

Part 7

Disclosure of Material Transactions

31A-5-701 General reporting requirement.

- (1) An insurer domiciled in this state shall file a report with the commissioner disclosing any transaction listed in Subsection (2), unless the transaction has been submitted to the commissioner for review, approval, or information purposes pursuant to other provisions of this title or rules or other requirements made pursuant to this title.
- (2) A report is required under Subsection (1) to disclose:
 - (a) material acquisitions and dispositions of assets; or
 - (b) material nonrenewals, cancellations, or revisions of ceded reinsurance agreements.
- (3) The report required in Subsection (1) is due within 15 days after the end of the calendar month in which any of the transactions described in Subsection (2) occurs.
- (4)
 - (a) Except as provided in Subsection (4)(b), reports obtained by or disclosed to the commissioner pursuant to this part are confidential and are not subject to subpoena and may not be made public by the commissioner or any other person or organization, without the prior written consent of the insurer to which it pertains.
 - (b)
 - (i) The commissioner may publish all or any part of a report in the manner the commissioner considers appropriate if the commissioner determines that the interest of policyholders, shareholders, or the public will be served by publication, after giving notice and an opportunity to be heard to the insurer who would be affected.
 - (ii) All or any part of a report may be disclosed without notice or consent to insurance departments of other states.

Enacted by Chapter 9, 1996 Special Session 2

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31A-5-702 Acquisitions and dispositions of assets.

- (1)
 - (a) An acquisition or disposition of asset is not subject to the reporting requirements of Section 31A-5-701 if the acquisitions or dispositions are not material.
 - (b) For purposes of this part, an acquisition, a disposition, or the aggregate of any series of related acquisitions or related dispositions during any 30-day period, is material if it is:
 - (i) nonrecurring;
 - (ii) not in the ordinary course of business; and
 - (iii) involves more than 5% of the reporting insurer's total admitted assets as reported in its most recent statutory statement.
- (2)
 - (a) An asset acquisition subject to this part includes every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of materials for that purpose.
 - (b) An asset disposition subject to this part includes every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment, whether for the benefit of creditors or otherwise, abandonment, destruction, or other disposition.
- (3)

- (a) The following information is required to be disclosed in any report filed pursuant to Section 31A-5-701 of a material acquisition or disposition of assets:
 - (i) the date of the transaction;
 - (ii) the manner of acquisition or disposition;
 - (iii) a description of the assets involved;
 - (iv) the nature and amount of the consideration given or received;
 - (v) the purpose of, or reason for, the transaction;
 - (vi) the manner by which the amount of consideration was determined;
 - (vii) any gain or loss recognized or realized as a result of the transaction; and
 - (viii) the name of any person from whom the assets were acquired or to whom they were disposed.
- (b)
 - (i) Insurers are required to report material acquisitions and dispositions on a nonconsolidated basis unless the insurer:
 - (A) is part of a consolidated group of insurers that uses a pooling arrangement or 100% reinsurance agreement that affects the solvency and integrity of the insurer's reserves; and
 - (B) ceded substantially all of its direct and assumed business to the pool.
 - (ii) For purposes of this section, an insurer is considered to have ceded substantially all of its direct and assumed business to a pool if:
 - (A) the insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement; and
 - (B) the net income of the business not subject to the pooling arrangement represents less than 5% of the insurer's capital and surplus.

Enacted by Chapter 9, 1996 Special Session 2

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31A-5-703 Nonrenewals, cancellations, or revisions of ceded reinsurance agreements.

- (1)
 - (a) A nonrenewal, cancellation, or revision of ceded reinsurance agreements is not subject to the reporting requirements of Section 31A-5-701 if:
 - (i) the nonrenewal, cancellation, or revision is not material; or
 - (ii) with respect to a property and casualty business, the insurer's total ceded written premium, on an annualized basis, is less than 10% of its total written premium for direct and assumed business; or
 - (iii) with respect to a life, annuity, and accident and health business, the total reserve credit taken for business ceded, on an annualized basis, is less than 10% of the statutory reserve requirement prior to a cession.
 - (b) For purposes of this part, a material nonrenewal, cancellation, or revision is one that affects:
 - (i) with respect to a property and casualty business:
 - (A) more than 50% of the insurer's total ceded written premium; or
 - (B) more than 50% of the insurer's total ceded indemnity and loss adjustment reserves;
 - (ii) with respect to a life, annuity, and accident and health business, more than 50% of the total reserve credit taken for business ceded, on an annualized basis, as indicated in the insurer's most recent annual statement; or
 - (iii) with respect to either property and casualty or life, annuity, or accident and health business:

- (A) an authorized reinsurer representing more than 10% of a total cession is replaced by one or more unauthorized reinsurers; or
- (B) previously established collateral requirements have been reduced or waived as respects one or more unauthorized reinsurers representing collectively more than 10% of a total cession.

(2)

(a) The following information is required to be disclosed in any report filed pursuant to Section 31A-5-701 of a material nonrenewal, cancellation, or revision of a ceded reinsurance agreement:

- (i) the effective date of the nonrenewal, cancellation, or revision;
- (ii) the description of the transaction with an identification of the initiator of the transaction;
- (iii) the purpose of, or reason for the transaction; and
- (iv) if applicable, the identity of the replacement reinsurers.

(b)

(i) Insurers are required to report all material nonrenewals, cancellations, or revisions of ceded reinsurance agreements on a nonconsolidated basis unless the insurer:

(A) is part of a consolidated group of insurers that uses a pooling arrangement or 100% reinsurance agreement that affects the solvency and integrity of the insurer's reserves; and

(B) ceded substantially all of its direct and assumed business to the pool.

(ii) An insurer is considered to have ceded substantially all of its direct and assumed business to a pool if:

(A) the insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement; and

(B) the net income of the business not subject to the pooling arrangement represents less than 5% of the insurer's capital and surplus.

Amended by Chapter 116, 2001 General Session