

31A-28-220 Termination of association's operation.

- (1) The commissioner shall by order terminate the operation of the association for any kind of insurance covered under this part when the commissioner finds that there is in effect a statutory or voluntary plan that:
 - (a) is a permanent plan that is adequately funded or where adequate funding is provided; or
 - (b) extends, or will extend to residents and policyholders, protection and benefits regarding insolvent insurers that are not substantially less favorable and effective to residents and policyholders than the protection and benefits provided regarding the kinds of insurance covered under this part.
- (2)
 - (a) The commissioner shall, by the order under Subsection (1), authorize discontinuance of future payments by insurers to the association regarding the kinds of insurance that are the subject of the order.
 - (b) Notwithstanding Subsection (2)(a), the assessments and payments shall continue, as necessary, to liquidate covered claims of insurers who are adjudged insolvent prior to the order and to pay the related expenses not covered by any other plan.
- (3)
 - (a) If the operation of the association is terminated under Subsection (1), the association shall, as soon as possible, distribute the balance of money and assets remaining, after discharging the functions of the association as to prior insurer insolvencies that were not covered by any other plan, together with related expenses, to the insurers that are then writing in this state policies of the kinds of insurance covered by this part, and that had made payments to the association.
 - (b) The reimbursement described in Subsection (3)(a) shall be:
 - (i) pro rata; and
 - (ii) based upon the aggregate of the payments made by the respective insurers during the period of five years next preceding the date of the order.
 - (c) For a reimbursement of an assessment that has been offset against premium taxes, the association may pay the amount of the reimbursement directly to the State Tax Commission.
 - (d) Upon completion of the distribution regarding all of the kinds of insurance covered by this part, this part shall terminate.

Amended by Chapter 363, 2001 General Session