

304.24-280 Management and exclusive agency contracts.

- (1) No insurer shall hereafter make any contract whereby any person 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 preemptive right to produce substantially all insurance business for the insurer, or, if an officer, director or otherwise part of the insurer's management, is to receive any commission, bonus or compensation based upon the volume of the insurer's business or transactions, unless the contract is filed with and approved by the commissioner. The contract shall be deemed approved unless disapproved by the commissioner within twenty (20) days after date of filing, subject to such reasonable extension of time as the commissioner may require by notice given within such twenty (20) days. Any disapproval shall be delivered to the insurer in writing, stating the grounds therefor.
- (2) Any such contract shall provide that any such manager or producer of its business shall within ninety (90) days after expiration of each calendar year furnish the insurer's board of directors a written statement of amounts received under or on account of the contract and amounts expended thereunder during such calendar year, including the emoluments received therefrom by the respective directors, officers, and other principal management personnel of the manager or producer, and with such classification of items and further detail as the insurer's board of directors may reasonably require.
- (3) The commissioner shall disapprove any such contract if he or she finds that it:
 - (a) Subjects the insurer to excessive charges; or
 - (b) Is to extend for any unreasonable length of time; or
 - (c) Does not contain fair and adequate standards of performance, or
 - (d) Contains other inequitable provision or provisions which impair the proper interests of stockholders or policyholders of the insurer.
- (4) The commissioner may, after a hearing held thereon, withdraw his or her approval of any such contract theretofore approved by him or her, if he or she finds that the bases of his or her original approval no longer exist, or that the contract has in actual operation, shown itself to be subject to disapproval on any of the grounds referred to in subsection (3) of this section.
- (5) This section does not apply as to contracts entered into prior to June 18, 1970, nor to extensions or amendments to such contracts, nor to relationships and agreements between parents, subsidiaries, or affiliates.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1337, effective July 15, 2010. -- Created 1970 Ky. Acts ch. 301, subtit. 24, sec. 28, effective June 18, 1970.