

1-1 By: Wentworth S.B. No. 449  
1-2 (In the Senate - Filed February 10, 2005; February 15, 2005,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 April 13, 2005, reported favorably by the following vote: Yeas 7,  
1-5 Nays 0; April 13, 2005, sent to printer.)

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

1-8 relating the conversion of certain mutual life insurance companies  
1-9 to insurance holding companies and stock life insurance companies.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Chapter 882, Insurance Code, is amended by  
1-12 adding Subchapter P to read as follows:

1-13 SUBCHAPTER P. CONVERSION OF MUTUAL LIFE INSURANCE COMPANY TO  
1-14 INSURANCE HOLDING COMPANY AND STOCK LIFE INSURANCE COMPANY

1-15 Sec. 882.751. AUTHORITY TO CONVERT. A mutual life  
1-16 insurance company organized or operating under this chapter may  
1-17 convert by forming an insurance holding company based on a mutual  
1-18 plan and continuing the corporate existence of the converting  
1-19 mutual life insurance company as a stock life insurance company if  
1-20 the commissioner:

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

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

1-24 Sec. 882.752. APPLICATION OF OTHER LAW. Except to the  
1-25 extent of a conflict with this subchapter, Chapter 826 applies to  
1-26 conversion of a mutual life insurance company under this  
1-27 subchapter.

1-28 Sec. 882.753. JURISDICTION OF COMMISSIONER. The  
1-29 commissioner retains jurisdiction over a company that converts  
1-30 under this subchapter.

1-31 Sec. 882.754. INCORPORATION REQUIREMENTS. A mutual  
1-32 insurance holding company that results from a conversion under this  
1-33 subchapter must be incorporated under and subject to this chapter  
1-34 and Chapter 22, Business Organizations Code.

1-35 Sec. 882.7545. INCORPORATION REQUIREMENTS: TEMPORARY  
1-36 PROVISION. Notwithstanding Section 882.754, a mutual insurance  
1-37 holding company that results from a conversion under this  
1-38 subchapter must be incorporated under and subject to this chapter  
1-39 and the Texas Non-Profit Corporation Act (Article 1396-1.01 et  
1-40 seq., Vernon's Texas Civil Statutes) or Chapter 22, Business  
1-41 Organizations Code, as applicable. This section expires January 1,  
1-42 2010.

1-43 Sec. 882.755. ARTICLES OF INCORPORATION. The articles of  
1-44 incorporation of a mutual insurance holding company that results  
1-45 from a conversion under this subchapter, and any amendments to the  
1-46 articles of incorporation, are subject to approval by the  
1-47 commissioner.

1-48 Sec. 882.756. SALE OF SECURITIES. (a) A sale, issuance,  
1-49 or offering of securities under this subchapter is exempt from the  
1-50 registration and licensing provisions of The Securities Act  
1-51 (Article 581-1 et seq., Vernon's Texas Civil Statutes).

1-52 (b) An officer, director, or employee of a mutual life  
1-53 insurance company or a mutual insurance holding company or stock  
1-54 life insurance company resulting from a conversion under this  
1-55 subchapter who participates in the conversion is exempt from the  
1-56 registration and licensing provisions of The Securities Act  
1-57 (Article 581-1 et seq., Vernon's Texas Civil Statutes). A person  
1-58 may not receive compensation, other than that person's usual salary  
1-59 or compensation, for services performed under the exemption  
1-60 provided by this subsection.

1-61 SECTION 2. This Act takes effect September 1, 2005.

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