

**Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan**

<b>Background</b>	<b>Effects of Legislation</b>	<b>Benefits of Legislation</b>
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**Technical change:** formatting, numbering, word order, or language changes; no change in intent or practice;  
**Codifying existing practice:** new or changed language, no change in practice;  
**Policy change:** new language, new practice.

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

<p>(27) “Continuing care insurance.” The Commissioner requests this change to correct an incorrect reference. The interpretation has always included both subsections of subsection 27(a), however, the reference was only to subsection 27(a)(i).</p> <p>(54) “Endorsement.” The Commissioner requests the changes to simplify the definition and make the definition easier to read and understand.</p> <p>(68) “General lines of authority.” The Commissioner requests the deletion of an outdated and unused combined search and escrow line of authority. Search and escrow are issued as separate lines of authority. This change is consistent with the requested change in 31A-23a-106 (line 1869)</p> <p>(103) “Limited line insurance”. The Commissioner requests this change to make the language consistent with the requested change in 31A-23a-106 (lines 1883-1884).</p> <p>(141) “Received.” The Commissioner requests the changes to make the section easier to read and understand. The ‘specific filing’ language is deleted because the date would be specified in an order referencing the specific filing.</p> <p>(158) “Surplus”. The Commissioner requests the deletion of the word ‘essentially’ because the requirements are the same and the word is unnecessary.</p>	<p><b>Technical change.</b> Lines 120, 124, 127, 128, 134, 200, 316, 465, 466, 578, 579, 591, 602, 631-648, 696, 697, 701, 740, 743, 907, 929, 941, 942, 967, 985, 1057, 1058, 1071, 1115, 1119, 1120.</p> <p><b>Codifying existing practice.</b> Line 221. This corrects the reference to include all of subsection 27(a).</p> <p><b>Codifying existing practice.</b> Line 379. This change simplifies the existing definition and makes it easier to read and understand.</p> <p><b>Codifying existing practice.</b> Line 464. This change deletes an outdated and unused combined line of authority.</p> <p><b>Policy change.</b> Lines 741-742. This change adds crop insurance and self-storage insurance to the limited line definition.</p> <p><b>Codifying existing practice.</b> Lines 994-1008. This change makes the definition easier to read and understand. The ‘specific filing’ language is deleted because the date would be specified in an order referencing the specific filing.</p> <p><b>Codifying existing practice.</b> Line 1109. This change deletes an unnecessary word.</p>	<p>This corrects the reference to include all of subsection 27(a).</p> <p>This change simplifies the definition and makes it easier to read and understand.</p> <p>This change deletes an outdated and unused combined line of authority.</p> <p>This change adds crop insurance and self-storage insurance to the limited line definition.</p> <p>This change makes the definition easier to read and understand.</p> <p>This change deletes an unnecessary word.</p>
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# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

Background	Effects of Legislation	Benefits of Legislation
<b>31A-2-203. Examinations and alternatives.</b>		
<p>The Commissioner requests this change to allow the Department to make rules pertaining to insurer audit committee requirements.</p>	<p><b>Technical change.</b> Lines 1193, 1200, 1218, 1222, 1223, 1279, 1283, 1307.  <b>Policy change.</b> Lines 1308-1310. This change provides rulemaking authority to the Commissioner for rules pertaining to insurer audit committee requirements.</p>	<p>This change provides rulemaking authority to the Commissioner to make rules pertaining to insurer audit committee requirements.</p>
<b>31A-5-412. Committees of directors.</b>		
<p>The Commissioner requests this change to clarify that if an insurer does not have to designate an audit committee, then the insurer’s entire Board constitutes an audit committee. Some insurers are exempted from the requirement to designate an audit committee, however, the responsibilities of an audit committee are so important to the financial strength of an insurer, the Commissioner feels it necessary to codify that the Board of Directors must also act in the capacity of an audit committee.</p> <p>The Commissioner requests this change to clarify when an inside director may not be a member of an audit committee.</p> <p>The Commissioner requests this change to allow the Department to make rules pertaining to insurer audit committee requirements.</p> <p>The Commissioner requests this change to correct an internal inconsistency in the section and to clarify that the full Board must review a transaction in which an officer has a material interest adverse to the corporation.</p>	<p><b>Technical change.</b> Lines 1313-1315, 1316, 1318, 1320-1323, 1330, 1332-1336, 1341, 1344-1370.  <b>Policy change.</b> Lines 1324-1326. This change requires the Board of Directors to act in the capacity of an audit committee if their insurer is exempted from the requirement to actually designate an audit committee.</p> <p><b>Codifying existing practice.</b> Lines 1327-1328. This change clarifies when an inside director may not be a member of an audit committee.  <b>Policy change.</b> Lines 1337-1340. This change provides rulemaking authority to the Department for rules pertaining to insurer audit committee requirements.  <b>Codifying existing practice.</b> Lines 1372-1374. This change corrects an internal inconsistency in this section and clarifies that the full Board must review a transaction in which an officer has a material interest adverse to the corporation.</p>	<p>This change requires that the important responsibilities of an audit committee are accomplished by each insurer.</p> <p>This change clarifies when an inside director may not be a member of an audit committee.</p> <p>This change provides rulemaking authority to the Department to make rules pertaining to insurer audit committee requirements.</p> <p>This change corrects an internal inconsistency in this section and clarifies that the full Board must review a transaction in which an officer has a material interest adverse to the corporation.</p>
<b>31A-8-215. Management.</b>		
<p>These changes correct a reference to the requested changes in 31A-5-412(3) above.</p>	<p><b>Technical changes.</b> Lines 1378-1379.</p>	

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

Background	Effects of Legislation	Benefits of Legislation
<b>31A-22-404. Suicide.</b>		
<p>The Commissioner requests this change to clarify that the suicide of one of the persons insured under a survivorship life insurance policy does not negate the coverage of an insured surviving person.</p>	<p><b>Technical change.</b> Lines 1383, 1388, 1396-1397, 1408.</p> <p><b>Codifying existing practice.</b> Lines 1404-1407. This change clarifies that the suicide of one of the persons insured under a survivorship life insurance policy does not negate the coverage of an insured surviving person.</p>	<p>This change clarifies that the suicide of one of the persons insured under a survivorship life insurance policy does not negate the coverage of an insured surviving person.</p>
<b>31A-22-620. Medicare Supplement Insurance Minimum Standards Act.</b>		
<p>The Commissioner requests this change to provide rulemaking authority for nondiscrimination for genetic testing or genetic information. Insurers will need guidance on how to interpret sections of the new Federal law dealing with these subjects. The Commissioner requests this change to provide rulemaking authority for conforming Medicare and Medicare Supplement policies and certificates to the marketing requirements of Federal law and regulation. Insurers will need guidance on how to interpret sections of the new Federal law dealing with marketing standards.</p>	<p><b>Technical change.</b> Line 1493</p> <p><b>Policy change.</b> Line 1494. This change provides rulemaking authority for nondiscrimination for genetic testing or genetic information.</p> <p><b>Policy change.</b> Lines 1549-1550. This change provides rulemaking authority for marketing requirements for Medicare and Medicare Supplement policies.</p>	<p>This change provides rulemaking authority for nondiscrimination for genetic testing or genetic information.</p> <p>This change provides rulemaking authority for marketing requirements for Medicare and Medicare Supplement policies.</p>
<b>31A-22-1602. Genetic testing restrictions.</b>		
<p>The Commissioner requests this change to bring Utah into compliance with Federal law passed in 2008. This law requires states to conform with the requirements of the Federal Genetic Information Nondiscrimination Act of 2008 with regards to Medicare Supplement insurers. The Federal law requires implementation not later than May 21, 2009.</p>	<p><b>Policy change.</b> Lines 1553-1556. The Federal Genetic Information Nondiscrimination Act of 2008 has provisions that must be implemented in each state not later than May 21, 2009.</p>	<p>Implementing this change as it pertains to Medicare Supplement policies will ensure that Utah does not lose its right to regulate Medicare Supplement policies.</p>
<b>31A-23a-102. Definitions.</b>		
<p>(14) ‘Terminate.’ The Commissioner requests this change to clarify that the definition of terminate applies to an individual or agency</p>	<p><b>Technical change.</b> Lines 1564-1565, 1571, 1577, 1579, 1583-1585, 1592-1593, 1596-1598, 1614-1615.</p> <p><b>Codifying existing practice.</b> Lines 1662-1670. This change clarifies that the definition of terminate applies to an individual or agency</p>	<p>This change clarifies that the definition of terminate applies to an individual or agency licensee and to an individual or agency licensee’s</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

Background	Effects of Legislation	Benefits of Legislation
licensee and to an individual or agency licensee’s designation under an agency’s license.	licensee and to an individual or agency licensee’s designation under an agency’s license.	designation under an agency’s license.
<b>31A-23a-104. Application for individual license – Application for agency license.</b>		
The Commissioner requests this change to clarify that the requirements in the subsection refer to an application for a license and not to the license itself.	<b>Technical change.</b> Line 1706. <b>Codifying existing practice.</b> Line 1691. This change clarifies that the requirements in the subsection refer to an application for a license and not to the license itself.	This change clarifies that the requirements in the subsection refer to an application for a license and not to the license itself.
<b>31A-23a-105. General requirements for individual and agency license issuance and renewal.</b>		
The Commissioner requests this change to add that the general requirements for individual and agency license issue and renewal include not having committed an act that is a ground for denial, suspension, or revocation of an existing license. The Commissioner requests this change to bring this section into compliance with the deletion of fingerprinting for renewal licenses by the 2008 legislature. The Commissioner requests this change to add that the commissioner may deny a license application from an applicant that has committed an act that is a ground for denial, suspension, or revocation of an existing license.	<b>Technical change.</b> Line 1728-1737, 1747, 1750, 1752, 1754, 1771, 1774, 1807, 1843. <b>Policy change.</b> Lines 1745-1746. This change adds that not committing an act that is a ground for denial, suspension, or revocation of an existing license is a general requirement for license issue or renewal.  <b>Codifying existing practice.</b> Line 1818. This change brings this section into compliance with the deletion of fingerprinting for a renewal license by the 2008 legislature. <b>Policy change.</b> Lines 1830-1842. This change adds that the commissioner may deny a license application from an applicant that has committed an act that is a ground for denial, suspension, or revocation of an existing license.	This change adds that not committing an act that is a ground for denial, suspension, or revocation of an existing license is a general requirement for license issue or renewal.  This change brings this section into compliance with the deletion of fingerprinting for a renewal license by the 2008 legislature.  This change adds that the commissioner may deny a license application from an applicant that has committed an act that is a ground for denial, suspension, or revocation of an existing license.
<b>31A-23a-106. License types.</b>		
The Commissioner requests the deletion of an outdated and unused combined search and escrow line of authority. Search and escrow are issued as separate lines of authority.  The Commissioner requests this change to delete	<b>Technical changes.</b> Lines 1852, 1854, 1855, 1856, 1858, 1861, 1862, 1865, 1868, 1873, 1874, 1882, 1885, 1888, 1889, 1890, 1893, 1895, 1896, 1899, 1902, 1903, 1906, 1908, 1910, 1913, 1914, 1917, 1919, 1921, 1924, 1925, 1928, 1930, 1944. <b>Codifying existing practice.</b> Line 1869. This change deletes an outdated and unused combined line of authority. No licensees are affected as search and escrow are issued as separate lines of authority. <b>Policy change.</b> Lines 1872, 1894, 1907, 1918,	This change deletes an outdated and unused combined line of authority.  This change deletes the workers’ compensation

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

Background	Effects of Legislation	Benefits of Legislation
<p>workers compensation as a line of insurance for which a person can be specifically licensed because the workers compensation line of authority is included within the casualty line of business. This change also brings Utah into uniformity with national uniform licensing standards.</p> <p>The Commissioner requests this change to add crop insurance and self-storage insurance as separate lines of authority for a limited line license. Federal crop insurance regulators requested the addition of crop insurance so they can more easily identify Utah producers that sell crop insurance. Self-service insurance was added to the lines of authority for limited line insurance pursuant to the commissioner’s rule-making authority. This change codifies that addition.</p>	<p>1929. This change deletes the workers’ compensation line of insurance as a separate license line of authority and thereby brings Utah into conformity with national uniform licensing standards. Existing licensees with this line of authority will be issued a casualty line of authority at renewal. Existing licensees with this line of authority will have no change in their continuing education requirements as a result of this change.</p> <p><b>Policy change.</b> Lines 1883-1884. This change adds crop insurance and self-storage insurance as separate lines of authority for a limited line license.</p>	<p>line of insurance as a separate license line of authority and thereby brings Utah into conformity with national uniform licensing standards.</p> <p>This change adds crop insurance and self-storage insurance as separate lines of authority for a limited line license.</p>
<b>31A-23a-111. Revocation, suspension, surrender, lapsing, limiting, or otherwise terminating a license –Rulemaking for renewal or reinstatement.</b>		
<p>The Commissioner requests this change to close an unfair loophole in the existing law. As the law is currently written, a licensee who has failed to complete his continuing education and is therefore ineligible for renewal of his license can voluntarily surrender his license just prior to renewal, wait until the renewal date has passed, and then reinstate his license for an additional two-year period.</p> <p>The Commissioner requests this change to bring consistency between subsections (1) dealing with license types and subsection (2) dealing with license lines of authority. With this change licenses and lines of authority have the same standards to determine when a license or a line of</p>	<p><b>Technical changes.</b> Lines 1960, 1974, 1983, 1991, 1994, 2006, 2057, 2059, 2061, 2063, 2065, 2068, 2096.</p> <p><b>Policy change.</b> Lines 1962-1963. This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p> <p><b>Codifying existing practice.</b> Lines 1977-1982. This change brings consistency between subsections (1) dealing with license types and subsection (2) dealing with license lines of authority.</p>	<p>This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p> <p>This change brings consistency between subsections (1) dealing with license types and subsection (2) dealing with license lines of authority.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

Background	Effects of Legislation	Benefits of Legislation
<p>authority are in-force.</p> <p>The Commissioner requests this change to clarify that the Commissioner may deny a license application as part of an adjudicative proceeding. The current Department standard is to only deny a license application as part of an adjudicative proceeding to ensure that the denied applicant receives appropriate appeal rights.</p> <p>The Commissioner requests this change to codify that character requirements are part of the qualifications to obtain or hold an insurance license. The commissioner has always included character requirements as part of the determination process for issuing or renewing a particular license.</p>	<p><b>Codifying existing practice.</b> Line 1995. This change clarifies that an administrative proceeding may be used to deny a license application.</p> <p><b>Codifying existing practice.</b> Line 1999. This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p>	<p>This change clarifies that an administrative proceeding may be used to deny a license application.</p> <p>This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p>
<p><b>31A-23a-113. License lapse and voluntary surrender.</b></p>		
<p>The Commissioner requests this change to clarify that a lapsed license may be reinstated no later than one year after the date the license lapses. After one year the lapsed licensee must apply for a new license and comply with all of the requirements for a new license.</p> <p>The Commissioner requests this change to clarify that only a license requires reinstatement. A line of authority that is surrendered can be reapplied for during any period that a license is in-force.</p> <p>The Commissioner requests this change to close a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>	<p><b>Codifying existing practice.</b> Line 2121-2122. This change clarifies that a lapsed license may be reinstated no later than one year after the date the license lapses.</p> <p><b>Codifying existing practice.</b> Line 2129. This change clarifies that only a license requires reinstatement. A line of authority that is surrendered can be reapplied for during any period that a license is in-force.</p> <p><b>Policy change.</b> Lines 2131-2133. This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>	<p>This change clarifies that a lapsed license may be reinstated no later than one year after the date the license lapses.</p> <p>This change clarifies that only a license requires reinstatement. A line of authority that is surrendered can be reapplied for during any period that a license is in-force.</p> <p>This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

<b>31A-23a-115. Appointment of individual and agency insurance producer, limited line producer, or managing general agent – Reports and lists.</b>	<b>31A-23a-203. Training period requirements.</b>	<b>31A-23a-115. Appointment of individual and agency insurance producer, limited line producer, or managing general agent – Reports and lists.</b>
<p>The Commissioner requests this change to bring Utah into conformity with national licensing standards. These standards require an appointment to do business but do not require an appointment prior to being licensed. This change deletes the ‘prior to being licensed’ requirement. In actual practice, even if an applicant sends an appointment with his license application, the license is issued and then the appointment is added to the license.</p> <p>The Commissioner requests this change to provide specific reasons for an insurer to report the reason for a ‘for cause’ appointment termination. Insurers have always had to report ‘for cause’ terminations, however, ‘for cause’ was not defined. A self-regulatory organization would be an entity such as the Financial Industry Regulatory Authority (FINRA) which issues licenses to sell securities.</p>	<p><b>Technical changes.</b> Lines 2200, 2201.</p>	<p><b>Technical changes.</b> Lines 2145, 2147, 2168, 2172.</p> <p><b>Policy change.</b> Lines 2137-2141. This change brings Utah into conformity with national licensing standards. These standards require an appointment to do business but do not require an appointment prior to being licensed. This change deletes the ‘prior to being licensed’ requirement.</p> <p><b>Policy change.</b> Lines 2149-2157. This change provides specific reasons for an insurer to report the reason of a ‘for cause’ appointment termination.</p>
		<p>This change brings Utah into conformity with national licensing standards. These standards require an appointment to do business but do not require an appointment prior to being licensed. This change deletes the ‘prior to being licensed’ requirement.</p> <p>This change provides specific reasons for an insurer to report the reason of a ‘for cause’ appointment termination.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

Background	Effects of Legislation	Benefits of Legislation
<b>31A-23a-204. Special requirements for title insurance producers and agencies.</b>		
<p>The Commissioner requests the deletion of an outdated and unused combined search and escrow line of authority. Search and escrow are issued as separate lines of authority.</p> <p>The Commissioner requests this change to clarify that a title insurance producer may maintain a 1% reserve account until monies in that account are transferred into the producer’s operating account and to delete the commissioner’s regulation of 1% reserve accounts. 1% reserve accounts were replaced effective July 1, 2008 by the creation of the Title Insurance Recovery, Education, and Research Fund.</p>	<p><b>Technical changes.</b> Lines 2206, 2208, 2210-2212, 2216, 2218, 2274.</p> <p><b>Codifying existing practice.</b> Line 2213. This change deletes an outdated and unused combined line of authority. No licensees are affected as search and escrow are issued as separate lines of authority.</p> <p><b>Policy change.</b> Lines 2238-2273. This change allows a title insurance producer to maintain a 1% reserve account until monies in that account are transferred into the producer’s operating account and deletes the commissioner’s regulation of 1% reserve accounts.</p>	<p>This change deletes an outdated and unused combined line of authority.</p> <p>This change allows a title insurance producer to maintain a 1% reserve account until monies in that account are transferred into the producer’s operating account and deletes the commissioner’s regulation of 1% reserve accounts.</p>
<b>31A-23a-302. Agency designations.</b>		
<p>The Commissioner requests this change to bring Utah into conformity with national licensing standards. These standards require a designation to do business but do not require a designation prior to being licensed. This change deletes the ‘prior to being licensed’ requirement. In actual practice, even if an applicant sends a designation with his license application, the license is issued and then the designation is added to the license.</p>	<p><b>Technical changes.</b> Lines 2303, 2304, 2306, 2324, 2325, 2326.</p> <p><b>Policy change.</b> Lines 2297-2300. This change brings Utah into conformity with national licensing standards. These standards require a designation to do business but do not require a designation prior to being licensed. This change deletes the ‘prior to being licensed’ requirement.</p>	<p>This change brings Utah into conformity with national licensing standards. These standards require a designation to do business but do not require a designation prior to being licensed. This change deletes the ‘prior to being licensed’ requirement.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

<p>The Commissioner requests this change to provide specific reasons for an agency to report the reason of a ‘for cause’ designation termination. Agencies have always had to report ‘for cause’ terminations, however, for cause was not defined. A self-regulatory organization would be an entity such as the Financial Industry Regulatory Authority (FINRA) which issues licenses to sell securities.</p> <p>The Commissioner requests this change to bring Utah into conformity with national licensing standards. These standards require one responsible individual to be designated by the agency to act on behalf of the agency. Utah has always had this requirement, however, that person was not titled ‘the designated responsible licensed individual.’</p> <p>The Commissioner requests this change to require the same standards of conduct for producer agencies and the commissioner as are required for third party administrator agencies (lines 2668-2678) and adjuster agencies (lines 2912-2922). The commissioner has always held an agency accountable for the actions of a producer designated under the agency’s license. This change provides parameters for that accountability as it applies to the agency licensee.</p>	<p><b>Policy change.</b> Lines 2307-2314. This change provides specific reasons for an agency to report a ‘for cause’ designation termination.</p> <p><b>Codifying existing practice.</b> Lines 2327-2329. This change brings Utah into conformity with national licensing standards that require one responsible individual to be titled as ‘designated responsible licensed individual’ and designated by the agency to act on behalf of the agency.</p> <p><b>Policy change.</b> Lines 2335-2347. This change requires the same standards of conduct for producer agencies and the commissioner as are required for third party administrator agencies (lines 2668-2678) and adjuster agencies (lines 2912-2922).</p>	<p>This change provides specific reasons for an agency to report a ‘for cause’ designation termination.</p> <p>This change brings Utah into conformity with national licensing standards that require one responsible individual to be titled as ‘designated responsible licensed individual’ and designated by the agency to act on behalf of the agency.</p> <p>This change requires the same standards of conduct for producer agencies and the commissioner as are required for third party administrator agencies (lines 2668-2678) and adjuster agencies (lines 2912-2922).</p>
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# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

Background	Effects of Legislation	Benefits of Legislation
<b>31A-23a-409. Trust obligation for funds collected.</b>		
<p>The Commissioner requests this change to bring Utah into compliance with national uniform licensing standards by allowing a nonresident licensee to meet the commissioner’s trust account requirements by meeting his or her home state’s trust account requirements. The commissioner has allowed nonresident licensees to meet Utah’s trust account requirements as long as the nonresident licensee was in compliance with his or her home state’s trust account requirements.</p>	<p><b>Technical changes.</b> Lines 2350, 2352-2361, 2364, 2367, 2369, 2372, 2380, 2383, 2386.  <b>Policy change.</b> Lines 2390-2393. This change brings Utah into compliance with national uniform licensing standards by allowing a nonresident licensee to meet the commissioner’s trust account requirements by meeting his or her home state’s trust account requirements.</p>	<p>This change brings Utah into compliance with national uniform licensing standards by allowing a nonresident licensee to meet the commissioner’s trust account requirements by meeting his or her home state’s trust account requirements.</p>
<b>31A-23a-410. Insurer’s liability if insured pays premium to a licensee or group policyholder.</b>		
<p>The bill sponsor requests this change to require notification to the employer’s producer, if any, when an employer’s group policy is being terminated for nonpayment of premium. The bill sponsor requests this change to allow time for the insurer to notify the employer and the employer’s producer, if any, of their intent to send notice of termination to the certificate holders under the employer’s policy prior to the insurer sending notice. The practical application of this section under the existing language to an employer who remitted his premium payment to the insurer on the 15<sup>th</sup> day of the month requires the insurer to notify the employer’s certificate holders on the 15<sup>th</sup> day of the month to ensure that the insurer’s liability for coverage terminated at the end of the month.</p>	<p><b>Technical changes.</b> Lines 2401, 2402, 2413, 2419, 2421, 2425, 2440-2443, 2448-2452.  <b>Policy change.</b> Lines 2416-2418. This change requires an insurer giving notice of termination to notify the certificate holders, the policyholder, and the producer, if any.  <b>Policy change.</b> Lines 2423, 2431-2432. This change decreases the amount of time for notification of the affected certificate holders and requires notification to the employer and the employer’s producer, if any. This change does not increase or decrease the total period of liability for the insurer.</p>	<p>This change requires an insurer giving notice of termination to notify the certificate holders, the policyholder, and the producer, if any.  This change decreases the amount of time for notification of the affected certificate holders and requires notification to the employer and the employer’s producer, if any. This change does not increase or decrease the total period of liability for the insurer.</p>
<b>31A-23a-504. Sharing commissions.</b>		
<p>The Commissioner requests these changes to bring Utah into conformity with national uniform</p>	<p><b>Technical changes.</b> Lines 2467, 2470, 2477, 2480, 2481, 2483-2486, 2491, 2499-2500.  <b>Codifying existing practice.</b> Lines 2487-2490. This change brings Utah into conformity with</p>	<p>This change brings Utah into conformity with national uniform licensing standards.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

Background	Effects of Legislation	Benefits of Legislation
licensing standards. This change is not a change to current Department practice with regards to compensation paid to an insurance agency or person who does not sell, solicit, or negotiate insurance in this state.	national uniform licensing standards.	
<b>31A-25-203. General requirements for license issuance.</b>		
<p>The Commissioner requests this change to add not having committed an act that is a ground for denial, suspension, or revocation of an existing license to the general requirements for third party license issue and renewal. This has been the commissioner’s standard, however, the standard has never been codified.</p> <p>The Commissioner requests this change to bring this subsection into compliance with the deletion of fingerprinting for renewal licenses by the 2008 legislature.</p> <p>The Commissioner requests this change to add having committed an act that is a ground for denial, suspension, or revocation of an existing license to the reasons that the commissioner may deny a license application. This has been the commissioner’s standard, however, the standard has never been codified.</p>	<p><b>Technical changes.</b> Lines 2509-2513, 2516, 2521, 2524, 2531, 2532, 2536, 2542, 2549, 2554.</p> <p><b>Policy change.</b> Lines 2507-2508. This change adds not having committed an act that is a ground for denial, suspension, or revocation of an existing license to the general requirements for third party license issue and renewal.</p> <p><b>Codifying existing practice.</b> Line 2565. This change brings this subsection into compliance with the deletion of fingerprinting for a renewal license by the 2008 legislature.</p> <p><b>Policy change.</b> Lines 2568-2572. This change adds having committed an act that is a ground for denial, suspension, or revocation of an existing license to the reasons that the commissioner may deny a license application.</p>	<p>This change adds not having committed an act that is a ground for denial, suspension, or revocation of an existing license to the general requirements for third party license issue and renewal.</p> <p>This change brings this subsection into compliance with the deletion of fingerprinting for a renewal license by the 2008 legislature.</p> <p>This change adds having committed an act that is a ground for denial, suspension, or revocation of an existing license to the reasons that the commissioner may deny a license application.</p>
<b>31A-25-208. Revocation, suspension, surrender, lapsing, limiting or otherwise terminating a license – Rulemaking for renewal and reinstatement.</b>		
	<p><b>Technical changes.</b> Lines 2587, 2597, 2602, 2606, 2614, 2641, 2659, 2666-2670, 2672, 2674, 2677.</p>	

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

Background	Effects of Legislation	Benefits of Legislation
<p>The Commissioner requests this change to close an unfair loophole in the existing law. As the law is currently written, a licensee who has failed to complete his continuing education and is therefore ineligible for renewal of his license can voluntarily surrender his license just prior to renewal, wait until the renewal date has passed, and then reinstate his license for an additional two-year period.</p> <p>Department staff requested this change to clarify that the commissioner may deny a license application as part of an adjudicative proceeding. The current Department standard is to only deny a license application as part of an adjudicative proceeding to ensure that the denied applicant receives appropriate appeal rights.</p> <p>Department staff requested this change to codify that character requirements are part of the qualifications to obtain or hold an insurance license. The commissioner has always included character requirements as part of the determination process for issuing or renewing a particular license.</p>	<p><b>Policy change.</b> Lines 2589-2590. This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p> <p><b>Codifying existing practice.</b> Line 2603. This change clarifies that an administrative proceeding may be used to deny a license application.</p> <p><b>Codifying existing practice.</b> Line 2607. This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p>	<p>This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p> <p>This change clarifies that an administrative proceeding may be used to deny a license application.</p> <p>This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p>
<b>31A-25-210. License lapse and voluntary surrender.</b>		
<p>The Commissioner requests this change to clarify that a lapsed license may be reinstated no later than one year after the date the license lapses. After one year the lapsed licensee must apply for a new license and comply with all of the requirements for a new license.</p> <p>The Commissioner requests this change to close a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>	<p><b>Codifying existing practice.</b> Line 2728-2729. This change clarifies that a lapsed license may be reinstated no later than one year after the date the license lapses.</p> <p><b>Policy change.</b> Lines 2736-2739. This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>	<p>This change clarifies that a lapsed license may be reinstated no later than one year after the date the license lapses.</p> <p>This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

<b>31A-26-203. Adjuster’s license required.</b>		
<p>The Commissioner requests this change to add not having committed an act that is a ground for denial, suspension, or revocation of an existing license to the general requirements for third party license issue and renewal. This has been the commissioner’s standard, however, the standard has never been codified.</p> <p>The Commissioner requests this change to codify that character requirements are part of the qualifications to obtain or hold an insurance license. The commissioner has always included character requirements as part of the determination process for issuing or renewing a particular license.</p> <p>The Commissioner requests this change to bring this subsection into compliance with the deletion of fingerprinting for renewal licenses by the 2008 legislature.</p> <p>The Commissioner requests this change to add having committed an act that is a ground for denial, suspension, or revocation of an existing license to the reasons that the commissioner may deny a license application. This has been the commissioner’s standard, however, the standard has never been codified.</p>	<p><b>Technical changes.</b> Lines 2750, 2751, 2766, 2796, 2816.</p> <p><b>Policy change.</b> Lines 2748-2749. This change adds not having committed an act that is a ground for denial, suspension, or revocation of an existing license to the general requirements for third party license issue and renewal.</p> <p><b>Codifying existing practice.</b> Line 2795. This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p> <p><b>Codifying existing practice.</b> Line 2807. This change brings this subsection into compliance with the deletion of fingerprinting for a renewal license by the 2008 legislature.</p> <p><b>Policy change.</b> Lines 2810-2815. This change adds having committed an act that is a ground for denial, suspension, or revocation of an existing license to the reasons that the commissioner may deny a license application.</p>	<p>This change adds not having committed an act that is a ground for denial, suspension, or revocation of an existing license to the general requirements for third party license issue and renewal.</p> <p>This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p> <p>This change brings this subsection into compliance with the deletion of fingerprinting for a renewal license by the 2008 legislature.</p> <p>This change adds having committed an act that is a ground for denial, suspension, or revocation of an existing license to the reasons that the commissioner may deny a license application.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

Background	Effects of Legislation	Benefits of Legislation
<p><b>31A-26-204. License classifications.</b></p>		
<p>The Commissioner requests this change to delete separate unused sub-classifications of property-casualty insurance that are included in the property-casualty classification and are generally adjusted by property-casualty adjustors. This change also adds crop insurance as a separate classification to accommodate adjustors who specialize in crop insurance and to assist Federal crop insurance regulators in their regulation of crop insurance adjustors. Workers compensation is retained as a separate classification because workers compensation losses are generally adjusted by adjustors who specialize in workers compensation.</p>	<p><b>Technical changes.</b> Lines 2824-2826.  <b>Policy change.</b> Lines 2832-2842, 2846-2856.                      This change deletes separate unused sub-classifications of property-casualty insurance that are included in the property-casualty classification and are generally adjusted by property-casualty adjustors. This change also adds crop insurance as a separate classification to accommodate adjustors who specialize in crop insurance and to assist Federal crop insurance regulators in their regulation of crop insurance adjustors. Workers compensation is retained as a separate classification because workers compensation losses are generally adjusted by adjustors who specialize in workers compensation.</p>	<p>This change deletes separate unused sub-classifications of property-casualty insurance that are included in the property-casualty classification and are generally adjusted by property-casualty adjustors. This change also adds crop insurance as a separate classification to accommodate adjustors who specialize in crop insurance and to assist Federal crop insurance regulators in their regulation of crop insurance adjustors. Workers compensation is retained as a separate classification because workers compensation losses are generally adjusted by adjustors who specialize in workers compensation.</p>
<p><b>31A-26-210. Reports from organizations licensed as adjusters.</b></p>		
<p>The Commissioner requests these changes to accomplish consistency of regulation between Chapters 31A-23a (insurance producer), 31A-25 (insurance third party administrators), and 31A-26 (insurance adjusters).</p>	<p><b>Technical changes.</b> Lines 2867-2881, 2909-2911.  <b>Policy change.</b> Lines 2882-2899. This change provides specific reasons for an adjuster organization to report the reason for a for cause designation termination.</p>	<p>This change provides specific reasons for an adjuster organization to report the reason for a for cause designation termination.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

<b>Background</b>	<b>Effects of Legislation</b>	<b>Benefits of Legislation</b>
<p>The Commissioner requests this change to provide specific reasons for an adjuster organization to report the reason for a for cause designation termination. This requirement is the same as the requirement that insurers and agencies have always had to report for cause terminations, however, for cause was not defined. A self-regulatory organization would be an entity such as the Financial Industry Regulatory Authority (FINRA) which issues licenses to sell securities. The Commissioner requests this change to accomplish consistency in the regulation of insurance producers, third party administrators, and insurance adjusters.</p> <p>The Commissioner requests this change to bring Utah into conformity with national licensing standards. These standards require one responsible individual to be designated by the agency to act on behalf of the agency. Utah has always had this requirement, however, that person was not titled ‘the designated responsible licensed individual.’</p> <p>The Commissioner requests this change to accomplish consistency in the regulation of insurance producers, third party administrators, and insurance adjusters.</p> <p>The Commissioner requests this change to require the same standards of conduct for producer agencies and the commissioner as are required for third party administrator agencies (lines 2668-2678) and adjuster agencies (lines 2912-2922). The commissioner has always held an agency accountable for the actions of a producer.</p>	<p><b>Codifying existing practice.</b> Lines 2900-2902. This change accomplishes consistency in the regulation of insurance producers, third party administrators, and insurance adjusters.</p> <p><b>Codifying existing practice.</b> Lines 2903-2906. This change brings Utah into conformity with national licensing standards that require one responsible individual to be titled as ‘designated responsible licensed individual’ and designated by the agency to act on behalf of the agency.</p> <p><b>Codifying existing practice.</b> Lines 2907-2908. This change accomplishes consistency in the regulation of insurance producers, third party administrators, and insurance adjusters.</p> <p><b>Policy change.</b> Lines 2912-2922. This change require the same standards of conduct for producer agencies and the commissioner as are required for third party administrator agencies (lines 2668-2678) and adjuster agencies (lines 2912-2922).</p>	<p>This change accomplishes consistency in the regulation of insurance producers, third party administrators, and insurance adjusters.</p> <p>This change brings Utah into conformity with national licensing standards that require one responsible individual to be titled as ‘designated responsible licensed individual’ and designated by the agency to act on behalf of the agency.</p> <p>This change accomplishes consistency in the regulation of insurance producers, third party administrators, and insurance adjusters.</p> <p>This change require the same standards of conduct for producer agencies and the commissioner as are required for third party administrator agencies (lines 2668-2678) and adjuster agencies (lines 2912-2922).</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

<b>31A-26-213. Revocation, suspension, surrender, lapsing, limiting, or otherwise terminating a license – Rulemaking for renewal or reinstatement.</b>		
<p>The Commissioner requests this change to close a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p> <p>The Commissioner requests this change to clarify that the commissioner may deny a license application as part of an adjudicative proceeding. The current Department standard is to only deny a license application as part of an adjudicative proceeding to ensure that the denied applicant receives appropriate appeal rights.</p> <p>The Commissioner requests this change to codify that character requirements are part of the qualifications to obtain or hold an insurance license. The commissioner has always included character requirements as part of the determination process for issuing or renewing a particular license.</p>	<p><b>Technical changes.</b> Lines 2937, 2954, 2962, 2965, 2969, 2977, 2995, 2998, 30043013, 2022, 3029, 3031-3033, 3035, 3037, 3040.</p> <p><b>Policy change.</b> Lines 2939-2940. This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p> <p><b>Codifying existing practice.</b> Line 2966. This change clarifies that an administrative proceeding may be used to deny a license application.</p> <p><b>Codifying existing practice.</b> Line 2970. This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p>	<p>This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p> <p>This change clarifies that an administrative proceeding may be used to deny a license application.</p> <p>This change codifies the existing standard of including character requirements in the determination process for issuing or renewing a particular license.</p>
<b>31A-26-214.5. License lapse and voluntary surrender.</b>		
<p>The Commissioner requests this change to clarify that a lapsed license may be reinstated no later than one year after the date the license lapses. After one year the lapsed licensee must apply for a new license and comply with all of the requirements for a new license.</p> <p>The Commissioner requests this change to close a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>	<p><b>Codifying existing practice.</b> Line 3093-3094. This change clarifies that a lapsed license may be reinstated no later than one year after the date the license lapses.</p> <p><b>Policy change.</b> Lines 3101-3105. This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>	<p>This change clarifies that a lapsed license may be reinstated no later than one year after the date the license lapses.</p> <p>This change closes a loophole in the existing law by preventing a licensee from circumventing the continuing education requirement by voluntarily surrendering a license and then reinstating the license after the renewal date has passed.</p>

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

## Background

## Effects of Legislation

## Benefits of Legislation

Background	Effects of Legislation	Benefits of Legislation
<b>31A-35-405. Issuance of license – Denial – Right of appeal.</b>		
The Commissioner requests this change to have the time to appeal a denial of a license to be a bail bond surety company be the same as the time for all other producer licensees appealing a denial of a license application.	<b>Technical changes.</b> Line 3115, 3119-3120. <b>Policy change.</b> Line 3118. This change reduces the time to appeal the denial of a license application from 30 days to 15 days to be consistent with the time allowed all other producer licensees appealing a denial of a license application.	This change reduces the time to appeal the denial of a license application from 30 days to 15 days to be consistent with the time allowed all other producer licensees appealing a denial of a license application.
<b>31A-35-406. Renewal and reinstatement.</b>		
The Commissioner requests these changes to make the renewal and reinstatement provisions for bail bond surety company licensees the same as for all other producer licensees.	<b>Technical changes.</b> Lines 3148, 3150, 3153. <b>Policy change.</b> Lines 3136-3141, 3146-3147. These changes make the renewal and reinstatement provisions for a bail bond surety company the same as for all other producer licensees.	These changes make the renewal and reinstatement provisions for a bail bond surety company the same as for all other producer licensees.
<b>31A-37-502. Examination.</b>		
The Commissioner requests this change to allow the commissioner to accept a comprehensive annual independent audit in lieu of an examination of a captive insurance company. The commissioner maintains his authority to conduct an examination at any time, however, this change will allow the commissioner to concentrate on problem captives insurers with the limited captive division examiner resources. The Department currently has 106 captive insurers domiciled in Utah and expects to add 60 more before the end of 2008.	<b>Technical change.</b> Line 3184. <b>Policy change.</b> Lines 3180-3183. This change allows the commissioner to concentrate on problem captives insurers with the limited captive division examiner resources without restricting his authority to conduct an examination at any time.	This change allows the commissioner to concentrate on problem captives insurers with the limited captive division examiner resources without restricting his authority to conduct an examination at any time.
<b>31A-37-402. Permitted reinsurance.</b>		
The Commissioner requests this change to correct an inconsistency within the section between an “or” and an “and.” This change corrects the inconsistency.	<b>Codifying existing practice.</b> Lines 3199, 3202. This change corrects an internal inconsistency within the section.	This change corrects an internal inconsistency within the section..
<b>63G-2-302. Private records.</b>		
Legislative Research added Section 31A-26-210(3) to Chapter 63G-2-302.	<b>Technical change.</b> Lines 3291, 3292. <b>Policy change.</b> Line 3293. This change adds Section 31A-26-210(3) to Chapter 63G-2-302.	This change adds Section 31A-26-210(3) to Chapter 63G-2-302.

# Summary of 2009 Legislation – Insurance Code Amendments – Rep. Dunnigan

**Background**

**Effects of Legislation**

**Benefits of Legislation**