

2023 Kansas Statutes

40-4006. Limitation on ownership of voting stock of converted insurer; violations; remedies.

(a) For five years from the conversion date, no person (including any individual, corporation, firm or affiliated group of individuals, corporations or firms), other than a parent corporation, may own, directly or indirectly, more than 5% of the voting stock (including any securities that may be convertible into voting stock) of the converted insurer, unless:

(1) The person is a policyholder whose allocated share of the consideration provided for in the plan of conversion is 5% or more of the voting stock (including any securities that may be convertible into voting stock), and such individual may not purchase stock totaling more than the individual's allocated share of such consideration; or

(2) the purchase is permitted by the commissioner and authorized by the converted company's board of directors.

(b) In the event of any violation of this section, or in the event of any action that, if consummated, would constitute a violation of this section, all voting securities of the converted insurer (or of the person controlling the converted insurer) that is acquired by any person in excess of the maximum amount permitted to be acquired by the person pursuant to this section shall be deemed to be nonvoting securities of the converted insurer (or of the person controlling the converted insurer). The violation or action may be enforced or enjoined by an appropriate proceeding commenced by the converted insurer, the person controlling the converted insurer, the commissioner, any policyholder or stockholder of the converted insurer on behalf of the converted insurer (or on behalf of the person controlling the converted insurer) in the district court in which the converted insurer has its home office or in any other court having jurisdiction. The court may issue any order it finds necessary to cure the violation or to prevent the proposed action that would constitute a violation.

(c) Nothing provided in this act shall be deemed to prohibit the insurer's directors, officers, agents or employees from being eligible to purchase stock or other securities of the insurer, subject to the provisions of subsection (a).

History: L. 1985, ch. 154, § 6; L. 1997, ch. 107, § 8; July 1.