

1-1 By: Sheffield (Senate Sponsor - Fraser) H.B. No. 1476  
1-2 (In the Senate - Received from the House April 16, 2009;  
1-3 April 27, 2009, read first time and referred to Committee on  
1-4 Business and Commerce; May 13, 2009, reported favorably by the  
1-5 following vote: Yeas 8, Nays 0; May 13, 2009, sent to printer.)

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

1-8 relating to capital stock and surplus requirements for certain  
1-9 insurance companies.

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

1-11 SECTION 1. Section 822.054(a), Insurance Code, is amended  
1-12 to read as follows:

1-13 (a) An insurance company must have capital stock in an  
1-14 amount of at least \$2.5 [~~\$1~~] million and surplus in an amount of at  
1-15 least \$2.5 [~~\$1~~] million.

1-16 SECTION 2. Sections 822.212(a) and (b), Insurance Code, are  
1-17 amended to read as follows:

1-18 (a) Notwithstanding Section 822.203, to engage in the kinds  
1-19 of insurance business for which an insurance company organized  
1-20 under this chapter holds a certificate of authority in this state,  
1-21 an insurance company organized under this chapter that on September  
1-22 1, 2009 [~~1991~~], had less than the minimum amount of capital and  
1-23 surplus required for a newly incorporated company under Section  
1-24 822.054 must:

1-25 (1) not later than December 31, 2010 [~~2000~~], have  
1-26 increased the amount of its capital by at least 10 [~~90~~] percent of  
1-27 the difference between the amount of minimum capital required for a  
1-28 newly incorporated company under Section 822.054 and the amount of  
1-29 the company's capital on December 31, 2009 [~~1991~~]; ~~and~~

1-30 (2) not later than December 31, 2011, have increased  
1-31 the amount of its capital by at least 20 percent of the difference  
1-32 between the amount of minimum capital required for a newly  
1-33 incorporated company under Section 822.054 and the amount of the  
1-34 company's capital on December 31, 2009;

1-35 (3) not later than December 31, 2012, have increased  
1-36 the amount of its capital by at least 30 percent of the difference  
1-37 between the amount of minimum capital required for a newly  
1-38 incorporated company under Section 822.054 and the amount of the  
1-39 company's capital on December 31, 2009;

1-40 (4) not later than December 31, 2013, have increased  
1-41 the amount of its capital by at least 40 percent of the difference  
1-42 between the amount of minimum capital required for a newly  
1-43 incorporated company under Section 822.054 and the amount of the  
1-44 company's capital on December 31, 2009;

1-45 (5) not later than December 31, 2014, have increased  
1-46 the amount of its capital by at least 50 percent of the difference  
1-47 between the amount of minimum capital required for a newly  
1-48 incorporated company under Section 822.054 and the amount of the  
1-49 company's capital on December 31, 2009;

1-50 (6) not later than December 31, 2015, have increased  
1-51 the amount of its capital by at least 60 percent of the difference  
1-52 between the amount of minimum capital required for a newly  
1-53 incorporated company under Section 822.054 and the amount of the  
1-54 company's capital on December 31, 2009;

1-55 (7) not later than December 31, 2016, have increased  
1-56 the amount of its capital by at least 70 percent of the difference  
1-57 between the amount of minimum capital required for a newly  
1-58 incorporated company under Section 822.054 and the amount of the  
1-59 company's capital on December 31, 2009;

1-60 (8) not later than December 31, 2017, have increased  
1-61 the amount of its capital by at least 80 percent of the difference  
1-62 between the amount of minimum capital required for a newly  
1-63 incorporated company under Section 822.054 and the amount of the  
1-64 company's capital on December 31, 2009;

2-1                   (9) not later than December 31, 2018, have increased  
2-2 the amount of its capital by at least 90 percent of the difference  
2-3 between the amount of minimum capital required for a newly  
2-4 incorporated company under Section 822.054 and the amount of the  
2-5 company's capital on December 31, 2009; and

2-6                   (10) not later than December 31, 2019 [~~2001~~], have at  
2-7 least the minimum amount of capital required under Section 822.054  
2-8 for a newly incorporated company.

2-9                   (b) An insurance company that on September 1, 2009 [~~1991~~],  
2-10 had less than the minimum amount of capital and surplus required for  
2-11 a newly incorporated company under Section 822.054 shall  
2-12 immediately increase the amount of its capital and surplus to an  
2-13 amount equal to the required amount of capital and surplus under  
2-14 Section 822.054 if there is:

2-15                   (1) a change in the control of at least 50 percent of  
2-16 the voting securities of the insurance company;

2-17                   (2) a change in the control of at least 50 percent of  
2-18 the voting securities of a holding company controlling the  
2-19 insurance company; or

2-20                   (3) a change in control of at least 50 percent by any  
2-21 other method of control if the insurance company or holding company  
2-22 is not controlled by voting securities.

2-23                   SECTION 3. This Act takes effect September 1, 2009.

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