

40-2b23. Stock in any insurance company, health maintenance organization, incorporated insurance agency or holding corporation. Any life insurance company heretofore or hereafter organized under any law of this state may invest with the direction or approval of a majority of its board of directors or authorized committee thereof, any of its funds, or any part thereof in:

(a) Stock in any insurance company or health maintenance organization, notwithstanding subsection (e) of K.S.A. 40-2b07, and amendments thereto. Before more than 5% of the outstanding shares of stock of any insurance company or health maintenance organization is acquired, or a tender offer made therefor, prior written approval of the commissioner of insurance must be secured;

(b) stock in an incorporated insurance agency: (1) If 5% or less of the outstanding shares of such incorporated agency is acquired, the provisions of K.S.A. 40-2b07, and amendments thereto, shall apply; (2) if more than 5% of the outstanding shares of such incorporated agency is acquired, or a tender offer is made therefor, the prior approval of the commissioner of insurance shall be required and the provisions of subsection (d) of K.S.A. 40-2b07, and amendments thereto, shall apply. In valuing the stock of the agency, the assets of the agency shall be valued as if held directly by an insurance company; and (3) if majority interest in an incorporated insurance agency results from the organization of an agency by the insurance company to which this act applies, such investments shall be subject to the provisions of K.S.A. 40-2b13, and amendments thereto, until they have produced earnings for three out of five consecutive years. Such stock shall not be eligible for deposit with the commissioner of insurance as part of the legal reserve of such insurance company;

(c) stock in a holding corporation: (1) If 5% or less of the outstanding shares of stock of such holding corporation is acquired, the provisions of K.S.A. 40-2b07, and amendments thereto, shall apply; (2) if at least 55% of the holding corporation's voting stock is acquired, the prior approval of the commissioner of insurance shall be required and the provisions of K.S.A. 40-2b07, and amendments thereto, shall not apply. No insurer may purchase in excess of 5% of the outstanding voting stock of a holding corporation unless such insurer acquires at least 55% of such stock, nor shall the officers and directors of an insurer collectively own or control, directly or indirectly, more than 25% of such stock. The commissioner of insurance may direct an insurer to divest of its ownership in a holding corporation acquired pursuant to this subsection if it appears to the commissioner that the continued ownership or operation of the holding corporation is not in the best interest of the policyholders, or if the insurer's ownership in the holding corporation is less than 55% of the outstanding voting stock of the holding corporation, or if the officers and directors of the insurer collectively own or control, directly or indirectly, more than 25% of such stock. A holding corporation acquired pursuant to this subsection shall not acquire any investment not permitted for life insurance companies pursuant to article 2b of chapter 40 of the Kansas Statutes Annotated, and amendments thereto. In valuing the stock of any holding corporation acquired under this subsection in the annual financial statement of the insurer, value shall be assigned to the holding corporation's assets as though the assets were owned directly by the insurer. A percentage of the holding corporation's assets exactly equal to the insurer's ownership interest in the holding corporation will be added to the assets of the insurer in application of the insurer's investment limitations set forth in article 2b of chapter 40 of the Kansas Statutes Annotated, and amendments thereto. Stock in a holding corporation acquired under this subsection shall not be eligible for deposit with the commissioner of insurance as part of the legal reserves of such insurer.

History: L. 1983, ch. 156, § 13; L. 1987, ch. 161, § 2; L. 1994, ch. 86, § 2; July 1.