

AN ACT

relating to the authorized investments and transactions of certain stipulated premium insurance companies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter G, Chapter 884, Insurance Code, as effective June 1, 2003, is amended by adding Section 884.311 to read as follows:

Sec. 884.311. LAW GOVERNING INVESTMENTS; ELECTION. (a) A stipulated premium insurance company issuing life, health, or accident coverages or maintaining policies in force that were issued in accordance with Subchapter I may elect that the company's investments and transactions be governed by Article 3.33 of this code.

(b) The election under Subsection (a) must be made by written notice to the commissioner and is effective on the first day of the calendar quarter following the day on which the notice is filed with the commissioner.

(c) After the second anniversary of the effective date of an initial election authorized by this section, the stipulated premium insurance company may elect that the company's investments and transactions be governed by Article 3.39 of this code.

(d) The subsequent election under Subsection (c) must be made by written notice to the commissioner and is effective on the first day of the calendar quarter following the day on which the

1 notice is filed with the commissioner.

2 (e) After a stipulated premium insurance company has made a
3 subsequent election under Subsection (c), the company may make
4 another election under this section, subject to the approval of the
5 election by the commissioner.

6 SECTION 2. Section 1, Article 3.33, Insurance Code, is
7 amended to read as follows:

8 Sec. 1. SCOPE. This article and the rules promulgated to
9 interpret and implement it shall apply to all domestic insurance
10 companies as defined in Section 841.001 [~~5 of Article 3.01~~] of this
11 code and other insurers specifically made subject to the provisions
12 hereof, including a stipulated premium insurance company electing
13 to be governed by this article under Section 884.311 of this code.
14 Articles 3.39, 3.40, and 3.40-1 of this code shall not be applicable
15 to such companies, but such articles shall continue to be
16 applicable to insurance companies chartered under Chapters 9, 881
17 [~~10~~], 884 [~~12~~], 885 [~~13~~], 886 [~~14~~], and 887 [~~22~~] of this code,
18 except as otherwise specifically provided in those chapters. This
19 article shall not limit or restrict the investments in or
20 transactions with or within subsidiaries and affiliates which are
21 made pursuant to the authority of the Texas Insurance Holding
22 Company System Regulatory Act (Chapter 823, Insurance Code)
23 [~~(Article 21.49-1, Insurance Code)~~].

24 SECTION 3. This Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 928 was passed by the House on April 10, 2003, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 928 was passed by the Senate on May 27, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor