

INSURANCE FRAUD RELATED ASSESSMENTS

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Douglas C. Aagard

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Insurance Code to increase assessments paid by insurers to fund costs and expenses incurred by the Department of Insurance in the administration, investigation, and enforcement of provisions related to insurance fraud.

Highlighted Provisions:

This bill:

▶ increases the assessments paid by insurers on the basis of an insurer's Utah consideration; ~~H→~~ [and]

▶ imposes a reporting requirement; and ~~←H~~

▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

31A-31-108, as last amended by Laws of Utah 2008, Chapter 382

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-31-108** is amended to read:

31A-31-108. Assessment of insurers.



28 (1) For purposes of this section:

29 (a) The commissioner shall by rule made in accordance with Title 63G, Chapter 3,
30 Utah Administrative Rulemaking Act, define:

- 31 (i) "annuity consideration";
- 32 (ii) "membership fees";
- 33 (iii) "other fees";
- 34 (iv) "deposit-type contract funds"; and
- 35 (v) "other considerations in Utah."

36 (b) "Insurance fraud provisions" means:

- 37 (i) this chapter;
- 38 (ii) Section 34A-2-110; and
- 39 (iii) Section 76-6-521.

40 ~~[(b)]~~ (c) "Utah consideration" means:

- 41 (i) the total premiums written for Utah risks;
- 42 (ii) annuity consideration;
- 43 (iii) membership fees collected by the insurer;
- 44 (iv) other fees collected by the insurer;
- 45 (v) deposit-type contract funds; and
- 46 (vi) other considerations in Utah.

47 ~~[(c)]~~ (d) "Utah risks" means insurance coverage on the lives, health, or against the
48 liability of persons residing in Utah, or on property located in Utah, other than property
49 temporarily in transit through Utah.

50 (2) To implement ~~[this chapter, Section 34A-2-110, and Section 76-6-521]~~ insurance
51 fraud provisions, the commissioner may assess ~~[each]~~ an admitted insurer and ~~[each]~~ a
52 nonadmitted insurer transacting insurance under Chapter 15, Parts 1, Unauthorized Insurers and
53 Surplus Lines, and 2, Risk Retention Groups Act, an annual fee as follows:

54 (a) ~~[\$150]~~ \$200 for an insurer ~~[if]~~ for which the sum of the Utah consideration ~~[for that~~
55 ~~insurer]~~ is less than or equal to \$1,000,000;

56 (b) ~~[\$400]~~ \$450 for an insurer ~~[if]~~ for which the sum of the Utah consideration ~~[for that~~
57 ~~insurer]~~ is greater than \$1,000,000 but is less than or equal to \$2,500,000;

58 (c) ~~[\$700]~~ \$800 for an insurer ~~[if]~~ for which the sum of the Utah consideration ~~[for that~~

59 insurer] is greater than \$2,500,000 but is less than or equal to \$5,000,000;

60 (d) [~~\$1,350~~] \$1,600 for an insurer [if] for which the sum of the Utah consideration [for
61 ~~that insurer~~] is greater than \$5,000,000 but less than or equal to \$10,000,000;

62 (e) [~~\$5,150~~] \$6,100 for an insurer [if] for which the sum of the Utah consideration [for
63 ~~that insurer~~] is greater than \$10,000,000 but less than \$50,000,000; and

64 (f) [~~\$12,350~~] \$15,000 for an insurer [if] for which the sum of the Utah consideration
65 [for that insurer] equals or exceeds \$50,000,000.

66 (3) (a) [~~All money~~] Monies received by the state under this section shall be deposited
67 in the General Fund as a dedicated credit of the department for the purpose of providing funds
68 to pay for any costs and expenses incurred by the department in the administration,
69 investigation, and enforcement of [~~this chapter, Section 34A-2-110, and Section 76-6-521~~]
70 insurance fraud provisions.

71 (b) [~~All monies~~] Monies received by the department to pay for the costs and expenses
72 incurred by the department in the administration, investigation, and enforcement of [~~this
73 chapter, Section 34A-2-110, and Section 76-6-521 shall be~~] insurance fraud provisions are
74 nonlapsing.

74a **H→ (4)(a) By no later than the last interim meeting of the Judiciary Interim Committee**
74b **each year beginning in 2012 and ending in 2017, the following shall report the information**
74c **described in Subsection (4)(b) to the Judiciary Interim Committee:**

74d **(i) the Insurance Department; and**

74e **(ii) the Office of the Attorney General.**

74f **(b) The information required to be reported under this Subsection (4) includes:**

74g **(i) the affect, if any, the annual fee assessed under this section has on the number and**
74h **nature of the prosecutions, convictions, and collection of restitution under insurance fraud**
74i **provisions; and**

74j **(ii) any other information requested by the Judiciary Interim Committee related to the**
74k **annual fee assessed under this section.**

74l **(c)(i) The Judiciary Interim Committee may recommend legislative action to the**
74m **Legislature regarding the annual fee assessed under this section.**

74n **(ii) The Judiciary Interim Committee shall recommend to the Legislature for**
74o **consideration during the 2018 General Session whether or not the reporting requirements**
74p **under this Subsection (4) should be extended beyond 2017. ←H**

Legislative Review Note
as of 1-22-09 1:38 PM

Office of Legislative Research and General Counsel

H.B. 263 - Insurance Fraud Related Assessments

Fiscal Note

2009 General Session
State of Utah

State Impact

Enactment of this bill will require an additional appropriation of \$253,900 in FY 2010 and \$207,000 in FY 2011 from Dedicated Credits. The bill will increase Dedicated Credits revenue by \$291,900 per year.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
Dedicated Credits	\$0	\$253,900	\$207,000	\$0	\$291,900	\$291,900
Total	\$0	\$253,900	\$207,000	\$0	\$291,900	\$291,900

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments. Insurance companies will pay higher assessments. This emphasis on fraud may lower insurance costs to businesses and individuals.