

**Summary of 2010 Legislation –Utah Life and Health Insurance Guaranty Association Amendments –
Rep. Dunnigan**

Background

Effects of Legislation

Benefits of Legislation

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-28-103. Coverage and limitations.

<p>The Commissioner requests this change to clarify that owner may refer to more than one person.</p> <p>The Commissioner requests the inclusion of allocated funding agreements to the list of covered group annuity contracts.</p> <p>The Commissioner requests this change to the crediting rate for indexed policies.</p> <p>The Commissioner requests the deletion of this exclusion.</p> <p>The Commissioner requests this change that describes non-filed the documents.</p> <p>The Commissioner requests this change to the limit for life insurance cash surrender benefits.</p> <p>This Commissioner requests this change to the limit for individuals covered by an unallocated annuity contract.</p> <p>The Commissioner requests this change to exclude health insurance from the aggregated \$500,000 benefit.</p>	<p>Technical changes. Lines 42, 59, 60, 61, 69, 70, 71, 76, 77, 83, 84, 94, 98, 110, 111, 112, 118, 121, 126, 127, 133, 156, 160, 167, 170, 179, 185, 223, 243, 252, 255.</p> <p>Codifying existing practice. Lines 75.</p> <p>Policy Change. Line 109.</p> <p>Policy Change. Lines 134-138.</p> <p>Policy Change. Lines 153-155.</p> <p>Codifying existing practice. Line 173.</p> <p>Policy Change. Line 200.</p> <p>Policy Change. Line 213.</p> <p>Policy Change. Line 224.</p>	<p>This change provides clarification.</p> <p>This change provides protection for additional consumers and is contained in the NAIC Model language.</p> <p>This change clarifies the interest roll-back for indexed policies and is language contained in the NAIC Model.</p> <p>This change provides protection for additional consumers.</p> <p>This change describes non-filed documents.</p> <p>This change provides a greater benefit limit for life insurance consumers and exceeds the amount in the NAIC model.</p> <p>This change provides greater benefits for consumers covered by an unallocated annuity contract. (governmental retirement plan under IRC §401, 403b, or 457).</p> <p>This change provides a higher benefit limit for consumers.</p>
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<p>31A-28-105. Definitions.</p> <p>The Commissioner requests this change to add the definition of cash surrender value.</p> <p>The Commissioner requests this change that includes the higher limits and is a formatting change requested by LRGC.</p> <p>The Commissioner requests this change to the definition of who is not a member insurer.</p> <p>The Commissioner requests this change that adds issuers of charitable gift annuities to the list of those not considered a member insurer.</p> <p>The Commissioner requests this change that adds trust to the list of those considered a person.</p> <p>The Commissioner requests this change to add a definition of receiver.</p>	<p>Technical change. Lines 289, 294, 296, 300, 315, 318, 319, 324, 326, 327, 340, 341, 342, 343, 345, 347, 348, 349, 352, 353, 361-367, 369, 370, 382, 394, 401, 402, 409, 427, 428, 429, 438, 446, 448, 454, 459, 464, 467, 472.</p> <p>Policy change. Line 287-288.</p> <p>Policy change. Lines 301-312.</p> <p>Codifying existing practice. Lines 336-339.</p> <p>Policy change. Line 346.</p> <p>Codifying existing practice. Line 368.</p> <p>Policy change. Lines 441-445.</p>	<p>This change clearly defines cash surrender value.</p> <p>This change raises the benefit limit and the format conforms to LRGC format style.</p> <p>This change is for clarity and LRGC format style. Previous language was not clear.</p> <p>This change further limits the products covered by the association because the issuers of this type of annuity are not a regulated insurance company.</p> <p>This change brings the definition of person in Chapter 28 in line with the definition of person for Title 31A.</p> <p>This change provides ease of reading by providing one word instead of having to list the multiple titles.</p>
<p>31A-28-107. Board of Directors.</p> <p>The Commissioner requests this addition of 2 public representatives to the board of directors.</p>	<p>Technical change. Lines 478, 479, 480, 481, 482, 483, 492, 494, 496, 499, 502, 503.</p> <p>Policy change. Lines 484-491 and 497-498.</p>	<p>This change provides for directors on the board who are not associated with the business of insurance which brings diversity to the board.</p>
<p>31A-28-108. Powers and Duties of the Association</p>		

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<p>Lines 514, 515, 519, 526, 541, 542, 543, 544, 546, 566, 567, 581, 588, 592, 593, 597, 615, 618, 619, 620, 623, 624, 647, 651, 656, 658 660, 683, 684, 701, 710, 720, 740, 750, 755, 786, 787, 789, 790, 791, 793, 795, 800, 801, 802, 803, 805, 807, 808, 809, 810, 811, 812, 814, 815, 816, 830, 831, 832, 837, 838, 840, 861, 862, 864, 869, 871, 874, 876, 877, 880, 882, 883, 884, 886, 887, 888, 889, 890, 891, 892, 893, 894, 898, 901, 905.</p> <p>The Commissioner requests this change to include owners in the notification of the termination of benefits.</p> <p>The Commissioner requests this change from policyholder to owner of the policy or policyowner.</p> <p>The Commissioner requests this change to allow the liquidator to request a report of premium collected by the association.</p> <p>The Commissioner requests this change to activities of the association regarding impaired insurers.</p> <p>The Commissioner requests this change that allows the association to receive special deposits.</p> <p>The Commissioner requests these changes to the reinsurance subsection that updates the duties and responsibilities of the association, receiver and reinsurer.</p>	<p>Codifying existing practice. Line 545.</p> <p>Codifying existing practice. Line 599.</p> <p>Policy change. Lines 620-622.</p> <p>Policy change. Line 629.</p> <p>Policy change. Line 649.</p> <p>Policy change. Lines 757-897.</p>	<p>This change provides notice of termination to the owner who is the actual party to the contract.</p> <p>This change correctly names the party that has control of the policy rights; this change has been made throughout the document.</p> <p>This change provides authority to the liquidator to request information from the association and is language contained in the NAIC Model.</p> <p>This change clarifies that this subsection applies to an insolvent insurer and not an impaired insurer.</p> <p>This change was requested by the liquidation office because there was a problem in the past regarding special deposits.</p> <p>These changes update the subsection to be consistent with model language and have been agreed upon by both the association and the receiver’s office.</p>
31A-28-109. Assessments.		
<p>The Commissioner request this change that requires</p>	<p>Technical change. 915, 937, 949, 955, 973, 975, 1013.</p> <p>Lines 962-964.</p>	<p>This change provides notice to member insurers.</p>

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<p>notice of an assessment not yet called.</p> <p>The Commissioner requests this change that provides the association with the power to request information and compels the member insurer to promptly comply.</p>	<p>Lines 1021-1024.</p>	<p>This change provides additional power to the association to accomplish their duties.</p>
31A-28-110. Plan of Operation.		
<p>The Commissioner requests this change to the plan of operation to require a procedure for the removal of a director for cause and the establishment of a conflict of interest policy.</p>	<p>Technical change. Lines 1037, 1042, 1049, 1057, 1063, 1073.</p> <p>Lines 1058-1062.</p>	<p>This change will bring more accountability to the board of directors.</p>
31A-28-111. Duties and powers under this part.		
<p>The Commissioner requests this change because the material does not apply to the association.</p> <p>The Commissioner requests this change that clarifies that license suspensions or revocation apply only to foreign insurers.</p>	<p>Technical change. Lines 1081, 1087, 1089, 1090, 1093, 1099, 1117, 1120 1121.</p> <p>Codifying existing practice. Lines 1091-1092.</p> <p>Codifying existing practice. Lines 1099-1100.</p>	<p>This change removes material that is improperly located in this Chapter.</p> <p>This change was necessary because it is not possible to revoke the license of a domestic insurer.</p>
31A-28-112. Reports.		
<p>The Commissioner requests this change because the material does not belong in this Chapter.</p> <p>The Commissioner requests this change that clarifies the report when action is taken against a company.</p> <p>The Commissioner requests this change that the</p>	<p>Technical change. Lines 1124, 1125, 1126, 1139, 1143, 1144, 1146, 1147, 1148, 1150, 1151, 1154, 1157, 1158, 1159, 1160, 1161, 1163, 1167, 1172, 1173, 1175, 1177.</p> <p>Codifying existing language. Lines 1127-1138.</p> <p>Lines 1139-1142.</p> <p>Policy change. Line 1149.</p>	<p>This change removes material that does not apply to the guaranty association.</p> <p>This change requires the commissioner to keep the association informed of actions taken against insurers.</p> <p>This change provides more information to the</p>

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Commissioner provide details of an event to the association.		association.
31A-28-114. Miscellaneous provisions.		
The Commissioner requests this change that increases the length of time before the association can make application to the receivership court for approval of the disbursement of assets proposal.	Technical change. Lines 1193, 1194, 1196, 1202, 1205, 1209, 1220, 1221, 1225, 1234.	This change provides a longer time period for the receiver to make application to the court for approval of the disbursal proposal.
The Commissioner requests this change to remove material that does not belong in the Chapter.	Policy change. Line 1219. Codifying existing practice. Lines 1239-1263.	
31A-28-118. Stay of proceedings – Reopening default judgments.		
The Commissioner requests this change that increases the length of a stay of proceedings from 60 to 180 days.	Technical change. Lines 1266, 1270. Policy change. Line 1267.	This change benefits the association by providing a longer time period in which to take proper legal action.
31A-28-119. Prohibited advertisement of the association – Notice to owners of policies and contracts.		
	Technical change. Lines 1279, 1280, 1281, 1286, 1287, 1288, 1292, 1293, 1295, 1306, 1308, 1314, 1315, 1316, 1320.	
31A-28-120. Prospective application.		
	Technical change. Lines 1349, 1350.	
Committee Amendment October 21, 2009 changed:		
Line 750: Deleted opening phrase of “Except as provided in Subsection (17)(b),”.		
Line 755: changed “is” to “its”.		
Line 1287: deleted “the” as duplicative.		