

Kansas Administrative Regulations

Kansas Department of Insurance

Article 13.—Insider Stock Trading

40-13-10. Ownership of securities held in trust.

(a) Beneficial ownership of a security, for the purpose of K.S.A. 40-264, shall include:

(1) The ownership of securities as a trustee where either the trustee or members of the immediate family have a vested interest in the income or corpus of the trust;

(2) the ownership of a vested beneficial interest in a trust; and

(3) the ownership of securities as a settlor of a trust in which the settlor has the power to revoke the trust without obtaining the consent of all the beneficiaries.

(b) Beneficial ownership of a security, for the purpose of K.S.A. 40-264, shall not include:

(1) Beneficial ownership of securities solely as a settlor or beneficiary of a trust if less than 10 percent in market value of the securities having a readily ascertainable value held by the trust at the end of the preceding fiscal year of the trust consists of equity securities; and

(2) an obligation which would otherwise be imposed solely by reason of ownership as settlor or beneficiary of securities held in trust where the ownership, acquisition, or disposition of securities by the trust is made without prior approval by the settlor or beneficiary. An exemption under this subsection shall not be acquired or lost solely as a result of changes in the value of the trust assets during any fiscal year or during any time when there is no transaction by the trust in the securities otherwise subject to the reporting requirements of K.S.A. 40-264.

(c) In the event any class of any equity security of an insurer is held in a trust, the trust and the trustees shall file the reports specified in K.S.A. 40-264.

(d) One report shall be filed to report any holdings or any transaction in securities held by a trust, regardless of the number of officers, directors or 10 percent stockholders who are either trustees, settlors, or beneficiaries of a trust. The report shall

disclose the names of each trustee, settlor, and beneficiary who is an officer, director or 10 percent stockholder. A person having an interest only as a beneficiary of a trust shall not be required to file a report so long as the person shall rely in good faith upon an understanding that the trustee of the trust shall file whatever reports may be required of the beneficiary.

(e) As used in this section the "immediate family" of a trustee means:

- (1) A son or daughter of the trustee, or a descendant of either;
- (2) a stepson or stepdaughter of the trustee;
- (3) the father or mother of the trustee, or an ancestor of either;
- (4) a stepfather or stepmother of the trustee; and
- (5) a spouse of the trustee.

(f) A legally adopted child shall qualify the determination of the "immediate family" relationship.

(g) In determining, for the purposes of K.S.A. 40-264, whether a person is the beneficial owner, directly or indirectly, of more than 10 percent of any class of any equity security, the interest of the person in the remainder of trust shall be excluded from the computation.

(h) A report shall not be required by any person whether or not otherwise subject to the requirement of filing reports under K.S.A. 40-264, with respect to the indirect interest in portfolio securities held by:

- (1) A pension or retirement plan holding securities of an insurer whose employees generally are the beneficiaries of the plan,
- (2) a business trust with over 25 beneficiaries.

(i) This section shall not impose any duties or liabilities with respect to reporting any transaction or holding prior to its effective date.

(Authorized by K.S.A. 40-103, 40-271; implementing K.S.A. 40-264; effective Jan. 1, 1967; amended May 1, 1980; amended May 1, 1981; amended May 1, 1986.)

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