

60A.136 ACQUISITIONS AND DISPOSITIONS OF ASSETS.

Subdivision 1. **Materiality.** No acquisitions or dispositions of assets need be reported pursuant to section 60A.135 if the acquisitions or dispositions are not material. For purposes of sections 60A.135 to 60A.137, a material acquisition (or the aggregate of any series of related acquisitions during any 30-day period) or disposition (or the aggregate of any series of related dispositions during any 30-day period) is one that is nonrecurring and not in the ordinary course of business and involves more than five percent of the reporting insurer's total admitted assets as reported in its most recent statutory statement filed with the commissioner of commerce.

Subd. 2. **Scope.** (a) Asset acquisitions subject to sections 60A.135 to 60A.137 include every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of materials for this purpose.

(b) Asset dispositions subject to sections 60A.135 to 60A.137 include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment (whether for the benefit of creditors or otherwise), abandonment, destruction, or other disposition.

Subd. 3. **Information to be reported.** (a) The following information is required to be disclosed in a report of a material acquisition or disposition of assets:

- (1) date of the transaction;
- (2) manner of acquisition or disposition;
- (3) description of the assets involved;
- (4) nature and amount of the consideration given or received;
- (5) purpose of, or reason for, the transaction;
- (6) manner by which the amount of consideration was determined;
- (7) gain or loss recognized or realized by the insurer as a result of the transaction; and
- (8) name of each person from whom the assets were acquired or to whom they were disposed.

(b) Insurers are required to report material acquisitions and dispositions on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers that uses a pooling arrangement or 100 percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool. An insurer is considered to have ceded substantially all of its direct and assumed business to a pool if the insurer has less than \$1,000,000 total direct plus assumed written premiums during a calendar

year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent of the insurer's capital and surplus.

History: *1995 c 214 s 8*