

1-1 By: Averitt S.B. No. 2342
1-2 (In the Senate - Filed March 13, 2009; March 31, 2009, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 May 14, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 7, Nays 0; May 14, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 2342 By: Averitt

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the regulation of certain insurers.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subsection (a), Article 5.13, Insurance Code, is
1-13 amended to read as follows:

1-14 (a) This subchapter applies to every insurance company,
1-15 corporation, interinsurance exchange, mutual, reciprocal,
1-16 association, Lloyd's plan, or other organization or insurer writing
1-17 any of the characters of insurance business herein set forth,
1-18 hereinafter called "Insurer"; provided that nothing in this entire
1-19 subchapter shall be construed to apply to any county or farm mutual
1-20 insurance company or association, as regulated under Chapters 911
1-21 and 912 of this code, except that[+]

1-22 [~~(1)~~] Article 5.13-2 of this code shall apply to a
1-23 county mutual insurance company with respect to personal automobile
1-24 and commercial automobile insurance, residential and commercial
1-25 property insurance, and inland marine insurance[+]

1-26 [~~(2)~~] ~~Article 5.20 of this code shall apply to a county~~
1-27 ~~mutual insurance company with respect to each line of insurance~~
1-28 ~~that a county mutual insurance company is authorized to write under~~
1-29 ~~Section 912.151; and~~

1-30 [~~(3)~~] ~~Article 5.20 of this code shall apply to a farm~~
1-31 ~~mutual insurance company with respect to each line of insurance~~
1-32 ~~that a farm mutual insurance company is authorized to write under~~
1-33 ~~Section 911.151].~~

1-34 SECTION 2. Subsection (d), Section 822.055, Insurance Code,
1-35 is amended to read as follows:

1-36 (d) The shareholders of an insurance company authorizing
1-37 par value shares of stock must in good faith subscribe and fully pay
1-38 for shares representing at least 50 percent of the total par value
1-39 of the authorized shares with a par value [~~before the company~~].

1-40 [~~(1) is granted a charter, or~~

1-41 [~~(2) amends its charter to:~~

1-42 [~~(A) authorize the issuance of par value shares,~~
1-43 ~~or~~

1-44 [~~(B) increase or decrease from time to time the~~
1-45 ~~number of authorized par value shares].~~

1-46 SECTION 3. Subsection (d), Section 822.056, Insurance Code,
1-47 is amended to read as follows:

1-48 (d) The shareholders of an insurance company authorizing
1-49 shares of stock without par value must in good faith subscribe and
1-50 pay for shares representing at least 50 percent of the authorized
1-51 shares without par value before the company is granted a charter [~~or~~
1-52 ~~has its charter amended to authorize the issuance of shares without~~
1-53 ~~par value]. The total amount paid for the shares must be at least~~

1-54 \$250,000.

1-55 SECTION 4. Subsection (a), Section 912.152, Insurance Code,
1-56 is amended to read as follows:

1-57 (a) A county mutual insurance company is subject to:

1-58 (1) Sections 1952.051-1952.055;

1-59 (2) Subchapter B, Chapter 2002; and

1-60 (3) Chapter 2301[~~, and~~

1-61 [~~(4) Articles 5.06 and 5.35].~~

1-62 SECTION 5. Subsection (b), Section 1953.001, Insurance
1-63 Code, is amended to read as follows:

2-1 (b) A type or class of insurance to which this section
2-2 applies is excluded from regulation under this chapter and:

2-3 (1) Articles 5.01, 5.01B, 5.03, 5.04, and 5.04-1[~~7~~
2-4 ~~5.06, 5.10, and 5.11~~];

2-5 (2) Chapters 251 and 254;

2-6 (3) Subchapters A and B, Chapter 1806; and

2-7 (4) Chapters 1951 and 1952.

2-8 SECTION 6. The following sections of the Insurance Code are
2-9 repealed:

2-10 (1) Section 911.067;

2-11 (2) Section 912.061; and

2-12 (3) Section 912.302.

2-13 SECTION 7. (a) The repeal by this Act of Sections 911.067
2-14 and 912.061, Insurance Code, does not apply to an application for an
2-15 extension of charter submitted before the effective date of this
2-16 Act. An application submitted before the effective date of this Act
2-17 is governed by the law in effect immediately before the effective
2-18 date of this Act, and that law is continued in effect for that
2-19 purpose.

2-20 (b) The repeal by this Act of Section 912.302, Insurance
2-21 Code, applies only to an annual statement filed on or after the
2-22 effective date of this Act. A statement filed before the effective
2-23 date of this Act is governed by the law in effect immediately before
2-24 the effective date of this Act, and that law is continued in effect
2-25 for that purpose.

2-26 SECTION 8. This Act takes effect September 1, 2009.

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