

## HOUSE BILL No. 2546

By Committee on Insurance

1-21

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AN ACT concerning insurance; pertaining to the conversion of mutual companies to stock companies; amending K.S.A. 40-4004 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 40-4004 is hereby amended to read as follows: 40-4004. (a) The commissioner shall examine the plan submitted pursuant to subsection (b) or (c) of K.S.A. 40-4002, and amendments thereto. As a part of such examination, the commissioner shall order a hearing on the plan to be conducted in accordance with the provisions of the Kansas administrative procedure act and shall give not less than 20 days' written notice of the date of hearing to the insurer and give not less than 20 days' written notice to policyholders by publication or otherwise. The commissioner shall approve the plan if the commissioner finds that:

- (1) The plan of conversion is fair and equitable to policyholders;
- (2) the plan of conversion complies with the provisions of this act;
- (3) the plan of conversion does not unjustly enrich any director, officer, agent or employee of the insurer; and
- (4) the new stock insurer would meet minimum requirements to be issued a certificate of authority by the commissioner to transact business in this state and the continued operations of the new stock insurer would not be hazardous to existing or future policyholders or the public.

(b) The amount of consideration provided by the converting insurer to policyholders ~~shall~~ *may* be deemed to be fair and equitable pursuant to subsection (a), if the consideration is at least the amount of statutory surplus attributable to contributions of policyholders.

(c) Upon submission of a plan of conversion, the commissioner may request any additional documents or information in the possession of the insurer or its affiliates as are reasonably necessary to enable the commissioner to make the findings required by this section for the approval of the plan.

Sec. 2. K.S.A. 40-4004 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.