

31A-5-213 Accelerated organization procedure.

- (1) The incorporators may apply for a certificate of authority without first obtaining an organization permit if:
 - (a) their number is not more than 15;
 - (b) no compensation is paid directly or indirectly for soliciting any of them;
 - (c) they purchase for their own accounts all the shares proposed to be issued in the case of a stock corporation, or in the case of a mutual, they supply all the minimum permanent surplus and initial expendable surplus by contribution notes or otherwise; and
 - (d) the shares are promotional securities and are subject to Subsection 31A-5-304(3) and (4).
- (2) The application for a certificate of authority shall include:
 - (a) proof that the purchase price for the shares or the proceeds of contribution notes have been deposited on behalf of the proposed corporation;
 - (b) a statement concerning whether and what property other than money is held in trust for the proposed corporation; and
 - (c) the information which the commissioner reasonably requires under Subsection 31A-5-204(2).
- (3) The commissioner shall issue a certificate of authority if he finds that:
 - (a) all requirements of law have been met;
 - (b) all natural persons who are incorporators, the directors and principal officers of corporate incorporators, and the proposed directors and officers of the corporation being formed are trustworthy and collectively have the competence and experience to engage in the particular insurance business proposed; and
 - (c) the business plan is consistent with the interests of the corporation's potential insureds and of the public.
- (4) The director of the Division of Corporations and Commercial Code shall issue a certificate of incorporation upon notice from the insurance commissioner that all the applicable requirements of law have been met, including the payment of fees.
- (5) When the certificate of incorporation is issued, the corporation's legal existence begins, the articles and bylaws become effective, and the proposed directors and officers take office. The certificate is conclusive evidence of compliance with this section, except in a proceeding by the state against the corporation.
- (6) This section does not apply to stock or mutual insurance corporations already in existence on July 1, 1986.

Amended by Chapter 95, 1987 General Session