

State of Utah
Administrative Rule Analysis
Revised May 2023

NOTICE OF PROPOSED RULE

TYPE OF FILING: Repeal

Title No. - Rule No. - Section No.

Rule or Section Number:

R590-248

Filing ID: Office Use Only

Agency Information

1. Department:	Insurance	
Agency:	Administration	
Room number:	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 persons:		
Name:	Phone:	Email:
Steve Gooch	801-957-9322	sgooch@utah.gov

Please address questions regarding information on this notice to the persons listed above.

General Information

2. Rule or section catchline:
R590-248. Mandatory Fraud Reporting Rule
3. Purpose of the new rule or reason for the change:
The rule is being repealed because Section 31A-31-110 was amended by HB 410 (2023 General Session) to incorporate a process for the mandatory reporting of a fraudulent insurance act, which is described in this rule. Since the reporting process is now in statute, this rule is unnecessary.
4. Summary of the new rule or change:
The filing repeals the rule.

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 relevant fraud reporting requirements are now set forth in statute, and the move will not change how the department functions.
B) Local governments:
There is no anticipated cost or savings to local governments. The changes do 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 relevant fraud reporting requirements are set forth in statute instead of by rule.
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 relevant fraud reporting requirements are set forth in statute instead of by rule.

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 relevant fraud reporting requirements are set forth in statute instead of by rule.

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 relevant fraud reporting requirements are set forth in statute instead of by rule.

G) 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	FY2024	FY2025	FY2026
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	FY2024	FY2025	FY2026
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

H) Department head comments on fiscal impact and approval of regulatory impact analysis:

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

Citation Information

6. 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:

Subsection 31A-2-201(3)(a)	Section 31A-31-110	

Incorporations by Reference Information

7. Incorporations by Reference (if this rule incorporates more than two items by reference, please include additional tables):

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*):

Official Title of Materials Incorporated (from title page)	
Publisher	
Issue Date	
Issue or Version	

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*):

Official Title of Materials Incorporated (from title page)	
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Publisher	
Issue Date	
Issue or Version	

Public Notice Information

8. 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:		08/14/2023
B) A public hearing (optional) will be held:		
Date (mm/dd/yyyy):	Time (hh:mm AM/PM):	Place (physical address or URL):
To the agency: If more space is needed for a physical address or URL, refer readers to Box 4 in General Information. If more than two hearings will take place, continue to add rows.		

9. This rule change MAY become effective on:	08/21/2023
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date.	

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 63G-3-302, 63G-3-303, and 63G-3-402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the <i>Utah State Bulletin</i> and delaying the first possible effective date.			
Agency head or designee and title:	Steve Gooch, Public Information Officer	Date:	06/29/2023

~~**[R590. Insurance, Administration.**~~

~~**R590 248. Mandatory Fraud Reporting Rule.**~~

~~**R590 248 1. Authority.**~~

~~_____ This rule is promulgated pursuant to Section 31A-2-201(3)(a), which authorizes rules to implement the Insurance Code and 31A-31-110, which authorizes a rule to provide a process by which a person shall report a fraudulent insurance act.~~

~~**R590 248 2. Purpose and Scope.**~~

- ~~_____ (1) The purposes of this rule are to:~~
- ~~_____ (a) describe the required elements in a mandatory fraud report; and~~
 - ~~_____ (b) establish a reporting process for fraud reports.~~
- ~~_____ (2) This rule applies to:~~
- ~~_____ (a) all insurers doing the business of insurance in Utah; and~~
 - ~~_____ (b) all auditors employed by a title insurer doing the business of title insurance in Utah.~~

~~**R590 248 3. Mandatory Elements of a Fraud Report.**~~

- ~~_____ A mandatory fraud report shall:~~
- ~~_____ (1) be in writing;~~
 - ~~_____ (2) provide information in detail relating to:~~
 - ~~_____ (a) the fraudulent insurance act; and~~
 - ~~_____ (b) the perpetrator of the fraudulent insurance act; and~~
 - ~~_____ (3) state whether the person submitting the report of a fraudulent insurance act also reported the fraudulent insurance act in writing to:~~
 - ~~_____ (a) the attorney general;~~
 - ~~_____ (b) a state law enforcement agency;~~
 - ~~_____ (c) a criminal investigative department or agency of the United States;~~
 - ~~_____ (d) a district attorney; or~~
 - ~~_____ (e) the prosecuting attorney of a municipality or county; and~~
 - ~~_____ (4) state the agency to which the person reported the fraudulent insurance act.~~

~~**R590 248 4. Mandatory Fraud Reporting Process.**~~

- ~~_____ (1) The following persons shall report a fraudulent insurance act to the commissioner if the person has a good faith belief on the~~

basis of a preponderance of the evidence that a fraudulent insurance act is being, will be, or has been committed by:

~~_____ (a) a person other than the person making the report:~~

~~_____ (b) an insurer; or~~

~~_____ (c) an auditor that is employed by a title insurer.~~

~~_____ (2) An auditor employed by a title insurer shall report a fraudulent act to the title insurer and the title insurer shall report the fraudulent act in accordance with this subsection.~~

~~_____ (3) An insurer shall submit mandatory fraud reports electronically.~~

~~_____ (4) An insurer shall report a fraudulent insurance act by:~~

~~_____ (a) submitting a report to the commissioner using the National Insurance Crime Bureau (NICB) fraud reporting system; or~~

~~_____ (b) submitting a report directly to the commissioner using email sent to fraud@utah.gov.~~

~~R590-248-5. Penalties.~~

~~_____ A person found to be in violation of this rule shall be subject to penalties as provided under Section 31A-2-308.~~

~~R590-248-6. Enforcement Date.~~

~~_____ The commissioner will begin enforcing this rule 45 days from the rule's effective date.~~

~~R590-248-7. Severability.~~

~~_____ If any provision or clause of this rule or its application to any person or situation is held invalid, such invalidity may not affect any other provision or application of this rule which can be given effect without the invalid provision or application, and to this end the provisions of this rule are declared to be severable.~~

~~KEY: insurance, mandatory fraud reporting~~

~~Date of Enactment or Last Substantive Amendment: April 7, 2017~~

~~Notice of Continuation: December 21, 2018~~

~~Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-31-110]~~