1	NONTRADITIONAL INSURERS
2	2003 GENERAL SESSION
3	STATE OF UTAH
4	Sponsor: James A. Ferrin
5	This act modifies the Insurance Code to replace the definition for a nonprofit educational
6	insurer with a definition for a nontraditional insurer, and to continue the exemption of
7	nonprofit educational insurers from certain provisions of the Insurance Code to
8	nontraditional insurers.
9	This act affects sections of Utah Code Annotated 1953 as follows:
10	AMENDS:
11	<b>31A-10-201</b> , as enacted by Chapter 204, Laws of Utah 1986
12	<b>31A-10-202</b> , as enacted by Chapter 204, Laws of Utah 1986
13	31A-10-203, as last amended by Chapter 245, Laws of Utah 1994
14	Be it enacted by the Legislature of the state of Utah:
15	Section 1. Section <b>31A-10-201</b> is amended to read:
16	Part II. Nontraditional Insurers
17	31A-10-201. Definition.
18	As used in this part[ <del>, "nonprofit educational]</del> :
19	(1) "Nontraditional insurer" means $\hat{\mathbf{h}}$ [a nonprofit] AN $\hat{\mathbf{h}}$ insurer incorporated under Chapter
19a	5.
20	Domestic Stock and Mutual Insurers Corporations, or admitted under Chapter 14 [which],
21	Foreign Insurers, that:
22	(a) exists for the purpose of aiding and strengthening [nonprofit educational and
23	research institutions by providing them and their employees with annuities and insurance. An
24	insurer is not a nonprofit educational insurer if it provides annuities or insurance to persons
25	other than nonprofit educational and research institutions and their employees.] the following
26	by providing them with annuities:
27	(i) nonprofit entities;

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28	(ii) amployees of nonprofit antities:
	(ii) employees of nonprofit entities;
29	(iii) governmental entities; and
30	(iv) employees of governmental entities;
31	(b) issues only annuities and no other insurance product; and
32	(c) does not pay any benefit based on a guarantee as to principal, interest rate, return on
33	investment, mortality, and morbidity.
34	(2) "Nontraditional insurer" does not include an insurer that provides annuities to
35	persons other than:
36	(a) nonprofit entities:
37	(b) employees of nonprofit entities:
38	(c) governmental entities; and
39	(d) employees of governmental entities.
40	Section 2. Section <b>31A-10-202</b> is amended to read:
41	31A-10-202. Purposes of part.
42	The purposes of this part are:
43	(1) to provide for the continued operation in this state, subject to the provisions of this
44	title, of [nonprofit organizations] nontraditional insurers providing annuities [and insurance to
45	the educational and research institutions] to the nonprofit entities and governmental entities of
46	this state and their employees; and
47	(2) to specify provisions which equitably deal with the operational, structural, and
48	functional differences between [nonprofit educational] nontraditional insurers and other
49	insurers, without compromising the interests of policyholders.
50	Section 3. Section <b>31A-10-203</b> is amended to read:
51	31A-10-203. Applicability of other provisions.
52	(1) Except as provided in this section, domestic [nonprofit educational] nontraditional
53	insurers are subject to the same provisions applicable to other domestic insurers, and
54	nondomestic [nonprofit educational] nontraditional insurers are subject to the same provisions
55	applicable to other nondomestic insurers.
56	[(2) Chapter 28 does not apply to the annuity business nor to annuitants of nonprofit
57	educational insurers.]
58	[(3)] (2) [Nonprofit educational insurers that do not issue contracts containing

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59	guarantees as to principal, interest rate, return on investment, mortality, and morbidity]
60	Nontraditional insurers are not subject to:
61	(a) Section 31A-5-211;
62	(b) Section 31A-5-217;
63	(c) Subsection 31A-14-205(1)(a);
64	(d) Chapter 17, Determination of Financial Condition;
65	(e) Chapter 18 <u>, Investments;</u>
66	(f) Section 31A-20-106;
67	(g) Chapter 21. Insurance Contracts in General, if:
68	(i) their contract forms have been approved by the appropriate regulatory authorities in
69	their state of domicile; and
70	(ii) these contract forms are standard forms generally issued by those [nonprofit
71	educational] nontraditional insurers in the United States; [or]
72	(h) Chapter 22[-], Contracts in Specific Lines; or
73	(i) Chapter 28, Guaranty Associations.

#### Legislative Review Note as of 1-30-03 7:50 AM

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

#### Office of Legislative Research and General Counsel

State Impact

No fiscal impact.

#### Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst