

**40-3301. Declaration of public interest and policy.** (a) It is hereby found and declared that it may not be inconsistent with the public interest and the interest of policyholders to permit insurers to:

- (1) Engage in activities which would enable them to make better use of management skills and facilities;
- (2) diversify into new lines of business through acquisition or organization of subsidiaries;
- (3) have free access to capital markets which could provide funds for insurers to use in diversification programs;
- (4) implement sound tax planning conclusions; and
- (5) serve the changing needs of the public and adapt to changing conditions of the social, economic and political environment, so that insurers are able to compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

(b) It is further found and declared that the public interest and the interests of policyholders are or may be adversely affected when:

(1) Control of an insurer is sought by persons who would utilize such control adversely to the interests of policyholders;

(2) acquisition of control of an insurer would substantially lessen competition or create a monopoly in the insurance business in this state;

(3) an insurer which is part of a holding company system is caused to enter into transactions or relationships with affiliated companies on terms which are not fair and reasonable; or

(4) an insurer pays dividends which jeopardize the financial condition of such insurer.

(c) It is hereby declared that the policies and purposes of this act are to promote the public interest by:

(1) Facilitating the achievement of the objectives enumerated in subsection (a) of this section;

(2) requiring disclosure of pertinent information relating to changes in control of an insurer;

(3) requiring disclosure by an insurer of material transactions and relationships between the insurer and its affiliates, including certain dividends paid by the insurer; and

(4) providing standards governing material transactions between the insurer and its affiliates.

(d) It is further declared that it is desirable to prevent unnecessary multiple and conflicting regulation of insurers.

Therefore, this state shall exercise regulatory authority over domestic insurers and, unless otherwise provided in this act, not over nondomestic insurers, with respect to the matters contained herein.

**History:** L. 1974, ch. 183, § 1; L. 1990, ch. 173, § 1; April 12.