31A-5-702 Acquisitions and dispositions of assets.

(1)

(a) An acquisition or disposition of asset is not subject to the reporting requirements of Section 31A-5-701 if the acquisitions or dispositions are not material.

(b) For purposes of this part, an acquisition, a disposition, or the aggregate of any series of related acquisitions or related dispositions during any 30-day period, is material if it is:

(i) nonrecurring;

(ii) not in the ordinary course of business; and

(iii) involves more than 5% of the reporting insurer's total admitted assets as reported in its most recent statutory statement.

(2)

(a) An asset acquisition subject to this part includes every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of materials for that purpose.

(b) An asset disposition subject to this part includes every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment, whether for the benefit of creditors or otherwise, abandonment, destruction, or other disposition.

(3)

(a) The following information is required to be disclosed in any report filed pursuant to Section 31A-5-701 of a material acquisition or disposition of assets:

(i) the date of the transaction;

(ii) the manner of acquisition or disposition;

(iii) a description of the assets involved;

(iv) the nature and amount of the consideration given or received;

(v) the purpose of, or reason for, the transaction;

(vi) the manner by which the amount of consideration was determined;

(vii) any gain or loss recognized or realized as a result of the transaction; and

(viii) the name of any person from whom the assets were acquired or to whom they were disposed.

(b)

(i) Insurers are required to report material acquisitions and dispositions on a nonconsolidated basis unless the insurer:

(A) is part of a consolidated group of insurers that uses a pooling arrangement or 100% reinsurance agreement that affects the solvency and integrity of the insurer's reserves; and

(B) ceded substantially all of its direct and assumed business to the pool.

(ii) For purposes of this section, an insurer is considered to have ceded substantially all of its direct and assumed business to a pool if:

(A) the insurer has less than $1,000,000 total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement; and

(B) the net income of the business not subject to the pooling arrangement represents less than 5% of the insurer's capital and surplus.

Enacted by Chapter 9, 1996 Special Session 2
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