

1-1 By: Wentworth S.B. No. 202
1-2 (In the Senate - Filed January 15, 2003; February 3, 2003,
1-3 read first time and referred to Committee on State Affairs;
1-4 February 26, 2003, reported favorably by the following vote: Yeas
1-5 7, Nays 0; February 26, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the reorganization of a mutual life insurance company.
1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Chapter 882, Insurance Code, as effective June
1-11 1, 2003, is amended by adding Subchapter P to read as follows:

1-12 SUBCHAPTER P. REORGANIZATION OF CERTAIN MUTUAL LIFE INSURANCE
1-13 COMPANIES INTO INSURANCE HOLDING COMPANIES AND STOCK INSURANCE
1-14 COMPANIES

1-15 Sec. 882.751. AUTHORITY TO REORGANIZE. (a) Subject to
1-16 Chapter 826, a mutual life insurance company organized or operating
1-17 under this chapter may reorganize by forming an insurance holding
1-18 company based on a mutual plan and continuing the corporate
1-19 existence of the reorganizing mutual life insurance company as a
1-20 stock insurance company if the commissioner:

1-21 (1) determines that the reorganization is fair and
1-22 equitable to the policyholders of the reorganizing company; and

1-23 (2) approves the proposed plan of reorganization.

1-24 (b) The commissioner shall retain jurisdiction over a
1-25 company that is reorganized under this section.

1-26 Sec. 882.752. INCORPORATION REQUIREMENTS. A mutual holding
1-27 company that results from a reorganization of a domestic mutual
1-28 life insurance company organized under this chapter must be
1-29 incorporated under this code and the Texas Non-Profit Corporation
1-30 Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes).
1-31 The articles of incorporation of the mutual holding company and any
1-32 amendments to the articles of incorporation are subject to approval
1-33 by the commissioner.

1-34 Sec. 882.753. SALE OF SECURITIES. (a) A sale, issuance,
1-35 or offering of securities under this section is exempt from the
1-36 registration and licensing provisions of The Securities Act
1-37 (Article 581-1 et seq., Vernon's Texas Civil Statutes).

1-38 (b) An officer, director, or employee who participates in a
1-39 reorganization under this section is exempt from the registration
1-40 and licensing provisions of The Securities Act (Article 581-1 et
1-41 seq., Vernon's Texas Civil Statutes). A person may not be
1-42 compensated for services performed under the exemption provided by
1-43 this section.

1-44 SECTION 2. This Act takes effect September 1, 2003.

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