who does not meet the requirements of Subsection

578 ~~[(53)(a)(i);]~~ (55)(a)(i); or

579 (iii) a dependent of an employer who does not meet the requirements of Subsection  
580 ~~[(53)(a)(i);]~~ (55)(a)(i).

581 ~~[(54)]~~ (56) "Emergency medical condition" means a medical condition that:

582 (a) manifests itself by acute symptoms, including severe pain; and

583 (b) would cause a prudent layperson possessing an average knowledge of medicine and

584 health to reasonably expect the absence of immediate medical attention through a hospital  
585 emergency department to result in:

586 (i) placing the layperson's health or the layperson's unborn child's health in serious  
587 jeopardy;

588 (ii) serious impairment to bodily functions; or

589 (iii) serious dysfunction of any bodily organ or part.

590 [~~55~~] (57) "Employee" means:

591 (a) an individual employed by an employer; or

592 (b) an individual who meets the requirements of Subsection [~~53~~](b).] (55)(b).

593 [~~56~~] (58) "Employee benefits" means one or more benefits or services provided to:

594 (a) an employee; or

595 (b) a dependent of an employee.

596 [~~57~~] (59) (a) "Employee welfare fund" means a fund:

597 (i) established or maintained, whether directly or through a trustee, by:

598 (A) one or more employers;

599 (B) one or more labor organizations; or

600 (C) a combination of employers and labor organizations; and

601 (ii) that provides employee benefits paid or contracted to be paid, other than income  
602 from investments of the fund:

603 (A) by or on behalf of an employer doing business in this state; or

604 (B) for the benefit of a person employed in this state.

605 (b) "Employee welfare fund" includes a plan funded or subsidized by a user fee or tax  
606 revenues.

607 [~~58~~] (60) "Endorsement" means a written agreement attached to a policy or certificate  
608 to modify the policy or certificate coverage.

609 [~~59~~] (61) (a) "Enrollee" means:

610 (i) a policyholder;

611 (ii) a certificate holder;

612 (iii) a subscriber; or

613 (iv) a covered individual:

614 (A) who has entered into a contract with an organization for health care; or

615 (B) on whose behalf an arrangement for health care has been made.

616 (b) "Enrollee" includes an insured.

617 ~~[(60)]~~ (62) "Enrollment date," with respect to a health benefit plan, means:

618 (a) the first day of coverage; or

619 (b) if there is a waiting period, the first day of the waiting period.

620 ~~[(61)]~~ (63) "Enterprise risk" means an activity, circumstance, event, or series of events

621 involving one or more affiliates of an insurer that, if not remedied promptly, is likely to have a

622 material adverse effect upon the financial condition or liquidity of the insurer or its insurance

623 holding company system as a whole, including anything that would cause:

624 (a) the insurer's risk-based capital to fall into an action or control level as set forth in

625 Sections [31A-17-601](#) through [31A-17-613](#); or

626 (b) the insurer to be in hazardous financial condition set forth in Section [31A-27a-101](#).

627 ~~[(62)]~~ (64) (a) "Escrow" means:

628 (i) a transaction that effects the sale, transfer, encumbering, or leasing of real property,

629 when a person not a party to the transaction, and neither having nor acquiring an interest in the

630 title, performs, in accordance with the written instructions or terms of the written agreement

631 between the parties to the transaction, any of the following actions:

632 (A) the explanation, holding, or creation of a document; or

633 (B) the receipt, deposit, and disbursement of money; or

634 (ii) a settlement or closing involving:

635 (A) a mobile home;

636 (B) a grazing right;

637 (C) a water right; or

638 (D) other personal property authorized by the commissioner.

639 (b) "Escrow" does not include:

640 (i) the following notarial acts performed by a notary within the state:

641 (A) an acknowledgment;

642 (B) a copy certification;

643 (C) jurat; and

644 (D) an oath or affirmation;

645 (ii) the receipt or delivery of a document; or

646 (iii) the receipt of money for delivery to the escrow agent.

647 [~~(63)~~] (65) "Escrow agent" means an agency title insurance producer meeting the  
648 requirements of Sections 31A-4-107, 31A-14-211, and 31A-23a-204, who is acting through an  
649 individual title insurance producer licensed with an escrow subline of authority.

650 [~~(64)~~] (66) (a) "Excludes" is not exhaustive and does not mean that another thing is not  
651 also excluded.

652 (b) The items listed in a list using the term "excludes" are representative examples for  
653 use in interpretation of this title.

654 [~~(65)~~] (67) "Exclusion" means for the purposes of accident and health insurance that an  
655 insurer does not provide insurance coverage, for whatever reason, for one of the following:

- 656 (a) a specific physical condition;
- 657 (b) a specific medical procedure;
- 658 (c) a specific disease or disorder; or
- 659 (d) a specific prescription drug or class of prescription drugs.

660 [~~(66)~~] (68) "Fidelity insurance" means insurance guaranteeing the fidelity of a person  
661 holding a position of public or private trust.

662 [~~(67)~~] (69) (a) "Filed" means that a filing is:

- 663 (i) submitted to the department as required by and in accordance with applicable  
664 statute, rule, or filing order;
- 665 (ii) received by the department within the time period provided in applicable statute,  
666 rule, or filing order; and
- 667 (iii) accompanied by the appropriate fee in accordance with:  
668 (A) Section 31A-3-103; or  
669 (B) rule.

670 (b) "Filed" does not include a filing that is rejected by the department because it is not  
671 submitted in accordance with Subsection [~~(67)(a):~~] (69)(a).

672 [~~(68)~~] (70) "Filing," when used as a noun, means an item required to be filed with the  
673 department including:

- 674 (a) a policy;
- 675 (b) a rate;
- 676 (c) a form;

- 677 (d) a document;
- 678 (e) a plan;
- 679 (f) a manual;
- 680 (g) an application;
- 681 (h) a report;
- 682 (i) a certificate;
- 683 (j) an endorsement;
- 684 (k) an actuarial certification;
- 685 (l) a licensee annual statement;
- 686 (m) a licensee renewal application;
- 687 (n) an advertisement;
- 688 (o) a binder; or
- 689 (p) an outline of coverage.

690 [~~(69)~~] (71) "First party insurance" means an insurance policy or contract in which the  
691 insurer agrees to pay a claim submitted to it by the insured for the insured's losses.

692 [~~(70)~~] (72) (a) "Fixed indemnity insurance" means accident and health insurance  
693 written to provide a fixed amount for a specified event relating to or resulting from an illness or  
694 injury.

695 (b) "Fixed indemnity insurance" includes hospital confinement indemnity insurance.

696 [~~(71)~~] (73) "Foreign insurer" means an insurer domiciled outside of this state, including  
697 an alien insurer.

698 [~~(72)~~] (74) (a) "Form" means one of the following prepared for general use:

- 699 (i) a policy;
- 700 (ii) a certificate;
- 701 (iii) an application;
- 702 (iv) an outline of coverage; or
- 703 (v) an endorsement.

704 (b) "Form" does not include a document specially prepared for use in an individual  
705 case.

706 [~~(73)~~] (75) "Franchise insurance" means an individual insurance policy provided  
707 through a mass marketing arrangement involving a defined class of persons related in some

708 way other than through the purchase of insurance.

709 [~~(74)~~] (76) "General lines of authority" include:

710 (a) the general lines of insurance in Subsection [~~(75)~~;] (77);

711 (b) title insurance under one of the following sublines of authority:

712 (i) title examination, including authority to act as a title marketing representative;

713 (ii) escrow, including authority to act as a title marketing representative; and

714 (iii) title marketing representative only;

715 (c) surplus lines;

716 (d) workers' compensation; and

717 (e) another line of insurance that the commissioner considers necessary to recognize in

718 the public interest.

719 [~~(75)~~] (77) "General lines of insurance" include:

720 (a) accident and health;

721 (b) casualty;

722 (c) life;

723 (d) personal lines;

724 (e) property; and

725 (f) variable contracts, including variable life and annuity.

726 [~~(76)~~] (78) "Group health plan" means an employee welfare benefit plan to the extent

727 that the plan provides medical care:

728 (a) (i) to an employee; or

729 (ii) to a dependent of an employee; and

730 (b) (i) directly;

731 (ii) through insurance reimbursement; or

732 (iii) through another method.

733 [~~(77)~~] (79) (a) "Group insurance policy" means a policy covering a group of persons

734 that is issued:

735 (i) to a policyholder on behalf of the group; and

736 (ii) for the benefit of a member of the group who is selected under a procedure defined

737 in:

738 (A) the policy; or



739 (B) an agreement that is collateral to the policy.

740 (b) A group insurance policy may include a member of the policyholder's family or a  
741 dependent.

742 [~~(78)~~] (80) "Group-wide supervisor" means the commissioner or other regulatory  
743 official designated as the group-wide supervisor for an internationally active insurance group  
744 under Section 31A-16-108.6.

745 [~~(79)~~] (81) "Guaranteed automobile protection insurance" means insurance offered in  
746 connection with an extension of credit that pays the difference in amount between the  
747 insurance settlement and the balance of the loan if the insured automobile is a total loss.

748 [~~(80)~~] (82) (a) "Health benefit plan" means a policy, contract, certificate, or agreement  
749 offered or issued by an insurer to provide, deliver, arrange for, pay for, or reimburse any of the  
750 costs of health care, including major medical expense coverage.

751 (b) "Health benefit plan" does not include:

752 (i) coverage only for accident or disability income insurance, or any combination  
753 thereof;

754 (ii) coverage issued as a supplement to liability insurance;

755 (iii) liability insurance, including general liability insurance and automobile liability  
756 insurance;

757 (iv) workers' compensation or similar insurance;

758 (v) automobile medical payment insurance;

759 (vi) credit-only insurance;

760 (vii) coverage for on-site medical clinics;

761 (viii) other similar insurance coverage, specified in federal regulations issued pursuant  
762 to Pub. L. No. 104-191, under which benefits for health care services are secondary or  
763 incidental to other insurance benefits;

764 (ix) the following benefits if they are provided under a separate policy, certificate, or  
765 contract of insurance or are otherwise not an integral part of the plan:

766 (A) limited scope dental or vision benefits;

767 (B) benefits for long-term care, nursing home care, home health care,  
768 community-based care, or any combination thereof; or

769 (C) other similar limited benefits, specified in federal regulations issued pursuant to

770 Pub. L. No. 104-191;

771 (x) the following benefits if the benefits are provided under a separate policy,  
772 certificate, or contract of insurance, there is no coordination between the provision of benefits  
773 and any exclusion of benefits under any health plan, and the benefits are paid with respect to an  
774 event without regard to whether benefits are provided under any health plan:

775 (A) coverage only for specified disease or illness; or

776 (B) fixed indemnity insurance;

777 (xi) the following if offered as a separate policy, certificate, or contract of insurance:

778 (A) Medicare [~~supplemental health insurance as defined under the Social Security Act,~~  
779 ~~42 U.S.C. Sec. 1395ss(g)(1);~~ supplement insurance;

780 (B) coverage supplemental to the coverage provided under United States Code,  
781 Title 10, Chapter 55, Civilian Health and Medical Program of the Uniformed Services  
782 (CHAMPUS); or

783 (C) similar supplemental coverage provided to coverage under a group health insurance  
784 plan;

785 (xii) short-term limited duration health insurance; and

786 (xiii) student health insurance, except as required under 45 C.F.R. Sec. 147.145.

787 ~~[(81)]~~ (83) "Health care" means any of the following intended for use in the diagnosis,  
788 treatment, mitigation, or prevention of a human ailment or impairment:

789 (a) a professional service;

790 (b) a personal service;

791 (c) a facility;

792 (d) equipment;

793 (e) a device;

794 (f) supplies; or

795 (g) medicine.

796 ~~[(82)]~~ (84) (a) "Health care insurance" or "health insurance" means insurance  
797 providing:

798 (i) a health care benefit; or

799 (ii) payment of an incurred health care expense.

800 (b) "Health care insurance" or "health insurance" does not include accident and health

801 insurance providing a benefit for:

- 802 (i) replacement of income;
- 803 (ii) short-term accident;
- 804 (iii) fixed indemnity;
- 805 (iv) credit accident and health;
- 806 (v) supplements to liability;
- 807 (vi) workers' compensation;
- 808 (vii) automobile medical payment;
- 809 (viii) no-fault automobile;
- 810 (ix) equivalent self-insurance; or
- 811 (x) a type of accident and health insurance coverage that is a part of or attached to
- 812 another type of policy.

813 ~~[(83)]~~ (85) "Health care provider" means the same as that term is defined in Section  
814 [78B-3-403](#).

815 (86) "Health care sharing ministry" means an entity that:

- 816 (a) is a tax-exempt nonprofit entity under the Internal Revenue Code;
- 817 (b) limits participants to those who are of a similar faith;
- 818 (c) facilitates the sharing of a participant's qualified expenses, as defined by the entity,  
819 among other participants by:
  - 820 (i) matching a participant who has qualified expenses with one or more participants  
821 who are able to contribute to paying for the qualified expenses; and
  - 822 (ii) arranging, directly or indirectly, for each contributing participant's contribution to  
823 be used to pay for the qualified expenses;
  - 824 (d) requires an individual to make one or more minimum payments or contributions as  
825 a condition of one or more of the following:
    - 826 (i) becoming a participant;
    - 827 (ii) remaining a participant; or
    - 828 (iii) receiving a contribution to pay qualified expenses; and
    - 829 (e) in carrying out the functions described in this Subsection (86), makes no  
830 assumption of risk or promise to pay any qualified expenses.

831 ~~[(84)]~~ (87) "Health insurance exchange" means an exchange as defined in 45 C.F.R.

832 Sec. 155.20.

833 [~~(85)~~] (88) "Health Insurance Portability and Accountability Act" means the Health  
834 Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191, 110 Stat. 1936, as  
835 amended.

836 [~~(86)~~] (89) "Income replacement insurance" or "disability income insurance" means  
837 insurance written to provide payments to replace income lost from accident or sickness.

838 [~~(87)~~] (90) "Indemnity" means the payment of an amount to offset all or part of an  
839 insured loss.

840 [~~(88)~~] (91) "Independent adjuster" means an insurance adjuster required to be licensed  
841 under Section 31A-26-201 who engages in insurance adjusting as a representative of an insurer.

842 [~~(89)~~] (92) "Independently procured insurance" means insurance procured under  
843 Section 31A-15-104.

844 [~~(90)~~] (93) "Individual" means a natural person.

845 [~~(91)~~] (94) "Inland marine insurance" includes insurance covering:

846 (a) property in transit on or over land;

847 (b) property in transit over water by means other than boat or ship;

848 (c) bailee liability;

849 (d) fixed transportation property such as bridges, electric transmission systems, radio  
850 and television transmission towers and tunnels; and

851 (e) personal and commercial property floaters.

852 [~~(92)~~] (95) "Insolvency" or "insolvent" means that:

853 (a) an insurer is unable to pay the insurer's obligations as the obligations are due;

854 (b) an insurer's total adjusted capital is less than the insurer's mandatory control level  
855 RBC under Subsection 31A-17-601(8)(c); or

856 (c) an insurer's admitted assets are less than the insurer's liabilities.

857 [~~(93)~~] (96) (a) "Insurance" means:

858 (i) an arrangement, contract, or plan for the transfer of a risk or risks from one or more  
859 persons to one or more other persons; or

860 (ii) an arrangement, contract, or plan for the distribution of a risk or risks among a  
861 group of persons that includes the person seeking to distribute that person's risk.

862 (b) "Insurance" includes:

- 863 (i) a risk distributing arrangement providing for compensation or replacement for
- 864 damages or loss through the provision of a service or a benefit in kind;
- 865 (ii) a contract of guaranty or suretyship entered into by the guarantor or surety as a
- 866 business and not as merely incidental to a business transaction; and
- 867 (iii) a plan in which the risk does not rest upon the person who makes an arrangement,
- 868 but with a class of persons who have agreed to share the risk.

869 ~~[(94)]~~ (97) "Insurance adjuster" means a person who directs or conducts the

870 investigation, negotiation, or settlement of a claim under an insurance policy other than life

871 insurance or an annuity, on behalf of an insurer, policyholder, or a claimant under an insurance

872 policy.

873 ~~[(95)]~~ (98) "Insurance business" or "business of insurance" includes:

- 874 (a) providing health care insurance by an organization that is or is required to be
- 875 licensed under this title;
- 876 (b) providing a benefit to an employee in the event of a contingency not within the
- 877 control of the employee, in which the employee is entitled to the benefit as a right, which
- 878 benefit may be provided either:
  - 879 (i) by a single employer or by multiple employer groups; or
  - 880 (ii) through one or more trusts, associations, or other entities;
- 881 (c) providing an annuity:
  - 882 (i) including an annuity issued in return for a gift; and
  - 883 (ii) except an annuity provided by a person specified in Subsections [31A-22-1305\(2\)](#)
  - 884 and (3);
- 885 (d) providing the characteristic services of a motor club;
- 886 (e) providing another person with insurance;
- 887 (f) making as insurer, guarantor, or surety, or proposing to make as insurer, guarantor,
- 888 or surety, a contract or policy offering title insurance;
- 889 (g) transacting or proposing to transact any phase of title insurance, including:
  - 890 (i) solicitation;
  - 891 (ii) negotiation preliminary to execution;
  - 892 (iii) execution of a contract of title insurance;
  - 893 (iv) insuring; and

894 (v) transacting matters subsequent to the execution of the contract and arising out of  
895 the contract, including reinsurance;

896 (h) transacting or proposing a life settlement; and

897 (i) doing, or proposing to do, any business in substance equivalent to Subsections  
898 ~~[(95)(a)]~~ (98)(a) through (h) in a manner designed to evade this title.

899 ~~[(96)]~~ (99) "Insurance consultant" or "consultant" means a person who:

900 (a) advises another person about insurance needs and coverages;

901 (b) is compensated by the person advised on a basis not directly related to the insurance  
902 placed; and

903 (c) except as provided in Section 31A-23a-501, is not compensated directly or  
904 indirectly by an insurer or producer for advice given.

905 ~~[(97)]~~ (100) "Insurance group" means the persons that comprise an insurance holding  
906 company system.

907 ~~[(98)]~~ (101) "Insurance holding company system" means a group of two or more  
908 affiliated persons, at least one of whom is an insurer.

909 ~~[(99)]~~ (102) (a) "Insurance producer" or "producer" means a person licensed or  
910 required to be licensed under the laws of this state to sell, solicit, or negotiate insurance.

911 (b) (i) "Producer for the insurer" means a producer who is compensated directly or  
912 indirectly by an insurer for selling, soliciting, or negotiating an insurance product of that  
913 insurer.

914 (ii) "Producer for the insurer" may be referred to as an "agent."

915 (c) (i) "Producer for the insured" means a producer who:

916 (A) is compensated directly and only by an insurance customer or an insured; and

917 (B) receives no compensation directly or indirectly from an insurer for selling,  
918 soliciting, or negotiating an insurance product of that insurer to an insurance customer or  
919 insured.

920 (ii) "Producer for the insured" may be referred to as a "broker."

921 ~~[(100)]~~ (103) (a) "Insured" means a person to whom or for whose benefit an insurer  
922 makes a promise in an insurance policy and includes:

923 (i) a policyholder;

924 (ii) a subscriber;

- 925 (iii) a member; and  
926 (iv) a beneficiary.  
927 (b) The definition in Subsection [~~(100)~~(a):] (103)(a):  
928 (i) applies only to this title;  
929 (ii) does not define the meaning of "insured" as used in an insurance policy or  
930 certificate; and  
931 (iii) includes an enrollee.  
932 [~~(101)~~] (104) (a) "Insurer," "carrier," "insurance carrier," or "insurance company"  
933 means a person doing an insurance business as a principal including:  
934 (i) a fraternal benefit society;  
935 (ii) an issuer of a gift annuity other than an annuity specified in Subsections  
936 31A-22-1305(2) and (3);  
937 (iii) a motor club;  
938 (iv) an employee welfare plan;  
939 (v) a person purporting or intending to do an insurance business as a principal on that  
940 person's own account; and  
941 (vi) a health maintenance organization.  
942 (b) "Insurer," "carrier," "insurance carrier," or "insurance company" does not include a  
943 governmental entity.  
944 [~~(102)~~] (105) "Interinsurance exchange" means the same as that term is defined in  
945 Subsection [~~(163)~~:] (168).  
946 [~~(103)~~] (106) "Internationally active insurance group" means an insurance holding  
947 company system:  
948 (a) that includes an insurer registered under Section 31A-16-105;  
949 (b) that has premiums written in at least three countries;  
950 (c) whose percentage of gross premiums written outside the United States is at least  
951 10% of its total gross written premiums; and  
952 (d) that, based on a three-year rolling average, has:  
953 (i) total assets of at least \$50,000,000,000; or  
954 (ii) total gross written premiums of at least \$10,000,000,000.  
955 [~~(104)~~] (107) "Involuntary unemployment insurance" means insurance:

956 (a) offered in connection with an extension of credit; and  
957 (b) that provides indemnity if the debtor is involuntarily unemployed for payments

958 coming due on a:

- 959 (i) specific loan; or
- 960 (ii) credit transaction.

961 [~~(105)~~] (108) "Large employer," in connection with a health benefit plan, means an  
962 employer who, with respect to a calendar year and to a plan year:

- 963 (a) employed an average of at least 51 employees on business days during the  
964 preceding calendar year; and
- 965 (b) employs at least one employee on the first day of the plan year.

966 [~~(106)~~] (109) "Late enrollee," with respect to an employer health benefit plan, means  
967 an individual whose enrollment is a late enrollment.

968 [~~(107)~~] (110) "Late enrollment," with respect to an employer health benefit plan, means  
969 enrollment of an individual other than:

- 970 (a) on the earliest date on which coverage can become effective for the individual  
971 under the terms of the plan; or
- 972 (b) through special enrollment.

973 [~~(108)~~] (111) (a) Except for a retainer contract or legal assistance described in Section  
974 31A-1-103, "legal expense insurance" means insurance written to indemnify or pay for a  
975 specified legal expense.

976 (b) "Legal expense insurance" includes an arrangement that creates a reasonable  
977 expectation of an enforceable right.

978 (c) "Legal expense insurance" does not include the provision of, or reimbursement for,  
979 legal services incidental to other insurance coverage.

980 [~~(109)~~] (112) (a) "Liability insurance" means insurance against liability:

981 (i) for death, injury, or disability of a human being, or for damage to property,  
982 exclusive of the coverages under:

- 983 (A) medical malpractice insurance;
- 984 (B) professional liability insurance; and
- 985 (C) workers' compensation insurance;

986 (ii) for a medical, hospital, surgical, and funeral benefit to a person other than the



987 insured who is injured, irrespective of legal liability of the insured, when issued with or  
988 supplemental to insurance against legal liability for the death, injury, or disability of a human  
989 being, exclusive of the coverages under:

- 990 (A) medical malpractice insurance;
- 991 (B) professional liability insurance; and
- 992 (C) workers' compensation insurance;
- 993 (iii) for loss or damage to property resulting from an accident to or explosion of a  
994 boiler, pipe, pressure container, machinery, or apparatus;
- 995 (iv) for loss or damage to property caused by:
  - 996 (A) the breakage or leakage of a sprinkler, water pipe, or water container; or
  - 997 (B) water entering through a leak or opening in a building; or
- 998 (v) for other loss or damage properly the subject of insurance not within another kind  
999 of insurance as defined in this chapter, if the insurance is not contrary to law or public policy.

1000 (b) "Liability insurance" includes:

- 1001 (i) vehicle liability insurance;
- 1002 (ii) residential dwelling liability insurance; and
- 1003 (iii) making inspection of, and issuing a certificate of inspection upon, an elevator,  
1004 boiler, machinery, or apparatus of any kind when done in connection with insurance on the  
1005 elevator, boiler, machinery, or apparatus.

1006 [~~(110)~~] (113) (a) "License" means authorization issued by the commissioner to engage  
1007 in an activity that is part of or related to the insurance business.

1008 (b) "License" includes a certificate of authority issued to an insurer.

1009 [~~(111)~~] (114) (a) "Life insurance" means:

- 1010 (i) insurance on a human life; and
- 1011 (ii) insurance pertaining to or connected with human life.

1012 (b) The business of life insurance includes:

- 1013 (i) granting a death benefit;
- 1014 (ii) granting an annuity benefit;
- 1015 (iii) granting an endowment benefit;
- 1016 (iv) granting an additional benefit in the event of death by accident;
- 1017 (v) granting an additional benefit to safeguard the policy against lapse; and

1018 (vi) providing an optional method of settlement of proceeds.

1019 [~~(H2)~~] (115) "Limited license" means a license that:

1020 (a) is issued for a specific product of insurance; and

1021 (b) limits an individual or agency to transact only for that product or insurance.

1022 [~~(H3)~~] (116) "Limited line credit insurance" includes the following forms of  
1023 insurance:

1024 (a) credit life;

1025 (b) credit accident and health;

1026 (c) credit property;

1027 (d) credit unemployment;

1028 (e) involuntary unemployment;

1029 (f) mortgage life;

1030 (g) mortgage guaranty;

1031 (h) mortgage accident and health;

1032 (i) guaranteed automobile protection; and

1033 (j) another form of insurance offered in connection with an extension of credit that:

1034 (i) is limited to partially or wholly extinguishing the credit obligation; and

1035 (ii) the commissioner determines by rule should be designated as a form of limited line  
1036 credit insurance.

1037 [~~(H4)~~] (117) "Limited line credit insurance producer" means a person who sells,  
1038 solicits, or negotiates one or more forms of limited line credit insurance coverage to an  
1039 individual through a master, corporate, group, or individual policy.

1040 [~~(H5)~~] (118) "Limited line insurance" includes:

1041 (a) bail bond;

1042 (b) limited line credit insurance;

1043 (c) legal expense insurance;

1044 (d) motor club insurance;

1045 (e) car rental related insurance;

1046 (f) travel insurance;

1047 (g) crop insurance;

1048 (h) self-service storage insurance;

1049 (i) guaranteed asset protection waiver;  
1050 (j) portable electronics insurance; and  
1051 (k) another form of limited insurance that the commissioner determines by rule should  
1052 be designated a form of limited line insurance.

1053 [~~(116)~~] (119) "Limited lines authority" includes the lines of insurance listed in  
1054 Subsection [~~(115)~~] (118).

1055 [~~(117)~~] (120) "Limited lines producer" means a person who sells, solicits, or negotiates  
1056 limited lines insurance.

1057 [~~(118)~~] (121) (a) "Long-term care insurance" means an insurance policy or rider  
1058 advertised, marketed, offered, or designated to provide coverage:

1059 (i) in a setting other than an acute care unit of a hospital;  
1060 (ii) for not less than 12 consecutive months for a covered person on the basis of:

- 1061 (A) expenses incurred;
- 1062 (B) indemnity;
- 1063 (C) prepayment; or
- 1064 (D) another method;

1065 (iii) for one or more necessary or medically necessary services that are:

- 1066 (A) diagnostic;
- 1067 (B) preventative;
- 1068 (C) therapeutic;
- 1069 (D) rehabilitative;
- 1070 (E) maintenance; or

1071 (F) personal care; and

1072 (iv) that may be issued by:

- 1073 (A) an insurer;
- 1074 (B) a fraternal benefit society;
- 1075 (C) (I) a nonprofit health hospital; and
- 1076 (II) a medical service corporation;
- 1077 (D) a prepaid health plan;
- 1078 (E) a health maintenance organization; or

1079 (F) an entity similar to the entities described in Subsections [~~(118)(a)(iv)(A)~~]

1080 (121)(a)(iv)(A) through (E) to the extent that the entity is otherwise authorized to issue life or  
1081 health care insurance.

1082 (b) "Long-term care insurance" includes:

1083 (i) any of the following that provide directly or supplement long-term care insurance:

1084 (A) a group or individual annuity or rider; or

1085 (B) a life insurance policy or rider;

1086 (ii) a policy or rider that provides for payment of benefits on the basis of:

1087 (A) cognitive impairment; or

1088 (B) functional capacity; or

1089 (iii) a qualified long-term care insurance contract.

1090 (c) "Long-term care insurance" does not include:

1091 (i) a policy that is offered primarily to provide basic Medicare supplement [~~coverage~~]

1092 insurance;

1093 (ii) basic hospital expense coverage;

1094 (iii) basic medical/surgical expense coverage;

1095 (iv) hospital confinement indemnity coverage;

1096 (v) major medical expense coverage;

1097 (vi) income replacement or related asset-protection coverage;

1098 (vii) accident only coverage;

1099 (viii) coverage for a specified:

1100 (A) disease; or

1101 (B) accident;

1102 (ix) limited benefit health coverage;

1103 (x) a life insurance policy that accelerates the death benefit to provide the option of a

1104 lump sum payment:

1105 (A) if the following are not conditioned on the receipt of long-term care:

1106 (I) benefits; or

1107 (II) eligibility; and

1108 (B) the coverage is for one or more the following qualifying events:

1109 (I) terminal illness;

1110 (II) medical conditions requiring extraordinary medical intervention; or

- 1111 (III) permanent institutional confinement; or
- 1112 (xi) limited long-term care as defined in Section [31A-22-2002](#).
- 1113 [~~(119)~~] (122) "Managed care organization" means a person:
- 1114 (a) licensed as a health maintenance organization under Chapter 8, Health Maintenance
- 1115 Organizations and Limited Health Plans; or
- 1116 (b) (i) licensed under:
- 1117 (A) Chapter 5, Domestic Stock and Mutual Insurance Corporations;
- 1118 (B) Chapter 7, Nonprofit Health Service Insurance Corporations; or
- 1119 (C) Chapter 14, Foreign Insurers; and
- 1120 (ii) that requires an enrollee to use, or offers incentives, including financial incentives,
- 1121 for an enrollee to use, network providers.
- 1122 [~~(120)~~] (123) "Medical malpractice insurance" means insurance against legal liability
- 1123 incident to the practice and provision of a medical service other than the practice and provision
- 1124 of a dental service.
- 1125 (124) "Medicare" means the "Health Insurance for the Aged Act," Title XVIII of the
- 1126 federal Social Security Act, as then constituted or later amended.
- 1127 (125) (a) "Medicare supplement insurance" means health insurance coverage that is
- 1128 advertised, marketed, or designed primarily as a supplement to reimbursements under Medicare
- 1129 for the hospital, medical, or surgical expenses of individuals eligible for Medicare.
- 1130 (b) "Medicare supplement insurance" does not include:
- 1131 (i) a policy issued pursuant to a contract under Section 1876 of the federal Social
- 1132 Security Act;
- 1133 (ii) a policy issued under a demonstration project specified in 42 U.S.C. Sec.
- 1134 1395ss(g)(1);
- 1135 (iii) a Medicare Advantage plan established under Medicare Part C;
- 1136 (iv) an outpatient prescription drug plan established under Medicare Part D; or
- 1137 (v) any health care prepayment plan that provides benefits pursuant to an agreement
- 1138 under Section 1833(a)(1)(A) of the Social Security Act.
- 1139 [~~(121)~~] (126) "Member" means a person having membership rights in an insurance
- 1140 corporation.
- 1141 [~~(122)~~] (127) "Minimum capital" or "minimum required capital" means the capital that

1142 must be constantly maintained by a stock insurance corporation as required by statute.

1143 ~~[(123)]~~ (128) "Mortgage accident and health insurance" means insurance offered in  
1144 connection with an extension of credit that provides indemnity for payments coming due on a  
1145 mortgage while the debtor has a disability.

1146 ~~[(124)]~~ (129) "Mortgage guaranty insurance" means surety insurance under which a  
1147 mortgagee or other creditor is indemnified against losses caused by the default of a debtor.

1148 ~~[(125)]~~ (130) "Mortgage life insurance" means insurance on the life of a debtor in  
1149 connection with an extension of credit that pays if the debtor dies.

1150 ~~[(126)]~~ (131) "Motor club" means a person:

1151 (a) licensed under:

1152 (i) Chapter 5, Domestic Stock and Mutual Insurance Corporations;

1153 (ii) Chapter 11, Motor Clubs; or

1154 (iii) Chapter 14, Foreign Insurers; and

1155 (b) that promises for an advance consideration to provide for a stated period of time  
1156 one or more:

1157 (i) legal services under Subsection 31A-11-102(1)(b);

1158 (ii) bail services under Subsection 31A-11-102(1)(c); or

1159 (iii) (A) trip reimbursement;

1160 (B) towing services;

1161 (C) emergency road services;

1162 (D) stolen automobile services;

1163 (E) a combination of the services listed in Subsections ~~[(126)(b)(iii)(A)]~~

1164 (131)(b)(iii)(A) through (D); or

1165 (F) other services given in Subsections 31A-11-102(1)(b) through (f).

1166 ~~[(127)]~~ (132) "Mutual" means a mutual insurance corporation.

1167 ~~[(128)]~~ (133) "NAIC" means the National Association of Insurance Commissioners.

1168 ~~[(129)]~~ (134) "NAIC liquidity stress test framework" means a NAIC publication that  
1169 includes:

1170 (a) a history of the NAIC's development of regulatory liquidity stress testing;

1171 (b) the scope criteria applicable for a specific data year; and

1172 (c) the liquidity stress test instructions and reporting templates for a specific data year,

1173 as adopted by the NAIC and as amended by the NAIC in accordance with NAIC procedures.

1174 [~~(130)~~] (135) "Network plan" means health care insurance:

1175 (a) that is issued by an insurer; and

1176 (b) under which the financing and delivery of medical care is provided, in whole or in  
1177 part, through a defined set of providers under contract with the insurer, including the financing  
1178 and delivery of an item paid for as medical care.

1179 [~~(131)~~] (136) "Network provider" means a health care provider who has an agreement  
1180 with a managed care organization to provide health care services to an enrollee with an  
1181 expectation of receiving payment, other than coinsurance, copayments, or deductibles, directly  
1182 from the managed care organization.

1183 [~~(132)~~] (137) "Nonparticipating" means a plan of insurance under which the insured is  
1184 not entitled to receive a dividend representing a share of the surplus of the insurer.

1185 [~~(133)~~] (138) "Ocean marine insurance" means insurance against loss of or damage to:

1186 (a) ships or hulls of ships;

1187 (b) goods, freight, cargoes, merchandise, effects, disbursements, profits, money,  
1188 securities, choses in action, evidences of debt, valuable papers, bottomry, respondentia  
1189 interests, or other cargoes in or awaiting transit over the oceans or inland waterways;

1190 (c) earnings such as freight, passage money, commissions, or profits derived from  
1191 transporting goods or people upon or across the oceans or inland waterways; or

1192 (d) a vessel owner or operator as a result of liability to employees, passengers, bailors,  
1193 owners of other vessels, owners of fixed objects, customs or other authorities, or other persons  
1194 in connection with maritime activity.

1195 [~~(134)~~] (139) "Order" means an order of the commissioner.

1196 [~~(135)~~] (140) "ORSA guidance manual" means the current version of the Own Risk  
1197 and Solvency Assessment Guidance Manual developed and adopted by the National  
1198 Association of Insurance Commissioners and as amended from time to time.

1199 [~~(136)~~] (141) "ORSA summary report" means a confidential high-level summary of an  
1200 insurer or insurance group's own risk and solvency assessment.

1201 [~~(137)~~] (142) "Outline of coverage" means a summary that explains an accident and  
1202 health insurance policy.

1203 [~~(138)~~] (143) "Own risk and solvency assessment" means an insurer or insurance

1204 group's confidential internal assessment:

1205 (a) (i) of each material and relevant risk associated with the insurer or insurance group;

1206 (ii) of the insurer or insurance group's current business plan to support each risk

1207 described in Subsection [~~(138)(a)(i);~~] (143)(a)(i); and

1208 (iii) of the sufficiency of capital resources to support each risk described in Subsection

1209 [~~(138)(a)(i);~~] (143)(a)(i); and

1210 (b) that is appropriate to the nature, scale, and complexity of an insurer or insurance

1211 group.

1212 [~~(139)~~] (144) "Participating" means a plan of insurance under which the insured is

1213 entitled to receive a dividend representing a share of the surplus of the insurer.

1214 [~~(140)~~] (145) "Participation," as used in a health benefit plan, means a requirement

1215 relating to the minimum percentage of eligible employees that must be enrolled in relation to

1216 the total number of eligible employees of an employer reduced by each eligible employee who

1217 voluntarily declines coverage under the plan because the employee:

1218 (a) has other group health care insurance coverage; or

1219 (b) receives:

1220 (i) Medicare, under the Health Insurance for the Aged Act, Title XVIII of the Social

1221 Security Amendments of 1965; or

1222 (ii) another government health benefit.

1223 [~~(141)~~] (146) "Person" includes:

1224 (a) an individual;

1225 (b) a partnership;

1226 (c) a corporation;

1227 (d) an incorporated or unincorporated association;

1228 (e) a joint stock company;

1229 (f) a trust;

1230 (g) a limited liability company;

1231 (h) a reciprocal;

1232 (i) a syndicate; or

1233 (j) another similar entity or combination of entities acting in concert.

1234 [~~(142)~~] (147) "Personal lines insurance" means property and casualty insurance



1235 coverage sold for primarily noncommercial purposes to:

1236 (a) an individual; or

1237 (b) a family.

1238 [~~(143)~~] (148) "Plan sponsor" means the same as that term is defined in 29 U.S.C. Sec.

1239 1002(16)(B).

1240 [~~(144)~~] (149) "Plan year" means:

1241 (a) the year that is designated as the plan year in:

1242 (i) the plan document of a group health plan; or

1243 (ii) a summary plan description of a group health plan;

1244 (b) if the plan document or summary plan description does not designate a plan year or

1245 there is no plan document or summary plan description:

1246 (i) the year used to determine deductibles or limits;

1247 (ii) the policy year, if the plan does not impose deductibles or limits on a yearly basis;

1248 or

1249 (iii) the employer's taxable year if:

1250 (A) the plan does not impose deductibles or limits on a yearly basis; and

1251 (B) (I) the plan is not insured; or

1252 (II) the insurance policy is not renewed on an annual basis; or

1253 (c) in a case not described in Subsection [~~(144)~~](a) (149)(a) or (b), the calendar year.

1254 [~~(145)~~] (150) (a) "Policy" means a document, including an attached endorsement or

1255 application that:

1256 (i) purports to be an enforceable contract; and

1257 (ii) memorializes in writing some or all of the terms of an insurance contract.

1258 (b) "Policy" includes a service contract issued by:

1259 (i) a motor club under Chapter 11, Motor Clubs;

1260 (ii) a service contract provided under Chapter 6a, Service Contracts; and

1261 (iii) a corporation licensed under:

1262 (A) Chapter 7, Nonprofit Health Service Insurance Corporations; or

1263 (B) Chapter 8, Health Maintenance Organizations and Limited Health Plans.

1264 (c) "Policy" does not include:

1265 (i) a certificate under a group insurance contract; or

1266 (ii) a document that does not purport to have legal effect.

1267 [~~(146)~~] (151) "Policyholder" means a person who controls a policy, binder, or oral  
1268 contract by ownership, premium payment, or otherwise.

1269 [~~(147)~~] (152) "Policy illustration" means a presentation or depiction that includes  
1270 nonguaranteed elements of a policy offering life insurance over a period of years.

1271 [~~(148)~~] (153) "Policy summary" means a synopsis describing the elements of a life  
1272 insurance policy.

1273 [~~(149)~~] (154) "PPACA" means the Patient Protection and Affordable Care Act, Pub. L.  
1274 No. 111-148 and the Health Care Education Reconciliation Act of 2010, Pub. L. No. 111-152,  
1275 and related federal regulations and guidance.

1276 [~~(150)~~] (155) "Preexisting condition," with respect to health care insurance:

1277 (a) means a condition that was present before the effective date of coverage, whether or  
1278 not medical advice, diagnosis, care, or treatment was recommended or received before that day;  
1279 and

1280 (b) does not include a condition indicated by genetic information unless an actual  
1281 diagnosis of the condition by a physician has been made.

1282 [~~(151)~~] (156) (a) "Premium" means the monetary consideration for an insurance policy.

1283 (b) "Premium" includes, however designated:

1284 (i) an assessment;

1285 (ii) a membership fee;

1286 (iii) a required contribution; or

1287 (iv) monetary consideration.

1288 (c) (i) "Premium" does not include consideration paid to a third party administrator for  
1289 the third party administrator's services.

1290 (ii) "Premium" includes an amount paid by a third party administrator to an insurer for  
1291 insurance on the risks administered by the third party administrator.

1292 [~~(152)~~] (157) "Principal officers" for a corporation means the officers designated under  
1293 Subsection [31A-5-203\(3\)](#).

1294 [~~(153)~~] (158) "Proceeding" includes an action or special statutory proceeding.

1295 [~~(154)~~] (159) "Professional liability insurance" means insurance against legal liability  
1296 incident to the practice of a profession and provision of a professional service.

1297            [~~(155)~~] (160) (a) "Property insurance" means insurance against loss or damage to real  
1298 or personal property of every kind and any interest in that property:

1299            (i) from all hazards or causes; and

1300            (ii) against loss consequential upon the loss or damage including vehicle

1301 comprehensive and vehicle physical damage coverages.

1302            (b) "Property insurance" does not include:

1303            (i) inland marine insurance; and

1304            (ii) ocean marine insurance.

1305            [~~(156)~~] (161) "Qualified long-term care insurance contract" or "federally tax qualified  
1306 long-term care insurance contract" means:

1307            (a) an individual or group insurance contract that meets the requirements of Section  
1308 7702B(b), Internal Revenue Code; or

1309            (b) the portion of a life insurance contract that provides long-term care insurance:

1310            (i) (A) by rider; or

1311            (B) as a part of the contract; and

1312            (ii) that satisfies the requirements of Sections 7702B(b) and (e), Internal Revenue  
1313 Code.

1314            [~~(157)~~] (162) "Qualified United States financial institution" means an institution that:

1315            (a) is:

1316            (i) organized under the laws of the United States or any state; or

1317            (ii) in the case of a United States office of a foreign banking organization, licensed  
1318 under the laws of the United States or any state;

1319            (b) is regulated, supervised, and examined by a United States federal or state authority  
1320 having regulatory authority over a bank or trust company; and

1321            (c) meets the standards of financial condition and standing that are considered  
1322 necessary and appropriate to regulate the quality of a financial institution whose letters of credit  
1323 will be acceptable to the commissioner as determined by:

1324            (i) the commissioner by rule; or

1325            (ii) the Securities Valuation Office of the National Association of Insurance  
1326 Commissioners.

1327            [~~(158)~~] (163) (a) "Rate" means:

- 1328 (i) the cost of a given unit of insurance; or
- 1329 (ii) for property or casualty insurance, that cost of insurance per exposure unit either
- 1330 expressed as:
  - 1331 (A) a single number; or
  - 1332 (B) a pure premium rate, adjusted before the application of individual risk variations
  - 1333 based on loss or expense considerations to account for the treatment of:
    - 1334 (I) expenses;
    - 1335 (II) profit; and
    - 1336 (III) individual insurer variation in loss experience.
- 1337 (b) "Rate" does not include a minimum premium.
- 1338 [~~(159)~~] (164) (a) "Rate service organization" means a person who assists an insurer in
- 1339 rate making or filing by:
  - 1340 (i) collecting, compiling, and furnishing loss or expense statistics;
  - 1341 (ii) recommending, making, or filing rates or supplementary rate information; or
  - 1342 (iii) advising about rate questions, except as an attorney giving legal advice.
- 1343 (b) "Rate service organization" does not include:
  - 1344 (i) an employee of an insurer;
  - 1345 (ii) a single insurer or group of insurers under common control;
  - 1346 (iii) a joint underwriting group; or
  - 1347 (iv) an individual serving as an actuarial or legal consultant.
- 1348 [~~(160)~~] (165) "Rating manual" means any of the following used to determine initial and
- 1349 renewal policy premiums:
  - 1350 (a) a manual of rates;
  - 1351 (b) a classification;
  - 1352 (c) a rate-related underwriting rule; and
  - 1353 (d) a rating formula that describes steps, policies, and procedures for determining
  - 1354 initial and renewal policy premiums.
- 1355 [~~(161)~~] (166) (a) "Rebate" means a licensee paying, allowing, giving, or offering to
- 1356 pay, allow, or give, directly or indirectly:
  - 1357 (i) a refund of premium or portion of premium;
  - 1358 (ii) a refund of commission or portion of commission;

1359 (iii) a refund of all or a portion of a consultant fee; or  
1360 (iv) providing services or other benefits not specified in an insurance or annuity  
1361 contract.

1362 (b) "Rebate" does not include:

- 1363 (i) a refund due to termination or changes in coverage;
- 1364 (ii) a refund due to overcharges made in error by the licensee; or
- 1365 (iii) savings or wellness benefits as provided in the contract by the licensee.

1366 [~~(162)~~] (167) "Received by the department" means:

1367 (a) the date delivered to and stamped received by the department, if delivered in  
1368 person;

1369 (b) the post mark date, if delivered by mail;

1370 (c) the delivery service's post mark or pickup date, if delivered by a delivery service;

1371 (d) the received date recorded on an item delivered, if delivered by:

1372 (i) facsimile;

1373 (ii) email; or

1374 (iii) another electronic method; or

1375 (e) a date specified in:

1376 (i) a statute;

1377 (ii) a rule; or

1378 (iii) an order.

1379 [~~(163)~~] (168) "Reciprocal" or "interinsurance exchange" means an unincorporated  
1380 association of persons:

1381 (a) operating through an attorney-in-fact common to all of the persons; and

1382 (b) exchanging insurance contracts with one another that provide insurance coverage  
1383 on each other.

1384 [~~(164)~~] (169) "Reinsurance" means an insurance transaction where an insurer, for  
1385 consideration, transfers any portion of the risk it has assumed to another insurer. In referring to  
1386 reinsurance transactions, this title sometimes refers to:

1387 (a) the insurer transferring the risk as the "ceding insurer"; and

1388 (b) the insurer assuming the risk as the:

1389 (i) "assuming insurer"; or

1390 (ii) "assuming reinsurer."

1391 [~~(165)~~] (170) "Reinsurer" means a person licensed in this state as an insurer with the  
1392 authority to assume reinsurance.

1393 [~~(166)~~] (171) "Residential dwelling liability insurance" means insurance against  
1394 liability resulting from or incident to the ownership, maintenance, or use of a residential  
1395 dwelling that is a detached single family residence or multifamily residence up to four units.

1396 [~~(167)~~] (172) (a) "Retrocession" means reinsurance with another insurer of a liability  
1397 assumed under a reinsurance contract.

1398 (b) A reinsurer "retrocedes" when the reinsurer reinsures with another insurer part of a  
1399 liability assumed under a reinsurance contract.

1400 [~~(168)~~] (173) "Rider" means an endorsement to:

1401 (a) an insurance policy; or

1402 (b) an insurance certificate.

1403 [~~(169)~~] (174) "Scope criteria" means the designated exposure bases and minimum  
1404 magnitudes for a specified data year that are used to establish a preliminary list of insurers  
1405 considered scoped into the NAIC liquidity stress test framework for that data year.

1406 [~~(170)~~] (175) "Secondary medical condition" means a complication related to an  
1407 exclusion from coverage in accident and health insurance.

1408 [~~(171)~~] (176) (a) "Security" means a:

1409 (i) note;

1410 (ii) stock;

1411 (iii) bond;

1412 (iv) debenture;

1413 (v) evidence of indebtedness;

1414 (vi) certificate of interest or participation in a profit-sharing agreement;

1415 (vii) collateral-trust certificate;

1416 (viii) preorganization certificate or subscription;

1417 (ix) transferable share;

1418 (x) investment contract;

1419 (xi) voting trust certificate;

1420 (xii) certificate of deposit for a security;

1421 (xiii) certificate of interest of participation in an oil, gas, or mining title or lease or in  
1422 payments out of production under such a title or lease;

1423 (xiv) commodity contract or commodity option;

1424 (xv) certificate of interest or participation in, temporary or interim certificate for,  
1425 receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the items listed  
1426 in Subsections [~~(171)(a)(i)~~] (176)(a)(i) through (xiv); or

1427 (xvi) another interest or instrument commonly known as a security.

1428 (b) "Security" does not include:

1429 (i) any of the following under which an insurance company promises to pay money in a  
1430 specific lump sum or periodically for life or some other specified period:

1431 (A) insurance;

1432 (B) an endowment policy; or

1433 (C) an annuity contract; or

1434 (ii) a burial certificate or burial contract.

1435 [~~(172)~~] (177) "Securityholder" means a specified person who owns a security of a  
1436 person, including:

1437 (a) common stock;

1438 (b) preferred stock;

1439 (c) debt obligations; and

1440 (d) any other security convertible into or evidencing the right of any of the items listed  
1441 in this Subsection [~~(172);~~] (177).

1442 [~~(173)~~] (178) (a) "Self-insurance" means an arrangement under which a person  
1443 provides for spreading the person's own risks by a systematic plan.

1444 (b) "Self-insurance" includes:

1445 (i) an arrangement under which a governmental entity undertakes to indemnify an  
1446 employee for liability arising out of the employee's employment; and

1447 (ii) an arrangement under which a person with a managed program of self-insurance  
1448 and risk management undertakes to indemnify the person's affiliate, subsidiary, director,  
1449 officer, or employee for liability or risk that arises out of the person's relationship with the  
1450 affiliate, subsidiary, director, officer, or employee.

1451 (c) "Self-insurance" does not include:

1452 (i) an arrangement under which a number of persons spread their risks among  
1453 themselves; or

1454 (ii) an arrangement with an independent contractor.

1455 [~~(174)~~] (179) "Sell" means to exchange a contract of insurance:

1456 (a) by any means;

1457 (b) for money or its equivalent; and

1458 (c) on behalf of an insurance company.

1459 [~~(175)~~] (180) "Short-term limited duration health insurance" means a health benefit  
1460 product that:

1461 (a) after taking into account any renewals or extensions, has a total duration of no more  
1462 than 36 months; and

1463 (b) has an expiration date specified in the contract that is less than 12 months after the  
1464 original effective date of coverage under the health benefit product.

1465 [~~(176)~~] (181) "Significant break in coverage" means a period of 63 consecutive days  
1466 during each of which an individual does not have creditable coverage.

1467 [~~(177)~~] (182) (a) "Small employer" means, in connection with a health benefit plan and  
1468 with respect to a calendar year and to a plan year, an employer who:

1469 (i) (A) employed at least one but not more than 50 eligible employees on business days  
1470 during the preceding calendar year; or

1471 (B) if the employer did not exist for the entirety of the preceding calendar year,  
1472 reasonably expects to employ an average of at least one but not more than 50 eligible  
1473 employees on business days during the current calendar year;

1474 (ii) employs at least one employee on the first day of the plan year; and

1475 (iii) for an employer who has common ownership with one or more other employers, is  
1476 treated as a single employer under 26 U.S.C. Sec. 414(b), (c), (m), or (o).

1477 (b) "Small employer" does not include an owner or a sole proprietor that does not  
1478 employ at least one employee.

1479 [~~(178)~~] (183) "Special enrollment period," in connection with a health benefit plan, has  
1480 the same meaning as provided in federal regulations adopted pursuant to the Health Insurance  
1481 Portability and Accountability Act.

1482 [~~(179)~~] (184) (a) "Subsidiary" of a person means an affiliate controlled by that person



1483 either directly or indirectly through one or more affiliates or intermediaries.

1484 (b) "Wholly owned subsidiary" of a person is a subsidiary of which all of the voting  
1485 shares are owned by that person either alone or with its affiliates, except for the minimum  
1486 number of shares the law of the subsidiary's domicile requires to be owned by directors or  
1487 others.

1488 [~~(180)~~] (185) Subject to Subsection [~~(92)(b);~~] (95)(b), "surety insurance" includes:

1489 (a) a guarantee against loss or damage resulting from the failure of a principal to pay or  
1490 perform the principal's obligations to a creditor or other obligee;

1491 (b) bail bond insurance; and

1492 (c) fidelity insurance.

1493 [~~(181)~~] (186) (a) "Surplus" means the excess of assets over the sum of paid-in capital  
1494 and liabilities.

1495 (b) (i) "Permanent surplus" means the surplus of an insurer or organization that is  
1496 designated by the insurer or organization as permanent.

1497 (ii) Sections 31A-5-211, 31A-7-201, 31A-8-209, 31A-9-209, and 31A-14-205 require  
1498 that insurers or organizations doing business in this state maintain specified minimum levels of  
1499 permanent surplus.

1500 (iii) Except for assessable mutuals, the minimum permanent surplus requirement is the  
1501 same as the minimum required capital requirement that applies to stock insurers.

1502 (c) "Excess surplus" means:

1503 (i) for a life insurer, accident and health insurer, health organization, or property and  
1504 casualty insurer as defined in Section 31A-17-601, the lesser of:

1505 (A) that amount of an insurer's or health organization's total adjusted capital that  
1506 exceeds the product of:

1507 (I) 2.5; and

1508 (II) the sum of the insurer's or health organization's minimum capital or permanent  
1509 surplus required under Section 31A-5-211, 31A-9-209, or 31A-14-205; or

1510 (B) that amount of an insurer's or health organization's total adjusted capital that  
1511 exceeds the product of:

1512 (I) 3.0; and

1513 (II) the authorized control level RBC as defined in Subsection 31A-17-601(8)(a); and

1514 (ii) for a monoline mortgage guaranty insurer, financial guaranty insurer, or title insurer  
1515 that amount of an insurer's paid-in-capital and surplus that exceeds the product of:

1516 (A) 1.5; and

1517 (B) the insurer's total adjusted capital required by Subsection 31A-17-609(1).

1518 [(182)] (187) "Third party administrator" or "administrator" means a person who  
1519 collects charges or premiums from, or who, for consideration, adjusts or settles claims of  
1520 residents of the state in connection with insurance coverage, annuities, or service insurance  
1521 coverage, except:

1522 (a) a union on behalf of its members;

1523 (b) a person administering a:

1524 (i) pension plan subject to the federal Employee Retirement Income Security Act of  
1525 1974;

1526 (ii) governmental plan as defined in Section 414(d), Internal Revenue Code; or

1527 (iii) nonelecting church plan as described in Section 410(d), Internal Revenue Code;

1528 (c) an employer on behalf of the employer's employees or the employees of one or  
1529 more of the subsidiary or affiliated corporations of the employer;

1530 (d) an insurer licensed under the following, but only for a line of insurance for which  
1531 the insurer holds a license in this state:

1532 (i) Chapter 5, Domestic Stock and Mutual Insurance Corporations;

1533 (ii) Chapter 7, Nonprofit Health Service Insurance Corporations;

1534 (iii) Chapter 8, Health Maintenance Organizations and Limited Health Plans;

1535 (iv) Chapter 9, Insurance Fraternal; or

1536 (v) Chapter 14, Foreign Insurers;

1537 (e) a person:

1538 (i) licensed or exempt from licensing under:

1539 (A) Chapter 23a, Insurance Marketing - Licensing Producers, Consultants, and  
1540 Reinsurance Intermediaries; or

1541 (B) Chapter 26, Insurance Adjusters; and

1542 (ii) whose activities are limited to those authorized under the license the person holds  
1543 or for which the person is exempt; or

1544 (f) an institution, bank, or financial institution:

1545 (i) that is:

1546 (A) an institution whose deposits and accounts are to any extent insured by a federal  
1547 deposit insurance agency, including the Federal Deposit Insurance Corporation or National  
1548 Credit Union Administration; or

1549 (B) a bank or other financial institution that is subject to supervision or examination by  
1550 a federal or state banking authority; and

1551 (ii) that does not adjust claims without a third party administrator license.

1552 [~~(183)~~] (188) "Title insurance" means the insuring, guaranteeing, or indemnifying of an  
1553 owner of real or personal property or the holder of liens or encumbrances on that property, or  
1554 others interested in the property against loss or damage suffered by reason of liens or  
1555 encumbrances upon, defects in, or the unmarketability of the title to the property, or invalidity  
1556 or unenforceability of any liens or encumbrances on the property.

1557 [~~(184)~~] (189) "Total adjusted capital" means the sum of an insurer's or health  
1558 organization's statutory capital and surplus as determined in accordance with:

1559 (a) the statutory accounting applicable to the annual financial statements required to be  
1560 filed under Section 31A-4-113; and

1561 (b) another item provided by the RBC instructions, as RBC instructions is defined in  
1562 Section 31A-17-601.

1563 [~~(185)~~] (190) (a) "Trustee" means "director" when referring to the board of directors of  
1564 a corporation.

1565 (b) "Trustee," when used in reference to an employee welfare fund, means an  
1566 individual, firm, association, organization, joint stock company, or corporation, whether acting  
1567 individually or jointly and whether designated by that name or any other, that is charged with  
1568 or has the overall management of an employee welfare fund.

1569 [~~(186)~~] (191) (a) "Unauthorized insurer," "unadmitted insurer," or "nonadmitted  
1570 insurer" means an insurer:

1571 (i) not holding a valid certificate of authority to do an insurance business in this state;  
1572 or

1573 (ii) transacting business not authorized by a valid certificate.

1574 (b) "Admitted insurer" or "authorized insurer" means an insurer:

1575 (i) holding a valid certificate of authority to do an insurance business in this state; and

1576 (ii) transacting business as authorized by a valid certificate.  
1577 [(+87)] (192) "Underwrite" means the authority to accept or reject risk on behalf of the  
1578 insurer.

1579 [(+88)] (193) "Vehicle liability insurance" means insurance against liability resulting  
1580 from or incident to ownership, maintenance, or use of a land vehicle or aircraft, exclusive of a  
1581 vehicle comprehensive or vehicle physical damage coverage described in Subsection [(+55):]  
1582 (160).

1583 [(+89)] (194) "Voting security" means a security with voting rights, and includes a  
1584 security convertible into a security with a voting right associated with the security.

1585 [(+90)] (195) "Waiting period" for a health benefit plan means the period that must  
1586 pass before coverage for an individual, who is otherwise eligible to enroll under the terms of  
1587 the health benefit plan, can become effective.

1588 [(+91)] (196) "Workers' compensation insurance" means:

1589 (a) insurance for indemnification of an employer against liability for compensation  
1590 based on:

1591 (i) a compensable accidental injury; and

1592 (ii) occupational disease disability;

1593 (b) employer's liability insurance incidental to workers' compensation insurance and  
1594 written in connection with workers' compensation insurance; and

1595 (c) insurance assuring to a person entitled to workers' compensation benefits the  
1596 compensation provided by law.

1597 Section 3. Section 31A-2-201.2 is amended to read:

1598 **31A-2-201.2. Evaluation of health insurance market.**

1599 (1) (a) Each year the commissioner shall:

1600 [(+a)] (i) conduct an evaluation of the state's health insurance market;

1601 [(+b)] (ii) report the findings of the evaluation to the [~~Health and Human Services~~  
1602 ~~Interim Committee~~] Office of Legislative Research and General Counsel before [~~December 1~~]  
1603 February 1 of each year; and

1604 [(+c)] (iii) publish the findings of the evaluation on the department website.

1605 (b) After the president of the Senate and the speaker of the House of Representatives  
1606 appoint members to the Health and Human Services Interim Committee for the year in which

1607 the Office of Legislative Research and General Counsel receives a report under this subsection,  
1608 the Office of Legislative Research and General Counsel shall provide a copy of the report to  
1609 each member of the committee.

1610 (2) The evaluation required by this section shall:

1611 (a) analyze the effectiveness of the insurance regulations and statutes in promoting a  
1612 healthy, competitive health insurance market that meets the needs of the state, and includes an  
1613 analysis of:

1614 (i) the availability and marketing of individual and group products;

1615 (ii) rate changes;

1616 (iii) coverage and demographic changes;

1617 (iv) benefit trends;

1618 (v) market share changes; and

1619 (vi) accessibility;

1620 (b) assess complaint ratios and trends within the health insurance market, which  
1621 assessment shall include complaint data from the Office of Consumer Health Assistance within  
1622 the department;

1623 (c) contain recommendations for action to improve the overall effectiveness of the  
1624 health insurance market, administrative rules, and statutes;

1625 (d) include claims loss ratio data for each health insurance company doing business in  
1626 the state;

1627 (e) include information about pharmacy benefit managers collected under Section  
1628 [31A-46-301](#); and

1629 (f) include information, for each health insurance company doing business in the state,  
1630 regarding:

1631 (i) preauthorization determinations; and

1632 (ii) adverse benefit determinations.

1633 (3) When preparing the evaluation and report required by this section, the  
1634 commissioner may seek the input of insurers, employers, insured persons, providers, and others  
1635 with an interest in the health insurance market.

1636 (4) The commissioner may adopt administrative rules for the purpose of collecting the  
1637 data required by this section, taking into account the business confidentiality of the insurers.

1638 (5) Records submitted to the commissioner under this section shall be maintained by  
1639 the commissioner as protected records under Title 63G, Chapter 2, Government Records  
1640 Access and Management Act.

1641 Section 4. Section **31A-2-211** is amended to read:

1642 **31A-2-211. Rules and forms during transition period.**

1643 (1) The commissioner's rules adopted under former Title 31 are rescinded unless  
1644 continued under Subsection (3).

1645 (2) Between May 1, 1985, and July 1, 1986, the commissioner may prepare and adopt  
1646 rules to implement or supplement provisions under Title 31A, Insurance Code. These rules are  
1647 effective on July 1, 1986, or on the effective date of the particular provision, if that is later than  
1648 July 1, 1986.

1649 ~~[(3) The commissioner may issue orders declaring that all or part of a rule in effect~~  
1650 ~~under former Title 31 remains in effect until a date specified under the order, which date may~~  
1651 ~~not be later than June 30, 1989. No rule continued under this subsection may be inconsistent~~  
1652 ~~with other provisions under Title 31A, Insurance Code. Notice of the order shall be given under~~  
1653 ~~Section [31A-2-303](#).]~~

1654 ~~[(4)]~~ (3) Every form used, issued, or required by the Insurance Department and  
1655 approved by the commissioner or otherwise legitimately in use immediately prior to the  
1656 effective date of this title may continue to be used until replaced in accordance with the  
1657 provisions of this title.

1658 Section 5. Section **31A-2-215** is amended to read:

1659 **31A-2-215. Consumer education.**

1660 (1) In furtherance of the purposes in Section [31A-1-102](#), the commissioner may  
1661 educate consumers about insurance and provide consumer assistance.

1662 (2) Consumer education may include:

1663 (a) outreach activities; and

1664 (b) the production or collection and dissemination of educational materials.

1665 (3) ~~[(a)]~~ Consumer assistance may include ~~[explaining]~~:

1666 (a) explaining:

1667 (i) the terms of a policy;

1668 (ii) a policy's complaint, grievance, or adverse benefit determination procedure; and

1669 (iii) the fundamentals of self-advocacy[-]; and  
 1670 (b) informal efforts to negotiate a resolution of a dispute between a consumer and a  
 1671 licensee.

1672 (4) (a) Notwithstanding Subsection [~~(3)(a)~~], (3) and Section [31A-2-216](#), consumer  
 1673 assistance may not include:

1674 (i) commencing an administrative, judicial, or other proceeding against a licensee to  
 1675 obtain specific relief from the licensee for a specific consumer; or

1676 (ii) [~~testifying or representing a consumer in any grievance or adverse benefit~~  
 1677 ~~determination, arbitration, judicial, or related proceeding, unless the proceeding is in~~  
 1678 ~~connection with an enforcement action brought under Section [31A-2-308](#).~~] otherwise  
 1679 representing a consumer in any administrative, judicial, or other proceeding.

1680 (5) Nothing in this section prohibits the commissioner from taking enforcement action  
 1681 for violations under Section [31A-2-308](#).

1682 [~~(4)~~] (6) The commissioner may adopt rules necessary to implement the requirements  
 1683 of this section.

1684 Section 6. Section **31A-2-216** is amended to read:

1685 **31A-2-216. Office of Consumer Health Assistance.**

1686 (1) The commissioner shall establish[-]  
 1687 [~~(a)~~] an Office of Consumer Health Assistance before July 1, 1999[-and].  
 1688 [~~(b)~~] ~~a committee to advise the commissioner on consumer assistance rendered under~~  
 1689 ~~this section.]~~

1690 (2) The office shall:

1691 (a) be a resource for health [~~care~~] insurance consumers concerning health [~~care~~]  
 1692 insurance coverage or the need for such coverage;

1693 (b) help health [~~care~~] insurance consumers understand:

1694 (i) contractual rights and responsibilities;

1695 (ii) statutory protections; and

1696 (iii) available remedies, including adverse benefit determination processes;

1697 (c) educate health [~~care~~] insurance consumers:

1698 (i) by producing or collecting and disseminating educational materials to consumers[-]  
 1699 and health insurers[-and health benefit plans]; and

- 1700 (ii) through outreach and other educational activities;
- 1701 (d) for health [~~care~~] insurance consumers that have difficulty in accessing their health
- 1702 insurance policies because of language, disability, age, or ethnicity, provide information and
- 1703 services, directly or through referral[~~, such as:~~];
- 1704 [~~(i) information and referral; and~~]
- 1705 [~~(ii) adverse benefit determination process initiation;~~]
- 1706 (e) analyze and monitor federal and state consumer health[~~-related~~] insurance statutes,
- 1707 rules, and regulations; and
- 1708 (f) summarize information gathered under this section and make the summaries
- 1709 available to the public, government agencies, and the Legislature.
- 1710 (3) The office may:
- 1711 (a) obtain data from health [~~care~~] insurance consumers as necessary to further the
- 1712 office's duties under this section;
- 1713 (b) investigate complaints and attempt to resolve complaints at the lowest possible
- 1714 level; and
- 1715 (c) assist, but not testify or represent, a consumer in an adverse benefit determination,
- 1716 arbitration, judicial, or related proceeding, unless the proceeding is in connection with an
- 1717 enforcement action [~~brought~~] under Section [31A-2-308](#).
- 1718 (4) The commissioner may adopt rules necessary to implement the requirements of this
- 1719 section.

1720 Section 7. Section **31A-2-218.1** is enacted to read:

1721 **31A-2-218.1. Section 1332 Waiver Study.**

1722 (1) As used in this section:

1723 (a) "Secretary" means the secretary of the United States Department of Health and

1724 Human Services.

1725 (b) "Section 1332 waiver" means a waiver for state innovation under 45 C.F.R. Part

1726 155, Subpart N.

1727 (2) The commissioner shall conduct a study to determine the feasibility of a state-based

1728 program designed to:

1729 (a) lower health benefit plan insurance premiums; and

1730 (b) increase stabilization in the market.



1731 (3) The commissioner, in the study described in Subsection (2), shall create a proposal  
1732 for a Section 1332 waiver that includes:

1733 (a) a list of provisions the state should seek to waive and the rationale for waiving each  
1734 provision;

1735 (b) data, assumptions, targets, and other information sufficient to determine that the  
1736 proposed waiver will provide coverage at least as comprehensive as coverage that would be  
1737 provided absent the waiver;

1738 (c) coverage and cost sharing protections that keep premiums at least as affordable as  
1739 would be provided absent the Section 1332 waiver;

1740 (d) actuarial analyses, actuarial certifications, and financial modeling that:

1741 (i) support the estimates that the proposal will comply with the comprehensive  
1742 coverage requirements, the affordability requirement, the scope of coverage requirement, and  
1743 the federal deficit requirement; and

1744 (ii) include:

1745 (A) a detailed 10-year budget plan that is deficit-neutral to the federal government;

1746 (B) all costs to the state, including administrative costs, and other costs to the federal  
1747 government; and

1748 (C) a detailed analysis regarding the estimated impact of the Section 1332 waiver on  
1749 health insurance coverage in the state;

1750 (e) proposed legislative changes to provide the state authority to implement the  
1751 proposed waiver;

1752 (f) implementation plans with a timeline;

1753 (g) categories of covered individuals with high-cost medical conditions who may be  
1754 reinsured through the proposed waiver, including a recommendation for a multi-year phased-in  
1755 approach;

1756 (h) reinsurance parameters, including co-insurance, attachment points, or limits;

1757 (i) set premium reduction targets;

1758 (j) a detailed plan for a budget and program implementation; and

1759 (k) a complete application for submission to the secretary.

1760 (4) To carry out the requirements in Subsections (2) and (3) the commissioner may  
1761 partner or contract with a person that the commissioner determines is appropriate, subject to

1762 Title 63G, Chapter 6a, Utah Procurement Code.

1763 (5) On or before November 1, 2024, the commissioner shall submit to the Business and  
1764 Labor Interim Committee a final written report describing the study described in this section.

1765 Section 8. Section **31A-2-308** is amended to read:

1766 **31A-2-308. Enforcement penalties and procedures.**

1767 (1) (a) A person who violates any insurance statute or rule or any order issued under  
1768 Subsection **31A-2-201**(4) shall forfeit to the state up to twice the amount of any profit gained  
1769 from the violation, in addition to any other forfeiture or penalty imposed.

1770 (b) (i) The commissioner may order an individual producer, surplus line producer,  
1771 limited line producer, managing general agent, reinsurance intermediary, adjuster, third party  
1772 administrator, navigator, or insurance consultant who violates an insurance statute or rule to  
1773 forfeit to the state not more than \$2,500 for each violation.

1774 (ii) The commissioner may order any other person who violates an insurance statute or  
1775 rule to forfeit to the state not more than \$5,000 for each violation.

1776 (c) (i) The commissioner may order an individual producer, surplus line producer,  
1777 limited line producer, managing general agent, reinsurance intermediary, adjuster, third party  
1778 administrator, navigator, or insurance consultant who violates an order issued under Subsection  
1779 **31A-2-201**(4) to forfeit to the state not more than \$2,500 for each violation. Each day the  
1780 violation continues is a separate violation.

1781 (ii) The commissioner may order any other person who violates an order issued under  
1782 Subsection **31A-2-201**(4) to forfeit to the state not more than \$5,000 for each violation. Each  
1783 day the violation continues is a separate violation.

1784 (d) The commissioner may accept or compromise any forfeiture [~~under this Subsection~~  
1785 ~~(1) until after a complaint is filed under Subsection (2). After the filing of the complaint, only~~  
1786 ~~the attorney general may compromise the forfeiture].~~

1787 (2) When a person fails to comply with an order issued under Subsection  
1788 **31A-2-201**(4), including a forfeiture order, the commissioner may file an action in any court of  
1789 competent jurisdiction or obtain a court order or judgment:

1790 (a) enforcing the commissioner's order;

1791 (b) (i) directing compliance with the commissioner's order and restraining further  
1792 violation of the order; and

1793 (ii) subjecting the person ordered to the procedures and sanctions available to the court  
1794 for punishing contempt if the failure to comply continues; or

1795 (c) imposing a forfeiture in an amount the court considers just, up to \$10,000 for each  
1796 day the failure to comply continues after the filing of the complaint until judgment is rendered.

1797 (3) (a) The Utah Rules of Civil Procedure govern actions brought under Subsection (2),  
1798 except that the commissioner may file a complaint seeking a court-ordered forfeiture under  
1799 Subsection (2)(c) no sooner than two weeks after giving written notice of the commissioner's  
1800 intention to proceed under Subsection (2)(c).

1801 (b) The commissioner's order issued under Subsection 31A-2-201(4) may contain a  
1802 notice of intention to seek a court-ordered forfeiture if the commissioner's order is disobeyed.

1803 (4) If, after a court order is issued under Subsection (2), the person fails to comply with  
1804 the commissioner's order or judgment:

1805 (a) the commissioner may certify the fact of the failure to the court by affidavit; and

1806 (b) the court may, after a hearing following at least five days written notice to the  
1807 parties subject to the order or judgment, amend the order or judgment to add the forfeiture or  
1808 forfeitures, as prescribed in Subsection (2)(c), until the person complies.

1809 (5) (a) The proceeds of the forfeitures under this section, including collection expenses,  
1810 shall be paid into the General Fund.

1811 (b) The expenses of collection shall be credited to the department's budget.

1812 (c) The attorney general's budget shall be credited to the extent the department  
1813 reimburses the attorney general's office for its collection expenses under this section.

1814 (6) (a) Forfeitures and judgments under this section bear interest at the rate charged by  
1815 the United States Internal Revenue Service for past due taxes on the:

1816 (i) date of entry of the commissioner's order under Subsection (1); or

1817 (ii) date of judgment under Subsection (2).

1818 (b) Interest accrues from the later of the dates described in Subsection (6)(a) until the  
1819 forfeiture and accrued interest are fully paid.

1820 (7) A forfeiture may not be imposed under Subsection (2)(c) if:

1821 (a) at the time the forfeiture action is commenced, the person was in compliance with  
1822 the commissioner's order; or

1823 (b) the violation of the order occurred during the order's suspension.

1824 (8) The commissioner may seek an injunction as an alternative to issuing an order  
1825 under Subsection 31A-2-201(4).

1826 (9) (a) A person is guilty of a class B misdemeanor if that person:

1827 (i) intentionally violates:

1828 (A) an insurance statute of this state; or

1829 (B) an order issued under Subsection 31A-2-201(4);

1830 (ii) intentionally permits a person over whom that person has authority to violate:

1831 (A) an insurance statute of this state; or

1832 (B) an order issued under Subsection 31A-2-201(4); or

1833 (iii) intentionally aids any person in violating:

1834 (A) an insurance statute of this state; or

1835 (B) an order issued under Subsection 31A-2-201(4).

1836 (b) Unless a specific criminal penalty is provided elsewhere in this title, the person may  
1837 be fined not more than:

1838 (i) \$10,000 if a corporation; or

1839 (ii) \$5,000 if a person other than a corporation.

1840 (c) If the person is an individual, the person may, in addition, be imprisoned for up to  
1841 one year.

1842 (d) As used in this Subsection (9), "intentionally" has the same meaning as under  
1843 Subsection 76-2-103(1).

1844 (10) (a) A person who knowingly and intentionally violates Section 31A-4-102,  
1845 31A-8a-208, 31A-15-105, 31A-23a-116, or 31A-31-111 is guilty of a felony as provided in this  
1846 Subsection (10).

1847 (b) When the value of the property, money, or other things obtained or sought to be  
1848 obtained in violation of Subsection (10)(a):

1849 (i) is less than \$5,000, a person is guilty of a third degree felony; or

1850 (ii) is or exceeds \$5,000, a person is guilty of a second degree felony.

1851 (11) (a) After a hearing, the commissioner may, in whole or in part, revoke, suspend,  
1852 place on probation, limit, or refuse to renew the licensee's license or certificate of authority:

1853 (i) when a licensee of the department, other than a domestic insurer:

1854 (A) persistently or substantially violates the insurance law; or

1855 (B) violates an order of the commissioner under Subsection 31A-2-201(4);  
 1856 (ii) if there are grounds for delinquency proceedings against the licensee under Section  
 1857 31A-27a-207; or

1858 (iii) if the licensee's methods and practices in the conduct of the licensee's business  
 1859 endanger, or the licensee's financial resources are inadequate to safeguard, the legitimate  
 1860 interests of the licensee's customers and the public.

1861 (b) Additional license termination or probation provisions for licensees other than  
 1862 insurers are set forth in Sections 31A-19a-303, 31A-19a-304, 31A-23a-111, 31A-23a-112,  
 1863 31A-25-208, 31A-25-209, 31A-26-213, 31A-26-214, 31A-35-501, and 31A-35-503.

1864 (12) The enforcement penalties and procedures set forth in this section are not  
 1865 exclusive, but are cumulative of other rights and remedies the commissioner has pursuant to  
 1866 applicable law.

1867 Section 9. Section 31A-4-113.5 is amended to read:

1868 **31A-4-113.5. Filing requirements -- National Association of Insurance**

1869 **Commissioners.**

1870 (1) (a) Each domestic, foreign, and alien insurer who is authorized to transact insurance  
 1871 business in this state shall annually file with the NAIC a copy of the insurer's:

1872 (i) annual statement convention blank on or before March 1;

1873 (ii) market conduct annual statements[:] on or before the applicable date determined by  
 1874 the NAIC; and

1875 [~~(A) on or before April 30, for all lines of business except health; and~~]

1876 [~~(B) on or before June 30, for the health line of business; and~~]

1877 (iii) any additional filings required by the commissioner for the preceding year.

1878 (b) (i) The information filed with the NAIC under Subsection (1)(a)(i) shall:

1879 (A) be prepared in accordance with the NAIC's:

1880 (I) annual statement instructions; and

1881 (II) Accounting Practices and Procedures Manual; and

1882 (B) include:

1883 (I) the signed jurat page; and

1884 (II) the actuarial certification.

1885 (ii) An insurer shall file with the NAIC amendments and addenda to information filed

1886 with the commissioner under Subsection (1)(a)(i).

1887 (c) The information filed with the NAIC under Subsection (1)(a)(ii) shall be prepared  
1888 in accordance with the NAIC's Market Conduct Annual Statement Industry User Guide.

1889 (d) At the time an insurer makes a filing under this Subsection (1), the insurer shall pay  
1890 any filing fees assessed by the NAIC.

1891 (e) A foreign insurer that is domiciled in a state that has a law substantially similar to  
1892 this section shall be considered to be in compliance with this section.

1893 (2) All financial analysis ratios and examination synopses concerning insurance  
1894 companies that are submitted to the department by the Insurance Regulatory Information  
1895 System are confidential and may not be disclosed by the department.

1896 (3) The commissioner may suspend, revoke, or refuse to renew the certificate of  
1897 authority of any insurer failing to:

1898 (a) submit the filings under Subsection (1)(a) when due or within any extension of time  
1899 granted for good cause by:

1900 (i) the commissioner; or

1901 (ii) the NAIC; or

1902 (b) pay by the time specified in Subsection (3)(a) a fee the insurer is required to pay  
1903 under this section to:

1904 (i) the commissioner; or

1905 (ii) the NAIC.

1906 Section 10. Section **31A-6a-109** is amended to read:

1907 **31A-6a-109. Enforcement provisions.**

1908 [~~Anyone violating of any of the provisions of this chapter or any rule made pursuant to  
1909 the grant of rulemaking authority under this title may be assessed an administrative forfeiture  
1910 equal to two times the amount of any profit gained from the violation. In addition an  
1911 administrative forfeiture may be assessed for each violation not to exceed \$1,000 per  
1912 violation.~~]

1913 (1) If the commissioner finds, as part of an adjudicative proceeding under Title 63G,  
1914 Chapter 4, Administrative Procedures Act, that a person has violated any provision of this  
1915 chapter, the commissioner may take one or more of the following actions:

1916 (a) revoke a registration issued under this chapter;

1917 (b) suspend, for a specified period of 12 months or less, a registration issued under this  
1918 chapter;

1919 (c) deny an application for a registration under this chapter;

1920 (d) assess a forfeiture equal to two times the amount of any profit gained from the  
1921 violation; or

1922 (e) assess an additional forfeiture not to exceed \$1,000 per violation.

1923 (2) If the violations are continuing, or are of a serious nature, or a person's business  
1924 practices in connection with the solicitation, sale, offering for sale, or performance under a  
1925 service contract subject to this chapter, constitute a danger to the legitimate interests of  
1926 consumers or the public, the commissioner may enjoin the person from soliciting, selling, or  
1927 offering to sell service contracts in this state either permanently or for a stated period of time.

1928 Section 11. Section **31A-16-102.6** is amended to read:

1929 **31A-16-102.6. Mutual insurance holding companies.**

1930 (1) As used in this section:

1931 (a) "Intermediate holding company" means a holding company that:

1932 (i) is a subsidiary of a mutual insurance holding company;

1933 (ii) directly or through a subsidiary of the holding company, holds one or more  
1934 subsidiary insurers, including a reorganized mutual insurer; and

1935 (iii) if the subsidiary insurers were not held by the holding company, a majority of the  
1936 voting shares of the subsidiary insurers' capital stock would be required under this section to be  
1937 owned by the mutual insurance holding company.

1938 (b) "Majority of the voting shares" means the shares of a reorganized mutual insurer's  
1939 capital stock that carry the right to cast a majority of the votes entitled to be cast by all of the  
1940 outstanding shares of the reorganized mutual insurer's capital stock for the election of directors  
1941 and other matters submitted to a vote of the reorganized mutual insurer's shareholders.

1942 (2) (a) With the commissioner's approval, a domestic mutual insurer may reorganize by  
1943 forming a mutual insurance holding company in which:

1944 (i) in accordance with the mutual insurance holding company's articles of incorporation  
1945 and bylaws, the membership interests of the domestic mutual insurer's policyholders become  
1946 membership interests in the mutual insurance holding company; and

1947 (ii) the domestic mutual insurer is reorganized as a domestic stock insurance company.

1948 (b) The commissioner may approve a domestic mutual insurer's reorganization under  
1949 this Subsection (2) if:

1950 (i) the domestic mutual insurer's reorganization plan:

1951 (A) properly protects the interests of the domestic mutual insurer's policyholders;

1952 (B) is fair and equitable to the domestic mutual insurer's policyholders; ~~and~~

1953 (C) is approved by a majority of the domestic mutual insurer's policyholders present at  
1954 any regular or special meeting of the policyholders at which a quorum is present; and

1955 ~~[(C)]~~ (D) satisfies the requirements of Subsections 31A-16-103(8) through (10);

1956 (ii) the initial shares of the reorganized domestic mutual insurer's capital stock are  
1957 issued to the mutual insurance holding company or intermediate holding company; and

1958 (iii) at all times, the mutual insurance holding company or intermediate holding  
1959 company owns a majority of the voting shares of the reorganized domestic mutual insurer's  
1960 capital stock.

1961 (c) With the commissioner's approval, the mutual insurance holding company may  
1962 allow in the mutual insurance holding company's articles and bylaws that a policyholder of a  
1963 stock insurer that is or becomes a subsidiary of the mutual insurance holding company to be a  
1964 member of the mutual insurance holding company.

1965 (d) The domestic mutual insurer:

1966 (i) shall provide the domestic mutual insurer's policyholders notice of the  
1967 reorganization plan and the related member meeting by first-class mail;

1968 (ii) shall include in a notice described in Subsection (2)(d)(i), a copy of the full  
1969 reorganization plan and all related plan materials;

1970 (iii) may satisfy the requirement in Subsection (2)(d)(ii) by including with the notice of  
1971 reorganization a URL link at which the policyholders can access the full reorganization plan  
1972 and any related materials electronically; and

1973 (iv) shall provide a physical copy of the reorganization plan and all related plan  
1974 materials to a policyholder upon request.

1975 (3) (a) With the commissioner's approval, a domestic mutual insurer may reorganize by  
1976 merging the domestic mutual insurer's policyholders' membership interests into an existing  
1977 domestic mutual insurance holding company formed under Subsection (2), if:

1978 (i) in accordance with the mutual insurance holding company's articles of incorporation



1979 and bylaws, the membership interests of the domestic mutual insurer's policyholders become  
1980 membership interests in the mutual insurance holding company; and

1981 (ii) the domestic mutual insurer is reorganized as a domestic stock insurance company  
1982 subsidiary of the existing domestic mutual insurance holding company or intermediate holding  
1983 company.

1984 (b) The commissioner may approve a domestic mutual insurance company's  
1985 reorganization under this Subsection (3) if:

1986 (i) the domestic mutual insurer's reorganization plan:

1987 (A) properly protects the interests of the domestic mutual insurer's policyholders;

1988 (B) is fair and equitable to the domestic mutual insurer's policyholders; and

1989 (C) satisfies the requirements of Subsections [31A-16-103](#)(8) through (10);

1990 (ii) all of the initial shares of the capital stock of the reorganized insurance company  
1991 are issued to the mutual insurance holding company or intermediate holding company; and

1992 (iii) at all times, the mutual insurance holding company or intermediate holding  
1993 company owns a majority of the voting shares of the reorganized domestic mutual insurer's  
1994 capital stock.

1995 (c) The commissioner may require, as a condition of approval, any modifications to the  
1996 proposed merger the commissioner finds necessary for the protection of the policyholders'  
1997 interests.

1998 [~~(3)~~] (4) (a) With the commissioner's approval, a foreign mutual insurer organized  
1999 under the laws of any other state that would qualify to become a domestic insurer organized  
2000 under the laws of this state may reorganize by [~~forming a~~] merging the foreign mutual insurer's  
2001 policyholders' membership interests into an existing domestic mutual insurance holding  
2002 company [~~system~~] formed under Subsection (2) in which:

2003 (i) in accordance with the mutual insurance holding company's articles of incorporation  
2004 and bylaws, the membership interests of the foreign mutual insurer's policyholders become  
2005 membership interests in the mutual insurance holding company; and

2006 (ii) the foreign mutual insurer is reorganized as a foreign stock insurance company  
2007 subsidiary of the existing domestic mutual insurance holding company or intermediate holding  
2008 company.

2009 (b) The commissioner may approve a foreign mutual insurer's reorganization under this

2010 Subsection (4) if:

2011 (i) the foreign mutual insurer's reorganization plan:

2012 (A) complies with any other law or rule applicable to the foreign mutual insurer;

2013 (B) properly protects the interests of the foreign mutual insurer's policyholders;

2014 (C) is fair and equitable to the foreign mutual insurer's policyholders; and

2015 (D) satisfies the requirements of Subsections ~~31A-16-103~~(8) through (10);

2016 (ii) all of the initial shares of the reorganized foreign mutual insurer's capital stock are  
2017 issued to the mutual insurance holding company or intermediate holding company; and

2018 (iii) at all times, the mutual insurance holding company or intermediate holding  
2019 company owns a majority of the voting shares of the reorganized foreign mutual insurer's  
2020 capital stock.

2021 (c) After a [~~merger~~] reorganization contemplated by this Subsection (4), the  
2022 reorganized foreign mutual insurer may:

2023 (i) remain a foreign corporation; and

2024 (ii) with the commissioner's approval, be admitted to conduct business in this state.

2025 (d) A foreign mutual insurer that is a party to a reorganization plan may redomesticate  
2026 in this state by complying with the applicable requirements of this state and the foreign mutual  
2027 insurer's state of domicile.

2028 [~~(4)~~] (5) (a) As a condition of approval, the commissioner may require a mutual insurer  
2029 to modify the mutual insurer's reorganization plan to protect the interests of the mutual insurer's  
2030 policyholders.

2031 (b) If the commissioner determines reasonably necessary, at the reorganizing mutual  
2032 insurer's expense, the commissioner may retain a third-party consultant to assist the  
2033 commissioner in reviewing the mutual insurer's reorganization plan.

2034 (c) The commissioner has jurisdiction over a mutual insurance holding company or  
2035 intermediate holding company organized in accordance with this section.

2036 (d) Subject to the commissioner's approval, a reorganized mutual insurer or a stock  
2037 insurance subsidiary within a mutual insurance company may issue a dividend or distribution  
2038 to the mutual insurance holding company or intermediate holding company.

2039 [~~(5)~~] (6) (a) Subject to the provisions of this section, a mutual insurance holding  
2040 company resulting from the reorganization of a domestic mutual insurer shall be incorporated

2041 in accordance with and is subject to the provisions of Chapter 5, Domestic Stock and Mutual  
2042 Insurance Corporations as if it were a mutual insurer.

2043 (b) A mutual insurance holding company's articles of incorporation and bylaws are  
2044 subject to commissioner's approval in the same manner as an insurance company's articles of  
2045 incorporation and bylaws.

2046 [~~6~~] (7) (a) A mutual insurance holding company is:

2047 (i) subject to Chapter 27a, Insurer Receivership Act; and

2048 (ii) a party to any proceeding under Chapter 27a, Insurer Receivership Act, involving  
2049 an insurer that is a subsidiary of the mutual insurance holding company as a result of a  
2050 reorganization in accordance with this section.

2051 (b) In a proceeding under Chapter 27a, Insurer Receivership Act, involving a  
2052 reorganized mutual insurer, the assets of the mutual insurance holding company are assets of  
2053 the estate of the reorganized mutual insurer for the purpose of satisfying the claims of the  
2054 reorganized mutual insurer's policyholders.

2055 (c) A mutual insurance holding company may be dissolved or liquidated only by:

2056 (i) prior approval of the commissioner; or

2057 (ii) court order in accordance with Chapter 27a, Insurer Receivership Act.

2058 [~~7~~] (8) (a) Section 31A-5-506 does not apply to a mutual insurer's reorganization or  
2059 merger under this section.

2060 (b) Section 31A-5-506 applies to demutualization of a mutual insurance holding  
2061 company.

2062 (c) The following sections do not apply to a mutual insurance holding company:

2063 (i) Sections 31A-5-204 through 31A-5-217.5;

2064 (ii) Sections 31A-5-301 through 31A-5-307;

2065 (iii) Section 31A-5-505; and

2066 (iv) Section 31A-5-509.

2067 (d) Notwithstanding Section 31A-5-203, a mutual insurance holding company is not  
2068 required to include "insurance" in the mutual insurance holding company's name.

2069 [~~8~~] (9) A membership interest in a domestic mutual insurance holding company is not  
2070 a security under Utah law.

2071 [~~9~~] (10) (a) The ownership of a majority of the voting shares of a reorganized mutual

2072 insurer's capital stock includes indirect ownership through one or more intermediate holding  
2073 companies in a corporate structure approved by the commissioner.

2074 (b) The indirect ownership described in [~~Subsection (9)(a)~~] Subsection (10)(a) may not  
2075 result in the mutual insurance holding company owning less than the equivalent of the majority  
2076 of the voting shares of the reorganized mutual insurer's capital stock.

2077 [~~(10)~~] (11) (a) A mutual insurance holding company or intermediate holding company  
2078 may not sell, transfer, assign, pledge, encumber, hypothecate, alienate, or subject to a security  
2079 interest or lien the majority of the voting shares of the reorganized mutual insurer's capital  
2080 stock.

2081 (b) An act that violates [~~Subsection (10)(a)~~] Subsection (11)(a) is void in reverse  
2082 chronological order of the date the act occurred.

2083 (c) The majority of the voting shares of the reorganized mutual insurer's capital stock  
2084 are not subject to execution and levy under Utah law.

2085 (d) The shares of the capital stock of the surviving or new company resulting from a  
2086 merger or consolidation of two or more reorganized mutual insurers, or two or more  
2087 intermediate holding companies that were subsidiaries of the same mutual insurance holding  
2088 company, are subject to the same requirements, restrictions, and limitations described in this  
2089 section that applied to the shares of the merging or consolidating reorganized mutual insurers  
2090 or intermediate holding companies before the merger or consolidation.

2091 [~~(11)~~] (12) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
2092 Act, the commissioner may make rules to implement the provisions of this section.

2093 Section 12. Section **31A-19a-203** is amended to read:

2094 **31A-19a-203. Rate filings.**

2095 (1) (a) Except as provided in Subsections (4) and (5), every authorized insurer and  
2096 every rate service organization licensed under Section **31A-19a-301** that has been designated  
2097 by any insurer for the filing of pure premium rates under Subsection **31A-19a-205(2)** shall file  
2098 with the commissioner the following for use in this state:

- 2099 (i) all rates;
- 2100 (ii) all supplementary information; and
- 2101 (iii) all changes and amendments to rates and supplementary information.

2102 (b) An insurer shall file its rates by filing:

- 2103 (i) its final rates; or
- 2104 (ii) either of the following to be applied to pure premium rates that have been filed by a
- 2105 rate service organization on behalf of the insurer as permitted by Section 31A-19a-205:
- 2106 (A) a multiplier; or
- 2107 (B) (I) a multiplier; and
- 2108 (II) an expense constant adjustment.
- 2109 (c) Every filing under this Subsection (1) shall state:
- 2110 (i) the effective date of the rates; and
- 2111 (ii) the character and extent of the coverage contemplated.
- 2112 (d) Except for workers' compensation rates filed under Sections 31A-19a-405 and
- 2113 31A-19a-406, each filing shall be within 30 days after the rates and supplementary information,
- 2114 changes, and amendments are effective.
- 2115 (e) A rate filing is considered filed when it has been received[;]
- 2116 [~~(i) with the applicable filing fee as prescribed under Section 31A-3-103; and~~
- 2117 [~~(ii)~~] pursuant to procedures established by the commissioner.
- 2118 (f) The commissioner may by rule prescribe procedures for submitting rate filings by
- 2119 electronic means.
- 2120 (2) (a) To show compliance with Section 31A-19a-201, at the same time as the filing
- 2121 of the rate and supplementary rate information, an insurer shall file all supporting information
- 2122 to be used in support of or in conjunction with a rate.
- 2123 (b) If the rate filing provides for a modification or revision of a previously filed rate,
- 2124 the insurer is required to file only the supporting information that supports the modification or
- 2125 revision.
- 2126 (c) If the commissioner determines that the insurer did not file sufficient supporting
- 2127 information, the commissioner shall inform the insurer in writing of the lack of sufficient
- 2128 supporting information.
- 2129 (d) If the insurer does not provide the necessary supporting information within 45
- 2130 calendar days of the date on which the commissioner mailed notice under Subsection (2)(c), the
- 2131 rate filing may be:
- 2132 (i) considered incomplete and unfiled; and
- 2133 (ii) returned to the insurer as:

2134 (A) not filed; and

2135 (B) not available for use.

2136 (e) Notwithstanding Subsection (2)(d), the commissioner may extend the time period  
2137 for filing supporting information.

2138 (f) If a rate filing is returned to an insurer as not filed and not available for use under  
2139 Subsection (2)(d), the insurer may not use the rate filing for any policy issued or renewed on or  
2140 after 60 calendar days from the date the rate filing was returned.

2141 (3) At the request of the commissioner, an insurer using the services of a rate service  
2142 organization shall provide a description of the rationale for using the services of the rate service  
2143 organization, including the insurer's:

2144 (a) own information; and

2145 (b) method of use of the rate service organization's information.

2146 (4) (a) An insurer may not make or issue a contract or policy except in accordance with  
2147 the rate filings that are in effect for the insurer as provided in this chapter.

2148 (b) Subsection (4)(a) does not apply to contracts or policies for inland marine risks for  
2149 which filings are not required.

2150 (5) Subsection (1) does not apply to inland marine risks, which, by general custom, are  
2151 not written according to standardized manual rules or rating plans.

2152 (6) (a) The insurer may file a written application, stating the insurer's reasons for using  
2153 a higher rate than that otherwise applicable to a specific risk.

2154 (b) If the application described in Subsection (6)(a) is filed with and not disapproved  
2155 by the commissioner within 10 days after filing, the higher rate may be applied to the specific  
2156 risk.

2157 (c) The rate described in this Subsection (6) may be disapproved without a hearing.

2158 (d) If disapproved, the rate otherwise applicable applies from the effective date of the  
2159 policy, but the insurer may cancel the policy pro rata on 10 days' notice to the policyholder.

2160 (e) If the insurer does not cancel the policy under Subsection (6)(d), the insurer shall  
2161 refund any excess premium from the effective date of the policy.

2162 (7) (a) Agreements may be made between insurers on the use of reasonable rate  
2163 modifications for insurance provided under Section [31A-22-310](#).

2164 (b) The rate modifications described in Subsection (7)(a) shall be filed immediately

2165 upon agreement by the insurers.

2166 Section 13. Section **31A-19a-209** is amended to read:

2167 **31A-19a-209. Special provisions for title insurance.**

2168 (1) (a) (i) The Title and Escrow Commission may make rules, in accordance with Title  
2169 63G, Chapter 3, Utah Administrative Rulemaking Act, and subject to Section **31A-2-404**,  
2170 establishing rate standards and rating methods.

2171 (ii) The commissioner shall determine compliance with rate standards and rating  
2172 methods for title insurers, individual title insurance producers, and agency title insurance  
2173 producers.

2174 (b) In addition to the considerations in determining compliance with rate standards and  
2175 rating methods as set forth in Sections **31A-19a-201** and **31A-19a-202**, including for title  
2176 insurers, the commissioner and the Title and Escrow Commission shall consider the costs and  
2177 expenses incurred by title insurers, individual title insurance producers, and agency title  
2178 insurance producers pertaining to the business of title insurance including:

2179 (i) the maintenance of title plants; and

2180 (ii) the examining of public records to determine insurability of title to real property.

2181 (2) A title insurer~~[, individual title insurance producer, or agency title insurance~~  
2182 ~~producer]~~ may not use any rate or other charge relating to the business of title insurance~~[-~~  
2183 ~~including rates or charges for escrow]~~ that would cause the title [~~insurance company, individual~~  
2184 ~~title insurance producer, or agency title insurance producer to:] insurer to fail to adequately~~  
2185 underwrite a title insurance policy.

2186 [~~(a) operate at less than the cost of doing]~~

2187 [~~the insurance business; or]~~

2188 [~~(b) fail to adequately underwrite a title insurance policy.]~~

2189 Section 14. Section **31A-20-108** is amended to read:

2190 **31A-20-108. Single risk limitation.**

2191 (1) This section applies to all lines of insurance, including ocean marine and  
2192 reinsurance, except:

2193 (a) title insurance;

2194 (b) workers' compensation insurance;

2195 (c) occupational disease insurance;

2196 (d) employers' liability insurance; and

2197 (e) health insurance.

2198 (2) (a) Except as provided under Subsections (3) and (4) and under Section

2199 31A-20-109, an insurer authorized to do an insurance business in Utah may not expose itself to

2200 loss on a single risk in an amount exceeding 10% of its capital and surplus.

2201 (b) The commissioner may adopt rules to calculate surplus under this section.

2202 (c) An insurer may deduct the portion of a risk reinsured by a reinsurance contract

2203 worthy of a reserve credit under Sections 31A-17-404 through 31A-17-404.4 in determining

2204 the limitation of risk under this section.

2205 (3) (a) The commissioner may adopt rules, after hearings held with notice [~~provided~~

2206 ~~under Section 31A-2-303~~] as required by law, to specify the maximum exposure to which an

2207 assessable mutual may subject itself.

2208 (b) The rules described in Subsection (3)(a) may provide for classifications of

2209 insurance and insurers to preserve the solidity of insurers.

2210 (4) As used in this section, a "single risk" includes all losses reasonably expected as a

2211 result of the same event.

2212 (5) A company transacting fidelity or surety insurance may expose itself to a risk or

2213 hazard in excess of the amount prescribed in Subsection (2), if the commissioner, after

2214 considering all the facts and circumstances, approves the risk.

2215 Section 15. Section 31A-21-316 is amended to read:

2216 **31A-21-316. Electronic notices and documents.**

2217 (1) As used in this section:

2218 (a) "Delivered by electronic means" includes:

2219 (i) delivery to an electronic mail address at which a party has consented to receive a

2220 notice or document; or

2221 (ii) posting on an electronic network or site accessible by way of the Internet, a mobile

2222 application, a computer, a mobile device, a tablet, or any other electronic device, together with

2223 separate notice of the posting that is provided by:

2224 (A) electronic mail to the address at which the party has consented to receive notice; or

2225 (B) any other delivery method that has been consented to by the party.

2226 (b) (i) "Party" means a recipient of a notice or document required as part of an



2227 insurance transaction.

2228 (ii) "Party" includes an applicant, an insured, or a policyholder.

2229 (c) "Policy document" means a policy, certificate, amendment, or endorsement.

2230 (2) Subject to ~~[Subsection (4)]~~ Subsections (4) and (5), a notice to a party or another  
2231 document required under applicable law in an insurance transaction or that serves as evidence  
2232 of insurance coverage may be delivered, stored, and presented by electronic means if it meets  
2233 the requirements of Title 46, Chapter 4, Uniform Electronic Transactions Act.

2234 (3) Delivery of a notice or document in accordance with this section is considered  
2235 equivalent to any delivery method required under applicable law.

2236 (4) ~~[Subject to Subsection (5), a]~~ A notice or document may be delivered by electronic  
2237 means by an insurer to a party under this section if:

2238 (a) the party has affirmatively consented to that method of delivery and has not  
2239 withdrawn the consent;

2240 (b) the party, before giving consent, is provided with a clear and conspicuous statement  
2241 informing the party of:

2242 (i) any right or option of the party to have the notice or document provided or made  
2243 available in paper or another nonelectronic form;

2244 (ii) the right of the party to withdraw consent to have a notice or document delivered  
2245 by electronic means, including:

2246 (A) a condition or consequence imposed if consent is withdrawn;

2247 (B) when the insurer will make the party's withdrawal effective, during or at the  
2248 conclusion of the policy term; and

2249 (C) the procedure a party is to follow to withdraw consent to have a notice or document  
2250 delivered by electronic means;

2251 (iii) whether the party's consent applies:

2252 (A) only to the particular transaction as to which the notice or document must be given;

2253 or

2254 (B) to identified categories of notices or documents that may be delivered by electronic  
2255 means during the course of the party's relationship with the insured; and

2256 (iv) the means, after consent is given, by which a party may obtain a paper copy of a  
2257 notice or document delivered by electronic means; and

2258 (c) the party:  
2259 (i) before giving consent, is provided with a statement of the electronic delivery and  
2260 retrieval method requirements for access to and retention of a notice or document delivered by  
2261 electronic means;  
2262 (ii) consents electronically, or confirms consent electronically, in a manner that  
2263 reasonably demonstrates that the party can access information in the electronic form that will  
2264 be used for a notice or document delivered by electronic means as to which the party has given  
2265 consent; and  
2266 (iii) is provided a process to update information needed to contact the party  
2267 electronically[-];  
2268 ~~(d) [(5)(a) After]~~ after consent of the party is given and if a change in the electronic  
2269 delivery or retrieval methods creates a substantial risk that the party will not be able to access  
2270 or retain a subsequent notice or document to which the consent applies, the insurer ~~[shall]:~~  
2271 (i) ~~[provide]~~ provides the party with a statement of:  
2272 (A) the revised electronic delivery or retrieval methods; and  
2273 (B) the right of the party to withdraw consent without the imposition of any condition  
2274 or consequence that was not disclosed under Subsection (4)(b)(ii); ~~[and]~~  
2275 (ii) ~~[comply]~~ complies with Subsection (4)(b)[-]; and  
2276 ~~[(b) Failure by an insurer to comply with this Subsection (5) is treated, at the election~~  
2277 ~~of the party, as a withdrawal of consent for purposes of this section.]~~  
2278 ~~[(c) When an electronic mail address provided by the party to facilitate delivery by~~  
2279 ~~electronic means is returned with a message as undeliverable each time electronic delivery is~~  
2280 ~~attempted over a period not to exceed two business days, the party is presumed to have~~  
2281 ~~withdrawn consent for the purposes of this section.]~~  
2282 ~~[(d)]~~  
2283 ~~[(i)]~~ (e) ~~[An]~~ an insurer ~~[shall file]~~ files with the department the consent statement  
2284 described under Subsection (4)(b), which includes conditions or consequences for a party to  
2285 revoke the party's consent to conduct an insurance transaction, electronically.  
2286 ~~[(ii)]~~ (i) An insurer shall file the consent statement described in ~~[Subsection (5)(d)(i)]~~  
2287 Subsection (4)(b) before the insurer uses the consent statement.  
2288 ~~[(iii)]~~ (ii) The insurer shall communicate to the party in accordance with Subsection

- 2289 (4)(b) the conditions or consequences for a party to revoke the party's consent.
- 2290 (5) (a) An insurer may deliver a policy document to a party, by electronic means and
- 2291 without the party's consent to receive the policy document by electronic means, if:
- 2292 (i) the party has not withdrawn the consent described in this Subsection (5);
- 2293 (ii) the insurer provides a clear and conspicuous statement in paper form, to the party,
- 2294 informing the party of:
- 2295 (A) the party's right or option to have the policy document provided or made available
- 2296 in paper or another nonelectronic form;
- 2297 (B) the party's right to withdraw consent to the electronic delivery of a policy
- 2298 document, including the procedure a party must follow to withdraw consent to electronic
- 2299 delivery of a policy document;
- 2300 (C) policy documents that the insurer may deliver electronically;
- 2301 (D) the means by which a party may obtain a paper copy of a policy document that the
- 2302 insurer delivered electronically;
- 2303 (E) the electronic delivery and retrieval method requirements for access to and
- 2304 retention of a policy document delivered electronically; and
- 2305 (F) the process to update the party's electronic contact information; and
- 2306 (iii) the party demonstrates the ability to electronically access the information
- 2307 contained in the policy document.
- 2308 (b) This Subsection (5) does not apply to a life insurance policy document.
- 2309 (6) A withdrawal of consent by a party does not affect the legal effectiveness, validity,
- 2310 or enforceability of a notice or document delivered by electronic means to the party before the
- 2311 withdrawal of consent is effective.
- 2312 (7) This section does not affect requirements related to content or timing of any notice
- 2313 or document required under applicable law.
- 2314 (8) If a provision of this title or applicable law requiring a notice or document to be
- 2315 provided to a party expressly requires verification or acknowledgment of receipt of the notice
- 2316 or document, the notice or document may be delivered by electronic means only if the method
- 2317 used provides for verification or acknowledgment of receipt.
- 2318 (9) The legal effectiveness, validity, or enforceability of a contract or policy of
- 2319 insurance executed by a party may not be denied solely because of the failure to obtain

2320 electronic consent or confirmation of consent of the party in accordance with Subsection  
2321 (4)(c)(ii).

2322 (10) This section does not apply to or affect a notice or document delivered by an  
2323 insurer in an electronic form before July 1, 2014, to a party who, before July 1, 2014, has  
2324 consented to receive the notice or document in an electronic form otherwise allowed by law.

2325 (11) If the consent of a party to receive certain notices or documents in an electronic  
2326 form is on file with an insurer before July 1, 2014, and pursuant to this section, an insurer  
2327 intends to deliver an additional notice or document to the party in an electronic form, then  
2328 before delivering the additional notices or documents electronically, the insurer shall notify the  
2329 party of:

2330 (a) the notices or documents that may be delivered by electronic means under this  
2331 section that were not previously delivered electronically; and

2332 (b) the party's right to withdraw consent to have notices or documents delivered by  
2333 electronic means.

2334 (12) (a) Except as otherwise provided by Section 31A-21-102, if an oral  
2335 communication or a recording of an oral communication from a party can be reliably stored and  
2336 reproduced by an insurer, the oral communication or recording may qualify as a notice or  
2337 document delivered by electronic means for purposes of this section.

2338 (b) If a provision of this title or applicable law requires a signature, notice, or  
2339 document to be notarized, acknowledged, verified, or made under oath, the requirement is  
2340 satisfied if the electronic signature of the party authorized to perform those acts, together with  
2341 all other information required to be included by the provision, is attached to or logically  
2342 associated with the signature, notice, or document.

2343 (13) For purposes of this section, an insurer's failure to comply with Subsection (4) or  
2344 (5) constitutes a withdrawal of the party's consent.

2345 (14) A party is presumed to have withdrawn consent under this section if the email  
2346 address the party provides to receive a policy document returns a message stating that the  
2347 message is undeliverable each time the insurer attempts electronic delivery over a period of up  
2348 to two business days.

2349 [~~13~~] (15) This section may not be construed to modify, limit, or supersede the federal  
2350 Electronic Signatures in Global and National Commerce Act, P. Law 106-229, as amended.

2351 Section 16. Section 31A-21-402 is amended to read:

2352 **31A-21-402. Definitions.**

2353 [~~As used in this part:~~]

2354 [~~(1) (a) "Direct response solicitation" means any offer an insurer makes to persons in~~  
2355 ~~this state, either directly or through a third party, to effect life or accident and health insurance~~  
2356 ~~coverage which enables the individual to apply or enroll for the insurance on the basis of the~~  
2357 ~~offer.]~~

2358 [~~(b) "Direct response solicitation" does not include:~~]

2359 [~~(i) solicitations for insurance through an employee benefit plan exempt from state~~  
2360 ~~regulation under preemptive federal law; or]~~

2361 [~~(ii) solicitations through an individual's creditor with respect to credit life or credit~~  
2362 ~~accident and health insurance. (2) "Mass] As used in this part, "mass marketed life or accident~~  
2363 ~~and health insurance" means the insurance under any individual, franchise, group, or blanket~~  
2364 ~~insurance policy offering life or accident and health insurance:~~

2365 [~~(a)] (1) that is offered by means of direct response solicitation through:~~

2366 [~~(i)] (a) a sponsoring organization; or~~

2367 [~~(ii)] (b) the mails or other mass communications media; and~~

2368 [~~(b)] (2) under which the person insured pays all or substantially all of the cost of the~~  
2369 ~~person's insurance.~~

2370 Section 17. Section 31A-22-401 is amended to read:

2371 **31A-22-401. Prohibited life insurance policy provisions.**

2372 No life insurance company may issue or deliver any life insurance policy subject to this  
2373 chapter under Section 31A-21-101 which contains any provision:

2374 (1) forfeiting the policy for failure to repay any loan on the policy or to pay interest on  
2375 the loan while the total indebtedness on the policy is less than its loan value, and in  
2376 ascertaining the indebtedness due upon policy loans, the interest, if not paid when due, may be  
2377 added to the principal of those loans and may bear interest at the same rate as the principal;

2378 (2) claiming that the policy was issued or became effective more than one year before  
2379 the original application for the insurance is executed, if the insured would then be rated at an  
2380 age more than one year younger than his age at the date of his application, unless the aggregate  
2381 amount of the annual premiums for the whole term of the back-dated period is paid in cash;

2382 [or]

2383 (3) allowing assessments or calls to be made upon policyholders[-]; or

2384 (4) allowing an insurer to cancel or terminate a policy for a reason other than:

2385 (a) nonpayment of a premium when due; or

2386 (b) as allowed pursuant to Subsection 31A-21-105(2).

2387 Section 18. Section 31A-22-605 is amended to read:

2388 **31A-22-605. Accident and health insurance standards.**

2389 (1) The purposes of this section include:

2390 (a) reasonable standardization and simplification of terms and coverages of individual

2391 and franchise accident and health insurance policies, including accident and health insurance

2392 contracts of insurers licensed under Chapter 7, Nonprofit Health Service Insurance

2393 Corporations, and Chapter 8, Health Maintenance Organizations and Limited Health Plans, to

2394 facilitate public understanding and comparison in purchasing;

2395 (b) elimination of provisions contained in individual and franchise accident and health

2396 insurance contracts that may be misleading or confusing in connection with either the purchase

2397 of those types of coverages or the settlement of claims; and

2398 (c) full disclosure in the sale of individual and franchise accident and health insurance

2399 contracts.

2400 [~~(2) As used in this section:~~]

2401 [~~(a) "Direct response insurance policy" means an individual insurance policy solicited~~

2402 ~~and sold without the policyholder having direct contact with a natural person intermediary.]~~

2403 [~~(b) "Medicare" means the same as that term is defined in Subsection~~

2404 ~~31A-22-620(1)(e).]~~

2405 [~~(c) "Medicare supplement policy" means the same as that term is defined in~~

2406 ~~Subsection 31A-22-620(1)(f).]~~

2407 [~~(3)~~] (2) This section applies to all individual and franchise accident and health

2408 policies.

2409 [~~(4)~~] (3) The commissioner shall adopt rules, made in accordance with Title 63G,

2410 Chapter 3, Utah Administrative Rulemaking Act, relating to the following matters:

2411 (a) standards for the manner and content of policy provisions, and disclosures to be

2412 made in connection with the sale of policies covered by this section, dealing with at least the

2413 following matters:

- 2414 (i) terms of renewability;
- 2415 (ii) initial and subsequent conditions of eligibility;
- 2416 (iii) nonduplication of coverage provisions;
- 2417 (iv) coverage of dependents;
- 2418 (v) preexisting conditions;
- 2419 (vi) termination of insurance;
- 2420 (vii) probationary periods;
- 2421 (viii) limitations;
- 2422 (ix) exceptions;
- 2423 (x) reductions;
- 2424 (xi) elimination periods;
- 2425 (xii) requirements for replacement;
- 2426 (xiii) recurrent conditions;
- 2427 (xiv) coverage of persons eligible for Medicare; and
- 2428 (xv) definition of terms;

2429 (b) minimum standards for benefits under each of the following categories of coverage  
2430 in policies covered in this section:

- 2431 (i) basic hospital expense coverage;
- 2432 (ii) basic medical-surgical expense coverage;
- 2433 (iii) hospital confinement indemnity coverage;
- 2434 (iv) major medical expense coverage;
- 2435 (v) income replacement coverage;
- 2436 (vi) accident only coverage;
- 2437 (vii) specified disease or specified accident coverage;
- 2438 (viii) limited benefit health coverage; and
- 2439 (ix) nursing home and long-term care coverage;

2440 (c) the content and format of the outline of coverage, in addition to that required under

2441 Subsection ~~[(6);~~ (5);

2442 (d) the method of identification of policies and contracts based upon coverages  
2443 provided; and

2444 (e) rating practices.

2445 [(5)] (4) Nothing in Subsection [(4)(b)] (3)(b) precludes the issuance of policies that  
2446 combine categories of coverage in Subsection [(4)(b)] (3)(b) provided that any combination of  
2447 categories meets the standards of a component category of coverage.

2448 [(6)] (5) The commissioner may adopt rules, made in accordance with Title 63G,  
2449 Chapter 3, Utah Administrative Rulemaking Act, relating to the following matters:

2450 (a) establishing disclosure requirements for insurance policies covered in this section,  
2451 designed to adequately inform the prospective insured of the need for and extent of the  
2452 coverage offered, and requiring that this disclosure be furnished to the prospective insured with  
2453 the application form, unless it is a direct response insurance policy;

2454 (b) (i) prescribing caption or notice requirements designed to inform prospective  
2455 insureds that particular insurance coverages are not [~~Medicare Supplement coverages~~]  
2456 Medicare supplement insurance; and

2457 (ii) applying the requirements of Subsection [(6)(b)(i) apply] (5)(b)(i) to all insurance  
2458 policies and certificates sold to persons eligible for Medicare; and

2459 (c) requiring the disclosures or information brochures to be furnished to the  
2460 prospective insured on direct response insurance policies, upon his request or, in any event, no  
2461 later than the time of the policy delivery.

2462 [(7)] (6) A policy covered by this section may be issued only if it meets the minimum  
2463 standards established by the commissioner under Subsection [(4);] (3), an outline of coverage  
2464 accompanies the policy or is delivered to the applicant at the time of the application, and,  
2465 except with respect to direct response insurance policies, an acknowledged receipt is provided  
2466 to the insurer. The outline of coverage shall include:

2467 (a) a statement identifying the applicable categories of coverage provided by the policy  
2468 as prescribed under Subsection [(4);] (3);

2469 (b) a description of the principal benefits and coverage;

2470 (c) a statement of the exceptions, reductions, and limitations contained in the policy;

2471 (d) a statement of the renewal provisions, including any reservation by the insurer of a  
2472 right to change premiums;

2473 (e) a statement that the outline is a summary of the policy issued or applied for and that  
2474 the policy should be consulted to determine governing contractual provisions; and



2475 (f) any other contents the commissioner prescribes.

2476 [~~(8)~~] (7) If a policy is issued on a basis other than that applied for, the outline of  
2477 coverage shall accompany the policy when it is delivered and it shall clearly state that it is not  
2478 the policy for which application was made.

2479 [~~(9)~~] (8) (a) Notwithstanding Subsection 31A-22-606(1), limited accident and health  
2480 policies or certificates issued to persons eligible for Medicare shall contain a notice  
2481 prominently printed on or attached to the cover or front page which states that the policyholder  
2482 or certificate holder has the right to return the policy for any reason within 30 days after its  
2483 delivery and to have the premium refunded.

2484 (b) This Subsection [~~(9)~~] (8) does not apply to a policy issued to an employer group.  
2485 Section 19. Section 31A-22-614 is amended to read:

2486 **31A-22-614. Claims under accident and health policies.**

2487 (1) Section 31A-21-312 applies generally to claims under accident and health policies.

2488 (2) (a) Subject to Subsection (1), an accident and health insurance policy may not  
2489 contain a claim notice requirement less favorable to the insured, or an insured's ~~to~~ **[designee]**  
2489a **network provider** ~~to~~ than

2490 one which requires written notice of the claim within 20 days after the occurrence or  
2491 commencement of any loss covered by the policy. The policy shall specify to whom claim  
2492 notices may be given.

2493 (b) If a loss of time benefit under a policy may be paid for a period of at least two  
2494 years, an insurer may require periodic notices that the insured continues to have a disability,  
2495 unless the insured is legally incapacitated. The insured's, or the insured's ~~to~~ **[designee's] network**  
2495a **provider's** ~~to~~ delay in

2496 giving that notice does not impair the insured's, the insured's ~~to~~ **[designee's] network provider's**  
2496a ~~to~~ or beneficiary's right to

2497 any indemnity which would otherwise have accrued during the six months preceding the date  
2498 on which that notice is actually given.

2499 (3) An accident and health insurance policy may not contain a time limit on proof of  
2500 loss which is more restrictive to the insured, or the insured's ~~to~~ **[designee] network provider** ~~to~~ ,  
2500a than a provision

2501 requiring written proof of loss, delivered to the insurer, within the following time:

2502 (a) for a claim where periodic payments are contingent upon continuing loss, within  
2503 [~~90~~] 120 days after the termination of the period for which the insurer is liable; or

2504 (b) for any other claim, within [~~90~~] 120 days after the date of the loss.

2505 (4) (a) (i) Section 31A-26-301 applies generally to the payment of claims.

2506 (ii) Indemnity for loss of life is paid in accordance with the beneficiary designation  
2507 effective at the time of payment. If no valid beneficiary designation exists, the indemnity is  
2508 paid to the insured's estate. Any other accrued indemnities unpaid at the insured's death are  
2509 paid to the insured's estate.

2510 (b) Reasonable facility of payment clauses, specified by the commissioner by rule or in  
2511 approving the policy form, are permitted. Payment made in good faith and in accordance with  
2512 those clauses discharges the insurer's obligation to pay those claims.

2513 (c) All or a portion of any indemnities provided under an accident and health policy on  
2514 account of hospital, nursing, medical, or surgical services may, at the insurer's option, be paid  
2515 directly to the hospital or person rendering the services.

2516 Section 20. Section 31A-22-620 is amended to read:

2517 **31A-22-620. Medicare Supplement Insurance Minimum Standards Act.**

2518 (1) As used in this section:

2519 (a) "Applicant" means:

2520 (i) in the case of an individual Medicare supplement insurance policy, the person who  
2521 seeks to contract for insurance benefits; and

2522 (ii) in the case of a group Medicare supplement insurance policy, the proposed  
2523 certificate holder.

2524 (b) "Certificate" means any certificate delivered or issued for delivery in this state  
2525 under a group Medicare supplement insurance policy.

2526 (c) "Certificate form" means the form on which the certificate is delivered or issued for  
2527 delivery by the issuer.

2528 (d) "Issuer" includes insurance companies, fraternal benefit societies, health care  
2529 service plans, health maintenance organizations, and any other entity delivering, or issuing for  
2530 delivery in this state, Medicare supplement insurance policies or certificates.

2531 ~~[(e) "Medicare" means the "Health Insurance for the Aged Act," Title XVIII of the  
2532 Social Security Amendments of 1965, as then constituted or later amended.]~~

2533 ~~[(f) "Medicare Supplement Policy":]~~

2534 ~~[(i) means a group or individual policy of health insurance, other than a policy issued  
2535 pursuant to a contract under Section 1876 of the federal Social Security Act, 42 U.S.C. Sec.  
2536 1395 et seq., or an issued policy under a demonstration project specified in 42 U.S.C. Sec.~~

2537 ~~1395ss(g)(1), that is advertised, marketed, or designed primarily as a supplement to~~  
2538 ~~reimbursements under Medicare for the hospital, medical, or surgical expenses of persons~~  
2539 ~~eligible for Medicare; and]~~

2540 ~~[(ii) does not include Medicare Advantage plans established under Medicare Part C,~~  
2541 ~~outpatient prescription drug plans established under Medicare Part D, or any health care~~  
2542 ~~prepayment plan that provides benefits pursuant to an agreement under Section 1833(a)(1)(A)~~  
2543 ~~of the Social Security Act.]~~

2544 ~~[(g)]~~ (e) "Policy form" means the form on which the policy is delivered or issued for  
2545 delivery by the issuer.

2546 (2) (a) Except as otherwise specifically provided, this section applies to:

2547 (i) all Medicare supplement insurance policies delivered or issued for delivery in this  
2548 state on or after the effective date of this section;

2549 (ii) all certificates issued under group Medicare supplement insurance policies, that  
2550 have been delivered or issued for delivery in this state on or after the effective date of this  
2551 section; and

2552 (iii) policies or certificates that were in force prior to the effective date of this section,  
2553 with respect to requirements for benefits, claims payment, and policy reporting practice under  
2554 Subsection (3)(d), and loss ratios under Subsection (4).

2555 (b) This section does not apply to a policy of one or more employers or labor  
2556 organizations, or of the trustees of a fund established by one or more employers or labor  
2557 organizations, or a combination of employers and labor unions, for employees or former  
2558 employees or a combination of employees and former employees, or for members or former  
2559 members of the labor organizations, or a combination of members and former members of  
2560 labor organizations.

2561 (c) This section does not prohibit, nor does it apply to insurance policies or health care  
2562 benefit plans, including group conversion policies, provided to Medicare eligible persons that  
2563 are not marketed or held out to be Medicare supplement insurance policies or benefit plans.

2564 (3) (a) A Medicare supplement insurance policy or certificate in force in the state may  
2565 not contain benefits that duplicate benefits provided by Medicare.

2566 (b) Notwithstanding any other provision of law of this state, a Medicare supplement  
2567 policy or certificate may not exclude or limit benefits for loss incurred more than six months

2568 from the effective date of coverage because it involved a preexisting condition. The policy or  
2569 certificate may not define a preexisting condition more restrictively than: "A condition for  
2570 which medical advice was given or treatment was recommended by or received from a  
2571 physician within six months before the effective date of coverage."

2572 (c) The commissioner shall adopt rules to establish specific standards for policy  
2573 provisions of Medicare supplement insurance policies and certificates. The standards adopted  
2574 shall be in addition to and in accordance with applicable laws of this state. A requirement of  
2575 this title relating to minimum required policy benefits, other than the minimum standards  
2576 contained in this section, may not apply to Medicare supplement insurance policies and  
2577 certificates. The standards may include:

- 2578 (i) terms of renewability;
- 2579 (ii) initial and subsequent conditions of eligibility;
- 2580 (iii) nonduplication of coverage;
- 2581 (iv) probationary periods;
- 2582 (v) benefit limitations, exceptions, and reductions;
- 2583 (vi) elimination periods;
- 2584 (vii) requirements for replacement;
- 2585 (viii) recurrent conditions; and
- 2586 (ix) definitions of terms.

2587 (d) The commissioner shall adopt rules establishing minimum standards for benefits,  
2588 claims payment, marketing practices, compensation arrangements, and reporting practices for  
2589 Medicare supplement insurance policies and certificates.

2590 (e) The commissioner may adopt rules to conform Medicare supplement insurance  
2591 policies and certificates to the requirements of federal law and regulations, including:

- 2592 (i) requiring refunds or credits if the policies do not meet loss ratio requirements;
- 2593 (ii) establishing a uniform methodology for calculating and reporting loss ratios;
- 2594 (iii) assuring public access to policies, premiums, and loss ratio information of issuers  
2595 of Medicare supplement insurance;
- 2596 (iv) establishing a process for approving or disapproving policy forms and certificate  
2597 forms and proposed premium increases;
- 2598 (v) establishing a policy for holding public hearings prior to approval of premium

2599 increases;

2600 (vi) establishing standards for Medicare select policies and certificates; and

2601 (vii) nondiscrimination for genetic testing or genetic information.

2602 (f) The commissioner may adopt rules that prohibit policy provisions not otherwise  
2603 specifically authorized by statute that, in the opinion of the commissioner, are unjust, unfair, or  
2604 unfairly discriminatory to any person insured or proposed to be insured under a Medicare  
2605 supplement insurance policy or certificate.

2606 (4) Medicare supplement insurance policies shall return to policyholders benefits that  
2607 are reasonable in relation to the premium charged. The commissioner shall make rules to  
2608 establish minimum standards for loss ratios of Medicare supplement insurance policies on the  
2609 basis of incurred claims experience, or incurred health care expenses where coverage is  
2610 provided by a health maintenance organization on a service basis rather than on a  
2611 reimbursement basis, and earned premiums in accordance with accepted actuarial principles  
2612 and practices.

2613 (5) (a) To provide for full and fair disclosure in the sale of [~~Medicare supplement~~  
2614 ~~policies, a Medicare supplement policy~~] Medicare supplement insurance, a Medicare  
2615 supplement insurance policy or certificate may not be delivered in this state unless an outline of  
2616 coverage is delivered to the applicant at the time application is made.

2617 (b) The commissioner shall prescribe the format and content of the outline of coverage  
2618 required by Subsection (5)(a).

2619 (c) For purposes of this section, "format" means style arrangements and overall  
2620 appearance, including such items as the size, color, and prominence of type and arrangement of  
2621 text and captions. The outline of coverage shall include:

2622 (i) a description of the principal benefits and coverage provided in the policy;

2623 (ii) a statement of the renewal provisions, including any reservation by the issuer of a  
2624 right to change premiums; and disclosure of the existence of any automatic renewal premium  
2625 increases based on the policyholder's age; and

2626 (iii) a statement that the outline of coverage is a summary of the policy issued or  
2627 applied for and that the policy should be consulted to determine governing contractual  
2628 provisions.

2629 (d) The commissioner may make rules for captions or notice if the commissioner finds

2630 that the rules are:

2631 (i) in the public interest; and

2632 (ii) designed to inform prospective insureds that particular insurance coverages are not

2633 Medicare supplement coverages, for all accident and health insurance policies sold to persons

2634 eligible for Medicare, other than:

2635 (A) a [~~medicare~~] Medicare supplement insurance policy; or

2636 (B) a disability income policy.

2637 (e) The commissioner may prescribe by rule a standard form and the contents of an

2638 informational brochure for persons eligible for Medicare, that is intended to improve the

2639 buyer's ability to select the most appropriate coverage and improve the buyer's understanding of

2640 Medicare. Except in the case of direct response insurance policies, the commissioner may

2641 require by rule that the informational brochure be provided concurrently with delivery of the

2642 outline of coverage to any prospective insureds eligible for Medicare. With respect to direct

2643 response insurance policies, the commissioner may require by rule that the prescribed brochure

2644 be provided upon request to any prospective insureds eligible for Medicare, but in no event

2645 later than the time of policy delivery.

2646 (f) The commissioner may adopt reasonable rules to govern the full and fair disclosure

2647 of the information in connection with the replacement of accident and health policies,

2648 subscriber contracts, or certificates by persons eligible for Medicare.

2649 (6) Notwithstanding Subsection (1), Medicare supplement insurance policies and

2650 certificates shall have a notice prominently printed on the first page of the policy or certificate,

2651 or attached to the front page, stating in substance that the applicant has the right to return the

2652 policy or certificate within 30 days of its delivery and to have the premium refunded if, after

2653 examination of the policy or certificate, the applicant is not satisfied for any reason. Any

2654 refund made pursuant to this section shall be paid directly to the applicant by the issuer in a

2655 timely manner.

2656 (7) Every issuer of Medicare supplement insurance policies or certificates in this state

2657 shall provide a copy of any Medicare supplement insurance advertisement intended for use in

2658 this state, whether through written or broadcast medium, to the commissioner for review.

2659 (8) The commissioner may adopt rules to conform Medicare and Medicare supplement

2660 insurance policies and certificates to the marketing requirements of federal law and regulation.

2661 Section 21. Section **31A-22-802** is amended to read:

2662 **31A-22-802. Definitions.**

2663 As used in this part:

2664 [~~(1)~~ "Credit accident and health insurance" means insurance on a debtor to provide  
2665 indemnity for payments coming due on a specific loan or other credit transaction while the  
2666 debtor has a disability.]

2667 [~~(2)~~ "Credit life insurance" means life insurance on the life of a debtor in connection  
2668 with a specific loan or credit transaction.]

2669 [~~(3)~~ (1) "Credit transaction" means any transaction under which the payment for  
2670 money loaned or for goods, services, or properties sold or leased is to be made on future dates.

2671 [~~(4)~~ (2) "Creditor" means the lender of money or the vendor or lessor of goods,  
2672 services, or property, for which payment is arranged through a credit transaction, or any  
2673 successor to the right, title, or interest of any lender or vendor.

2674 [~~(5)~~ (3) "Debtor" means a borrower of money or a purchaser, including a lessee under  
2675 a lease intended as security, of goods, services, or property, for which payment is arranged  
2676 through a credit transaction.

2677 [~~(6)~~ (4) "Indebtedness" means the total amount payable by a debtor to a creditor in  
2678 connection with a credit transaction, including principal finance charges and interest.

2679 [~~(7)~~ (5) "Net indebtedness" means the total amount required to liquidate the  
2680 indebtedness, exclusive of any unearned interest, any insurance on the monthly outstanding  
2681 balance coverage, or any finance charge.

2682 [~~(8)~~ (6) "Net written premiums" means gross written premiums minus refunds on  
2683 termination.

2684 Section 22. Section **31A-22-2002** is amended to read:

2685 **31A-22-2002. Definitions.**

2686 As used in this part:

2687 (1) "Applicant" means:

2688 (a) when referring to an individual limited long-term care insurance policy, the person  
2689 who seeks to contract for benefits; and

2690 (b) when referring to a group limited long-term care insurance policy, the proposed  
2691 certificate holder.

2692 (2) "Elimination period" means the length of time between meeting the eligibility for  
2693 benefit payment and receiving benefit payments from an insurer.

2694 (3) "Group limited long-term care insurance" means a limited long-term care insurance  
2695 policy that is delivered or issued for delivery:

2696 (a) in this state; and

2697 (b) to an eligible group, as described under Subsection [~~31A-22-701~~(2)]

2698 [31A-22-701](#)(1).

2699 (4) (a) "Limited long-term care insurance" means an insurance policy, endorsement, or  
2700 rider that is advertised, marketed, offered, or designed to provide coverage:

2701 (i) for less than 12 consecutive months for each covered person;

2702 (ii) on an expense-incurred, indemnity, prepaid or other basis; and

2703 (iii) for one or more necessary or medically necessary diagnostic, preventative,  
2704 therapeutic, rehabilitative, maintenance, or personal care services that is provided in a setting  
2705 other than an acute care unit of a hospital.

2706 (b) "Limited long-term care insurance" includes a policy or rider described in  
2707 Subsection (4)(a) that provides for payment of benefits based on cognitive impairment or the  
2708 loss of functional capacity.

2709 (c) "Limited long-term care insurance" does not include an insurance policy that is  
2710 offered primarily to provide:

2711 (i) basic Medicare supplement insurance coverage;

2712 (ii) basic hospital expense coverage;

2713 (iii) basic medical-surgical expense coverage;

2714 (iv) hospital confinement indemnity coverage;

2715 (v) major medical expense coverage;

2716 (vi) disability income or related asset-protection coverage;

2717 (vii) accidental only coverage;

2718 (viii) specified disease or specified accident coverage; or

2719 (ix) limited benefit health coverage.

2720 (5) "Preexisting condition" means a condition for which medical advice or treatment is  
2721 recommended:

2722 (a) by, or received from, a provider of health care services; and



2723 (b) within six months before the day on which the coverage of an insured person  
2724 becomes effective.

2725 (6) "Waiting period" means the time an insured waits before some or all of the  
2726 insured's coverage becomes effective.

2727 Section 23. Section **31A-23a-105** is amended to read:

2728 **31A-23a-105. General requirements for individual and agency license issuance**  
2729 **and renewal.**

2730 (1) (a) The commissioner shall issue or renew a license to a person described in  
2731 Subsection (1)(b) to act as:

2732 (i) a producer;

2733 (ii) a surplus lines producer;

2734 (iii) a limited line producer;

2735 (iv) a consultant;

2736 (v) a managing general agent; or

2737 (vi) a reinsurance intermediary.

2738 (b) The commissioner shall issue or renew a license under Subsection (1)(a) to a  
2739 person who, as to the license type and line of authority classification applied for under Section  
2740 [31A-23a-106](#):

2741 (i) satisfies the application requirements under Section [31A-23a-104](#);

2742 (ii) satisfies the character requirements under Section [31A-23a-107](#);

2743 (iii) satisfies applicable continuing education requirements under Section  
2744 [31A-23a-202](#);

2745 (iv) satisfies applicable examination requirements under Section [31A-23a-108](#);

2746 (v) satisfies applicable training period requirements under Section [31A-23a-203](#);

2747 (vi) if an applicant for a resident individual producer license, certifies that, to the extent  
2748 applicable, the applicant:

2749 (A) is in compliance with Section [31A-23a-203.5](#); and

2750 (B) will maintain compliance with Section [31A-23a-203.5](#) during the period for which  
2751 the license is issued or renewed;

2752 (vii) has not committed an act that is a ground for denial, suspension, or revocation as  
2753 provided in Section [31A-23a-111](#);

- 2754 (viii) if a nonresident:
- 2755 (A) complies with Section 31A-23a-109; and
- 2756 (B) holds an active similar license in that person's home state;
- 2757 (ix) if an applicant for an individual title insurance producer or agency title insurance
- 2758 producer license, satisfies the requirements of Section 31A-23a-204;
- 2759 (x) if an applicant for a license to act as a life settlement provider or life settlement
- 2760 producer, satisfies the requirements of Section 31A-23a-117; and
- 2761 (xi) pays the applicable fees under Section 31A-3-103.
- 2762 (2) (a) This Subsection (2) applies to the following persons:
- 2763 (i) an applicant for a pending:
- 2764 (A) individual or agency producer license;
- 2765 (B) surplus lines producer license;
- 2766 (C) limited line producer license;
- 2767 (D) consultant license;
- 2768 (E) managing general agent license; or
- 2769 (F) reinsurance intermediary license; or
- 2770 (ii) a licensed:
- 2771 (A) individual or agency producer;
- 2772 (B) surplus lines producer;
- 2773 (C) limited line producer;
- 2774 (D) consultant;
- 2775 (E) managing general agent; or
- 2776 (F) reinsurance intermediary.
- 2777 (b) A person described in Subsection (2)(a) shall report to the commissioner:
- 2778 (i) an administrative action taken against the person, including a denial of a new or
- 2779 renewal license application:
- 2780 (A) in another jurisdiction; or
- 2781 (B) by another regulatory agency in this state; [~~and~~]
- 2782 (ii) a criminal prosecution taken against the person in any jurisdiction[-]; and
- 2783 (iii) a civil action filed against the person in any jurisdiction if the action involves
- 2784 conduct related to a professional or occupational license, certification, authorization, or

2785 registration, regardless of whether the person held the license, certification, authorization, or  
2786 registration.

2787 (c) The report required by Subsection (2)(b) shall:

2788 (i) be filed:

2789 (A) at the time the person files the application for an individual or agency license; and

2790 (B) for an action or prosecution that occurs on or after the day on which the person  
2791 files the application:

2792 (I) for an administrative action, within 30 days of the final disposition of the  
2793 administrative action; or

2794 (II) for a criminal prosecution or civil action, within 30 days of the initial appearance  
2795 before a court; and

2796 (ii) include a copy of the complaint or other relevant legal documents related to the  
2797 action or prosecution described in Subsection (2)(b).

2798 (3) (a) The department may require a person applying for a license or for consent to  
2799 engage in the business of insurance to submit to a criminal background check as a condition of  
2800 receiving a license or consent.

2801 (b) A person, if required to submit to a criminal background check under Subsection  
2802 (3)(a), shall:

2803 (i) submit a fingerprint card in a form acceptable to the department; and

2804 (ii) consent to a fingerprint background check by:

2805 (A) the Utah Bureau of Criminal Identification; and

2806 (B) the Federal Bureau of Investigation.

2807 (c) For a person who submits a fingerprint card and consents to a fingerprint  
2808 background check under Subsection (3)(b), the department may request:

2809 (i) criminal background information maintained pursuant to Title 53, Chapter 10, Part  
2810 2, Bureau of Criminal Identification, from the Bureau of Criminal Identification; and

2811 (ii) complete Federal Bureau of Investigation criminal background checks through the  
2812 national criminal history system.

2813 (d) Information obtained by the department from the review of criminal history records  
2814 received under this Subsection (3) shall be used by the department for the purposes of:

2815 (i) determining if a person satisfies the character requirements under Section

2816 31A-23a-107 for issuance or renewal of a license;

2817 (ii) determining if a person has failed to maintain the character requirements under

2818 Section 31A-23a-107; and

2819 (iii) preventing a person who violates the federal Violent Crime Control and Law

2820 Enforcement Act of 1994, 18 U.S.C. Sec. 1033, from engaging in the business of insurance in

2821 the state.

2822 (e) If the department requests the criminal background information, the department

2823 shall:

2824 (i) pay to the Department of Public Safety the costs incurred by the Department of

2825 Public Safety in providing the department criminal background information under Subsection

2826 (3)(c)(i);

2827 (ii) pay to the Federal Bureau of Investigation the costs incurred by the Federal Bureau

2828 of Investigation in providing the department criminal background information under

2829 Subsection (3)(c)(ii); and

2830 (iii) charge the person applying for a license or for consent to engage in the business of

2831 insurance a fee equal to the aggregate of Subsections (3)(e)(i) and (ii).

2832 (4) To become a resident licensee in accordance with Section 31A-23a-104 and this

2833 section, a person licensed as one of the following in another state who moves to this state shall

2834 apply within 90 days of establishing legal residence in this state:

2835 (a) insurance producer;

2836 (b) surplus lines producer;

2837 (c) limited line producer;

2838 (d) consultant;

2839 (e) managing general agent; or

2840 (f) reinsurance intermediary.

2841 (5) (a) The commissioner may deny a license application for a license listed in

2842 Subsection (5)(b) if the person applying for the license, as to the license type and line of

2843 authority classification applied for under Section 31A-23a-106:

2844 (i) fails to satisfy the requirements as set forth in this section; or

2845 (ii) commits an act that is grounds for denial, suspension, or revocation as set forth in

2846 Section 31A-23a-111.

2847 (b) This Subsection (5) applies to the following licenses:

2848 (i) producer;

2849 (ii) surplus lines producer;

2850 (iii) limited line producer;

2851 (iv) consultant;

2852 (v) managing general agent; or

2853 (vi) reinsurance intermediary.

2854 (6) Notwithstanding the other provisions of this section, the commissioner may:

2855 (a) issue a license to an applicant for a license for a title insurance line of authority only  
2856 with the concurrence of the Title and Escrow Commission; and

2857 (b) renew a license for a title insurance line of authority only with the concurrence of  
2858 the Title and Escrow Commission.

2859 Section 24. Section **31A-23a-111** is amended to read:

2860 **31A-23a-111. Revoking, suspending, surrendering, lapsing, limiting, or otherwise**  
2861 **terminating a license -- Forfeiture -- Rulemaking for renewal or reinstatement.**

2862 (1) A license type issued under this chapter remains in force until:

2863 (a) revoked or suspended under Subsection (5);

2864 (b) surrendered to the commissioner and accepted by the commissioner in lieu of  
2865 administrative action;

2866 (c) the licensee dies or is adjudicated incompetent as defined under:

2867 (i) Title 75, Chapter 5, Part 3, Guardians of Incapacitated Persons; or

2868 (ii) Title 75, Chapter 5, Part 4, Protection of Property of Persons Under Disability and  
2869 Minors;

2870 (d) lapsed under Section [31A-23a-113](#); or

2871 (e) voluntarily surrendered.

2872 (2) The following may be reinstated within one year after the day on which the license  
2873 is no longer in force:

2874 (a) a lapsed license; or

2875 (b) a voluntarily surrendered license, except that a voluntarily surrendered license may  
2876 not be reinstated after the license period in which the license is voluntarily surrendered.

2877 (3) Unless otherwise stated in a written agreement for the voluntary surrender of a

2878 license, submission and acceptance of a voluntary surrender of a license does not prevent the  
2879 department from pursuing additional disciplinary or other action authorized under:

2880 (a) this title; or

2881 (b) rules made under this title in accordance with Title 63G, Chapter 3, Utah

2882 Administrative Rulemaking Act.

2883 (4) A line of authority issued under this chapter remains in force until:

2884 (a) the qualifications pertaining to a line of authority are no longer met by the licensee;

2885 (b) the supporting license type:

2886 (i) is revoked or suspended under Subsection (5);

2887 (ii) is surrendered to the commissioner and accepted by the commissioner in lieu of

2888 administrative action;

2889 (iii) lapses under Section [31A-23a-113](#); or

2890 (iv) is voluntarily surrendered; or

2891 (c) the licensee dies or is adjudicated incompetent as defined under:

2892 (i) Title 75, Chapter 5, Part 3, Guardians of Incapacitated Persons; or

2893 (ii) Title 75, Chapter 5, Part 4, Protection of Property of Persons Under Disability and

2894 Minors.

2895 (5) (a) If the commissioner makes a finding under Subsection (5)(b), as part of an

2896 adjudicative proceeding under Title 63G, Chapter 4, Administrative Procedures Act, the

2897 commissioner may:

2898 (i) revoke:

2899 (A) a license; or

2900 (B) a line of authority;

2901 (ii) suspend for a specified period of 12 months or less:

2902 (A) a license; or

2903 (B) a line of authority;

2904 (iii) limit in whole or in part:

2905 (A) a license; or

2906 (B) a line of authority;

2907 (iv) deny a license application;

2908 (v) assess a forfeiture under Subsection [31A-2-308\(1\)\(b\)\(i\)](#) or [\(1\)\(c\)\(i\)](#); or

- 2909 (vi) take a combination of actions under Subsections (5)(a)(i) through (iv) and  
2910 Subsection (5)(a)(v).
- 2911 (b) The commissioner may take an action described in Subsection (5)(a) if the  
2912 commissioner finds that the licensee or license applicant:
- 2913 (i) is unqualified for a license or line of authority under Section 31A-23a-104,  
2914 31A-23a-105, or 31A-23a-107;
- 2915 (ii) violates:
- 2916 (A) an insurance statute;
- 2917 (B) a rule that is valid under Subsection 31A-2-201(3); or
- 2918 (C) an order that is valid under Subsection 31A-2-201(4);
- 2919 (iii) is insolvent or the subject of receivership, conservatorship, rehabilitation, or other  
2920 delinquency proceedings in any state;
- 2921 (iv) ~~[fails to pay a final judgment rendered against the person within 60 days after the~~  
2922 ~~day on which the judgment became final]~~ is more than 60 days past due on an enforceable final  
2923 judgment;
- 2924 (v) fails to meet the same good faith obligations in claims settlement that is required of  
2925 admitted insurers;
- 2926 (vi) is affiliated with and under the same general management or interlocking  
2927 directorate or ownership as another insurance producer that transacts business in this state  
2928 without a license;
- 2929 (vii) refuses:
- 2930 (A) to be examined; or
- 2931 (B) to produce its accounts, records, and files for examination;
- 2932 (viii) has an officer who refuses to:
- 2933 (A) give information with respect to the insurance producer's affairs; or
- 2934 (B) perform any other legal obligation as to an examination;
- 2935 (ix) provides information in the license application that is:
- 2936 (A) incorrect;
- 2937 (B) misleading;
- 2938 (C) incomplete; or
- 2939 (D) materially untrue;

- 2940 (x) violates an insurance law, valid rule, or valid order of another regulatory agency in
- 2941 any jurisdiction;
- 2942 (xi) obtains or attempts to obtain a license through misrepresentation or fraud;
- 2943 (xii) improperly withholds, misappropriates, or converts money or properties received
- 2944 in the course of doing insurance business;
- 2945 (xiii) intentionally misrepresents the terms of an actual or proposed:
- 2946 (A) insurance contract;
- 2947 (B) application for insurance; or
- 2948 (C) life settlement;
- 2949 (xiv) has been convicted of, or has entered a plea in abeyance as defined in Section
- 2950 77-2a-1 to:
- 2951 (A) a felony; or
- 2952 (B) a misdemeanor involving fraud, misrepresentation, theft, or dishonesty;
- 2953 (xv) admits or is found to have committed an insurance unfair trade practice or fraud;
- 2954 (xvi) in the conduct of business in this state or elsewhere:
- 2955 (A) uses fraudulent, coercive, or dishonest practices; or
- 2956 (B) demonstrates incompetence, untrustworthiness, or financial irresponsibility;
- 2957 (xvii) has had an insurance license or other professional or occupational license, or an
- 2958 equivalent to an insurance license or registration, or other professional or occupational license
- 2959 or registration:
- 2960 (A) denied;
- 2961 (B) suspended;
- 2962 (C) revoked; or
- 2963 (D) surrendered to resolve an administrative action;
- 2964 (xviii) forges another's name to:
- 2965 (A) an application for insurance; or
- 2966 (B) a document related to an insurance transaction;
- 2967 (xix) improperly uses notes or another reference material to complete an examination
- 2968 for an insurance license;
- 2969 (xx) knowingly accepts insurance business from an individual who is not licensed;
- 2970 (xxi) fails to comply with an administrative or court order imposing a child support



2971 obligation;

2972 (xxii) fails to:

2973 (A) pay state income tax; or

2974 (B) comply with an administrative or court order directing payment of state income

2975 tax;

2976 (xxiii) has been convicted of violating the federal Violent Crime Control and Law

2977 Enforcement Act of 1994, 18 U.S.C. Sec. 1033 and has not obtained written consent to engage

2978 in the business of insurance or participate in such business as required by 18 U.S.C. Sec. 1033;

2979 (xxiv) engages in a method or practice in the conduct of business that endangers the

2980 legitimate interests of customers and the public; or

2981 (xxv) has been convicted of any criminal felony involving dishonesty or breach of trust

2982 and has not obtained written consent to engage in the business of insurance or participate in

2983 such business as required by 18 U.S.C. Sec. 1033.

2984 (c) For purposes of this section, if a license is held by an agency, both the agency itself

2985 and any individual designated under the license are considered to be the holders of the license.

2986 (d) If an individual designated under the agency license commits an act or fails to

2987 perform a duty that is a ground for suspending, revoking, or limiting the individual's license,

2988 the commissioner may suspend, revoke, or limit the license of:

2989 (i) the individual;

2990 (ii) the agency, if the agency:

2991 (A) is reckless or negligent in its supervision of the individual; or

2992 (B) knowingly participates in the act or failure to act that is the ground for suspending,

2993 revoking, or limiting the license; or

2994 (iii) (A) the individual; and

2995 (B) the agency if the agency meets the requirements of Subsection (5)(d)(ii).

2996 (6) A licensee under this chapter is subject to the penalties for acting as a licensee

2997 without a license if:

2998 (a) the licensee's license is:

2999 (i) revoked;

3000 (ii) suspended;

3001 (iii) limited;

3002 (iv) surrendered in lieu of administrative action;  
3003 (v) lapsed; or  
3004 (vi) voluntarily surrendered; and  
3005 (b) the licensee:  
3006 (i) continues to act as a licensee; or  
3007 (ii) violates the terms of the license limitation.  
3008 (7) A licensee under this chapter shall immediately report to the commissioner:  
3009 (a) a revocation, suspension, or limitation of the person's license in another state, the  
3010 District of Columbia, or a territory of the United States;  
3011 (b) the imposition of a disciplinary sanction imposed on that person by another state,  
3012 the District of Columbia, or a territory of the United States; or  
3013 (c) a judgment or injunction entered against that person on the basis of conduct  
3014 involving:  
3015 (i) fraud;  
3016 (ii) deceit;  
3017 (iii) misrepresentation; or  
3018 (iv) a violation of an insurance law or rule.  
3019 (8) (a) An order revoking a license under Subsection (5) or an agreement to surrender a  
3020 license in lieu of administrative action may specify a time, not to exceed five years, within  
3021 which the former licensee may not apply for a new license.  
3022 (b) If no time is specified in an order or agreement described in Subsection (8)(a), the  
3023 former licensee may not apply for a new license for five years from the day on which the order  
3024 or agreement is made without the express approval by the commissioner.  
3025 (9) The commissioner shall promptly withhold, suspend, restrict, or reinstate the use of  
3026 a license issued under this part if so ordered by a court.  
3027 (10) The commissioner shall by rule prescribe the license renewal and reinstatement  
3028 procedures in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.  
3029 Section 25. Section **31A-23a-119** is enacted to read:  
3030 **31A-23a-119. Special requirements for agency title insurance producers.**  
3031 **(1) As used in this section:**  
3032 **(a) "Applicable percentage" means:**

- 3033 (i) on February 1, 2024, through January 31, 2025, 2.5%;
- 3034 (ii) on February 1, 2025, through January 31, 2026, 3%;
- 3035 (iii) on February 1, 2026, through January 31, 2027, 3.5%;
- 3036 (iv) on February 1, 2027, through January 31, 2028, 4%; and
- 3037 (v) on February 1, 2028, through January 31, 2029, 4.5%.
- 3038 (b) "Sufficient capital and net worth" means:
- 3039 (i) for a new title entity:
- 3040 (A) \$100,000 for the first five years after becoming a new agency title insurance
- 3041 producer; or
- 3042 (B) after the first five years after becoming a new agency title insurance producer, the
- 3043 greater of \$50,000, or on February 1 of each year, an amount equal to 5% of the title entity's
- 3044 average annual gross revenue over the preceding two calendar years, up to \$150,000; or
- 3045 (ii) for a title entity licensed before May 14, 2019:
- 3046 (A) for the time period beginning on February 1, 2020, and ending on January 31,
- 3047 2029, the lesser of an amount equal to the applicable percentage of the title entity's average
- 3048 annual gross revenue over the two calendar years immediately preceding the February 1 on
- 3049 which the applicable percentage applies or \$150,000; and
- 3050 (B) beginning on February 1, 2029, the greater of \$50,000 or an amount equal to 5% of
- 3051 the title entity's average annual gross revenue over the preceding two calendar years, up to
- 3052 \$150,000.
- 3053 (2) Before May 1 of each year, each agency title insurance producer shall submit a
- 3054 report to the commissioner containing proof satisfactory to the commissioner that the agency
- 3055 title insurance producer had sufficient capital and net worth for the preceding calendar year.
- 3056 Section 26. Section **31A-23a-406** is amended to read:
- 3057 **31A-23a-406. Title insurance producer's business.**
- 3058 (1) As used in this section:
- 3059 (a) "Automated clearing house network" or "ACH network" means a national
- 3060 electronic funds transfer system regulated by the Federal Reserve and the Office of the
- 3061 Comptroller of the Currency.
- 3062 (b) "Depository institution" means the same as that term is defined in Section [7-1-103](#).
- 3063 (c) "Funds transfer system" means the same as that term is defined in Section

3064 [~~7-1-103;~~] [70A-4a-105.](#)

3065 (2) An individual title insurance producer or agency title insurance producer may do  
3066 escrow involving real property transactions if all of the following exist:

3067 (a) the individual title insurance producer or agency title insurance producer is licensed  
3068 with:

3069 (i) the title line of authority; and

3070 (ii) the escrow subline of authority;

3071 (b) the individual title insurance producer or agency title insurance producer is  
3072 appointed by a title insurer authorized to do business in the state;

3073 (c) except as provided in Subsection (4), the individual title insurance producer or  
3074 agency title insurance producer issues one or more of the following as part of the transaction:

3075 (i) an owner's policy offering title insurance;

3076 (ii) a lender's policy offering title insurance; or

3077 (iii) if the transaction does not involve a transfer of ownership, an endorsement to an  
3078 owner's or a lender's policy offering title insurance;

3079 (d) money deposited with the individual title insurance producer or agency title  
3080 insurance producer in connection with any escrow is deposited:

3081 (i) in a federally insured depository institution, as defined in Section [7-1-103](#), that:

3082 (A) has a branch in this state, if the individual title insurance producer or agency title  
3083 insurance producer depositing the money is a resident licensee; and

3084 (B) is authorized by the depository institution's primary regulator to engage in trust  
3085 business, as defined in Section [7-5-1](#), in this state; and

3086 (ii) in a trust account that is separate from all other trust account money that is not  
3087 related to real estate transactions;

3088 (e) money deposited with the individual title insurance producer or agency title  
3089 insurance producer in connection with any escrow is the property of the one or more persons  
3090 entitled to the money under the provisions of the escrow;

3091 (f) money deposited with the individual title insurance producer or agency title  
3092 insurance producer in connection with an escrow is segregated escrow by escrow in the records  
3093 of the individual title insurance producer or agency title insurance producer;

3094 (g) earnings on money held in escrow may be paid out of the [~~escrow~~] trust account to

3095 any person in accordance with the conditions of the escrow;

3096 (h) the escrow does not require the individual title insurance producer or agency title  
3097 insurance producer to hold:

3098 (i) construction money; or

3099 (ii) money held for exchange under Section 1031, Internal Revenue Code; and

3100 (i) the individual title insurance producer or agency title insurance producer shall  
3101 maintain a physical office in Utah staffed by a person with an escrow subline of authority who  
3102 processes the escrow.

3103 (3) Notwithstanding Subsection (2), an individual title insurance producer or agency  
3104 title insurance producer may engage in the escrow business if:

3105 (a) the escrow involves:

3106 (i) a mobile home;

3107 (ii) a grazing right;

3108 (iii) a water right; or

3109 (iv) other personal property authorized by the commissioner; and

3110 (b) the individual title insurance producer or agency title insurance producer complies  
3111 with this section except for Subsection (2)(c).

3112 (4) (a) Subsection (2)(c) does not apply if the transaction is for the transfer of real  
3113 property from the School and Institutional Trust Lands Administration.

3114 (b) This subsection does not prohibit an individual title insurance producer or agency  
3115 title insurance producer from issuing a policy described in Subsection (2)(c) as part of a  
3116 transaction described in Subsection (4)(a).

3117 (5) Money held in escrow:

3118 (a) is not subject to any debts of the individual title insurance producer or agency title  
3119 insurance producer;

3120 (b) may only be used to fulfill the terms of the individual escrow under which the  
3121 money is accepted; and

3122 (c) may not be used until the conditions of the escrow are met.

3123 (6) Assets or property other than escrow money received by an individual title  
3124 insurance producer or agency title insurance producer in accordance with an escrow shall be  
3125 maintained in a manner that will:

3126 (a) reasonably preserve and protect the asset or property from loss, theft, or damages;  
3127 and

3128 (b) otherwise comply with the general duties and responsibilities of a fiduciary or  
3129 bailee.

3130 (7) (a) A check from the trust account described in Subsection (2)(d) may not be  
3131 drawn, executed, or dated, or money otherwise disbursed unless the segregated [escrow] trust  
3132 account from which money is to be disbursed contains a sufficient credit balance consisting of  
3133 collected and cleared money at the time the check is drawn, executed, or dated, or money is  
3134 otherwise disbursed.

3135 (b) As used in this Subsection (7), money is considered to be "collected and cleared,"  
3136 and may be disbursed as follows:

3137 (i) cash may be disbursed on the same day the cash is deposited;

3138 (ii) a wire transfer may be disbursed on the same day the wire transfer is deposited;

3139 (iii) the proceeds of one or more of the following financial instruments may be  
3140 disbursed on the same day the financial instruments are deposited if received from a single  
3141 party to the real estate transaction and if the aggregate of the financial instruments for the real  
3142 estate transaction is less than \$10,000:

3143 (A) a cashier's check, certified check, or official check that is drawn on an existing  
3144 account at a federally insured financial institution;

3145 (B) a check drawn on the trust account of a principal broker or associate broker  
3146 licensed under Title 61, Chapter 2f, Real Estate Licensing and Practices Act, if the individual  
3147 title insurance producer or agency title insurance producer has reasonable and prudent grounds  
3148 to believe sufficient money will be available from the trust account on which the check is  
3149 drawn at the time of disbursement of proceeds from the individual title insurance producer or  
3150 agency title insurance producer's [escrow] trust account;

3151 (C) a personal check not to exceed \$500 per closing; or

3152 (D) a check drawn on the [escrow] trust account of another individual title insurance  
3153 producer or agency title insurance producer, if the individual title insurance producer or agency  
3154 title insurance producer in the escrow transaction has reasonable and prudent grounds to  
3155 believe that sufficient money will be available for withdrawal from the account upon which the  
3156 check is drawn at the time of disbursement of money from the [escrow] trust account of the

3157 individual title insurance producer or agency title insurance producer in the escrow transaction;

3158 (iv) deposits made through the ACH network may be disbursed on the same day the  
3159 deposit is made if:

3160 (A) the transferred funds remain uniquely designated and traceable throughout the  
3161 entire ACH network transfer process;

3162 (B) except as a function of the ACH network process, the transferred funds are not  
3163 subject to comingling or third party access during the transfer process;

3164 (C) the transferred funds are deposited into the title insurance producer's [~~escrow~~] trust  
3165 account and are available for disbursement; and

3166 (D) either the ACH network payment type or the title insurance producer's systems  
3167 prevent the transaction from being unilaterally canceled or reversed by the consumer once the  
3168 transferred funds are deposited to the individual title insurance producer or agency title  
3169 producer; or

3170 (v) deposits may be disbursed on the same day the deposit is made if the deposit is  
3171 made via:

3172 (A) the Federal Reserve Bank through the Federal Reserve's Fedwire funds transfer  
3173 system; or

3174 (B) a funds transfer system provided by an association of [~~banks~~] federally insured  
3175 depository institutions.

3176 (c) A check or deposit not described in Subsection (7)(b) may be disbursed:

3177 (i) within the time limits provided under the Expedited Funds Availability Act, 12  
3178 U.S.C. Sec. 4001 et seq., as amended, and related regulations of the Federal Reserve System; or

3179 (ii) upon notification from the financial institution to which the money has been  
3180 deposited that final settlement has occurred on the deposited financial instrument.

3181 (8) An individual title insurance producer or agency title insurance producer shall  
3182 maintain a record of a receipt or disbursement of escrow money.

3183 (9) An individual title insurance producer or agency title insurance producer shall  
3184 comply with:

3185 (a) Section [31A-23a-409](#);

3186 (b) Title 46, Chapter 1, Notaries Public Reform Act; and

3187 (c) any rules adopted by the Title and Escrow Commission, subject to Section

3188 [31A-2-404](#), that govern escrows.

3189 (10) If an individual title insurance producer or agency title insurance producer  
3190 conducts a search for real estate located in the state, the individual title insurance producer or  
3191 agency title insurance producer shall conduct a reasonable search of the public records.

3192 Section 27. Section **31A-23a-413** is amended to read:

3193 **31A-23a-413. Title insurance producer's annual report.**

3194 An agency title insurance producer [~~and an individual title insurance producer who is~~  
3195 ~~not an employee of a title insurer or who has not been designated by an agency title insurance~~  
3196 ~~producer~~] shall annually file with the commissioner, by a date and in a form the commissioner  
3197 specifies by rule, a verified statement of the agency title insurance producer's [~~or individual~~  
3198 ~~title insurance producer's~~] financial condition, transactions, and affairs as of the end of the  
3199 preceding calendar year.

3200 Section 28. Section **31A-26-301.6** is amended to read:

3201 **31A-26-301.6. Health care claims practices.**

3202 (1) As used in this section:

3203 ~~Ĥ→~~ [H] (a) "Health care provider" means a person licensed to provide health care  
3203a under: [H] ~~←Ĥ~~

3204 ~~Ĥ→~~ [H] (i) Title 26B, Chapter 2, Part 2, Health Care Facility Licensing and Inspection;  
3204a or [H] ~~←Ĥ~~

3205 ~~Ĥ→~~ [H] (ii) Title 58, Occupations and Professions. [H] ~~←Ĥ~~

3206 ~~Ĥ→~~ [H] (b) [H] [~~(a)~~] ~~←Ĥ~~ "Insurer" means an admitted or authorized insurer, as defined in  
3206a Section

3207 [31A-1-301](#), and includes:

3208 (i) a health maintenance organization; and

3209 (ii) a third party administrator that is subject to this title, provided that nothing in this  
3210 section may be construed as requiring a third party administrator to use its own funds to pay  
3211 claims that have not been funded by the entity for which the third party administrator is paying  
3212 claims.

3213 ~~Ĥ→~~ [H] (c) [H] [~~(b)~~] ~~←Ĥ~~ "Provider" means a health care provider to whom an insurer is  
3213a obligated to pay

3214 directly in connection with a claim by virtue of:

3215 (i) an agreement between the insurer and the provider;

3216 (ii) [~~a~~] an accident and health insurance policy or contract of the insurer; or

3217 (iii) state or federal law.

3218 (2) An insurer shall timely pay every valid insurance claim submitted by a provider in



3219 accordance with this section.

3220 (3) (a) Except as provided in Subsection (4), within 30 days of the day on which the  
3221 insurer receives a written claim, an insurer shall:

3222 (i) pay the claim; or

3223 (ii) deny the claim and provide a written explanation for the denial.

3224 (b) (i) Subject to Subsection (3)(b)(ii), the time period described in Subsection (3)(a)  
3225 may be extended by 15 days if the insurer:

3226 (A) determines that the extension is necessary due to matters beyond the control of the  
3227 insurer; and

3228 (B) before the end of the 30-day period described in Subsection (3)(a), notifies the  
3229 provider and insured in writing of:

3230 (I) the circumstances requiring the extension of time; and

3231 (II) the date by which the insurer expects to pay the claim or deny the claim with a  
3232 written explanation for the denial.

3233 (ii) If an extension is necessary due to a failure of the provider or insured to submit the  
3234 information necessary to decide the claim:

3235 (A) the notice of extension required by this Subsection (3)(b) shall specifically describe  
3236 the required information; and

3237 (B) the insurer shall give the provider or insured at least 45 days from the day on which  
3238 the provider or insured receives the notice before the insurer denies the claim for failure to  
3239 provide the information requested in Subsection (3)(b)(ii)(A).

3240 (4) (a) In the case of a claim for income replacement benefits, within 45 days of the day  
3241 on which the insurer receives a written claim, an insurer shall:

3242 (i) pay the claim; or

3243 (ii) deny the claim and provide a written explanation of the denial.

3244 (b) Subject to Subsections (4)(d) and (e), the time period described in Subsection (4)(a)  
3245 may be extended for 30 days if the insurer:

3246 (i) determines that the extension is necessary due to matters beyond the control of the  
3247 insurer; and

3248 (ii) before the expiration of the 45-day period described in Subsection (4)(a), notifies  
3249 the insured of:

3250 (A) the circumstances requiring the extension of time; and  
3251 (B) the date by which the insurer expects to pay the claim or deny the claim with a  
3252 written explanation for the denial.

3253 (c) Subject to Subsections (4)(d) and (e), the time period for complying with  
3254 Subsection (4)(a) may be extended for up to an additional 30 days from the day on which the  
3255 30-day extension period provided in Subsection (4)(b) ends if before the day on which the  
3256 30-day extension period ends, the insurer:

3257 (i) determines that due to matters beyond the control of the insurer a decision cannot be  
3258 rendered within the 30-day extension period; and  
3259 (ii) notifies the insured of:

3260 (A) the circumstances requiring the extension; and  
3261 (B) the date as of which the insurer expects to pay the claim or deny the claim with a  
3262 written explanation for the denial.

3263 (d) A notice of extension under this Subsection (4) shall specifically explain:  
3264 (i) the standards on which entitlement to a benefit is based; and  
3265 (ii) the unresolved issues that prevent a decision on the claim.

3266 (e) If an extension allowed by Subsection (4)(b) or (c) is necessary due to a failure of  
3267 the insured to submit the information necessary to decide the claim:

3268 (i) the notice of extension required by Subsection (4)(b) or (c) shall specifically  
3269 describe the necessary information; and  
3270 (ii) the insurer shall give the insured at least 45 days from the day on which the insured  
3271 receives the notice before the insurer denies the claim for failure to provide the information  
3272 requested in Subsection (4)(b) or (c).

3273 (5) If a period of time is extended as permitted under Subsection (3)(b), (4)(b), or  
3274 (4)(c), due to an insured or provider failing to submit information necessary to decide a claim,  
3275 the period for making the benefit determination shall be tolled from the date on which the  
3276 notification of the extension is sent to the insured or provider until the date on which the  
3277 insured or provider responds to the request for additional information.

3278 (6) An insurer shall pay all sums to the provider or insured that the insurer is obligated  
3279 to pay on the claim, and provide a written explanation of the insurer's decision regarding any  
3280 part of the claim that is denied within 20 days of receiving the information requested under

3281 Subsection (3)(b), (4)(b), or (4)(c).

3282 (7) (a) Whenever an insurer makes a payment to a provider on any part of a claim  
3283 under this section, the insurer shall also send to the insured an explanation of benefits paid.

3284 (b) Whenever an insurer denies any part of a claim under this section, the insurer shall  
3285 also send to the insured:

3286 (i) a written explanation of the part of the claim that was denied; and

3287 (ii) notice of the adverse benefit determination review process established under  
3288 Section [31A-22-629](#).

3289 (c) This Subsection (7) does not apply to a person receiving benefits under the state  
3290 Medicaid program as defined in Section [26B-3-101](#), unless required by the Department of  
3291 Health and Human Services or federal law.

3292 (8) (a) A late fee shall be imposed on:

3293 (i) an insurer that fails to timely pay a claim in accordance with this section; and

3294 (ii) a provider that fails to timely provide information on a claim in accordance with  
3295 this section.

3296 (b) The late fee described in Subsection (8)(a) shall be determined by multiplying  
3297 together:

3298 (i) the total amount of the claim the insurer is obliged to pay;

3299 (ii) the total number of days the response or the payment is late; and

3300 (iii) 0.033% daily interest rate.

3301 (c) Any late fee paid or collected under this Subsection (8) shall be separately  
3302 identified on the documentation used by the insurer to pay the claim.

3303 (d) For purposes of this Subsection (8), "late fee" does not include an amount that is  
3304 less than \$1.

3305 (9) Each insurer shall establish a review process to resolve claims-related disputes  
3306 between the insurer and providers.

3307 (10) An insurer or person representing an insurer may not engage in any unfair claim  
3308 settlement practice with respect to a provider. Unfair claim settlement practices include:

3309 (a) knowingly misrepresenting a material fact or the contents of an insurance policy in  
3310 connection with a claim;

3311 (b) failing to acknowledge and substantively respond within 15 days to any written

3312 communication from a provider relating to a pending claim;

3313 (c) denying or threatening to deny the payment of a claim for any reason that is not  
3314 clearly described in the insured's policy;

3315 (d) failing to maintain a payment process sufficient to comply with this section;

3316 (e) failing to maintain claims documentation sufficient to demonstrate compliance with  
3317 this section;

3318 (f) failing, upon request, to give to the provider written information regarding the  
3319 specific rate and terms under which the provider will be paid for health care services;

3320 (g) failing to timely pay a valid claim in accordance with this section as a means of  
3321 influencing, intimidating, retaliating, or gaining an advantage over the provider with respect to  
3322 an unrelated claim, an undisputed part of a pending claim, or some other aspect of the  
3323 contractual relationship;

3324 (h) failing to pay the sum when required and as required under Subsection (8) when a  
3325 violation has occurred;

3326 (i) threatening to retaliate or actual retaliation against a provider for the provider  
3327 applying this section;

3328 (j) any material violation of this section; and

3329 (k) any other unfair claim settlement practice established in rule or law.

3330 (11) (a) The provisions of this section shall apply to each contract between an insurer  
3331 and a provider for the duration of the contract.

3332 (b) Notwithstanding Subsection (11)(a), this section may not be the basis for a bad  
3333 faith insurance claim.

3334 (c) Nothing in Subsection (11)(a) may be construed as limiting the ability of an insurer  
3335 and a provider from including provisions in their contract that are more stringent than the  
3336 provisions of this section.

3337 (12) (a) Pursuant to Chapter 2, Part 2, Duties and Powers of Commissioner, the  
3338 commissioner may conduct examinations to determine an insurer's level of compliance with  
3339 this section and impose sanctions for each violation.

3340 (b) The commissioner may adopt rules only as necessary to implement this section.

3341 (c) The commissioner may establish rules to facilitate the exchange of electronic  
3342 confirmations when claims-related information has been received.

3343 (d) Notwithstanding Subsection (12)(b), the commissioner may not adopt rules  
3344 regarding the review process required by Subsection (9).

3345 (13) Nothing in this section may be construed as limiting the collection rights of a  
3346 provider under Section 31A-26-301.5.

3347 (14) Nothing in this section may be construed as limiting the ability of an insurer to:

3348 (a) recover any amount improperly paid to a provider or an insured:

3349 (i) in accordance with Section 31A-31-103 or any other provision of state or federal  
3350 law;

3351 (ii) within 24 months of the amount improperly paid for a coordination of benefits  
3352 error;

3353 (iii) within 12 months of the amount improperly paid for any other reason not  
3354 identified in Subsection (14)(a)(i) or (ii); or

3355 (iv) within 36 months of the amount improperly paid when the improper payment was  
3356 due to a recovery by Medicaid, Medicare, the Children's Health Insurance Program, or any  
3357 other state or federal health care program;

3358 (b) take any action against a provider that is permitted under the terms of the provider  
3359 contract and not prohibited by this section;

3360 (c) report the provider to a state or federal agency with regulatory authority over the  
3361 provider for unprofessional, unlawful, or fraudulent conduct; or

3362 (d) enter into a mutual agreement with a provider to resolve alleged violations of this  
3363 section through mediation or binding arbitration.

3364 (15) A [~~health care~~] provider may only seek recovery from the insurer for an amount  
3365 improperly paid by the insurer within the same time frames as Subsections (14)(a) and (b).

3366 (16) (a) An insurer may offer the remittance of payment through a credit card or other  
3367 similar arrangement.

3368 (b) (i) A [~~health care~~] provider may elect not to receive remittance through a credit card  
3369 or other similar arrangement.

3370 (ii) An insurer:

3371 (A) shall permit a [~~health care~~] provider's election described in Subsection (16)(b)(i) to  
3372 apply to the [~~health care~~] provider's entire practice; and

3373 (B) may not require a [~~health care~~] provider's election described in Subsection

3374 (16)(b)(i) to be made on a patient-by-patient basis.

3375 (c) An insurer may not require a [~~health care~~] provider or insured to accept remittance  
3376 through a credit card or other similar arrangement.

3377 Section 29. Section **31A-27a-108.1** is enacted to read:

3378 **31A-27a-108.1. Injunctions and orders applicable to a federal home loan bank.**

3379 (1) As used in this section:

3380 (a) "Federal home loan bank" means the same as that term is defined in 12 U.S.C. Sec.  
3381 1422.

3382 (b) "Insurer-member" means an insurer that is a member as defined in 12 U.S.C. Sec.  
3383 1422.

3384 (2) (a) Notwithstanding any other provision of this chapter, after the seventh day  
3385 following the filing of a delinquency proceeding, a state court may not stay or prohibit a federal  
3386 home loan bank from exercising its rights regarding collateral pledged by an insurer-member.

3387 (b) A federal home loan bank may repurchase any outstanding capital stock that is in  
3388 excess of the amount of federal home loan bank stock that the federal loan bank requires the  
3389 insurer-member to hold as a minimum investment if:

3390 (i) the insurer-member is subject to a delinquency proceeding;

3391 (ii) the federal home loan bank exercises the federal home loan bank's rights regarding  
3392 collateral pledged by the insurer-member;

3393 (iii) the federal home loan bank, in good faith, determines the repurchase is permissible  
3394 under applicable laws, regulations, regulatory obligations, and the federal home loan bank's  
3395 capital plan; and

3396 (iv) the repurchase is consistent with the federal home loan bank's current capital stock  
3397 practices that apply to the federal home loan bank's entire membership.

3398 (c) Subject to Subsection (2)(d), after a court appoints a receiver for an  
3399 insurer-member, a federal home loan bank shall provide the receiver a process, and establish a  
3400 timeline, for the following:

3401 (i) the release of collateral that exceeds the amount required to support secured  
3402 obligations remaining after any repayment of loans as determined in accordance with the  
3403 applicable agreements between the federal home loan bank and the insurer-member;

3404 (ii) the release of any of the insurer-member's collateral remaining in the federal home

3405 loan bank's possession following full repayment of all outstanding secured obligations of the  
3406 insurer-member;

3407 (iii) the payment of fees owed by the insurer-member and the operation of deposits and  
3408 other accounts of the insurer-member with the federal home loan bank; and

3409 (iv) the possible redemption or repurchase of federal home loan bank stock or excess  
3410 stock of any class that an insurer-member is required to own.

3411 (d) An insurer-member shall provide the information described in Subsection (2)(c)  
3412 within 10 business days after the day on which the receiver requests the information.

3413 (e) Upon request from a receiver, a federal home loan bank shall provide any available  
3414 options for an insurer-member subject to a delinquency proceeding to renew or restructure a  
3415 loan to defer associated prepayment fees, subject to:

3416 (i) market conditions;

3417 (ii) the terms of any loan outstanding to the insurer-member;

3418 (iii) the applicable policies of the federal home loan bank; and

3419 (iv) the federal home loan bank's compliance with federal laws and regulations.

3420 (3) (a) Notwithstanding any other provision of this chapter, the receiver for an  
3421 insurer-member may not void any transfer of, or any obligation to transfer, money or any other  
3422 property arising under or in connection with:

3423 (i) any federal home loan bank security agreement;

3424 (ii) any pledge, security, collateral, or guarantee agreement; or

3425 (iii) any other similar arrangement or credit enhancement relating to a federal home  
3426 loan bank security agreement made in the ordinary course of business and in compliance with  
3427 the applicable federal home loan bank agreement.

3428 (b) Notwithstanding Subsection (3)(a), an insurer-member may avoid a transfer if a  
3429 party to the transfer made the transfer with intent to hinder, delay, or defraud the  
3430 insurer-member, the receiver for the insurer-member, or an existing or future creditor.

3431 (c) This subsection shall not affect a receiver's rights regarding advances to an  
3432 insurer-member in a delinquency proceeding pursuant to 12 C.F.R. Sec. 1266.4.

3433 Section 30. Section **31A-28-113** is amended to read:

3434 **31A-28-113. Credit for assessments paid.**

3435 (1) (a) A member insurer may offset against its premium tax, income tax, or franchise

3436 tax liability to this state an assessment described in Subsection 31A-28-109(2)(b) to the extent  
3437 of 20% of the amount of the assessment for each of the five calendar years following the year  
3438 in which the assessment was paid.

3439 (b) To the extent that the offsets described in Subsection (1)(a) exceed [premium] tax  
3440 liability, the offsets may be carried forward and used to offset [premium] tax liability in future  
3441 years.

3442 (c) If a member insurer ceases doing business, all uncredited assessments may be  
3443 credited against its [premium] tax liability for the year it ceases doing business.

3444 (2) (a) A member insurer that is exempt from taxes described in Subsection (1) may  
3445 recoup the member insurer's assessment by a surcharge on premiums in a sum reasonably  
3446 calculated to recoup the assessments over a reasonable period of time, as approved by the  
3447 commissioner.

3448 (b) Amounts recouped shall not be considered premiums for any other purpose,  
3449 including the computation of gross premium tax, income tax, franchise tax, producer  
3450 commission, or, to the extent allowed under federal law, medical loss ratio.

3451 (c) If a member insurer collects excess surcharges, the member insurer shall remit the  
3452 excess amount to the association, and the excess amount shall be applied to reduce future  
3453 assessments in the appropriate account.

3454 (3) (a) Money shall be paid by the member insurers to the state in a manner required by  
3455 the State Tax Commission if the money:

3456 (i) is acquired by refund in accordance with Subsection 31A-28-109(6) from the  
3457 association by member insurers; and

3458 (ii) has been offset against [premium] taxes as provided in Subsection (1).

3459 (b) The association shall notify the commissioner that the refunds described in  
3460 Subsection (3)(a) have been made.

3461 Section 31. Section 31A-31-108 is amended to read:

3462 **31A-31-108. Assessment of insurers.**

3463 (1) For purposes of this section:

3464 (a) The commissioner shall by rule made in accordance with Title 63G, Chapter 3,  
3465 Utah Administrative Rulemaking Act, define:

3466 (i) "annuity consideration";



- 3467 (ii) "membership fees";  
3468 (iii) "other fees";  
3469 (iv) "deposit-type contract funds"; and  
3470 (v) "other considerations in Utah."  
3471 (b) "Insurance fraud provisions" means:  
3472 (i) this chapter;  
3473 (ii) Section 34A-2-110; and  
3474 (iii) Section 76-6-521.  
3475 (c) "Utah consideration" means:  
3476 (i) the total premiums written for Utah risks;  
3477 (ii) annuity consideration;  
3478 (iii) membership fees collected by the insurer;  
3479 (iv) other fees collected by the insurer;  
3480 (v) deposit-type contract funds; and  
3481 (vi) other considerations in Utah.  
3482 (d) "Utah risks" means insurance coverage on the lives, health, or against the liability  
3483 of persons residing in Utah, or on property located in Utah, other than property temporarily in  
3484 transit through Utah.
- 3485 (2) To implement insurance fraud provisions, the commissioner may assess an  
3486 admitted insurer and a nonadmitted insurer transacting insurance under Chapter 15, Part 1,  
3487 Unauthorized Insurers and Surplus Lines, and Chapter 15, Part 2, Risk Retention Groups Act,  
3488 an annual fee as follows:
- 3489 (a) [~~\$200~~] \$225 for an insurer for which the sum of the Utah consideration is less than  
3490 or equal to \$1,000,000;  
3491 (b) [~~\$450~~] \$525 for an insurer for which the sum of the Utah consideration is greater  
3492 than \$1,000,000 but is less than or equal to \$2,500,000;  
3493 (c) [~~\$800~~] \$925 for an insurer for which the sum of the Utah consideration is greater  
3494 than \$2,500,000 but is less than or equal to \$5,000,000;  
3495 (d) [~~\$1,600~~] \$1,850 for an insurer for which the sum of the Utah consideration is  
3496 greater than \$5,000,000 but less than or equal to \$10,000,000;  
3497 (e) [~~\$6,100~~] \$7,000 for an insurer for which the sum of the Utah consideration is

3498 greater than \$10,000,000 but less than \$50,000,000; and

3499 (f) [~~\$15,000~~] \$17,250 for an insurer for which the sum of the Utah consideration equals  
3500 or exceeds \$50,000,000.

3501 (3) Money received by the state under this section shall be deposited into the Insurance  
3502 Fraud Investigation Restricted Account created in Subsection (4).

3503 (4) (a) There is created in the General Fund a restricted account known as the  
3504 "Insurance Fraud Investigation Restricted Account."

3505 (b) The Insurance Fraud Investigation Restricted Account shall consist of the money  
3506 received by the commissioner under this section and Subsections [31A-31-109\(1\)\(a\)\(ii\)](#), (1)(b),  
3507 (2)(b)(i), (2)(c), and (3)(a). Money ordered paid under Subsections [31A-31-109\(1\)\(a\)\(i\)](#) and  
3508 (2)(a) shall be deposited in the Insurance Fraud Victim Restitution Fund pursuant to Section  
3509 [31A-31-108.5](#).

3510 (c) The commissioner shall administer the Insurance Fraud Investigation Restricted  
3511 Account. Subject to appropriations by the Legislature, the commissioner shall use the money  
3512 deposited into the Insurance Fraud Investigation Restricted Account to pay for a cost or  
3513 expense incurred by the commissioner in the administration, investigation, and enforcement of  
3514 insurance fraud provisions.

3515 Section 32. Section [31A-35-202](#) is amended to read:

3516 **[31A-35-202. Board responsibilities.](#)**

3517 (1) The board shall:

3518 (a) meet:

3519 (i) at least quarterly; and

3520 (ii) at the call of the chair;

3521 (b) make written recommendations to the commissioner for rules governing the

3522 following aspects of the bail bond insurance business:

3523 (i) qualifications, applications, and fees for obtaining:

3524 (A) a license required by this Section [31A-35-401](#); or

3525 (B) a certificate;

3526 (ii) limits on the aggregate amounts of bail bonds;

3527 (iii) unprofessional conduct;

3528 (iv) procedures for hearing and resolving allegations of unprofessional conduct; and

- 3529 (v) sanctions for unprofessional conduct;
- 3530 (c) screen:
- 3531 (i) bail bond agency license applications; and
- 3532 (ii) persons applying for a bail bond agency license; and
- 3533 (d) recommend to the commissioner action regarding the granting, ~~renewing,~~
- 3534 suspending, revoking, and reinstating of bail bond agency license.

3535 (2) Nothing in Subsection (1)(d) precludes the commissioner from suspending a license  
 3536 under Section 31A-35-504.

3537 ~~[(2)]~~ (3) The board may:

- 3538 (a) conduct investigations of allegations of unprofessional conduct on the part of
- 3539 persons or bail bond agencies involved in the business of bail bond insurance; and
- 3540 (b) provide the results of the investigations described in Subsection ~~[(2)(a)]~~ (3)(a) to
- 3541 the commissioner with recommendations for:

- 3542 (i) action; and
- 3543 (ii) any appropriate sanctions.

3544 Section 33. Section **31A-35-406** is amended to read:

3545 **31A-35-406. Initial licensing, license renewal, and license reinstatement.**

- 3546 (1) An applicant for an initial bail bond agency license shall:
- 3547 (a) complete and submit to the department an application;
- 3548 (b) submit to the department, as applicable, a copy of the applicant's:
- 3549 (i) irrevocable letter of credit, as required under Subsection 31A-35-404(1);
- 3550 (ii) verified financial statement, as required under Subsection 31A-35-404(2); or
- 3551 (iii) qualifying power of attorney, as required under Subsection 31A-35-404(3); and
- 3552 (c) pay the department the applicable renewal fee established in accordance with
- 3553 Section 31A-3-103.

3554 (2) (a) A license under this chapter expires annually effective at midnight on August

3555 ~~14]~~ 31.

3556 (b) To renew a bail bond agency license issued under this chapter, on or before ~~July~~

3557 ~~15]~~ August 31, the bail bond agency shall:

- 3558 (i) complete and submit to the department a renewal application that includes
- 3559 certification that:

3560 (A) a principal of the agency attended or participated by telephone in at least one entire  
3561 board meeting during the 12-month period before [~~July 15~~] August 31; and

3562 (B) as of May 1, the agency complies with aggregate bond limits established by rule  
3563 made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

3564 (ii) submit to the department, as applicable, a copy of the applicant's:

3565 (A) irrevocable letter of credit, as required under Subsection 31A-35-404(1);

3566 (B) verified financial statement, as required under Subsection 31A-35-404(2); or

3567 (C) qualifying power of attorney, as required under Subsection 31A-35-404(3); and

3568 (iii) pay the department the applicable renewal fee established in accordance with  
3569 Section 31A-3-103.

3570 (c) A bail bond agency shall renew the bail bond agency's license under this chapter  
3571 annually as established by department rule, regardless of when the license is issued.

3572 (3) (a) A bail bond agency may apply for reinstatement of an expired bail bond agency  
3573 license within one year after the day on which the license expires by complying with the  
3574 renewal requirements described in Subsection (2).

3575 (b) If a bail bond agency license has been expired for more than one year, the person  
3576 applying for reinstatement of the bail bond agency license shall comply with the initial  
3577 licensing requirements described in Subsection (1).

3578 (4) If a bail bond agency license is suspended, the applicant may not submit an  
3579 application for a bail bond agency license until after the day on which the period of suspension  
3580 ends.

3581 (5) The department shall deposit a fee collected under this section in the restricted  
3582 account created in Section 31A-35-407.

3583 Section 34. Section 31A-37-202 is amended to read:

3584 **31A-37-202. Permissive areas of insurance.**

3585 (1) Except as provided in Subsections (2) and (3), a captive insurance company may  
3586 not directly insure a risk other than the risk of the captive insurance company's parent or  
3587 affiliated company.

3588 (2) In addition to the risks described in Subsection (1), an association captive insurance  
3589 company may insure the risk of:

3590 (a) a member organization of the association captive insurance company's association;

3591 or

3592 (b) an affiliate of a member organization of the association captive insurance

3593 company's association.

3594 (3) The following may insure a risk of a controlled unaffiliated business:

3595 (a) an industrial insured captive insurance company;

3596 (b) a protected cell;

3597 (c) a pure captive insurance company; or

3598 (d) a sponsored captive insurance company.

3599 (4) To the extent allowed by a captive insurance company's organizational charter, a  
3600 captive insurance company may provide any type of insurance described in this title, except:

3601 (a) workers' compensation insurance;

3602 (b) personal motor vehicle insurance;

3603 (c) homeowners' insurance; and

3604 (d) any component of the types of insurance described in Subsections (4)(a) through

3605 (c).

3606 (5) A captive insurance company may not provide coverage for:

3607 (a) a wager or gaming risk;

3608 (b) loss of an election; or

3609 (c) the penal consequences of a crime.

3610 (6) Unless the punitive damages award arises out of a criminal act of an insured, a

3611 captive insurance company may provide coverage for punitive damages awarded, including  
3612 through adjudication or compromise, against the captive insurance company's:

3613 (a) parent; or

3614 (b) affiliated company.

3615 (7) Notwithstanding Subsection (4), if approved by the commissioner[-];

3616 (a) a captive insurance company may insure as a reimbursement a limited layer or  
3617 deductible of workers' compensation coverage[-]; and

3618 (b) an association captive insurance company that satisfies the requirements of this  
3619 chapter may provide homeowners' insurance.

3620 Section 35. Section **31A-37-204** is amended to read:

3621 **31A-37-204. Paid-in capital -- Other capital.**

3622 (1) (a) The commissioner may not issue a certificate of authority to a company  
3623 described in Subsection (1)(c) unless the company possesses and thereafter maintains  
3624 unimpaired paid-in capital and unimpaired paid-in surplus of:

- 3625 (i) in the case of a pure captive insurance company:
  - 3626 (A) except as provided in Subsection (1)(a)(i)(B), not less than \$250,000; or
  - 3627 (B) if the pure captive insurance company is not acting as a pool that facilitates risk  
3628 distribution for other captive insurers, an amount that is the greater of:
    - 3629 (I) not less than 20% of the company's total aggregate risk; or
    - 3630 (II) \$50,000;
- 3631 (ii) in the case of an association captive insurance company, not less than \$750,000;
- 3632 (iii) in the case of an industrial insured captive insurance company incorporated as a  
3633 stock insurer, not less than \$700,000;
- 3634 (iv) in the case of a sponsored captive insurance company, not less than [~~\$500,000;~~  
3635 \$250,000 of which a minimum of [~~\$200,000~~] \$50,000 is provided by the sponsor; or
- 3636 (v) in the case of a special purpose captive insurance company, an amount determined  
3637 by the commissioner after giving due consideration to the company's business plan, feasibility  
3638 study, and pro-formas, including the nature of the risks to be insured.

3639 (b) The paid-in capital and surplus required under this Subsection (1) may be in the  
3640 form of:

- 3641 (i) (A) cash; or
- 3642 (B) cash equivalent;
- 3643 (ii) an irrevocable letter of credit:
  - 3644 (A) issued by:
    - 3645 (I) a bank chartered by this state;
    - 3646 (II) a member bank of the Federal Reserve System; or
    - 3647 (III) a member bank of the Federal Deposit Insurance Corporation;
  - 3648 (B) approved by the commissioner;
- 3649 (iii) marketable securities as determined by Subsection (5); or
- 3650 (iv) some other thing of value approved by the commissioner, for a period not to  
3651 exceed 45 days, to facilitate the formation of a captive insurance company in this state pursuant  
3652 to an approved plan of liquidation and reorganization of another captive insurance company or

3653 alien captive insurance company in another jurisdiction.

3654 (c) This Subsection (1) applies to:

3655 (i) a pure captive insurance company;

3656 (ii) a sponsored captive insurance company;

3657 (iii) a special purpose captive insurance company;

3658 (iv) an association captive insurance company; or

3659 (v) an industrial insured captive insurance company.

3660 (2) (a) The commissioner may, under Section 31A-37-106, prescribe additional capital

3661 based on the type, volume, and nature of insurance business transacted.

3662 (b) The capital prescribed by the commissioner under this Subsection (2) may be in the  
3663 form of:

3664 (i) cash;

3665 (ii) an irrevocable letter of credit issued by:

3666 (A) a bank chartered by this state; or

3667 (B) a member bank of the Federal Reserve System; or

3668 (iii) marketable securities as determined by Subsection (5).

3669 (3) (a) Except as provided in Subsection (3)(c), a branch captive insurance company, as  
3670 security for the payment of liabilities attributable to branch operations, shall, through its branch  
3671 operations, establish and maintain a trust fund:

3672 (i) funded by an irrevocable letter of credit or other acceptable asset; and

3673 (ii) in the United States for the benefit of:

3674 (A) United States policyholders; and

3675 (B) United States ceding insurers under:

3676 (I) insurance policies issued; or

3677 (II) reinsurance contracts issued or assumed.

3678 (b) The amount of the security required under this Subsection (3) shall be no less than:

3679 (i) the capital and surplus required by this chapter; and

3680 (ii) the reserves on the insurance policies or reinsurance contracts, including:

3681 (A) reserves for losses;

3682 (B) allocated loss adjustment expenses;

3683 (C) incurred but not reported losses; and

3684 (D) unearned premiums with regard to business written through branch operations.

3685 (c) Notwithstanding the other provisions of this Subsection (3):

3686 (i) the commissioner may permit a branch captive insurance company that is required  
3687 to post security for loss reserves on branch business by its reinsurer to reduce the funds in the  
3688 trust account required by this section by the same amount as the security posted if the security  
3689 remains posted with the reinsurer; and

3690 (ii) a branch captive insurance company that is the result of the licensure of an alien  
3691 captive insurance company that is not formed in an alien jurisdiction is not subject to the  
3692 requirements of this Subsection (3).

3693 (4) (a) A captive insurance company may not pay the following without the prior  
3694 approval of the commissioner:

3695 (i) a dividend out of capital or surplus in excess of the limits under Section  
3696 16-10a-640; or

3697 (ii) a distribution with respect to capital or surplus in excess of the limits under Section  
3698 16-10a-640.

3699 (b) The commissioner shall condition approval of an ongoing plan for the payment of  
3700 dividends or other distributions on the retention, at the time of each payment, of capital or  
3701 surplus in excess of:

3702 (i) amounts specified by the commissioner under Section 31A-37-106; or

3703 (ii) determined in accordance with formulas approved by the commissioner under  
3704 Section 31A-37-106.

3705 (5) For purposes of this section, marketable securities means:

3706 (a) a bond or other evidence of indebtedness of a governmental unit in the United  
3707 States or Canada or any instrumentality of the United States or Canada; or

3708 (b) securities:

3709 (i) traded on one or more of the following exchanges in the United States:

3710 (A) New York;

3711 (B) American; or

3712 (C) NASDAQ;

3713 (ii) when no particular security, or a substantially related security, applied toward the

3714 required minimum capital and surplus requirement of Subsection (1) represents more than 50%



3715 of the minimum capital and surplus requirement; and

3716 (iii) when no group of up to four particular securities, consolidating substantially  
3717 related securities, applied toward the required minimum capital and surplus requirement of  
3718 Subsection (1) represents more than 90% of the minimum capital and surplus requirement.

3719 (6) Notwithstanding Subsection (5), to protect the solvency and liquidity of a captive  
3720 insurance company, the commissioner may reject the application of specific assets or amounts  
3721 of specific assets to satisfying the requirement of Subsection (1).

3722 Section 36. Section ~~31A-37-502~~ is amended to read:

3723 **31A-37-502. Examination.**

3724 (1) (a) As provided in this section, the commissioner, or a person appointed by the  
3725 commissioner, ~~shall~~ may examine each captive insurance company ~~[in each five-year period.]~~  
3726 at least once every five years, or more frequently if the commissioner determines a more  
3727 frequent examination is prudent.

3728 (b) The five-year period described in Subsection (1)(a) shall be determined on the basis  
3729 of five full annual accounting periods of operation.

3730 (c) The examination is to be made as of:

3731 (i) December 31 of the full five-year period; or

3732 (ii) the last day of the month of an annual accounting period authorized for a captive  
3733 insurance company under this section.

3734 ~~[(d) In addition to an examination required under this Subsection (1), the~~  
3735 ~~commissioner, or a person appointed by the commissioner may examine a captive insurance~~  
3736 ~~company whenever the commissioner determines it to be prudent.]~~

3737 (2) During an examination under this section the commissioner, or a person appointed  
3738 by the commissioner, shall thoroughly inspect and examine the affairs of the captive insurance  
3739 company to ascertain all or any combination of the following:

3740 (a) the financial condition of the captive insurance company;

3741 (b) the ability of the captive insurance company to fulfill the insurance policy  
3742 obligations of the captive insurance company; and

3743 (c) whether the captive insurance company has complied with this chapter.

3744 ~~[(3) The commissioner may accept a comprehensive annual independent audit in lieu~~  
3745 ~~of an examination:]~~

3746 [~~(a)~~ of a scope satisfactory to the commissioner; and]  
 3747 [~~(b)~~ performed by an independent auditor approved by the commissioner.]  
 3748 [~~(4)~~] (3) A captive insurance company that is inspected and examined under this  
 3749 section shall pay, as provided in Subsection 31A-37-201(6)(b), the expenses and charges of an  
 3750 inspection and examination.

3751 Section 37. **Repealer.**

3752 This bill repeals:

3753 Section 31A-2-303, Notice.

3754 Section 38. **FY 2025 Appropriation.**

3755 The following sums of money are appropriated for the fiscal year beginning July 1,  
 3756 2024, and ending June 30, 2025. These are additions to amounts previously appropriated for  
 3757 fiscal year 2025.

3758 Subsection 38(a). **Restricted Fund and Account Transfers.**

3759 The Legislature authorizes the State Division of Finance to transfer the following  
 3760 amounts between the following funds or accounts as indicated. Expenditures and outlays from  
 3761 the funds to which the money is transferred must be authorized by an appropriation.

3762 ITEM 1 To Insurance Department Administration

3763 From General Fund Restricted - Relative Value Study Account, \$400,000  
 One-time

3764 Schedule of Programs:

3765 Administration \$400,000

3766 The Legislature intends that the appropriation under this item be used for the study described in  
 3767 Section 31A-2-218.1.

3768 Section 39. **Effective date.**

3769 (1) Except as provided in  $\hat{H} \rightarrow$  [~~Subsection (2)] Subsections (2) and (3)  $\leftarrow \hat{H}$  , this bill takes~~  
 3769a effect on May 1, 2024.

3770 (2) (a) Except as provided in Subsection (2)(b), the actions affecting Section  
 3771 31A-2-218.1 take effect upon approval by the governor, or the day following the constitutional  
 3772 time limit of Utah Constitution, Article VII, Section 8, without the governor's signature, or in  
 3773 the case of a veto, the date of veto override.

3774 (b) If this bill is not approved by two-thirds of all members elected to each house, the

3775 actions affecting Section [31A-2-218.1](#) take effect May 1, 2024.

3775a Ĥ→ (3) The actions affecting Section 31A-22-614 take effect July 1, 2024. ←Ĥ