

R590. Insurance, Administration.

R590-144. Commercial Aviation Insurance Exemption From Rate and Form Filing.

R590-144-1. Authority.

This Rule is promulgated by the insurance commissioner pursuant to:

- (a) Section 31A-2-201, which provides general authority to adopt rules for the implementation of the Utah Insurance Code;
- (b) Section 31A-19a-103, which authorizes the commissioner to exempt any market segment from provisions of Chapter 19a, Rate Regulation; and
- (c) Subsection 31A-21-101(5), which authorizes the commissioner to exempt any class of insurance contract or class of insurer from provisions of Chapter 21, Insurance Contracts in General.

R590-144-2. Purpose.

The purpose of this rule is to exempt commercial aviation insurance, as defined in this rule, from the rate filing requirements of Chapter 19a and the form filing requirements of Chapter 21.

Because of the unique nature of commercial aviation risks, aviation insurance premiums rely on individual risk analysis, underwriting judgment and the negotiation of a sophisticated business transaction between the insurer and an informed insured. Similarly, because of their unique nature, commercial aviation insurance risks have individually tailored manuscript-type policies.

As the commercial aviation market segment is highly specialized, competitive and global in nature, the commissioner has determined that exemption from the rate and form filing requirements of the Utah Insurance Code will not harm Utah insureds, creditors, or the public and is not necessary to the regulation of these insurance products.

R590-144-3. Scope.

This rule applies to all insurers licensed to write commercial aviation insurance as it is defined in this rule. This rule also applies to all rate service organizations.

R590-144-4. Definitions.

For the purpose of this rule the commissioner adopts the definitions as particularly set forth in Section 31A-1-301, Section 31A-19a-102, and in addition thereto, the following:

- (1) "Aviation insurance" means:
 - (a) All kinds and classes of property insurance on aircraft and all kinds of property and interests with respect to, appertaining to or in connection with any and all risks or perils of aerial navigation, transit or transportation.
 - (b) All kinds and classes of casualty insurance in connection with the construction, repair, maintenance, operation or use of aircraft, and all kinds and classes of casualty insurance in connection with the maintenance, operation or use of airports, including public liability and property damage.
- (2) "Commercial aviation insurance" means any class of aviation insurance except insurance of aircraft used for private business and pleasure.
- (3) "Private business and pleasure" means predominant use of aircraft for pleasure or personal transportation purposes. The incidental use of aircraft in furtherance of an occupational or business interest is permissible.

R590-144-5. Rule.

- (1) Insurers and rate service organizations are exempt from the rate filing requirements of Section 31A-19a-203, for commercial aviation insurance. This rule does not exempt such insurers from the rate standards of 31A-19a-201.
- (2) Insurers and rate service organizations are exempt from the form filing requirements of Section 31A-21-201, for commercial aviation insurance. This rule does not permit such insurers to issue contracts that do not conform to the general provisions of Chapter 21.
- (3) All insurers must maintain fully documented underwriting files which must be made available to the commissioner upon request. The underwriting file must show that rates are not excessive, inadequate or unfairly discriminatory. The file must also show that contracts are not inequitable, unfairly discriminatory, misleading, deceptive, obscure, encourage misrepresentation, or are otherwise in violation of Utah law.

R590-144-6. Severability.

If any provision or clause of this rule or the application of it to any person is for any reason held to be invalid, the remainder of the Rule and the application of any provisions to other persons or circumstances shall not be affected.

KEY: insurance

Date of Enactment or Last Substantive Amendment: 1991

Notice of Continuation: February 25, 2021

Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-19a-103; 31A-21-101