

31A-5-414 Transactions in which directors and others are interested.

- (1) Any material transaction between an insurance corporation and one or more of its directors or officers, or between an insurance corporation and any other person in which one or more of its directors or officers or any person controlling the corporation has a material interest, is voidable by the corporation unless all the following exist:
 - (a) At the time the transaction is entered into it is fair to the interests of the corporation.
 - (b) The transaction has, with full knowledge of its terms and of the interests involved, been approved in advance by the board or by the shareholders.
 - (c) The transaction has been reported to the commissioner immediately after approval by the board or the shareholders.
- (2) A director, whose interest or status makes the transaction subject to this section, may be counted in determining a quorum for a board meeting approving a transaction under Subsection (1)(b), but may not vote. Approval requires the affirmative vote of a majority of those present.
- (3) The commissioner may by rule exempt certain types of transactions from the reporting requirement of Subsection (1)(c). The commissioner has standing to bring an action on behalf of an insurer to have a contract in violation of Subsection (1) declared void. Such an action shall be brought in the Third Judicial District Court for Salt Lake County.

Enacted by Chapter 242, 1985 General Session