

CHAPTER 41
HOUSE BILL No. 2323

AN ACT concerning insurance companies; relating to statutory changes for compatibility with the Kansas corporation code; amending K.S.A. 40-305 and 40-502 and K.S.A. 2004 Supp. 40-306 and repealing the existing sections.

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

Section 1. K.S.A. 40-305 is hereby amended to read as follows: 40-305. The affairs of any such insurance company, now existing or hereafter organized under the laws of this state, shall be managed by a board of directors. The board of directors shall consist of one or more members, the number of which shall be fixed by the bylaws, unless the articles of incorporation establish the number of directors, in which case a change in the number of directors shall be made only by amendment of the articles.

The directors shall be elected by ballot, and each full-paid share of stock shall be entitled to one vote. Shares may be voted by proxy, signed by the person legally entitled to vote the same. Each stockholder shall have the right to cast as many votes in the aggregate as shall equal the number of shares of stock held by him, multiplied by the number of directors to be elected, and each stockholder may cast the whole number of votes for one candidate, or may divide his votes among two or more candidates. ~~The director shall take the oath of office as in other corporations.~~ A majority of the total number of directors shall constitute a quorum for the transaction of business, unless the articles of incorporation or the bylaws require a greater number.

Sec. 2. K.S.A. 2004 Supp. 40-306 is hereby amended to read as follows: 40-306. (a) *Every insurance company having capital stock, now existing or hereafter organized under the laws of this state, shall have such officers with such titles and duties as shall be stated in the bylaws or in a resolution of the board of directors which is not inconsistent with the bylaws.*

(b) *Officers shall be chosen in such manner and shall hold their offices for such terms as are prescribed by the bylaws or determined by the board of directors or other governing body.*

(c) ~~The board of directors shall elect from their number a president and vice president, and shall appoint a secretary, treasurer and such other officers as shall be prescribed in the bylaws, and shall fill any vacancy that may occur. They shall also have power to appoint any agents necessary for transacting the business of the company, pay such salaries and require such bonds as they may deem reasonable; and it shall be their duty to keep full and correct entries of their transactions, which shall at all times be open to the inspection of the stockholders.~~

Sec. 3. K.S.A. 40-502 is hereby amended to read as follows: 40-502. (a) The affairs of any mutual life insurance company now existing or hereafter organized under the laws of this state shall be managed by a board of not more than ~~twenty-five~~ 25 nor less than five directors, all of whom shall be policyholders. The persons named as such in the charter shall constitute the directors for the first year, ~~and they shall elect by ballot a president and vice president from among their number, and a secretary and treasurer, and such other officers as may be necessary.~~ Thereafter the directors shall be elected at the annual meeting of the policyholders, which shall be held at such time as may be provided in the bylaws. The bylaws shall also provide for the election of not less than ~~one fifth~~ $\frac{1}{5}$ nor more than ~~one third~~ $\frac{1}{3}$ of the members of the board of directors each year to serve for not more than five years nor more than three years respectively. Any vacancy in the board shall be filled by the remaining members until the next annual meeting of the policyholders, at which time a successor shall be elected to fill the unexpired term.

(b) The director shall be elected by ballot, and each person who is a policyholder shall be entitled to one vote. Policyholders may vote by proxy, signed by the person legally entitled to vote the same. Each policyholder shall have the right to cast as many votes in the aggregate as shall equal the number of directors to be regularly elected, and each policyholder, in person or by proxy, may cast the whole number of votes for one candidate or may divide ~~his~~ *his such policyholder's* votes among two or more candidates. ~~The directors shall take the oath of office as in other~~

corporations, and duplicates of such subscribed oaths shall be forwarded at the time of election to the commissioner of insurance for filing in his office. The bylaws shall specify the number of directors necessary to constitute a quorum, which shall be not less than five members; except that if the board of directors consists of nine members or less a majority may constitute a quorum.

(c) Every mutual life insurance company, now existing or hereafter organized under the laws of this state, shall have such officers with such titles and duties as shall be stated in the bylaws or in a resolution of the board of directors which is not inconsistent with the bylaws.

(d) Officers shall be chosen in such manner and shall hold their offices for such terms as are prescribed by the bylaws or determined by the board of directors or other governing body.

Sec. 4. K.S.A. 40-305 and 40-502 and K.S.A. 2004 Supp. 40-306 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

Approved March 29, 2005.
