

**31A-5-218 Subsidiaries.**

- (1) Subject to the limitations under Subsection 31A-18-106(1)(k), an insurance corporation may form or acquire subsidiaries to do any lawful insurance business.
- (2) An insurance corporation may form or acquire subsidiaries to hold or manage any assets that it might hold or manage directly.
- (3)
  - (a) An insurance corporation may form or acquire subsidiaries to perform functions or provide services that are ancillary to its insurance operations.
  - (b) A subsidiary is an ancillary subsidiary if it is engaged principally in one or more of the following:
    - (i) acting as an insurance producer;
    - (ii) investing, reinvesting, or trading in securities, or acting as a securities broker, dealer, or marketing representative;
    - (iii) managing investment companies registered under the federal Investment Company Act of 1940, as amended, including related sales and services;
    - (iv) providing investment advice and services;
    - (v) acting as administrative agent for a government instrumentality performing an insurance, public assistance, or related function;
    - (vi) providing services related to insurance operations, including accounting, actuarial, pension administration, appraisal, auditing, claims adjusting, collection, data processing, communications, loss prevention, premium financing, safety engineering, and underwriting services;
    - (vii) holding or managing property used by the corporation, alone or with its affiliates for the convenient transaction of its business;
    - (viii) engaging in the motor club business under Chapter 11, Motor Clubs;
    - (ix) engaging in the business of any institution subject to the jurisdiction of the Department of Financial Institutions under Title 7, Financial Institutions Act;
    - (x) providing similar services or performing similar activities which the commissioner declares ancillary by rule; and
    - (xi) owning corporations that would be authorized as subsidiaries under Subsections (3)(b)(i) through (3)(b)(ix) and under Subsections (1) and (2).
- (4) An insurance corporation may form or acquire subsidiaries other than those under Subsections (1) through (3), but only to the extent the insurer has excess surplus as defined under Section 31A-1-301.
- (5)
  - (a) An insurance corporation shall notify the commissioner immediately following the formation or acquisition of a subsidiary under this section.
  - (b) Chapter 16, Insurance Holding Companies, provides additional requirements that are applicable to the acquisition of certain subsidiaries.

Amended by Chapter 298, 2003 General Session