

R590. Insurance, Administration.

R590-197. Treatment of Guaranty Association Assessments as Qualified Assets.

R590-197-1. Authority.

This rule is promulgated by the insurance commissioner pursuant to the general authority to adopt a rule granted under 31A-2-201(3). Specific rulemaking authority in Subsection 31A-17-201(2)(a) allows the department to authorize other assets than those specified in the insurance code, as qualified assets in the determination of an insurers financial condition. Pursuant to Subsection 31A-28-109(8) the insurance commissioner is authorized to approve the amounts and time periods for which contributions are treated as assets.

R590-197-2. Purpose.

This rule is issued in order to establish the standards by which assessments paid by insurers to insurance guaranty associations may be treated as "qualified assets" as that term is defined in 31A-17-201(2).

R590-197-3. Extent to Which Paid Assessments Are Qualified Assets.

A. The term "qualified assets" in 31A-17-201 includes guaranty fund or guaranty association assessments paid in any state, but only to the extent it is probable the company will be able to offset those assessments against present or future premium taxes or income taxes paid in the state in which the assessments were paid.

B. The amount of the assessments allowed as qualified assets shall not exceed two and one half times the amount of premium or income taxes paid for the previous calendar year.

C. The insurance commissioner may disallow any such assessment as a qualified asset to the extent the commissioner determines a company is unlikely to realize a present or future premium tax or income tax offset as a result of the assessment.

D. For purposes of subsection (A) above, a company is deemed to have paid income or premium taxes where it actually reduces its gross premium tax liability by use of a credit or other legally allowable deduction.

R590-197-4. Severability.

If any provision or portion of this rule or the application of it to any company, person or circumstance is for any reason held to be invalid, such invalidity does not affect the remainder of the rule and the application of the provision to other companies, persons or circumstances.

KEY: insurance law

Date of Enactment or Last Substantive Amendment: January 25, 2000

Notice of Continuation: November 15, 2019

Authorizing, and Implemented or Interpreted Law: 31A-2-201; 31A-17-201