

1 **REGULATION OF PUBLIC AGENCY**

2 **INSURANCE MUTUALS**

3 1999 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: L. Alma Mansell**

6 AN ACT RELATING TO INSURANCE; EXEMPTING PUBLIC AGENCY INSURANCE
7 MUTUALS FROM TITLE 31A; RECODIFYING LANGUAGE ADDRESSING PUBLIC
8 AGENCY INSURANCE MUTUALS AS GOVERNMENTAL ENTITIES; AND MAKING
9 TECHNICAL CHANGES.

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 AMENDS:

12 **31A-1-103**, as last amended by Chapter 4, Laws of Utah 1993

13 **31A-1-301**, as last amended by Chapters 13 and 329, Laws of Utah 1998

14 **31A-2-214**, as last amended by Chapter 12, Laws of Utah 1987, First Special Session

15 **31A-5-202**, as last amended by Chapter 12, Laws of Utah 1987, First Special Session

16 **31A-7-201**, as last amended by Chapter 344, Laws of Utah 1995

17 **31A-12-107**, as last amended by Chapter 13, Laws of Utah 1998

18 **31A-20-108**, as last amended by Chapter 5, Laws of Utah 1991

19 **31A-22-502**, as last amended by Chapter 91, Laws of Utah 1987

20 ENACTS:

21 **31A-1-206**, Utah Code Annotated 1953

22 REPEALS:

23 **31A-5-214**, as last amended by Chapter 344, Laws of Utah 1995

24 **31A-5-215**, as last amended by Chapter 12, Laws of Utah 1987, First Special Session

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

26 Section 1. Section **31A-1-103** is amended to read:

27 **31A-1-103. Scope and applicability of title.**

28 (1) This title does not apply to:

29 (a) ~~a retainer [contracts] contract~~ made by ~~[attorneys-at-law] an attorney at law~~ with:

30 ~~(i) an individual [clients with] client; and~~

31 ~~(ii) under which~~ fees ~~are~~ based on estimates of the nature and amount of services to be
32 provided to the specific client~~[-and similar contracts];~~

33 ~~(b) a contract similar to a contract described in Subsection (1)(a)~~ made with a group of
34 clients involved in the same or closely related legal matters;

35 ~~[(b) arrangements] (c) an arrangement~~ for providing benefits that do not exceed a limited
36 amount of consultations, advice on simple legal matters, either alone or in combination with
37 referral services, or the promise of fee discounts for handling other legal matters;

38 ~~[(c)] (d)~~ limited legal assistance on an informal basis involving neither an express
39 contractual obligation nor reasonable expectations, in the context of an employment, membership,
40 educational, or similar relationship; or

41 ~~[(d)] (e)~~ legal assistance by employee organizations to their members in matters relating
42 to employment.

43 (2) (a) This title restricts otherwise legitimate business activity.

44 (b) What this title does not prohibit is permitted unless contrary to other provisions of Utah
45 law.

46 (3) Except as otherwise expressly provided, this title does not apply to:

47 (a) those activities of an insurer where state jurisdiction is preempted by Section 514 of
48 the federal Employee Retirement Income Security Act of 1974, as amended;

49 (b) ocean marine insurance;

50 (c) death and disability benefits provided by an organization ~~[where the] if the~~
51 organization:

52 (i) has as its principal purpose [is] to achieve charitable, educational, social, or religious
53 objectives rather than to provide death and disability benefits~~[-if the organization];~~

54 (ii) does not incur a legal obligation to pay a specified amount; and

55 (iii) does not create reasonable expectations of receiving a specified amount on the part
56 of an insured person;

57 (d) other business specified in rules adopted by the commissioner on a finding that:

58 (i) the transaction of ~~[such] the~~ business in this state does not require regulation for the

59 protection of the interests of the residents of this state; or ~~[on a finding that]~~
60 (ii) it would be impracticable to require compliance with this title;
61 (e) ~~[(i) transactions]~~ except as provided in Subsection (4), a transaction independently
62 procured through negotiations under Section 31A-15-104;
63 ~~[(ii) however, the transactions described in Subsection(i) are subject to taxation under~~
64 ~~Section 31A-3-301;]~~
65 (f) self-insurance;
66 (g) reinsurance;
67 (h) subject to Subsection ~~[(4)]~~ (5), an employee and labor union group or blanket insurance
68 covering risks in this state if:
69 (i) the policyholder exists primarily for purposes other than to procure insurance;
70 (ii) the policyholder;
71 (A) is not a resident of this state ~~[or];~~
72 (B) is not a domestic corporation; or
73 (C) does not have its principal office in this state;
74 (iii) no more than 25% of the certificate holders or insureds are residents of this state;
75 (iv) on request of the commissioner, the insurer files with the department a copy of the
76 policy and a copy of each form or certificate; and
77 (v) (A) the insurer agrees to pay premium taxes on the Utah portion of its business, as if
78 it were authorized to do business in this state~~[-];~~ and ~~[if]~~
79 (B) the insurer provides the commissioner with the security the commissioner considers
80 necessary for the payment of premium taxes under Title 59, Chapter 9, Taxation of Admitted
81 Insurers;
82 (i) a manufacturer's ~~[warranties]~~ warranty issued in the ordinary course of sale;
83 (j) a manufacturer's ~~[warranties]~~ warranty or service ~~[contracts]~~ contract paid for with
84 separate or additional consideration; ~~[or]~~
85 (k) a service ~~[contracts]~~ contract:
86 (i) paid for with separate or additional consideration~~[-];~~
87 (ii) issued in the ordinary course of sale~~[-];~~
88 (iii) that ~~[are]~~ is for the repair or maintenance of goods, other than motor vehicles~~[-];~~ and
89 (iv) having a purchase price of \$3,000 or less; or

90 (l) insurance or risk management through a public agency insurance mutual.

91 (4) A transaction described in Subsection (3)(c) is subject to taxation under Section
92 31A-3-301.

93 [(4)] (5) (a) After a hearing, the commissioner may order an insurer of [certain] a group
94 or blanket [contracts] contract to transfer the Utah portion of the business otherwise exempted
95 under Subsection (3)(h) to an authorized insurer if the [contracts have] contract has been written
96 by an unauthorized insurer.

97 (b) If the commissioner finds that the conditions required for the exemption of a group or
98 blanket insurer are not satisfied or that adequate protection to residents of this state is not provided,
99 [he] the commissioner may require:

100 (i) the insurer to be authorized to do business in this state; or [require]

101 (ii) that any of the insurer's transactions be subject to this title.

102 Section 2. Section **31A-1-206** is enacted to read:

103 **31A-1-206. Public agency insurance mutuals -- Not covered by title.**

104 (1) A public agency insurance mutual created under Title 11, Chapter 13, Interlocal
105 Cooperation Act, is considered to be a governmental entity and political subdivision of the state
106 with all of the rights, privileges, and immunities of a governmental entity or political subdivision
107 of the state including all the rights and benefits of Title 63, Chapter 30, Governmental Immunity
108 Act.

109 (2) Except for this section, a public agency insurance mutual is exempt from this title.

110 Section 3. Section **31A-1-301** is amended to read:

111 **31A-1-301. Definitions.**

112 As used in this title, unless otherwise specified:

113 (0.5) "Administrator" is defined in Subsection (77).

114 (1) "Adult" means a natural person who has attained the age of at least 18 years.

115 (2) "Affiliate" means any person who controls, is controlled by, or is under common
116 control with, another person. A corporation is an affiliate of another corporation, regardless of
117 ownership, if substantially the same group of natural persons manages the corporations.

118 (3) "Alien insurer" means an insurer domiciled outside the United States.

119 (4) "Annuities" means all agreements to make periodical payments for a period certain or
120 over the lifetime of one or more natural persons if the making or continuance of all or some of the

121 series of the payments, or the amount of the payment, is dependent upon the continuance of human
122 life.

123 (5) "Articles" or "articles of incorporation" means the original articles, special laws,
124 charters, amendments, restated articles, articles of merger or consolidation, trust instruments, and
125 other constitutive documents for trusts and other entities that are not corporations, and
126 amendments to any of these. Refer also to "bylaws" in this section and Section 31A-5-203.

127 (6) "Bail bond insurance" means a guarantee that a person will attend court when required,
128 or will obey the orders or judgment of the court, as a condition to the release of that person from
129 confinement.

130 (7) "Binder" is defined in Section 31A-21-102.

131 (8) "Board," "board of trustees," or "board of directors" means the group of persons with
132 responsibility over, or management of, a corporation, however designated. Refer also to "trustee"
133 in this section.

134 (9) "Business of insurance" is defined in Subsection (44).

135 (10) "Business plan" means the information required to be supplied to the commissioner
136 under Subsections 31A-5-204(2)(i) and (j), including the information required when these
137 subsections are applicable by reference under Section 31A-7-201, Section 31A-8-205, or
138 Subsection 31A-9-205(2).

139 (11) "Bylaws" means the rules adopted for the regulation or management of a corporation's
140 affairs, however designated. It includes comparable rules for trusts and other entities that are not
141 corporations. Refer also to "articles" and Section 31A-5-203.

142 (12) "Casualty insurance" means liability insurance as defined in Subsection (50).

143 (13) "Certificate" means the evidence of insurance given to an insured under a group
144 policy.

145 (14) "Certificate of authority" is included within the term "license."

146 (14.5) "Claim," unless the context otherwise requires, means a request or demand on an
147 insurer for payment of benefits according to the terms of an insurance policy.

148 (14.6) "Claims-made coverage" means any insurance contract or provision limiting
149 coverage under a policy insuring against legal liability to claims that are first made against the
150 insured while the policy is in force.

151 (15) "Commissioner" or "commissioner of insurance" means Utah's insurance

152 commissioner. Where appropriate, these terms apply to the equivalent supervisory official of
153 another jurisdiction.

154 (16) "Control," "controlling," "controlled," or "under common control" means the direct
155 or indirect possession of the power to direct or cause the direction of the management and policies
156 of a person. This control may be by contract, by common management, through the ownership of
157 voting securities, or otherwise. There is no presumption that an individual holding an official
158 position with another person controls that person solely by reason of the position. A person having
159 a contract or arrangement giving control is considered to have control despite the illegality or
160 invalidity of the contract or arrangement. There is a rebuttable presumption of control in a person
161 who directly or indirectly owns, controls, holds with the power to vote, or holds proxies to vote
162 10% or more of the voting securities of another person. Refer also to "affiliate" in this section.

163 (17) (a) "Corporation" means insurance corporation, except where referring under Chapter
164 23, Insurance Marketing - Licensing Agents, Brokers [and], Consultants, and Reinsurance
165 Intermediaries, and Chapter 26, Insurance Adjusters, to corporations doing business as insurance
166 agents, brokers, consultants, or adjusters, or where referring under Chapter 16, Insurance Holding
167 Companies, to a noninsurer which is part of a holding company system.

168 (b) "Stock corporation" means stock insurance corporation.

169 (c) "Mutual" or "mutual corporation" means mutual insurance corporation.

170 (18) "Credit disability insurance" means insurance on a debtor to provide indemnity for
171 payments coming due on a specific loan or other credit transaction while the debtor is disabled.
172 Refer also to Subsection 31A-22-802(1).

173 (19) "Credit insurance" means surety insurance under which mortgagees and other
174 creditors are indemnified against losses caused by the default of debtors.

175 (20) "Credit life insurance" means insurance on the life of a debtor in connection with a
176 loan or other credit transaction. Refer also to Subsection 31A-22-802(2).

177 (21) "Creditor" means a person, including an insured, having any claim, whether matured,
178 unmatured, liquidated, unliquidated, secured, unsecured, absolute, fixed, or contingent.

179 (22) "Deemer clause" means a provision under this title under which upon the occurrence
180 of a condition precedent, the commissioner is deemed to have taken a specific action. If the statute
181 so provides, the condition precedent may be the commissioner's failure to take a specific action.
182 Refer also to Section 31A-2-302.

183 (23) "Degree of relationship" means the number of steps between two persons determined
184 by counting the generations separating one person from a common ancestor and then counting the
185 generations to the other person.

186 (24) "Department" means the Insurance Department.

187 (25) "Director" means a member of the board of directors of a corporation.

188 (26) "Disability insurance" means insurance written to indemnify for losses and expenses
189 resulting from accident or sickness, to provide payments to replace income lost from accident or
190 sickness, and to pay for services resulting directly from accident or sickness, including medical,
191 surgical, hospital, and other ancillary expenses.

192 (27) "Domestic insurer" means an insurer organized under the laws of this state.

193 (28) "Domiciliary state" means the state in which an insurer is incorporated or organized
194 or, in the case of an alien insurer, the state of entry into the United States.

195 (29) "Employee benefits" means one or more benefits or services provided employees or
196 their dependents.

197 (30) "Employee welfare fund" means a fund established or maintained by one or more
198 employers, one or more labor organizations, or a combination of employers and labor
199 organizations, whether directly or through trustees. This fund is to provide employee benefits paid
200 or contracted to be paid, other than income from investments of the fund, by or on behalf of an
201 employer doing business in this state or for the benefit of any person employed in this state. It
202 includes plans funded or subsidized by user fees or tax revenues.

203 (31) "Excludes" is not exhaustive and does not mean that other things are not also
204 excluded. The items listed are representative examples for use in interpretation of this title.

205 (31.5) "Fidelity insurance" means insurance guaranteeing the fidelity of persons holding
206 positions of public or private trust.

207 (31.7) "First party insurance" means an insurance policy or contract in which the insurer
208 agrees to pay claims submitted to it by the insured for the insured's losses.

209 (32) "Foreign insurer" means an insurer domiciled outside of this state, including an alien
210 insurer.

211 (33) "Form" means a policy, certificate, or application prepared for general use. It does
212 not include one specially prepared for use in an individual case. Refer also to "policy" in this
213 section.

214 (34) "Franchise insurance" means individual insurance policies provided through a mass
215 marketing arrangement involving a defined class of persons related in some way other than through
216 the purchase of insurance.

217 (35) "Health care insurance" or "health insurance" means disability insurance providing
218 benefits solely of medical, surgical, hospital, or other ancillary services or payment of medical,
219 surgical, hospital, or other ancillary expenses incurred. "Health care insurance" or "health
220 insurance" does not include disability insurance providing benefits for:

- 221 (a) replacement of income;
- 222 (b) short-term accident;
- 223 (c) fixed indemnity;
- 224 (d) credit disability;
- 225 (e) supplements to liability;
- 226 (f) workers' compensation;
- 227 (g) automobile medical payment;
- 228 (h) no-fault automobile;
- 229 (i) equivalent self-insurance; or
- 230 (j) any type of disability insurance coverage that is a part of or attached to another type of
231 policy.

232 (35.5) "Indemnity" means the payment of an amount to offset all or part of an insured loss.

233 (36) "Independent adjuster" means an insurance adjuster required to be licensed under
234 Section 31A-26-201 who engages in insurance adjusting as a representative of insurers. Refer also
235 to Section 31A-26-102.

236 (37) "Independently procured insurance" means insurance procured under Section
237 31A-15-104.

238 (37.5) "Individual" means a natural person.

239 (38) "Inland marine insurance" includes insurance covering:

- 240 (a) property in transit on or over land;
- 241 (b) property in transit over water by means other than boat or ship;
- 242 (c) bailee liability;
- 243 (d) fixed transportation property such as bridges, electric transmission systems, radio and
244 television transmission towers and tunnels; and

245 (e) personal and commercial property floaters.

246 (39) "Insolvency" means that:

247 (a) an insurer is unable to pay its debts or meet its obligations as they mature;

248 (b) an insurer's total adjusted capital is less than the insurer's mandatory control level RBC

249 under Subsection 31A-17-601(7)(c); or

250 (c) an insurer is determined to be hazardous under this title.

251 (40) "Insurance" means any arrangement, contract, or plan for the transfer of a risk or risks

252 from one or more persons to one or more other persons, or any arrangement, contract, or plan for

253 the distribution of a risk or risks among a group of persons that includes the person seeking to

254 distribute his risk. "Insurance" includes:

255 (a) risk distributing arrangements providing for compensation or replacement for damages

256 or loss through the provision of services or benefits in kind;

257 (b) contracts of guaranty or suretyship entered into by the guarantor or surety as a business

258 and not as merely incidental to a business transaction; and

259 (c) plans in which the risk does not rest upon the person who makes the arrangements, but

260 with a class of persons who have agreed to share it.

261 (41) "Insurance adjuster" means a person who directs the investigation, negotiation, or

262 settlement of a claim under an insurance policy other than life insurance or an annuity, on behalf

263 of an insurer, policyholder, or a claimant under an insurance policy. Refer also to Section

264 31A-26-102.

265 (41.5) "Interinsurance exchange" is defined in Subsection (69).

266 (42) (a) "Insurance agent" or "agent" means a person who represents insurers in soliciting,

267 negotiating, or placing insurance. [Refer to]

268 (b) "Insurance agent" or "agent" does not mean:

269 (i) a person described in Subsection 31A-23-102(2) [for exceptions to this definition]; or

270 (ii) an employee of a public agency insurance mutual while the employee is acting in the

271 scope of employment.

272 (43) (a) "Insurance broker" or "broker" means a person who acts in procuring insurance

273 on behalf of an applicant for insurance or an insured, and does not act on behalf of the insurer

274 except by collecting premiums or performing other ministerial acts. [Refer to]

275 (b) "Insurance broker" or "broker" does not mean:

276 (i) a person described in Subsection 31A-23-102(2) [for exceptions to this definition]; or
277 (ii) an employee of a public agency insurance mutual while the employee is acting in the
278 scope of employment.

279 (44) "Insurance business" or "business of insurance" includes:

280 (a) providing health care insurance, as defined in Subsection (35), by organizations that
281 are or should be licensed under this title;

282 (b) providing benefits to employees in the event of contingencies not within the control
283 of the employees, in which the employees are entitled to the benefits as a right, which benefits may
284 be provided either by single employers or by multiple employer groups through trusts, associations,
285 or other entities;

286 (c) providing annuities, including those issued in return for gifts, except those provided
287 by persons specified in Subsections 31A-22-1305(2) and (3);

288 (d) providing the characteristic services of motor clubs as outlined in Subsection (56);

289 (e) providing other persons with insurance as defined in Subsection (40);

290 (f) making as insurer, guarantor, or surety, or proposing to make as insurer, guarantor, or
291 surety, any contract or policy of title insurance;

292 (g) transacting or proposing to transact any phase of title insurance, including solicitation,
293 negotiation preliminary to execution, execution of a contract of title insurance, insuring, and
294 transacting matters subsequent to the execution of the contract and arising out of it, including
295 reinsurance; and

296 (h) doing, or proposing to do, any business in substance equivalent to Subsections (44)(a)
297 through (g) in a manner designed to evade the provisions of this title.

298 (45) (a) "Insurance consultant" or "consultant" means a person who:

299 (i) advises other persons about insurance needs and coverages[;];

300 (ii) is compensated by the person advised on a basis not directly related to the insurance
301 placed[;]; and

302 (iii) is not compensated directly or indirectly by an insurer, agent, or broker for advice
303 given. [Refer to]

304 (b) "Insurance consultant" or "consultant" does not mean:

305 (i) a person described in Subsection 31A-23-102(2) [for exceptions to this definition]; or

306 (ii) an employee of a public agency insurance mutual while the employee is acting in the

307 scope of employment.

308 (46) "Insurance holding company system" means a group of two or more affiliated persons,
309 at least one of whom is an insurer.

310 (47) "Insured" means a person to whom or for whose benefit an insurer makes a promise
311 in an insurance policy. The term includes policyholders, subscribers, members, and beneficiaries.
312 This definition applies only to the provisions of this title and does not define the meaning of this
313 word as used in insurance policies or certificates.

314 (48) (a) "Insurer" means any person doing an insurance business as a principal, including:

315 (i) a fraternal benefit [societies, issuers] society;

316 (ii) an insurer of gift annuities other than those specified in Subsections 31A-22-1305(2)

317 and (3)[,];

318 (iii) a motor [clubs,] club;

319 (iv) an employee welfare [plans,] plan; and

320 (v) any person purporting or intending to do an insurance business as a principal on [his]

321 that person's own account. [It does not include a governmental entity, as defined in Section

322 63-30-2, to the extent it is engaged in the activities described in Section 31A-12-107.]

323 (b) "Admitted insurer" is defined in Subsection (80)(b).

324 (c) "Alien insurer" is defined in Subsection (3).

325 (d) "Authorized insurer" is defined in Subsection (80)(b).

326 (e) "Domestic insurer" is defined in Subsection (27).

327 (f) "Foreign insurer" is defined in Subsection (32).

328 (g) "Nonadmitted insurer" is defined in Subsection (80)(a).

329 (h) "Unauthorized insurer" is defined in Subsection (80)(a).

330 (49) "Legal expense insurance" means insurance written to indemnify or pay for specified
331 legal expenses. It includes arrangements that create reasonable expectations of enforceable rights,
332 but it does not include the provision of, or reimbursement for, legal services incidental to other
333 insurance coverages. Refer to Section 31A-1-103 for a list of exemptions.

334 (50) (a) "Liability insurance" means insurance against liability:

335 (i) for death, injury, or disability of any human being, or for damage to property, exclusive
336 of the coverages under Subsection (53) for medical malpractice insurance, Subsection (66) for
337 professional liability insurance, and Subsection (83) for workers' compensation insurance;

338 (ii) for medical, hospital, surgical, and funeral benefits to persons other than the insured
339 who are injured, irrespective of legal liability of the insured, when issued with or supplemental to
340 insurance against legal liability for the death, injury, or disability of human beings, exclusive of
341 the coverages under Subsection (53) for medical malpractice insurance, Subsection (66) for
342 professional liability insurance, and Subsection (83) for workers' compensation insurance;

343 (iii) for loss or damage to property resulting from accidents to or explosions of boilers,
344 pipes, pressure containers, machinery, or apparatus;

345 (iv) for loss or damage to any property caused by the breakage or leakage of sprinklers,
346 water pipes and containers, or by water entering through leaks or openings in buildings; or

347 (v) for other loss or damage properly the subject of insurance not within any other kind
348 or kinds of insurance as defined in this chapter, if such insurance is not contrary to law or public
349 policy.

350 (b) "Liability insurance" includes vehicle liability insurance as defined in Subsection (81),
351 residential dwelling liability insurance as defined in Subsection (70.3), and also includes making
352 inspection of, and issuing certificates of inspection upon, elevators, boilers, machinery, and
353 apparatus of any kind when done in connection with insurance on them.

354 (51) "License" means the authorization issued by the insurance commissioner under this
355 title to engage in some activity that is part of or related to the insurance business. It includes
356 certificates of authority issued to insurers.

357 (52) "Life insurance" means insurance on human lives and insurances pertaining to or
358 connected with human life. The business of life insurance includes granting annuity benefits,
359 granting endowment benefits, granting additional benefits in the event of death by accident or
360 accidental means, granting additional benefits in the event of the total and permanent disability of
361 the insured, and providing optional methods of settlement of proceeds.

362 (53) "Medical malpractice insurance" means insurance against legal liability incident to
363 the practice and provision of medical services other than the practice and provision of dental
364 services.

365 (54) "Member" means a person having membership rights in an insurance corporation.
366 Refer also to "insured" in Subsection (47).

367 (55) "Minimum capital" or "minimum required capital" means the capital that must be
368 constantly maintained by a stock insurance corporation as required by statute. Refer also to

369 "permanent surplus" under Subsection (76)(a) and Sections 31A-5-211, 31A-8-209, and
370 31A-9-209.

371 (56) "Motor club" means a person licensed under Chapter 5, Domestic Stock and Mutual
372 Insurance Corporations, Chapter 11, Motor Clubs, or Chapter 14, Foreign Insurers, that promises
373 for an advance consideration to provide legal services under Subsection 31A-11-102(1)(b), bail
374 services under Subsection 31A-11-102(1)(c), trip reimbursement, towing services, emergency road
375 services, stolen automobile services, a combination of these services, or any other services given
376 in Subsections 31A-11-102(1)(b) through (f) for a stated period of time.

377 (57) "Mutual" means mutual insurance corporation.

378 (57.5) "Nonparticipating" means a plan of insurance under which the insured is not entitled
379 to receive dividends representing shares of the surplus of the insurer.

380 (58) "Ocean marine insurance" means insurance against loss of or damage to:

381 (a) ships or hulls of ships;

382 (b) goods, freight, cargoes, merchandise, effects, disbursements, profits, moneys,
383 securities, choses in action, evidences of debt, valuable papers, bottomry, respondentia interests,
384 or other cargoes in or awaiting transit over the oceans or inland waterways;

385 (c) earnings such as freight, passage money, commissions, or profits derived from
386 transporting goods or people upon or across the oceans or inland waterways; or

387 (d) a vessel owner or operator as a result of liability to employees, passengers, bailors,
388 owners of other vessels, owners of fixed objects, customs or other authorities, or other persons in
389 connection with maritime activity.

390 (59) "Order" means an order of the commissioner.

391 (59.5) "Participating" means a plan of insurance under which the insured is entitled to
392 receive dividends representing shares of the surplus of the insurer.

393 (60) "Person" includes an individual, partnership, corporation, incorporated or
394 unincorporated association, joint stock company, trust, reciprocal, syndicate, or any similar entity
395 or combination of entities acting in concert.

396 (61) (a) "Policy" means any document, including attached endorsements and riders,
397 purporting to be an enforceable contract, which memorializes in writing some or all of the terms
398 of an insurance contract. Service contracts issued by motor clubs under Chapter 11, Motor Clubs,
399 and by corporations licensed under Chapter 7, Nonprofit Health Service Insurance Corporations,

400 or Chapter 8, Health Maintenance Organizations and Limited Health Plans, are policies. A
401 certificate under a group insurance contract is not a policy. A document which does not purport
402 to have legal effect is not a policy.

403 (b) "Group insurance policy" means a policy covering a group of persons that is issued to
404 a policyholder on behalf of the group, for the benefit of group members who are selected under
405 procedures defined in the policy or in agreements which are collateral to the policy. This type of
406 policy may, but is not required to, include members of the policyholder's family or dependents.

407 (c) "Blanket insurance policy" means a group policy covering classes of persons without
408 individual underwriting, where the persons insured are determined by definition of the class with
409 or without designating the persons covered.

410 (62) "Policyholder" means the person who controls a policy, binder, or oral contract by
411 ownership, premium payment, or otherwise. Refer also to "insured" in Subsection (47).

412 (63) "Premium" means the monetary consideration for an insurance policy, and includes
413 assessments, membership fees, required contributions, or monetary consideration, however
414 designated. Consideration paid to third party administrators for their services is not "premium,"
415 though amounts paid by third party administrators to insurers for insurance on the risks
416 administered by the third party administrators are "premium."

417 (64) "Principal officers" of a corporation means the officers designated under Subsection
418 31A-5-203(3).

419 (65) "Proceedings" includes actions and special statutory proceedings.

420 (66) "Professional liability insurance" means insurance against legal liability incident to
421 the practice of a profession and provision of any professional services.

422 (67) "Property insurance" means insurance against loss or damage to real or personal
423 property of every kind and any interest in that property, from all hazards or causes, and against loss
424 consequential upon the loss or damage including vehicle comprehensive and vehicle physical
425 damage coverages, but excluding inland marine insurance and ocean marine insurance as defined
426 under Subsections (38) and (58).

427 (67.5) "Public agency insurance mutual" means any entity formed [~~by joint venture or~~
428 ~~interlocal cooperation agreement~~] by two or more political subdivisions or public agencies of the
429 state;

430 (a) under Title 11, Chapter 13, Interlocal Cooperation Act; and

431 (b) for the purpose of providing [~~insurance coverage~~] for the political subdivisions or
432 public agencies;

433 (i) insurance coverage; or

434 (ii) risk management. [~~Any public agency insurance mutual created under this title and
435 Title 11, Chapter 13, Interlocal Cooperation Act, is considered to be a governmental entity and
436 political subdivision of the state with all of the rights, privileges, and immunities of a
437 governmental entity or political subdivision of the state.]~~]

438 (68) (a) Except as provided in Subsection (68)(b), "rate service organization" means any
439 person who assists insurers in rate making or filing by:

440 (i) collecting, compiling, and furnishing loss or expense statistics;

441 (ii) recommending, making, or filing rates or supplementary rate information; or

442 (iii) advising about rate questions, except as an attorney giving legal advice. Refer also
443 to Subsection 31A-19-102(2).

444 (b) "Rate service organization" does not mean an employee of an insurer, a single insurer
445 or group of insurers under common control, a joint underwriting group, or a natural person serving
446 as an actuarial or legal consultant.

447 (69) "Reciprocal" or "interinsurance exchange" means any unincorporated association of
448 persons operating through an attorney-in-fact common to all of them and exchanging insurance
449 contracts with one another that provide insurance coverage on each other.

450 (70) "Reinsurance" means an insurance transaction where an insurer, for consideration,
451 transfers any portion of the risk it has assumed to another insurer. In referring to reinsurance
452 transactions, this title sometimes refers to the insurer transferring the risk as the "ceding insurer,"
453 and to the insurer assuming the risk as the "assuming insurer" or the "assuming reinsurer."

454 (70.3) "Residential dwelling liability insurance" means insurance against liability resulting
455 from or incident to the ownership, maintenance, or use of a residential dwelling that is a detached
456 single family residence or multifamily residence up to four units.

457 (71) "Retrocession" means reinsurance with another insurer of a liability assumed under
458 a reinsurance contract. A reinsurer "retrocedes" when it reinsures with another insurer part of a
459 liability assumed under a reinsurance contract.

460 (72) (a) "Security" means any:

461 (i) note;

- 462 (ii) stock;
- 463 (iii) bond;
- 464 (iv) debenture;
- 465 (v) evidence of indebtedness;
- 466 (vi) certificate of interest or participation in any profit-sharing agreement;
- 467 (vii) collateral-trust certificate;
- 468 (viii) preorganization certificate or subscription;
- 469 (ix) transferable share;
- 470 (x) investment contract;
- 471 (xi) voting trust certificate;
- 472 (xii) certificate of deposit for a security;
- 473 (xiii) certificate of interest of participation in an oil, gas, or mining title or lease or in
- 474 payments out of production under such a title or lease;
- 475 (xiv) commodity contract or commodity option;
- 476 (xv) any certificate of interest or participation in, temporary or interim certificate for,
- 477 receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the items listed in
- 478 Subsections (72)(a)(i) through (xiv); or
- 479 (xvi) any other interest or instrument commonly known as a security.
- 480 (b) "Security" does not include:
- 481 (i) any insurance or endowment policy or annuity contract under which an insurance
- 482 company promises to pay money in a specific lump sum or periodically for life or some other
- 483 specified period; or
- 484 (ii) a burial certificate or burial contract.
- 485 (73) "Self-insurance" means any arrangement under which a person provides for spreading
- 486 its own risks by a systematic plan.
- 487 (a) Except as provided in this Subsection (73), self-insurance does not include an
- 488 arrangement under which a number of persons spread their risks among themselves.
- 489 (b) Self-insurance does include an arrangement by which a governmental entity, as defined
- 490 in Section 63-30-2, undertakes to indemnify its employees for liability arising out of the
- 491 employees' employment.
- 492 (c) Self-insurance does include an arrangement by which a person with a managed

493 program of self-insurance and risk management undertakes to indemnify its affiliates, subsidiaries,
494 directors, officers, or employees for liability or risk which is related to the relationship or
495 employment. Self-insurance does not include any arrangement with independent contractors.

496 (74) (a) "Subsidiary" of a person means an affiliate controlled by that person either directly
497 or indirectly through one or more affiliates or intermediaries.

498 (b) "Wholly owned subsidiary" of a person is a subsidiary of which all of the voting shares
499 are owned by that person either alone or with its affiliates, except for the minimum number of
500 shares the law of the subsidiary's domicile requires to be owned by directors or others.

501 (75) Subject to Subsection (40)(b), "surety insurance" includes:

502 (a) a guarantee against loss or damage resulting from failure of principals to pay or
503 perform their obligations to a creditor or other obligee;

504 (b) bail bond insurance; and

505 (c) fidelity insurance.

506 (76) (a) "Surplus" means the excess of assets over the sum of paid-in capital and liabilities.

507 (b) "Permanent surplus" means the surplus of a mutual insurer that has been designated
508 by the insurer as permanent. Sections 31A-5-211, 31A-7-201, 31A-8-209, 31A-9-209, and
509 31A-14-209 require that mutuals doing business in this state maintain specified minimum levels
510 of permanent surplus. Except for assessable mutuals, the minimum permanent surplus requirement
511 is essentially the same as the minimum required capital requirement that applies to stock insurers.
512 Refer also to Subsection (55) on "minimum capital."

513 (c) "Excess surplus" means:

514 (i) for life or disability insurers, as defined in Subsection 31A-17-601(3), and property and
515 casualty insurers, as defined in Subsection 31A-17-601(4), the lesser of:

516 (A) that amount of an insurer's total adjusted capital, as defined in Subsection (78.5), that
517 exceeds the product of 2.5 and the sum of the insurer's minimum capital or permanent surplus
518 required under Section 31A-5-211, 31A-9-209, or 31A-14-205; or

519 (B) that amount of an insurer's total adjusted capital, as defined in Subsection (78.5), that
520 exceeds the product of 3.0 and the authorized control level RBC as defined in Subsection
521 31A-17-601(7)(a); and

522 (ii) for monoline mortgage guaranty insurers, financial guaranty insurers, and title insurers,
523 that amount of an insurer's paid-in-capital and surplus that exceeds the product of 1.5 and the

524 insurer's total adjusted capital required by Subsection 31A-17-609(1).

525 (77) "Third party administrator" or "administrator" means any person who collects charges
526 or premiums from, or who, for consideration, adjusts or settles claims of residents of the state in
527 connection with life or disability insurance coverage, annuities, or service insurance coverage,
528 except:

529 (a) a union on behalf of its members;

530 (b) a person exempt as a trust under Section 514 of the federal Employee Retirement
531 Income Security Act of 1974;

532 (c) an employer on behalf of [his] the employer's employees or the employees of one or
533 more of the subsidiary or affiliated corporations of the employer;

534 (d) an insurer licensed under Chapter 5, 7, 8, 9, or 14, but only with respect to insurance
535 issued by the insurer; or

536 (e) a person licensed or exempt from licensing under Chapter 23 or 26 whose activities are
537 limited to those authorized under the license the person holds or for which the person is exempt.

538 Refer also to Section 31A-25-101.

539 (78) "Title insurance" means the insuring, guaranteeing, or indemnifying of owners of real
540 or personal property or the holders of liens or encumbrances on that property, or others interested
541 in the property against loss or damage suffered by reason of liens or encumbrances upon, defects
542 in, or the unmarketability of the title to the property, or invalidity or unenforceability of any liens
543 or encumbrances on the property.

544 (78.5) "Total adjusted capital" means the sum of an insurer's statutory capital and surplus
545 as determined in accordance with:

546 (a) the statutory accounting applicable to the annual financial statements required to be
547 filed under Section 31A-4-113; and

548 (b) any other items provided by the RBC instructions, as RBC instructions is defined in
549 Subsection 31A-17-601(6).

550 (79) (a) "Trustee" means "director" when referring to the board of directors of a
551 corporation.

552 (b) "Trustee," when used in reference to an employee welfare fund, means an individual,
553 firm, association, organization, joint stock company, or corporation, whether acting individually
554 or jointly and whether designated by that name or any other, that is charged with or has the overall

555 management of an employee welfare fund.

556 (80) (a) "Unauthorized insurer," "unadmitted insurer," or "nonadmitted insurer" means an
557 insurer not holding a valid certificate of authority to do an insurance business in this state, or an
558 insurer transacting business not authorized by a valid certificate.

559 (b) "Admitted insurer" or "authorized insurer" means an insurer holding a valid certificate
560 of authority to do an insurance business in this state and transacting business as authorized by a
561 valid certificate.

562 (81) "Vehicle liability insurance" means insurance against liability resulting from or
563 incident to ownership, maintenance, or use of any land vehicle or aircraft, exclusive of vehicle
564 comprehensive and vehicle physical damage coverages under Subsection (67).

565 (82) "Voting security" means a security with voting rights, and includes any security
566 convertible into a security with a voting right associated with it.

567 (83) "Workers' compensation insurance" means:

568 (a) insurance for indemnification of employers against liability for compensation:

569 (i) based upon compensable accidental injuries; and

570 (ii) based on occupational disease disability;

571 (b) employer's liability insurance incidental to workers' compensation insurance and
572 written in connection with it; and

573 (c) insurance assuring to the persons entitled to workers' compensation benefits the
574 compensation provided by law.

575 Section 4. Section **31A-2-214** is amended to read:

576 **31A-2-214. Market assistance programs -- Joint underwriting associations.**

577 (1) (a) [~~If the commissioner finds that in any part of this state a line of insurance is not~~
578 ~~generally available in the marketplace or that it is priced in such a manner as to severely limit its~~
579 ~~availability, and that the public interest requires it, he]~~ The commissioner may by rule implement
580 a market assistance program whereby all licensed insurers and agents may pool their information
581 as to the available markets[-] if the commissioner finds that in any part of this state:

582 (i) a line of insurance:

583 (A) is not generally available in the marketplace; or

584 (B) is priced in such a manner as to severely limit its availability; and

585 (ii) the public interest requires availability of the insurance.

586 (b) Insurers doing business in this state may, at their own instance or at the request of the
587 commissioner, prepare and submit to the commissioner, for [his] the commissioner's approval and
588 adoption, voluntary plans providing any line of insurance coverage for all or any part of this state
589 in which:

590 (i) this insurance;

591 (A) is not generally available in the voluntary market; or

592 (B) is priced in such a manner as to severely limit its availability; and [~~in which~~]

593 (ii) the public interest requires the availability of this coverage.

594 (2) (a) If the commissioner finds after notice and hearing that a market assistance program
595 formed under Subsection (1)(a) or (b) has not met the needs it was intended to address, [~~he~~] the
596 commissioner may by rule form a joint underwriting association to make available the insurance
597 to applicants who are in good faith entitled to but unable to procure this insurance through ordinary
598 methods. The commissioner shall allow any market assistance program formed under Subsection
599 (1)(a) or (b) a minimum of 30 days operation before [~~he~~] the commissioner forms a joint
600 underwriting association. The commissioner may not adopt a rule forming a joint underwriting
601 association unless [~~he~~] the commissioner finds as a result of the hearing that:

602 (i) (A) a certain coverage is not available; or [~~that~~]

603 (B) the price for that coverage is no longer commensurate with the risk in this state; and

604 (ii) (A) the coverage is vital;

605 (I) to the economic health of this state[~~, is vital~~];

606 (II) to the quality of life in this state[~~, is vital~~]; and

607 (III) in maintaining competition in insurance in this state[~~,~~]; or

608 (B) the number of people affected is significant enough to justify its creation.

609 (b) The commissioner may not adopt a rule forming a joint underwriting association under
610 Subsection (2)(a) on the basis that applicants for particular lines of insurance are unable to pay a
611 premium that is commensurate with the risk involved or that the number of applicants or people
612 affected is too small to justify its creation.

613 (c) Each joint underwriting association formed under Subsection (2)(a) shall require
614 participation by all insurers licensed and engaged in writing that line of insurance or any
615 component of that line of insurance within this state.

616 (d) Each association formed under Subsection (2)(a) shall:

- 617 (i) give consideration to:
- 618 (A) the need for adequate and readily accessible coverage;
- 619 (B) alternative methods of improving the market affected;
- 620 (C) the preference of the insurers and agents;
- 621 (D) the inherent limitations of the insurance mechanism;
- 622 (E) the need for reasonable underwriting standards; and
- 623 (F) the requirement of reasonable loss prevention measures;
- 624 (ii) establish procedures that will create minimum interference with the voluntary market;
- 625 (iii) allocate the burden imposed by the association equitably and efficiently among the
- 626 insurers doing business in this state;
- 627 (iv) establish procedures for applicants and participants to have grievances reviewed by
- 628 an impartial body;
- 629 (v) provide for the method of classifying risks and making and filing applicable rates; and
- 630 (vi) specify:
- 631 (A) the basis of participation of insurers and agents in the association;
- 632 (B) the conditions under which risks must be accepted; and
- 633 (C) the commission rates to be paid for insurance business placed with the association.
- 634 (e) Any deficit in an association in any year shall be recouped by rate increases for the
- 635 association, applicable prospectively. Any surplus in excess of the loss reserves of the association
- 636 in any year shall be distributed either by rate decreases or by distribution to the members of the
- 637 association on a pro-rata basis.
- 638 (3) Notwithstanding [~~the provisions of~~] Subsection (2), the commissioner may not create
- 639 a joint underwriting association under [~~that~~] Subsection (2) for:
- 640 (a) life insurance[;];
- 641 (b) annuities[;];
- 642 (c) disability insurance[;];
- 643 (d) ocean marine insurance[;];
- 644 (e) medical malpractice insurance[;];
- 645 (f) earthquake insurance[;];
- 646 (g) workers' compensation insurance[~~, public agency insurance mutuals~~;]; or
- 647 (h) private passenger automobile liability insurance.

648 (4) Every insurer and agent participating in a joint underwriting association adopted by the
649 commissioner under Subsection (2) shall provide the services prescribed by the association to any
650 person seeking coverage of the kind available in the plan, including full information about the
651 requirements and procedures for obtaining coverage with the association.

652 (5) If the commissioner finds that the lack of cooperating insurers or agents in an area
653 makes the functioning of the association difficult, [he] the commissioner may order the association
654 to:

655 (a) establish branch service offices[;];

656 (b) make special contracts for provision of the service[;]; or

657 (c) take other appropriate steps to ensure that service is available.

658 (6) The association may issue policies for a period of one year. If, at the end of any one
659 year period, the commissioner determines that the market conditions justify the continued
660 existence of the association, [he] the commissioner may reauthorize its existence. In reauthorizing
661 the association, the commissioner shall follow the procedure set forth in Subsection (2).

662 Section 5. Section **31A-5-202** is amended to read:

663 **31A-5-202. Incorporators.**

664 [~~(1) As used in this section, "public agency" means any public institution deriving its
665 authority from this state and which is not privately owned. It includes municipalities as defined
666 in Subsection 11-14-1 (1), the state and its departments and agencies, and all public educational
667 institutions.]~~

668 [~~(2)] (1) One or more adult natural persons may organize and act as incorporators of a
669 corporation under Section 31A-5-204.~~

670 [~~(3)] (2) One to 15 adult natural persons may organize and act as incorporators of a
671 corporation under the accelerated organization procedure of Section 31A-5-213.~~

672 [~~(4)(a) Subject to Subsection (4) (b), any number of public agencies, associations of public
673 agencies, or both, may organize a public agency insurance mutual under Section 31A-5-214 to
674 provide insurance and risk management services exclusively for its members.]~~

675 [~~(b) Governmental agencies of contiguous states may, with the consent of the
676 commissioner, become members of a public agency mutual under this section.]~~

677 [~~(5)] (3) This section does not apply to stock and mutual insurance corporations already
678 in existence on July 1, 1986.~~

679 Section 6. Section **31A-7-201** is amended to read:

680 **31A-7-201. Organization, incorporation, and licensing.**

681 Part II of Chapter 5 governs the organization, incorporation, and licensing of nonprofit
682 health service corporations with the following exceptions:

683 (1) Section 16-6-45 applies in place of Section 31A-5-202[-];

684 (2) Sections 16-6-24 and 31A-1-109 apply in place of Subsection 31A-5-203(2)(a)[-]; and

685 (3) the last sentence of Subsection 31A-5-203(2)(e) does not apply.

686 [~~(4) Sections 31A-5-214 and 31A-5-215 do not apply to nonprofit health service insurance~~
687 ~~corporations.~~]

688 Section 7. Section **31A-12-107** is amended to read:

689 **31A-12-107. Governmental immunity.**

690 Notwithstanding any other provision of this title, a governmental entity, as defined in
691 Section 63-30-2, is not an insurer for purposes of this title and is not engaged in the business of
692 insurance to the extent that it is:

693 (1) covering its own liabilities under Title 63, Chapter 30, [the] Governmental Immunity
694 Act[-]; or

695 (2) engaging in [other related] risk management activities related to:

696 (a) the normal course of its activities[- ~~A public agency insurance mutual created or~~
697 ~~regulated under Section 31A-5-214 is a governmental entity entitled to all the rights and benefits~~
698 ~~of the Governmental Immunity Act]; and~~

699 (b) the covering of its liabilities under Subsection (1).

700 Section 8. Section **31A-20-108** is amended to read:

701 **31A-20-108. Single risk limitation.**

702 (1) This section applies to all lines of insurance, including ocean marine and reinsurance,
703 except:

704 (a) title insurance[-];

705 (b) workers' compensation insurance[-];

706 (c) occupational disease insurance[-]; and

707 (d) employers' liability insurance.

708 (2) (a) Except as provided under Subsections (3), (4), and (6) and under Section

709 31A-20-109, an insurance company authorized to do an insurance business in Utah may not expose

710 itself to loss on any single risk in an amount exceeding 10% of its capital and surplus.

711 (b) The commissioner may adopt rules to calculate surplus under this section.

712 (c) The portion of any risk reinsured by a reinsurance contract worthy of a reserve credit
713 under Section 31A-17-404 may not be included in determining the limitation of risk under this
714 section.

715 (3) (a) The commissioner may adopt rules, after hearings held with notice provided under
716 Section 31A-2-303, to specify the maximum exposure to which an assessable mutual may subject
717 itself.

718 (b) The rules described in Subsection (3)(a) may provide for classifications of insurance
719 and insurers to preserve the solidity of insurers.

720 (4) As used in this section, a "single risk" includes all losses reasonably expected as a
721 result of the same event.

722 (5) A company transacting fidelity or surety insurance may expose itself to a risk or hazard
723 in excess of the amount prescribed in Subsection (2), if the commissioner, after considering all the
724 facts and circumstances, approves the risk.

725 [~~(6) (a) Subsection (2) does not apply to limit the percentage of capital and surplus that a
726 public agency insurance mutual may expose to any single risk, if a fellow of the Casualty Actuarial
727 Society or other actuary acceptable to the commissioner certifies in an opinion filed with and
728 approved by the commissioner that the single risk diversification exposure of the public agency
729 insurance mutual does not by itself create a hazardous condition nor a condition that is not
730 actuarially sound in light of the public agency insurance mutual's operation.]~~

731 [~~(b) Current obligations of insured policyholders to pay surplus contributions shall be
732 considered as surplus for the purpose of establishing reasonable single risk diversification
733 standards for public agency insurance mutuals.]~~

734 Section 9. Section **31a-22-502** is amended to read:

735 **31A-22-502. Employee groups.**

736 (1) As used in this section:

737 (a) "Employees" includes:

738 (i) for one or more affiliated corporations, proprietorships, or partnerships under common
739 control, their:

740 (A) officers;

- 741 (B) managers;
- 742 (C) retired employees; and
- 743 (D) individual proprietors or partners; and
- 744 (ii) for a trusteeship, if their duties are primarily connected with the trusteeship:
- 745 (A) trustees;
- 746 (B) employees of trustees; or
- 747 (C) both Subsection (1)(a)(ii)(A) and (B).
- 748 (b) "Employer" includes a Utah public agency.
- 749 (c) (i) "Utah public agency" means a public institution:
- 750 (A) located in Utah;
- 751 (B) deriving its authority from this state; and
- 752 (C) which is not privately owned.
- 753 (ii) "Utah public agency" includes:
- 754 (A) a municipality as defined in Subsection 11-14-1(1);
- 755 (B) the state;
- 756 (C) a department or agency of the state; and
- 757 (D) all public educational institutions.
- 758 (2) The lives of a group of individuals may be insured under a policy:
- 759 (a) issued as policyholder, to:
- 760 (i) an employer; or [to]
- 761 (ii) the trustees of a fund established by an employer[;];
- 762 (b) insuring employees of the employer for the benefit of persons other than the
- 763 employer[;]; and
- 764 (c) subject to the [following] requirements[;] of Subsections (3) through (5).
- 765 [(+)] (3) (a) All the employer's employees or all of any class of employees of the employer
- 766 [are] shall be eligible for insurance under the policy described in Subsection (2).
- 767 [(-) As used in this section:]
- 768 [(i) "Employees" includes the officers and managers, retired employees, and the individual
- 769 proprietors or partners of one or more affiliated corporations, proprietorships, or partnerships under
- 770 common control.]
- 771 [(ii) "Employees" includes trustees, their employees, or both if their duties are primarily

772 connected with the trusteeship.]

773 [~~(c)~~ A policy issued to insure the employees of a public body may include elected or
774 appointed officials.]

775 [~~(2)~~ (a) As used in this section, "employer" includes all Utah public agencies, as defined
776 under Subsection 31A-5-202(1).]

777 (b) A policy issued to insure the employees of a public body may include an elected or
778 appointed official.

779 [~~(b) These~~] (4) A Utah public [agencies] agency may pay or authorize the payment out
780 of its corporate revenue, the premiums required to maintain the group insurance in force.

781 [~~(3)~~] (5) (a) The premiums for the policy described in Subsection (2) shall be paid by the
782 policyholders[, either]:

- 783 (i) from the employer's funds [~~or from~~];
- 784 (ii) funds contributed by the insured employees[~~;~~]; or
- 785 (iii) both the funds described in Subsections (5)(a)(i) and (ii).

786 (b) Except as provided under Section 31A-22-512, a policy on which no part of the
787 premium is contributed by the insured employees shall insure all eligible employees.

788 **Section 10. Repealer.**

789 This act repeals:

790 Section **31A-5-214, Public agency insurance mutuals.**

791 Section **31A-5-215, Insurers formed under Interlocal Cooperation Act.**

Legislative Review Note
as of 1-26-99 4:10 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel