

31A-5-207 Powers under organization permit.

- (1) While its organization permit is in effect a stock corporation may:
 - (a) register stock under Section 31A-5-302, solicit subscriptions subject to Section 16-10a-620, accept payment for the subscriptions in cash or, with the approval of the commissioner, in other property constituting a permitted investment under Chapter 18, Investments, and issue receipts for payments made at values approved by the commissioner, but no certificates for shares may be issued until a certificate of authority has been issued; and
 - (b) transact all other business necessary and appropriate in the organization of the planned insurance enterprise.
- (2) While its organization permit is in effect a mutual may:
 - (a) register mutual bonds under Section 31A-5-302, solicit applications for qualifying insurance policies under Subsection 31A-5-211(5), solicit subscriptions for mutual bonds and contribution notes and accept payment for the subscriptions in cash or, with the approval of the commissioner, in property constituting a permitted investment under Chapter 18, Investments, and issue receipts for payments made at values approved by the commissioner, but no policies or bonds are effective or may be issued until a certificate of authority has been issued; and
 - (b) transact all other business necessary and appropriate in the organization of the planned insurance enterprise.
- (3)
 - (a) The existence of the organization permit may not be used as an inducement in any solicitation.
 - (b) No person may knowingly, with intent to deceive, exhibit any false document or account regarding the affairs of any organization under Section 31A-5-204 or make any misrepresentation about its affairs.
- (4) Solicitations under this section may be made for stock or bond subscriptions only by persons registered under Title 61, Chapter 1, Utah Uniform Securities Act, as broker-dealers or agents. Solicitations under this section may be made for qualifying insurance policies only by persons licensed under Chapter 23a, Insurance Marketing - Licensing Producers, Consultants, and Reinsurance Intermediaries, as insurance producers. Before any solicitation, the solicitor shall obtain from the commissioner a license to solicit, after paying the fee applicable under Section 31A-3-103.
- (5) This section does not apply to stock or mutual insurance corporations already in existence on July 1, 1986.

Amended by Chapter 298, 2003 General Session