

**191—45.10 (521A) Extraordinary dividends and other distributions.**

**45.10(1)** Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders shall include the following:

- a.* The date established for payment of the dividend;
- b.* The amount of the proposed dividend;
- c.* A statement as to whether the dividend is to be in cash or other property and, if in property, a description thereof of its cost, and its fair market value together with an explanation of the basis for valuation;
- d.* A copy of the calculations used to determine that the proposed dividend is extraordinary, including the amounts and dates of all dividends (including regular dividends) paid within the period of 24 consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the second and immediately preceding years;
- e.* A balance sheet and statement of income for the period intervening from the last annual statement filed with the commissioner and the end of the month preceding the month in which the request for dividend approval is submitted;
- f.* A brief statement as to the effect of the proposed dividend upon the insurer's surplus and the reasonableness of surplus in relation to the insurer's outstanding liabilities and the adequacy of surplus relative to the insurer's financial needs.

**45.10(2)** A dividend or distribution to an insurer's shareholders which exceeds the greater of (a) 10 percent of the insurer's surplus as regards policyholders as of the 31st day of December next preceding, or (b) the net gain from operations of such insurer if the insurer is a life insurer, or the net income if the insurer is not a life insurer, not including realized capital gains, for the 12-month period ending the 31st day of December next preceding shall be submitted to the commissioner 30 days in advance for approval. The commissioner may deem such dividend to be excessive and to constitute grounds under 191—subrule 110.4(5) for finding the insurer to be in a financially hazardous condition and subject to the provisions of 191—subrule 110.5(2).

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