

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: 43561 Date filed: 03/01/2019 01:02 PM
 State Admin Rule Filing Key: 161014
 Utah Admin. Code ref. (R no.): R 590 - 280 -

Title

2. Title of rule or section (catchline):
 Counting Short-Term Funds

Notice Type

3. Type of notice: New Rule

Rule Purpose

4. Purpose of the rule or reason for the change:
 Utah statutes limit the types of investments that insurance companies can make. The Insurance Commissioner has authority to approve investments that fall within those limitations. This rule approves one type of investment that qualifies: an investment in short-term mortgages.

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:

Businesses that take out Small Business Administration (SBA) loans sometimes must wait months for their loans to fund. To obtain capital during the waiting period, those business take out bridge loans that they pay off when the SBA loans are funded. The rule allows insurers to make those bridge loans if: (1) the insurers meet certain financial stability requirements; and (2) their loans are adequately secured, do not exceed certain thresholds, and last no longer than 150 days.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

There is no anticipated cost or savings to the state budget. The rule permits insurance companies to take out certain short-term loans at their discretion and does not have any fiscal tie to the state.

B) Local government:

Affected: No

There is no anticipated cost or savings to local governments. The rule permits insurance companies to take out certain short-term loans at their discretion and does not have any fiscal tie to local governments.

C) Small businesses:

Affected: No

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

There is no anticipated cost or savings to small businesses. While the rule permits insurance companies to take out certain short-term loans at their discretion, no insurance companies in Utah employ fewer than 50 persons.

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)

The short-term loans carry competitive interest rates and appear to be profitable for insurers. The amount of savings/earnings from issuing those loans depends on their terms and the financial circumstances of individual insurers/lenders. Therefore, it is impossible to quantify the financial benefit of allowing insurers to make short-term loan investments.

Compliance Cost Information

8. Compliance costs for affected persons:

There are no compliance costs for any affected persons. The rule allows insurance companies to take out certain short-term loans at their discretion, but does not require it.

Department Head Comments

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

After conducting a thorough analysis, it was determined that this proposed rule will not result in a fiscal impact to businesses.

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-2-201(3)

Subsection 31A-18-105(16)

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) : 04/15/2019
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): 04/22/2019
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

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): 03/01/2019