

40-506. Issuance of participating and nonparticipating insurance and annuities by mutual life insurance companies. Any mutual life insurance company, upon authorization of its board of directors, may issue both participating and nonparticipating insurance and annuities and may determine the right to participate and the extent of participation of any class or classes or policies. Any such classification or determination shall be reasonable and shall not unfairly discriminate as between policyholders within the same such classifications. Life insurers may issue both participating and nonparticipating policies only if the right or absence of right to participate is reasonably related to the premium charged. A separate account shall be established for nonparticipating policies, and adequate provision shall be made so that the interests of participating policyholders are in no way adversely affected by reason of the issuance of such nonparticipating policies. The total number of nonparticipating life insurance and annuity policies issued in any one fiscal year by any mutual life insurance company shall not exceed the total number of participating life insurance and annuity policies issued by that company in the same fiscal year. Mutual life insurance companies issuing such nonparticipating business shall be further subject to such regulation in issuing nonparticipating policies as the insurance commissioner shall consider appropriate. Nonparticipating insurance and annuities is that type of insurance and annuities which is not entitled to receive dividends. Participating insurance and annuities is defined as insurance and annuities on which the owner thereof is entitled to receive dividends as may be apportioned by the board of directors of the company pursuant to K.S.A. 40-420.

History: L. 1972, ch. 181, § 2; July 1.