

§3414. Management, commission, exclusive agency contracts

1. No domestic insurer shall hereafter make any contract whereby any person is granted or is to enjoy in fact the management of the insurer to the material exclusion of its board of directors or to have the controlling or preemptive right to produce substantially all insurance business for the insurer, or, if an officer, director or otherwise part of the insurer's management, is to receive any commission, bonus or compensation based upon the volume of the insurer's business or transactions, unless the contract is filed with and not disapproved by the superintendent. The contract shall become effective in accordance with its terms unless disapproved by the superintendent within 20 days after date of filing, subject to such reasonable extension of time as the superintendent may require by notice given within such 20 days. Any disapproval shall be delivered to the insurer in writing stating the grounds therefor.

[PL 1969, c. 132, §1 (NEW); PL 1973, c. 585, §12 (AMD).]

2. Any such contract shall provide that any such manager, producer of its business or contract holder shall within 90 days after expiration of each calendar year furnish the insurer's board of directors a written statement of amounts received under or on account of the contract and amounts expended thereunder during such calendar year, with specification of the emoluments received therefrom by the respective directors, officers and other principal management personnel of the manager or producer, and with such classification of items and further detail as the insurer's board of directors may reasonably require.

[PL 1969, c. 132, §1 (NEW).]

3. The superintendent shall disapprove any such contract if the superintendent finds that it:

A. Subjects the insurer to excessive charges; [RR 2021, c. 1, Pt. B, §275 (COR).]

B. Is to extend for an unreasonable length of time; [RR 2021, c. 1, Pt. B, §275 (COR).]

C. Does not contain fair and adequate standards of performance; or [PL 1969, c. 132, §1 (NEW).]

D. Contains any other inequitable provision or provisions that impair the proper interests of stockholders or members of the insurer. [RR 2021, c. 1, Pt. B, §275 (COR).]

[RR 2021, c. 1, Pt. B, §275 (COR).]

4. The superintendent may, after a hearing held thereon, disapprove any such contract theretofore permitted to become effective, if the superintendent finds that the contract should be disapproved on any of the grounds referred to in subsection 3.

[RR 2021, c. 1, Pt. B, §276 (COR).]

5. This section does not apply as to contracts entered into prior to January 1, 1970, or to amendment of such contracts other than extensions thereof.

[PL 1973, c. 625, §149 (AMD).]

6. This section may not be construed to prohibit receipt of commissions on insurance written personally by a director or officer who is duly licensed and regularly engaged in business as an insurance agent or broker; or to prohibit receipt of vested commissions by a director or officer based upon insurance business theretofore written by the director or officer.

[RR 2021, c. 1, Pt. B, §277 (COR).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1973, c. 585, §12 (AMD). PL 1973, c. 625, §149 (AMD). RR 2021, c. 1, Pt. B, §§275-277 (COR).

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