

ORGANIZATION AND OWNERSHIP OF NEW INSURANCE COMPANIES

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Section 1. Biographical Disclosure of Individuals

The organizers, promoters, backers and incorporators of a new insurance company or a holding company organized with one or more of its purposes being for the sale of stock to finance the organization or establishment of an insurance company shall make a full disclosure of who are such organizers, promoters, backers and incorporators. A short biographical sketch of these persons should be given to the regulatory authority in the particular state where the company or companies is being organized. Included in this biographical sketch should be detailed the business experience of these persons and any experience they may have had in the insurance business.

Section 2. Disclosure of Promotional Cost

In the organization of a new insurance company or holding company there must further be disclosed to the regulatory authorities all promotional cost spent and to be spent. The regulatory authority should be given the power to determine what are promotional expenses. The promotional expenses shall not exceed ten percent (10%) of the selling price of the entire issue of capital stock of the company or companies sold to the public.

Section 3. Disposition of Monies Resulting From Sale of Stock

All monies collected from the sale of stock other than that amount permitted for promotional cost should be held in escrow either by the regulatory authority or someone designated by it until such time as the company has been completely organized and started in the insurance business.

Section 4. License Hearing

The regulatory authority may require a proper hearing on the application for a license to do an insurance business by a new company; at which time it may inquire into the competency, fitness and reputation of all persons directly or indirectly associated with the formation of a company. The regulatory authority shall have a right to review or deny an application upon a showing that any such individual or individuals may be unworthy of public trust.

Section 5. Capital and Surplus Requirements

A minimum paid-in capital stock of \$200,000 and a surplus of \$100,000 should be required, this minimum to be increased for specific kinds of insurance companies in the discretion of the regulatory authorities. Territorial limits in which business may be carried on by the company may be prescribed by the regulatory authorities.

Section 6. Review of Management or Agency Contract

The regulatory authorities should have the right to review any management contract or exclusive agency contract that may have been made between the new insurance company and some individual, partnership or corporation. The regulatory authority should have the right to approve or disapprove the management or exclusive agency contract. Certain definite standards should be set up by which to judge any such contract.

Section 7. Full-Time Employees Required

No insurance company is to be licensed until qualified persons are employed full-time to manage the business of the company.

Section 8. Records to be Kept in State of Domicile.

The usual home office records of every insurance company must be kept and maintained at all times within the state of domicile.

Chronological Summary of Action (all references are to the Proceedings of the NAIC).

1959 Proc. II 510, 511-513, 517 (adopted).

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This chart is intended to provide readers with additional information to more easily access state statutes, regulations, bulletins or administrative rulings related to the NAIC model. Such guidance provides readers with a starting point from which they may review how each state has addressed the model and the topic being covered. The NAIC Legal Division has reviewed each state’s activity in this area and has determined whether the citation most appropriately fits in the Model Adoption column or Related State Activity column based on the definitions listed below. The NAIC’s interpretation may or may not be shared by the individual states or by interested readers.

This chart does not constitute a formal legal opinion by the NAIC staff on the provisions of state law and should not be relied upon as such. Nor does this state page reflect a determination as to whether a state meets any applicable accreditation standards. Every effort has been made to provide correct and accurate summaries to assist readers in locating useful information. Readers should consult state law for further details and for the most current information.

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KEY:

MODEL ADOPTION: States that have citations identified in this column adopted the most recent version of the NAIC model in a **substantially similar manner**. This requires states to adopt the model in its entirety but does allow for variations in style and format. States that have adopted portions of the current NAIC model will be included in this column with an explanatory note.

RELATED STATE ACTIVITY: Examples of Related State Activity include but are not limited to: older versions of the NAIC model, statutes or regulations addressing the same subject matter, or other administrative guidance such as bulletins and notices. States that have citations identified in this column **only** (and nothing listed in the Model Adoption column) have **not** adopted the most recent version of the NAIC model in a **substantially similar manner**.

NO CURRENT ACTIVITY: No state activity on the topic as of the date of the most recent update. This includes states that have repealed legislation as well as states that have never adopted legislation.

NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Alabama		ALA. CODE §§ 27-3-1 to 27-3-9; §§ 27-27-1 to 27-27-24 (1971).
Alaska		ALASKA STAT. §§ 21.69.10 to 21.69.710 (1966/2011).
American Samoa	NO CURRENT ACTIVITY	
Arizona		ARIZ. REV. STAT. ANN. §§ 20-206 to 20-220 (1954/1982).
Arkansas		ARK. CODE ANN. §§ 23-63-201 to 23-63-207 (1959/2013).
California		CAL. INS. CODE §§ 700 to 700.05 (1949/1983); §§ 707 to 726 (1949/1985).
Colorado		COLO. REV. STAT. §§ 10-3-101 to 10-3-117 (1963/2013).
Connecticut		CONN. GEN. STAT. § 38a-41 (1949/1990); § 38a-72 (1949/1990).
Delaware		DEL. CODE ANN. tit. 18, §§ 4901 to 4912 (1953/1956).
District of Columbia		D.C. CODE §§ 31-5202 to 31-5205 (1973/1996).
Florida		FLA. STAT. §§ 628.011 to 628.201 (1959/1982).

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NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Georgia		GA. CODE ANN. §§ 33-3-1 to 33-3-7 (1960/1982); §§ 33-3-13 to 33-3-15 (1960/1974).
Guam		GUAM GOV'T CODE §§ 43150 to 43166 (1981).
Hawaii		HAW. REV. STAT. §§ 431:3-201 to 431:3-214 (1988).
Idaho		IDAHO CODE ANN. §§ 41-301 to 4-315 (1961/1986).
Illinois		215 ILL. COMP. STAT. 5/6 to 5/27.1 (1937/1984).
Indiana		IND. CODE ANN. §§ 27-1-6-1 to 27-1-6-19 (1977/1985); §§ 27-1-17-1 to 27-1-17-9 (1977/1985).
Iowa		IOWA CODE §§ 506.1 to 506.11 (1963); IOWA ADMIN. CODE r. 191-6.1 to 191-6.9 (1963).
Kansas		KAN. STAT. ANN. §§ 40-201 to 40-207 (1927/2015).
Kentucky		KY. REV. STAT. ANN. §§ 304.3-010 to 304.3-180 (1970/2014).
Louisiana		LA. REV. STAT. ANN. §§ 22:61 to 22:75 (1958/2009).
Maine		ME. REV. STAT. ANN. tit. 24-A, §§ 3301 to 3311 (1970/1973).
Maryland		MD. CODE ANN., INS. §§ 3-101 to 3-128 (1922/1997).
Massachusetts		MASS. GEN. LAWS ch. 175, §§ 48 to 49 (1872/1977).
Michigan		MICH. COMP. LAWS §§ 500.402 to 500.410 (1956/1982).
Minnesota		MINN. STAT. § 60A.7 (1967/1986).

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Mississippi		MISS. CODE ANN. §§ 83-19-1 to 83-19-33 (1880/2015).
Missouri		MO. REV. STAT. §§ 379.010 to 379.100 (1939/2014) (Insurance other than Life); §§ 376.010 to 376.160 (1939/1985) (Life & Health).
Montana		MONT. CODE ANN. §§ 33-3-201 to 33-3-208 (1959/2003).
Nebraska		NEB. REV. STAT. §§ 44-205 to 44-208.08 (1913/1989).
Nevada		NEV. REV. STAT. §§ 692B.010 to 692B.260 (1971).
New Hampshire		N.H. REV. STAT. ANN. §§ 402:10 to 402:14a (1903/1983).
New Jersey		N.J. REV. STAT. §§ 17B:18-4 to 17B:18-9, §§ 17B:18-35 to 17B:18-42 (1971).
New Mexico		N.M. STAT. ANN. §§ 59A-34-1 to 59A-34-13 (1985).
New York		N.Y. INS. LAW §§ 1201 to 1203 (1984).
North Carolina		N.C. GEN. STAT. §§ 58-7-35 to 58-7-80 (1899/2013).
North Dakota		N.D. CENT. CODE §§ 26.1-05-01 to 26.1-05-34 (1983).
Northern Marianas	NO CURRENT ACTIVITY	
Ohio		OHIO REV. CODE ANN. §§ 3907.01 to 3907.08 (1872/1984).
Oklahoma		OKLA. STAT. tit. 36, §§ 2105 to 2125 (1957/1981).
Oregon		OR. REV. STAT. §§ 732.015 to 732.175 (1967).

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Pennsylvania		40 PA. CONS. STAT. §§ 5-101 to 5-118 (1921/1981).
Puerto Rico		P.R. LAWS ANN. tit. 26, §§ 303 to 310 (1959/1984).
Rhode Island	NO CURRENT ACTIVITY	
South Carolina		S.C. CODE ANN. §§ 38-5-30 to 38-5-160 (1988).
South Dakota		S.D. CODIFIED LAWS §§ 58-5-1 to 58-5-26 (1966/1976).
Tennessee		TENN. CODE ANN. §§ 56-2-101 to 56-2-117 (1895/2013).
Texas	NO CURRENT ACTIVITY	
Utah		UTAH CODE ANN. §§ 31A-5-201 to 31A-5-213 (1985/1986).
Vermont		VT. STAT. ANN. tit. 8, §§ 3301 to 3305 (1968).
Virgin Islands		V.I. CODE ANN. tit. 22, §§ 201 to 212 (1968).
Virginia		VA. CODE ANN. §§ 38.2-1000 to 38.2-1016 (1986).
Washington		WASH. REV. CODE ANN. §§ 48.06.010 to 48.06.200 (1947/1981).
West Virginia		W. VA. CODE §§ 33-5-1 to 33-5-32 (1957/1965).
Wisconsin		WIS. STAT. §§ 611.10 to 611.22 (1971/2014).
Wyoming		WYO. STAT. ANN. §§ 26-24-101 to 26-24-111; § 26-24-129 (1967/1983).