

CHAPTER 30
SENATE BILL No. 220

AN ACT pertaining to insurance companies; relating to corporate structure; amending K.S.A. 40-1004, 40-1006, 40-1201, 40-1508 and 40-1511 and K.S.A. 2006 Supp. 40-502 and repealing the existing sections.

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

Section 1. K.S.A. 2006 Supp. 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 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. 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 1/3 nor more than 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 such policyholder's votes among two or more candidates. ~~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. A majority of the number of directors shall constitute a quorum for the transaction of business.~~

(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. 2. K.S.A. 40-1004 is hereby amended to read as follows: 40-1004. In companies organized under the provisions of this article, the number of directors shall not be ~~less than nine more than 25 or less than five. Of those chosen at the first election, one-third shall be chosen for one year, one-third for two years, and one-third for three years, or until their successors are elected and qualified; and at each annual election thereafter a number equal to one-third of the whole number of directors shall be chosen for three years, to fill the places of those whose term of office expires.~~ *Unless written balloting is required by the bylaws, directors shall be elected by voice vote. Each person who is a policyholder shall be entitled to one vote. A policyholder may vote by proxy, signed by the person legally entitled to vote such proxy.* A majority of the board of directors shall be a quorum for the transaction of business. Vacancies in the board shall be filled by the remaining members until the next annual meeting. ~~Any person holding a policy in force of not less than five hundred dollars is eligible to the office of director; ceasing at any time to be eligible, he shall vacate such office.~~

Sec. 3. K.S.A. 40-1006 is hereby amended to read as follows: 40-1006. The directors shall elect ~~from their number a president, vice president, and treasurer, and they shall also select a secretary, who may or may not be a member of the company, all of whom shall hold their office for one year, or until their successors are elected and qualified~~ *a president and such other 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. Officers chosen in such manner shall hold their offices for such terms as are prescribed by the bylaws or determined by the board of directors.*

Sec. 4. K.S.A. 40-1201 is hereby amended to read as follows: 40-1201. (a) Any number of persons, not less than ~~twenty~~ 20, a majority of whom shall be citizens of this state, by complying with the provisions of this code, may become a body corporate for the purpose of carrying on the business of mutual insurance as herein provided. ~~Any such insurance company shall be governed by the provisions of section 40-502 as to the matters and purposes contained therein.~~

(b) *The affairs of any such mutual insurance company, now existing or hereafter organized under the laws of this state, shall be managed by a board of not more than 25 nor less than five directors. 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.*

(c) *Unless written balloting is required by the bylaws, directors shall be elected by voice vote. Each person who is a policyholder shall be entitled to one vote. A policyholder may vote by proxy, signed by the person legally entitled to vote such proxy.*

(d) *A majority of the total number of directors shall constitute a quorum for the transaction of business.*

(e) *Every such mutual 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. 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. 5. K.S.A. 40-1508 is hereby amended to read as follows: 40-1508. ~~The directors shall at their annual meeting elect from their number a president, vice-president, treasurer, and they shall also elect a secretary who may or may not be a member of the company, each of whom shall hold his office for one year, or until his successor is duly elected and qualified~~ *a president and such other 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. 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.*

Sec. 6. K.S.A. 40-1511 is hereby amended to read as follows: 40-1511. ~~In companies organized under the provisions of this article the number of directors shall not exceed fifteen, who shall be chosen from the members of the company. Of those chosen at the first election one-third shall be chosen for one year, one-third for two years, and one-third for three years, or until their successors are elected and qualified. At each annual meeting of the company a number equal to one-third of the whole number of directors shall be chosen for three years to fill the place of those whose term of office expires.~~ *be more than 25 nor less than five. Unless written balloting is required by the bylaws, directors shall be elected by voice vote. Each person who is a policyholder shall be entitled to one vote. A policyholder may vote by proxy, signed by the person legally entitled to vote such proxy. A majority of the board of directors shall be a quorum for the transaction of business. Vacancies in the board shall be filled by the remaining members until the next annual meeting.*

Sec. 7. K.S.A. 40-1004, 40-1006, 40-1201, 40-1508 and 40-1511 and K.S.A. 2006 Supp. 40-502 are hereby repealed.

Sec. 8. This act shall take effect and be in force from and after its publication in the statute book.

Approved March 22, 2007.
