INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] *(Division 2 enacted by Stats. 1935, Ch. 145.)*

PART 1. FIRE AND MARINE INSURANCE [1880 - 10108.1] *(Part 1 enacted by Stats. 1935, Ch. 145.)*

CHAPTER 4. General Mutual Insurers [4010 - 4097.20] *(Chapter 4 added by Stats. 1963, Ch. 1772.)*

ARTICLE 3. Management and Exclusive Agency Contracts [4030 - 4034] *(Article 3 added by Stats. 1963, Ch. 1772.)*

4030. A domestic mutual insurer shall not 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, unless the contract is filed with and approved by the commissioner. That contract shall not be effective unless and until approved by the insurance commissioner. That approval shall be obtained by filing application for approval with the commissioner accompanied by a one-hundred-fifty-dollar ($150) fee. Any disapproval shall be delivered to the insurer in writing, stating the grounds therefor.

(Amended by Stats. 2017, Ch. 534, Sec. 51. (AB 1699) Effective January 1, 2018.)

4031. Any such contract shall provide that any such manager or producer of its business shall within 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.

(Added by Stats. 1963, Ch. 1772.)

4032. The commissioner shall disapprove any such contract if he finds that it:

(a) Subjects the insurer to excessive charges; or

(b) Is to extend for an unreasonable length of time; or

(c) Does not contain fair and adequate standards of performance; or

(d) Contains other inequitable provisions or provisions which impair the proper interests of policyholders of the insurer.

(Added by Stats. 1963, Ch. 1772.)

4033. The commissioner may, after a hearing held thereon, withdraw his approval of any such contract theretofore approved by him, if he finds that the bases of his 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 Section 4032 above.

(Added by Stats. 1963, Ch. 1772.)

4034. The holder of any such contract described in this Article shall be subject to examination by the commissioner pursuant to Article 4 (beginning with Section 730), Chapter 1, Part 2, Division 1 of this code.

(Added by Stats. 1963, Ch. 1772.)