

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

40-12-9 Impounding of stock sale proceeds; when required; impound agent; certificates of no lien.

(a) A permit issued to a domestic stock insurer prior to a certificate of authority shall require 100 percent of all stock sale proceeds to be impounded until release upon written order of the commissioner. This requirement shall not apply if the applicant can demonstrate to the commissioner's satisfaction that an impoundment of funds is not necessary to guarantee full return of stock purchase moneys in the event a certificate of authority is not issued. If the applicant does not qualify for a certificate of authority within two years, subscription money shall be returned in full to all subscribers without deduction of expenses. Extensions beyond two years shall not be granted without the consent of all subscribers.

(b) Application for a permit which will entail impoundment of stock sale proceeds shall name a duly authorized bank or trust company within the state which has consented to act as impound agent.

(c) Before an order is made releasing stock sale proceeds from impoundment, written assurance shall be requested from the bank or trust company serving as impound agent that it has no lien, general, special, bankers, or otherwise, against the funds, and knows of no claims asserted against the funds.

(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, 1986; amended May 1, 1987.)