

(2) is not affiliated with, an employee of, a principal of, the direct or indirect owner of, or in any way in the control of a controlled insurer or a controlling [broker] INSURANCE PRODUCER.

(b) If a controlling [broker] INSURANCE PRODUCER, when the insurance business is placed, is acting in a transaction on behalf of an insured for compensation, commission, or other valuable consideration, the controlling [broker] INSURANCE PRODUCER may not directly or indirectly place insurance business with its controlled insurer unless the requirements of this section are met.

(c) There shall be a written contract between the controlling [broker] INSURANCE PRODUCER and controlled insurer that has been approved by the board of directors of the controlled insurer.

(d) (1) If insurance business is placed through a controlling [broker] INSURANCE PRODUCER, the controlling [broker] INSURANCE PRODUCER shall deliver written notice to the prospective insured before the effective date of the policy, disclosing the relationship between the controlling [broker] INSURANCE PRODUCER and the controlled insurer.

(2) The disclosure shall be signed by the prospective insured and retained in the underwriting file until the filing of the examination report for the period during which the policy is in effect.

(3) If insurance business is placed through a [subbroker] SUB-INSURANCE PRODUCER that is not a controlling [broker] INSURANCE PRODUCER, the controlling [broker] INSURANCE PRODUCER shall retain in the controlling [broker's] INSURANCE PRODUCER'S records a signed statement from the [subbroker] SUB-INSURANCE PRODUCER that:

(i) the [subbroker] SUB-INSURANCE PRODUCER is aware of the relationship between the controlling [broker] INSURANCE PRODUCER and the controlled insurer;

(ii) the [subbroker] SUB-INSURANCE PRODUCER has delivered to the prospective insured written notice disclosing that relationship; and

(iii) the disclosure has been signed by the prospective insured and will be retained by the [subbroker] SUB-INSURANCE PRODUCER for 3 years.

(e) At least quarterly, the controlling [broker] INSURANCE PRODUCER shall pay to the controlled insurer all money that the controlling [broker] INSURANCE PRODUCER collected for the account of the controlled insurer, net of commissions, cancellations, and other adjustments.

(f) (2) The opinion shall:

(i) report loss ratios for each line of insurance business written;
and