

## 2020 Kansas Statutes

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

- (a) "Affiliated company" means any person, other than a natural person in that person's individual capacity, in the same corporate system as a parent, or an associate member by common ownership, control, operation or management.
- (b) "Association" means any legal association of persons, corporations, limited liability companies, partnerships, associations or other entities that have been in continuous existence for at least one year or such lesser period of time approved by the commissioner, whether or not in conjunction with some or all of the member organizations that:
  - (1) Own, control or hold with power to vote all of the outstanding voting securities of an association captive insurance company incorporated as a stock insurer;
  - (2) have complete voting control over an association captive insurance company incorporated as a mutual insurer;
  - (3) constitute all of the subscribers of an association captive insurance company formed as a limited liability company; or
  - (4) have complete voting control over an association captive insurance company formed as a limited liability company.
- (c) "Association captive insurance company" means any captive insurance company that insures risks of association members.
- (d) "Association member" means any person that belongs to an association.
- (e) "Capital and surplus" means the amount by which the value of all of the assets exceeds all of the liabilities of the captive insurance company, as determined under the method of accounting utilized by the captive insurance company in accordance with the applicable provisions of this act.
- (f) "Captive insurance company" means any pure captive insurance company or association captive insurance company. For purposes of this act, a branch captive insurance company shall be a pure captive insurance company with respect to operations in this state, unless otherwise permitted by the commissioner.
- (g) "Commissioner" means the commissioner of insurance.
- (h) "Controlled unaffiliated business" means any person other than a natural person in that natural person's individual capacity:
  - (1) That is not a part of the corporate system of a parent and its affiliated companies;
  - (2) that has an existing contractual relationship with such parent or any such affiliated company; and
  - (3) whose risks are managed by a pure captive insurance company.
- (i) "Department" means the Kansas insurance department.
- (j) "Domestic" means any insurance company formed under the laws of the state of Kansas.
- (k) "Insurer" means the same as "insurance company" as that term is defined in K.S.A. 40-222c, and amendments thereto.
- (l) "Member organization" means any individual, corporation, limited liability company, partnership, association or other entity that belongs to an association.
- (m) "Natural person" means a human being.
- (n) "Organizational documents" means the captive insurance company's articles of organization, bylaws, operating agreement or other foundational document that establishes the captive insurance company as a legal entity or prescribes its existence.
- (o) "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 or other voting interest of a pure captive insurance company, or as assigned in the plan of operation.
- (p) "Person" means a natural person, partnership, trust, estate, association, corporation, limited liability company, custodian, nominee or other individual or entity in its own or any representative capacity, in each case whether domestic, foreign or alien.

- (q) "Personal lines of insurance" means personal motor vehicle, homeowner's insurance coverage, residential fire insurance or any component thereof.
- (r) "Pure captive insurance company" means any company that insures risks of its parent and affiliated companies and controlled unaffiliated business.
- (s) "Risk retention group" means a captive insurance company organized under the laws of the state of Kansas pursuant to the liability risk retention act of 1986, 15 U.S.C. § 3901 et seq., as amended, as a stock or mutual corporation, a reciprocal or other limited liability entity.
- History:** L. 1988, ch. 156, § 1; L. 1990, ch. 177, § 1; L. 2018, ch. 50, § 36; July 1.