

By: Smith of Tarrant

H.B. No. 2550

Substitute the following for H.B. No. 2550:

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C.S.H.B. No. 2550

A BILL TO BE ENTITLED

AN ACT

1
2 relating to authorized investments in securities or property for
3 foreign companies.

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

5 SECTION 1. Section 404.001, Insurance Code, is amended to
6 read as follows:

7 Sec. 404.001. DEFINITION. In this subchapter, "insurer"
8 includes the following, whether foreign or domestic:

- 9 (1) a capital stock insurance company;
- 10 (2) a reciprocal or interinsurance exchange;
- 11 (3) a Lloyd's plan;
- 12 (4) a fraternal benefit society;
- 13 (5) a mutual company, including a mutual assessment
14 company;
- 15 (6) a statewide mutual assessment company;
- 16 (7) a local mutual aid association;
- 17 (8) a burial association;
- 18 (9) a county mutual insurance company;
- 19 (10) a farm mutual insurance company;
- 20 (11) a fidelity, guaranty, or surety company;
- 21 (12) a title insurance company;
- 22 (13) a stipulated premium company;
- 23 (14) a group hospital service corporation;
- 24 (15) a health maintenance organization;

1 (16) a risk retention group; and

2 (17) any other organization or person engaged in the
3 business of insurance.

4 SECTION 2. Sections 404.003(a) and (c), Insurance Code, are
5 amended to read as follows:

6 (a) If the financial condition of an insurer, when reviewed
7 as provided by Subsection (b), indicates a condition that might
8 make the insurer's continued operation hazardous to the insurer's
9 policyholders or creditors or to the public, the commissioner may,
10 after notice and hearing, order the insurer to take action
11 reasonably necessary to remedy the condition. A hearing held under
12 this section is not subject to Chapter 40.

13 (c) In an order issued under Subsection (a), the
14 commissioner may take any action the commissioner considers
15 reasonably necessary to remedy the condition described by
16 Subsection (a), including:

17 (1) requiring an insurer to:

18 (A) reduce the total amount of present and
19 potential liability for policy benefits by reinsurance;

20 (B) reduce the volume of new business accepted;

21 (C) suspend or limit writing new business for a
22 period;

23 (D) reduce general insurance and commission
24 expenses by specified methods; [~~or~~]

25 (E) increase the insurer's capital and surplus by
26 contribution; or

27 (F) rectify an asset deficiency as a result of

1 the insurer holding an investment that is not of the same type,
2 quality, character, or class of investment authorized under this
3 code; or

4 (2) suspending or canceling the insurer's certificate
5 of authority.

6 SECTION 3. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2007.