

2021 Kansas Statutes

40-1620. Conversion of insurance company into insurance reciprocal; conversion plan requirements; approval; definitions. (a) Any insurance company may convert to a Kansas insurance reciprocal in accordance with a plan for the conversion of the insurance company into an insurance reciprocal filed with and approved by the commissioner.

(b) The commissioner may establish reasonable requirements and procedures for the submission and approval of a conversion plan authorized by subsection (a).

(c) No conversion plan shall be approved under this section unless such conversion plan includes:

(1) A provision for the conversion of existing stockholder or policyholder interests in the insurance company into reciprocal or exchange subscriber interests in the insurance reciprocal so that each subscriber's interest in the resulting Kansas insurance reciprocal shall be fairly proportionate to such subscriber's interest in the insurance company;

(2) a provision for the amendment of the insurance company's existing articles of incorporation or other chartering document to a subscriber's agreement which complies with the provisions of K.S.A. 40-1602, 40-1603 and 40-1626, and amendments thereto;

(3) a copy of the proposed subscriber's agreement;

(4) proof of the approval or adoption of the conversion plan by not less than 2/3 of the shares or policyholders entitled to vote, represented either in person or by proxy, at a duly called regular or special meeting of the stockholders or policyholders of the insurance company at which a quorum, as determined by the bylaws or other chartering documents of the insurance company, is present;

(5) a transition plan for the change of governance of the insurance company from the board of directors and officer structure of the insurance company to the insurance reciprocal which shall be governed by article 16 of chapter 40 of the Kansas Statutes Annotated, and amendments thereto; and

(6) any other information required by the commissioner.

(d) The commissioner shall approve the conversion plan if the commissioner finds that the proposed conversion will:

(1) Not be detrimental to the interests of the stockholders or policyholders of the insurance company;

(2) not be detrimental to the interests of the state of Kansas; and

(3) not render the insurer incapable of fulfilling the insurer's contractual obligations.

(e) Upon approval of a conversion plan under this section, the commissioner shall issue a new or amended certificate of authority, which shall be deemed to be the final act of conversion at which time the insurance company shall concurrently become an insurance reciprocal. The insurance reciprocal shall be deemed to be a continuation of the insurance company and deemed to have been organized at the time the converted insurance company was organized.

(f) Each insurance reciprocal created pursuant to this section shall comply with all provisions of K.S.A. 40-1612, and amendments thereto.

(g) Any conversion of an insurance company to a reciprocal shall not be subject to the provisions of K.S.A. 40-3304, and amendments thereto.

(h) For the purposes of this section, "insurance company" means a stock or mutual insurance company.

History: L. 1999, ch. 110, § 6; L. 2000, ch. 170, § 29; July 1.