

By: Sheffield

H.B. No. 1476

Substitute the following for H.B. No. 1476:

By: Taylor

C.S.H.B. No. 1476

A BILL TO BE ENTITLED

AN ACT

relating to capital stock and surplus requirements for certain insurance companies.

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

SECTION 1. Section 822.054(a), Insurance Code, is amended to read as follows:

(a) An insurance company must have capital stock in an amount of at least \$2.5 [~~\$1~~] million and surplus in an amount of at least \$2.5 [~~\$1~~] million.

SECTION 2. Sections 822.212(a) and (b), Insurance Code, are amended to read as follows:

(a) Notwithstanding Section 822.203, to engage in the kinds of insurance business for which an insurance company organized under this chapter holds a certificate of authority in this state, an insurance company organized under this chapter that on September 1, 2009 [~~1991~~], had less than the minimum amount of capital and surplus required for a newly incorporated company under Section 822.054 must:

(1) not later than December 31, 2010 [~~2000~~], have increased the amount of its capital by at least 10 [~~90~~] percent of the difference between the amount of minimum capital required for a newly incorporated company under Section 822.054 and the amount of the company's capital on December 31, 2009 [~~1991~~]; [~~and~~]

(2) not later than December 31, 2011, have increased

1 the amount of its capital by at least 20 percent of the difference  
2 between the amount of minimum capital required for a newly  
3 incorporated company under Section 822.054 and the amount of the  
4 company's capital on December 31, 2009;

5 (3) not later than December 31, 2012, have increased  
6 the amount of its capital by at least 30 percent of the difference  
7 between the amount of minimum capital required for a newly  
8 incorporated company under Section 822.054 and the amount of the  
9 company's capital on December 31, 2009;

10 (4) not later than December 31, 2013, have increased  
11 the amount of its capital by at least 40 percent of the difference  
12 between the amount of minimum capital required for a newly  
13 incorporated company under Section 822.054 and the amount of the  
14 company's capital on December 31, 2009;

15 (5) not later than December 31, 2014, have increased  
16 the amount of its capital by at least 50 percent of the difference  
17 between the amount of minimum capital required for a newly  
18 incorporated company under Section 822.054 and the amount of the  
19 company's capital on December 31, 2009;

20 (6) not later than December 31, 2015, have increased  
21 the amount of its capital by at least 60 percent of the difference  
22 between the amount of minimum capital required for a newly  
23 incorporated company under Section 822.054 and the amount of the  
24 company's capital on December 31, 2009;

25 (7) not later than December 31, 2016, have increased  
26 the amount of its capital by at least 70 percent of the difference  
27 between the amount of minimum capital required for a newly

1 incorporated company under Section 822.054 and the amount of the  
2 company's capital on December 31, 2009;

3 (8) not later than December 31, 2017, have increased  
4 the amount of its capital by at least 80 percent of the difference  
5 between the amount of minimum capital required for a newly  
6 incorporated company under Section 822.054 and the amount of the  
7 company's capital on December 31, 2009;

8 (9) not later than December 31, 2018, have increased  
9 the amount of its capital by at least 90 percent of the difference  
10 between the amount of minimum capital required for a newly  
11 incorporated company under Section 822.054 and the amount of the  
12 company's capital on December 31, 2009; and

13 (10) not later than December 31, 2019 [~~2001~~], have at  
14 least the minimum amount of capital required under Section 822.054  
15 for a newly incorporated company.

16 (b) An insurance company that on September 1, 2009 [~~1991~~],  
17 had less than the minimum amount of capital and surplus required for  
18 a newly incorporated company under Section 822.054 shall  
19 immediately increase the amount of its capital and surplus to an  
20 amount equal to the required amount of capital and surplus under  
21 Section 822.054 if there is:

22 (1) a change in the control of at least 50 percent of  
23 the voting securities of the insurance company;

24 (2) a change in the control of at least 50 percent of  
25 the voting securities of a holding company controlling the  
26 insurance company; or

27 (3) a change in control of at least 50 percent by any

1 other method of control if the insurance company or holding company  
2 is not controlled by voting securities.

3 SECTION 3. This Act takes effect September 1, 2009.