

By: Eiland

H.B. No. 928

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authorized investments and transactions of certain
3 stipulated premium insurance companies.

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

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

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

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

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

22 (d) The subsequent election under Subsection (c) must be
23 made by written notice to the commissioner and is effective on the
24 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 not make
4 another election under this section.

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

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

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