Utah Department of Insurance

Orem, Utah
September 24, 2015

CONVERSATION WITH THE COMMISSIONER

Commissioner Todd E. Kiser

FUN FACTS

- There have been 24 Commissioners appointed since the supervision of insurance was vested with the Commissioner of Insurance in 1909.

- The Commissioners serving the shortest amount of time were;
  - C.N. Ottosen (acting) 6/1941 to 9/1941 - 4 months
  - H.J. Timmerman (acting) 3/1949 to 5/1949 - 3 months

- C.N. Ottosen was reappointed by Governor Calvin Rampton to serve as commissioner for 12 more years from 2/1965 to 6/1977 and served longer than any other commissioner.

FUN FACTS

- 2001
  - 16,643 Resident Licenses
  - 22,595 Non-Resident Licenses
- 2015
  - 22,036 Resident Licenses
  - 83,815 Non-Resident Licenses

FUN FACTS

- $12.8 Billion of Written Premium
- $130,739,977 in Premium Tax to the State Budget
- Utah Insurance Department has 95 employees

CYBER SECURITY

- On an average day, the State gets 80-100 Million cyber attacks.
- A couple of months ago, we spiked to over 1 billion cyber attacks in a single day.

CYBER CRIMINALS

- Foreign Governments such as Russia, China, and North Korea
- Criminal Enterprises, Gangs, and Syndicates
- Cyber Anarchists who may be holding a grudge or dislike political opinion
- Individuals as a personal attack, thrill of the game, or opportunistic crime

DEPARTMENT MISSION

Foster a healthy insurance market by promoting fair and reasonable practices that ensure available, affordable, and reliable insurance products and services.

The mission of the department is accomplished by educating, serving, and protecting consumers, governmental agencies, and insurance industry participants at a reasonable cost. We cooperate with and serve state and other governmental agencies in fulfilling these responsibilities.

UTAH INSURANCE DEPARTMENT 3 MAJOR SYSTEMS

- Administration
- Regulation
- Enforcement

ADMINISTRATION

- Administer a $10,000,000 budget
- Monitor expenditures remaining in appropriated budget
- Work with the Governor and Legislature on all budget issues
- Work with Industry leaders on policy issues
- Draft/Pass legislation

REGULATION

- Examination Division
- Captive Division
- Producer Licensing Division
- Health and Life Division
- Property and Casualty Division

EXAMINATION DIVISION

- 1,557 Licensed Companies doing business
- 45 Domiciled Companies
- Maintain the rigorous financial accreditation standards of the NAIC, to make sure companies are financially sound.

CAPTIVE DIVISION

- Utah is 2nd largest domicile in US, 4th in the World
- 350 Captive Companies
- Growth rate of 26% per year, for 6 years
- 1st state to go all electronic (online filings)

PRODUCER LICENSING DIVISION

- Reviews, issues & renews individual and agency licensing - 22,036 Utah Residents & 83,815 Non-Residents
- Adjusters Licenses
- Approve Continuing Education Courses & Providers
- Work with vendors, NIPR, Sircon, PSI & BCI

HEALTH & LIFE DIVISION

- Consumer Inquires, Complaints & Recoveries
- Review Rates and Forms Filings
- Responsible for the execution of all regulation implementing the Affordable Care Act

PROPERTY & CASUALTY DIVISION

- Consumer Inquires, Complaints & Recoveries
- File Rates and Forms
- Working with stakeholders to improve industry
- Service/Warranty Contracts
- Bail Bonds

ENFORCEMENT DIVISION

- Market Conduct

- Fraud Division

MARKET CONDUCT DIVISION

- Educate & Monitor the insurance environment
- Conduct Fiduciary Audits of agencies and companies
- Work with Attorney General on administrative cases
- Protect the industry from others not following the insurance statutes and rules
- Protect the public from misconduct in the industry

FRAUD DIVISION

- Act as the primary law enforcement agency for investigating suspected fraudulent insurance claims and illegal acts by an agent or agency
- 11 Fraud SFOs
- 3 Assistant AG Prosecutors
- 3 Staff
- International Recognition

PIA CONNECTION

NATIONAL ASSOCIATION OF PROFESSIONAL INSURANCE AGENTS

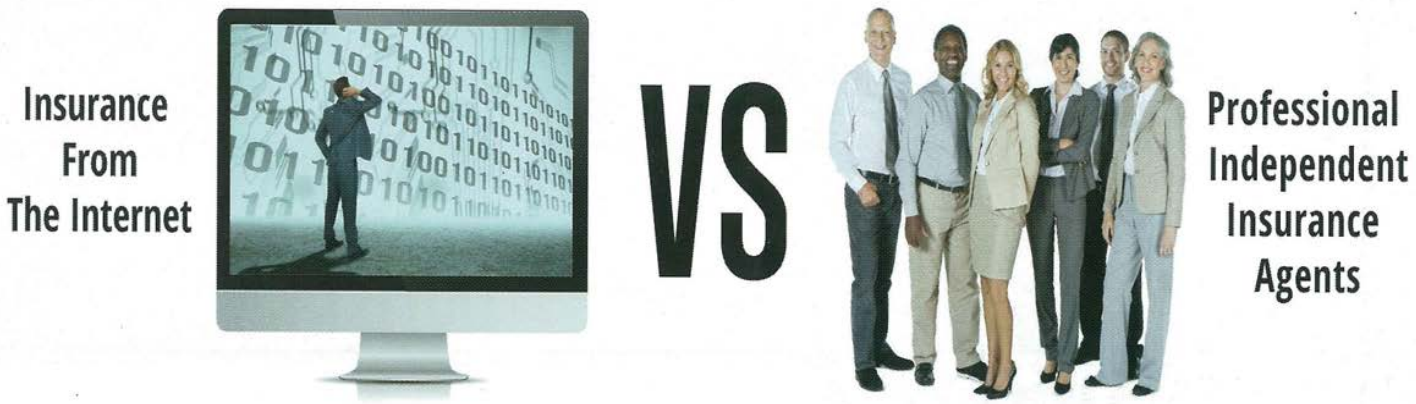
- National Association of Professional Insurance Agents

Commercial Insurance

INTERNET VS PROFESSIONAL INDEPENDENT INSURANCE AGENTS

- The Voice of the Commercial Lines Customer

  Research from the PIA Partnership



PROFESSIONAL INSURANCE AGENTS ARE THE PREFERRED CHOICE

- But agents can't be complacent, the internet is here to stay

IN ORDER TO BE COMPETITIVE AGENCIES MUST PROVIDE:

- A Credible Online Presence
- Professional Industry & Specific Knowledge
- Professional help for Business Owners who lack confidence in themselves
- Value

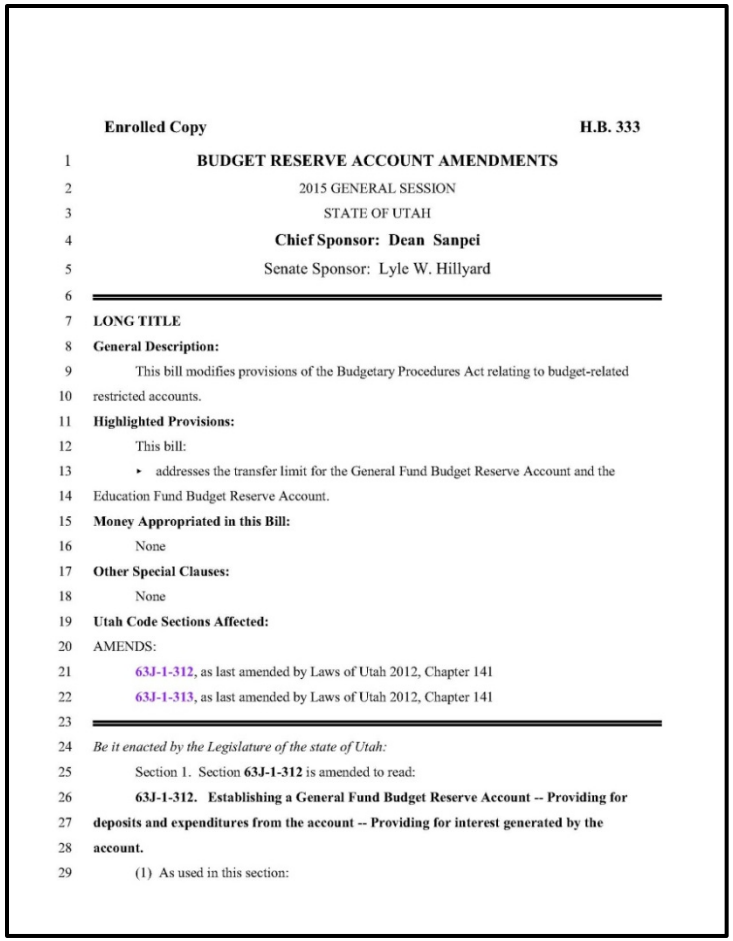
WHAT CONSUMERS WANT:

- Expert Advise and Counsel
- Personalized Attention & Interaction
- Comprehensive Protection
- Excellent Customer Service

2015 LEGISLATIVE BILLS NON-INSURANCE

- HB 333 Budget Reserve Account Amendments
- SB 164 Medicaid Expansion
- SB 296 Nondiscrimination and Religious Freedom

HB 333 BUDGET RESERVE ACCOUNT AMENDMENTS



Enrolled Copy H.B. 333

BUDGET RESERVE ACCOUNT AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Dean Sanpei

Senate Sponsor: Lyle W. Hillyard

LONG TITLE

General Description:

This bill modifies provisions of the Budgetary Procedures Act relating to budget-related restricted accounts.

Highlighted Provisions:

This bill:

- addresses the transfer limit for the General Fund Budget Reserve Account and the Education Fund Budget Reserve Account.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63J-1-312, as last amended by Laws of Utah 2012, Chapter 141

63J-1-313, as last amended by Laws of Utah 2012, Chapter 141

Be it enacted by the Legislature of the state of Utah:

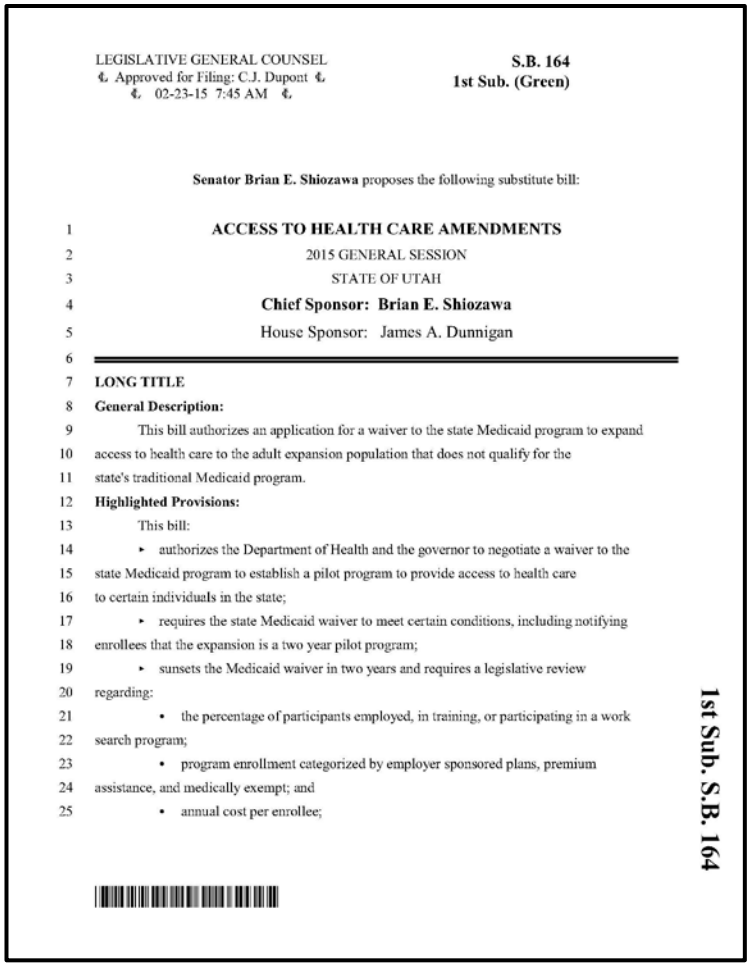
Section 1. Section **63J-1-312** is amended to read:

63J-1-312. Establishing a General Fund Budget Reserve Account -- Providing for deposits and expenditures from the account -- Providing for interest generated by the account.

(1) As used in this section:

- Utah lawmakers raised the caps on “rainy day” funds.
- HB 333 will put more taxpayer money into savings, instead of using it to grow government
- The result will be a state government that is able to sustain critical services like public education, transportation, and public safety.

SB 164 MEDICAID EXPANSION BILLS



LEGISLATIVE GENERAL COUNSEL
Approved for Filing: C.J. Dupont
02-23-15 7:45 AM

S.B. 164
1st Sub. (Green)

Senator Brian E. Shiozawa proposes the following substitute bill:

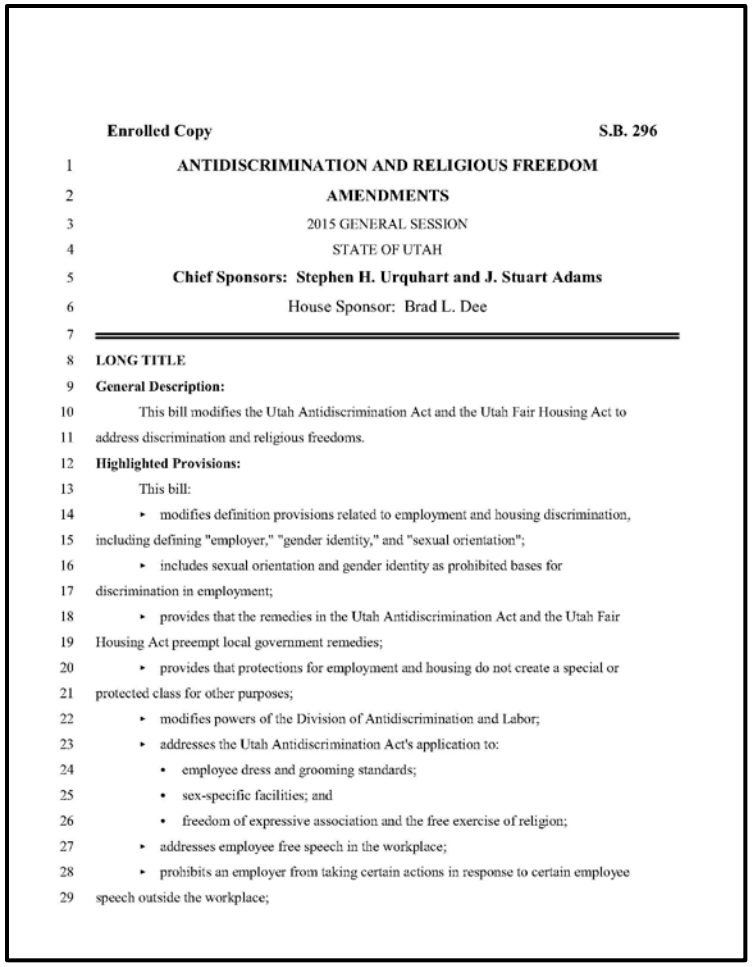
ACCESS TO HEALTH CARE AMENDMENTS
2015 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Brian E. Shiozawa
House Sponsor: James A. Dunnigan

LONG TITLE
General Description:
This bill authorizes an application for a waiver to the state Medicaid program to expand access to health care to the adult expansion population that does not qualify for the state's traditional Medicaid program.
Highlighted Provisions:
This bill:
- authorizes the Department of Health and the governor to negotiate a waiver to the state Medicaid program to establish a pilot program to provide access to health care to certain individuals in the state;
- requires the state Medicaid waiver to meet certain conditions, including notifying enrollees that the expansion is a two year pilot program;
- sunsets the Medicaid waiver in two years and requires a legislative review regarding:
  - the percentage of participants employed, in training, or participating in a work search program;
  - program enrollment categorized by employer sponsored plans, premium assistance, and medically exempt; and
  - annual cost per enrollee;

1st Sub. S.B. 164

- Utah House "rejected a plan to expand Medicaid under the provisions of Obamacare, commonly called Healthy Utah.
- Despite enormous pressure from the Governor's office, representatives rejected the programs financial unsustainability and harmful impacts on low-income individuals."

SB 296 NONDISCRIMINATION AND RELIGIOUS FREEDOM



Enrolled Copy **S.B. 296**

ANTIDISCRIMINATION AND RELIGIOUS FREEDOM

AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsors: Stephen H. Urquhart and J. Stuart Adams

House Sponsor: Brad L. Dee

LONG TITLE

General Description:

This bill modifies the Utah Antidiscrimination Act and the Utah Fair Housing Act to address discrimination and religious freedoms.

Highlighted Provisions:

This bill:

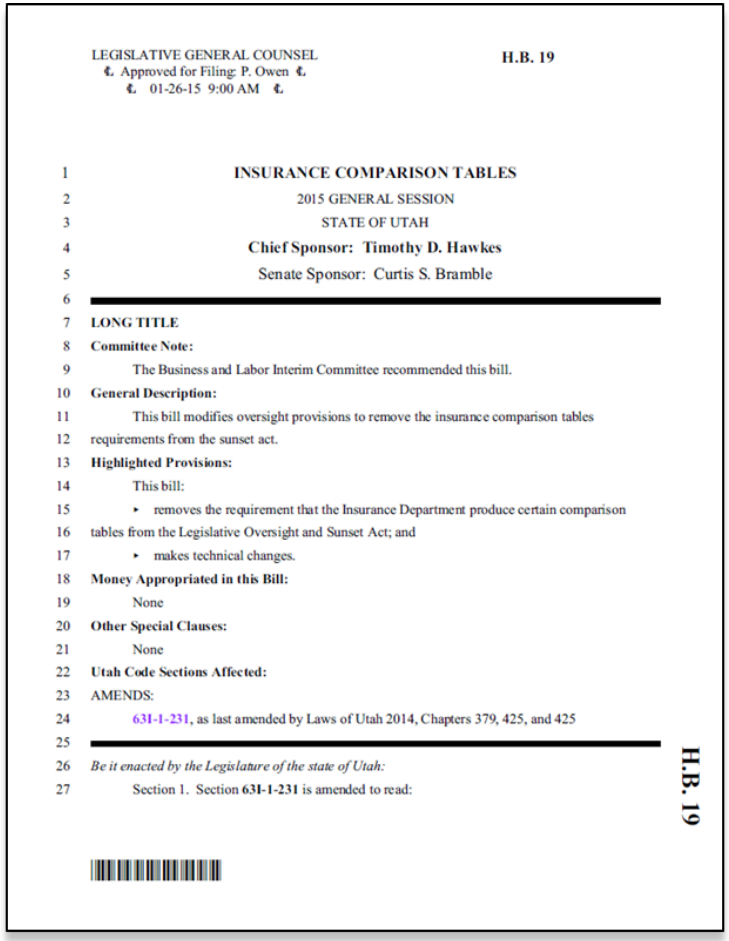
- modifies definition provisions related to employment and housing discrimination, including defining "employer," "gender identity," and "sexual orientation";
- includes sexual orientation and gender identity as prohibited bases for discrimination in employment;
- provides that the remedies in the Utah Antidiscrimination Act and the Utah Fair Housing Act preempt local government remedies;
- provides that protections for employment and housing do not create a special or protected class for other purposes;
- modifies powers of the Division of Antidiscrimination and Labor;
- addresses the Utah Antidiscrimination Act's application to:
  - employee dress and grooming standards;
  - sex-specific facilities; and
  - freedom of expressive association and the free exercise of religion;
- addresses employee free speech in the workplace;
- prohibits an employer from taking certain actions in response to certain employee speech outside the workplace;

- This bill "created protections in employment and housing on the basis of sexual orientation and gender identity to address the needs of the Lesbian, Gay, Bisexual, and transgender individuals while including religious liberty protections for religious organizations.

2015 INSURANCE RELATED LEGISLATION

- HB 19 Insurance Comparison Tables
- HB 23 Insurance Licensee Amendments
- HB 24 Insurance Modifications- Department's Bill
- HB76 Insurance Cancellation and Nonrenewal Amendments

HB 19 INSURANCE COMPARISON TABLES



LEGISLATIVE GENERAL COUNSEL
Approved for Filing: P. Owen
01-26-15 9:00 AM

H.B. 19

INSURANCE COMPARISON TABLES
2015 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Timothy D. Hawkes
Senate Sponsor: Curtis S. Bramble

LONG TITLE
Committee Note:
The Business and Labor Interim Committee recommended this bill.
General Description:
This bill modifies oversight provisions to remove the insurance comparison tables requirements from the sunset act.
Highlighted Provisions:
This bill:
- removes the requirement that the Insurance Department produce certain comparison tables from the Legislative Oversight and Sunset Act; and
- makes technical changes.

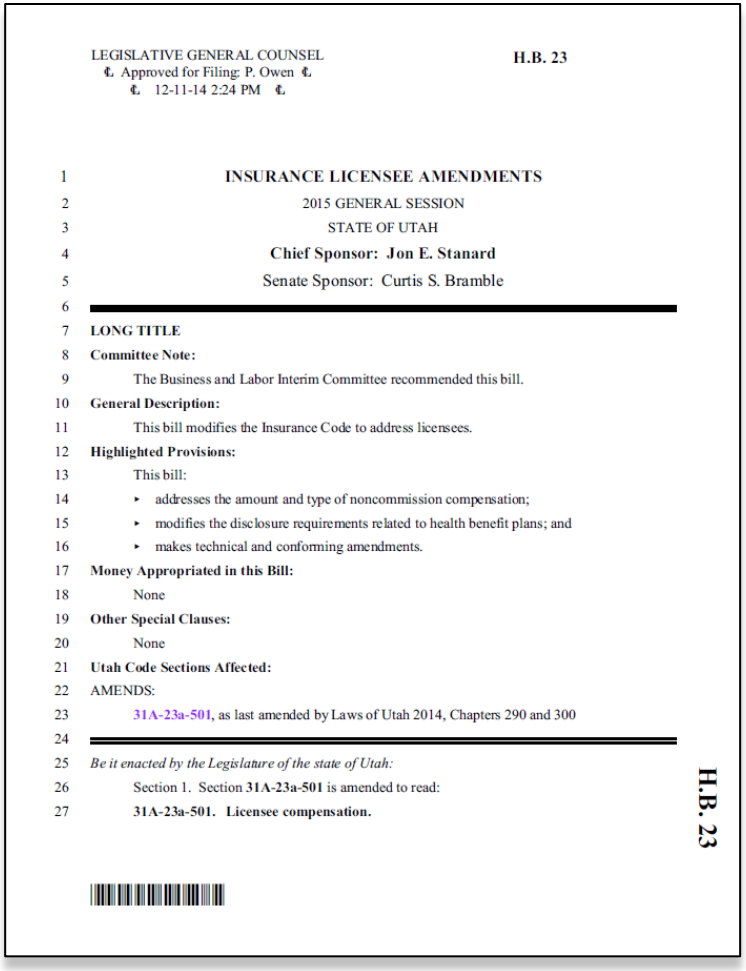
Money Appropriated in this Bill:
None
Other Special Clauses:
None
Utah Code Sections Affected:
AMENDS:
631-1-231, as last amended by Laws of Utah 2014, Chapters 379, 425, and 425

Be it enacted by the Legislature of the state of Utah:
Section 1. Section **631-1-231** is amended to read:

H.B. 19

- This bill continues the requirement that the Department annually submit to the Legislature, comparison tables of private passenger motor vehicle and homeowners insurance rates for the top 20 insurers. These are published on the Departments website: insurance.utah.gov

HB 23 INSURANCE COMPARISON TABLES



LEGISLATIVE GENERAL COUNSEL
Approved for Filing: P. Owen
12-11-14 2:24 PM

H.B. 23

INSURANCE LICENSEE AMENDMENTS
2015 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Jon E. Stanard
Senate Sponsor: Curtis S. Bramble

LONG TITLE
Committee Note:
The Business and Labor Interim Committee recommended this bill.
General Description:
This bill modifies the Insurance Code to address licensees.
Highlighted Provisions:
This bill:
- addresses the amount and type of noncommission compensation;
- modifies the disclosure requirements related to health benefit plans; and
- makes technical and conforming amendments.

Money Appropriated in this Bill:
None
Other Special Clauses:
None
Utah Code Sections Affected:
AMENDS:
31A-23a-501, as last amended by Laws of Utah 2014, Chapters 290 and 300

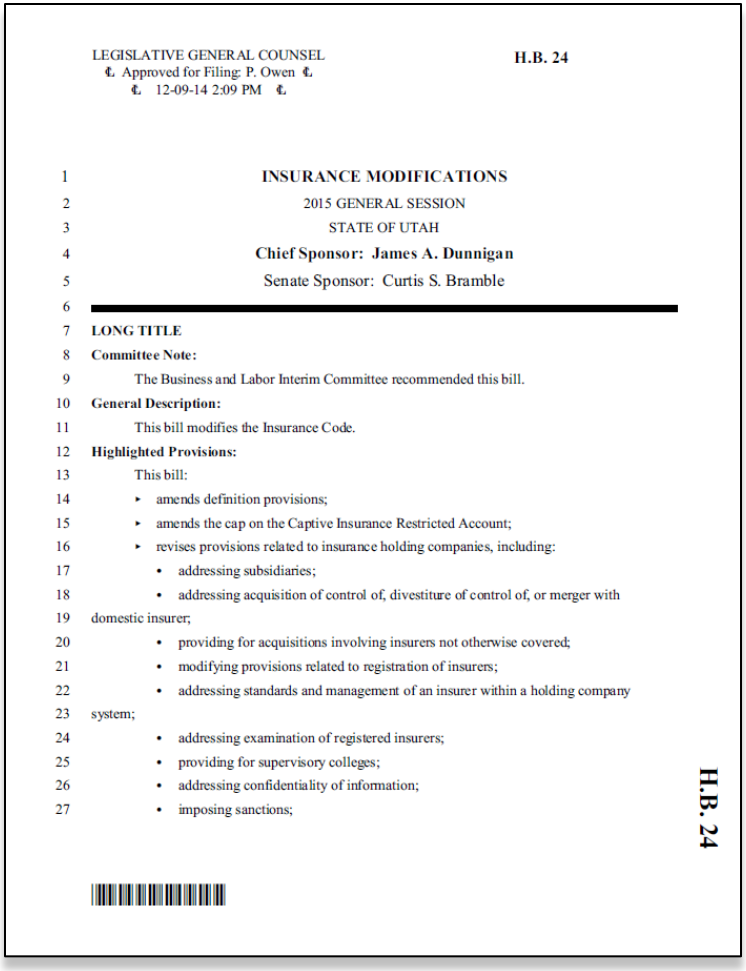
Be it enacted by the Legislature of the state of Utah:
Section 1. Section **31A-23a-501** is amended to read:
31A-23a-501. Licensee compensation.

H.B. 23

- This bill repeals State law that requires insurance producers selling health benefit insurance, to disclose to their client the amount of commission they are earning. The disclosure requirement under current law, *only* applies to Health Insurance.

HB 24 INSURANCE MODIFICATIONS

THE INSURANCE DEPARTMENT BILL



LEGISLATIVE GENERAL COUNSEL
Approved for Filing: P. Owen
12-09-14 2:09 PM

H.B. 24

INSURANCE MODIFICATIONS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: James A. Dunnigan

Senate Sponsor: Curtis S. Bramble

LONG TITLE

Committee Note:

The Business and Labor Interim Committee recommended this bill.

General Description:

This bill modifies the Insurance Code.

Highlighted Provisions:

This bill:

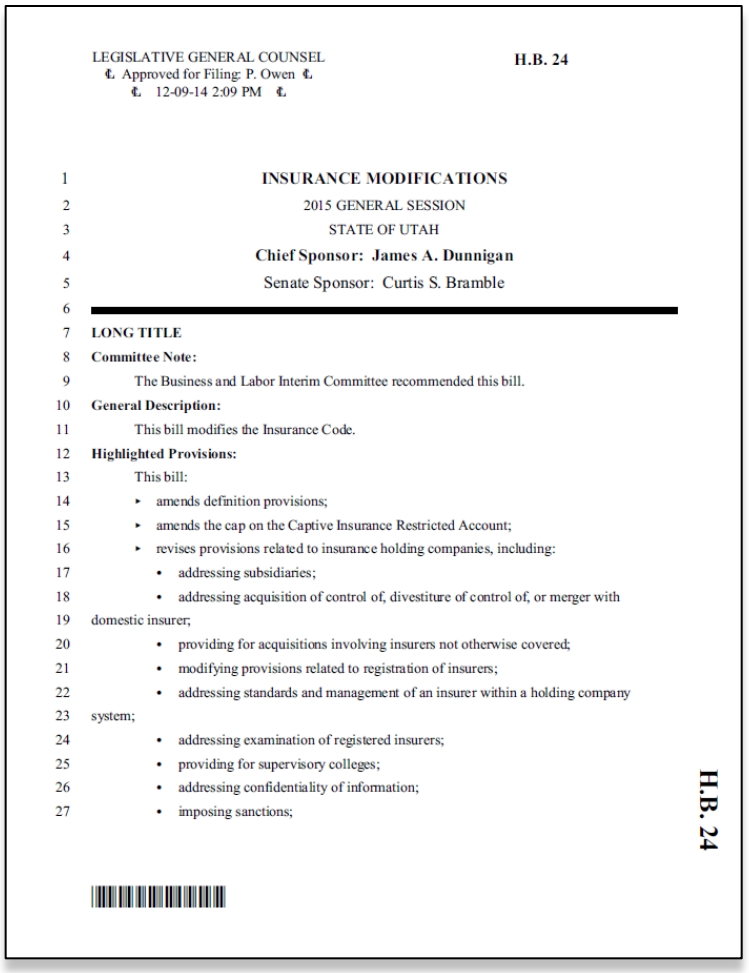
- amends definition provisions;
- amends the cap on the Captive Insurance Restricted Account;
- revises provisions related to insurance holding companies, including:
  - addressing subsidiaries;
  - addressing acquisition of control of, divestiture of control of, or merger with domestic insurer;
  - providing for acquisitions involving insurers not otherwise covered;
  - modifying provisions related to registration of insurers;
  - addressing standards and management of an insurer within a holding company system;
  - addressing examination of registered insurers;
  - providing for supervisory colleges;
  - addressing confidentiality of information;
  - imposing sanctions;

H.B. 24

- 1st-Own Risk Solvency Assessment. ORSA implements a national model developed by NAIC.
- 2nd-Model Company Holding System Act. Intended to reduce the risk of insurer insolvencies due to contagion from related entities within the holding company structure.

Continued-

HB 24 INSURANCE MODIFICATIONS



LEGISLATIVE GENERAL COUNSEL
Approved for Filing: P. Owen
12-09-14 2:09 PM

H.B. 24

INSURANCE MODIFICATIONS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: James A. Dunnigan

Senate Sponsor: Curtis S. Bramble

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General Description:

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Highlighted Provisions:

This bill:

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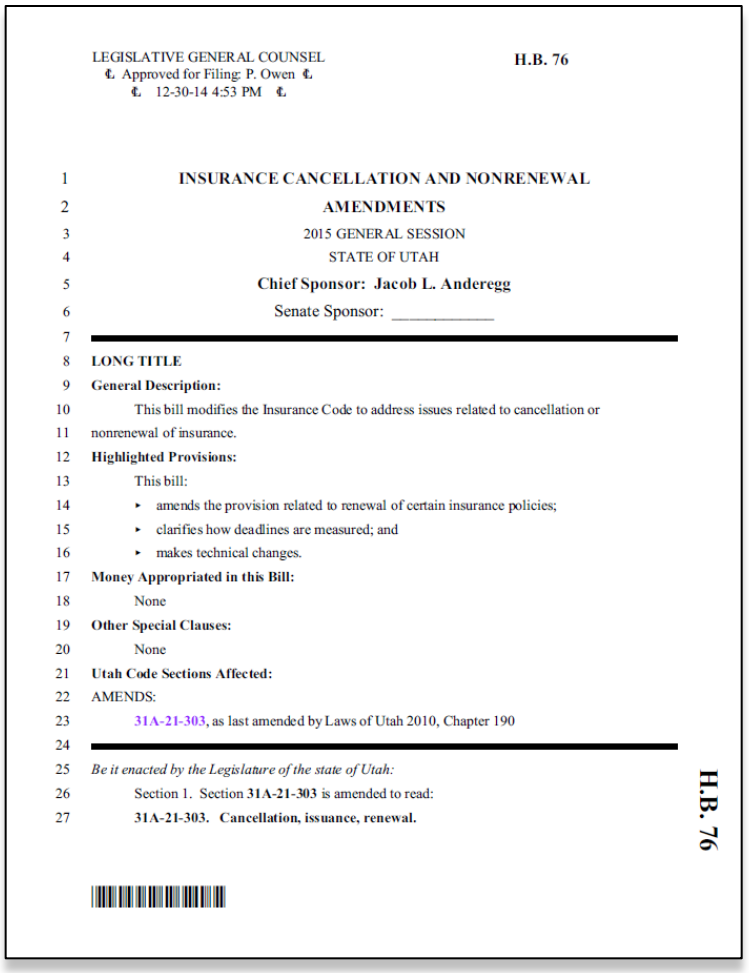
- revises provisions related to insurance holding companies, including:
  - addressing subsidiaries;
  - addressing acquisition of control of, divestiture of control of, or merger with domestic insurer;
  - providing for acquisitions involving insurers not otherwise covered;
  - modifying provisions related to registration of insurers;
  - addressing standards and management of an insurer within a holding company system;
  - addressing examination of registered insurers;
  - providing for supervisory colleges;
  - addressing confidentiality of information;
  - imposing sanctions;

H.B. 24

- 3rd-Captive Insurance Companies. Amends existing law to allow an LLC to form a captive insurer, and makes technical changes consistent with Utah Law governing LLC's. The number of domiciled in Utah increases on average 30% per year. The increase in resources is critical to maintain Utah's advantage of being a thorough responsive, and consistent regulator.
- 4th- Clean up to producer licensing

HB 76 INSURANCE CANCELLATION AND NONRENEWAL AMENDMENTS



LEGISLATIVE GENERAL COUNSEL
Approved for Filing: P. Owen
12-30-14 4:53 PM

H.B. 76

INSURANCE CANCELLATION AND NONRENEWAL AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jacob L. Anderegg

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Insurance Code to address issues related to cancellation or nonrenewal of insurance.

Highlighted Provisions:

This bill:

- amends the provision related to renewal of certain insurance policies;
- clarifies how deadlines are measured; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

31A-21-303, as last amended by Laws of Utah 2010, Chapter 190

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-21-303** is amended to read:

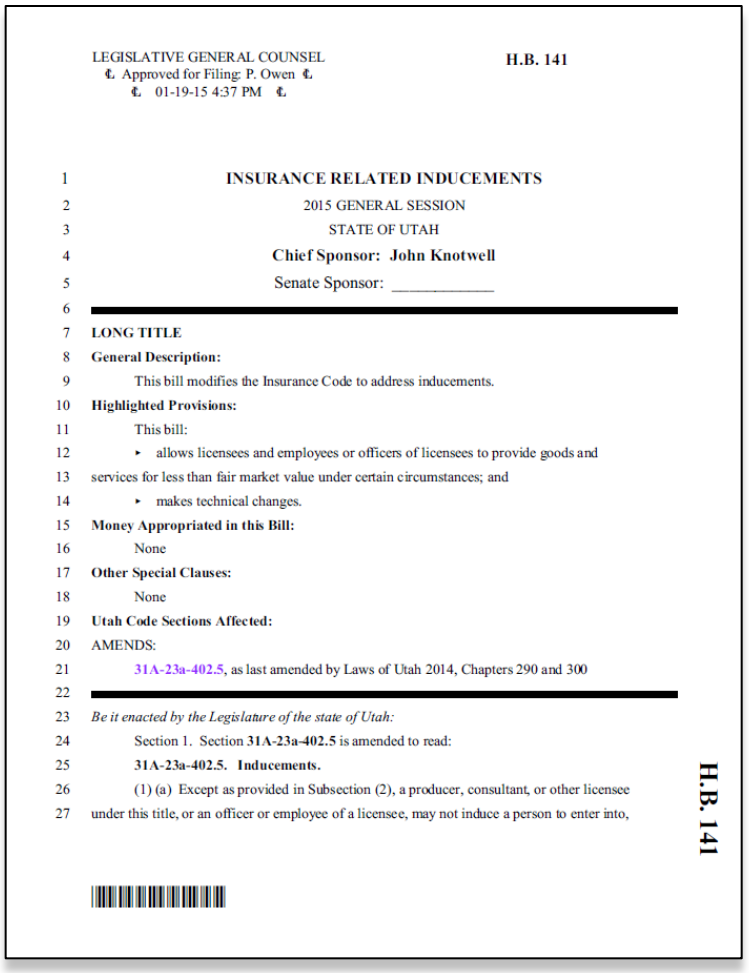
31A-21-303. Cancellation, issuance, renewal.

H.B. 76

- Lines 105-107 amend the renewal notice requirement in all 18 property and casualty lines of insurance. This requires notice that the relevant policy will lapse 10 days after the notice.

- Currently a policy lapses at the end of the policy period unless the renewal premium is received.

HB 141 INSURANCE RELATED INDUCEMENTS



LEGISLATIVE GENERAL COUNSEL
Approved for Filing: P. Owen
01-19-15 4:37 PM

H.B. 141

INSURANCE RELATED INDUCEMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Knotwell

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Insurance Code to address inducements.

Highlighted Provisions:

This bill:

- allows licensees and employees or officers of licensees to provide goods and services for less than fair market value under certain circumstances; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

31A-23a-402.5, as last amended by Laws of Utah 2014, Chapters 290 and 300

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-23a-402.5** is amended to read:

31A-23a-402.5. Inducements.

(1) (a) Except as provided in Subsection (2), a producer, consultant, or other licensee under this title, or an officer or employee of a licensee, may not induce a person to enter into,

H.B. 141

- This Bill makes changes to the rules that govern inducements and unfair marketing practices. It refines the definition of "inducements" to make it clear that it is not an inducement to offer discounted services that are not insurance. Specifically, the bill lets insurance producers, agencies or companies offer free HR or other non-insurance services to any clients that may want them, as long as the services are truly free and don't require a purchase of any kind. The services must also be available to the general public and not limited to any particular population.

BULLETIN 2015-8 INDUCEMENT/ANTI-REBATING STATUTE UPDATES

- Changes to 31A-23a-402.5 in HB 141, effective 5/30/2015

- Free or discounted rates of services or goods are allowed even when they are related to an offer or sale of insurance product. Free or discounts services or goods must remain to be free or discounted services or goods. These offers must be available to the general public and must not be offered contingent on the receipt of an insurance quote or sale or future sale.

- A licensee cannot require a change of Agent of Record in order to be offered free or discounted services. (31A-23a-402.5(10))

BULLETIN 2015-8 INDUCEMENT/ANTI-REBATING STATUTE UPDATES CONT.

- Changes in HB 141(Cont.)
- Section 31A-23a-402.5(11) requires that a conspicuous disclosure be made to the recipient that the products or services are not contingent upon the sale or future sale of an insurance product. The disclosure may be verbal or written.
- **This Bulletin 2015-8 does not apply to the title insurance industry**

NO EXCUSES - NO SURPRISES

FIXATION

THANK YOU!