

INSURANCE: Articles of Incorporation of the Life and Health  
Insurance Company of St. Louis.

Opinion No. 315

September 30, 1964



Honorable Ralph H. Duggins  
Superintendent, Division of Insurance  
Jefferson Building  
Jefferson City, Missouri

Dear Mr. Duggins:

This letter is in response to your letter of September 14, 1964, wherein you request this office to examine the Declaration of Intention, and Articles of Incorporation of the Life and Health Insurance Company of St. Louis. We also received proof of publication of these documents.

An examination of these documents has been made as required by Section 376.070, RSMo 1959, and except for Article VII, they follow forms previously approved by this office. As to Article VII we are not aware of any statutory prohibition against such provisions. However, the article would appear to allow the assets of the company to be diminished by permitting the sale of stock at a nominal price.

Article VII permits the board of directors to grant to agents, brokers, employees, directors and original stock subscribers options to purchase stock in the corporation treasury at a price determined by the directors.

We note that provision is made requiring the option plan to be approved by the Superintendent of Insurance and further that this requirement shall not be eliminated by amendment. However it would seem that such "non-elimination clause" could be amended out of the Articles of Incorporation and likewise the requirement that stock option plans be approved by the Superintendent of Insurance.

Honorable Ralph H. Duggins

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In sum, it is the opinion of this office that the Declaration and the Articles of Incorporation of the Life and Health Insurance Company of St. Louis are not inconsistent with the provisions of Sections 376.010 to 376.670, RSMo 1959, and the constitution and laws of this State and the United States. However, we take occasion to call to your attention certain ill effects which may flow from the provisions of Article VII.

The foregoing opinion, which I hereby approve, was prepared by my Assistant, Louis C. DeFeo, Jr.

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THOMAS F. EAGLETON  
Attorney General

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