

Kansas Administrative Regulations
Agency 40. Insurance Department
Article 12. Sale of Stock

40-12-19 Directors' resolution as to fairness of price; commissioner's approval.

(a) Each application for authorization to issue options in a domestic insurer shall be supported by a certified copy of a resolution of the applicant's board of directors containing its findings, as follows:

(1) In the case of an applicant who demonstrates to the commissioner's reasonable satisfaction that:

(A) its shares have, through substantial trading in a free market, achieved a recognizable value in the market place;

(B) the market price reported is a bona fide market price;

(C) in the opinion of its board of directors, the market price represents the fair value of the shares; and

(D) the issuance at the proposed price will be equitable to the company, to its present and future stockholders, and to other optionees.

(2) In the case of an applicant which is either newly organized, or, if not newly organized, whose shares have not yet achieved a recognized value in the market place as described in paragraph (1) of this regulation, that:

(A) the value of the shares as stated represents, the fair value of the same; and

(B) that the option price sought to be authorized is an equitable price with respect to the company, its present and future stockholders, and the optionees.

(b) An application for authorization to issue options shall be approved by the commissioner if the price is equitable with respect to the company, its present and future stockholders, and other optionees, and the proposed plan complies with the other provisions of Kansas law and regulations.

(Authorized by K.S.A. 40-103, 40-205; implementing K.S.A. 40-205; effective Jan. 1, 1968; amended May 1, 1980; amended May 1, 1981; amended May 1, 1986; amended May 1, 1987.)