

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

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.

Cite Change	Effect / Benefits
31A-1-301 - Definitions	
<p>1154 [(161)] (162) "Third party administrator" or "administrator" means a person who 1155 collects charges or premiums from, or who, for consideration, adjusts or settles claims of 1156 residents of the state in connection with insurance coverage, annuities, or service insurance 1157 coverage, except: . . . 1179a (f) <u>an institution, bank, or financial institution:</u> 1179b (i) <u>that is:</u> 1179c (A) <u>an institution whose deposits and accounts are to any extent insured by a federal</u> 1179d <u>deposit insurance agency, including the Federal Deposit Insurance Corporation or National</u> 1179e <u>Credit Union Administration; or</u> 1179f (B) <u>a bank or other financial institution that is subject to supervision or examination</u> 1179g <u>by a federal or state banking authority; and</u> 1179h (ii) <u>that does not adjust claims without a third party administrator license.</u></p> <p>261 (33) (a) "Corporation" means an insurance corporation, except when referring to: 265 (II) <u>a surplus lines producer;</u> AND 331 [(41)] (42) (a) "Customer service representative" means a person that provides an 332 insurance service and insurance product information: 333 (i) for the customer service representative's: 334 (A) producer; [or] 335 (B) <u>surplus lines producer; or</u></p>	<p>Policy change: Alleviate concerns of financial institutions that collect funds from employees on behalf of employers or insurers that the financial institutions do not need a TPA license, unless the financial institution is adjusting claims.</p> <p>Technical change – changing the term “surplus lines producer” from a Line of Authority to a License Type. This is the standard that is promoted in the NAIC’s Uniform Licensing Standards and it is how surplus lines licensing is handled in the majority of the states. This change will assist the insurance department in issuing and renewing surplus lines licenses in accordance with certain surplus lines licensing related requirements found in the Dodd-Frand Wall Street Reform and Consumer Protection Act. Note: while licensure requirements for CSRs is eliminated in the bill the CSR definition remains.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

<p>325 (41) (a) "Crop insurance" means insurance providing protection against damage to 326 crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, 327 disease or other yield-reducing conditions or perils that is: 328 (i) provided by the private insurance market; or 329 (ii) subsidized by the Federal Crop Insurance Corporation. 330 (b) "Crop insurance" includes multi-peril crop insurance.</p>	<p>Codifying existing practice - amending the definition of crop insurance in accordance with the NAIC Uniform Licensing Standards.</p>
---	--

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

<p>1229 (b) (i) The commissioner may order an individual producer, <u>surplus line producer</u>, 1230 limited line producer, [customer service representative,] managing general agent, reinsurance 1231 intermediary, adjuster, or insurance consultant who violates an insurance statute or rule to 1232 forfeit to the state not more than \$2,500 for each violation. ... 1235 (c) (i) The commissioner may order an individual producer, <u>surplus line producer</u>, 1236 limited line producer, [customer service representative,] managing general agent, reinsurance 1237 intermediary, adjuster, or insurance consultant who violates an order issued under Subsection 1238 31A-2-201(4) to forfeit to the state not more than \$2,500 for each violation. Each day the 1239 violation continues is a separate violation.</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.”</p> <p>Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>
---	--

31A-2-404. Duties of the Commissioner and Title and Escrow Commission.

<p>1332 (2) The commission shall: 1333 (a) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and 1334 subject to Subsection (3), make rules for the administration of the provisions in this title related 1335 to title insurance including rules related to: 1336 (i) rating standards and rating methods for a title licensee, as provided in Section 1337 31A-19a-209; 1338 (ii) the licensing for a title licensee, including the licensing requirements of [Sections 1339 31A-23a-203 and] <u>Section</u> 31A-23a-204;</p>	<p>Codifying existing practice. 31A-23a-203 is inapplicable to regulation of title insurance producers.</p>
---	--

31A-22-625. Catastrophic coverage of mental health conditions.

<p>1442 (d) An insurer is exempt from the 30% index rating restriction in Section 1443 31A-30-106.1 and, for the first year only that <u>the employer chooses coverage that meets or</u> 1444 <u>exceeds</u> catastrophic mental health coverage [is chosen], the 15% annual adjustment restriction 1445 in Section 31A-30-106.1, for any small employer with 20 or less enrolled employees who 1446 chooses coverage that meets or exceeds catastrophic mental health coverage.</p>	<p>Technical change. Provides consistency in the section that the rating band exemption during the first year also applies to coverage that exceeds the minimum requirements.</p>
---	--

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

<p>31A-22-629. Adverse benefit determination review process.</p>	
<p>1499 (ii) "Adverse benefit determination" includes: 1500 (A) denial, reduction, termination, or failure to provide or make payment that is based 1501 on a determination of an insured's or a beneficiary's eligibility to participate in a plan; 1502 (B) [with respect to individual or group health plans, and income replacement or 1503 disability income policies, a] denial, reduction, or termination of, or a failure to provide or 1504 make payment, in whole or in part, for, a benefit resulting from the application of a utilization 1505 review; [and] <u>or</u></p>	<p>Technical change. Applicability is already provided in 31A-22-629(2), which includes the references being deleted.</p>
<p>31A-22-635. Uniform application -- Uniform waiver of coverage -- Information on Health Insurance Exchange.</p>	
<p>1594 (3) Notwithstanding the requirements of Subsection (2)(a), the uniform application and 1595 uniform waiver of coverage forms may, <u>if the combination or modification is approved by the</u> 1596 <u>commissioner</u>, be combined or modified to facilitate a more efficient and consumer friendly 1597 experience for: 1598 (a) enrollees using the Health Insurance Exchange [if the modification is approved by 1599 the commissioner.]; or 1600 (b) <u>insurers using electronic applications.</u></p>	<p>Codifying existing practice. The uniform application was developed as a paper form. Proposed change allows insurers to modify the format only to accommodate electronic collection of the application, rather than paper.</p>
<p>31A-23a-101. Purposes.</p>	
<p>1644 The purposes of this chapter include: 1645 (1) promoting the professional competence of insurance producers, <u>surplus lines</u> 1646 <u>producers</u>, limited line producers, [customer service representatives,] consultants, managing 1647 general agents, and reinsurance intermediaries; . . . 1653 (5) governing the qualifications and procedures for the licensing of insurance 1654 producers, <u>surplus lines producers</u>, limited line producers, [customer service representatives,] 1655 consultants, managing general agents, and reinsurance intermediaries; and</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-23a-102. Definitions.	
<p>1659 As used in this chapter: 1660 (1) "Bail bond producer" [means a person who;] <u>is as defined in Section 31A-35-102.</u> 1661 [(a) is appointed by;] 1662 [(i) a surety insurer that issues bail bonds; or] 1663 [(ii) a bail bond surety company licensed under Chapter 35, Bail Bond Act;] 1664 [(b) is designated to execute or countersign undertakings of bail in connection with a 1665 judicial proceeding; and] 1666 [(c) receives or is promised money or other things of value for engaging in an act 1667 described in Subsection (1)(b).]</p>	<p>Codifying existing practice. Making a single definition for Bail Bond Producer.</p>
31A-23a-103. Requirement of license.	
<p>1780 (1) (a) Unless exempted from the licensing requirement under Section 31A-23a-201 or 1781 31A-23a-207, a person may not perform, offer to perform, or advertise any service as a 1782 producer, <u>surplus lines producer</u>, limited line producer, [customer service representative,] 1783 consultant, managing general agent, or reinsurance intermediary in Utah, without a valid 1784 individual or agency license issued under this chapter. ... 1787 (c) A person may not utilize the services of another as a producer, <u>surplus lines</u> 1788 <u>producer</u>, limited line producer, [customer service representative,] consultant, managing 1789 general agent, or reinsurance intermediary if that person knows or should know that the other 1790 does not have a license as required by law.</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.”</p> <p>Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>
31A-23a-104. Application for individual license -- Application for agency license.	
<p>1796 (1) This section applies to an initial or renewal license as a: 1797 (a) producer; 1798 (b) <u>surplus lines producer</u>; 1799 [(b)] (c) limited line producer; 1800 [(c) customer service representative;]</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.”</p> <p>Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-23a-105. General requirements for individual an agency issuance and renewal	
<p>(1) (a) The commissioner shall issue or renew a license to a person described in 1844 Subsection (1)(b) to act as: 1845 (i) a producer; 1846 <u>(ii) a surplus lines producer;</u> 1847 {(ii)} <u>(iii) a limited line producer;</u> 1848 {(iii) a customer service representative;}</p> <p>1871 (ix) if an applicant for a title insurance producer license, satisfies the requirements of 1872 [Sections 31A-23a-203 and] <u>Section 31A-23a-204;</u></p> <p>1876 (2) (a) This Subsection (2) applies to the following persons: 1877 (i) an applicant for a pending: 1878 (A) individual or agency producer license; 1879 <u>(B) surplus lines producer license;</u> 1880 {(B)} <u>(C) limited line producer license;</u> 1881 {(C) customer service representative license;} 1882 (D) consultant license; 1883 (E) managing general agent license; or 1884 (F) reinsurance intermediary license; or 1885 (ii) a licensed: 1886 (A) individual or agency producer; 1887 <u>(B) surplus lines producer;</u> 1888 {(B)} <u>(C) limited line producer;</u> 1889 {(C) customer service representative;}</p> <p>1893 (b) A person described in Subsection (2)(a) shall report to the commissioner: 1894 (i) an administrative action taken against the person, <u>including a denial of a new or</u> 1895 <u>renewal license application:</u></p> <p>1931 (iii) preventing a person who violates the federal Violent Crime Control and Law 1932 Enforcement Act of 1994, 18 U.S.C. Sec. 1033 {and 1034}, from engaging in the business of 1933 insurance in the state.</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p> <p>Technical change - Deletes an inaccurate code citation</p> <p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p> <p>Codifying existing practice. Explicitly defining that the producer must also report when they have been denied an application in another state.</p> <p>Technical change. Deletes reference to inapplicable federal code section.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-23a-105 Con't	
<p>1944 (4) To become a resident licensee in accordance with Section 31A-23a-104 and this 1945 section, a person licensed as one of the following in another state who moves to this state shall 1946 apply within 90 days of establishing legal residence in this state:</p> <p>1947 (a) insurance producer; 1948 <u>(b) surplus lines producer;</u> 1949 [(b)] <u>(c) limited line producer;</u> 1950 [(e) customer service representative;] 1951 (d) consultant; 1952 (e) managing general agent; or 1953 (f) reinsurance intermediary.</p> <p>1954 (5) (a) The commissioner may deny a license application for a license listed in 1955 Subsection (5)(b) if the person applying for the license, as to the license type and line of 1956 authority classification applied for under Section 31A-23a-106: 1957 (i) fails to satisfy the requirements as set forth in this section; or 1958 (ii) commits an act that is grounds for denial, suspension, or revocation as set forth in 1959 Section 31A-23a-111.</p> <p>1960 (b) This Subsection (5) applies to the following licenses: 1961 (i) producer; 1962 <u>(ii) surplus lines producer;</u> 1963 [(ii)] <u>(iii) limited line producer;</u> 1964 [(iii) customer service representative;]</p>	<p>Technical changes – adding the term “surplus lines producer” from a Line of Authority to a License Type. Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>
31A-23a-106. License types.	
<p>1982 (2) (a) A producer license type includes the following lines of authority: 1996 [(viii) surplus lines, if the producer has the property or casualty or both lines of 1997 authority.] 1998 <u>(b) A surplus lines producer license type includes the following lines of authority:</u> 1999 <u>(i) property insurance, if the person holds an underlying producer license with the</u> 2000 <u>property line of insurance; and</u> 2001 <u>(ii) casualty insurance, if the person holds an underlying producer license with the</u> 2002 <u>casualty line of authority.</u> 2003 [(b)] <u>(c) A limited line producer license type includes the following limited lines of</u> 2004 <u>authority:</u> </p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-23a-106 Con't	
<p>2014 [(e) A customer service representative license type includes the following lines of 2015 authority, if held by the customer service representative's employer producer.] 2016 [(i) life insurance, including a nonvariable contract;] 2017 [(ii) accident and health insurance, including a contract issued to a policyholder under 2018 Chapter 7, Nonprofit Health Service Insurance Corporations, or Chapter 8, Health Maintenance 2019 Organizations and Limited Health Plans;] 2020 [(iii) property insurance;] 2021 [(iv) casualty insurance, including a surety or other bond;] 2022 [(v) personal lines insurance; and] 2023 [(vi) surplus lines, if the employer producer has the property or casualty or both lines of 2024 authority.] 2055 (g) A person who holds a license under Subsection (2)(a) [(d), (e), or (f)] has the 2056 qualifications necessary to act as a holder of a license under [Subsections (2)(b) and] 2057 Subsection (2)(c), except that the person may not act under Subsection (2) [(b)](c)(viii) or (ix). 2058 (3) (a) The commissioner may by rule recognize other producer, <u>surplus lines producer</u>, 2059 limited line producer, [customer service representative,] consultant, managing general agent, or 2060 reinsurance intermediary lines of authority as to kinds of insurance not listed under Subsections 2061 (2)(a) through (f). . . . 2079 (5) A surplus lines producer is a producer who has a surplus lines [line of authority] 2080 license.</p> <p>2066 (4) The variable contracts [, including variable life and annuity] line of authority 2067 requires: 2068 [(a) licensure as a registered agent or broker by the Financial Industry Regulatory 2069 Authority; and] 2070 [(b) current registration with a securities broker-dealer.] 2071 <u>(a) for a producer, licensure by the Financial Industry Regulatory Authority as a:</u> 2072 <u>(i) registered broker-dealer; or</u> 2073 <u>(ii) broker-dealer agent, with a current registration with a broker-dealer; and</u> 2074 <u>(b) for a consultant, registration with the Securities and Exchange Commission or</u> 2075 <u>licensure by the Utah Division of Securities as an:</u> 2076 <u>(i) investment adviser; or</u> 2077 <u>(ii) investment adviser representative, with a current association with an investment</u> 2078 <u>adviser.</u></p>	<p>Codifying existing practice – clarify, per request by the Securities Division, a variable contracts insurance consultant does not need a broker-dealer or broker-dealer agent license, but does need an investment advisor or investment advisor representative license to provide advice and act as a variable contracts consultant on variable products (paid on a fee basis for advice given). The amendments do not change anything for a variable contracts insurance producer (paid on commission for a sales transaction).</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

<p>31A-23a-107. Character requirements.</p>	
<p>2083 Each <u>An</u> applicant for a license under this chapter shall show to the commissioner 2084 that: 2088 <u>(b)</u> if the applicant is an agency;all; 2089 <u>(i)</u> the partners, directors, or principal officers or persons having comparable powers 2090 are trustworthy;; and 2091 <u>(ii)</u> that it will transact business in such a way that all <u>the</u> acts that may only be 2092 performed by a licensed producer, <u>surplus lines producer</u>, limited line producer;customer 2093 service representative, consultant, managing general agent, or reinsurance intermediary are 2094 performed exclusively by natural persons who are licensed under this chapter to transact that 2095 type of business and designated on the agency's license;</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>
<p>31A-23a-108. Examination requirements.</p>	
<p>2100 (1) (a) The commissioner may require applicants for any particular license type under 2101 Section 31A-23a-106 to pass a line of authority examination as a requirement for a license, 2102 except that an examination may not be required of applicants for: 2103 (i) licenses under Subsections <u>Subsection</u> 31A-23a-106(2)(b)(c) and (e); or</p>	<p>Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>
<p>31A-23a-109. Nonresident jurisdictional agreement.</p>	
<p>2131 (1) (a) If a nonresident license applicant has a valid producer, <u>surplus lines producer</u>, 2132 limited line producer, customer service representative, consultant, managing general agent, or 2133 reinsurance intermediary license from the nonresident license applicant's home state and the 2134 conditions of Subsection (1)(b) are met, the commissioner shall: 2135 (i) waive all <u>the</u> license requirements for a license under this chapter; and 2136 (ii) issue the nonresident license applicant a nonresident license. 2137 (b) Subsection (1)(a) applies if: 2138 (i) the nonresident license applicant: 2139 (A) is licensed as a resident in the nonresident license applicant's home state at the time 2140 the nonresident license applicant applies for a nonresident producer, <u>surplus lines producer</u>, 2141 limited line producer, customer service representative, consultant, managing general agent, or 2142 reinsurance intermediary license;</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

<p>31A-23a-111. Revocation, suspension, surrender, lapsing, limiting, or otherwise terminating a license -- Rulemaking for renewal or reinstatement.</p>	
<p>2196 (ii) is surrendered to the commissioner and accepted by the commissioner in lieu of 2197 administrative action; 2198 [(iii) the licensee dies or is adjudicated incompetent as defined under:] 2199 [(A) Title 75, Chapter 5, Part 3, Guardians of Incapacitated Persons; or] 2200 [(B) Title 75, Chapter 5, Part 4, Protection of Property of Persons Under Disability and 2201 Minors;] 2202 [(iv) lapsed] (iii) lapses under Section 31A-23a-113; or 2203 [(v)] (iv) is voluntarily surrendered[.]; or 2204 (c) the licensee dies or is adjudicated incompetent as defined under: 2205 (i) Title 75, Chapter 5, Part 3, Guardians of Incapacitated Persons; or 2206 (ii) Title 75, Chapter 5, Part 4, Protection of Property of Persons Under Disability and 2207 Minors.</p> <p>2277 (xxiii) violates or permits others to violate the federal Violent Crime Control and Law 2278 Enforcement Act of 1994, 18 U.S.C. Sec. 1033 and 1034 and therefore under 18 U.S.C. Sec. 2279 1033 is prohibited from engaging in the business of insurance; or</p>	<p>Technical change – Language change by legislative drafter</p> <p>Technical Change - Removes a non-applicable federal code citation.</p>
<p>31A-23a-113. License lapse and voluntary surrender.</p>	
<p>2357 (3) <u>A voluntary surrendered license that is reinstated during the license period set forth</u> 2358 <u>in Subsection (2) may not be reinstated until the person who voluntarily surrendered the license</u> 2359 <u>complies with any applicable continuing education requirements for the period during which</u> 2360 <u>the license was voluntarily surrendered.</u></p>	<p>Codifying existing practice. Clarifies the licensing requirements for reinstating a voluntarily surrendered license.</p>
<p>31A-23a-115.5. Use of customer service representative.</p>	
<p>2363 A <u>producer, surplus lines producer, or consultant who employs a</u> customer service 2364 representative [licensed under this chapter] <u>is responsible for the duties performed by the</u> 2365 <u>customer service representative. A customer service representative:</u> 2366 (1) may not maintain an office independent of the customer service representative's 2367 licensed producer, <u>surplus lines producer,</u> or consultant employer for the purpose of conducting 2368 insurance activities; 2369 (2) except as provided in Subsection (3), may not sell, solicit, negotiate, or bind 2370 coverage; and 2371 (3) may provide a customer a quote on behalf of the customer service representative's 2372 licensed producer, <u>surplus lines producer,</u> or consultant employer.</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. The change here clarifies that although a CSR is not licensed, the licensed producer who employs a CSR is responsible for the CSR, and clarifies the role of a CSR. A CSR cannot maintain an independent office, can give quotes but cannot sell, solicit negotiate or bind coverage.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-23a-203. Training period requirements.	
2375 (1) A producer is eligible to add the surplus lines of authority to the person's 2376 producer's license <u>become a surplus lines producer only</u> if the producer: 2377 (a) has passed the applicable <u>surplus lines producer</u> examination;	Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.”
31A-23a-206. Special requirements for variable contracts line of authority.	
2403 (1) Before applying for a variable contracts line of authority [-]; 2404 (a) a producer [or consultant] shall be licensed under Section 61-1-3 as a: 2405 [(a)] (i) broker-dealer; or 2406 [(b)] (ii) <u>broker-dealer agent[-]; and</u> 2407 (b) <u>a consultant shall be licensed under Section 61-1-3 as an:</u> 2408 (i) <u>investment adviser; or</u> 2409 (ii) <u>investment adviser representative.</u> 2410 (2) A producer's or consultant's variable contracts line of authority is revoked on the day 2411 the producer's or consultant's <u>securities related</u> license under Section 61-1-3 is no longer valid.	Codifying existing practice – clarify, per request by the Securities Division, a variable contracts insurance consultant does not need a broker-dealer or broker-dealer agent license, but does need an investment advisor or investment advisor representative license to provide advice and act as a variable contracts consultant on variable products (paid on a fee basis for advice given). The amendments do not change anything for a variable contracts insurance producer (paid on commission for a sales transaction).
31A-23a-301. Agency license.	
2414 An insurance organization shall be licensed as an agency if the insurance organization 2415 acts as: 2446 (1) a producer; 2417 (2) <u>a surplus lines producer;</u>	Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.”
31A-23a-302. Agency designations.	
2424 (1) An agency shall designate an individual that has an individual producer, <u>surplus</u> 2425 <u>lines producer</u> , limited line producer, [customer service representative,] consultant, managing 2426 general agent, or reinsurance intermediary license to act on the agency's behalf in order for the 2427 licensee to do business for the agency in this state.	Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.” Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-23a-402.5 Inducements	
<p>2491 (4) Items not prohibited by Subsection (1) include a licensee, or an officer or employee 2492 of a licensee, either directly or through a third party: 2508 (d) providing limited human resource services that are directly related to an insurance 2509 product sold by the licensee, including: 2510 (i) answering questions directly related to: 2513 (B) employment practices liability, if the insurance product <u>offered by</u> or purchased 2514 from the licensee is property or casualty insurance; and ... 2491 (4) Items not prohibited by Subsection (1) include a licensee, or an officer or employee 2492 of a licensee, either directly or through a third party: ... 2529 (g) preparing or providing documents directly related to <u>a premium only cafeteria plan</u> 2530 <u>within the meaning of Section 125, Internal Revenue Code, or a flexible spending account</u>, but 2531 not providing ongoing administration of a flexible spending account;</p>	<p>Policy change – allows for additional exceptions under the anti-inducement statute: 1) allows a licensee to answer questions related to insurance products sold by the licensee; and allows a licensee to prepare/provide documents related to a premium only plan (IRS §125 Plan) for a client.</p>
31A-23a-406. Title insurance producer's business.	
<p>2674 (b) As used in this Subsection (5), money is considered to be "collected and cleared," 2675 and may be disbursed as follows: 2678 (iii) the proceeds of one or more of the following financial instruments may be 2679 disbursed on the same day the financial instruments are deposited if received from a single 2680 party to the real estate transaction and if the aggregate of the financial instruments for the real 2681 estate transaction is less than \$10,000: 2695 [(E) a check issued by a farm credit service authorized under the Farm Credit Act of 2696 1971, 12 U.S.C. Sec. 2001 et seq., as amended.] 2697 (c) [Money received from a financial instrument described in Subsection (5)(b)(iii)(B) 2698 or (C)] <u>A check or deposit not described in Subsection (5)(b)</u> may be disbursed: 2699 (i) within the time limits provided under the Expedited Funds Availability Act, 12 2700 U.S.C. Sec. 4001 et seq., as amended, and related regulations of the Federal Reserve System;</p>	<p>Codifying existing practice. Clarifying that any other check or deposit not specifically listed in (5)(b) will be treated according to normal allowed business practices.</p> <ul style="list-style-type: none"> - Requested by the Title Commission
31A-23a-409. Trust obligation for money collected.	
<p>2715 (1) (a) Subject to Subsection (7), a licensee is a trustee for money <u>that is paid to,</u> 2716 received <u>by,</u> or collected <u>by a licensee</u> for forwarding to insurers or to insureds.</p>	<p>Codifying existing practice. Clarifying if money (premium) is paid to a licensee, but has not yet been forwarded, that the money belongs to the insurer or insured. This change was requested by the title industry based on a decision in a bankruptcy court proceeding.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-23a-412. Place of business and residence address -- Records.	
<p>2778 (A) if the licensee is a producer, <u>surplus lines producer</u>, limited line producer, 2779 consultant, managing general agent, or reinsurance intermediary; 2780 (I) a record of each insurance contract procured by or issued through the licensee, with 2781 the names of insurers and insureds, the amount of premium and commissions or other 2782 compensation, and the subject of the insurance; 2783 (II) the names of any other producers, <u>surplus lines producers</u>, limited line producers, 2784 consultants, managing general agents, or reinsurance intermediaries from whom business is 2785 accepted, and of persons to whom commissions or allowances of any kind are promised or 2786 paid; and</p>	<p>Technical change – changing the term “surplus lines producer” from a line of authority to a “license type.”</p>
31A-23a-504. Sharing commissions.	
<p>2809 (1) (a) Except as provided in Subsection 31A-15-103(3), a licensee under this chapter 2810 or an insurer may only pay consideration or reimburse out-of-pocket expenses to a person if the 2811 licensee knows that the person is licensed under this chapter as to the particular type of 2812 insurance to act in Utah as: 2813 (i) a producer; 2814 (ii) a limited line producer; 2815 [(iii) a customer service representative;]</p>	<p>Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>
31A-25-203. General requirements for license issuance.	
<p>2868 (i) an administrative action taken against the person, <u>including a denial of a new or</u> 2869 <u>renewal license application</u>;</p> <p>2906 (iii) preventing a person who violates the federal Violent Crime Control and Law 2907 Enforcement Act of 1994, 18 U.S.C. [Secs.] <u>Sec. 1033</u> [and 1034], from engaging in the 2908 business of insurance in the state.</p>	<p>Codifying existing practice. Explicitly requires a producer to report when their new or renewal licensure application in another state is denied.</p> <p>Technical change. Deletes reference to inapplicable federal code citation.</p>
31A-25-306. Payments by administrator.	
<p>2926 [All claims paid by the] <u>An administrator shall pay a claim</u> from [funds] <u>money</u> 2927 collected on behalf of the insurer [shall be paid] on drafts or checks as authorized by the 2928 insurer.</p>	<p>Codifying existing practice. Clarifies that a third party administrator pay claims with money collected from the insurer per the insurer’s instructions.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

<p>31A-26-203. Adjuster's license required.</p>	
<p>2947 (b) A person described in Subsection (2)(a) shall report to the commissioner: 2948 (i) an administrative action taken against the person, <u>including a denial of a new or</u> 2949 <u>renewal license application:</u> ... 2986 (iii) preventing a person who violates the federal Violent Crime Control and Law 2987 Enforcement Act of 1994, 18 U.S.C. [Sees. <u>Sec.</u> 1033 [and 1034], from engaging in the 2988 business of insurance in the state.</p>	<p>Codifying existing practice. Explicitly requires a producer to report when their new or renewal licensure application in another state is denied.</p> <p>Technical change. Deletes reference to inapplicable federal code citation.</p>
<p>31A-27-503 and 31A-27a-101</p>	
<p>31A-27-503 3012 (1) (a) The commissioner may take an action described in Subsection (1)(b) whenever 3013 the commissioner has reasonable cause to believe, and determines after a hearing that an 3014 insurer: 3024 <u>(v) is in hazardous financial condition or potentially hazardous financial condition, as</u> 3025 <u>defined by rule made under Subsection 31A-27a-101(3)(c).</u></p> <p>31a-27a-101 3076 (3) This chapter shall be liberally construed to protect the interests of insureds, 3077 claimants, creditors, and the public generally through: 3080 <u>(c) the commissioner making rules pertaining to Subsections (3)(a) and (b):</u> 3081 <u>(i) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; and</u> 3082 <u>(ii) that are similar to those set forth in the Model Regulation to Define Standards and</u> 3083 <u>Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition of</u> 3084 <u>the National Association of Insurance Commissioners;</u></p>	<p>Policy Change. Gives rule making authority to the commissioner to incorporate revisions to the National Association of Insurance Commissioner's Model Regulation to define standards to protect the public's interest from operation of an insurance company that may be "deemed to be in hazardous financial condition" and take corrective action where possible.</p>
<p>31A-27a-104. Persons covered.</p>	
<p>3109 (1) This chapter applies to: 3138 [(d) a customer service representative;]</p>	<p>Policy change – the bill removes the requirement that customer service representatives be licensed. That requirement was unique to Utah, created enforcement obstacles and is of questionable utility.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-29-112. Medicaid recipients.	
<p>3169 (5) If an individual terminates coverage under Medicaid and applies for coverage under 3170 a pool policy within [45] <u>62</u> days after terminating the coverage, the individual may begin 3171 coverage under a pool policy as of the date that Medicaid coverage terminated, if an individual 3172 meets the other eligibility requirements of the chapter 2946 and pays the required premium.</p>	<p>Policy change. Extends the time frame in which a person whose Medicaid coverage terminates to apply for coverage with HIPUtah. Extension from 45 days to 62 days conforms to market standards related to the timeframe in which a person can change coverage without having to satisfy an additional pre-existing condition waiting period.</p>
31A-30-103. Definitions.	
<p>3195 {(4) "Basic benefit plan" or "basic coverage" means a health benefit plan that:} 3196 {(a) until January 1, 2012:} 3197 {(i) is a federally qualified high deductible health plan;} 3198 {(ii) has a deductible that has the lowest deductible that qualifies as a federally} 3199 qualified high deductible health plan as adjusted by federal law; and} 3200 {(iii) does not exceed an annual out of pocket maximum equal to three times the} 3201 amount of the deductible; and} 3202 {(b) on or after January 1, 2012, is actuarially equivalent to the NetCare plan with the} 3203 highest actuarial 2977 value, as provided in Section 31A-22-724.}</p>	<p>Codifying existing practice. The use of the basic benefit plan was replaced with the Utah NetCare plan during the 2010 and 2011 Legislative Sessions. The benefits of the basic benefit plan provided in this definition are identical to the benefits of the Utah NetCare plan with the highest actuarial value.</p>
31A-30-109. Health benefit plan choices.	
<p>3294 (1) An individual carrier who offers individual coverage pursuant to Section 3295 31A-30-108: 3296 (a) shall offer in the individual market under this chapter[-: 3070 (i) a choice of coverage that 3297 is at least equal to or greater than basic coverage; and (ii) beginning January 1, 2010,] the Utah 3298 NetCare Plan <u>with the highest actuarial value</u> as described in Subsection 31A-22-724(2); [and] 3299 (b) may offer a choice of coverage that: 3300 (i) costs less than or equal to the plan described in Subsection (1)(a){(i)}; and 3301 (ii) excludes some or all of the mandates described in Subsection 31A-22-724(3){-}; 3302 <u>and</u> 3303 <u>(c) shall make an offer described in Subsection (1)(a) [and (b)] when requested by an</u> 3304 <u>individual who is applying for coverage.</u> 3305 (2) {Beginning January 1, 2010, a} <u>A</u> small employer group carrier who offers small 3306 employer group coverage pursuant to Section 31A-30-108: 3307 (a) shall offer in the small employer group market under this part[-: (i) a choice of 3308 coverage that is at least equal to or greater than basic coverage; and (ii) coverage under] the 3309 Utah NetCare Plan <u>with the highest actuarial value</u> as described in Section 31A-22-724; [and]</p>	<p>Codifying existing practice. The benefits of basic benefit plan are identical to the benefits of the Utah NetCare plan with the highest actuarial value.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-30-109 Con't	
<p>3310 (b) may offer in the small employer group market under this part, a choice of coverage</p> <p>3311 that:</p> <p>3312 (i) costs less than or equal to the coverage in Subsection (2)(a); and</p> <p>3313 (ii) excludes some or all of the mandates described in Subsection 31A-22-724(3)[-];</p> <p>3314 <u>and</u></p> <p>3315 (c) shall make an offer described in Subsection (1)(a) and (b) when requested by a</p> <p>3316 <u>small employer group who is applying for coverage.</u></p> <p>3317 (3) Nothing in this section limits the number of health benefit plans an insurer may</p> <p>3318 offer.</p>	
31A-31-105 Imunity	
<p>3350 (2) <u>An insurer, or person employed by an insurer, is immune from civil action, civil</u></p> <p>3351 <u>penalty, or damages when in good faith the insurer or person employed by an insurer provides</u></p> <p>3352 <u>or shares information with another insurer or insurer's employee in a good faith effort to</u></p> <p>3353 <u>discover or prevent a fraudulent insurance act or other criminal conduct.</u></p>	<p>Policy change. The insurance fraud immunity statute currently grants immunity to a person or insurer who in good faith provides information regarding insurance fraud to an agency (DOI, law enforcement, or nonprofit organization established to prevent insurance fraud). The proposed addition to the immunity statute allows for an insurer to share suspected insurance fraud information with another insurer or insurer's employee.</p>
31A-31-108 Assessment of insurers	
<p>3365 (1) For purposes of this section:</p> <p>...</p> <p>3373 (b) <u>"Insurance fraud provisions" means:</u></p> <p>3374 (i) <u>this chapter;</u></p> <p>3375 (ii) <u>Section 31A-2-110; and</u></p> <p>3376 (iii) <u>Section 76-6-521.</u></p> <p>3387 (2) To implement [this chapter, Section 34A-2-110, and Section 76-6-521] <u>insurance</u></p> <p>3388 <u>fraud provisions</u>, the commissioner may assess each <u>an</u> admitted insurer and each <u>a</u></p> <p>3389 nonadmitted insurer transacting insurance under Chapter 15, Parts 1, Unauthorized Insurers and</p> <p>3390 Surplus Lines, and 2, Risk Retention Groups Act, an annual fee as follows:</p> <p>3391 (a) [\$150] <u>\$200</u> for an insurer[-, if] <u>for which</u> the sum of the Utah consideration for</p> <p>3392 that insurer <u>is less than or equal to \$1,000,000;</u></p> <p>3393 (b) [\$400] <u>\$450</u> for an insurer[-, if] <u>for which</u> the sum of the Utah consideration for</p> <p>3394 that insurer <u>is greater than \$1,000,000 but is less than or equal to \$2,500,000;</u></p>	<p>Policy change. Increases the fraud assessment to enable the Fraud Division to better investigate and prosecute the increasing number of insurance fraud cases. The proposed increase would fund one attorney and two additional investigators which would result in an additional 24-40 cases being investigated and prosecuted or cleared. Current staffing allows for only approximately 1/3 of quality insurance fraud referrals to be investigated.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

<p>3395 (c) [\$700] <u>\$800</u> for an insurer[-, if] <u>for which</u> the sum of the Utah consideration for 3396 that insurer is greater than \$2,500,000 but is less than or equal to \$5,000,000; 3397 (d) [\$1,350] <u>\$1,600</u> for an insurer[-, if] <u>for which</u> the sum of the Utah consideration for 3398 that insurer is greater than \$5,000,000 but less than or equal to \$10,000,000; 3399 (e) [\$5,150] <u>\$6,100</u> for an insurer[-, if] <u>for which</u> the sum of the Utah consideration for 3400 that insurer is greater than \$10,000,000 but less than \$50,000,000; and 3401 (f) [\$12,350] <u>\$15,000</u> for an insurer[-, if] <u>for which</u> the sum of the Utah consideration 3402 for that insurer equals or exceeds \$50,000,000.</p> <p>...</p> <p>3409 (c) The commissioner shall administer the Insurance Fraud Investigation Restricted 3410 Account. Subject to appropriations by the Legislature, the commissioner shall use the money 3411 deposited into the Insurance Fraud Investigation Restricted Account to pay for a cost or 3412 expense incurred by the commissioner in the administration, investigation, and enforcement of 3413 this chapter, Section 34A-2-110, and Section 76-6-521 <u>insurance fraud provisions.</u></p>	
31A-35-401.5. Additional licensure requirements for a bail bond surety company.	
<p>3432 [(4) An individual who is applying for licensure under this chapter for the first time 3433 shall have completed a training program of not less than four hours that is approved by the 3434 commissioner and includes:] 3435 [(a) definition of a bail bond, jail procedures regarding bail bonds, court procedures 3436 regarding bail bonds, liability of a bail bond, the taking of collateral, returning collateral, trust 3437 account separation of funds, fee structure, the 10 percent rule, agent liability, the prohibition on 3438 soliciting on county or state property, and the delivery of a bail bond;] 3439 [(b) state laws and administrative rules regarding the operation of a bail bond 3440 business;] 3441 [(c) the rights of an accused person; and] 3442 [(d) the ethical requirements of a bail bond business.] 3443 [(5) (a) On and after January 1, 2012, an applicant for renewal of a license under this 3444 chapter shall have completed during the prior year two hours of continuing education.] 3445 [(b) The insurance commissioner shall implement the continuing education 3446 requirement under this Subsection (5) pursuant to Title 63G, Chapter 3, Utah Administrative 3447 Rulemaking Act.]</p>	<p>Policy change. In concert with the Bail Bond Board, repeals pre-licensing education requirement for bail bond producers, which is the only license type to which a pre-licensing education requirement applies, and is unenforceable by the Department as there is no pre-licensing education available. Further, repeals the 2 hour continuing education requirement for bail producers.</p>
31A-35-607. Filing of forms – Commissioner maintains files.	
<p>3450 (1) (a) In accordance with Section 31A-21-201, each <u>only</u> a bail bond surety company 3451 <u>that meets the financial capacity requirements through the use of a letter of credit, personal</u> 3452 <u>property, or real property, or a surety insurer</u> shall file with the commissioner a sample copy</p>	<p>Policy change. Requires sureties in the business of bail to file and maintain an identifiable copy of their forms used with the Department. Surety insurers have</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

<p>3453 of each form the bail bond surety <u>company or surety insurer</u> uses in the {bail bond surety's} bail 3454 bond surety business. 3455 (b) <u>A surety insurer filing shall comply with the following:</u> 3456 (i) <u>a form shall be identified by a unique form number;</u> 3457 (ii) <u>the surety insurer shall file a form on behalf of each bail bond surety company</u> 3458 <u>appointed to write on behalf of the surety insurer;</u> 3459 (iii) <u>once a filing is filed with the commissioner, it is the responsibility of the surety</u> 3460 <u>insurer to verify that the bail bond surety company and its producers are using the correct form;</u> 3461 (iv) <u>a bail bond surety company and its producers are prohibited from using a form that</u> 3462 <u>has not been filed by the surety insurer; and</u> 3463 (v) <u>a bail bond surety company and its producers are prohibited from making changes</u> 3464 <u>to a form that is filed by the surety insurer.</u> 3465 (c) <u>A bail bond surety company filing, for a bail bond surety company that meets the</u> 3466 <u>financial capacity requirements through the use of a letter of credit, personal property, or real</u> 3467 <u>estate, shall comply with the following:</u> 3468 (i) <u>a form shall be identified by a unique form number;</u> 3469 (ii) <u>once a filing is filed with the commissioner, it is the responsibility of the bail bond</u> 3470 <u>surety company to verify that its producers are using the correct form;</u> 3471 (iii) <u>a bail bond producer is prohibited from using a form that has not been filed by the</u> 3472 <u>bail bond surety company; and</u> 3473 (iv) <u>a bail bond producer is prohibited from making changes to a form that is filed by</u> 3474 <u>the bail bond surety company.</u> 3475 (2) <u>A form described in Subsection (1) shall be filed 30 days before the form:</u> 3476 (a) {before the form} <u>is first used by the bail bond surety company or surety insurer;</u> 3477 and 3478 (b) {if the form} <u>is changed after it is filed under Subsection (2)(a).</u> 3479 (3) (a) {department} <u>commissioner shall maintain and make available for public</u> 3480 <u>inspection a file regarding each bail bond surety company and each surety insurer.</u> 3481 (b) {The forms} <u>A bail bond surety company and surety insurer shall maintain a form</u> 3482 <u>required to be filed under this section</u> {shall be maintained in the submitting bail bond surety's 3483 <u>file}</u> <u>in the office of the bail bond surety company or surety insurer.</u></p>	<p>the responsibility of ensuring only filed forms are used by its producers.</p>
<p>31A-41-301. Procedure for making a claim against the fund.</p>	
<p>3531 (B) {that} the amount realized upon the execution levied against the property of the 3532 judgment debtor is insufficient to satisfy the {judgement} <u>judgment;</u></p>	<p>Technical change. Correct a misspelled word.</p>

Summary of Insurance 1st Sub. H.B. 29 (2/1/12)
Representative Dunnigan – Chief Sponsor
Senator Bramble – Senate Sponsor

31A-42-203. Powers and duties of board.	
<p>3557 (2) (a) The board shall prepare and submit an annual report <u>no later than July 1, each</u> 3558 <u>year</u> to the department for inclusion in the department's annual market report, which shall</p> <p>3571 [(3) The board shall report to the Health Reform Task Force and to the Legislative 3572 Management Committee prior to October 1, 2009 and again prior to October 1, 2010 3573 regarding:] 3574 [(a) the board's progress in developing the plan required by this chapter; and] 3575 [(b) the board's progress in:] 3576 [(i) expanding choice of plans in the defined contribution market; and] 3577 [(ii) expanding access to the defined contribution market in the Internet portal for large 3578 employer groups.]</p>	<p>Policy change. Requires the report to the Insurance Commissioner from the Risk Adjuster Board to be submitted no later than July 1 each year.</p> <p>Technical change. Removes a reporting requirement that has been completed.</p>