

2016 Kansas Statutes

40-4301. Definitions. As used in this act, unless the context requires otherwise:

(a) "Affiliated company" means any company in the same corporate system as a parent, an industrial insured, or a member organization by virtue of common ownership, control, operation or management.

(b) "Aircraft captive insurance company" means any pure captive insurance company which is formed under the provisions of this act by a corporation or an affiliated company of a corporation engaged in the manufacture of aircraft and having its principal place of business within the state of Kansas and which insures only risks in the same corporate system.

(c) "Captive insurance company" means any pure captive insurance company or industrial insured captive insurance company formed under the provisions of this act.

(d) "Commissioner" means the commissioner of insurance.

(e) "Industrial insured" means an insured:

(1) Who procures the insurance of any risk or risks by use of the services of a full-time employee acting as an insurance manager or buyer;

(2) whose aggregate annual premiums for the kinds of insurance total at least \$50,000;

(3) who has at least 25 full-time employees;

(4) whose principal activity consists of the manufacture of a product or products; and

(5) who contributes not less than \$10,000 to the capital or surplus of the industrial insured captive insurance company that insures its risks. Such contribution shall be in the form of cash which may be returned at such time as the risks of the industrial insured cease to be insured by the captive insurance company.

(f) "Industrial insured captive insurance company" means any company that insures risks of the industrial insureds that comprise the industrial insured group, and their affiliated companies.

(g) "Industrial insured group" means any group of not more than 10 industrial insureds in the same or similar line of business that:

(1) Collectively owns, controls or holds with power to vote all of the outstanding voting securities of an industrial insured captive insurance company incorporated as a stock insurer; or

(2) collectively has complete voting control over an industrial insured captive insurance company incorporated as a mutual insurer; or

(3) is created under the product liability risk retention act of 1981 (U.S. Public Law 97-45), as amended by the risk retention act of 1986, as a corporation or other limited liability association taxable as a stock insurance company or a mutual insurer under the laws of the state of Kansas:

(A) Whose primary activity consists of assuming and spreading all, or any portion, of the product liability or completed operations liability risk exposure of its group members;

(B) which is organized for the primary purpose of conducting the activity described in subdivision (g)(3)(A) of this section;

(C) which does not exclude any person from membership in the group solely to provide for members of such group a competitive advantage over such a person; and

(D) which is composed of members each of whose principal activity consists of the manufacture, design, importation, distribution, packaging, labeling, lease or sale of a product or products.

(h) "Parent" means a corporation, partnership or individual that directly or indirectly owns, controls or holds with power to vote more than 50% of the outstanding voting securities of a pure captive insurance company.

(i) "Pure captive insurance company" means any company that insures risks of its parent and affiliated companies.

History: L. 1988, ch. 156, § 1; L. 1990, ch. 177, § 1; April 5.