

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 Office 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: 41867 Date filed: 06/30/2017 01:46 PM
 State Admin Rule Filing Key: 159106
 Utah Admin. Code ref. (R no.): R 590 - 274 -

Title

2. Title of rule or section (catchline):
 Submission and Required Disclosures of Public Adjuster Contracts

Notice Type

3. Type of notice: New Rule

Rule Purpose

4. Purpose of the rule or reason for the change:
 This rule provides guidance to public adjusters on the process of filing contracts, and provides details regarding the required consumer disclosures that must be contained in the consumer contract.

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:

This rule support Utah Code Annotated 31A-26 Part 4, which requires public adjusters to file the contracts that they use when entering into an agreement with a consumer. The rule outlines in detail the disclosures that must be made to ensure that the consumer understands their rights and what a public adjuster can and cannot do in regards to the public adjuster's conduct, and compensation. It also provides guidance to augment the new requirements a public adjuster must follow to prevent conflicts or potential conflicts of interest.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: Yes

There are currently 44 Utah public adjusters. It is anticipated that those entities will file 1 to 2 contracts each, or approximately 300 contracts. It is further anticipated that it will take a rate and form analyst approximately 10 minutes to review each contract. The hourly rate, including benefits, for a rate and form analyst is approximately \$30/hour (0.50/minute). Therefore, it is anticipated the fiscal impact for the form review/filing requirement will be \$300 (60 forms x 10 minutes each at 0.50/minute). As for the impact of need to do rules and provide guidance, the Department estimates it will take a total of approximately 50 hours of the time of the deputy commissioner, director of P&C, rate and form analyst and PIO at a blended rate of \$43.46/hour, including benefits for a total impact of \$2,174.

B) Local government:

Affected: No

There will be no impact on local government because this rule governs the relationship between public adjusters and the department.

C) Small businesses:

Affected: Yes

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

There may be an impact on 44 Utah public adjusters that will need to comply with the requirements and retain records. The cost of creating the contract could range from \$0 if the adjuster creates it, up to several hundred dollars if they hire counsel. The department cannot know the cost of hiring counsel because it would depend on the individual counselor selected and the rate they agree upon with the adjuster. The Department is ameliorating any negative impact by allowing adjusters to file electronically with the department at no cost.

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

Affected: No

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

This bill affects only the 44 Utah public adjusters. There will be no cost or savings to any other persons.

Compliance Cost Information

8. Compliance costs for affected persons:

There is no compliance cost to the 44 Utah public adjusters to file contracts with the department. There could be printing and drafting costs; however, those costs are most likely already incurred in the normal course of business.

Department Head Comments

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

There may be an impact on 44 Utah public adjusters that will need to comply with the requirements and retain records. The cost of creating the contract could range from \$0 if the adjuster creates it, up to several hundred dollars if they hire counsel. The department cannot know the cost of hiring counsel because it would depend on the individual counselor selected and the rate they agree upon with the adjuster. A contract will only need to be created once, so there will be no ongoing annual cost. The Department is ameliorating any negative impact by allowing adjusters to file electronically with the department at no cost. The filing cost for one year is \$0.

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) :

31A-26-401

31A-26-403

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by reference (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

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:

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) : 08/14/2017

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

08/03/2017 10:00 AM Utah Insurance Department, 450 N. State St., Rm. 3112, Salt Lake City, UT 84114

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy): 08/21/2017

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 Office 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
public adjuster

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: Steve Gooch Information Specialist Date (mm/dd/yyyy): 06/30/2017