

Effective 5/12/2015

31A-23a-203.5 Errors and omissions coverage requirements.

- (1) In accordance with this section, a resident individual producer shall ensure that the resident individual producer is covered:
 - (a) for the legal liability of the resident individual producer as the result of an erroneous act or failure to act in the resident individual producer's capacity as a producer; and
 - (b) at all times during the term of the resident individual producer's license.
- (2) The coverage required by Subsection (1) shall consist of:
 - (a) a policy naming the resident individual producer;
 - (b) a policy naming the agency that designates the resident individual producer in accordance with this chapter; or
 - (c) a written agreement by an insurer or group of affiliated insurers, on behalf of a resident individual producer who is or will become an exclusive agent of the insurer or group of affiliated insurers, under which the insurer or group of affiliated insurers agrees to assume responsibility, to the benefit of an aggrieved person, for legal liability of the resident individual producer as the result of an erroneous act or failure to act in the resident individual producer's capacity as a producer for the insurer or group of affiliated insurers.
- (3) The commissioner may, by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, provide for:
 - (a) the terms and conditions of the coverage required under Subsection (1); and
 - (b) if the coverage required by Subsection (1) is terminated during a resident individual producer's license term, requirements to:
 - (i) provide notice; and
 - (ii) replace the coverage.
- (4) An individual title insurance producer is considered to be in compliance with this section when:
 - (a) the individual title insurance producer who is not designated by an agency title producer maintains the individual title insurance producer's own bond, policy, or other financial protection in accordance with Subsection 31A-23a-204(2);
 - (b) the individual title insurance producer is designated by an agency title insurance producer that maintains a bond, policy, or other financial protection in accordance with Subsection 31A-23a-204(2); or
 - (c) the individual title insurance producer is an employee of and is appointed by a title insurer.
- (5) Notwithstanding the other provisions of this section, a resident individual producer is exempt from the requirement to maintain coverage as provided in this section during a period in which the resident individual producer is not either:
 - (a) appointed by an insurer under this title; or
 - (b) designated by an agency under this title.
- (6) A limited lines producer is exempt from this section.

Amended by Chapter 312, 2015 General Session