

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 220

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 220 would amend the statutes governing the structure of a mutual life insurance company to allow for the company's board of directors to determine, by resolution or bylaws, the method used to elect its board of directors and officers. Additionally, the same method could be used to determine the titles and duties of the company officers. This method currently is used under provisions of the general corporation code. The bill also would require a majority of the number of directors on the board to constitute a quorum for the transaction of business.

The bill would eliminate requirements for the organization and duties of the company's board of director in current law including a provision that requires the election of directors to provide for an election of not less than 1/5 nor more than 1/3 of the members of the board each year (would serve for not than five years or more than three years, respectively).

Background

SB 220 was requested by Security Benefit whose representative indicated that the current requirements are outdated and cumbersome and are not consistent with the provisions applicable to stock insurance companies. The bill was supported by the Kansas Insurance Associations (Kansas Association of Property and Casualty Insurance Companies and the Kansas Life and Health Insurance Association), and Farmers Alliance. The Kansas Insurance Department testified as a proponent of the bill noting that the bill has sufficient protection for policyholders and represents an important modernization of our insurance laws.

The fiscal note prepared by the Division of the Budget indicates that passage of the bill would have no fiscal effect.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>