

Kansas Administrative Regulations

Kansas Department of Insurance

Article 15.—Variable Annuities or Separate Accounts

40-15-3. Same; conditions.

(a) A domestic company issuing variable contracts shall establish one or more separate accounts pursuant to K.S.A. 40-436.

(b) The investments and liabilities of a separate account shall be clearly identifiable and distinguishable from the other investments and liabilities of the corporation. An investment of a separate account shall not be pledged or transferred as collateral for a loan.

(c) The sale, exchange or other transfer of assets may not be made by a company between its separate accounts, or between any other investment account and one or more of its separate accounts unless:

(1) In case of a transfer into a separate account, the transfer is made solely to establish the account or to support the operation of the contracts with respect to the separate account to which the transfer is made; and

(2) the transfer, whether into or from a separate account, is made:

(i) by a transfer of cash; or

(ii) by a transfer of securities having a valuation which could be readily determined in the marketplace and the transfer of securities is approved by the commissioner of insurance. The commissioner may authorize other transfers among accounts if, in his opinion, the transfers would not be inequitable.

(d) The company shall maintain in each separate account assets with a value at least equal to the reserves and other contract liabilities with respect to the account, except as approved by the commissioner of insurance.

(e) An officer or director of the company or a member of the committee, board or body of a separate account shall not receive, directly or indirectly, any commission or any other compensation with respect to the purchase or sale of assets of the separate account.

(Authorized by K.S.A. 40-103, 40-436; implementing K.S.A. 40-436; effective Jan. 1, 1969; amended May 1, 1986.)

***** Authenticated Kansas Administrative Regulation *****