# NOTICE OF PROPOSED RULE AMENDMENT

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

Agency Information

1. Agency: Insurance - Administration
   Room no.: 3110
   Building: STATE OFFICE BLDG
   Street address 1: 450 N MAIN ST
   Street address 2:
   City, state, zip: SALT LAKE CITY UT 84114-1201
   Mailing address 1: PO BOX 146901
   Mailing address 2:
   City, state, zip: SALT LAKE CITY UT 84114-6901

Contact person(s):

| Name: | Phone: | Fax: | E-mail: |
|---|---|---|---|
| Jilene Whitby | 801-538-3803 | 801-538-3829 | jwhitby@utah.gov |

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 34026 Date filed: 08/30/2010 04:11 PM
State Admin Rule Filing Key: 150140
Utah Admin. Code ref. (R no.): R 590 - 93 -
Changed to Admin. Code ref. (R no.): - -

Title

2. Title of rule or section (catchline):
   Replacement of Life Insurance and Annuities.

Notice Type

3. Type of notice: Amendment

Rule Purpose

4. Purpose of the rule or reason for the change:
   Members of the life insurance industry have requested there be a change in the trigger to complete the replacement notice.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.
   No

Rule Summary

6. Summary of the rule or change:
   The following changes are being proposed. Section 3 clarifies that a financed purchase is a replacement. Sections 4

and 5 require that a replacement question be asked on the application and if the answer is "Yes" then the replacement notice is to be completed. Currently the trigger to completing the replacement notice is if there is existing insurance. In section 9 an additional example of a violation has been added.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No

Most life insurance applications include the new question. Insurers that have not included this question in their application will need to add it and then file the application form with the Insurance Department. This will create a very small increase in the department's work load.

B) Local government:

Affected: No

This rule and its changes will have no effect on local governments since it deals solely with the relationship between the department and their life insurance licensees and their insureds and producers.

C) Small businesses:

Affected: No

("small business" means a business employing fewer than 50 persons)

The changes to this rule will have an impact on the insurance agencies in Utah that sell life insurance. It is likely to reduce time and paperwork involved in completing a replacement form.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

Fewer replacement forms will need to be completed because in the past a replacement form was to be completed every time the insured applied for insurance when they already had existing coverage. Now the insured will only need to complete the replacement form when their existing coverage is being replaced. This would be a savings in time and materials for the applicant, the producer and the insurer.

Compliance Cost Information

8. Compliance costs for affected persons:

Applicants, producers and insurers will not need to complete the replacement form as often as is necessary now, which will be a small savings in time and materials.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

The changes to this rule will have minimal impact on those affected by it. What impact is felt will be a small savings in time and paperwork.

B) Name and title of department head commenting on the fiscal impacts:

Neal T. Gooch, Insurance Commissioner

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

31A-2-201

31A-23a-402

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page):
Publisher:
Date Issued:
Issue, or version:
ISBN Number:
ISSN Number:
Cost of Incorporated Reference:
Adds, updates, removes:

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) : 10/15/2010

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy): 10/22/2010

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Division of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):

life
annuity
insurance
replacement

File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title: Jilene Whitby Information Specialist

Date (mm/dd/yyyy): 08/30/2010