

By: Wentworth

S.B. No. 449

A BILL TO BE ENTITLED

AN ACT

relating the conversion of certain mutual life insurance companies to insurance holding companies and stock life insurance companies.

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

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

SUBCHAPTER P. CONVERSION OF MUTUAL LIFE INSURANCE COMPANY TO INSURANCE HOLDING COMPANY AND STOCK LIFE INSURANCE COMPANY

Sec. 882.751. AUTHORITY TO CONVERT. A mutual life insurance company organized or operating under this chapter may convert by forming an insurance holding company based on a mutual plan and continuing the corporate existence of the converting mutual life insurance company as a stock life insurance company if the commissioner:

(1) determines that the conversion is fair and equitable to the policyholders of the converting company; and

(2) approves the proposed plan of conversion.

Sec. 882.752. APPLICATION OF OTHER LAW. Except to the extent of a conflict with this subchapter, Chapter 826 applies to conversion of a mutual life insurance company under this subchapter.

Sec. 882.753. JURISDICTION OF COMMISSIONER. The commissioner retains jurisdiction over a company that converts under this subchapter.

1 Sec. 882.754. INCORPORATION REQUIREMENTS. A mutual
2 insurance holding company that results from a conversion under this
3 subchapter must be incorporated under and subject to this chapter
4 and Chapter 22, Business Organizations Code.

5 Sec. 882.7545. INCORPORATION REQUIREMENTS: TEMPORARY
6 PROVISION. Notwithstanding Section 882.754, a mutual insurance
7 holding company that results from a conversion under this
8 subchapter must be incorporated under and subject to this chapter
9 and the Texas Non-Profit Corporation Act (Article 1396-1.01 et
10 seq., Vernon's Texas Civil Statutes) or Chapter 22, Business
11 Organizations Code, as applicable. This section expires January 1,
12 2010.

13 Sec. 882.755. ARTICLES OF INCORPORATION. The articles of
14 incorporation of a mutual insurance holding company that results
15 from a conversion under this subchapter, and any amendments to the
16 articles of incorporation, are subject to approval by the
17 commissioner.

18 Sec. 882.756. SALE OF SECURITIES. (a) A sale, issuance, or
19 offering of securities under this subchapter is exempt from the
20 registration and licensing provisions of The Securities Act
21 (Article 581-1 et seq., Vernon's Texas Civil Statutes).

22 (b) An officer, director, or employee of a mutual life
23 insurance company or a mutual insurance holding company or stock
24 life insurance company resulting from a conversion under this
25 subchapter who participates in the conversion is exempt from the
26 registration and licensing provisions of The Securities Act
27 (Article 581-1 et seq., Vernon's Texas Civil Statutes). A person

1 may not receive compensation, other than that person's usual salary
2 or compensation, for services performed under the exemption
3 provided by this subsection.

4 SECTION 2. This Act takes effect September 1, 2005.