

31A-1-106 Residual unlicensed domestic insurers.

- (1) Every person doing an insurance business in Utah not covered under another section of this title, that does not hold a valid certificate of authority or license under this title shall, by July 1, 1987, complete one of the actions prescribed in Subsections (2) through (5). This section does not apply to an unauthorized foreign insurer doing an insurance business in Utah in full compliance with Section 31A-15-103.
- (2) An insurer under Subsection (1) may incorporate and apply, or if already incorporated, may apply for a certificate of authority under Chapter 5, Domestic Stock and Mutual Insurance Corporations, Chapter 7, Nonprofit Health Service Insurance Corporations, Chapter 8, Health Maintenance Organizations and Limited Health Plans, or Chapter 9, Insurance Fraternal. If the commissioner is satisfied that the insurer substantially complies with the requirements of the appropriate chapter necessary for the protection of insureds and the public, the commissioner shall issue a certificate of authority.
- (3) An insurer under Subsection (1) may transfer all its obligations to a corporation authorized under this title to assume them, according to a plan approved by the commissioner. The commissioner may disapprove the plan on a finding, after a hearing, that it is contrary to the interests of insureds, the public, or the law.
- (4) An insurer under Subsection (1) may adopt a plan to run off existing obligations without accepting any new policyholders or new obligations. The commissioner may disapprove the plan on a finding, after a hearing, that it is contrary to the interests of insureds, the public, or the law.
- (5) The commissioner may, by order, exempt an insurer from the requirements of Subsection (1) or extend the deadline under Subsection (1) on a finding that:
 - (a) incorporation, licensing, reinsurance, or run off would cause disproportionate expense, loss, or substantial hardship; and
 - (b) the nature of the existing and prospective business, the assets, or the business plan of the insurer can be reasonably expected to continue to operate in a sound manner and can be subjected to adequate regulatory controls.
- (6) Whenever the commissioner grants an exemption under Subsection (5), the commissioner shall issue to the insurer a certificate of authority. The commissioner may amend the certificate at any time, specifying the business that the insurer may transact and specifying in detail the controls to which the insurer shall be subject. These controls shall correspond as nearly as practicable to the controls applicable to corporations transacting a like business.
- (7) It is a ground for liquidation under Section 31A-27a-207 if an insurer has not completed action under one of Subsections (2) through (4) and has not applied for and been granted exemption under Subsection (5) before July 1, 1987.

Amended by Chapter 340, 2011 General Session