

Part 1 General Provisions

31A-5-101 Definitions.

In this chapter, unless the context requires otherwise:

- (1) The definitions of the following terms applicable to the Utah Revised Business Corporation Act in Section 16-10a-102 apply to stock corporations:
 - (a) "affiliate";
 - (b) "mail"; and
 - (c) "notice."
- (2) The definitions to the following terms applicable to nonprofit corporations in Section 16-6a-102 apply to mutuals:
 - (a) "articles of incorporation";
 - (b) "bylaws"; and
 - (c) "member."
- (3) "Promoter securities" are securities issued by a stock insurer to the incorporators, directors, officers, or their families or nominees at any time prior to, and up to one year following, the issuance of a certificate of authority to the stock insurer.

Amended by Chapter 386, 2009 General Session

31A-5-102 Scope and purposes.

- (1)
 - (a) Except as expressly provided otherwise in this title, this chapter applies to all corporations organized under Utah law and doing an insurance business as defined under Section 31A-1-301, except those expressly governed by other chapters of this title. This chapter applies to corporations doing a reinsurance business, whether or not they do other insurance business.
 - (b) Except as expressly provided otherwise, this chapter does not apply to nondomestic insurers.
 - (c) Except as provided otherwise in this title, Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, and Title 16, Chapter 10a, Utah Revised Business Corporation Act, apply to corporations under this chapter.
 - (d) If Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, or Title 16, Chapter 10a, Utah Revised Business Corporation Act, conflict with this title, this title governs.
- (2) The purposes of this chapter include:
 - (a) to provide a procedure for the formation of insurance corporations;
 - (b) to assure the solidity of insurance corporations by providing an organizational framework to facilitate sound management, sound operation, and sound regulation;
 - (c) to provide fair means of corporate transformation; and
 - (d) where feasible, to strengthen internal corporate democracy through enhancing shareholder and policyholder participation.

Amended by Chapter 300, 2000 General Session

31A-5-103 Orders imposing and relaxing restrictions.

- (1) The commissioner may by order subject an individual corporation not otherwise subject to some or all of the restrictions of Subsections 31A-5-304(4), 31A-5-305(1)(a), 31A-5-305(2)(a)(i)

and (ii), and 31A-5-410(1)(b) if he finds after a hearing that the individual corporation's financial condition, management, and other circumstances require additional regulation for the protection of the interests of insureds or the public. The commissioner shall detail in writing the grounds for his order.

- (2) The commissioner may by order free a new corporation from any or all of the restrictions generally applicable to new corporations under the provisions listed in Subsection (1), if he is satisfied that the corporation's financial condition, management, and other circumstances give assurance that the interests of insureds and the public will not be endangered by doing so.

Amended by Chapter 1, 2000 General Session

31A-5-104 General corporate powers and procedures.

- (1)
 - (a) Subject to other provisions of this code, Section 16-10a-302 applies to stock and mutual insurance corporations.
 - (b) Subject to other specific provisions of this title, a domestic insurance corporation may participate in any activity permitted as a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other enterprise.
- (2) Subsections 16-10a-303(2)(a) and (b) apply to stock corporations, and Section 16-10a-622 applies to mutuals.
- (3) Whenever a seal is required on a corporate document, writing or printing the word "Seal" constitutes a valid seal.
- (4) In waiving notice and in informal actions by shareholders, members, or directors, Sections 16-10a-704, 16-10a-706, and 16-10a-823 apply to stock corporations, and Sections 16-6a-705 and 16-6a-707 apply to mutuals.
- (5) A life insurance corporation may hold assets under Section 31A-22-410 as general corporate assets or as trustee.

Amended by Chapter 300, 2000 General Session

31A-5-105 Documents as evidence.

A certificate issued by the commissioner under a provision of this chapter is prima facie evidence of the facts stated in the certificate.

Enacted by Chapter 242, 1985 General Session

31A-5-106 Unauthorized assumption of corporate power.

All persons who presume to act as a corporation under this chapter without authority to do so are jointly and severally liable for all debts and liabilities incurred or arising as a result.

Enacted by Chapter 242, 1985 General Session

31A-5-108 Transition provision for former mutual benefit associations, cooperative associations, county mutuals, and reciprocal insurers.

- (1) Except as otherwise provided in this code, a domestic stock or mutual insurance corporation, including an incorporated mutual benefit association, a county mutual, a reciprocal insurer, or an incorporated cooperative association, holding a valid certificate of authority on July 1, 1986, continues to be authorized within the limits of its certificate of authority. Incorporated mutual

benefit associations, county mutuals, reciprocal insurers, and cooperative associations become Chapter 5, Domestic Stock and Mutual Insurance Corporations, mutuals by operation of law on July 1, 1986.

- (2) If timely adjustment to the requirements of Chapter 5, Domestic Stock and Mutual Insurance Corporations, would cause an existing stock or mutual insurance corporation hardship, disproportionate expense, or serious inconvenience, the commissioner may, upon the corporation's request, grant an extension for compliance with specified requirements, if the interests of insureds and the public are not endangered. The extension may not be beyond July 1, 1988.

Enacted by Chapter 242, 1985 General Session

31A-5-109 Compliance extension.

If timely adjustment to a particular requirement applicable to a Chapter 5, Domestic Stock and Mutual Insurance Corporations, mutual would cause a former county mutual, reciprocal insurer, cooperative association, or mutual benefit association hardship, disproportionate expense, or serious inconvenience, the commissioner may, upon the insurer's request, grant an extension for compliance if the interests of insureds and the public are not endangered. This extension may not be beyond July 1, 1988. The requirement of payment of taxes and fees is not considered a hardship or a disproportionate expense.

Enacted by Chapter 242, 1985 General Session