

NOTICE OF
PROPOSED RULE AMENDMENT

- ⌘ The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- ⌘ Please address questions regarding information on this notice to the agency.
- ⌘ The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- ⌘ The full text of all rule filings may also be inspected at the Office of Administrative Rules.

Agency Information

1. Agency: Insurance - Administration
 Room no.: 3110
 Building: STATE OFFICE BLDG
 Street address 1: 450 N MAIN ST
 Street address 2:
 City, state, zip: SALT LAKE CITY UT 84114-1201
 Mailing address 1: PO BOX 146901
 Mailing address 2:
 City, state, zip: SALT LAKE CITY UT 84114-6901

Contact person(s):

Name:	Phone:	Fax:	E-mail:
Steve Gooch	801-538-3803	801-538-3829	sgooch@utah.gov

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 40955 Date filed: 11/04/2016 04:08 PM
 State Admin Rule Filing Key: 158102
 Utah Admin. Code ref. (R no.): R 590 - 173 -
 Changed to Admin. Code ref. (R no.): - -

Title

2. Title of rule or section (catchline):
 Credit For Reinsurance

Notice Type

3. Type of notice: Amendment

Rule Purpose

4. Purpose of the rule or reason for the change:
 The rule is being changed to improve regulation for insurers and to maintain uniformity of regulation with other states. The rule is being changed as a result of HB 36: Insurance Revisions which was passed during the 2016 General Legislative Session.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.
 No

Rule Summary

6. Summary of the rule or change:

Revisions to the Credit for Reinsurance rule serve to reduce reinsurance consumer protection collateral requirements for certified reinsurers that are licensed and domiciled in "Qualified Jurisdictions." Under the previous version of the Credit for Reinsurance Models, in order for U.S. ceding insurers to receive reinsurance credit, the reinsurance was required to be ceded to U.S.-licensed reinsurers or secured by collateral representing 100% of U.S. liabilities for which the credit is recorded. Utah does not currently have any domestic insurance companies or reinsurance companies who are impacted by the revisions to this rule. The revisions ensure uniformity with the NAIC model law and regulation and with other state jurisdictions who have adopted the revisions.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

There will be no direct impact on the State budget. No new appropriation was requested or received as a result of this rule. The rule will also not impact Utah Insurance Department financial analysts or financial examiners because it will not add additional work. Currently Utah does not have any domestic insurers or reinsurers who are impacted by the rule.

B) Local government:

Affected: No

There will be no impact on local government because the rule does not address the domain of local government and no local government employees perform functions related to the credit for reinsurance rule.

C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

The revisions will not impact small businesses because this rule only applies to insurance companies and reinsurance companies. Currently there are no domestic insurers or reinsurers who will be impacted by the revisions to this rule.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

The rule revisions only apply to regulated insurance companies and reinsurance companies.

Compliance Cost Information

8. Compliance costs for affected persons:

Insurance companies and reinsurance companies are already subject to compliance costs associated with credit for reinsurance rule. The revisions to this rule will not create additional costs for Utah insurers and reinsurers because they are not subject to the revisions. If Utah insurers and reinsurers were subject to the revisions to this rule their costs would stay the same or decrease because they may no longer be required to post 100% collateral for U.S. liabilities.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

Insurance companies and reinsurance companies are already subject to compliance costs associated with this rule. If Utah insurers and reinsurers were subject to the revisions to this rule their costs would stay the same or decrease. The revisions ensure uniformity with the NAIC model law and regulation and with other state jurisdictions who have adopted the revisions.

B) Name and title of department head commenting on the fiscal impacts:

Todd E. Kiser, Insurance Commissioner

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

Section 31A-2-201

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by reference (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

	Official Title of Materials Incorporated (from title page):
	Publisher:
	Date Issued:
	Issue, or version:
	ISBN Number:
	ISSN Number:
	Cost of Incorporated Reference:
	Adds, updates, removes:

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

01/03/2017

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy):

01/10/2017

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Office of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
insurance

File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title:	Steve Gooch Information Specialist	Date (mm/dd/yyyy): 11/04/2016
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