

R590. Insurance, Administration.

R590-103. Security Deposits.

R590-103-1. Authority.

This rule is promulgated by the Insurance Commissioner pursuant to Subsections 31A-2-201(3) and 31A-2-206(17), which authorizes rules to implement the Utah Insurance Code.

R590-103-2. Purpose and Scope.

The purpose of this rule is to implement provisions relating to required deposits with the commissioner of insurance and adopt forms for that purpose. This rule applies to all insurance company licensees in this state.

R590-103-3. Rules.

A. The rule on the use of clearing corporations and the federal book-entry system shall be applicable when securities are to be used for purposes of deposit with the state.

B. Securities held by a qualified transfer deposit corporation may be qualified deposits if held in accordance with the rule on the use of clearing corporations and through a qualified custodian.

C. If a declining balance security is deposited with the insurance commissioner, the company depositing the security shall report the balance to the commissioner at least on a quarterly basis. The commissioner may order that a company report these balances monthly.

D. The custodian institution holding deposits, or the state treasurer, shall report on an annual basis to the insurance company and the commissioner the amount of securities held on December 31st of each year. This report shall be submitted by January 15th of the following year. Failure to provide the report shall be grounds for appropriate action by the commissioner. The form of this report shall state the description of the securities, including CUSIP number, the interest rate, the par value, and the date of maturity, and shall satisfy the requirement of Section 31A-2-206(7).

E. Certificates of deposit may be deposited in amounts not to exceed federal insurance limits. The face amount of the certificate of deposit shall be deemed to be the market value.

F. Depository Agreement, Deposit Request and Withdrawal Request forms are available on request from the Insurance Department.

G. Deposits required under these rules shall apply to all insurer licensees in this state. A foreign company may deposit securities in its domiciliary state or another state with comparable deposit statutes or rules. The only acceptable deposits are those held for all policyholders.

R590-103-5. Separability.

If any provision of this rule or its application to any person or circumstance is found for any reason to be invalid, the remainder of the rule may not be affected thereby.

KEY: insurance

Date of Enactment or Last Substantive Amendment: May 9, 1997

Notice of Continuation: December 12, 2016

Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-2-206