

**31A-23a-704 Penalties.**

- (1)
  - (a) If, after notice and opportunity to be heard, the commissioner finds that the controlling producer or any other person has not materially complied with this part, or any rule made or order issued under the part, the commissioner may order the controlling producer to cease placing business with the controlled insurer.
  - (b) If the commissioner finds that because of the material noncompliance that the controlled insurer or any policyholder of the controlled insurer has suffered any loss or damage, the commissioner may maintain a civil action or may intervene in an action brought by or on behalf of the insurer or policyholder for recovery of compensatory damages for the benefit of the insurer or policyholder or the commissioner may seek other appropriate relief.
- (2) If an order for liquidation or rehabilitation of the controlled insurer has been entered pursuant to Chapter 27a, Insurer Receivership Act, and the receiver appointed under that order believes that the controlling producer or any other person has not materially complied with this part, or any rule made or order issued under this part, and the insurer suffered any loss or damage as a result of the noncompliance, the receiver may maintain a civil action for recovery of damages or other appropriate sanctions for the benefit of the insurer.
- (3) Nothing in this section affects the right of the commissioner to impose any other penalties provided for in this title.
- (4) Nothing contained in this section is intended to or shall in any manner alter or affect the rights of policyholders, claimants, creditors, or other third parties.

Amended by Chapter 309, 2007 General Session