

By: Sheffield

H.B. No. 1476

A BILL TO BE ENTITLED

AN ACT

1
2 relating to capital stock and surplus requirements for certain
3 insurance companies.

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

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

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

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

12 (a) Notwithstanding Section 822.203, to engage in the kinds
13 of insurance business for which an insurance company organized
14 under this chapter holds a certificate of authority in this state,
15 an insurance company organized under this chapter that on September
16 1, 2009 [~~1991~~], had less than the minimum amount of capital and
17 surplus required for a newly incorporated company under Section
18 822.054 must:

19 (1) not later than December 31, 2018 [~~2000~~], have
20 increased the amount of its capital by at least 90 percent of the
21 difference between the amount of minimum capital required for a
22 newly incorporated company under Section 822.054 and the amount of
23 the company's capital on December 31, 2009 [~~1991~~]; and

24 (2) not later than December 31, 2019 [~~2001~~], have at

1 least the minimum amount of capital required under Section 822.054
2 for a newly incorporated company.

3 (b) An insurance company that on September 1, 2009 [~~1991~~],
4 had less than the minimum amount of capital and surplus required for
5 a newly incorporated company under Section 822.054 shall
6 immediately increase the amount of its capital and surplus to an
7 amount equal to the required amount of capital and surplus under
8 Section 822.054 if there is:

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

11 (2) a change in the control of at least 50 percent of
12 the voting securities of a holding company controlling the
13 insurance company; or

14 (3) a change in control of at least 50 percent by any
15 other method of control if the insurance company or holding company
16 is not controlled by voting securities.

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