

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed)	
Exemption of)	
)	
KANSAS SUPERIOR SELECT, INC.)	
NAIC No. 16159)	
)	Docket No. 88909
and)	
)	
AMERICAN HEALTH HOLDINGS, LLC)	
ML-KSS, LLC)	
KLATON INSURANCE PARTNERS, LLC)	

ORDER

Now on this 19th day of July 2021, the above matter comes before the Commissioner of Insurance of the State of Kansas (the “Commissioner”) upon the request of American Health Companies, LLC d/b/a American Health Partners (“AHP”) and Kansas Superior Select, Inc. (“KSSI” or the “domestic insurer”) for a Form A Statement Filing exemption, dated April 12, 2021. AHP requests an Order pursuant to K.S.A. 40-3304(e)(1), exempting American Health Holdings, LLC, ML-KSS, LLC, and Klaton Insurance Partners, LLC (collectively, the “Buyers”) from the filing and approval requirements of K.S.A. 40-3304(a), as the statute may be construed to apply to a proposed transaction involving the domestic insurer.

Pursuant to the authority granted to the Commissioner by K.S.A. 40-3301 and 40-3304(e) and in accordance with the Kansas Administrative Procedures Act, K.S.A. 77-501, *et. seq.*, the Commissioner hereby asserts the following declarations of public interest and policy, findings of fact, conclusions of law, and orders the following:

DECLARATION OF PUBLIC INTEREST AND POLICY

The Commissioner has the general supervision, control, and regulation of corporations, companies, associates, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity, or suretyship in this state. The following statements of fact and conclusions of law are made with the intent to promote the policies and objectives enumerated in K.S.A. 40-3301.

FINDINGS OF FACT

The findings of fact and conclusions stated herein are based upon the statements made by AHP.

1. AHP requested an exemption, pursuant to K.S.A. 40-3304(e), from the prior approval requirements of the Kansas Insurance Holding Companies Act, specifically those requirements outlined in K.S.A. 40-3304(a).
2. AHP filed its request on behalf of the Buyers, who represent three of the five current shareholders of KSSI.
3. KSSI is domiciled in Kansas, with its statutory home office address in Coffeyville, Kansas.
4. Mark T. Mitchell, Medicalodges, Inc., Klaton Enterprises, LLC, R.H. Montgomery Properties, Inc., and Central Kansas Select, LLC are the current designated ultimate controlling persons (“UCP”) of KSSI.
5. The proposed transaction consists of the following steps:

- a. Current KSSI shareholder, Central Kansas Select, LLC (“Seller”), will sell its entire ownership interest (the “Offered Shares”).
 - b. Three of the four other shareholders, American Health Holdings, LLC, ML-KSS, LLC, and Klaton Insurance Partners, LLC, will purchase the Offered Shares, with each Buyer to purchase 333 1/3 of the Offered Shares.
6. As a result of the transaction, the Buyers will each own 1,333 1/3 shares of KSSI stock. The fourth shareholder, KSSI Advantage, LLC, will continue to own 1,000 shares of KSSI stock.
7. After the transaction, the following percentages of ownership will exist:
 - a. American Health Holdings, LLC (whose UCP is Mark T. Mitchell): approximately 26.666%
 - b. ML-KSS, LLC (whose UCP is Medicalodges, Inc.): approximately 26.666%
 - c. Klaton Insurance Partners, LLC (whose UCP is Klaton Enterprises, LLC): approximately 26.666%
 - d. KSSI Advantage, LLC (whose UCP is R.H. Montgomery Properties, Inc.): 20%
8. Post-transaction, Mark T. Mitchell, Medicalodges, Inc., Klaton Enterprises, LLC, and R.H. Montgomery Properties, Inc. will continue to be the ultimate controlling persons of KSSI.

APPLICABLE LAW

9. The Commissioner has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, *et seq.*
10. K.S.A. 40-3304(a)(1) provides:

“No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, such person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, such person has filed with the commissioner of insurance and has sent to such insurer, a statement containing the information required by this section and such offer, request, invitation, agreement or acquisition has been approved by the commissioner of insurance in the manner hereinafter prescribed. The requirements of this section shall not apply to the merger or consolidation of those companies subject to the requirements of K.S.A. 40-507 and 40-1216 to 40-1225, inclusive, and amendments thereto.”

11. K.S.A. 40-3304(e) provides:

“The provisions of this section shall not apply to:

“Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt therefrom as:

“(1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer; or

“(2) as otherwise not comprehended within the purposes of this section.”

CONCLUSIONS OF LAW

12. Representatives of the Financial Surveillance and Legal Divisions of the Department inspected and reviewed the contents of the request.

13. Based on the information enumerated in the Findings of Fact, contained in paragraphs 1-8 above, and the representations made on behalf of the Buyers, the transaction is not made for the purpose of, and will not have the effect of, changing or influencing the control of the domestic company, KSSI.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The Buyers shall be exempt from the formal filing and approval requirements of K.S.A. 40-3304(a) as it may apply to the proposed transaction.
2. The Buyers shall continue to comply with the provisions and requirements of K.S.A. 40-3301 *et seq.* in the future.
3. The Commissioner retains jurisdiction over the subject matter of this proceeding and over the Buyers and KSSI for the purpose of entering such further order or orders as may be deemed proper.

NOTICE OF RIGHTS

This Final Order is effective upon service. Pursuant to K.S.A. 77-529, the Applicant may petition the Commissioner for reconsideration of this Final Order within fifteen (15) days after service of the Final Order. A petition for reconsideration must state the specific grounds upon which relief is requested. Additionally, a party to this agency proceeding may seek judicial review of this Final Order by filing a petition in the District Court, pursuant to K.S.A. 77-601, *et seq.* Reconsideration of this Final Order is not a prerequisite for judicial review. A petition for judicial review is not timely unless filed within thirty (30) days following the service of this Final Order, unless the Applicant petitions the Commissioner for reconsideration, in which case a petition for judicial review is not timely unless filed within thirty (30) days following service of an order rendered upon reconsideration, or an order denying the request for reconsideration. In the event the Applicant files a petition for judicial review, the agency officer to be served on behalf of the Department is:

Justin McFarland, General Counsel
Kansas Insurance Department
1300 SW Arrowhead Road
Topeka, Kansas 66604

IT IS SO ORDERED THIS 19th DAY OF JULY 2021, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Vicki Schmidt
Commissioner of Insurance

Approved by the Kansas Insurance
Department Legal Division:



Paige Blevins
Lead Regulatory Counsel

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Final Order was forwarded via first class mail, postage prepaid on the 19th day of July 2021, to:

Robin Bradley
COO and Secretary
American Health Partners
201 Jordan Road, Suite 200
Franklin, TN 37067



Toni Garrard
Senior Administrative Assistant