

By: Wentworth

S.B. No. 202

A BILL TO BE ENTITLED

AN ACT

relating to the reorganization of a mutual life insurance company.

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

SECTION 1. Chapter 882, Insurance Code, as effective June 1, 2003, is amended by adding Subchapter P to read as follows:

SUBCHAPTER P. REORGANIZATION OF CERTAIN MUTUAL LIFE INSURANCE COMPANIES INTO INSURANCE HOLDING COMPANIES AND STOCK INSURANCE COMPANIES

Sec. 882.751. AUTHORITY TO REORGANIZE. (a) Subject to Chapter 826, a mutual life insurance company organized or operating under this chapter may reorganize by forming an insurance holding company based on a mutual plan and continuing the corporate existence of the reorganizing mutual life insurance company as a stock insurance company if the commissioner:

(1) determines that the reorganization is fair and equitable to the policyholders of the reorganizing company; and

(2) approves the proposed plan of reorganization.

(b) The commissioner shall retain jurisdiction over a company that is reorganized under this section.

Sec. 882.752. INCORPORATION REQUIREMENTS. A mutual holding company that results from a reorganization of a domestic mutual life insurance company organized under this chapter must be incorporated under this code and the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes).

1 The articles of incorporation of the mutual holding company and any
2 amendments to the articles of incorporation are subject to approval
3 by the commissioner.

4 Sec. 882.753. SALE OF SECURITIES. (a) A sale, issuance,
5 or offering of securities under this section is exempt from the
6 registration and licensing provisions of The Securities Act
7 (Article 581-1 et seq., Vernon's Texas Civil Statutes).

8 (b) An officer, director, or employee who participates in a
9 reorganization under this section is exempt from the registration
10 and licensing provisions of The Securities Act (Article 581-1 et
11 seq., Vernon's Texas Civil Statutes). A person may not be
12 compensated for services performed under the exemption provided by
13 this section.

14 SECTION 2. This Act takes effect September 1, 2003.