

**NONTRADITIONAL INSURERS**

2003 GENERAL SESSION

STATE OF UTAH

**Sponsor: James A. Ferrin**

**This act modifies the Insurance Code to replace the definition for a nonprofit educational insurer with a definition for a nontraditional insurer, and to continue the exemption of nonprofit educational insurers from certain provisions of the Insurance Code to nontraditional insurers.**

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

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

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

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

**Part II. Nontraditional Insurers**

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

As used in this part[, "nonprofit educational"]:

(1) "Nontraditional insurer" means [~~a nonprofit~~] an insurer incorporated under Chapter 5, Domestic Stock and Mutual Insurance Corporations, or admitted under Chapter 14 [which], Foreign Insurers, that:

(a) exists for the purpose of aiding and strengthening [nonprofit educational and research institutions by providing them and their employees with annuities and insurance. An insurer is not a nonprofit educational insurer if it provides annuities or insurance to persons other than nonprofit educational and research institutions and their employees.] the following by providing them with annuities:

(i) nonprofit entities;

(ii) employees of nonprofit entities;

(iii) governmental entities; and

- (iv) employees of governmental entities;
- (b) issues only annuities and no other insurance product; and
- (c) does not pay any benefit based on a guarantee as to principal, interest rate, return on investment, mortality, and morbidity.

(2) "Nontraditional insurer" does not include an insurer that provides annuities to persons other than:

- (a) nonprofit entities;
- (b) employees of nonprofit entities;
- (c) governmental entities; and
- (d) employees of governmental entities.

Section 2. Section **31A-10-202** is amended to read:

**31A-10-202. Purposes of part.**

The purposes of this part are:

(1) to provide for the continued operation in this state, subject to the provisions of this title, of [~~nonprofit organizations~~] nontraditional insurers providing annuities [~~and insurance to the educational and research institutions~~] to the nonprofit entities and governmental entities of this state and their employees; and

(2) to specify provisions which equitably deal with the operational, structural, and functional differences between [~~nonprofit educational~~] nontraditional insurers and other insurers, without compromising the interests of policyholders.

Section 3. Section **31A-10-203** is amended to read:

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

(1) Except as provided in this section, domestic [~~nonprofit educational~~] nontraditional insurers are subject to the same provisions applicable to other domestic insurers, and nondomestic [~~nonprofit educational~~] nontraditional insurers are subject to the same provisions applicable to other nondomestic insurers.

~~[(2) Chapter 28 does not apply to the annuity business nor to annuitants of nonprofit educational insurers.]~~

~~[(3)] (2) [Nonprofit educational insurers that do not issue contracts containing guarantees as to principal, interest rate, return on investment, mortality, and morbidity] Nontraditional insurers are not subject to:~~

- ~~(a) Section 31A-5-211;~~
- ~~(b) Section 31A-5-217;~~
- ~~(c) Subsection 31A-14-205(1)(a);~~
- ~~(d) Chapter 17, Determination of Financial Condition;~~
- ~~(e) Chapter 18, Investments;~~
- ~~(f) Section 31A-20-106;~~
- ~~(g) Chapter 21, Insurance Contracts in General, if:
  - ~~(i) their contract forms have been approved by the appropriate regulatory authorities in their state of domicile; and~~
  - ~~(ii) these contract forms are standard forms generally issued by those [~~nonprofit educational~~] nontraditional insurers in the United States; [~~or~~]~~~~
- ~~(h) Chapter 22[;], Contracts in Specific Lines; or~~
- ~~(i) Chapter 28, Guaranty Associations.~~