

Kansas Administrative Regulations
Agency 40. Insurance Department
Article 13. Insider Stock Trading

40-13-17 Exemption from K.S.A. 40-265 of certain acquisitions and dispositions of securities pursuant to merger or consolidations.

(a) The following transactions shall be exempt from the provisions of K.S.A. 40-265:

(1) The acquisition of a security of an insurer, pursuant to a merger or consolidation, in exchange for a security of a company which, prior to the merger or consolidation, owned 85 percent or more of the equity securities of all other companies involved in the merger or consolidation except, in the case of consolidation, the resulting company;

(2) the disposition of a security, pursuant to a merger or consolidation of an insurer which, prior to the merger or consolidation, owned 85 percent or more of the equity securities of the other companies involved in the merger or consolidation except, in the case of consolidation, the resulting company;

(3) the acquisition of a security of an insurer, pursuant to a merger or consolidation in exchange for a security of a company which, prior to the merger or consolidation, held over 85 percent of the combined assets of the companies undergoing merger or consolidation, computed according to their book values prior to the merger or consolidation as determined by their most recent available financial statements for a 12 month period prior to the merger or consolidation.

(4) the disposition of a security, pursuant to a merger or consolidation, of an insurer which, prior to the merger or consolidation, held over 85 percent of the combined assets of the companies undergoing merger or consolidation computed according to their book values prior to merger or consolidation, as determined by their most recent available financial statements for a 12 month period prior to the merger or consolidation.

(b) A merger within the meaning of this regulation shall include the sale or purchase of substantially all of the assets of one insurer by another in exchange for stock which is then distributed to the security holders of the insurer which sold its assets.

(c) The exemption provided by this regulation shall be unavailable to an officer, director, or stockholder who shall:

(1) Make any purchase, other than a purchase exempted by this regulation, of a security in any company involved in the merger or consolidation; and

(2) make any sale, other than a sale exempted by this regulation, of a security in any other company involved in the merger or consolidation.

(Authorized by K.S.A. 40-103, 40-271; implementing K.S.A. 40-265; effective Jan. 1, 1967; amended Jan. 1, 1970; amended May 1, 1986.)