§ 1218. Regulation of stock ownership, interlocking directors and common management. (a) Any domestic insurer and any foreign or alien insurer authorized to do business in this state may retain, invest in or acquire all or any shares, or, by contract of reinsurance or otherwise, acquire the whole or a substantial part of the assets, of any other insurer, or have a common management with any other insurer, unless such retention, investment, acquisition or common management is inconsistent with any other provision of this chapter or unless the effect thereof:

(1) in the case of a domestic or alien insurer, may be substantially to lessen competition in any line of commerce in insurance in any section of the country or to tend to create a monopoly therein, or

(2) in the case of a foreign insurer, may be substantially to lessen competition in any line of commerce in insurance in this state or to tend to create a monopoly therein.

(b) No person shall serve as a director of two or more insurers under this chapter which are or during the next preceding two years have been engaged in writing directly the same lines of commerce in insurance unless such interlocking directorate is not used as a means to substantially lessen competition generally in the business of insurance or create a monopoly therein, but any person otherwise qualified may be a director of two or more insurers having a common ownership or management which is not otherwise proscribed if such interlocking directorate is not used as a means of substantially lessening competition generally in the business of insurance or of creating a monopoly therein.

(c) (1) Whenever the superintendent believes this section is being violated, the superintendent shall serve upon the insurer or insurers and the director or directors, as the case may be, a notice pursuant to section three hundred four of the financial services law of a hearing before the superintendent to be held not less than thirty days after such service and requiring such insurer or insurers and such director or directors, as the case may be, to show cause why an order should not be made by the superintendent directing such insurer or insurers and such director or directors, as the case may be, to cease and desist from such violation.

(2) If, upon such hearing, the superintendent finds a violation of this section he shall issue and cause to be served upon each such

insurer or insurers and such director or directors, as the case may be, an order reciting the facts found by him, and setting forth the respects in which there has been a violation, and directing such insurer or insurers and such director or directors, as the case may be, to cease and desist from such violation and he may in such order direct each such insurer to divest itself of the shares or assets held or to rid itself of the directors serving contrary to the provisions of subsection (a) or (b) of this section.

(3) A violation of any such cease and desist order shall, subject to judicial review, be deemed a violation of this chapter.

(4) The attorney general may maintain a proceeding upon his own information to prevent and restrain violations of this section and the judgment therein against any defendant may grant affirmative relief to the same extent as may the superintendent by an order issued pursuant to this section.

(5) Any person, firm, corporation or association shall be entitled to maintain a proceeding to obtain injunctive relief against loss or damages by a violation of this section at whatever time and under the same conditions and principles as when injunctive relief against conduct that will cause loss or damage is granted by the courts under the laws of this state governing such proceedings. In such proceeding, the plaintiff also may recover the damages sustained by him and the cost of suit, including a reasonable attorney's fee.

(d) Nothing contained in this section shall be deemed to alter or abridge any rights or remedies otherwise available to any person, the superintendent and the attorney general under any law of this state.