

506.1 Rules limitations.

The commissioner of insurance shall promulgate such reasonable rules and regulations as the commissioner deems necessary to assure the proper operation of newly organized insurance companies but in no event shall the commissioner:

1. Require that more than twenty percent of the original capital and surplus of a stock corporation subject to the provisions of this chapter be invested by the organizers; or
2. Restrict the alienation of securities issued to organizers for a period of more than:
 - a.* Five years, or
 - b.* Until the operation of the insurance company produces earned surplus for two successive years.

[C66, 71, 73, 75, 77, 79, 81, § 506.1]