

By: Armbrister

S.B. No. 1283

Substitute the following for S.B. No. 1283:

By: Seaman

C.S.S.B. No. 1283

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the application of certain laws to certain commercially  
3 domiciled insurers and insurers that are part of an insurance  
4 company holding system.

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

6 SECTION 1. Section 823.015, Insurance Code, is amended to  
7 read as follows:

8 Sec. 823.015. EXEMPTION FROM CHAPTER AND CERTAIN OTHER  
9 LAW. (a) [~~This chapter does not apply to an insurance holding~~  
10 ~~company system if each affiliate in the system is privately owned by~~  
11 ~~not more than five security holders, each of whom is an individual.~~  
12 ~~For purposes of this subsection, a person is a security holder of~~  
13 ~~another if the person owns any security of the other person,~~  
14 ~~including common stock, preferred stock, a debt obligation, and any~~  
15 ~~other security convertible into or evidencing the right to acquire~~  
16 ~~stock or a debt obligation.~~

17 [(b)] The commissioner may exempt from the application of  
18 this chapter a commercially domiciled insurer that the commissioner  
19 determines has assets physically located in this state or an  
20 asset-to-liability ratio sufficient to justify the conclusion that  
21 there is no reasonable danger that the operations or conduct of the  
22 business of the insurer could present a danger of loss to the  
23 policyholders of this state.

24 (b) The commissioner may exempt from the application of

1 Articles 5.01-1 and 5.03-1 an insurer that is part of an insurance  
2 company holding system or a commercially domiciled insurer  
3 described by Section 823.004 if the commissioner finds that:

4 (1) the insurer has demonstrated that the exemption:

5 (A) is consistent with sound actuarial and  
6 underwriting practices used by the insurer in this state; and

7 (B) would encourage and improve competition in  
8 the line or lines of business to which the exemption applies; and

9 (2) the exemption will not adversely affect the  
10 operations or conduct of the insurer's business in this state in a  
11 manner that presents a danger of loss the insurer's policyholders  
12 in this state.

13 SECTION 2. An insurance holding system that becomes subject  
14 to Chapter 823, Insurance Code, as a result of the repeal of Section  
15 823.015(a), Insurance Code, by Section 1 of this Act is not required  
16 to comply with Chapter 823, Insurance Code, until January 1, 2006.

17 SECTION 3. This Act takes effect September 1, 2005.