

State of Utah
Administrative Rule Analysis
 Revised November 2021

NOTICE OF PROPOSED RULE		
TYPE OF RULE: New ___; Amendment _x_; Repeal ___; Repeal and Reenact ___		
Title No. - Rule No. - Section No.		
Utah Admin. Code Ref (R no.):	R590-181	Filing ID (Office Use Only)
Changed to Admin. Code Ref. (R no.):	R	

Agency Information

1. Department:	Insurance	
Agency:	Administration	
Room no.:	Suite 2300	
Building:	Taylorsville State Office Building	
Street address:	4315 S. 2700 W.	
City, state and zip:	Taylorsville, UT 84129	
Mailing address:	PO Box 146901	
City, state and zip:	Salt Lake City, UT 84114-6901	
Contact person(s):		
Name:	Phone:	Email:
Steve Gooch	801-957-9322	sgooch@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information

2. Rule or section catchline:
R590-181. Yankee Bond Rule
3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):
The rule is being changed in compliance with Executive Order 2021-12. During the review of this rule, the department discovered a number of minor issues that needed to be amended.
4. Summary of the new rule or change (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):
The majority of the changes are being done to fix style issues to bring the rule text more in line with current rulewriting standards. Other changes make the language of the rule more clear, and update the Severability section to use the department's current language. The changes do not add, remove, or change any regulations or requirements.

Fiscal Information

5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:
A) State budget:
There is no anticipated cost or savings to the state budget. The changes are largely clerical in nature, and will not change how the department functions.
B) Local governments:
There is no anticipated cost or savings to local governments. The changes are largely clerical in nature, and will not affect local governments.
C) Small businesses ("small business" means a business employing 1-49 persons):
There is no anticipated cost or savings to small businesses. The changes are largely clerical in nature, and will not affect small businesses.
D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

There is no anticipated cost or savings to non-small businesses. The changes are largely clerical in nature, and will not affect non-small businesses.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

There is no anticipated cost or savings to any other persons. The changes are largely clerical in nature.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

There are no compliance costs for any affected persons. The changes are largely clerical in nature.

G) Comments by the department head on the fiscal impact this rule may have on businesses (Include the name and title of the department head):

After conducting a thorough analysis, it was determined that this proposed rule amendment will not result in a fiscal impact to businesses. — Jonathan T. Pike, Insurance Commissioner

6. A) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table

Fiscal Cost	FY2022	FY2023	FY2024
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits			
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

B) Department head approval of regulatory impact analysis:

The Commissioner of Insurance, Jonathan T. Pike, has reviewed and approved this fiscal analysis.

Citation Information

7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Section 31A-2-201	Section 31A-18-101	

Incorporations by Reference Information

(If this rule incorporates more than two items by reference, please include additional tables.)

8. A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	First Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	

Issue, or version	
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B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	Second Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

Public Notice Information

9. 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. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until (mm/dd/yyyy):	03/17/2022	
B) A public hearing (optional) will be held:		
On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):

10. This rule change MAY become effective on (mm/dd/yyyy):	03/24/2022
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date. To make this rule effective, the agency must submit a Notice of Effective Date to the Office of Administrative Rules on or before the date designated in Box 10.	

Agency Authorization Information

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 head or designee, and title:	Steve Gooch, Public Information Officer	Date (mm/dd/yyyy):	02/01/2022
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R590. Insurance, Administration.

R590-181. Yankee Bond Rule.

R590-181-1. Authority.

This rule is [~~adopted pursuant to Section 31A-18-105(13), which allows the commissioner to authorize investments other than those enumerated in Section 31A-18-105]~~ promulgated by the commissioner pursuant to Sections 31A-2-201 and 31A-18-101.

R590-181-2. Purpose and Scope.

[~~A-](1)~~ The purpose of this rule is to permit an insurer[s] to invest, within the limits prescribed by this rule, in a bond[s] ~~which are~~ that is:

- ~~(a)~~ (a) denominated in U.S. Dollars; and ~~which are~~
- ~~(b)~~ (b) issued by:
 - ~~(i)~~ (i) a foreign government[s, or by entities];
 - ~~(ii)~~ (ii) an entity backed by a foreign government[s, or by]; or
 - ~~(iii)~~ (iii) a corporation[s] not domiciled in the United States of America. ~~Such instruments are commonly referred to as "Yankee Bonds."~~

[~~B-](2)~~ This rule applies to [all insurers transacting business in Utah] ~~an insurer or reinsurer doing business in this state.~~

R590-181-3. Definitions.

[~~For the purpose of this rule, the following definitions will apply]~~ Terms used in this rule are defined in Section 31A-1-301. Additional terms are defined as follows:

[~~A- A "Yankee Bond" is a fixed income bond issued in U.S. Dollar denominations by foreign governments, by entities whose bonds are guaranteed by foreign governments, or by corporations not domiciled in the United States of America.~~

~~_____B-](1) "Investment [Q]quality" means a quality rating of "1" or "2" assigned by the National Association of Insurance Commissioners' Securities Valuation Office ([SVO]).~~[- Yankee Bonds which are]~~~~

~~_____ (a) A Yankee bond that is not SVO rated at the time of purchase by [the]an insurer [~~must]~~shall be submitted to the SVO for rating within 90 days of purchase.~~[- Bonds which are unrated]~~~~

~~_____ (b)(i) A Yankee bond that is not SVO rated at the time of purchase by [the]an insurer may be temporarily considered [to be]investment quality if the insurer [~~can]~~demonstrates to the satisfaction of the commissioner that an SVO rating of "1" or "2" is likely.~~[However, this]~~~~

~~_____ (ii) The assumption of quality [~~shall only be]is in effect only until rating by the SVO is complete[d].~~~~

~~[C-](2) "Qualified assets" [~~are defined in section]means the same as that term is defined in Subsection 31A-17-201(2).~~~~

~~_____ (3) "Yankee bond" means a fixed income bond issued:~~

~~_____ (a) in a U.S. Dollar denomination by a foreign government;~~

~~_____ (b) by an entity whose bonds are guaranteed by a foreign government; or~~

~~_____ (c) by a corporation not domiciled in the United States of America.~~

R590-181-4. [Rule]Investments in Yankee Bonds.

~~[A-](1) An insurer may invest in Yankee [~~B]~~bonds of investment quality limited to [~~the extent of]~~20% of the insurer's qualified assets.~~

~~[B-](2) Subject to Subsection [~~C, below, for all](3), an insurer's investment[s] in Yankee [~~B]~~bonds of investment [~~quality]quality issued by a single entity, its affiliates, [~~and]or subsidiaries, [~~an insurer]is limited to 3% of the insurer's qualified assets.~~~~~~~~~~

~~[C- For all investments-](3) An investment in Yankee bonds of [~~F]~~investment [~~Q]~~quality issued by [~~entities]an entity within a[ny] single sovereign foreign nation, [~~an insurer]is limited to:~~~~~~

~~_____ (a) 5% of the insurer's qualified assets if [~~all]the bonds are rated "1" by the SVO; and[limited to]~~~~

~~_____ (b) 3% of the insurer's qualified assets if [~~any of]~~the bonds are rated "2" by the SVO.~~

R590-181-5. Separability.

~~[If any provision of this rule or its application to any person or circumstance is for any reason held to be invalid by a court of competent jurisdiction, the remainder of the rule and the application of this revision to other persons or circumstances may not be affected.]If any provision of this rule, Rule R590-181, or its application to any person or situation is held invalid, such invalidity does not affect any other provision or application of this rule that can be given effect without the invalid provision or application. The remainder of this rule shall be given effect without the invalid provision or application.~~

KEY: insurance

Date of Last Change: February 24, 1997

Notice of Continuation: November 19, 2021

Authorizing, and Implemented or Interpreted Law: 31A-18-105