

1300.67.12 Contracts with Solicitor Firms

A plan shall not permit a solicitor firm to solicit enrollments or subscriptions on its behalf except pursuant to a written contract which meets all of the following minimum requirements:

(a)

All funds received by the solicitor firm for the account of the plan shall at all times be segregated from the assets of the solicitor firm and shall be promptly deposited to a trust account in a state or federal bank authorized to do business in this state and insured by an appropriate federal insuring agency. "Promptly deposited" means deposited no later than the business day following receipt by the solicitor firm.

(b)

All funds received by the solicitor firm for the account of the plan shall be transmitted to the plan, or to a person designated in the contract, net of actual commissions earned under the particular contract within (5) five business days after such funds are received by the solicitor firm.

(c)

The solicitor firm shall comply and shall cause its principal persons and employees to comply with all applicable provisions of the Act and the rules thereunder.

(d)

The solicitor firm shall promptly notify the plan of the institution of any disciplinary

proceedings against it or against any of its principal persons or employees relating to any license issued to any such person by the California Insurance Commissioner.