

By: Averitt

S.B. No. 2342

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain insurers.

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

SECTION 1. Subsection (a), Article 5.13, Insurance Code, is amended to read as follows:

(a) This subchapter applies to every insurance company, corporation, interinsurance exchange, mutual, reciprocal, association, Lloyd's plan, or other organization or insurer writing any of the characters of insurance business herein set forth, hereinafter called "Insurer"; provided that nothing in this entire subchapter shall be construed to apply to any county or farm mutual insurance company or association, as regulated under Chapters 911 and 912 of this code, except that[+]

~~[(1)]~~ Article 5.13-2 of this code shall apply to a county mutual insurance company with respect to personal automobile and commercial automobile insurance, residential and commercial property insurance, and inland marine insurance[+]

~~[(2)]~~ Article 5.20 of this code shall apply to a county mutual insurance company with respect to each line of insurance that a county mutual insurance company is authorized to write under Section 912.151, and

~~[(3)]~~ Article 5.20 of this code shall apply to a farm mutual insurance company with respect to each line of insurance that a farm mutual insurance company is authorized to write under

1 ~~Section 911.151~~].

2 SECTION 2. Subsection (d), Section 822.055, Insurance Code,  
3 is amended to read as follows:

4 (d) The shareholders of an insurance company authorizing  
5 par value shares of stock must in good faith subscribe and fully pay  
6 for shares representing at least 50 percent of the total par value  
7 of the authorized shares with a par value [~~before the company~~,

8 ~~(1) is granted a charter, or~~

9 ~~(2) amends its charter to:~~

10 ~~(A) authorize the issuance of par value shares;~~

11 ~~or~~

12 ~~(B) increase or decrease from time to time the~~  
13 ~~number of authorized par value shares].~~

14 SECTION 3. Subsection (d), Section 822.056, Insurance Code,  
15 is amended to read as follows:

16 (d) The shareholders of an insurance company authorizing  
17 shares of stock without par value must in good faith subscribe and  
18 pay for shares representing at least 50 percent of the authorized  
19 shares without par value before the company is granted a charter [~~or~~  
20 ~~has its charter amended to authorize the issuance of shares without~~  
21 ~~par value~~]. The total amount paid for the shares must be at least  
22 \$250,000.

23 SECTION 4. Subsection (a), Section 912.152, Insurance Code,  
24 is amended to read as follows:

25 (a) A county mutual insurance company is subject to:

26 (1) Sections 1952.051-1952.055;

27 (2) Subchapter B, Chapter 2002; and

1           (3) Chapter 2301[~~7~~ and  
2           [~~(4) Articles 5.06 and 5.35~~].

3           SECTION 5. Subsection (b), Section 1953.001, Insurance  
4 Code, is amended to read as follows:

5           (b) A type or class of insurance to which this section  
6 applies is excluded from regulation under this chapter and:

7           (1) Articles 5.01, 5.01B, 5.03, 5.04, and 5.04-1[~~7~~  
8 ~~5.06, 5.10, and 5.11~~];

9           (2) Chapters 251 and 254;

10          (3) Subchapters A and B, Chapter 1806; and

11          (4) Chapters 1951 and 1952.

12          SECTION 6. The following sections of the Insurance Code are  
13 repealed:

14          (1) Section 911.067;

15          (2) Section 912.061; and

16          (3) Section 912.302.

17          SECTION 7. (a) The repeal by this Act of Sections 911.067  
18 and 912.061, Insurance Code, does not apply to an application for an  
19 extension of charter submitted before the effective date of this  
20 Act. An application submitted before the effective date of this Act  
21 is governed by the law in effect immediately before the effective  
22 date of this Act, and that law is continued in effect for that  
23 purpose.

24          (b) The repeal by this Act of Section 912.302, Insurance  
25 Code, applies only to an annual statement filed on or after the  
26 effective date of this Act. A statement filed before the effective  
27 date of this Act is governed by the law in effect immediately before

1 the effective date of this Act, and that law is continued in effect  
2 for that purpose.

3 SECTION 8. This Act takes effect September 1, 2009.