

§425. Transactions with parent corporation, subsidiaries, and affiliates

1. No insurer shall engage directly or indirectly in any transaction or agreement with its parent corporation, or with any subsidiary or affiliated person which shall result or tend to result in:

A. Substitution through any method of any asset of the insurer with an asset or assets of inferior quality or lower fair market value; or [PL 1969, c. 132, §1 (NEW).]

B. Deception as to the true operating results of the insurer; or [PL 1969, c. 132, §1 (NEW).]

C. Deception as to the true financial condition of the insurer; or [PL 1969, c. 132, §1 (NEW).]

D. Allocation to the insurer of a proportion of the expense of combined facilities or operations which is unfair and unfavorable to the insurer; or [PL 1969, c. 132, §1 (NEW).]

E. Unfair, unnecessary or excessive charges against the insurer for services, or facilities, or supplies or reinsurance; or [PL 1969, c. 132, §1 (NEW).]

F. Unfair and inadequate charges by the insurer for reinsurance, services, facilities or supplies furnished by the insurer to others; or [PL 1969, c. 132, §1 (NEW).]

G. Payment by the insurer for services, facilities, supplies or reinsurance not reasonably needed by the insurer. [PL 1969, c. 132, §1 (NEW).]

[PL 1969, c. 132, §1 (NEW).]

2. In all transactions between the insurer and its parent corporation, or involving the insurer and any subsidiary or affiliated person, full recognition shall be given to the paramount duty and obligation of the insurer to protect the interests of policyholders, both existing and future.

[PL 1969, c. 132, §1 (NEW).]

3. For the purposes of this section a "subsidiary" is a person of which either the insurer or the parent corporation, or both, holds practical control, and an "affiliated person" is a person controlled by any combination of the insurer, the parent corporation, a subsidiary, or the principal stockholders or officers or directors of any of the foregoing.

[PL 1969, c. 132, §1 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW).

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