

CHAPTER 363—H. F. No. 1820

[Coded]

An act relating to insurance; regulating management contracts.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. [60A.076] **Insurance; management of insurer; approval by commissioner.** [Subdivision 1.] No insurer qualified to transact business in this state shall make any contract whereby any person or persons is granted or is to enjoy in fact the management of the insurer to the substantial exclusion of its board of directors, or to have the controlling or pre-emptive right to produce substantially all insurance business for the insurer, unless such contract is filed with the commissioner for his approval. The contract shall be deemed approved 30 days after filing unless disapproved by the commissioner within such 30 day period, subject to such reasonable extension of time as the commissioner may require by notice given within such 30 days. The commissioner shall not unreasonably withhold his approval. Any disapproval shall be delivered to the insurer in writing, stating the grounds therefor.

Sec. 2. [Subd. 2] The commissioner shall disapprove any such contract if he finds that

(a) it subjects the insurer to excessive charges considering the financial condition of the company; or

(b) the contract extends for an unreasonable period of time; or

(c) the contract does not contain fair and adequate standards of performance by the persons granted management powers; or

(d) the persons empowered under the contract to manage the company lack the ability, experience or integrity to manage the company for the proper interests of its policyholders, or its creditors, or the public;

(e) the contract contains provisions which impair the proper interests of the insurer's stockholders, policyholders, members, creditors, or the public.

Sec. 3. This section shall become effective July 1, 1967.

Approved May 10, 1967.

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.