

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Vice-Chairman Dennis Spaniol at  
Chairperson

3:30 ~~xxx~~/p.m. on March 21, 1983 in room 521-S of the Capitol.

All members were present except:

Chairman Hoy, Rep. Baker, and Rep. Turnquist, who were excused.

Committee staff present:

Gordon Self, Revisor's Office  
Mary Sorensen, Committee Secretary

Conferees appearing before the committee:

Dick Brock, Kansas Insurance Department  
L. M. Cornish, for the domestic insurance companies

Others Present:

See List (Attachment 1)

SB 157 was first to be considered. Dick Brock, of the Kansas Insurance Department, briefly explained the bill, and passed out Attachment 2, containing balloon amendments. Mr. Brock said this bill was requested by the insurance department and would liberalize restrictions on investments by the domestic insurance companies in Kansas. He explained each of the changes in the bill as it was passed by the Senate, as well as the suggested amendments on the balloon copy. There was discussion as to the need for new section (f), which would permit insurance companies to make mortgage loans to officers under certain conditions. L. M. Cornish, representing the domestic companies, those organized in the State of Kansas which are the ones affected by this bill, spoke in support of the bill. Chuck Blankenship of Victory Life Insurance, Mark Heitz of Security Benefit Life, and Jim Ketcherside, of Farmers Alliance Mutual Insurance Company, said they did not care to testify but did state they were in agreement with Mr. Cornish's testimony. There was further discussion of the portion of the bill which would allow the companies to make mortgage loans to officers, and they all expressed the opinion that this would possibly help their companies to secure good officers. Mr. Ketcherside said they would like to make these loans at a lower rate than that prescribed in the bill, but would accept the bill as written in order to be able to make such a mortgage loan.

SB 122 was next for consideration. Dick Brock briefly explained the bill, which he said was largely administrative, relating to certification of agents and crop insurance. It also would give the insurance department authority to establish fees for services rendered for an agent or agency, such as for replacing a lost agent's license, etc.

SB 134 was next on the agenda, and Dick Brock gave a brief explanation. He said this was requested by the insurance department to close a loophole which had been used from time to time when an agent's license had been suspended or revoked, after the appropriate hearings, and the employer of the affected agent had merely put that agent on the payroll in another capacity, such as a salaried traveling employee, and the agent continued to solicit business. Rep. Spaniol asked what would happen if a principal in a company or an agency was suspended, and he could not transact business, would he be forced to sell his interest in the company during the time his license was suspended or revoked. Mr. Brock said he thought he could continue as an owner, but could not transact business. It was mentioned that a suspension might be for 90 or 180 days, with the longest being for a year, according to Mr. Brock. Rep. Spaniol asked if it was the department's intent to force that person to sell out of an agency, and Mr. Brock said No.

Dick Brock passed out to each committee member a book entitled "Sharing the Risk", which is a brief explanation of all phases of insurance. The books were furnished by the Kansas Insurance Education Foundation, and recommended by the insurance department for basic insurance information.

There was no further discussion, and the meeting adjourned at 4:10 PM.



# SENATE BILL No. 157

By Committee on Commercial and Financial Institutions

0017 AN ACT relating to insurance; concerning life insurance compa-  
 0018 nies and other than life insurance companies; relating to in-  
 0019 vestments; amending K.S.A. 40-2a08, 40-2a12, 40-2a16, 40-  
 0020 2b06, 40-2b07, 40-2b09, 40-2b13 and 40-2b20 and K.S.A. 1982  
 0021 Supp. 40-2a09, 40-2a13 and 40-2b10 and repealing the existing  
 0022 sections.

0023 *Be it enacted by the Legislature of the State of Kansas:*

0024 Section 1. K.S.A. 40-2a08 is hereby amended to read as fol-  
 0025 lows: 40-2a08. Any insurance company other than life heretofore  
 0026 or hereafter organized under any law of this state may invest with  
 0027 the direction or approval of a majority of its board of directors or  
 0028 authorized committee thereof, any of its funds, or any part thereof  
 0029 in the common stock of any corporation organized and doing  
 0030 business under the laws of the United States of America, or of any  
 0031 state, district, insular or territorial possession thereof; or of the  
 0032 Dominion of Canada or any province thereof; or of any other  
 0033 country or subdivision thereof; ~~and the shares of a management~~  
 0034 ~~type of investment company or investment trust registered with~~  
 0035 ~~the securities and exchange commission under the investment~~  
 0036 ~~company act of 1940, as amended. Such insurance company may~~  
 0037 write exchange traded, covered call options on shares it owns and  
 0038 may purchase call options for the sole purpose of closing out a  
 0039 position taken previously with respect to one or more options  
 0040 having been written. The purchase of a call option for any reason  
 0041 other than as a closing transaction and the writing of naked  
 0042 (uncovered) call options are hereby prohibited. Investments in  
 0043 common stocks and the writing of call options shall be further  
 0044 limited as follows:

0045 (a) The obligations and preferred stock, if any, shown on the  
 0046 last published annual statement of such corporation must be

This change relates to fire and casualty companies. This language as well as related language appearing in lines 53 to 56 and 64 to 68 is deleted because separate treatment is given investments in "investment companies" by new New Section 15. Such new treatment does not, however, include authority to invest in "investment trusts".

0047 eligible for investment under K.S.A. 40-2a05, *and amendments*  
 0048 *thereto*, or 40-2a07, *and amendments thereto*;

0049 (b) cash dividends have been paid during each of the last  
 0050 three ~~(3)~~ years preceding the date of acquisition;

0051 (c) the stock is registered with a national securities exchange  
 0052 regulated under the securities exchange act of 1934, as amended,  
 0053 or is regularly traded on a national or regional basis; ~~or is a~~  
 0054 ~~corporation registered and operated as an open-end regulated~~  
 0055 ~~investment company in accordance with the investment company~~  
 0056 ~~act of 1940, as amended;~~

—See explanation for lines 34 to 37.

0057 (d) the company shall have earnings in three ~~(3)~~ of the last five  
 0058 ~~(5)~~ years preceding the date of acquisition;

0059 (e) investments in common stock in any one corporation shall  
 0060 at no time exceed ~~two percent (2%)~~ 2% of the admitted assets of  
 0061 the investing insurance company; and at no time shall an insur-  
 0062 ance company purchase more than ~~five percent (5%)~~ 5% of the  
 0063 outstanding shares of stock of any one given corporation;

0064 ~~(f) investments in shares of a management type of investment~~  
 0065 ~~company or registered investment trust as described above, shall~~  
 0066 ~~have assets of not less than twenty-five million dollars~~  
 0067 ~~(\$25,000,000), at the date of purchase, and subsections (a), (b), (c),~~  
 0068 ~~(d) and (e) of this section need not apply;~~

—See explanation for lines 34 to 37.

0069 (g) (f) the amount invested under this section, including the  
 0070 amount invested under K.S.A. 40-2a07, *and amendments thereto*,  
 0071 excluding stock of any insurance company qualified under K.S.A.  
 0072 40-2a09, *and amendments thereto*, shall not exceed the excess of  
 0073 surplus as regards policyholders over ~~one hundred thousand~~  
 0074 ~~dollars (\$100,000)~~ \$100,000;

0075 ~~(h)~~ (g) stock owned by an insurance company that is obli-  
 0076 gated under an unexpired written call option shall be valued at  
 0077 the lesser of the striking price or current market value. For the  
 0078 purposes of this subsection, "striking price" means the price per  
 0079 share, exclusive of selling costs, the company would receive  
 0080 should the call option be exercised by the holder.

0081 Sec. 2. K.S.A. 1982 Supp. 40-2a09 is hereby amended to read  
 0082 as follows: 40-2a09. Any insurance company other than life  
 0083 heretofore or hereafter organized under any law of this state may

0084 invest with the direction or approval of a majority of its board of  
 0085 directors or authorized committee thereof, any of its funds, or any  
 0086 part thereof in:

0087 (a) Stock in any insurance company, *notwithstanding* subsec-  
 0088 tion (e) of K.S.A. 40-2a08 ~~notwithstanding~~, and *amendments*  
 0089 *thereto*. Before more than 5% of the outstanding shares of stock of  
 0090 any insurance company is acquired, or a tender offer made  
 0091 therefor, prior written approval of the commissioner of insurance  
 0092 must be secured;

0093 (b) stock in an incorporated insurance agency: (1) If 5% or  
 0094 less of the outstanding shares of stock of such agency is acquired,  
 0095 the provisions of K.S.A. 40-2a08, and *amendments thereto*, shall  
 0096 apply; (2) if more than 5% of the outstanding shares of such  
 0097 incorporated agency is acquired, or a tender offer is made there-  
 0098 for, the prior approval of the commissioner of insurance shall be  
 0099 required and the provisions of subsection (d) of K.S.A. 40-2a08,

0100 *and amendments thereto*, shall apply ~~and such stock~~. In valuing

0101 *the stock of the agency, the assets of the agency shall be valued as*

0102 if held directly by an insurance company; and (3) if majority  
 0103 interest in an incorporated insurance agency results from the  
 0104 organization of an agency by the insurance company to which  
 0105 this act applies, such investments shall be subject to the provi-  
 0106 sions of K.S.A. 40-2a16, and *amendments thereto*, until it has  
 0107 produced earnings for three out of five consecutive years. Such  
 0108 stock shall not be eligible for deposit with the commissioner of  
 0109 insurance as part of the legal reserve of such insurance company.

0110 (c) stock in a holding corporation. (1) If 5% or less of the  
 0111 outstanding shares of stock of such holding corporation is ac-  
 0112 quired, the provisions of K.S.A. 40-2a08, and *amendments*  
 0113 *thereto*, shall apply; (2) if at least 75% of the holding corporation's  
 0114 voting stock is acquired, the prior approval of the commissioner  
 0115 shall be required and the provisions of K.S.A. 40-2a08, and  
 0116 *amendments thereto*, shall not apply. No insurer may purchase in  
 0117 excess of 5% of the outstanding voting stock of a holding corpo-  
 0118 ration unless such insurer acquires at least 75% of such stock. The  
 0119 commissioner may direct an insurer to divest of its ownership in a  
 0120 holding corporation acquired pursuant to this subsection if it

This change applies to fire and casualty companies. This corrects an error in the current statute and thereby clarifies the originally intended requirement regarding the valuation of stock in an incorporated insurance agency.

0121 appears to the commissioner that the continued ownership or  
 0122 operation of the holding corporation is not in the best interest of  
 0123 the policyholders, or if the insurer's ownership in the holding  
 0124 corporation is less than 75% of the outstanding voting stock of the  
 0125 holding corporation. A holding corporation acquired pursuant to  
 0126 this subsection shall not acquire any investment not permitted for  
 0127 insurance companies other than life pursuant to article 2a of  
 0128 chapter 40 of the Kansas Statutes Annotated. In valuing the stock  
 0129 of any holding corporation acquired under this subsection in the  
 0130 annual financial statement of the insurer, value shall be assigned  
 0131 to the holding corporation's assets as though the assets were  
 0132 owned directly by the insurer. A percentage of the holding  
 0133 corporation's assets exactly equal to the insurer's ownership in-  
 0134 terest in the holding corporation will be added to the assets of the  
 0135 insurer in application of the insurer's investment limitations set  
 0136 forth in article 2a of chapter 40 of the Kansas Statutes Annotated.  
 0137 Stock in a holding corporation acquired under this subsection  
 0138 shall not be eligible for deposit with the commissioner of insur-  
 0139 ance as part of the legal reserves of such insurer.

0140 Sec. 3. K.S.A. 40-2a12 is hereby amended to read as follows:  
 0141 40-2a12. Any insurance company other than life heretofore or  
 0142 hereafter organized under any law of this state may invest with  
 0143 the direction or approval of a majority of its board of directors or  
 0144 authorized committee thereof, any of its funds, or any part thereof  
 0145 in:

0146 (a) Bonds, notes, obligations or other evidences of indebted-  
 0147 ness secured by mortgages or deeds of trust which are a first lien  
 0148 upon unencumbered real property and appurtenances thereto  
 0149 within the United States of America or any insular or territorial  
 0150 possession of the United States of America, or the Dominion of  
 0151 Canada, and upon leasehold estates in real property wherein the  
 0152 term of such including any options to extend is not less than  
 0153 ~~fifteen (15)~~ 15 years beyond the maturity of the loan as made or  
 0154 extended: ~~Provided, That~~. At the date of acquisition the total  
 0155 indebtedness secured by such lien shall not exceed ~~seventy-five~~  
 0156 ~~percent (75%)~~ 80% of the market value of the property upon  
 0157 which it is a lien. These limitations shall not apply to obligations

Increases maximum mortgage loans for fire and casualty insurers from 75% of market value of the property to 80%.

0158 described in subsections (b), (c), (d) and (e) of this section:  
0159 ~~Provided further, That.~~ For the purpose of this section a mortgage  
0160 or deed of trust shall not be deemed to be other than a first lien  
0161 upon property within the meaning of this section by reason of the  
0162 existence of taxes or assessments against real property and ap-  
0163 purtenances thereto that are not delinquent, instruments creating  
0164 or reserving mineral, oil or timber rights, rights of way, joint  
0165 driveways, sewer rights, rights in walls or by reason of building  
0166 restrictions or other like restrictive covenants, or when such real  
0167 estate is subject to lease in whole or in part whereby rents or  
0168 profits are reserved to the owner or when there is in existence a  
0169 fixed obligation or lien against the property where an escrow  
0170 account or indemnification bond is or has been established or  
0171 obtained sufficient to cover the maximum liability created by  
0172 such obligation or lien;

0173 (b) bonds, notes or other evidences of indebtedness repre-  
0174 senting loans and advances of credit that have been issued,  
0175 guaranteed or insured by the United States government or any  
0176 agency or instrumentality thereof: ~~Provided, That.~~ Any uninsured  
0177 or nonguaranteed portion shall not exceed ~~seventy-five percent~~  
0178 ~~(75%) 80%~~ of the total amount;

0179 (c) contracts of sale, purchase money mortgages or deeds of  
0180 trust secured by property obtained through foreclosure, or in  
0181 settlement or satisfaction of any indebtedness;

0182 (d) bonds, notes, obligations or other evidences of indebted-  
0183 ness secured by mortgages or deeds of trust which are a first lien  
0184 upon unencumbered personal and real property, including a  
0185 leasehold of real estate, under lease, purchase contract; or lease  
0186 purchase contract to any governmental body or instrumentality  
0187 whose obligations qualify under K.S.A. 40-2a01, 40-2a02 or 40-  
0188 2a03, *and amendments to those sections*, or to a corporation  
0189 whose obligations qualify under K.S.A. 40-2a05: ~~Provided, and~~  
0190 *amendments thereto.* If there is adequate rental, after making  
0191 allowances of lessors' or sellers' obligations and liabilities, if any,  
0192 under the terms of ~~said~~ the lease or contract, to retire the loan as to  
0193 payment of principal and interest: ~~Provided further, That the and~~  
0194 *such* rentals are pledged or assigned to the lender;

seventy-five percent  
75%

—This change was proposed in error. An amendment is being offered

002  
0026

004  
004

0195 (e) bonds, notes or other evidences of indebtedness repre-  
 0196 senting loans and advances of credit that have been issued,  
 0197 guaranteed or insured, in accordance with the terms and provi-  
 0198 sions of an act of the federal parliament of the Dominion of  
 0199 Canada approved March 18, 1954, cited as the "national housing  
 0200 act, 1954," as heretofore and hereafter amended;

0201 (f) *first mortgage or deeds of trust upon improved real prop-*  
 0202 *erty to be occupied as a personal residence by an officer of the*  
 0203 *insurer, if the mortgage is at an interest rate that is reasonably*  
 0204 *competitive with that charged by the other lending institutions in*  
 0205 *the community. Mortgages or deeds of trust entered into pursuant*  
 0206 *to this subsection shall be subject to the conditions set forth in*  
 0207 *subsection (a) of this section relating to mortgages or deeds of*  
 0208 *trust generally.*

— This is a new provision which will permit fire and casualty companies to make mortgage loans to officers under certain conditions.

0209 Sec. 4. K.S.A. 1982 Supp. 40-2a13 is hereby amended to read  
 0210 as follows: 40-2a13. Any insurance company other than life  
 0211 heretofore or hereafter organized under any law of this state may  
 0212 invest with the direction or approval of a majority of its board of  
 0213 directors or authorized committee thereof, any of its funds, or any  
 0214 part thereof in real estate only if acquired or used for the follow-  
 0215 ing purposes and in the following manner:

0216 (a) Such as shall be requisite for its convenient present and  
 0217 reasonable future accommodations in the transaction of its busi-  
 0218 ness. In the erection or purchase of any buildings for such  
 0219 purpose, additional space may be included for home office rental  
 0220 income, or

— Recognizes that property and/or casualty companies may desire to purchase real estate to be used as a home office building in lieu of erecting a new building and when so doing may desire to acquire a building that has extra space that can be used for rental income.

0221 (b) such as shall have been mortgaged to it in good faith, by  
 0222 way of security for loans previously contracted or for money due,  
 0223 or

0224 (c) such as shall have been conveyed to it in satisfaction of  
 0225 debts previously contracted in their legitimate business or for  
 0226 money due; or

0227 (d) such as shall have been purchased at sales upon judg-  
 0228 ments, decrees or mortgages obtained or made for such debts; or

0229 (e) such as shall have been acquired for development or in-  
 0230 come purposes.

— Corrects an obvious error in that this statute presently recognizes in line 240 that a company may acquire property for income purposes although the statute without this amendment does not specifically permit it. The new language is identical to that contained in the investment statutes for life companies.

0231 It shall not be lawful for any such company to purchase, hold



0232 or convey real estate in any other case or for any other purpose,  
 0233 except nothing in this section shall be deemed to prohibit any  
 0234 such company from purchasing the principal residence owned  
 0235 and inhabited by an employee or prospective employee who is  
 0236 being transferred by the company to a different community; and  
 0237 all such real estate as may be acquired as aforesaid and which  
 0238 shall not be necessary for the accommodation of such company in  
 0239 the transaction of its business, excepting real estate acquired for

0240 development or income purposes shall be sold and disposed of  
 0241 within five years after such company shall have acquired title  
 0242 thereto, unless the company shall procure a certificate from the  
 0243 commissioner of insurance that the interests of the company will  
 0244 suffer materially by a forced sale thereof, in which event the sale  
 0245 may be postponed for such period as the commissioner of insur-  
 0246 ance shall direct in the certificate. If the company so elects, real  
 0247 estate other than farm properties, which has been acquired under  
 0248 subsections (c) and (d) of this section may be held by it for

002 0249 income purposes; except that its value together with that of all  
 0250 other real estate owned by the company at the time of such  
 0251 election does. The company's aggregate investment in real estate  
 0252 as herein provided shall not exceed 10% 20% of the admitted  
 0253 assets of the company as shown by its last annual report as filed  
 0254 with the state commissioner of insurance.

0255 Any fire or casualty insurance company incorporated under the  
 0256 laws of this state owning real estate which has been acquired as a  
 0257 result of mortgage loans thereon by the company, whether by  
 0258 reason of foreclosure proceedings or by direct transfer from the  
 0259 mortgagor or which owns a certificate of purchase issued in any  
 0260 foreclosure proceedings on real estate in Kansas, may carry such  
 0261 real estate, or certificate, as part of its legal reserve. The title to  
 0262 any building used as the home office or general office or both of a  
 0263 company shall not be deposited as part of the legal reserve.

005 0264 Such real estate shall first be appraised, at the expense of such  
 0265 company, by three disinterested resident freeholders of the  
 0266 county where the land is situated, authorized by the commis-  
 0267 sioner of insurance to make such appraisement, which appraisement  
 0268 shall be final and the value of such real estate for the

— Added to correspond with the amendment on line 229.

— Increases the amount of real estate in which a property and/or casualty company may invest from 10% to 20% of its admitted assets and clarifies the statute to clearly indicate the limitation of 20% applies to all real estate owned by the company regardless of how it was acquired.

— Deletes provisions pertaining to deposit requirements for property and/or casualty companies which are no longer necessary.

0260 purpose of such reserves shall be the amount shown by such  
0270 appraisal, not exceeding the amount of unpaid balance of the face  
0271 amount of the mortgage loan from which such real estate was  
0272 acquired. At no time shall the total amount of such real estate or  
0273 certificate of purchase exceed 50% of the total amount of the gross  
0274 reserve on all outstanding policies of the company and reserves  
0275 not to exceed 10% of such gross reserve may be on real estate or  
0276 certificates of purchase on real estate outside of Kansas. The  
0277 commissioner of insurance shall have the right to reject at any  
0278 time and return any property upon which taxes are delinquent or  
0279 fire insurance premiums unpaid. Deeds to such real estate and  
0280 assignments of such certificates shall be executed by such com-  
0281 pany, conveying or assigning the title thereto to the then com-  
0282 missioner of insurance of the state of Kansas and the commis-  
0283 sioner's successors in office, in trust for the use and benefit of  
0284 such company and such deed, and such assignment shall be  
0285 recorded in the office of the register of deeds of the county in  
0286 which such real estate is situated.

0287 Whenever the redemption period on any certificate signed to  
0288 the commissioner shall have expired the sheriff of the county in  
0289 which such land is situated shall issue a deed to the property to  
0290 the commissioner of insurance and the commissioner's succes-  
0291 sors in office in trust for the use and benefit of such company and  
0292 such deed shall be recorded and held in lien of the certificate.  
0293 When any company desires to withdraw such real estate from its  
0294 reserves, the then commissioner of insurance shall, upon request,  
0295 execute deeds to such person or persons, company or corporation,  
0296 as such insurance company shall direct. The appraisers shall each  
0297 be allowed not to exceed the sum of \$25 per day in full for all  
0298 services rendered except that the commissioner of insurance may  
0299 appraise real estate outside of Kansas at the expense of the  
0300 company in such manner as the commissioner may determine,  
0301 and may reappraise all real estate once in every five years.

0302 Sec. 5. K.S.A. 40-2a16 is hereby amended to read as follows:  
0303 40-2a16. Any insurance company other than life heretofore or  
0304 hereafter organized under any law of this state may invest with  
0305 the direction or approval of a majority of its board of directors or

0306 authorized committee thereof, any of its funds, or any part thereof  
0307 in investments whether or not qualified and permitted under this  
0308 act and notwithstanding any conditions or limitations prescribed  
0309 therein, except that investments shall not be permitted in insol-  
0310 vent organizations or organizations in default with respect to the  
0311 payment of principal or interest, ~~and subject to the provisions of~~  
0312 ~~K.S.A. 17-3004, and amendments thereto,~~ in an aggregate amount  
0313 not more than ~~five percent (5%)~~ 10% of its admitted assets as  
0314 shown by the company's last annual report as filed with the  
0315 commissioner of insurance.

—Amend by striking language shown.

—Increases the "leeway clause" for property and/or casualty companies from 5% to 10% of its admitted assets. The "leeway clause" is a provision by which an insurer can make an investment, subject to certain limitations, irrespective of whether the investment is authorized by statute.

0316 Sec. 6. K.S.A. 40-2b06 is hereby amended to read as follows:  
0317 40-2b06. Any life insurance company heretofore or hereafter  
0318 organized under any law of this state may invest by loans or  
0319 otherwise, with the direction or approval of a majority of its board  
0320 of directors or authorized committee thereof, any of its funds, or  
0321 any part thereof in preferred stocks of, or stocks guaranteed by, a  
0322 corporation incorporated under the laws of the United States of  
0323 America, or of any state, district, insular or territorial possession  
0324 thereof, or of the Dominion of Canada, or any province thereof;  
0325 in an amount not to exceed ~~twenty percent (20%)~~ 25% of its  
0326 admitted assets as shown by the company's last annual report, as  
0327 filed with the state commissioner of insurance, and which meets  
0328 the following qualifications:

—Increases the amount of preferred stock a life insurance company can acquire from 20% to 25% of its admitted assets.

0329 (a) All bonds or other evidences of indebtedness and prefer-  
0330 red stocks shown on the last published annual statement of the  
0331 issuing corporation, if any, senior to the preferred stock acquired  
0332 must be eligible as investments under K.S.A. 40-2b05 , and  
0333 ~~amendments thereto,~~ or 40-2b06, ~~and amendments thereto,~~ as of  
0334 the date of acquisition;

0335 (b) if cumulative preferred, not in arrears as to dividends, or if  
0336 noncumulative, has paid full dividends in each of the last three  
0337 ~~(3)~~ years;

0338 (c) sinking fund payments are on a current basis;

0339 (d) if net earnings available for fixed charges for the most  
0340 recently completed three fiscal year period is at least equal to ~~one~~  
0341 ~~and one-quarter (1 1/4)~~ 1 1/4 times the aggregate fixed charges, plus  
0342 full contingent interest and preferred dividend requirements of

002a  
002b

003  
004

0343 the preferred stock under consideration and those on a parity  
0344 therewith or having a priority thereto, for the same period; and

0345 (e) the corporation must have been in existence for a period of  
0346 not less than five ~~(5)~~ years.

0347 *Definitions:* ~~(a)~~ (i) "Fixed charges" shall include actual interest  
0348 incurred in each year on funded and unfunded debt;

0349 ~~(b)~~ (ii) "net earnings" shall mean income, before deducting  
0350 interest on funded and unfunded debt, and after deducting  
0351 operating and maintenance expenses, depreciation and depletion;  
0352 and all taxes, (including income taxes). Extraordinary, nonrecur-  
0353 ring items of income or expenses shall be excluded.

0354 Sec. 7. K.S.A. 40-2b07 is hereby amended to read as follows:  
0355 40-2b07. Any life insurance company heretofore or hereafter  
0356 organized under any law of this state may invest by loans or  
0357 otherwise, with the direction or approval of a majority of its board  
0358 of directors or authorized committee thereof, any of its funds, or  
0359 any part thereof in the common stock of any corporation orga-  
0360 nized and doing business under the laws of the United States or  
0361 any state, or of the District of Columbia, or of the Dominion of  
0362 Canada, or any province of the Dominion of Canada, in an  
0363 amount, based upon cost, not exceeding ~~ten percent (10%)~~ 15% of

0364 its admitted assets or not exceeding the combined capital and  
0365 surplus, whichever is the lesser, as shown by the company's last  
0366 annual report. Such life insurance company may write exchange  
0367 traded, covered call options on shares it owns and may purchase  
0368 call options for the sole purpose of closing out a position taken  
0369 previously with respect to one or more options having been  
0370 written. The purchase of a call option for any reason other than as  
0371 a closing transaction and the writing of naked (uncovered) call  
0372 options are hereby prohibited. Investments in common stocks  
0373 and the writing of call options shall be further limited as follows:

0374 (a) The obligations and preferred stock, if any, shown on the  
0375 last published annual statement of such corporation must be  
0376 eligible for investment under K.S.A. 40-2b05, *and amendments*  
0377 *thereto*, or 40-2b06, *and amendments thereto*;

0378 (b) cash dividends have been paid during each of the last  
0379 three ~~(3)~~ years preceding the date of acquisition;

—Increases the limitation on the amount of common stock a life insurance company may acquire from 10% to 15% of its admitted assets. The requirement that a company's investment in common stock shall not exceed its capital and/or surplus if that amount is less than 15% of its admitted assets has not been changed.

0380 (c) the stock is registered with a national securities exchange  
 0381 regulated under the securities exchange act of 1934, as amended,  
 0382 or is regularly traded on a national or regional basis ~~or is that of a~~  
 0383 ~~corporation registered and operated as an open-end regulated~~  
 0384 ~~investment company in accordance with the investment company~~  
 0385 ~~act of 1940, as amended;~~

—Inasmuch as New Section 14 is being created by this bill to allow life insurance companies to invest more of their funds in investment companies (mutual funds), it is necessary to delete reference to investment companies in the statute under which these investments are presently authorized.

0386 (d) the company shall have earnings in three ~~(3)~~ of the last five  
 0387 ~~(5)~~ years preceding the date of acquisition;

0388 (e) at no time shall an insurance company invest in more than  
 0389 ~~five percent (5%)~~ 5% of the total number of the outstanding  
 0390 shares of any one such corporation, nor an amount more than ~~two~~  
 0391 ~~percent (2%)~~ 2% of the investing insurance company's admitted  
 0392 assets in shares of any one such corporation, (determined on the  
 0393 basis of the cost of such shares to the insurance company at time  
 0394 of purchase). ~~With the approval of the commissioner of insur-~~  
 0395 ~~ance, a company may acquire in excess of five percent (5%) of the~~  
 0396 ~~outstanding shares of another insurance company;~~

—The authority for life insurance companies to acquire stock in another insurance company is being deleted inasmuch as it is incorporated as part of New Section 13.

0397 (f) stock owned by an insurance company that is obligated  
 0398 under an unexpired written call option shall be valued at the  
 0399 lesser of the striking price or current market value. For the  
 0400 purposes of this subsection, "striking price" means the price per  
 0401 share, exclusive of selling costs, the company would receive  
 0402 should the call option be exercised by the holder.

0403 Sec. 8. K.S.A. 40-2b09 is hereby amended to read as follows:  
 0404 40-2b09. Any life insurance company heretofore or hereafter  
 0405 organized under any law of this state may invest by loans or  
 0406 otherwise with the direction or approval of a majority of its board  
 0407 of directors or authorized committee thereof, any of its funds, or  
 0408 any part thereof in:

0409 (a) Bonds, notes, obligations or other evidences of indebted-  
 0410 ness secured by mortgages or deeds of trust which are a first lien  
 0411 upon unencumbered real property and appurtenances thereto  
 0412 within the United States of America, or any insular or territorial  
 0413 possession of the United States, or the Dominion of Canada, and  
 0414 upon leasehold estates in real property wherein the term of such  
 0415 including any options to extend is not less than ~~fifteen (15)~~ 15  
 0416 years beyond the maturity of the loan as made or extended;

0417 ~~Provided, That.~~ At the date of acquisition the total indebtedness  
418 secured by such lien shall not exceed ~~seventy-five percent (75%)~~  
0419 80% of the market value of the property upon which it is a lien,  
0420 unless that portion of the total indebtedness in excess of ~~sev-~~  
0421 ~~enty-five percent (75%)~~ 80% of market value is insured by a  
0422 mortgage insurance company authorized by the commissioner of  
0423 insurance to do business in this state. These limitations shall not  
0424 apply to obligations described in subsections (b), (c), (d), (e) and  
0425 (f) of this section: ~~And provided further, That.~~ For the purpose of  
0426 this section a mortgage or deed of trust shall not be deemed to be  
0427 other than a first lien upon property within the meaning of this  
0428 section by reason of the existence of taxes or assessments against  
0429 real property and appurtenances thereto that are not delinquent,  
0430 instruments creating or reserving mineral, oil, or timber rights,  
0431 rights of way, joint driveways, sewer rights, rights in walls or by  
0432 reason of building restrictions or other like restrictive covenants,  
0433 or when such real estate is subject to lease in whole or in part  
0434 whereby rents or profits are reserved to the owner or when there  
0435 is in existence a fixed obligation or lien against the property  
0436 where an escrow account or indemnification bond is or has been  
0437 established or obtained sufficient to cover the maximum liability  
0438 created by such obligation or lien;  
0439 (b) bonds, notes, or other evidences of indebtedness repre-  
0440 senting loans and advances of credit that have been issued,  
0441 guaranteed or insured by the United States government or any  
0442 agency or instrumentality thereof or insured by any insurance  
0443 company authorized to transact such business in this state: ~~Pro-~~  
0444 ~~vided, That.~~ Any uninsured or nonguaranteed portion shall not  
0445 exceed ~~seventy-five percent (75%)~~ 80% of the total amount;  
0446 (c) contracts of sale, purchase money mortgages or deeds of  
0447 trust secured by property obtained through foreclosure, or in  
0448 settlement or satisfaction of any indebtedness;  
0449 (d) bonds, notes, obligations, or other evidences of indebted-  
0450 ness secured by mortgages or deeds of trust which are a first lien  
0451 upon unencumbered personal or real or both personal and real  
0452 property, including a leasehold of real estate, under lease, pur-  
53 chase contract, or lease purchase contract to any governmental

— Allow a life insurance company to loan up to 80% of the market value of the property upon which it makes a mortgage loan. Present limitation is 75%.

— seventy-five percent (75%)

— As previously indicated, this change was suggested in error.  
(An amendment is being offered.)

0454 body or instrumentality whose obligations qualify under K.S.A.  
 0455 40-2b01, 40-2b02 or 40-2b03, *and amendments to those sections,*  
 0456 or to a corporation whose obligations qualify under K.S.A. 40-  
 0457 2b05: ~~Provided, and amendments thereto. If there is adequate~~  
 0458 rental, after making allowance of lessors' or sellers' obligations  
 0459 and liabilities, if any, under the terms of ~~said the~~ lease or contract,  
 0460 to retire the loan as to payments of principal and interest: ~~And~~  
 0461 ~~provided further; That the~~ *and such* rentals are pledged or as-  
 0462 signed to the lender;

0463 (e) bonds, notes or other evidences of indebtedness repre-  
 0464 senting loans and advances of credit that have been issued,  
 0465 guaranteed or insured, in accordance with the terms and provi-  
 0466 sions of an act of the federal parliament of the Dominion of  
 0467 Canada approved March 18, 1954, cited as the "national housing  
 0468 act, 1954," as heretofore and hereafter amended.;

0469 (f) participation in mortgage lending is specifically permitted  
 0470 in this section as between Kansas domiciled life insurance com-  
 0471 panies, or, between Kansas domiciled life insurance companies  
 0472 and life insurance companies organized under the laws of another  
 0473 country, state, or territory and authorized to do business in the  
 0474 state of Kansas, or, between Kansas domiciled life insurance  
 0475 companies ~~and/or~~ *and* banks, trust companies or savings and loan  
 0476 associations located within the state of Kansas, upon unencum-  
 0477 bered real property and appurtenances thereto: ~~Provided; That.~~  
 0478 At the date of acquisition the total indebtedness assumed by such  
 0479 lien should not exceed ~~seventy-five percent (75%)~~ *80%* of the  
 0480 market value of the property upon which it is a lien, unless that  
 0481 portion of the total indebtedness in excess of ~~seventy-five percent~~  
 0482 ~~(75%)~~ *80%* of market value is insured by a mortgage insurance  
 0483 company authorized by the commissioner of insurance to do  
 0484 business in this state.;

0485 (g) *first mortgage or deeds of trust upon improved real prop-*  
 0486 *erty to be occupied as a personal residence by an officer of the*  
 0487 *insurer, if the mortgage is at an interest rate that is reasonably*  
 0488 *competitive with that charged by the other lending institutions in*  
 0489 *the community. Mortgages or deeds of trust entered into pursuant*  
 0490 *to this subsection shall be subject to the conditions set forth in*

— Allows a life insurance company to participate with certain other lenders in making mortgage loans up to 80% of the market value of the property for which the loan is made. Present limitation is 75%.

— Allows life insurance companies to make mortgage loans to officers of the company subject to the limitations contained therein. Companies are presently prohibited from making loans to officers by administrative regulation and conflict of interest statutes.

0491 subsection (a) of this section relating to mortgages or deeds of  
0492 trust generally.

0493 Sec. 9. K.S.A. 1982 Supp. 40-2b10 is hereby amended to read  
0494 as follows: 40-2b10. No life insurance company organized under  
0495 the laws of this state shall purchase, hold or convey real estate,  
0496 excepting for the purposes and in the manner herein set forth:

0497 (a) Such as shall be requisite for its convenient *present and*  
0498 *future* accommodation in the transaction of its business. *In the*  
0499 *erection or purchase of any buildings for such purpose, addi-*  
0500 *tional space may be included for home office rental income;*

0501 (b) such as shall have been mortgaged to it in good faith, by  
0502 way of security for loans previously contracted or for money due;

0503 (c) such as shall have been conveyed to it in satisfaction of  
0504 debts previously contracted in their legitimate business, or for  
0505 money due;

0506 (d) such as shall have been purchased at sales upon judg-  
0507 ments, decrees or mortgages obtained or made for such debts; or

0508 (e) such as shall have been acquired for development or  
0509 income purposes.

0510 It shall not be lawful for any such company to purchase, hold  
0511 or convey real estate in any other case or for any other purpose,  
0512 except nothing in this section shall be deemed to prohibit any  
0513 such company from purchasing the principal residence owned  
0514 and inhabited by an employee or prospective employee who is  
0515 being transferred by the company to a different community; and  
0516 all such real estate as may be acquired as aforesaid, and which  
0517 shall not be necessary for the accommodation of such company in  
0518 the transaction of its business, excepting real estate acquired for  
0519 *development or income purposes, shall be sold and disposed of*  
0520 *within five years after such company shall have acquired title*  
0521 *thereto, unless the company shall procure a certificate from the*  
0522 *commissioner of insurance that the interests of the company will*  
0523 *suffer materially by a forced sale thereof in which event the sale*  
0524 *may be postponed for such period as the commissioner of insur-*  
0525 *ance shall direct in such certificate. If the company so elects, real*  
0526 *estate other than farm properties, which has been acquired under*  
0527 *subsections (c) and (d) of this section may be held by it for*

— Adds language to clearly indicate that a home office building may be acquired for "present and future" use in transaction of its business. This provision is present in the real estate investment statutes for property and/or casualty companies.

— Recognizes that life insurance companies may desire to purchase real estate to be used as a home office building in lieu of erecting a new building and when so doing may desire to acquire a building that has extra space that can be used for rental income.

— Adds the word "development" to correspond with the authority contained in line 508.



0528 income purposes if its value together with that of all other real  
 29 estate owned by the company at the time of such election does.  
 0530 The company's aggregate investment in real estate as herein  
 0531 provided shall not exceed ~~10%~~ 20% of the admitted assets of the  
 0532 company, as shown by its last annual report as filed with the state  
 0533 commissioner of insurance.

Increases the amount of real estate in which a life insurance company may invest from 10% to 20% of its admitted assets and clarifies the statute to clearly indicate the limitation of 20% applies to all real estate owned by the company regardless of how it was acquired.

0534 Sec. 10. K.S.A. 40-2b13 is hereby amended to read as follows:  
 0535 40-2b13. Any life insurance company heretofore or hereafter  
 0536 organized under any law of this state may invest by loans or  
 0537 otherwise, with the direction or approval of a majority of its board  
 0538 of directors or authorized committee thereof, any of its funds, or  
 0539 any part thereof in investments whether or not qualified and  
 0540 permitted under this act and notwithstanding any conditions or  
 0541 limitations prescribed therein, except those which require that a  
 0542 corporation be solvent and not have defaulted with respect to the  
 0543 payment of principal or interest, and subject to the provisions of  
 0544 K.S.A. 17-3004, and amendments thereto, in an aggregate amount  
 0545 not more than ~~five percent (5%)~~ 10% of its admitted assets as  
 0546 shown by the company's last annual report as filed with the state  
 0547 insurance commissioner.

Amend by striking language shown.

Increases the "leeway clause" for life insurance companies from 5% to 10% of its admitted assets. The "leeway clause" is a provision by which an insurer can make an investment, subject to certain limitations, irrespective of whether the investment is authorized by statute.

0548 Sec. 11. K.S.A. 40-2b20 is hereby amended to read as follows:  
 0549 40-2b20. Any life insurance company heretofore or hereafter  
 0550 organized under any law of this state, with the direction or  
 0551 approval of a majority of its board of directors and approval of the  
 0552 commissioner of insurance may designate a state or national  
 0553 bank, having trust powers and having its principal place of  
 0554 business in this state, as trustee to make any investment autho-  
 0555 rized by this act in the name of the trustee or nominee as a trustee  
 0556 or nominee.

Removes the requirement that a bank designated by a life insurance company as its trustee in accordance with this statute must have its principal place of business in this State. (Makes life statute same as fire and casualty)

0557 New Sec. 12. Any life insurance company heretofore or  
 0558 hereafter organized under any law of this state may invest by  
 0559 loans or otherwise, with the direction or approval of a majority of  
 0560 its board of directors or authorized committee thereof, any of its  
 0561 funds, or any part thereof in the purchase of fixed wing aircraft,  
 0562 electric or mechanical machines constituting a word processing  
 0563 system, motor vehicles and personal property used as a substitute  
 4 for or in lieu of improvements upon real property such as de-

This provision is being created to allow life insurance companies to invest in certain types of personal property and have such property included in the assets used to determine financial condition under insurance accounting principles.

002  
0026

003  
004

0565 tached modular partition systems, and thereafter may hold such  
0566 assets as admitted assets for use in connection with the business  
0567 of the company if:

0568 (a) The asset or asset system shall have a cost of not less than  
0569 \$2,500 and such assets aggregate shall not, irrespective of K.S.A.  
0570 40-2b13, and amendments thereto, exceed 5% of the admitted  
0571 assets of the company;

0572 (b) the cost of each asset or system shall be fully amortized  
0573 over a reasonable period not to exceed 10 years. If an asset  
0574 consists of separate but inter-dependent components each com-  
0575 ponent shall be amortized over a reasonable period not to exceed  
0576 10 years commencing with the date of acquisition of each com-  
0577 ponent. Personal property investments are not deemed eligible  
0578 for deposit ~~under K.S.A. 40-404, and amendments thereto,~~ and  
0579 shall not be included in the admitted assets for purposes of  
0580 complying with minimum capital, surplus or capital and surplus  
0581 requirements applicable to issuance or continuation of a certifi-  
0582 cate of authority.

0583 New Sec. 13. Any life insurance company heretofore or  
0584 hereafter organized under any law of this state may invest with  
0585 the direction or approval of a majority of its board of directors or  
0586 authorized committee thereof, any of its funds, or any part thereof  
0587 in:

0588 (a) Stock in any insurance company, notwithstanding sub-  
0589 section ~~(c)~~ of K.S.A. 40-2b07, and amendments thereto. Before  
0590 more than 5% of the outstanding shares of stock of any insurance  
0591 company is acquired, or a tender offer made thereof, prior written  
0592 approval of the commissioner of insurance must be secured,

0593 (b) stock in an incorporated insurance agency: (1) If 5% or  
0594 less of the outstanding shares of such incorporated agency is  
0595 acquired, the provisions of K.S.A. 40-2b07, and amendments  
0596 thereto, shall apply; (2) if more than 5% of the outstanding shares  
0597 of such incorporated agency is acquired, or a tender offer is made  
0598 therefor, the prior approval of the commissioner of insurance  
0599 shall be required and the provisions of subsection (d) of K.S.A.  
0600 40-2b07, and amendments thereto, shall apply. In valuing the  
0601 stock of the agency, the assets of the agency shall be valued as if

Amend by striking language shown.

This section is being created to allow life insurance companies to make the following investments subject to the conditions contained therein: stock in another insurance company, stock in an incorporated insurance agency, and stock in a holding company. As mentioned under the description of Section 7, the authority for life insurance companies to acquire stock in another insurance company is being deleted from K.S.A. 40-2b07 and incorporated herein. The authority for acquiring stock in an insurance agency and a holding company is new though this authority currently exists for property and/or casualty companies in K.S.A. 40-2a09.

(e)

Amend by changing (c) to (e).

0602 held directly by an insurance company; and (3) if majority inter-  
0603 est in an incorporated insurance agency results from the organi-  
0604 zation of an agency by the insurance company to which this act  
0605 applies, such investments shall be subject to the provisions of  
0606 K.S.A. 40-2b13, and amendments thereto, until they have pro-  
0607 duced earnings for three out of five consecutive years. Such stock  
0608 shall not be eligible for deposit with the commissioner of insur-  
0609 ance as part of the legal reserve of such insurance company;

0610 (c) stock in a holding corporation: (1) If 5% or less of the  
0611 outstanding shares of stock of such holding corporation is ac-  
0612 quired, the provisions of K.S.A. 40-2b07, and amendments  
0613 thereto, shall apply; (2) if at least 75% of the holding corpora-  
0614 tion's voting stock is acquired, the prior approval of the commis-  
0615 sioner of insurance shall be required and the provisions of K.S.A.  
0616 40-2b07, and amendments thereto, shall not apply. No insurer  
0617 may purchase in excess of 5% of the outstanding voting stock of a  
0618 holding corporation unless such insurer acquires at least 75% of  
0619 such stock. The commissioner of insurance may direct an insurer  
0620 to divest of its ownership in a holding corporation acquired  
0621 pursuant to this subsection if it appears to the commissioner that  
0622 the continued ownership or operation of the holding corporation  
0623 is not in the best interest of the policyholders, or if the insurer's  
0624 ownership in the holding corporation is less than 75% of the  
0625 outstanding voting stock of the holding corporation. A holding  
0626 corporation acquired pursuant to this subsection shall not acquire  
0627 any investment not permitted for life insurance companies pur-  
0628 suant to article 2b of chapter 40 of the Kansas Statutes Annotated.  
0629 In valuing the stock of any holding corporation acquired under  
0630 this subsection in the annual financial statement of the insurer,  
0631 value shall be assigned to the holding corporation's assets as  
0632 though the assets were owned directly by the insurer. A percent-  
0633 age of the holding corporation's assets exactly equal to the in-  
0634 surer's ownership interest in the holding corporation will be  
0635 added to the assets of the insurer in application of the insurer's  
0636 investment limitations set forth in article 2b of chapter 40 of the  
0637 Kansas Statutes Annotated. Stock in a holding corporation ac-  
0638 quired under this subsection shall not be eligible for deposit with

002-  
002f

00-  
003

0639 the commissioner of insurance as part of the legal reserves of such  
0640 insurer.

0641 New Sec. 14. Any life insurance company heretofore or  
0642 hereafter organized under any law of this state may invest, in  
0643 addition to any other investments permitted by this act, by laws  
0644 or otherwise, with the direction or approval of a majority of its  
0645 board of directors or authorized committee thereof, any of its  
0646 funds, or any part thereof in shares of a corporation registered and  
0647 operated as an open-end regulated investment company in ac-  
0648 cordance with the investment company act of 1940, as amended.

0649 Investments under this section shall be further limited as follows:  
0650 (a) The insurance company's aggregate investment under this  
0651 provision shall not exceed 10% of its admitted assets as shown by  
0652 the company's last annual report as filed with the commissioner  
0653 of insurance;

0654 (b) the investment company in which the insurance company  
0655 acquires shares shall have assets of not less than \$25,000,000 at  
0656 the date of purchase;

0657 (c) the insurance company shall not acquire more than 5% of  
0658 the outstanding shares of any one investment company;

0659 (d) investments in the shares of any one investment company  
0660 shall not exceed 2% of the admitted assets of the insurance  
0661 company as shown by the company's last annual report as filed  
0662 with the commissioner of insurance, as determined on the basis  
0663 of the cost of such shares to the insurance company at time of  
0664 purchase.

0665 New Sec. 15. Any insurance company other than life here-  
0666 tofore or hereafter organized under any law of this state may  
0667 invest, in addition to any other investments permitted by this act,  
0668 by laws or otherwise, with the direction or approval of a majority  
0669 of its board of directors or authorized committee thereof, any of  
0670 its funds, or any part thereof in shares of a corporation registered  
0671 and operated as an open-end regulated investment company in  
0672 accordance with the investment company act of 1940, as  
0673 amended. Investments under this section shall be further limited  
0674 as follows:

0675 (a) The insurance company's aggregate investment under this

This section provides authority for life insurance companies to invest in investment companies subject to the limitations contained therein. Life insurance companies have had authority to make this type of investment under K.S.A. 40-2b07; this section creates authority for companies to increase the amount of funds it can dedicate to this type of investment.

Amend by striking language shown.

This section creates authority for property and/or casualty companies to invest in investment companies subject to the limitations contained therein. Property and casualty companies have had authority to make this type of investment under K.S.A. 40-2a08; this section creates authority for companies to increase the amount of funds it can dedicate to this type of investment.

Amend by striking language shown.

0676 provision shall not exceed 10% of its admitted assets as shown by  
 0677 the company's last annual report as filed with the state commis-  
 0678 sioner of insurance;

0679 (b) the investment company in which the insurance company  
 0680 acquires shares shall have assets of not less than \$25,000,000 at  
 0681 the date of purchase;

0682 (c) the insurance company shall not acquire more than 5% of  
 0683 the outstanding shares of any one investment company;

0684 (d) investments in the shares of any one investment company  
 0685 shall not exceed 2% of the admitted assets of the insurance  
 0686 company as shown by the company's last annual report as filed  
 0687 with the commissioner of insurance, as determined on the basis  
 0688 of the cost of such shares to the insurance company at time of  
 0689 purchase.

0690 New Sec. 16. Any insurance company other than life here-  
 0691 tofore or hereafter organized under any law of this state may  
 0692 invest by loans or otherwise, with the direction or approval of a  
 0693 majority of its board of directors or authorized committee thereof,  
 0694 and of its funds, or any part thereof in the purchase of fixed wing  
 0695 aircraft, electric or mechanical machines constituting a word  
 0696 processing system, motor vehicles and personal property used as  
 0697 a substitute for or in lieu of improvements upon real property  
 0698 such as detached modular systems, and thereafter may hold such  
 0699 assets as admitted assets for use in connection with the business  
 0700 of the company if:

0701 (a) The assets or asset system shall have a cost of not less than  
 0702 \$2,500 and such assets aggregate shall not, irrespective of K.S.A.  
 0703 40-2a16, and amendments thereto, exceed 5% of the admitted  
 0704 assets of the company;

0705 (b) the cost of each asset or system shall be fully amortized  
 0706 over a reasonable period not to exceed 10 years. If an asset  
 0707 consists of separate but inter-dependent components each com-  
 0708 ponent shall be amortized over a reasonable period not to exceed  
 0709 10 years commencing with the date of acquisition of each com-  
 0710 ponent. Personal property investments are not deemed eligible  
 0711 for deposit and shall not be included in the admitted assets for  
 0712 purposes of complying with minimum capital, surplus, or capital

This provision is being created to allow property and casualty companies to invest in certain types of personal property. Same as Section 12 for life companies.

0713 and surplus requirements applicable to issuance or continuation  
0714 of a certificate of authority.

0715 Sec. 17. K.S.A. 40-2a08, 40-2a12, 40-2a16, 40-2b06, 40-2b07,  
0716 40-2b09, 40-2b13 and 40-2b20 and K.S.A. 1982 Supp. 40-2a09,  
0717 40-2a13 and 40-2b10 are hereby repealed.

0718 Sec. 18. This act shall take effect and be in force from and  
0719 after its publication in the statute book.