

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

40-12-7 Stock insurance companies; sale of stock; permits; organizers and promoters; requirements.

Except as provided in K.A.R. 40-12-8, the organizers and promoters of a domestic insurance company in the process of organization shall, as a group and prior to the offer or sale of any shares of stock to any other person, purchase for their own account shares equal to not less than 20 percent of the total number of shares to be offered under the permit. Each share of stock of a domestic insurance company in the process of organization purchased directly or indirectly by its organizers and promoters shall be deposited in escrow pursuant to an escrow agreement approved by the commissioner of insurance. The escrow agreement shall include a provision that the shares shall not be sold, transferred, assigned, encumbered, or alienated in any manner except by operation of law without the prior approval of the commissioner of insurance for such period of time as the commissioner shall deem reasonable, necessary, or advisable to protect the interests of the company, its policyholders and stockholders.

(Authorized by K.S.A. 40-103, 40-205; implementing K.S.A. 40-205; effective Jan. 1, 1966; amended May 1, 1980; amended May 1, 1986.)