

**31A-5-420 Payment of dividends by mutual insurers.**

- (1) When it is in the best interests of the company, the directors of a domestic mutual insurer shall declare, apportion, and pay to its members dividends from its net savings and earnings.
- (2) The insurer shall make a reasonable classification of its participating policies and its assumed risks. No dividend shall be paid that is inequitable, unfairly discriminates between classifications of insurance contracts, or unfairly discriminates between policies within the same classification.
- (3) Unless stated in the policy, no dividend, otherwise earned, shall be contingent upon the payment of the renewal premium on any policy.
- (4) Subsection (1) may not be construed to require an insurer determined by the United States Internal Revenue Service to be a nonprofit organization to pay a dividend in a manner which would jeopardize that status.

Enacted by Chapter 242, 1985 General Session