

NOTICE OF
PROPOSED NEW RULE

- 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 Division 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:	39755	Date filed:	09/15/2015 05:35 PM
--------------	-------	-------------	---------------------

State Admin Rule Filing Key:	156722
------------------------------	--------

Utah Admin. Code ref. (R no.): R 590 - 272 -

Title

2. Title of rule or section (catchline):
Commission Compensation Reporting

Notice Type

3. Type of notice: New Rule

Rule Purpose

4. Purpose of the rule or reason for the change:
The rule was the result of new legislation requiring a new reporting process for compensation paid to producers on large customer health benefit plan transactions.

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:

The rule educates producers, consultants and affiliate producers on how to report annually on compensation received or due on large customer/employer health benefit plans. It tells producers, consultants and affiliate producers what disclosure information is required and provides a sample form.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

Once the process is in place, the state could benefit from a reduction in complaints and phone calls. This could free up FTEs for more critical issues.

B) Local government:

Affected: No

There will be no cost or savings to local government because the rule governs a reporting mechanism between individual producers and the state.

C) Small businesses:

Affected: Yes

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

Small business could be affected because the insurance producers required to report could be part of a small business. The reporting process could cause a minimal increase in time spent on reporting.

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

Affected: Yes

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

Large employers will benefit from the reporting because the reports are provided to them to understand all of the expenses involved in a health benefit plan purchase. Large insurance agencies may have a larger cost attributed to the reporting process.

Compliance Cost Information

8. Compliance costs for affected persons:

There is no compliance cost for any affected persons. The reporting process has no required cost associated with it.

Department Head Comments

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

Reporting is a cost of doing business when associated with a large customer or employer in the insurance industry. This reporting will provide greater transparency to the purchaser, so they will know all commission compensation paid to the producer or agency on a sales transaction.

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) :
Subsection 31A-23a-501(4)

Subsection 31A-2-201(3)

Incorporated Materials

11. 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 DAR; if none, leave blank) :

<p>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:</p>

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) : 11/02/2015
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): 11/09/2015
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 Division 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
producer compensation
agency compensation
agent compensation

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: Todd Kiser Commissioner Date (mm/dd/yyyy): 09/15/2015