

**NONPROFIT INSURERS**

2002 GENERAL SESSION

STATE OF UTAH

**Sponsor: Afton B. Bradshaw**

**This act modifies the Insurance Code to address the applicability of the Insurance Code to nonprofit insurers. This act makes technical changes.**

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

AMENDS:

**31A-10-201**, as enacted by Chapter 204, Laws of Utah 1986

**31A-10-203**, as last amended by Chapter 245, Laws of Utah 1994

REPEALS:

**31A-10-202**, as enacted by Chapter 204, Laws of Utah 1986

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

Section 1. Section **31A-10-201** is amended to read:

**31A-10-201. Definition.**

As used in this part[;]:

(1) (a) "Nonprofit educational insurer" means a nonprofit insurer that:

(i) (A) is incorporated under Chapter 5, Domestic Stock and Mutual Insurance

Corporations; or

(B) is admitted under Chapter 14 [~~which~~], Foreign Insurers; and

(ii) exists for the purpose of aiding and strengthening nonprofit educational and research institutions by providing them and their employees with annuities and insurance.

(b) An insurer is not a nonprofit educational insurer if [it] ~~that insurer~~ provides annuities or insurance to persons other than:

(i) a nonprofit educational and research [~~institutions and their employees~~] institution; or

(ii) an employee of a nonprofit educational and research institution.

(2) (a) "Nonprofit entity insurer" means a nonprofit insurer that:



28 (i) (A) is incorporated under Chapter 5, Domestic Stock and Mutual Insurance  
 29 Corporations; or  
 30 (B) is admitted under Chapter 14, Foreign Insurers;  
 31 (ii) issues annuity contracts only to:  
 32 (A) (I) a governmental entity; or  
 33 (II) a nonprofit organization; or  
 34 (B) an employee of a:  
 35 (I) governmental entity; or  
 36 (II) nonprofit organization; and  
 37 (iii) does not issue any contract that ~~it~~ **[contains] PAYS A BENEFIT BASED ON** ~~it~~ a guarantee

37a as to:

38 (A) principal;  
 39 (B) interest rate;  
 40 (C) return on investment;  
 41 (D) mortality; or  
 42 (E) morbidity.  
 43 (b) A nonprofit entity insurer includes a nonprofit educational insurer if the nonprofit

44 educational insurer does not issue any contract described in Subsection (2)(a)(iii).

45 Section 2. Section **31A-10-203** is amended to read:

46 **31A-10-203. Applicability of other provisions.**

47 (1) Except as provided in this section[;]:

48 (a) a domestic nonprofit ~~it~~ **EDUCATIONAL OR** ~~it~~ [educational insurers are] entity insurer is  
 48a subject to the same

49 provisions applicable to other domestic insurers[;]; and

50 (b) a nondomestic nonprofit ~~it~~ **EDUCATIONAL OR** ~~it~~ [educational insurers are] entity insurer  
 50a is subject to the same

51 provisions applicable to other nondomestic insurers.

52 (2) Chapter 28, Guaranty Associations, does not apply to ~~the~~ a nonprofit educational  
 53 insurer's:

54 (a) annuity business ~~not to~~; or

55 (b) annuitants ~~of nonprofit educational insurers~~.

56 ~~[(3) Nonprofit educational insurers that do not issue contracts containing guarantees as~~  
 57 ~~to principal, interest rate, return on investment, mortality, and morbidity are]~~

58 (3) A nonprofit entity insurer is not subject to:

- 59 (a) Section 31A-5-211;
- 60 (b) Section 31A-5-217;
- 61 (c) Subsection 31A-14-205(1)(a);
- 62 (d) Chapter 17, Determination of Financial Condition;
- 63 (e) Chapter 18, Investments;
- 64 (f) Section 31A-20-106;
- 65 (g) Chapter 21, Insurance Contracts in General, if:
- 66 (i) [~~their~~] the nonprofit entity insurer's contract forms have been approved by the
- 67 appropriate regulatory authorities in [~~their~~] the nonprofit entity insurer's state of domicile; and
- 68 (ii) [~~these~~] the contract forms described in Subsection (3)(g)(i) are standard forms
- 69 generally issued by those nonprofit educational insurers in the United States; [~~or~~]
- 70 (h) Chapter 22[-], Contracts in Specific Lines; or
- 71 (i) Chapter 28, Guaranty Associations.
- 72 **Section 3. Repealer.**
- 73 This act repeals:
- 74 Section **31A-10-202, Purposes of part.**

**Legislative Review Note**  
**as of 1-14-02 12:50 PM**

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

**Office of Legislative Research and General Counsel**